

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

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

**LG Chem, Ltd. and Subsidiaries**  
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**September 30, 2022 and 2021**

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

(English Translation of a Report Originally Issued in Korean)

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

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 September 30, 2022, and the related consolidated interim statements of profit or loss and comprehensive income for the three-month and nine-month periods ended September 30, 2022 and 2021, and consolidated interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 2022 and 2021, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

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

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

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

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

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

**Conclusion**

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

**Emphasis of Matter**

Without modifying our conclusion, we draw attention to Note 4 to the consolidated interim financial statements. Note 4 to the consolidated interim 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.

November 14, 2022

Seoul, Korea

This report is effective as of November 14, 2022, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Financial Position**  
**September 30, 2022 and December 31, 2021**

| <i>(in millions of Korean won)</i>           | Notes     | September 30,<br>2022<br>(Unaudited) | December 31,<br>2021 |
|--|-----------|--------------------------------------|----------------------|
| <b>Assets</b>                                |           |                                      |                      |
| <b>Current assets</b>                        |           |                                      |                      |
| Cash and cash equivalents                    | 3,5,6     | 4,911,874                            | 3,760,834            |
| Trade receivables                            | 3,5,7,31  | 8,957,134                            | 6,386,979            |
| Other receivables                            | 3,5,7,31  | 5,565,769                            | 1,048,549            |
| Other current financial assets               | 3,5,8     | 13,743                               | 23,289               |
| Prepaid income taxes                         |           | 31,957                               | 156,299              |
| Other current assets                         | 13        | 999,677                              | 749,032              |
| Inventories                                  | 9         | 12,492,575                           | 8,283,474            |
| Assets held for sale                         | 34        | 17,306                               | 5,364                |
| Total current assets                         |           | 32,990,035                           | 20,413,820           |
| <b>Non-current assets</b>                    |           |                                      |                      |
| Trade receivables                            | 3,5,7     | 107,521                              | 67,055               |
| Other receivables                            | 3,5,7     | 649,936                              | 713,166              |
| Other non-current financial assets           | 3,5,8     | 1,487,313                            | 506,022              |
| Investments in associates and joint ventures | 1,10,33   | 1,105,183                            | 535,310              |
| Deferred tax assets                          | 28        | 2,116,313                            | 1,905,149            |
| Property, plant and equipment                | 11        | 28,050,214                           | 24,378,259           |
| Intangible assets                            | 12        | 2,617,022                            | 2,444,303            |
| Investment properties                        | 36        | 54,847                               | 56,297               |
| Other non-current assets                     | 13,16     | 470,648                              | 115,921              |
| Total non-current assets                     |           | 36,658,997                           | 30,721,482           |
| <b>Total assets</b>                          |           | <b>69,649,032</b>                    | <b>51,135,302</b>    |
| <b>Liabilities</b>                           |           |                                      |                      |
| <b>Current liabilities</b>                   |           |                                      |                      |
| Trade payables                               | 3,5,31    | 5,357,036                            | 3,742,132            |
| Other payables                               | 3,5,31    | 3,582,092                            | 3,991,784            |
| Borrowings                                   | 3,5,14    | 4,741,292                            | 3,477,080            |
| Other current financial liabilities          | 3,5,8     | 39,943                               | -                    |
| Provisions                                   | 15        | 887,685                              | 1,572,755            |
| Income tax payables                          | 28        | 896,335                              | 957,676              |
| Other current liabilities                    | 3,5,17,35 | 1,396,420                            | 1,320,669            |
| Total current liabilities                    |           | 16,900,803                           | 15,062,096           |
| <b>Non-current liabilities</b>               |           |                                      |                      |
| Other payables                               | 3,5       | 48,951                               | 15,623               |
| Borrowings                                   | 3,5,14    | 12,375,478                           | 11,288,654           |
| Other non-current financial liabilities      | 3,5,8     | 83,929                               | 126                  |
| Provisions                                   | 15        | 513,578                              | 636,953              |
| Net defined benefit liabilities              | 13,16     | 21,789                               | 18,122               |
| Deferred tax liabilities                     | 28        | 789,271                              | 713,862              |
| Other non-current liabilities                | 17,35     | 200,123                              | 189,878              |
| Total non-current liabilities                |           | 14,033,119                           | 12,863,218           |
| <b>Total liabilities</b>                     |           | <b>30,933,922</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**  
**September 30, 2022 and December 31, 2021**

| <i>(in millions of Korean won)</i>                         | Notes | September 30,<br>2022<br>(Unaudited) | December 31,<br>2021 |
|--|-------|--------------------------------------|----------------------|
| <b>Equity</b>  |       |                                      |                      |
| Share capital  | 1,19  | 391,406                              | 391,406              |
| Capital surplus  |       | 11,377,437                           | 2,696,385            |
| Other components of equity                                 | 21    | (37,310)                             | (37,310)             |
| Accumulated other comprehensive income                     |       | 1,398,732                            | 551,354              |
| Retained earnings  | 20    | 19,405,061                           | 18,091,949           |
| <b>Equity attributable to owners of the Parent Company</b> |       | 32,535,326                           | 21,693,784           |
| <b>Non-controlling interests</b>                           |       | 6,179,784                            | 1,516,204            |
| <b>Total equity</b>  |       | 38,715,110                           | 23,209,988           |
| <b>Total liabilities and equity</b>                        |       | 69,649,032                           | 51,135,302           |

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 and Nine-Month Periods Ended September 30, 2022 and 2021**

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

|   | Notes    | Period Ended September 30 |              |              |              |
|---|----------|---------------------------|--------------|--------------|--------------|
|   |          | 2022                      |              | 2021         |              |
|   |          | (Unaudited)               |              | (Unaudited)  |              |
|   |          | Three months              | Nine months  | Three months | Nine months  |
| <b>Revenue</b>  | 31,33,35 | 14,177,663                | 38,012,574   | 10,597,533   | 31,664,720   |
| <b>Cost of sales</b>  | 23,31    | (11,409,716)              | (30,221,182) | (7,948,335)  | (22,714,435) |
| <b>Gross profit</b>   |          | 2,767,947                 | 7,791,392    | 2,649,198    | 8,950,285    |
| Selling and administrative expenses   | 22,23,31 | (1,866,761)               | (4,986,975)  | (1,922,028)  | (4,673,350)  |
| <b>Operating profit</b>   | 33       | 901,186                   | 2,804,417    | 727,170      | 4,276,935    |
| Finance income  | 25       | 653,788                   | 1,211,634    | 198,173      | 528,392      |
| Finance costs   | 25       | (830,619)                 | (1,477,737)  | (282,610)    | (576,271)    |
| Share of net profit of associates and joint ventures accounted for using the equity method  | 10       | (13,652)                  | (23,323)     | 259          | 5,710        |
| Other non-operating income  | 26       | 1,051,286                 | 1,924,806    | 369,366      | 752,875      |
| Other non-operating expenses  | 27       | (836,214)                 | (1,547,918)  | (274,261)    | (608,420)    |
| <b>Profit before income tax</b>   | 32       | 925,775                   | 2,891,879    | 738,097      | 4,379,221    |
| <b>Income tax expense</b>   | 28       | (243,007)                 | (721,608)    | (36,933)     | (1,067,593)  |
| <b>Profit from continuing operations</b>  |          | 682,768                   | 2,170,271    | 701,164      | 3,311,628    |
| Profit (loss) from discontinued operations  | 34       | 31,108                    | 31,142       | (21,279)     | 305,498      |
| <b>Profit for the period</b>  |          | 713,876                   | 2,201,413    | 679,885      | 3,617,126    |
| <b>Profit is attributable to:</b>   |          |                           |              |              |              |
| Owners of the Parent Company  |          |                           |              |              |              |
| Profit from continuing operations   |          | 583,264                   | 1,930,745    | 631,407      | 3,101,604    |
| Profit (loss) from discontinued operations  |          | 31,108                    | 31,142       | (21,279)     | 305,498      |
|   |          | 614,372                   | 1,961,887    | 610,128      | 3,407,102    |
| Non-controlling interests   |          |                           |              |              |              |
| Profit from continuing operations   |          | 99,504                    | 239,526      | 69,757       | 210,024      |
|   |          | 99,504                    | 239,526      | 69,757       | 210,024      |
| <b>Earnings per share for profit attributable to the equity holders of the Parent Company (in won)</b>                            | 29       |                           |              |              |              |
| Basic and diluted earnings per ordinary share   |          | 7,885                     | 25,179       | 7,832        | 43,739       |
| Basic and diluted earnings per preferred share  |          | 7,896                     | 25,216       | 7,843        | 43,777       |
| <b>Earnings per share for profit from continuing operations attributable to the equity holders of the Parent Company (in won)</b> | 29       |                           |              |              |              |
| Basic and diluted earnings per ordinary share   |          | 7,485                     | 24,779       | 8,105        | 39,817       |
| Basic and diluted earnings per preferred share  |          | 7,498                     | 24,816       | 8,118        | 39,854       |

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 and Nine-Month Periods Ended September 30, 2022 and 2021**

(in millions of Korean won)

Notes

|   |    | Period Ended September 30 |                |                     |                |
|---|----|---------------------------|----------------|---------------------|----------------|
|   |    | 2022<br>(Unaudited)       |                | 2021<br>(Unaudited) |                |
|   |    | Three<br>months           | Nine<br>months | Three<br>months     | Nine<br>months |
| <b>Profit for the period</b>  |    | 713,876                   | 2,201,413      | 679,885             | 3,617,126      |
| <b>Other comprehensive income</b>   |    |                           |                |                     |                |
| <i>Items that will not be reclassified to profit or loss</i>                                  |    |                           |                |                     |                |
| Remeasurements of net defined benefit liability   | 16 | 432,454                   | 425,770        | (2,644)             | 1,624          |
| Gain (loss) on valuation of financial assets at fair value through other comprehensive income |    | (10,983)                  | 44             | 16,637              | 18,373         |
| Shares of remeasurements of net defined benefit liabilities of associates                     |    | -                         | (307)          | -                   | (234)          |
| Income tax relating to these items  |    | (115,431)                 | (117,072)      | (3,851)             | (5,508)        |
| <i>Items that may be subsequently reclassified to profit or loss</i>                          |    |                           |                |                     |                |
| Exchange differences on translation of foreign operations                                     |    | 797,268                   | 1,284,965      | 353,931             | 668,233        |
| Cash flow hedge   |    | (15,715)                  | (33,119)       | (4,420)             | (15,716)       |
| Shares of other comprehensive income of associates and joint ventures                         |    | 50,099                    | 73,245         | 7,709               | 12,712         |
| Income tax relating to these items  |    | 1,095                     | (37,161)       | 6,837               | 24,409         |
| <b>Other comprehensive income for the period, net of tax</b>                                  |    | 1,138,787                 | 1,596,365      | 374,199             | 703,893        |
| <b>Total comprehensive income for the period</b>  |    | 1,852,663                 | 3,797,778      | 1,054,084           | 4,321,019      |
| <b>Total comprehensive income for the period is attributable to:</b>                          |    |                           |                |                     |                |
| Owners of the Parent Company  |    | 1,440,350                 | 3,095,250      | 927,786             | 4,023,524      |
| Non-controlling interest  |    | 412,313                   | 702,528        | 126,298             | 297,495        |

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

### Nine-Month Periods Ended September 30, 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   | -  | -               | -                          | -   | 3,407,102         | 3,407,102  | 210,024                   | 3,617,126    |
| Remeasurements of net defined benefit liabilities   | 16   | -               | -                          | -   | 1,169             | 1,169      | -                         | 1,169        |
| Exchange differences on translation of foreign operations                                     | -  | -               | -                          | 601,173                                       | -                 | 601,173    | 87,471                    | 688,644      |
| Gain on valuation of financial assets at fair value through other comprehensive income        | -  | -               | -                          | 13,320  | -                 | 13,320     | -                         | 13,320       |
| Cash flow hedge   | -  | -               | -                          | (11,718)                                      | -                 | (11,718)   | -                         | (11,718)     |
| Others  | -  | -               | -                          | 12,712  | (234)             | 12,478     | -                         | 12,478       |
| <b>Total comprehensive income for the period</b>  | -  | -               | -                          | 615,487                                       | 3,408,037         | 4,023,524  | 297,495                   | 4,321,019    |
| <b>Transactions with owners:</b>  |  |                 |                            |   |                   |            |                           |              |
| Disposal of treasury shares   | 19   | -               | 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   | -  | -               | (131)                      | -   | -                 | (131)      | 397,604                   | 397,473      |
| Others  | -  | -               | -                          | 104   | (1,781)           | (1,677)    | (1,588)                   | (3,265)      |
| <b>Total transactions with owners</b>   | -  | 28,213          | 14,302                     | 104   | (780,164)         | (737,545)  | 304,682                   | (432,863)    |
| <b>Balance at September 30, 2021 (Unaudited)</b>  | 391,406                                      | 2,720,698       | (40,696)                   | 450,515                                       | 17,803,177        | 21,325,100 | 1,353,496                 | 22,678,596   |
| <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   | -  | -               | -                          | -   | 1,961,887         | 1,961,887  | 239,526                   | 2,201,413    |
| Remeasurements of net defined benefit liabilities   | 16   | -               | -                          | -   | 286,292           | 286,292    | 22,379                    | 308,671      |
| Exchange differences on translation of foreign operations                                     | -  | -               | -                          | 805,681                                       | -                 | 805,681    | 435,504                   | 1,241,185    |
| Gain (loss) on valuation of financial assets at fair value through other comprehensive income | -  | -               | -                          | (1,803)                                       | -                 | (1,803)    | 1,875                     | 72           |
| Cash flow hedge   | -  | -               | -                          | (21,388)                                      | -                 | (21,388)   | (5,112)                   | (26,500)     |
| Others  | -  | -               | -                          | 64,888  | (307)             | 64,581     | 8,356                     | 72,937       |
| <b>Total comprehensive income for the period</b>  | -  | -               | -                          | 847,378                                       | 2,247,872         | 3,095,250  | 702,528                   | 3,797,778    |
| <b>Transactions with owners:</b>  |  |                 |                            |   |                   |            |                           |              |
| Dividends   | 30   | -               | (30,428)                   | -   | (935,275)         | (965,703)  | (125,206)                 | (1,090,909)  |
| Changes in ownership percentage of subsidiaries   | -  | -               | 8,711,480                  | -   | -                 | 8,711,480  | 3,297,254                 | 12,008,734   |
| Increase in paid-in capital of a subsidiary   | -  | -               | -                          | -   | -                 | -          | 789,140                   | 789,140      |
| Others  | -  | -               | -                          | -   | 515               | 515        | (136)                     | 379          |
| <b>Total transactions with owners</b>   | -  | 8,681,052       | -                          | -   | (934,760)         | 7,746,292  | 3,961,052                 | 11,707,344   |
| <b>Balance at September 30, 2022 (Unaudited)</b>  | 391,406                                      | 11,377,437      | (37,310)                   | 1,398,732                                     | 19,405,061        | 32,535,326 | 6,179,784                 | 38,715,110   |

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

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**September 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(in millions of Korean won)

|   | Notes | 2022<br>(Unaudited) | 2021<br>(Unaudited) |
|---|-------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>   |       |                     |                     |
| Cash generated from operations  | 32    | 94,447              | 4,810,871           |
| Interest received   |       | 109,100             | 36,609              |
| Interest paid   |       | (213,069)           | (171,479)           |
| Dividends received  |       | 5,289               | 10,016              |
| Income taxes paid   |       | (1,526,575)         | (1,129,201)         |
| <b>Net cash inflow (outflow) from operating activities</b>  |       | <u>(1,530,808)</u>  | <u>3,556,816</u>    |
| <b>Cash flows from investing activities</b>   |       |                     |                     |
| Decrease in other receivables   |       | 253,127             | 686,969             |
| Proceeds from disposal of investments in associates   |       | -                   | 28,466              |
| Proceeds from disposal of other financial assets  |       | 39,650              | 12,024              |
| Proceeds from disposal of property, plant and equipment   |       | 79,136              | 80,770              |
| Proceeds from disposal of intangible assets   |       | 21,342              | 126                 |
| Government grants received  |       | 120,135             | 165,347             |
| Net cash inflows from changes in scope of consolidation   |       | 49,780              | -                   |
| Proceeds from disposal of assets held for sale  |       | 31,766              | 53,672              |
| Proceeds from transfer of business  |       | -                   | 906,659             |
| Increase in other receivables   |       | (4,359,609)         | (609,610)           |
| Acquisition of investments in associates and joint ventures   |       | (504,022)           | (209,132)           |
| Acquisition of other financial assets   |       | (422,304)           | (131,951)           |
| Acquisition of property, plant and equipment  |       | (5,955,052)         | (4,027,353)         |
| Acquisition of intangible assets  |       | (116,173)           | (90,650)            |
| Cash outflows from transfer of business   |       | (8,986)             | -                   |
| <b>Net cash outflow from investing activities</b>   |       | <u>(10,771,210)</u> | <u>(3,134,663)</u>  |
| <b>Cash flows from financing activities</b>   |       |                     |                     |
| Proceeds from borrowings  |       | 4,340,531           | 4,468,245           |
| Capital contribution from non-controlling interests   |       | 13,409,396          | 397,604             |
| Settlement of derivative instruments transactions   |       | 5,712               | -                   |
| Repayments of borrowings and others   |       | (3,597,413)         | (3,599,837)         |
| Dividends paid  |       | (1,036,815)         | (869,717)           |
| <b>Net cash inflow from financing activities</b>  |       | <u>13,121,411</u>   | <u>396,295</u>      |
| <b>Net increase in cash and cash equivalents</b>  |       | 819,393             | 818,448             |
| 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   |       | 331,647             | 186,343             |
| <b>Cash and cash equivalents at the end of the period in the consolidated interim statement of financial position</b> |       | <u>4,911,874</u>    | <u>4,279,041</u>    |

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**

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

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#### **General Information**

General information about LG Chem, Ltd. (the Parent Company) and its 61 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 September 30, 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 September 30, 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

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

### 1.3 Consolidated Subsidiaries, Associates and Joint Ventures

|   | Percentage of ownership held by the Group (%) |                   | Business location | Closing month | Business activities                       |
|---|---|-------------------|-------------------|---------------|---|
|   | September 30, 2022                            | December 31, 2021 |                   |               |   |
| Consolidated subsidiaries   |   |                   |                   |               |   |
| LG Energy Solution, Ltd. <sup>1</sup>                             | 82  | 100               | Korea             | December      | Battery manufacturing and sales           |
| Ningbo LG Yongxing Chemical Co., Ltd. <sup>2</sup>                | 75  | 75                | China             | December      | ABS/SBL manufacturing and sales           |
| Ningbo Zhenhai LG Yongxing Trade Co., Ltd. <sup>2</sup>           | 75  | 75                | China             | December      | ABS sales                                 |
| LG Chem America, Inc  | 100   | 100               | USA               | December      | Sales and trading                         |
| LG Chemical India Pvt. Ltd. <sup>3, 6</sup>                       | 100   | 100               | India             | December      | Synthetic resin manufacturing and sales   |
| LG Polymers India Pvt. Ltd. <sup>3, 7</sup>                       | 100   | 100               | India             | December      | PS manufacturing and sales                |
| LG Chemical (Guangzhou) Engineering Plastics Co., Ltd.            | 100   | 100               | China             | December      | EP manufacturing and sales                |
| LG Chem (Taiwan), Ltd. <sup>5</sup>                               | 100   | 100               | Taiwan            | December      | Polarizer manufacturing and sales         |
| Tianjin LG Bohai Chemical Co., Ltd.                               | 75  | 75                | China             | December      | PVC, VCM, EDC manufacturing and sales     |
| Tianjin LG BOTIAN Chemical Co., Ltd.                              | 58  | 58                | China             | December      | SBS manufacturing and sales               |
| LG Chem (China) Investment Co., Ltd. <sup>4, 8</sup>              | 100   | 100               | China             | December      | China holding company                     |
| LG Chem (Tianjin) Engineering Plastics Co., Ltd.                  | 100   | 100               | China             | December      | EP manufacturing and sales                |
| LG Chem Europe GmbH   | 100   | 100               | Germany           | December      | Sales and trading                         |
| LG Chem Poland Sp. z o.o.   | 100   | 100               | Poland            | December      | EP manufacturing and sales                |
| LGC Petrochemical India Private Ltd.                              | 100   | 100               | India             | December      | Synthetic resin manufacturing and sales   |
| HAENGBOKNURI CO., LTD.  | 100   | 100               | Korea             | December      | Facility management and general cleaning  |
| LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.                         | 100   | 100               | Turkey            | December      | Sales and trading                         |
| LG Chem Japan Co., Ltd.   | 100   | 100               | Japan             | December      | Sales and trading                         |
| LG NanoH2O, LLC   | 100   | 100               | USA               | December      | Water processing membrane sales           |
| LG Chem (Chongqing) Engineering Plastics Co., Ltd.                | 100   | 100               | China             | December      | EP manufacturing and sales                |
| LG Chem(HUIZHOU) Petrochemical Co., Ltd.                          | 70  | 70                | China             | December      | ABS manufacturing and sales               |
| LG Chem Life Sciences India Pvt. Ltd.                             | 100   | 100               | India             | December      | Pharmaceutical products sales             |
| LG Jiansheng Chem Life Sciences (Beijing) Co., Ltd.               | 60  | 60                | China             | December      | Pharmaceutical products sales             |
| LG Chem Life Sciences (Thailand) Ltd.                             | 100   | 100               | Thailand          | December      | Pharmaceutical products sales             |
| LG Chem Hai Phong Vietnam Co., Ltd.                               | 100   | 100               | Vietnam           | December      | Polarizer manufacturing and sales         |
| LG Chem Mexico S.A. de C.V.                                       | 100   | 100               | Mexico            | December      | Sales and trading                         |
| LG Chem Hai Phong engineering Plastics LLC.                       | 100   | 100               | Vietnam           | December      | EP manufacturing and sales                |
| LG Chem (Guangzhou) Information & Electronics Materials Co., Ltd. | 100   | 100               | China             | December      | Polarizer manufacturing and sales         |
| LEYOU NEW ENERGY MATERIALS(WUXI) Co., LTD.                        | 51  | 51                | China             | December      | Battery materials manufacturing and sales |
| LG Chem Fund I LLC <sup>9</sup>                                   | 100   | 100               | USA               | December      | Investments in venture companies          |
| Uniseal, Inc.   | 100   | 100               | USA               | December      | Adhesive manufacturing and sales          |
| LG Chem Life Science Innovation Center, Inc.                      | 100   | 100               | USA               | December      | Pharmaceutical products research          |
| LG Chem Asia Pte. Ltd.  | 100   | 100               | Singapore         | December      | Asia BSC                                  |
| LG Chem China Tech Center <sup>4</sup>                            | 100   | 100               | China             | December      | Research on petrochemicals                |
| Shanjin Optoelectronics (Taiwan) Co., Ltd. <sup>10</sup>          | -   | 100               | Taiwan            | December      | Others                                    |

# LG Chem, Ltd. and Subsidiaries

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|  |     |     |           |          |   |
|--|-----|-----|-----------|----------|---|
| LG PETRONAS CHEMICALS Malaysia Sdn.Bhd.                            | 51  | 51  | Malaysia  | December | NBL manufacturing and sales                                 |
| LG Chem Hangzhou Advanced Materials Co., Ltd.                      | 70  | 70  | China     | December | Polarizer sheet manufacturing and sales                     |
| LG BCM   | 100 | 100 | Korea     | December | Battery materials manufacturing and sales                   |
| LG Chem Ohio Petrochemical, Inc.                                   | 100 | 100 | USA       | December | ABS manufacturing and sales                                 |
| LG Chem VietNam Co.,Ltd. <sup>11</sup>                             | 100 | -   | Vietnam   | December | Sales and trading   |
| LG Chem Malaysia SDN.BHD.  | 100 | -   | Malaysia  | December | Sales and trading   |
| LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS<br>DO SETOR QUIMICO LTDA. | 100 | -   | Brazil    | December | Sales and trading   |
| FarmHannong Co., Ltd. <sup>14</sup>                                | 100 | 100 | Korea     | December | Agricultural pesticide manufacturing and sales              |
| Farmhannong America, Inc. <sup>14</sup>                            | 100 | 100 | USA       | December | Agricultural pesticide sales                                |
| FarmHannong(Thailand) Ltd. <sup>14</sup>                           | 100 | 100 | Thailand  | December | Research and development on seeds                           |
| FARMHANNONG(MALAYSIA) SDN. BHD. <sup>14</sup>                      | 100 | 100 | Malaysia  | December | Agricultural pesticide licensing                            |
| PT FARM HANNONG INDONESIA <sup>14</sup>                            | 100 | 100 | Indonesia | December | Agricultural pesticide licensing                            |
| FarmHannong do Brasil Limitada <sup>14</sup>                       | 100 | 100 | Brazil    | December | Agricultural pesticide sales                                |
| LG Energy Solution (Nanjing) Co., Ltd. <sup>1</sup>                | 82  | 100 | China     | December | Battery manufacturing and sales                             |
| LG Energy Solution Michigan Inc. <sup>1</sup>                      | 82  | 100 | USA       | December | Automotive battery research and manufacturing               |
| LG Energy Solution Battery (Nanjing) Co., Ltd. <sup>1</sup>        | 82  | 100 | China     | December | Automotive battery manufacturing and sales                  |
| LG Energy Solution Wroclaw sp. z o.o. <sup>1</sup>                 | 82  | 100 | Poland    | December | Automotive battery manufacturing and sales                  |
| LG Energy Solution Australia Pty Ltd <sup>1</sup>                  | 82  | 100 | Australia | December | ESS sales   |
| LG Energy Solution Technology (Nanjing) Co., Ltd. <sup>1</sup>     | 82  | 100 | China     | December | Battery manufacturing and sales                             |
| Ultium Cells LLC <sup>1, 17</sup>                                  | 41  | 50  | USA       | December | Automotive battery manufacturing and sales                  |
| LG Energy Solution Europe GmbH <sup>1</sup>                        | 82  | 100 | Germany   | December | Sales and trading   |
| LG Energy Solution (Taiwan), Ltd. <sup>1</sup>                     | 82  | 100 | Taiwan    | December | Sales and trading   |
| Aremnuri. Co. Ltd <sup>1</sup>                                     | 82  | 100 | Korea     | December | Facility management and general cleaning                    |
| LG Energy Solution Fund I LLC <sup>1</sup>                         | 82  | 100 | USA       | December | Investments in venture companies                            |
| LG Energy Solution Vertech Inc. <sup>1</sup>                       | 82  | -   | USA       | December | ESS installation service                                    |
| ES America, LLC <sup>1</sup>                                       | 82  | -   | USA       | December | Battery manufacturing and sales                             |
| Baterias De Castilla, S.L. <sup>1</sup>                            | 82  | -   | Spain     | December | Special purpose company                                     |
| <b>Associates</b>  |     |     |           |          | Environment solution and construction of chemical plant     |
| TECHWIN Co., Ltd.  | 20  | 20  | Korea     | December |   |
| LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS<br>DO SETOR QUIMICO LTDA. | -   | 100 | Brazil    | December | Sales and trading   |
| LG Chem Malaysia SDN.BHD.  | -   | 100 | Malaysia  | December | Sales and trading   |
| LG Chem Life Sciences Poland Ltd. <sup>16</sup>                    | 100 | 100 | Poland    | December | Pharmaceutical products sales                               |
| HUAJIN NEW ENERGY<br>MATERIALS(QUZHOU)CO., LTD.                    | 49  | 49  | China     | December | Battery materials manufacturing and sales                   |
| TL Chemical CO., Ltd   | 40  | 40  | Korea     | December | AN manufacturing and sales                                  |
| KOREA PRECURSOR CO.,LTD. <sup>13</sup>                             | 49  | -   | Korea     | December | Battery materials manufacturing and sales                   |
| VINFAST LITHIUM BATTERY PACK LLC. <sup>1</sup>                     | 29  | 35  | Vietnam   | December | Battery manufacturing and sales                             |
| Jiangxi VL Battery., Ltd. <sup>1</sup>                             | 28  | 34  | China     | December | Battery manufacturing and sales                             |
| <b>Joint ventures<sup>15</sup></b>                                 |     |     |           |          | DOP production and sales                                    |
| VINA Plasticizers Chemical Co.,Ltd.                                | 50  | 50  | Vietnam   | December | Plant utility and distribution, research assistance service |
| SEETEC Co., Ltd.   | 50  | 50  | Korea     | December |   |
| LG Toray Hungary Battery Separator Kft. <sup>12</sup>              | 50  | -   | Hungary   | December | Battery separator manufacturing and sales                   |
| PT.HLI Greenpower Co., Ltd. <sup>1</sup>                           | 41  | 50  | Indonesia | December | Automotive battery manufacturing and sales                  |

<sup>1</sup> During the nine-month period ended September 30, 2022, LG Energy Solution, Ltd. was listed on Korea Composite Stock Price Index (KOSPI) and its percentage of ownership to LG Energy Solution, Ltd. decreased since the Parent Company sold the shares of LG Energy Solution, Ltd.

## LG Chem, Ltd. and Subsidiaries

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As at September 30, 2022, LG Energy Solution, Ltd. owns shares in subsidiaries, associates and joint ventures such as LG Energy Solution (Nanjing) Co., Ltd. and other.

<sup>2</sup> As at September 30, 2022, Ningbo LG Yongxing Chemical Co., Ltd. owns 100% of Ningbo Zhenhai LG Yongxing Trading Co., Ltd.'s shares.

<sup>3</sup> As at September 30, 2022, LG Chemical India Pvt. Ltd. owns 100% of LG Polymers India Pvt. Ltd.'s shares.

<sup>4</sup> As at September 30, 2022, LG Chem (China) Investment Co., Ltd. owns 100% of LG Chem China Tech Center's shares.

<sup>5</sup> During the nine-month period ended September 30, 2022, LG Chem (Taiwan), Ltd. decreased its capital with consideration of ₩17 million.

<sup>6</sup> During the nine-month period ended September 30, 2022, the Parent Company additionally acquired shares of LG Chemical India Pvt. Ltd. for ₩30,789 million.

<sup>7</sup> During the nine-month period ended September 30, 2022, the Parent Company additionally acquired shares of LG Polymers India Pvt. Ltd. for ₩17,820 million.

<sup>8</sup> During the nine-month period ended September 30, 2022, LG Chem (China) Investment Co., Ltd. decreased its capital with consideration of ₩240,480 million.

<sup>9</sup> During the nine-month period ended September 30, 2022, the Parent Company additionally acquired shares of LG CHEM FUND I LLC for ₩18,684 million and decreased its capital with consideration of ₩6,833 million.

<sup>10</sup> During the nine-month period ended September 30, 2022, the Parent Company disposed 100% shares of Shanjin Optoelectronics (Taiwan) Co., Ltd.

<sup>11</sup> LG Chem Vietnam Co., Ltd. was newly established during the nine-month period ended September 30, 2022, and the Parent Company newly acquired 100% shares of LG Chem Vietnam Co., Ltd. for ₩359 million.

<sup>12</sup> During the nine-month period ended September 30, 2022, the Parent Company additionally acquired 50% shares of LG Toray Hungary Battery Separator Kft. for ₩522,424 million.

<sup>13</sup> KOREA PRECURSOR CO.,LTD. was newly established during the nine-month period ended September 30, 2022, and the Parent Company newly acquired 49% shares of KOREA PRECURSOR CO.,LTD. for ₩20,384 million.

<sup>14</sup> As at September 30, 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>15</sup> All joint arrangements over which the Group has joint control are classified as a joint venture since the joint arrangements are structured through a separate vehicle and the parties have rights to the net assets of the arrangement.

<sup>16</sup> Classified as an investment in associate due to its small size.

<sup>17</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.

# LG Chem, Ltd. and Subsidiaries

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

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

| (in millions of Korean won)                                      | September 30, 2022 |             |            | 2022       |                                 |
|--|--------------------|-------------|------------|------------|---------------------------------|
|  | Assets             | Liabilities | Equity     | Revenue    | Profit (loss)<br>for the period |
| <b>Subsidiaries</b>  |                    |             |            |            |                                 |
| LG Energy Solution, Ltd. and its subsidiaries <sup>1</sup>       | 39,888,262         | 18,724,891  | 21,163,371 | 17,061,066 | 504,258                         |
| Ningbo LG Yongxing Chemical Co.,Ltd.                             | 1,247,660          | 361,116     | 886,544    | 1,737,216  | 114,693                         |
| Ningbo Zhenhai LG Yongxing Trade Co.,Ltd.                        | 7,911              | 1,020       | 6,891      | 21,174     | 388                             |
| LG Chem America, Inc.  | 546,819            | 494,248     | 52,571     | 1,060,989  | 1,389                           |
| LG Chemical India Pvt. Ltd.                                      | 65,073             | 64          | 65,009     | -          | (150)                           |
| LG Polymers India Pvt. Ltd.                                      | 61,355             | 37,371      | 23,984     | 2,111      | (3,858)                         |
| LG Chemical (Guangzhou) Engineering Plastics Co.,Ltd.            | 110,325            | 34,273      | 76,052     | 169,659    | 1,431                           |
| LG Chem (Taiwan), Ltd. <sup>4</sup>                              | 142,746            | 80,365      | 62,381     | 35,955     | 45,160                          |
| Tianjin LG Bohai Chemical Co.,Ltd.                               | 520,427            | 71,314      | 449,113    | 491,681    | 55,276                          |
| Tianjin LG BOTIAN Chemical Co.,Ltd.                              | 63,301             | 31,527      | 31,774     | 130,016    | 3,044                           |
| LG Chem (China) Investment Co.,Ltd.                              | 1,028,917          | 629,722     | 399,195    | 58,924     | 6,916                           |
| LG Chem (Tianjin) Engineering Plastics Co.,Ltd.                  | 58,968             | 8,220       | 50,748     | 61,431     | 4,064                           |
| LG Chem Europe GmbH  | 497,105            | 413,731     | 83,374     | 817,458    | 9,949                           |
| LG Chem Poland Sp. z o.o.  | 284,609            | 191,103     | 93,506     | 249,114    | 5,957                           |
| LGC Petrochemical India Private Ltd.                             | 6,100              | 1,110       | 4,990      | 4,675      | 600                             |
| HAENGBOKNURI CO., LTD.   | 4,254              | 1,251       | 3,003      | 6,752      | (116)                           |
| LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.                        | 13,782             | 13,684      | 98         | 71,436     | 35                              |
| LG Chem Japan Co.,Ltd.   | 5,293              | 1,161       | 4,132      | 4,200      | 551                             |
| LG NanoH2O, LLC  | 62,136             | 20,118      | 42,018     | 54,211     | 5,560                           |
| LG Chem (Chongqing) Engineering Plastics Co.,Ltd.                | 47,318             | 8,115       | 39,203     | 54,980     | 2,730                           |
| LG Chem(HUIZHOU) Petrochemical Co., Ltd.                         | 593,640            | 123,960     | 469,680    | 742,871    | 18,664                          |
| LG Chem Life Sciences India Pvt. Ltd.                            | 3,961              | 2,763       | 1,198      | 4,895      | 132                             |
| LG Jiansheng Life Sciences (Beijing) Co.,Ltd.                    | 25,928             | 26,803      | (875)      | 27,230     | (6,006)                         |
| LG Chem Life Sciences (Thailand) Ltd.                            | 30,814             | 14,452      | 16,362     | 31,702     | 560                             |
| LG Chem Hai Phong Vietnam Company Ltd.                           | 18,961             | 4,897       | 14,064     | 15,253     | 2,178                           |
| LG Chem Mexico S.A. de C.V.                                      | 2,330              | 326         | 2,004      | 2,275      | 328                             |
| LG Chem Hai Phong Engineering Plastics Ltd.                      | 34,736             | 16,117      | 18,619     | 27,588     | 353                             |
| LG Chem (Guangzhou) Information & Electronics Materials Co.,Ltd. | 312,177            | 87,135      | 225,042    | 148,607    | 1,439                           |
| LEYOU NEW ENERGY MATERIALS(WUXI) Co.,LTD                         | 1,613,704          | 839,911     | 773,793    | 1,656,768  | 295,965                         |
| LG Chem Fund I LLC   | 73,531             | 31          | 73,500     | -          | (2,201)                         |
| Uniseal,Inc.   | 53,994             | 12,187      | 41,807     | 68,358     | 3,170                           |
| LG Chem Life Science Innovation Center, Inc.                     | 5,064              | 1,575       | 3,489      | 6,258      | 633                             |
| LG Chem Asia Pte. Ltd.   | 111,606            | 110,415     | 1,191      | 3,045      | 215                             |
| LG Chem China Tech Center  | 37,964             | 1,002       | 36,962     | 3,373      | 557                             |
| Shanjin Optoelectronics (Taiwan) Co., Ltd. <sup>3,4</sup>        | -                  | -           | -          | -          | 56                              |
| LG PETRONAS CHEMICALS Malaysia Sdn.Bhd.                          | 203,393            | 126,184     | 77,209     | -          | (1,780)                         |
| LG Chem Hangzhou Advanced Materials Co., Ltd.                    | 54,915             | 18,502      | 36,413     | 67,693     | 28                              |
| LG BCM   | 77,459             | 26,997      | 50,462     | -          | (2,351)                         |
| LG Chem Ohio Petrochemical, Inc.                                 | 27,721             | 689         | 27,032     | -          | (252)                           |
| LG Chem VietNam Co.,Ltd  | 978                | 492         | 486        | 726        | 71                              |
| LG Chem Malaysia SDN.BHD.  | 865                | 199         | 666        | 1,408      | 91                              |
| LG Chem BRASIL INTERMEDIACAO DE                                  | 1,506              | 256         | 1,250      | 2,094      | 454                             |

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|  |           |         |         |         |          |
|--|-----------|---------|---------|---------|----------|
| NEGOCIOS DO SETOR QUIMICO LTDA.                      |           |         |         |         |          |
| FarmHannong Co., Ltd. <sup>1</sup>                   | 1,185,776 | 727,992 | 457,784 | 657,965 | 67,150   |
| <b>Associates</b>                                    |           |         |         |         |          |
| TECHWIN Co., Ltd.                                    | 126,325   | 44,533  | 81,792  | 48,351  | (9,108)  |
| LG Life Sciences Poland Ltd.                         | 253       | 105     | 148     | 122     | 30       |
| KOREA PRECURSOR CO.,LTD. <sup>2</sup>                | 41,363    | 78      | 41,285  | -       | (102)    |
| HUAJIN NEW ENERGY                                    |           |         |         |         |          |
| MATERIALS(QUZHOU)CO., LTD.                           | 468,805   | 273,092 | 195,713 | 360,929 | (5,351)  |
| TL Chemical CO., Ltd                                 | 118,942   | 155     | 118,787 | -       | (2,350)  |
| VINFAST LITHIUM BATTERY PACK LLC.                    | 19,070    | 9,550   | 9,520   | 8,830   | (2,739)  |
| Jiangxi VL Battery.,Ltd                              | 98,662    | 49,560  | 49,102  | 1,452   | (14,087) |
| <b>Joint ventures</b>                                |           |         |         |         |          |
| Vina Plasticizer Chemical Co.,Ltd.                   | 82,522    | 51,433  | 31,089  | 140,475 | 609      |
| SEETEC Co., Ltd.                                     | 324,015   | 49,793  | 274,222 | 515,425 | 8,184    |
| LG Toray Hungary Battery Separator Kft. <sup>2</sup> | 797,157   | 1,095   | 796,062 | 38      | 3,730    |
| PT.HLI Green Power                                   | 535,411   | 29,143  | 506,268 | -       | (4,113)  |

(in millions of Korean won)

|   | December 31, 2021 |             |           | 2021       |                                 |
|---|-------------------|-------------|-----------|------------|---------------------------------|
|   | Assets            | Liabilities | Equity    | Revenue    | Profit (loss)<br>for the period |
| <b>Subsidiaries</b>   |                   |             |           |            |                                 |
| LG Energy Solution, Ltd. <sup>1,4</sup>                                       | 23,764,139        | 15,021,765  | 8,742,374 | 13,412,543 | 858,057                         |
| Ningbo LG Yongxing Chemical Co.,Ltd.  | 1,394,894         | 258,879     | 1,136,015 | 1,913,355  | 409,160                         |
| Ningbo Zhenhai LG Yongxing Trade Co.,Ltd.                                     | 6,787             | 735         | 6,052     | 20,422     | 387                             |
| LG Chem America, Inc.   | 408,469           | 366,034     | 42,435    | 736,229    | 18,270                          |
| LG Chemical India Pvt. Ltd.   | 32,799            | 35          | 32,764    | -          | 13                              |
| LG Polymers India Pvt. Ltd.   | 44,118            | 36,206      | 7,912     | 8,563      | (7,473)                         |
| LG Chemical (Guangzhou) Engineering Plastics Co.,Ltd.                         | 119,231           | 42,590      | 76,641    | 201,633    | 7,469                           |
| LG Chem (Taiwan), Ltd. <sup>4</sup>   | 109,772           | 35,905      | 73,867    | 30,910     | 2,123                           |
| LG Chem Display Materials (Beijing) Co.,Ltd. <sup>3,4</sup>                   | -                 | -           | -         | -          | 276                             |
| Tianjin LG Bohai Chemical Co.,Ltd.  | 530,055           | 127,935     | 402,120   | 477,442    | 98,657                          |
| Tianjin LG BOTIAN Chemical Co.,Ltd.   | 46,289            | 19,597      | 26,692    | 98,758     | 864                             |
| LG Chem (China) Investment Co.,Ltd.   | 1,371,751         | 679,206     | 692,545   | 44,367     | 4,762                           |
| LG Chem (Tianjin) Engineering Plastics Co.,Ltd.                               | 56,898            | 12,011      | 44,887    | 58,366     | 2,843                           |
| LG Chem Europe GmbH   | 358,459           | 288,909     | 69,550    | 462,688    | 13,875                          |
| LG Chem Poland Sp. z o.o.   | 222,263           | 133,527     | 88,736    | 124,245    | 15,149                          |
| LGC Petrochemical India Private Ltd.  | 4,918             | 988         | 3,930     | 3,017      | 337                             |
| HAENGBOKNURI CO., LTD.  | 4,503             | 1,385       | 3,118     | 7,002      | 503                             |
| LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.                                     | 10,416            | 10,685      | (269)     | 30,509     | (310)                           |
| LG Chem Japan Co.,Ltd.  | 5,109             | 1,391       | 3,718     | 4,513      | (891)                           |
| LG NanoH2O, LLC   | 44,449            | 14,978      | 29,471    | 40,648     | 3,272                           |
| LG Chem (Chongqing) Engineering Plastics Co.,Ltd.                             | 49,879            | 15,955      | 33,924    | 60,052     | 3,209                           |
| LG Chem(HUIZHOU) Petrochemical Co., Ltd.                                      | 574,744           | 155,233     | 419,511   | 786,720    | 149,959                         |
| LG Chem Life Sciences India Pvt. Ltd.   | 3,191             | 2,242       | 949       | 3,808      | 272                             |
| LG Jiansheng Life Sciences (Beijing) Co.,Ltd.                                 | 11,742            | 6,854       | 4,888     | 3,248      | (197)                           |
| LG Chem Life Sciences (Thailand) Ltd.   | 25,708            | 10,875      | 14,833    | 23,935     | 1,180                           |
| LG Chem Hai Phong Vietnam Company Ltd.  | 14,571            | 4,458       | 10,113    | 21,338     | 1,396                           |
| LG Chem Mexico S.A. de C.V.   | 1,619             | 267         | 1,352     | 1,465      | 214                             |
| LG Chem Hai Phong Engineering Plastics Ltd.                                   | 31,476            | 15,698      | 15,778    | 25,935     | 2,038                           |
| LG Chem (Guangzhou) Information & Electronics Materials Co.,Ltd. <sup>4</sup> | 317,592           | 109,131     | 208,461   | 126,582    | (10,958)                        |
| LEYOU NEW ENERGY MATERIALS(WUXI) Co.,LTD                                      | 608,961           | 172,607     | 436,354   | 490,366    | 50,730                          |



**LG Chem, Ltd. and Subsidiaries**  
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|  |           |         |         |         |         |
|--|-----------|---------|---------|---------|---------|
| LG Chem Fund I LLC   | 45,922    | 9       | 45,913  | -       | (2,089) |
| Ugimag Korea Co., Ltd. <sup>3,4</sup>                              | -         | -       | -       | 11,512  | (3,838) |
| Uniseal, Inc.  | 38,635    | 6,932   | 31,703  | 48,481  | (11)    |
| LG Chem Life Science Innovation Center, Inc.                       | 3,446     | 1,153   | 2,293   | 3,881   | 293     |
| LG Chem Asia Pte. Ltd.   | 2,927     | 2,079   | 848     | 919     | (30)    |
| LG Chem China Tech Center  | 34,327    | 390     | 33,937  | 259     | 133     |
| Shanjin Optoelectronics (Taiwan) Co., Ltd. <sup>4</sup>            | 59,149    | 5       | 59,144  | -       | (12)    |
| LG PETRONAS CHEMICALS Malaysia Sdn.Bhd.                            | 123,502   | 50,961  | 72,541  | -       | 105     |
| 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</sup>                                 | 1,047,277 | 657,687 | 389,590 | 543,388 | 21,068  |
| <b>Associates</b>  |           |         |         |         |         |
| TECHWIN Co., Ltd.  | 142,066   | 51,893  | 90,173  | 54,658  | 2,219   |
| LG Chem BRASIL INTERMEDIACAO DE<br>NEGOCIOS DO SETOR QUIMICO LTDA. | 729       | 91      | 638     | 1,166   | 110     |
| LG Chem Malaysia SDN.BHD.  | 525       | 2       | 523     | 495     | 61      |
| FJ Composite Material Co., Ltd.                                    | -         | -       | -       | 1,441   | 265     |
| WUXI CL New Energy Technology Ltd. <sup>3</sup>                    | -         | -       | -       | -       | (86)    |
| LG Chem Life Sciences Poland Ltd.                                  | 188       | 70      | 118     | 129     | 6       |
| Combustion Synthesis Co., Ltd. <sup>3</sup>                        | -         | -       | -       | 75      | (218)   |
| HUAJIN NEW ENERGY<br>MATERIALS(QUZHOU)CO., LTD.                    | 422,366   | 229,745 | 192,621 | 62,459  | (6,578) |
| TL Chemical CO., Ltd   | 121,551   | 369     | 121,182 | -       | -       |
| VINFAST LITHIUM BATTERY PACK LLC.                                  | 17,496    | 6,295   | 11,201  | 9,504   | (1,273) |
| Jiangxi VL Battery, Ltd  | 76,495    | 16,799  | 59,696  | 5,506   | (5,468) |
| <b>Joint ventures</b>  |           |         |         |         |         |
| VINA Plasticizer Chemical Co., Ltd.                                | 64,237    | 39,721  | 24,516  | 133,037 | 12,842  |
| SEETEC Co., Ltd.   | 328,396   | 52,384  | 276,012 | 414,652 | 10,136  |
| HL Greenpower Co., Ltd. <sup>3</sup>                               | -         | -       | -       | 537,684 | 1,374   |
| PT.HLI Green Power   | 404,131   | 1,156   | 402,975 | -       | 323     |

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

<sup>2</sup> The information of revenue and profit or loss for the period represents the financial performance after the acquisition of shares.

<sup>3</sup> The entities were disposed during the nine-month periods ended September 30, 2022 and 2021, and the information of revenue and profit or loss for the period represents the financial performance before the disposal.

<sup>4</sup> LCD polarizer business, etc. of these entities was classified as discontinued operations and profit or loss from the business was included in profit from discontinued operations.

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

**September 30, 2022**

|   |           |
|---|-----------|
| Percentage of ownership held by non-controlling interests | 18.2%     |
| Accumulated non-controlling interests                     | 5,350,011 |

- Profit and dividends attributable to non-controlling interests for the nine-month period ended September 30, 2022, are as follows:

*(in millions of Korean won)*

**2022**

|   |        |
|---|--------|
| Profit allocated to non-controlling interests | 88,667 |
| Dividends paid to non-controlling interests   | -      |

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

*(in millions of Korean won)*

**September 30, 2022**

|                         |                   |
|-------------------------|-------------------|
| Current assets          | 39,888,262        |
| Non-current assets      | 21,248,428        |
| Total assets            | <u>18,639,834</u> |
| Current liabilities     | 18,724,891        |
| Non-current liabilities | 12,797,719        |
| Total liabilities       | <u>5,927,172</u>  |
| Total equity            | <u>21,163,371</u> |

- Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the nine-month period ended September 30, 2022, are as follows (before elimination of intercompany transaction):

*(in millions of Korean won)*

**2022**

|                            |            |
|----------------------------|------------|
| Revenue                    | 17,061,066 |
| Profit for the period      | 504,258    |
| Total comprehensive income | 1,572,667  |

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

| <i>(in millions of Korean won)</i>                            | <b>2022</b> |
|---|-------------|
| Cash flows from operating activities                          | (1,427,127) |
| Cash flows from investing activities                          | (8,723,543) |
| Cash flows from financing activities                          | 10,857,724  |
| Net increase in cash and cash equivalents                     | 707,054     |
| Cash and cash equivalents at beginning of the period          | 1,282,880   |
| Effects of exchange rate changes on cash and cash equivalents | 199,540     |
| Cash and cash equivalents at end of the period                | 2,189,474   |

### **1.6 Changes in Scope for Consolidation**

Subsidiaries newly included in the consolidation for the nine-month period ended September 30, 2022, are as follows:

| <b>Subsidiary</b>               | <b>Reason</b>     |
|---------------------------------|-------------------|
| LG Energy Solution Vertech Inc. | Newly acquired    |
| LG Chem VietNam Co., Ltd        | Newly established |
| ES America, LLC                 | Newly established |
| Baterias De Castilla, S.L.      | Newly acquired    |

Subsidiary excluded from the consolidation for the nine-month period ended September 30, 2022, is as follows:

| <b>Subsidiary</b>                          | <b>Reason</b> |
|--|---------------|
| Shanjin Optoelectronics (Taiwan) Co., Ltd. | Disposed      |

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

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

## **Notes to the Consolidated Interim Financial Statements**

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

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#### *(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 September 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 September 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 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

**LG Chem, Ltd. and Subsidiaries**  
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- 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 September 30, 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.

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

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policies. The amendments should be applied for annual periods beginning on or after January 1, 2023, 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.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

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

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- 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.

## 2. 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

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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.

As at September 30, 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>September 30, 2022</b> |                    | <b>December 31, 2021</b> |                    |
|------------------------------------|---------------------------|--------------------|--------------------------|--------------------|
|                                    | <b>Assets</b>             | <b>Liabilities</b> | <b>Assets</b>            | <b>Liabilities</b> |
| USD                                | 5,811,414                 | 9,765,271          | 5,708,219                | 6,488,454          |
| EUR                                | 491,242                   | 5,473,811          | 441,123                  | 4,937,370          |
| JPY                                | 5,969                     | 153,411            | 18,315                   | 96,238             |
| CNY and others                     | 389,735                   | 9,281              | 523,907                  | 4,131              |

As at September 30, 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>September 30, 2022</b> |                     | <b>December 31, 2021</b> |                     |
|------------------------------------|---------------------------|---------------------|--------------------------|---------------------|
|                                    | <b>10% Increase</b>       | <b>10% Decrease</b> | <b>10% Increase</b>      | <b>10% Decrease</b> |
| USD                                | (186,055)                 | 186,055             | (42,976)                 | 42,976              |
| EUR                                | (459,538)                 | 459,538             | (426,735)                | 426,735             |

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 September 30, 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>September 30, 2022</b> |   |                        |                               |                                |                          |                    |                    |
|---------------------------|---|------------------------|-------------------------------|--------------------------------|--------------------------|--------------------|--------------------|
|                           | <b>Contractor</b>                       | <b>Contract amount</b> | <b>Contract exchange rate</b> | <b>Contract inception date</b> | <b>Contract maturity</b> | <b>Book amount</b> |                    |
|                           |   |                        |                               |                                |                          | <b>Assets</b>      | <b>Liabilities</b> |
| Currency Forward          | Citi                                    | USD 105                | 1,234.60                      | 2022.4.22                      | 2023.2.1                 | -                  | 20,035             |
|                           | Industrial and Commercial Bank of China | USD 158                | 1,218.70                      | 2022.4.22                      | 2024.2.1                 | -                  | 29,869             |
|                           | Shinhan Bank                            | USD 500                | 1,135.60                      | 2020.10.14                     | 2024.10.15               | 125,363            | -                  |
|                           | KB Kookmin Bank                         | USD 500                | 1,102.83                      | 2020.11.24                     | 2029.4.16                | 117,359            | -                  |
|                           | ING                                     | EUR 100                | 4.7120 <sup>1</sup>           | 2021.10.22                     | 2022.10.21               | 5,201              | -                  |
|                           | ING                                     | EUR 100                | 4.7800 <sup>1</sup>           | 2022.1.5                       | 2023.1.5                 | 5,969              | -                  |
| Currency swap             | SMBC                                    | USD 200                | 1,118.00                      | 2021.5.28                      | 2024.5.28                | 54,820             | -                  |
|                           | KDB Bank                                | USD 130                | 1,135.60                      | 2021.6.24                      | 2025.6.24                | 49,734             | -                  |
|                           | KDB Bank                                | USD 35                 | 1,135.60                      | 2021.6.24                      | 2026.6.24                | 14,476             | -                  |
|                           | Shinhan Bank                            | USD 300                | 1,131.80                      | 2021.7.7                       | 2026.7.7                 | 74,674             | -                  |

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|   |         |          |           |           |        |   |
|---|---------|----------|-----------|-----------|--------|---|
| Woori Bank                              | USD 100 | 1,131.80 | 2021.7.7  | 2026.7.7  | 25,077 | - |
| Industrial and Commercial Bank of China | USD 100 | 1,131.80 | 2021.7.7  | 2026.7.7  | 25,019 | - |
| Shinhan Bank                            | USD 100 | 1,131.80 | 2021.7.7  | 2031.7.7  | 24,047 | - |
| Woori Bank                              | USD 200 | 1,131.80 | 2021.7.7  | 2031.7.7  | 48,377 | - |
| KDB Bank                                | USD 200 | 1,131.80 | 2021.7.7  | 2031.7.7  | 48,565 | - |
| KDB Bank                                | USD 250 | 1,289.70 | 2022.6.15 | 2025.6.15 | 39,527 | - |
| Shinhan Bank                            | USD 110 | 1,289.70 | 2022.6.15 | 2027.6.15 | 18,281 | - |
| The Export-Import Bank of Korea         | USD 200 | 1,305.90 | 2022.7.14 | 2025.7.14 | 24,687 | - |
| Shinhan Bank                            | USD 100 | 1,305.90 | 2022.7.14 | 2025.7.14 | 12,492 | - |

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

| December 31, 2021 |   |                 |                        |                         |                   |             |             |
|-------------------|---|-----------------|------------------------|-------------------------|-------------------|-------------|-------------|
|                   | Contractor                              | Contract amount | Contract exchange rate | Contract inception date | Contract maturity | Book amount |             |
|                   |   |                 |                        |                         |                   | Assets      | Liabilities |
| Currency Forward  | KDB Bank                                | USD 35          | 1,135.60               | 2021.06.24              | 2022.06.24        | 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              | 2029.04.16        | 30,232      | -           |
|                   | Citi                                    | EUR 150         | 4.5900 <sup>1</sup>    | 2021.05.12              | 2022.04.29        | 2,881       | -           |
|                   | SC                                      | EUR 250         | 4.5861 <sup>1</sup>    | 2021.05.14              | 2022.04.29        | 4,703       | -           |
|                   | CACIB                                   | EUR 100         | 4.6055 <sup>1</sup>    | 2021.08.05              | 2022.08.04        | 2,964       | -           |
|                   | KDB Bank                                | EUR 165         | 4.6036 <sup>1</sup>    | 2021.08.05              | 2022.08.04        | 4,925       | -           |
|                   | ING                                     | EUR 100         | 4.7120 <sup>1</sup>    | 2021.10.22              | 2022.10.21        | 1,420       | -           |
| Currency swap     | SMBC                                    | USD 200         | 1,118.00               | 2021.05.28              | 2024.05.28        | 13,556      | -           |
|                   | KDB Bank                                | USD 130         | 1,135.60               | 2021.06.24              | 2025.06.24        | 8,817       | -           |
|                   | KDB Bank                                | USD 35          | 1,135.60               | 2021.06.24              | 2026.06.24        | 2,319       | -           |
|                   | Shinhan Bank                            | USD 300         | 1,131.80               | 2021.07.07              | 2026.07.07        | 12,196      | -           |
|                   | Woori Bank                              | USD 100         | 1,131.80               | 2021.07.07              | 2026.07.07        | 4,380       | -           |
|                   | Industrial and Commercial Bank of China | USD 100         | 1,131.80               | 2021.07.07              | 2026.07.07        | 4,653       | -           |
|                   | Shinhan Bank                            | USD 100         | 1,131.80               | 2021.07.07              | 2031.07.07        | 4,804       | -           |
|                   | Woori Bank                              | USD 200         | 1,131.80               | 2021.07.07              | 2031.07.07        | 10,032      | -           |
|                   | KDB Bank                                | USD 200         | 1,131.80               | 2021.07.07              | 2031.07.07        | 10,429      | -           |

<sup>1</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 (National Association of Securities Dealers Automated Quotations), NYSE (New York Stock



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Exchange), SZSE (Shenzhen Stock Exchange), HSI (Hang Seng Index), and ASX (Australian Stock Exchange) 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 September 30, 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>September 30, 2022</b> |                     | <b>December 31, 2021</b> |                     |
|------------------------------------|---------------------------|---------------------|--------------------------|---------------------|
|                                    | <b>10% Increase</b>       | <b>10% Decrease</b> | <b>10% Increase</b>      | <b>10% Decrease</b> |
| NASDAQ                             | 3,172                     | (3,172)             | 909                      | (909)               |
| ASX                                | 1,478                     | (1,478)             | 676                      | (676)               |
| NYSE                               | 5,478                     | (5,478)             | -                        | -                   |
| SZSE                               | 6,515                     | (6,515)             | -                        | -                   |
| HSI                                | 7,300                     | (7,300)             | -                        | -                   |
| <b>Total</b>                       | <b>23,943</b>             | <b>(23,943)</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.

The table below summarizes the impact of increases/decreases of interest rate on the Group's equity and post-tax profit for the nine-month periods ended September 30, 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                           | Deposits     | 16,108                           | 13,818          | 16,108                  | 13,818          |
|                                    | Borrowings   | (47,116)                         | (46,249)        | (47,116)                | (46,249)        |
|                                    | <b>Total</b> | <b>(31,008)</b>                  | <b>(32,431)</b> | <b>(31,008)</b>         | <b>(32,431)</b> |
| Decrease                           | Deposits     | (16,108)                         | (13,818)        | (16,108)                | (13,818)        |
|                                    | Borrowings   | 47,116                           | 46,249          | 47,116                  | 46,249          |
|                                    | <b>Total</b> | <b>31,008</b>                    | <b>32,431</b>   | <b>31,008</b>           | <b>32,431</b>   |

The deposits exposed to the above interest rate risk are held for the purpose of meeting the short-term demand for cash as it is easily convertible to a determined amount of cash.

Also, the above borrowings are variable interest rate borrowings from KDB Bank and others, and the Group has entered into a currency interest rate swap contract amounting to USD 525 million

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(equivalent to ₩753,270 million) to hedge interest rate risk of variable interest rate borrowings. As such, the borrowings are not exposed to interest rate risk.

(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 on trade receivables as at September 30, 2022 is as follows. Expected credit losses include forward-looking information.

(in millions of Korean won)

|                           | Receivables<br>not past due <sup>1</sup> | Receivables<br>past due but<br>not impaired <sup>1</sup> | Impaired<br>receivables <sup>2</sup> | Total     |
|---------------------------|--|--|--------------------------------------|-----------|
| <b>September 30, 2022</b> |  |  |                                      |           |
| (trade receivables)       |  |  |                                      |           |
| Gross carrying amount     | 8,501,992                                | 564,858  | 3,405                                | 9,070,255 |
| Expected loss rate        | 0.0%                                     | 0.1%   | 83.8%                                | 0.1%      |
| Loss allowance            | 2,072                                    | 675  | 2,853                                | 5,600     |
| <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            | 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.

Movements in the loss allowance on trade receivables for the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

(in millions of Korean won)

|  | Trade receivables  |                   |
|--|--------------------|-------------------|
|  | September 30, 2022 | December 31, 2021 |
| <b>Beginning balance</b>   | 5,094              | 4,391             |
| Increase in (reversal of) loss allowance<br>recognized in profit or loss | 111                | (127)             |
| Business combination (Note 37)   | 724                | -                 |
| Receivables written off as uncollectible                                 | (758)              | (447)             |
| Exchange differences   | 429                | 1,277             |
| <b>Ending balance</b>  | <b>5,600</b>       | <b>5,094</b>      |

As at September 30, 2022, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩9,064,655 million (December 31, 2021: ₩6,454,034 million).

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2) Other financial assets at amortized cost

Movements in loss allowance on other financial assets at amortized cost for the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>       | <b>Other receivables</b>  |                          |
|--|---------------------------|--------------------------|
|  | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
| <b>Beginning balance</b>                 | 2,165                     | 2,165                    |
| Receivables written off as uncollectible | (1,150)                   | -                        |
| <b>Ending balance</b>                    | <u>1,015</u>              | <u>2,165</u>             |

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

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

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

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

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

(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.

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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)

|   | September 30, 2022  |                      |                      |                  |
|---|---------------------|----------------------|----------------------|------------------|
|   | Less than<br>1 year | Between<br>1-2 years | Between<br>2-5 years | Over 5 years     |
| Non-derivative financial instruments          |                     |                      |                      |                  |
| Borrowings (excluding lease liabilities)      | 4,963,500           | 2,616,654            | 6,757,960            | 3,614,334        |
| Lease liabilities                             | 91,602              | 75,891               | 120,852              | 169,392          |
| Trade and other payables                      | 8,939,128           | 48,626               | 278                  | 47               |
| Other current liabilities (dividends payable) | 62,297              | -                    | -                    | -                |
|   | <u>14,056,527</u>   | <u>2,741,171</u>     | <u>6,879,090</u>     | <u>3,783,773</u> |
| Derivative instruments                        |                     |                      |                      |                  |
| Gross settlement currency forwards and swaps  |                     |                      |                      |                  |
| (Inflows)                                     | (497,450)           | (559,493)            | (2,716,319)          | (1,454,327)      |
| Outflows                                      | 483,915             | 506,912              | 2,266,847            | 1,168,399        |
|   | <u>(13,535)</u>     | <u>(52,581)</u>      | <u>(449,472)</u>     | <u>(285,928)</u> |
|   | <u>14,042,992</u>   | <u>2,688,590</u>     | <u>6,429,618</u>     | <u>3,497,845</u> |

(in millions of Korean won)

|  | December 31, 2021   |                      |                      |                  |
|--|---------------------|----------------------|----------------------|------------------|
|  | Less than<br>1 year | Between<br>1-2 years | Between<br>2-5 years | Over 5 years     |
| 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)      |
| Outflows                                     | 1,096,734           | 26,825               | 1,613,263            | 1,181,161        |
|  | <u>652</u>          | <u>(754)</u>         | <u>(76,791)</u>      | <u>(74,728)</u>  |
|  | <u>11,365,579</u>   | <u>2,471,067</u>     | <u>5,997,244</u>     | <u>3,633,152</u> |

<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 September 30, 2022, there is no utilized amount in the reverse factoring arrangement.

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As at September 30, 2022, the Group has entered into swap contracts for which cash flow hedge accounting is applied, to avoid market price fluctuation of raw materials.

| (in millions of Korean won)                   | September 30, 2022       |                   |                       |           |            |             |
|---|--------------------------|-------------------|-----------------------|-----------|------------|-------------|
|   | Purpose of the contracts | Hedged items      | Financial institution | Maturity  | Fair value |             |
|   |                          |                   |                       |           | Assets     | Liabilities |
| Merchandise (raw materials) swap <sup>1</sup> | Cash flow hedge          | Non-ferrous metal | Citi and others       | ~2024. 12 | 4,059      | 30,924      |

<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.

The gearing ratio and debt-to-equity ratio as at September 30, 2022 and December 31, 2021, were as follows:

| (in millions of Korean won, except for ratios) | September 30, 2022 | December 31, 2021 |
|--|--------------------|-------------------|
| Total borrowings (Note 14) (A)                 | 17,116,770         | 14,765,734        |
| Less: cash and cash equivalents (B)            | (4,911,874)        | (3,760,834)       |
| Net debt (C=A+B)                               | 12,204,896         | 11,004,900        |
| Total liabilities (D)                          | 30,933,922         | 27,925,314        |
| Total equity (E)                               | 38,715,110         | 23,209,988        |
| Total capital (F=C+E)                          | 50,920,006         | 34,214,888        |
| Gearing ratio (C/F)                            | 24.0%              | 32.2%             |
| Debt-to-equity ratio (D/E)                     | 79.9%              | 120.3%            |

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**3.3 Fair Value**

(1) Carrying amount and fair value of financial instruments by category as at September 30, 2022 and December 31, 2021, are as follows:

(in millions of Korean won)

|   | <b>September 30, 2022</b> |                   | <b>December 31, 2021</b> |                   |
|---|---------------------------|-------------------|--------------------------|-------------------|
|   | <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   | 4,911,874                 | <sup>1</sup>      | 3,760,834                | <sup>1</sup>      |
| Deposits held by financial institutions                                   | 4,216,467                 | <sup>1</sup>      | 64,583                   | <sup>1</sup>      |
| Trade receivables   | 8,957,134                 | <sup>1</sup>      | 6,386,979                | <sup>1</sup>      |
| Other receivables (excluding deposits held by financial institutions)     | 1,349,302                 | <sup>1</sup>      | 983,966                  | <sup>1</sup>      |
| Current derivative financial assets (currency forward)                    | 11,169                    | 11,169            | 18,683                   | 18,683            |
| Current derivative financial assets (excluding currency forward)          | 2,574                     | 2,574             | 4,606                    | 4,606             |
| <b>Financial assets (non-current)</b>                                     |                           |                   |                          |                   |
| Deposits held by financial institutions                                   | 277,227                   | <sup>1</sup>      | 267,116                  | <sup>1</sup>      |
| Trade receivables   | 107,521                   | <sup>1</sup>      | 67,055                   | <sup>1</sup>      |
| Other receivables (excluding deposits held by financial institutions)     | 372,709                   | <sup>1</sup>      | 446,050                  | <sup>1</sup>      |
| Other non-current financial assets (carried at fair value)                |                           |                   |                          |                   |
| Marketable financial assets   | 297,016                   | 297,016           | 21,630                   | 21,630            |
| Non-marketable financial assets <sup>2</sup>                              | 466,756                   | 466,756           | 340,823                  | 340,823           |
| Non-current derivative financial assets (currency forward)                | 242,722                   | 242,722           | 54,918                   | 54,918            |
| Non-current derivative financial assets (excluding currency forward)      | 480,819                   | 480,819           | 88,651                   | 88,651            |
| <b>Financial liabilities (current)</b>                                    |                           |                   |                          |                   |
| Trade and other payables  | 8,939,128                 | <sup>1</sup>      | 7,733,916                | <sup>1</sup>      |
| Current borrowings (excluding lease liabilities)                          | 4,657,353                 | <sup>1</sup>      | 3,405,215                | <sup>1</sup>      |
| Current lease liabilities   | 83,939                    | <sup>3</sup>      | 71,865                   | <sup>3</sup>      |
| Other current liabilities (dividend payable)                              | 62,297                    | <sup>1</sup>      | -                        | -                 |
| Current derivative financial liabilities (currency forward)               | 20,035                    | 20,035            | -                        | -                 |
| Current derivative financial liabilities (excluding currency forward)     | 19,908                    | 19,908            | -                        | -                 |
| <b>Financial liabilities (non-current)</b>                                |                           |                   |                          |                   |
| Non-current borrowings (excluding lease liabilities)                      | 12,056,859                | 11,205,146        | 11,041,274               | 10,923,942        |
| Non-current lease liabilities   | 318,619                   | <sup>3</sup>      | 247,380                  | <sup>3</sup>      |
| Other non-current payables  | 48,951                    | <sup>1</sup>      | 15,623                   | <sup>1</sup>      |
| Non-current derivative financial liabilities (currency forward)           | 29,869                    | 29,869            | -                        | -                 |
| Non-current derivative financial liabilities (excluding currency forward) | 11,016                    | 11,016            | 126                      | 126               |

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| <i>(in millions of Korean won)</i>                                      | <b>September 30, 2022</b> |                   | <b>December 31, 2021</b> |                   |
|---|---------------------------|-------------------|--------------------------|-------------------|
|   | <b>Carrying amount</b>    | <b>Fair value</b> | <b>Carrying amount</b>   | <b>Fair value</b> |
| Non-current derivative financial liabilities (acquisition of interests) | 43,044                    | 43,044            | -                        | -                 |

<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 a part 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 hierarchy

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

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

Fair value hierarchy of the financial instruments that are either measured at fair value or their fair values are disclosed for as at September 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>  | <b>September 30, 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)                  | 297,016                   | -              | -              | 297,016      |
| Other non-current financial assets (non-marketable financial assets) <sup>1</sup> | -                         | -              | 466,756        | 466,756      |
| Current derivative financial assets (currency forward)                            | -                         | 11,169         | -              | 11,169       |
| Current derivative financial assets (excluding currency forward)                  | -                         | 2,574          | -              | 2,574        |
| Non-current derivative financial assets (currency forward)                        | -                         | 242,722        | -              | 242,722      |
| Non-current derivative financial assets (excluding currency forward)              | -                         | 461,261        | 19,558         | 480,819      |
| Current derivative financial liabilities (currency forward)                       | -                         | 20,035         | -              | 20,035       |
| Current derivative financial liabilities (excluding currency forward)             | -                         | 19,908         | -              | 19,908       |
| Non-current derivative financial liabilities (currency forward)                   | -                         | 29,869         | -              | 29,869       |
| Non-current derivative financial liabilities (excluding currency forward)         | -                         | 11,016         | -              | 11,016       |

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|   |   |   |        |        |
|---|---|---|--------|--------|
| Non-current derivative financial liabilities (acquisition of interests) | - | - | 43,044 | 43,044 |
|---|---|---|--------|--------|

**Financial assets/liabilities not measured at fair value**

|  |   |   |            |            |
|--|---|---|------------|------------|
| Non-current borrowings (excluding lease liabilities) | - | - | 11,205,146 | 11,205,146 |
|--|---|---|------------|------------|

(in millions of Korean won)

|   | December 31, 2021 |         |            |            |
|---|-------------------|---------|------------|------------|
|   | Level 1           | Level 2 | Level 3    | Total      |
| <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) <sup>1</sup> | -                 | -       | 340,823    | 340,823    |
| Current derivative financial assets (currency forward)                            | -                 | 18,683  | -          | 18,683     |
| Current derivative financial assets (currency swap)                               | -                 | 4,606   | -          | 4,606      |
| Non-current derivative financial assets (currency forward)                        | -                 | 54,918  | -          | 54,918     |
| Non-current derivative financial assets (currency swap)                           | -                 | 72,491  | 16,160     | 88,651     |
| Non-current derivative financial liabilities (currency swap)                      | -                 | 126     | -          | 126        |
| <b>Financial assets/liabilities not measured at fair value</b>                    |                   |         |            |            |
| Non-current borrowings (excluding lease liabilities)                              | -                 | -       | 10,923,942 | 10,923,942 |

<sup>1</sup> Acquisition costs of a part of these financial assets approximate their fair values. For fair values measured by using other methods, see (3) Valuation technique and the inputs.



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

| <i>(in millions of Korean won)</i>   |                   |              |                                      |  |                                   |
|--|-------------------|--------------|--------------------------------------|--|-----------------------------------|
| <b>September 30, 2022</b>  |                   |              |                                      |  |                                   |
|  | <b>Fair value</b> | <b>Level</b> | <b>Valuation Technique</b>           | <b>Inputs</b>  | <b>Coverage of Level 3 inputs</b> |
| <b>Other non-current financial assets</b> (Non-listed shares)                  | 121,721           | 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>Non-current derivative financial assets</b> (Option)                        | 19,558            | 3            | Binominal option pricing model       | Volatility   | 2.36 ~ 2.4%                       |
| <b>Non-current derivative financial liabilities</b> (Acquisition of interests) | 43,044            | 3            | Binominal option pricing model, etc. | Earnings before interest, taxes, depreciation, and amortization (EBITDA) | -37.5 ~ 37.5%                     |
| <b>Non-current borrowings</b> (Excluding lease liabilities)                    | 11,205,146        | 3            | Discounted cash flows model          | Discount rates   | 4.01%~5.19%                       |
| <i>(in millions of Korean won)</i>   |                   |              |                                      |  |                                   |
| <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>Other non-current financial assets</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>Non-current derivative financial assets</b> (Option)                        | 16,160            | 3            | Binominal option pricing model       | Volatility   | 2.36 ~ 2.4%                       |
| <b>Non-current borrowings</b> (Excluding lease liabilities)                    | 10,923,942        | 3            | Discounted cash flows model          | Discount rates   | 1.77% ~ 2.99%                     |

**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.

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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.

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

(in millions of Korean won)

| Financial assets                   | September 30, 2022                 |   |   |                                     |                   |
|------------------------------------|------------------------------------|---|---|-------------------------------------|-------------------|
|                                    | 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> | Total             |
| Cash and cash equivalents          | 4,911,874                          | -   | -   | -                                   | 4,911,874         |
| Trade receivables                  | 8,396,083                          | -   | 561,051   | -                                   | 8,957,134         |
| Non-current trade receivables      | 107,521                            | -   | -   | -                                   | 107,521           |
| Other receivables                  | 5,565,459                          | -   | 310   | -                                   | 5,565,769         |
| Other non-current receivables      | 649,936                            | -   | -   | -                                   | 649,936           |
| Other current financial assets     | -                                  | -   | -   | 13,743                              | 13,743            |
| Other non-current financial assets | -                                  | 235,254   | 528,518   | 723,541                             | 1,487,313         |
| <b>Total</b>                       | <b>19,630,873</b>                  | <b>235,254</b>  | <b>1,089,879</b>  | <b>737,284</b>                      | <b>21,693,290</b> |

(in thousands of Korean won)

| Financial liabilities                        | September 30, 2022                      |  |
|--|---|--|
|  | Financial liabilities at amortized cost | Other financial liabilities <sup>2</sup> |
| Trade payables                               | 5,357,036                               | -  |
| Other payables                               | 3,582,092                               | -  |
| Borrowings (current)                         | 4,273,791                               | 467,501                                  |
| Other current liabilities (dividend payable) | 62,297                                  | -  |
| Other current financial liabilities          | -                                       | 39,943                                   |
| Other non-current financial liabilities      | -                                       | 83,929                                   |
| Other non-current payables                   | 48,951                                  | -  |
| Borrowings (non-current)                     | 12,056,859                              | 318,619                                  |
| <b>Total</b>                                 | <b>25,381,026</b>                       | <b>909,992</b>                           |

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

|                                    | December 31, 2021                  |   |   |                                     |                   |
|------------------------------------|------------------------------------|---|---|-------------------------------------|-------------------|
|                                    | 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> | Total             |
| <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                       |  |                   |
|---|---|--|-------------------|
|   | Financial liabilities at amortized cost | Other financial liabilities <sup>2</sup> | Total             |
| <b>Financial liabilities</b>            |   |  |                   |
| Trade payables                          | 3,742,132                               | -  | 3,742,132         |
| Other payables                          | 3,991,784                               | -  | 3,991,784         |
| Borrowings (current)                    | 2,954,262                               | 522,818                                  | 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>21,745,075</b>                       | <b>770,324</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, derivative liabilities and negotiated borrowings that are not subject to the categorizations.

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

| <i>(in millions of Korean won)</i>   | <b>2022</b>         |                    | <b>2021</b>         |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| <b>Dividend income</b>   |                     |                    |                     |                    |
| Financial assets at fair value through other comprehensive income              | 1,211               | 1,538              | 4,875               | 5,963              |
| <b>Impairment loss(reversal)</b>   |                     |                    |                     |                    |
| Financial assets at amortized cost   | (180)               | 111                | 362                 | 306                |
| <b>Interest income</b>   |                     |                    |                     |                    |
| Financial assets at amortized cost   | 74,995              | 199,932            | 32,534              | 55,022             |
| <b>Interest expense</b>  |                     |                    |                     |                    |
| Financial liabilities at amortized cost  | (82,824)            | (210,146)          | (70,552)            | (186,733)          |
| Other financial liabilities  | (2,302)             | (6,976)            | (1,610)             | (5,341)            |
| Financial assets at amortized cost <sup>1</sup>                                | (2,835)             | (5,524)            | (78)                | (78)               |
| Financial assets at fair value through other comprehensive income <sup>1</sup> | -                   | -                  | (71)                | (904)              |
| <b>Gain (loss) on valuation/disposal</b>                                       |                     |                    |                     |                    |
| Financial assets at fair value through profit or loss                          | 9,670               | 10,334             | (4,258)             | 7,522              |
| Financial assets at fair value through other comprehensive income              | (10,983)            | (11,592)           | 16,637              | 18,373             |
| Derivative instruments   | 353,804             | 496,318            | 119,505             | 139,235            |
| <b>Exchange differences</b>  |                     |                    |                     |                    |
| Financial assets at amortized cost   | 993,432             | 1,650,764          | 308,704             | 466,170            |
| Financial liabilities at amortized cost  | (1,304,157)         | (2,067,140)        | (399,865)           | (437,023)          |
| Derivative instruments   | 7,512               | 18,051             | -                   | -                  |
| Other financial liabilities  | (18,641)            | (29,830)           | (1,664)             | (1,684)            |

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

**6. Cash and Cash Equivalents**

Details of cash and cash equivalents as at September 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>                 | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|--|---------------------------|--------------------------|
| Bank deposits and cash on hand                     | 1,713,676                 | 1,943,818                |
| Deposits held by financial institutions and others | 3,198,198                 | 1,817,016                |
| <b>Total</b>                                       | <b>4,911,874</b>          | <b>3,760,834</b>         |

As at September 30, 2022, cash and cash equivalents include ₩20,479 million which is subject to a restriction on the use in association with the national R&D projects.

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**7. Trade and Other Receivables**

Trade and other receivables and its loss allowance, as at September 30, 2022 and December 31, 2021, are as follows:

*(in millions of Korean won)*

|                               | <b>September 30, 2022</b> |                       |                        |
|-------------------------------|---------------------------|-----------------------|------------------------|
|                               | <b>Gross amount</b>       | <b>Loss allowance</b> | <b>Carrying amount</b> |
| Trade receivables             | 8,962,734                 | (5,600)               | 8,957,134              |
| Non-current trade receivables | 107,521                   | -                     | 107,521                |
| Other current receivables     | 5,566,784                 | (1,015)               | 5,565,769              |
| Other non-current receivables | 649,936                   | -                     | 649,936                |
| <b>Total</b>                  | <b>15,286,975</b>         | <b>(6,615)</b>        | <b>15,280,360</b>      |

*(in millions of Korean won)*

|                               | <b>December 31, 2021</b> |                       |                        |
|-------------------------------|--------------------------|-----------------------|------------------------|
|                               | <b>Gross amount</b>      | <b>Loss allowance</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>                  | <b>8,223,008</b>         | <b>(7,259)</b>        | <b>8,215,749</b>       |

Details of other receivables as at September 30, 2022 and December 31, 2021, are as follows:

*(in millions of Korean won)*

|  | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|--|---------------------------|--------------------------|
| <b>Current</b>                                       |                           |                          |
| Non-trade receivables                                | 1,047,972                 | 865,984                  |
| Deposits held by financial institutions              | 4,216,467                 | 64,583                   |
| Accrued income                                       | 118,611                   | 31,955                   |
| Loans  | 147,305                   | 65,266                   |
| Guarantee deposits provided                          | 35,414                    | 20,761                   |
|  | <b>5,565,769</b>          | <b>1,048,549</b>         |
| <b>Non-current</b>                                   |                           |                          |
| Non-trade receivables                                | 29,632                    | 29,195                   |
| Deposits held by financial institutions <sup>1</sup> | 277,227                   | 267,116                  |
| Loans  | 233,742                   | 330,643                  |
| Guarantee deposits provided                          | 109,335                   | 86,212                   |
|  | <b>649,936</b>            | <b>713,166</b>           |
| <b>Total</b>   | <b>6,215,705</b>          | <b>1,761,715</b>         |

<sup>1</sup> As at September 30, 2022, ₩266,100 million (December 31, 2021: ₩266,100 million) is withdrawal restricted in relation to large, small and medium-sized companies cooperation agreement, ₩135 million is restricted in use to be retained in connection with maintaining checking accounts (December 31, 2021: ₩120 million), and ₩10,000 million is restricted in use to be retained in connection with employee loan deposits. Also, PLN 3 million is restricted in use to be retained in relation to overseas transportation of hazardous waste.

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

| <i>(in millions of Korean won)</i> | <b>September 30, 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>    | 8,501,992                 | 6,141,124                | 6,118,779                | 1,690,123                |
| <b>Past due but not impaired</b>   |                           |                          |                          |                          |
| Up to 3 months                     | 506,299                   | 65,934                   | 236,860                  | 70,136                   |
| Between 3-6 months                 | 38,512                    | 1,417                    | 15,811                   | 457                      |
| Over 6 months                      | 20,047                    | 7,230                    | 86,022                   | 999                      |
|                                    | 564,858                   | 74,581                   | 338,693                  | 71,592                   |
| <b>Impaired receivables</b>        | 3,405                     | 1,015                    | 1,656                    | 2,165                    |
| <b>Total</b>                       | <b>9,070,255</b>          | <b>6,216,720</b>         | <b>6,459,128</b>         | <b>1,763,880</b>         |

Movements of loss allowance on trade and other receivables for the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i> | <b>September 30, 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                    | -                  |
| Impairment loss                    | 111                       | -                  | -                        | -                  |
| Business combination (Note 37)     | 724                       | -                  | -                        | -                  |
| Write-off                          | (758)                     | -                  | (1,150)                  | -                  |
| Exchange differences               | 429                       | -                  | -                        | -                  |
| <b>Ending balance</b>              | <b>5,600</b>              | <b>-</b>           | <b>1,015</b>             | <b>-</b>           |

| <i>(in millions of Korean won)</i> | <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 of impairment             | (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 September 30, 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 ₩271,839 million at September 30, 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.

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**8. Other Financial Assets and Liabilities**

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

| <i>(in millions of Korean won)</i>   | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|--|---------------------------|--------------------------|
| <b>Other financial assets</b>  |                           |                          |
| Financial assets at fair value through other comprehensive income (derivative instruments) (current)               | 2,574                     | 4,606                    |
| Financial assets at fair value through profit or loss (derivative instruments) (current)                           | 11,169                    | 18,683                   |
| Financial assets at fair value through other comprehensive income (derivative instruments) (non-current)           | 1,485                     | 1,305                    |
| Financial assets at fair value through other comprehensive income (excluding derivative instruments) (non-current) | 528,518                   | 202,308                  |
| Financial assets at fair value through profit or loss (derivative instruments) (non-current)                       | 722,056                   | 142,264                  |
| Financial assets at fair value through profit or loss (excluding derivative instruments) (non-current)             | 235,254                   | 160,145                  |
|  | <u>1,501,056</u>          | <u>529,311</u>           |
| <b>Other financial liabilities</b>   |                           |                          |
| Financial liabilities at fair value through other comprehensive income (derivative instruments) (current)          | 19,908                    | -                        |
| Financial liabilities at fair value through profit or loss (derivative instruments) (current)                      | 20,035                    | -                        |
| Financial liabilities at fair value through other comprehensive income (derivative instruments) (non-current)      | 11,016                    | 126                      |
| Financial liabilities at fair value through profit or loss (derivative instruments) (non-current)                  | 72,913                    | -                        |
|  | <u>123,872</u>            | <u>126</u>               |

Changes in equity and debt instruments included in other financial assets for the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>   | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|--|---------------------------|--------------------------|
| <b>Beginning balance</b>   | 362,452                   | 81,532                   |
| Acquisitions / transfer  | 418,501                   | 248,354                  |
| Disposals  | (32,208)                  | (16,388)                 |
| Gain on valuation through other comprehensive income (before income tax effects) | 44                        | 15,990                   |
| Gain (loss) on valuation through profit or loss                                  | (1,605)                   | 29,810                   |
| Exchange differences on translation of foreign operations                        | 16,588                    | 3,154                    |
| <b>Ending balance</b>  | <u>763,772</u>            | <u>362,452</u>           |

During the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, the Group did not recognize impairment for other financial assets.

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

Details of inventories as at September 30, 2022 and December 31, 2021, are as follows:

*(in millions of Korean won)*

|                                   | <b>September 30, 2022</b> |                                |                            |
|-----------------------------------|---------------------------|--------------------------------|----------------------------|
|                                   | <b>Gross<br/>amount</b>   | <b>Valuation<br/>allowance</b> | <b>Carrying<br/>amount</b> |
| Merchandise                       | 322,019                   | (26,821)                       | 295,198                    |
| Finished / Semi-finished products | 7,600,366                 | (301,767)                      | 7,298,599                  |
| Work-in-process                   | 25,660                    | -                              | 25,660                     |
| Raw materials                     | 3,084,902                 | (56,506)                       | 3,028,396                  |
| Supplies                          | 307,196                   | -                              | 307,196                    |
| Goods-in-transit                  | 1,537,526                 | -                              | 1,537,526                  |
| <b>Total</b>                      | <b>12,877,669</b>         | <b>(385,094)</b>               | <b>12,492,575</b>          |

*(in millions of Korean won)*

|                                   | <b>December 31, 2021</b> |                                |                            |
|-----------------------------------|--------------------------|--------------------------------|----------------------------|
|                                   | <b>Gross<br/>amount</b>  | <b>Valuation<br/>allowance</b> | <b>Carrying<br/>amount</b> |
| 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 nine-month period ended September 30, 2022, the cost of inventories recognized as expense and included in 'cost of sales' amounted to ₩23,045,484 million (2021: ₩17,025,215 million).



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

Changes in investments in associates and joint ventures for the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

| (in millions of<br>Korean won)   | September 30, 2022   |                            |                |  |  |                           |                 | Ending<br>balance |
|--|----------------------|----------------------------|----------------|--|--|---------------------------|-----------------|-------------------|
|  | Beginning<br>balance | Acquisitions<br>/ transfer | Dividends      | Share of<br>profit (loss)<br>of<br>associates<br>and joint<br>ventures | Share of other<br>comprehensive<br>income (loss)<br>of associates<br>and joint<br>ventures | Impairment /<br>disposals | Others          |                   |
| VINA Plasticizers Chemical Co., Ltd. <sup>1</sup>                        | 12,822               | -                          | -              | 2,239  | 1,761  | -                         | (16,822)        | -                 |
| TECHWIN Co., Ltd.  | 19,024               | -                          | -              | (1,785)  | (51)   | -                         | -               | 17,188            |
| SEETEC Co., Ltd  | 134,843              | -                          | (5,000)        | 4,105  | -  | -                         | (307)           | 133,641           |
| LG Chem BRASIL<br>INTERMEDIACAO DE<br>NEGOCIOS DO SETOR<br>QUIMICO LTDA. | 579                  | -                          | -              | -  | -  | -                         | (579)           | -                 |
| LG Chem Malaysia<br>SDN.BHD  | 150                  | -                          | -              | -  | -  | -                         | (150)           | -                 |
| LG Life Sciences Poland<br>Ltd.  | 17                   | -                          | -              | -  | -  | -                         | -               | 17                |
| HUAJIN NEW ENERGY<br>MATERIALS(QUZHOU)C<br>O., LTD.                      | 93,835               | -                          | -              | (3,390)  | 4,685  | -                         | -               | 95,130            |
| VINFAST LITHIUM<br>BATTERY PACK LIMITED<br>LIABILITY COMPANY             | 3,769                | -                          | -              | (1,234)  | 637  | -                         | -               | 3,172             |
| Jiangxi VL Battery Co., Ltd  | 20,310               | -                          | -              | (4,860)  | 1,260  | -                         | -               | 16,710            |
| PT.HLI Green Power   | 201,488              | -                          | -              | (19,256)   | 44,118   | -                         | -               | 226,350           |
| TL Chemical CO., Ltd   | 48,473               | -                          | -              | (958)  | -  | -                         | -               | 47,515            |
| LG Toray Hungary Battery<br>Separator Kft.                               | -                    | 522,425                    | -              | 1,866  | 20,939   | -                         | -               | 545,230           |
| KOREA PRECURSOR<br>CO., LTD.   | -                    | 20,384                     | -              | (50)   | (104)  | -                         | -               | 20,230            |
|  | <u>535,310</u>       | <u>542,809</u>             | <u>(5,000)</u> | <u>(23,323)</u>  | <u>73,245</u>  | <u>-</u>                  | <u>(17,858)</u> | <u>1,105,183</u>  |

<sup>1</sup> During the nine-month period ended September 30, 2022, the Group reclassified the shares of VINA Plasticizers Chemical Co., Ltd. amounting to ₩16,822 million as assets held for sale.

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(in millions of  
Korean won)

|  | December 31, 2021    |                            |                 |  |  |                           |              | Ending<br>balance |
|--|----------------------|----------------------------|-----------------|--|--|---------------------------|--------------|-------------------|
|  | Beginning<br>balance | Acquisitions<br>/ transfer | Dividends       | Share of<br>profit (loss)<br>of<br>associates<br>and joint<br>ventures | Share of other<br>comprehensive<br>income (loss)<br>of associates<br>and joint<br>ventures | Impairment /<br>disposals | Others       |                   |
| VINA Plasticizers Chemical<br>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<br>INTERMEDIACAO DE<br>NEGOCIOS DO SETOR<br>QUIMICO LTDA. | 579                  | -                          | -               | -  | -  | -                         | -            | 579               |
| LG Chem Malaysia<br>SDN.BHD  | 150                  | -                          | -               | -  | -  | -                         | -            | 150               |
| FJ Composite Materials<br>Co., LTD.                                      | 2,737                | -                          | -               | (544)  | 652  | (2,576)                   | (269)        | -                 |
| WUXI CL New Energy<br>Technology Ltd                                     | -                    | -                          | -               | -  | -  | -                         | -            | -                 |
| LG Life Sciences Poland<br>Ltd.  | 17                   | -                          | -               | -  | -  | -                         | -            | 17                |
| Combustion Synthesis Co.,<br>Ltd.  | 1,867                | -                          | -               | 273  | (106)  | (1,969)                   | (65)         | -                 |
| HUAJIN NEW ENERGY<br>MATERIALS(QUZHOU)C<br>O., LTD.                      | 89,525               | -                          | -               | (5,537)  | 9,847  | -                         | -            | 93,835            |
| VINFAST LITHIUM<br>BATTERY PACK LIMITED<br>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 nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>         | <b>September 30,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|--|-------------------------------|------------------------------|
| <b>Beginning balance</b>                   | 24,378,259                    | 20,567,475                   |
| Business combination (Note 37)             | 7,251                         | 250,128                      |
| Acquisitions / transfer                    | 9,566,144                     | 12,512,008                   |
| Disposals / transfer                       | (4,495,369)                   | (6,864,140)                  |
| Exchange differences                       | 922,509                       | 560,958                      |
| Depreciation                               | (2,275,045)                   | (2,617,458)                  |
| Impairment                                 | (48,769)                      | (30,712)                     |
| Reversal of impairment                     | 705                           | -                            |
| Transfer to assets held for sale (Note 34) | (5,471)                       | -                            |
| <b>Ending balance</b>                      | <u>28,050,214</u>             | <u>24,378,259</u>            |

During the nine-month period ended September 30, 2022, the Group capitalized ₩14,189 million of borrowing costs (2021: ₩40,334 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 1.60% (2021: 1.40%).

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

| <i>(in millions of Korean won)</i>  | <b>2022</b>         |                    | <b>2021</b>         |                    |
|-------------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                     | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Cost of sales                       | 726,916             | 2,059,029          | 618,462             | 1,706,528          |
| Selling and administrative expenses | 74,431              | 214,458            | 61,395              | 175,905            |
| Others                              | 368                 | 561                | 431                 | 1,024              |
| Discontinued operations             | 266                 | 997                | 1,252               | 5,338              |
| <b>Total</b>                        | <u>801,981</u>      | <u>2,275,045</u>   | <u>681,540</u>      | <u>1,888,795</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>September 30, 2022</b> | <b>December 31, 2021</b> |
|--|---------------------------|--------------------------|
| <b>Right-of-use assets<sup>1</sup></b> |                           |                          |
| Real-estate                            | 367,003                   | 329,920                  |
| Machinery                              | 56,376                    | 23,258                   |
| Vehicles                               | 32,643                    | 21,475                   |
| Tools                                  | 2,238                     | 2,083                    |
| Equipment                              | 634                       | 473                      |
|  | <u>458,894</u>            | <u>377,209</u>           |

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

Additions to the right-of-use assets during the nine-month period ended September 30, 2022, were ₩145,668 million (2021: ₩136,423 million).

| <i>(in millions of Korean won)</i> | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|------------------------------------|---------------------------|--------------------------|
| Lease liabilities <sup>1</sup>     |                           |                          |
| Current                            | 83,939                    | 71,865                   |
| Non-current                        | 318,619                   | 247,380                  |
|                                    | <u>402,558</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 nine-month periods ended September 30, 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  | 58,758        | 40,364        |
| Machinery  | 4,725         | 4,244         |
| Vehicles   | 12,829        | 9,727         |
| Tools  | 1,465         | 1,095         |
| Equipment  | 261           | 375           |
|  | <u>78,038</u> | <u>55,805</u> |
| Interest expense relating to lease liabilities<br>(included in finance cost)   | 6,976         | 5,341         |
| Expense relating to short-term leases (included in cost of<br>goods sold and administrative expenses)  | 24,275        | 20,616        |
| Expense relating to leases of low-value assets that are not<br>short-term leases (included in cost of goods sold and<br>administrative expenses) | 11,080        | 9,617         |

Total cash outflow for leases during the nine-month period ended September 30, 2022, was ₩112,306 million (2021: ₩90,294 million).

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**12. Intangible Assets**

Changes in intangible assets for the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>         | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|--|---------------------------|--------------------------|
| <b>Beginning balance</b>                   | 2,444,303                 | 2,279,917                |
| Business combination (Note 37)             | 1,504                     | 251,856                  |
| Acquisitions / transfer                    | 375,942                   | 427,080                  |
| Additions – internal development           | -                         | 220                      |
| Disposals / transfer                       | (40,675)                  | (15,425)                 |
| Exchange differences                       | 48,710                    | 23,042                   |
| Amortization                               | (212,444)                 | (223,178)                |
| Impairment                                 | (314)                     | (298,849)                |
| Transfer to assets held for sale (Note 34) | (4)                       | (360)                    |
| <b>Ending balance</b>                      | <b>2,617,022</b>          | <b>2,444,303</b>         |

Line items including amortization of intangible assets for the three-month and nine-month periods ended September 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>  | <b>2022</b>         |                    | <b>2021</b>         |                    |
|-------------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                     | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Cost of sales                       | 15,113              | 46,849             | 14,578              | 45,023             |
| Selling and administrative expenses | 58,808              | 165,588            | 43,436              | 121,179            |
| Discontinued operations             | 3                   | 7                  | 9                   | 180                |
| <b>Total</b>                        | <b>73,924</b>       | <b>212,444</b>     | <b>58,023</b>       | <b>166,382</b>     |

Total research and development costs recognized as expenses amounted to ₩1,261,592 million (2021: ₩973,498 million) for the nine-month periods ended September 30, 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 | 10,113      | 9,417       | 9,417       | 9,329       | 9,329       | 47,605       |

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Changes in greenhouse gas emission permits during the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

| (in thousands of<br>tons and millions<br>of Korean won) | September 30, 2022 |        |          |        |          |        |          |        |
|---|--------------------|--------|----------|--------|----------|--------|----------|--------|
|   | 2020               |        | 2021     |        | 2022     |        | 2023     |        |
|   | Quantity           | Amount | Quantity | Amount | Quantity | Amount | Quantity | Amount |
| Beginning balance                                       |                    |        |          |        |          |        |          |        |
| /Allocation with nil consideration                      | 8,666              | -      | 10,113   | -      | 9,417    | -      | 9,417    | -      |
| Purchase/Sale   | (69)               | 1,111  | (285)    | (20)   | (36)     | -      | -        | -      |
| Exchange  | 100                | -      | (100)    | -      | -        | -      | -        | -      |
| Borrowings/Carry forwards between years                 | (49)               | (388)  | (392)    | 388    | 438      | -      | -        | -      |
| Surrendered to the government                           | (8,648)            | (723)  | (9,336)  | (368)  | -        | -      | -        | -      |
| Ending balance <sup>1</sup>                             | -                  | -      | -        | -      | 9,819    | -      | 9,417    | -      |

| (in thousands of tons and<br>millions of Korean won)  | September 30, 2022 |        |          |        |          |         |
|---|--------------------|--------|----------|--------|----------|---------|
|   | 2024               |        | 2025     |        | Total    |         |
|   | Quantity           | Amount | Quantity | Amount | Quantity | Amount  |
| Beginning balance / Allocation with nil consideration |                    | 9,329  | -        | 9,329  | -        | 56,271  |
| Purchase/Sale   | -                  | -      | -        | -      | (390)    | 1,091   |
| Exchange  | -                  | -      | -        | -      | -        | -       |
| Borrowings/Carry forwards between years               | -                  | -      | -        | -      | (3)      | -       |
| Surrendered to the government                         | -                  | -      | -        | -      | (17,984) | (1,091) |
| Ending balance <sup>1</sup>                           | 9,329              | -      | 9,329    | -      | 37,894   | -       |

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

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

During the nine-month period ended September 30, 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 September 30, 2022 and December 31, 2021, are as follows:

| (in millions of Korean won)                          | September 30, 2022 | December 31, 2021 |
|--|--------------------|-------------------|
| <b>Current</b>                                       |                    |                   |
| Prepayments to suppliers and prepaid expenses        | 427,454            | 201,019           |
| Prepaid value added tax                              | 314,782            | 465,660           |
| Others   | 257,441            | 82,353            |
| <b>Total</b>   | <u>999,677</u>     | <u>749,032</u>    |
| <b>Non-current</b>                                   |                    |                   |
| Net defined benefit assets                           | 317,693            | 45,050            |
| Long-term prepayments and long-term prepaid expenses | 152,810            | 70,775            |
| Others   | 145                | 96                |
| <b>Total</b>   | <u>470,648</u>     | <u>115,921</u>    |

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**14. Borrowings**

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

| <i>(in millions of Korean won)</i>      | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|---|---------------------------|--------------------------|
| <b>Current</b>                          |                           |                          |
| Short-term borrowings                   | 2,463,334                 | 1,688,383                |
| Current portion of long-term borrowings | 780,861                   | 1,056,963                |
| Current portion of debentures           | 1,413,158                 | 659,869                  |
| Current lease liabilities               | 83,939                    | 71,865                   |
|   | <u>4,741,292</u>          | <u>3,477,080</u>         |
| <b>Non-current</b>                      |                           |                          |
| Long-term borrowings                    | 5,094,187                 | 3,628,563                |
| Debentures                              | 6,962,672                 | 7,412,711                |
| Lease liabilities                       | 318,619                   | 247,380                  |
|   | <u>12,375,478</u>         | <u>11,288,654</u>        |
| <b>Total</b>                            | <u>17,116,770</u>         | <u>14,765,734</u>        |

Details of short- and long-term borrowings and debentures as at September 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>        | <b>Currency</b>  | <b>Bank</b>                       | <b>Latest maturity date</b> | <b>Interest rate(%) as at September 30, 2022</b> | <b>September 30, 2022</b> |                    | <b>December 31, 2021</b> |                    |
|---|------------------|-----------------------------------|-----------------------------|--|---------------------------|--------------------|--------------------------|--------------------|
|   |                  |                                   |                             |  | <b>Current</b>            | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |
| <b>Short-term borrowings</b>              |                  |                                   |                             |  |                           |                    |                          |                    |
| Bank loans                                | Foreign currency | KB Kookmin Bank and others        | 2023-09-20                  | 3M LIBOR + 0.60 and others                       | 2,079,772                 | -                  | 1,237,430                | -                  |
| Negotiated borrowings in foreign currency | Foreign currency | Shinhan Bank and others           | 2022-12-17                  | 3M EURIBOR + 0.50 and others                     | 383,562                   | -                  | 450,953                  | -                  |
| <b>Total</b>                              |                  |                                   |                             |  | <u>2,463,334</u>          | <u>-</u>           | <u>1,688,383</u>         | <u>-</u>           |
| <b>Long-term borrowings</b>               |                  |                                   |                             |  |                           |                    |                          |                    |
| Bank loans                                | Korean won       | KDB Bank and others               | 2028-11-01                  | 3.05 and others                                  | -                         | 500,000            | -                        | 450,000            |
|   | Foreign currency | KDB Bank and others               | 2029-01-11                  | 3M LIBOR + 0.95 and others                       | 780,861                   | 4,594,914          | 1,056,963                | 3,178,563          |
| Less: discount on long-term borrowings    |                  |                                   |                             |  | -                         | (727)              | -                        | -                  |
| <b>Total</b>                              |                  |                                   |                             |  | <u>780,861</u>            | <u>5,094,187</u>   | <u>1,056,963</u>         | <u>3,628,563</u>   |
| <b>Debentures</b>                         |                  |                                   |                             |  |                           |                    |                          |                    |
| Public debentures                         | Korean won       | KB Securities Co., Ltd and others | 2036-02-19                  | 3.29 and others                                  | 710,000                   | 3,540,000          | 660,000                  | 4,250,000          |
| Private debentures                        | Korean won       | KB Securities Co., Ltd and others | 2036-05-07                  | 2.52 and others                                  | -                         | 150,000            | -                        | 150,000            |
|   | Foreign currency | CITI Securities and others        | 2031-07-07                  | 4.38 and others                                  | 704,416                   | 3,300,040          | -                        | 3,042,170          |
| Less: discount on debentures              |                  |                                   |                             |  | (1,258)                   | (27,368)           | (131)                    | (29,459)           |
| <b>Total</b>                              |                  |                                   |                             |  | <u>1,413,158</u>          | <u>6,962,672</u>   | <u>659,869</u>           | <u>7,412,711</u>   |



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

| <i>(in millions of Korean won)</i> |  | September 30, 2022       |                      |              |                     |
|------------------------------------|--|--------------------------|----------------------|--------------|---------------------|
|                                    |  | Annual interest rate (%) | Latest maturity date | Total amount | Current Non-current |
| Leaser                             |  |                          |                      |              |                     |
| Hyundai Oil Bank and others        |  | 0.65 ~ 8.68              | 2082.2.28            | 402,558      | 83,939 318,619      |
| <i>(in millions of Korean won)</i> |  | December 31, 2021        |                      |              |                     |
|                                    |  | Annual interest rate (%) | Latest maturity date | Total amount | Current Non-current |
| Leaser                             |  |                          |                      |              |                     |
| Hyundai Oil Bank and others        |  | 0.65 ~ 8.68              | 2068.3.31            | 319,245      | 71,865 247,380      |

**15. Provisions**

Changes in provisions for the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i> |  | September 30, 2022    |                                      |                           |                          |             |
|------------------------------------|--|-----------------------|--------------------------------------|---------------------------|--------------------------|-------------|
|                                    |  | Warranty <sup>1</sup> | Greenhouse gas emission <sup>2</sup> | Legal claims <sup>3</sup> | Restoration <sup>4</sup> | Total       |
| <b>Beginning balance</b>           |  | 2,110,180             | 79                                   | 15,642                    | 83,807                   | 2,209,708   |
| Business Combination (Note 37)     |  | 4,999                 | -                                    | -                         | -                        | 4,999       |
| Additions                          |  | 291,868               | 10,480                               | 902                       | 1,949                    | 305,199     |
| Used                               |  | (1,085,496)           | (3,860)                              | (1,039)                   | (28,248)                 | (1,118,643) |
| <b>Ending balance</b>              |  | 1,321,551             | 6,699                                | 15,505                    | 57,508                   | 1,401,263   |
| Less: current portion              |  | (837,319)             | (6,699)                              | -                         | (43,667)                 | (887,685)   |
| <b>Total</b>                       |  | 484,232               | -                                    | 15,505                    | 13,841                   | 513,578     |
| <i>(in millions of Korean won)</i> |  | December 31, 2021     |                                      |                           |                          |             |
|                                    |  | Warranty <sup>1</sup> | Greenhouse gas emission <sup>2</sup> | Legal claims <sup>3</sup> | Restoration <sup>4</sup> | Total       |
| <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>                       |  | 577,824               | -                                    | 15,642                    | 43,487                   | 636,953     |

<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

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obligated for any excess emission. The estimated emission as at September 30, 2022 amounts to 7,182 thousand tons (September 30, 2021: 6,406 thousand tons).

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

<sup>4</sup> As at September 30, 2022, restoration provisions have been accrued for the estimated expenses to restore land pollutions and others.

**16. Net Defined Benefit Liabilities (Assets)**

Details of net defined benefit liabilities (assets) recognized in the consolidated statements of financial position as at September 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>  | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|---|---------------------------|--------------------------|
| Present value of defined benefit obligations <sup>1</sup>                                   | 1,286,727                 | 1,616,781                |
| Fair value of plan assets   | (1,582,631)               | (1,643,709)              |
| <b>Liabilities (assets) in the consolidated statement of financial position<sup>2</sup></b> | <b>(295,904)</b>          | <b>(26,928)</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 September 30, 2022 (December 31, 2021: ₩ 708 million).

<sup>2</sup> Net defined benefit assets are included in other non-current assets.

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

| <i>(in millions of Korean won)</i>                  | <b>2022</b>         |                    | <b>2021</b>         |                    |
|---|---------------------|--------------------|---------------------|--------------------|
|   | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Current service cost <sup>1</sup>                   | 52,746              | 158,352            | 47,693              | 143,050            |
| Interest cost                                       | (202)               | (569)              | 428                 | 1,554              |
| <b>Total, included in employee benefit expenses</b> | <b>52,544</b>       | <b>157,783</b>     | <b>48,121</b>       | <b>144,604</b>     |

<sup>1</sup> The above amounts excluded ₩ 921 million (2021: ₩ 1,896 million) of expenses capitalized to construction in progress and development costs.

Post-employment benefits recognized for defined contribution plan for the nine-month period ended September 30, 2022, amounted to ₩ 8,125 million (2021: ₩ 7,378 million).

Post-employment benefits recognized in the consolidated statements of profit or loss for the three-month and nine-month periods ended September 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>  | <b>2022</b>         |                    | <b>2021</b>         |                    |
|-------------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                     | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Cost of sales                       | 31,907              | 97,141             | 29,535              | 89,355             |
| Selling and administrative expenses | 22,737              | 68,767             | 20,984              | 62,323             |
| Discontinued operations             | -                   | -                  | 18                  | 304                |
| <b>Total</b>                        | <b>54,644</b>       | <b>165,908</b>     | <b>50,537</b>       | <b>151,982</b>     |

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Movements in the present value of defined benefit obligations for the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>                    | <b>September 30, 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   | 8,273                     | 39,334                   |
| Transfer out  | (3,406)                   | (8,314)                  |
| Current service cost                                  | 159,273                   | 193,938                  |
| Interest expense                                      | 34,746                    | 37,257                   |
| Remeasurements:                                       |                           |                          |
| Actuarial loss from change in demographic assumptions | -                         | 4,586                    |
| Actuarial gain from change in financial assumptions   | (435,781)                 | (76,261)                 |
| Actuarial loss from experience adjustments            | -                         | 9,142                    |
| Others  | -                         | 11,336                   |
| Exchange differences                                  | (543)                     | (4,600)                  |
| Payments from plans                                   | (92,616)                  | (99,130)                 |
| <b>Ending balance</b>                                 | <u>1,286,727</u>          | <u>1,616,781</u>         |

Movements in the fair value of plan assets for the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>                                    | <b>September 30, 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  | (612)                     | (1,238)                  |
| Interest income   | 35,315                    | 35,198                   |
| Remeasurements:   |                           |                          |
| Return on plan assets (excluding amounts included in interest income) | (10,011)                  | (13,326)                 |
| Contributions:  |                           |                          |
| Employers   | 1,303                     | 332,299                  |
| Payments from plans   | (84,323)                  | (89,445)                 |
| Administrative costs  | (2,750)                   | (2,826)                  |
| <b>Ending balance</b>   | <u>1,582,631</u>          | <u>1,643,709</u>         |

The actual return on plan assets for the nine-month period ended September 30, 2022, was ₩ 25,304 million and for the year ended December 31, 2021, was ₩ 21,872 million.

The significant actuarial assumptions as at September 30, 2022 and December 31, 2021, are as follows:

|                    | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|--------------------|---------------------------|--------------------------|
| Discount rate      | 3.0% ~ 5.3%               | 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 September 30, 2022, is as follows:

| <i>(in millions of Korean won)</i>                 | <b>Increase by<br/>0.5%</b> | <b>Decrease by<br/>0.5%</b> |
|--|-----------------------------|-----------------------------|
| <b>Discount rate:</b>                              |                             |                             |
| Increase (decrease) in defined benefit obligations | (72,557)                    | 79,556                      |
| <b>Salary growth rate:</b>                         |                             |                             |
| Increase (decrease) in defined benefit obligations | 77,543                      | (71,530)                    |

A decrease in corporate bond yields is a major factor contributing 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 September 30, 2022 and December 31, 2021, consist of:

| <i>(in millions of Korean won)</i>        | <b>September 30, 2022</b> |                        | <b>December 31, 2021</b> |                        |
|---|---------------------------|------------------------|--------------------------|------------------------|
|   | <b>Amount</b>             | <b>Composition (%)</b> | <b>Amount</b>            | <b>Composition (%)</b> |
| Insurance contracts with guaranteed yield | 1,569,019                 | 99.1                   | 1,629,239                | 99.1                   |
| Equity linked bonds                       | 12,382                    | 0.8                    | 12,988                   | 0.8                    |
| Time deposits                             | 1,230                     | 0.1                    | 1,482                    | 0.1                    |
|   | <u>1,582,631</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 September 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i> | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|------------------------------------|---------------------------|--------------------------|
| <b>Current</b>                     |                           |                          |
| Advances from customers            | 424,266                   | 373,356                  |
| Dividends payable                  | 62,297                    | -                        |
| Withholdings                       | 92,723                    | 143,600                  |
| Unearned revenues                  | 102,219                   | 104,121                  |
| Accrued expenses                   | 714,915                   | 699,592                  |
| <b>Total</b>                       | <b>1,396,420</b>          | <b>1,320,669</b>         |
| <b>Non-current</b>                 |                           |                          |
| Long-term accrued expenses         | 61,666                    | 73,880                   |
| Long-term unearned revenues        | 82,996                    | 99,169                   |
| Long-term advanced received        | 55,461                    | 16,829                   |
| <b>Total</b>                       | <b>200,123</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 September 30, 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 September 30, 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)*

| <b>Classification</b>                                  | <b>The Parent Company</b> |            | <b>Certain Overseas Subsidiaries</b> |            |            |            |            |            |            |            |
|--|---------------------------|------------|--------------------------------------|------------|------------|------------|------------|------------|------------|------------|
|  | <b>KRW</b>                | <b>USD</b> | <b>KRW</b>                           | <b>USD</b> | <b>CNY</b> | <b>EUR</b> | <b>PLN</b> | <b>INR</b> | <b>THB</b> | <b>MYR</b> |
| Limit of bank overdraft                                | 20,400                    | -          | 8,700                                | 50         | 1,400      | 93         | -          | -          | 10         | -          |
| Limit of the letter of credit                          | 15,000                    | 278        | -                                    | 347        | 1,348      | -          | -          | 763        | -          | -          |
| Limit of discount of notes from export                 | -                         | 724        | -                                    | 511        | 2,900      | -          | -          | -          | -          | -          |
| Limit of guaranteed payments in other foreign currency | -                         | 385        | -                                    | 220        | 448        | -          | -          | -          | -          | -          |
| Limit of loan arrangements                             | 800,000                   | 725        | 10,000                               | 3,487      | 8,704      | 2,938      | 155        | 4,521      | -          | 450        |
| Derivatives  | -                         | -          | -                                    | 1,546      | -          | -          | -          | -          | -          | -          |
| Limit of other loans                                   | -                         | -          | -                                    | 70         | -          | -          | -          | -          | -          | -          |

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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 ₩150,000 million and CNY 450 million.

- (4) As at September 30, 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 September 30, 2022, the Parent Company has reverse factoring agreements, and there is no utilized amount.
- (6) As at September 30, 2022, the Group's litigation status is as follows.
  - i) As at September 30, 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 953 million generated from sales of inventories, under the order from APHC in connection with this accident. The manufacturing facility is currently closed with limited access in accordance with the order from APHC.
  - ii) As at September 30, 2022, in relation to price fixing of small rechargeable batteries, the consumers in Israel have filed a class action against a subsidiary. However, the ultimate outcome of these cases cannot be determined at the reporting date.
  - iii) As at September 30, 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.
  - iv) In addition, as at September 30, 2022, the Parent Company and certain subsidiaries have been named as a plaintiff in 9 and 21 legal actions, respectively, involving ₩26,701 million and ₩11,706 million in claims, respectively. They have been named as a defendant in 12 and 145 legal actions, respectively, with ₩43,345 million and ₩3,857 million in claims, respectively. The ultimate outcome of these cases cannot be determined at the reporting date.
- (7) The Parent Company has entered into manufacture and production technical contracts with ExxonMobil and others.
- (8) 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.
- (9) As at September 30, 2022, the Parent Company has entered into payment guarantee contract of USD 6 million, and certain subsidiaries have entered into payment guarantee contracts of USD 52 million, EUR 2 million and ₩7,755 million with financial institutions to guarantee the warrant of products and payment. Certain subsidiaries have entered into payment guarantee contract of CNY 444 million with financial institutions in relation to custom of imported raw materials.

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- (10) 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>September 30, 2022</b> | <b>December 31, 2021</b> |
|------------------------------------|---------------------------|--------------------------|
| Property, plant and equipment      | 6,044,423                 | 3,822,461                |

- (11) As at September 30, 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.

- (12) As at September 30, 2022, the Group has entered into a joint venture agreement with Honda in which the Group agreed to invest USD 1,802 million.

- (13) As at September 30, 2022, the Group has entered into a joint venture agreement with Stellantis in which the Group agreed to invest USD 1,464 million.

- (14) As at September 30, 2022, the Group and certain subsidiaries' investment agreements, are as follows:

| <i>(in millions of Korean won and USD)</i> | <b>Currency</b> | <b>Committed investments</b> | <b>Cumulative investments</b> | <b>Remaining</b> |
|--|-----------------|------------------------------|-------------------------------|------------------|
| KBE Fund                                   | KRW             | 150,000                      | 53,760                        | 96,240           |
| Gross Acceleration Fund                    | KRW             | 5,000                        | 4,750                         | 250              |
| BNZ(Beyond Net Zero) Fund                  | USD             | 150                          | 46                            | 104              |
| Secondary battery growth Fund              | KRW             | 6,700                        | 2,010                         | 4,690            |
| U.S. Venture Partners XII <sup>1</sup>     | USD             | 5                            | 4                             | 1                |
| U.S. Venture Partners XIII <sup>1</sup>    | USD             | 5                            | -                             | 5                |
| Phoenix Venture Partners III <sup>1</sup>  | USD             | 10                           | 4                             | 6                |

<sup>1</sup> Investment agreements of LG Chem Fund I LLC.

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- (15) The Parent Company acquired 50% of new shares issued by LG Toray Hungary Battery Separator kft. for USD 375 million in accordance with the joint venture agreement with Toray Industries, Inc. during the nine-month period ended September 30, 2022. The shares were recognized as investment in associates as it was determined that there was a joint control under the agreement. The details on agreements entered into upon the acquisition of shares are as follows:

| Category                                       | Details  |
|--|--|
| <b>Agreement to purchase additional shares</b> | After 30 months from the acquisition date of the 50% shares, purchasing the 20% shares through the agreed pricing method   |
| <b>Restrictions on share transfer</b>          | - During the lock-up period <sup>1</sup> , share transfer is prohibited without prior written consent of the other shareholder.<br>- When sold to a third party, the Parent Company holds a drag-along right and Toray Industries, Inc. holds a tag-along right.                                 |
| <b>Default</b>                                 | In case the Parent Company or the contracting party defaults, non-default shareholder and subsidiaries have the right to request the default shareholder to sell their shares (Call Option) and the default shareholder to purchase the shares held by the non-default shareholder (Put Option). |
| <b>Exit put option</b>                         | Once the lock-up period <sup>1</sup> ends, the other shareholder has a put option to sell the remaining 30% of the shares to the Parent Company.   |
| <b>Deadlock</b>                                | In the event of a dead lock agreed by both parties,<br>1) the Parent Company holds a call option to request the counterparty's company and affiliates to sell their shares.<br>2) The other party holds a put option to request the Parent Company to purchase shares of the counterparty.       |

<sup>1</sup> Lock-up period: restriction period of share transfer for 5 years from the time the Parent Company acquires 50% of the shares.

## 19. Share Capital

Changes in share capital and share premium for the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

*(in millions of Korean won and in shares)*

|                    | Ordinary shares  |               | Preferred shares |               | Share premium |
|--------------------|------------------|---------------|------------------|---------------|---------------|
|                    | Number of shares | Share capital | Number of shares | Share capital |               |
| 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     |
| September 30, 2022 | 70,592,343       | 352,962       | 7,688,800        | 38,444        | 2,014,036     |



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Changes in treasury shares for the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

| (in millions of Korean won<br>and in shares)                           | Number of shares   |                     | Carrying<br>amount | Gain on<br>disposal of<br>treasury shares |
|--|--------------------|---------------------|--------------------|---|
|  | Ordinary<br>shares | Preferred<br>shares |                    |   |
| January 1, 2021  | 464,842            | 16,368              | 35,699             | 431,720                                   |
| Treasury shares reduction<br>due to the exercise of<br>exchange rights | (91,228)           | -                   | (14,302)           | 28,344                                    |
| Disposal of treasury<br>shares <sup>1</sup>                            | (6,085)            | (10,327)            | (3,386)            | 3,744                                     |
| December 31, 2021  | 367,529            | 6,041               | 18,011             | 463,808                                   |
| September 30, 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.

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

| (in millions of Korean won)         | September 30, 2022 | December 31, 2021 |
|-------------------------------------|--------------------|-------------------|
| Revaluation reserve                 | 206,769            | 206,769           |
| Share premium                       | 2,014,036          | 2,014,036         |
| Gain on disposal of treasury shares | 463,808            | 463,808           |
| Other capital surplus               | 8,692,824          | 11,772            |
| <b>Total</b>                        | <b>11,377,437</b>  | <b>2,696,385</b>  |

## 20. Retained Earnings

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

| (in millions of Korean won)            | September 30, 2022 | December 31, 2021 |
|--|--------------------|-------------------|
| Legal reserve <sup>1</sup>             | 571,496            | 540,492           |
| Discretionary reserve <sup>2</sup>     | 14,570,240         | 12,945,537        |
| Retained earnings before appropriation | 4,263,328          | 4,605,920         |
| <b>Total</b>                           | <b>19,405,064</b>  | <b>18,091,949</b> |

<sup>1</sup> The Commercial Code of the Republic of Korea requires the Group to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued 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

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

| <i>(in millions of Korean won)</i>    | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|---------------------------------------|---------------------------|--------------------------|
| Treasury shares (Note 19)             | (18,011)                  | (18,011)                 |
| Capital transactions within the Group | (19,299)                  | (19,299)                 |
| <b>Total</b>                          | <b>(37,310)</b>           | <b>(37,310)</b>          |

**22. Selling and Administrative Expenses**

Selling and administrative expenses for the three-month and nine-month periods ended September 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i> | <b>2022</b>         |                    | <b>2021</b>         |                    |
|------------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                    | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Wages and salaries                 | 470,150             | 1,174,854          | 326,035             | 889,571            |
| Post-employment benefits (Note 16) | 22,737              | 68,767             | 20,984              | 62,323             |
| Employee benefits                  | 73,548              | 216,184            | 57,910              | 170,992            |
| Travel expense                     | 23,691              | 58,964             | 11,539              | 29,526             |
| Water & utilities                  | 26,517              | 69,823             | 18,872              | 53,238             |
| Packaging expense                  | 4,836               | 8,395              | 2,332               | 5,580              |
| Rental expenses                    | 41,181              | 111,336            | 34,170              | 94,492             |
| Commission expenses                | 282,194             | 730,785            | 220,017             | 582,356            |
| Depreciation (Notes 11 and 36)     | 74,781              | 215,530            | 61,701              | 176,841            |
| Advertising expense                | 12,285              | 32,643             | 8,439               | 24,871             |
| Freight expenses                   | 409,503             | 1,290,671          | 260,163             | 676,557            |
| Training expense                   | 14,359              | 33,670             | 8,355               | 19,675             |
| Amortization (Note 12)             | 58,808              | 165,588            | 43,436              | 121,179            |
| Sample expense                     | 6,450               | 19,109             | 4,923               | 14,472             |
| Development costs                  | 92,977              | 259,755            | 68,093              | 179,715            |
| Others                             | 252,744             | 530,901            | 775,059             | 1,571,962          |
| <b>Total</b>                       | <b>1,866,761</b>    | <b>4,986,975</b>   | <b>1,922,028</b>    | <b>4,673,350</b>   |

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**23. Classification of Expenses by Nature**

Cost of sales, and selling and administrative expenses by nature for the three-month and nine-month periods ended September 30, 2022 and 2021, consist of:

| <i>(in millions of Korean won)</i>   | <b>2022</b>         |                    | <b>2021</b>         |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Changes in inventories of merchandise, finished goods, semi-finished goods and work in process | (903,274)           | (2,932,170)        | (739,970)           | (1,537,108)        |
| Raw materials and consumables used   | 9,230,943           | 24,706,659         | 6,311,353           | 17,627,224         |
| Purchase of merchandise  | 607,189             | 1,270,995          | 340,947             | 935,099            |
| Employee benefit expenses (Note 24)  | 1,294,555           | 3,398,294          | 899,823             | 2,569,868          |
| Advertising expenses   | 12,555              | 33,524             | 8,738               | 25,756             |
| Freight expenses   | 425,106             | 1,333,795          | 271,823             | 710,301            |
| Commission expenses  | 468,365             | 1,243,313          | 368,670             | 1,024,653          |
| Depreciation and amortization  | 875,618             | 2,486,996          | 738,177             | 2,049,571          |
| Rent expenses and usage fee  | 27,963              | 78,912             | 23,135              | 61,684             |
| Other expenses   | 1,237,457           | 3,587,839          | 1,647,667           | 3,920,737          |
| <b>Total</b>   | <b>13,276,477</b>   | <b>35,208,157</b>  | <b>9,870,363</b>    | <b>27,387,785</b>  |

**24. Employee Benefit Expenses**

Details of employee benefit expenses for the three-month and nine-month periods ended September 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>    | <b>2022</b>         |                    | <b>2021</b>         |                    |
|---------------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                       | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Salaries                              | 1,110,894           | 2,844,062          | 804,862             | 2,181,416          |
| Post-employment benefits              |                     |                    |                     |                    |
| – Defined benefit plan (Note 16)      | 52,544              | 157,783            | 48,103              | 144,300            |
| Post-employment benefits              |                     |                    |                     |                    |
| – Defined contribution plan (Note 16) | 2,100               | 8,125              | 2,416               | 7,378              |
| Others                                | 129,017             | 388,324            | 44,442              | 236,774            |
| <b>Total</b>                          | <b>1,294,555</b>    | <b>3,398,294</b>   | <b>899,823</b>      | <b>2,569,868</b>   |

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**25. Finance Income and Costs**

Details of finance income and costs for the three-month and nine-month periods ended September 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>     | <b>2022</b>         |                    | <b>2021</b>         |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| <b>Finance income</b>                  |                     |                    |                     |                    |
| Interest income <sup>1</sup>           | 74,995              | 199,932            | 32,534              | 55,022             |
| Dividend income                        | 1,211               | 1,538              | 4,875               | 5,963              |
| Exchange differences                   | 167,934             | 418,579            | 45,908              | 296,564            |
| Gain related to derivative instruments | 399,210             | 579,341            | 118,932             | 163,055            |
| Others                                 | 10,438              | 12,244             | (4,076)             | 7,788              |
| <b>Total</b>                           | <b>653,788</b>      | <b>1,211,634</b>   | <b>198,173</b>      | <b>528,392</b>     |
| <b>Finance costs</b>                   |                     |                    |                     |                    |
| Interest expense <sup>2</sup>          | 83,312              | 208,457            | 65,628              | 152,722            |
| Exchange differences                   | 716,848             | 1,217,466          | 221,793             | 415,179            |
| Loss related to derivative instruments | 29,691              | 49,904             | (4,993)             | 8,104              |
| Others                                 | 768                 | 1,910              | 182                 | 266                |
| <b>Total</b>                           | <b>830,619</b>      | <b>1,477,737</b>   | <b>282,610</b>      | <b>576,271</b>     |

<sup>1</sup> Details of interest income for the three-month and nine-month periods ended September 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>      | <b>2022</b>         |                    | <b>2021</b>         |                    |
|---|---------------------|--------------------|---------------------|--------------------|
|   | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Deposits held by financial institutions | 52,185              | 142,757            | 8,169               | 24,110             |
| Other loans and receivables             | 22,810              | 57,175             | 24,365              | 30,912             |
| <b>Total</b>                            | <b>74,995</b>       | <b>199,932</b>     | <b>32,534</b>       | <b>55,022</b>      |

<sup>2</sup> Details of interest expense for the three-month and nine-month periods ended September 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>         | <b>2022</b>         |                    | <b>2021</b>         |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Interest on financial institutions         | 31,377              | 62,395             | 14,831              | 34,979             |
| Interest on lease liabilities              | 2,302               | 6,976              | 1,610               | 5,341              |
| Interest on debentures                     | 48,275              | 137,407            | 45,437              | 120,234            |
| Other interest expenses                    | 6,007               | 15,868             | 10,433              | 32,502             |
| Capitalized interest for qualifying assets | (4,649)             | (14,189)           | (6,683)             | (40,334)           |
| <b>Total</b>                               | <b>83,312</b>       | <b>208,457</b>     | <b>65,628</b>       | <b>152,722</b>     |

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**26. Other Non-Operating Income**

Details of other non-operating income for the three-month and nine-month periods ended September 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>                | <b>2022</b>         |                    | <b>2021</b>         |                    |
|---|---------------------|--------------------|---------------------|--------------------|
|   | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Exchange differences                              | 996,151             | 1,736,050          | 302,128             | 630,161            |
| Gain on disposal of property, plant and equipment | 42,560              | 76,476             | 2,979               | 34,803             |
| Gain on disposal of intangible assets             | -                   | 8                  | -                   | 15                 |
| Gain on disposal of investments in associates     | -                   | -                  | 3,820               | 3,820              |
| Profit from bargain purchase                      | -                   | 30,674             | -                   | -                  |
| Insurance income                                  | 4,695               | 51,084             | 50,751              | 59,815             |
| Others  | 7,880               | 30,514             | 9,688               | 24,261             |
| <b>Total</b>                                      | <b>1,051,286</b>    | <b>1,924,806</b>   | <b>369,366</b>      | <b>752,875</b>     |

**27. Other Non-Operating Expenses**

Details of other non-operating expenses for the three-month and nine-month periods ended September 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>                         | <b>2022</b>         |                    | <b>2021</b>         |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Exchange differences                                       | 769,091             | 1,365,318          | 219,068             | 484,083            |
| Loss on disposal of property, plant and equipment          | 17,958              | 42,675             | 10,882              | 43,751             |
| Loss on disposal of intangible assets                      | 3,279               | 22,930             | 3                   | 109                |
| Impairment loss on property, plant and equipment (Note 11) | 29,164              | 48,769             | 21,825              | 27,487             |
| Impairment loss on intangible assets (Note 12)             | 274                 | 314                | 46                  | 60                 |
| Loss on disposal of investments in associates              | -                   | -                  | 2,054               | 2,054              |
| Loss on disasters  | 8,990               | 22,498             | 1,261               | 14,247             |
| Donations  | 2,782               | 14,038             | 2,045               | 9,780              |
| Others   | 4,676               | 31,376             | 17,077              | 26,849             |
| <b>Total</b>   | <b>836,214</b>      | <b>1,547,918</b>   | <b>274,261</b>      | <b>608,420</b>     |

**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 24.1% (the estimated tax rate for the year ended December 31, 2021: 24.4%).

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**29. Earnings per Share**

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

Basic earnings per share for profit from continuing operations and earnings per share attributable to the equity holders of the Parent Company for the three-month and nine-month periods ended September 30, 2022 and 2021, are computed as follows:

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

*(in millions of Korean won and  
in number of shares)*

|  | <b>2022</b>         |                    | <b>2021</b>         |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Profit from continuing operations attributable to ordinary shares <sup>1</sup> | 525,660             | 1,740,087          | 569,125             | 2,795,823          |
| Weighted average number of ordinary shares outstanding <sup>2</sup>            | 70,224,814          | 70,224,814         | 70,217,122          | 70,217,122         |
| Basic earnings per ordinary share from continuing operations <i>(in won)</i>   | <u>7,485</u>        | <u>24,779</u>      | <u>8,105</u>        | <u>39,817</u>      |

**Basic earnings per ordinary share**

*(in millions of Korean won and  
in number of shares)*

|   | <b>2022</b>         |                    | <b>2021</b>         |                    |
|---|---------------------|--------------------|---------------------|--------------------|
|   | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Profit attributable to ordinary shares <sup>1</sup>                 | 553,700             | 1,768,158          | 549,942             | 3,071,230          |
| Weighted average number of ordinary shares outstanding <sup>2</sup> | 70,224,814          | 70,224,814         | 70,217,122          | 70,217,122         |
| Basic earnings per ordinary shares <i>(in won)</i>                  | <u>7,885</u>        | <u>25,179</u>      | <u>7,832</u>        | <u>43,739</u>      |

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

*(in millions of Korean won and  
in number of shares)*

|  | <b>2022</b>         |                    | <b>2021</b>         |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Profit from continuing operations attributable to preferred share <sup>1</sup> | 57,604              | 190,658            | 62,282              | 305,781            |
| Weighted average number of preferred shares outstanding <sup>2</sup>           | 7,682,759           | 7,682,759          | 7,672,432           | 7,672,432          |
| Basic earnings per preferred share from continuing operations <i>(in won)</i>  | <u>7,498</u>        | <u>24,816</u>      | <u>8,118</u>        | <u>39,854</u>      |

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**Basic earnings per preferred share**

(in millions of Korean won and  
in number of shares)

|  | <b>2022</b>         |                    | <b>2021</b>         |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| Profit attributable to preferred shares <sup>1</sup>                 | 60,672              | 193,729            | 60,186              | 335,872            |
| Weighted average number of preferred shares outstanding <sup>2</sup> | 7,682,759           | 7,682,759          | 7,672,432           | 7,672,432          |
| Basic earnings per preferred shares (in won)                         | <u>7,896</u>        | <u>25,216</u>      | <u>7,844</u>        | <u>43,777</u>      |

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

(in millions of Korean won)

|  | <b>2022</b>         |                    | <b>2021</b>         |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| <b>Profit from continuing operations attributable to the owners of the Parent Company</b>      | 583,264             | 1,930,745          | 631,407             | 3,101,604          |
| Ordinary shares dividends (A)  | 210,674             | 632,023            | 175,543             | 526,627            |
| Preferred shares dividends (B)   | 23,145              | 69,433             | 19,277              | 57,832             |
| <b>Undistributed earnings from continuing operation for the period</b>                         | 349,445             | 1,229,289          | 436,587             | 2,517,145          |
| Undistributed earnings available for ordinary shares (C)                                       | 314,986             | 1,108,064          | 393,582             | 2,269,196          |
| Undistributed earnings available for preferred shares (D)                                      | 34,459              | 121,225            | 43,005              | 247,949            |
| <b>Profit from continuing operations for the period attributable to ordinary shares (A+C)</b>  | 525,660             | 1,740,087          | 569,125             | 2,795,823          |
| <b>Profit from continuing operations for the period attributable to preferred shares (B+D)</b> | 57,604              | 190,658            | 62,282              | 305,781            |

(in millions of Korean won)

|   | <b>2022</b>         |                    | <b>2021</b>         |                    |
|---|---------------------|--------------------|---------------------|--------------------|
|   | <b>Three months</b> | <b>Nine months</b> | <b>Three months</b> | <b>Nine months</b> |
| <b>Profit attributable to the owners of the Parent Company</b>      | 614,372             | 1,961,887          | 610,128             | 3,407,102          |
| Ordinary shares dividends (A)                                       | 210,674             | 632,023            | 175,543             | 526,627            |
| Preferred shares dividends (B)                                      | 23,145              | 69,433             | 19,277              | 57,832             |
| <b>Undistributed earnings for the period</b>                        | 380,553             | 1,260,431          | 415,307             | 2,822,644          |
| Undistributed earnings available for ordinary shares (C)            | 343,026             | 1,136,135          | 374,399             | 2,544,603          |
| Undistributed earnings available for preferred shares (D)           | 37,527              | 124,296            | 40,909              | 278,040            |
| <b>Profit for the period attributable to ordinary shares (A+C)</b>  | 553,700             | 1,768,158          | 549,942             | 3,071,230          |
| <b>Profit for the period attributable to preferred shares (B+D)</b> | 60,672              | 193,729            | 60,186              | 335,872            |

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

| Ordinary shares<br>outstanding | 2022                     |                     |                   |                            |
|--------------------------------|--------------------------|---------------------|-------------------|----------------------------|
|                                | Period                   | Number of<br>shares | Number of<br>days | Number of shares x<br>days |
| Beginning balance              | 2022. 1. 1 - 2022. 9. 30 | 70,224,814          | 273               | 19,171,374,222             |
| <b>Total</b>                   |                          |                     |                   | <u>19,171,374,222</u>      |

Weighted average number of ordinary shares outstanding:  $19,171,374,222 / 273 = 70,224,814$  shares

| Preferred shares<br>outstanding | 2022                     |                     |                   |                            |
|---------------------------------|--------------------------|---------------------|-------------------|----------------------------|
|                                 | Period                   | Number of<br>shares | Number of<br>days | Number of shares x<br>days |
| Beginning balance               | 2022. 1. 1 - 2022. 9. 30 | 7,682,759           | 273               | 2,097,393,207              |
| <b>Total</b>                    |                          |                     |                   | <u>2,097,393,207</u>       |

Weighted average number of preferred shares outstanding:  $2,097,393,207 / 273 = 7,682,759$  shares

| Ordinary shares<br>outstanding | 2021                     |                     |                   |                            |
|--------------------------------|--------------------------|---------------------|-------------------|----------------------------|
|                                | Period                   | Number of<br>shares | Number of<br>days | Number of shares x<br>days |
| Beginning balance              | 2021. 1. 1 - 2021. 9. 30 | 70,163,895          | 273               | 19,154,743,335             |
| Conversion of treasury shares  | 2021. 1. 9 - 2021. 9. 30 | 54,834              | 265               | 14,531,010                 |
| <b>Total</b>                   |                          |                     |                   | <u>19,169,274,345</u>      |

Weighted average number of ordinary shares outstanding:  $19,169,274,345 / 273 = 70,217,122$  shares

| Preferred shares<br>outstanding | 2021                     |                     |                   |                            |
|---------------------------------|--------------------------|---------------------|-------------------|----------------------------|
|                                 | Period                   | Number of<br>shares | Number of<br>days | Number of shares x<br>days |
| Beginning balance               | 2021. 1. 1 - 2021. 9. 30 | 7,672,432           | 273               | 2,094,573,936              |
| <b>Total</b>                    |                          |                     |                   | <u>2,094,573,936</u>       |

Weighted average number of preferred shares outstanding:  $2,094,573,936 / 273 = 7,672,432$  shares

For the nine-month period ended September 30, 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 nine-month period ended September 30, 2021, the Parent Company did not calculate diluted earnings per share due to antidilution effect.



# LG Chem, Ltd. and Subsidiaries

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Basic and diluted earnings (losses) per share attributable to ordinary and preferred shares from discounted operations for the three-month and nine-month periods ended September 30, 2022 and 2021, are as follows:

(in Korean won and in number of shares)

|  | 2022         |             | 2021         |             |
|--|--------------|-------------|--------------|-------------|
|  | Three months | Nine months | Three months | Nine months |
| Basic earnings (losses) per ordinary share from discounted operations    | 399          | 400         | (273)        | 3,922       |
| Basic earnings (losses) per preferred share from discounted operations   | 399          | 400         | (273)        | 3,922       |
| Diluted earnings (losses) per ordinary share from discounted operations  | 399          | 400         | (273)        | 3,922       |
| Diluted earnings (losses) per preferred share from discounted operations | 399          | 400         | (273)        | 3,922       |

### 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 September 30, 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 September 30, 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:

| Related party                       | Related party's subsidiary (Domestic) | Related party's subsidiary (Overseas)                        | Details                            |
|-------------------------------------|---------------------------------------|--|------------------------------------|
| 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.                    | BIZTECH I 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>2,3</sup> |
| LG Electronics Inc.                 | LG Innotek Co., Ltd. and others       | Inspur LG Digital Mobile Communications Co., Ltd. and others | LG Enterprise group <sup>2,3</sup> |
| LG Household & Health Care Ltd.     | Coca-Cola Beverage Co. and others     | -  | LG Enterprise group <sup>2,3</sup> |
| LG Uplus Corp.                      | LG HelloVision Corp.                  | -  | LG Enterprise group <sup>2,3</sup> |
| G II R Inc.                         | HS AD Inc.                            | Beijing Yuanzhimeng Advertising Co., Ltd.                    | LG Enterprise group <sup>2,3</sup> |

# LG Chem, Ltd. and Subsidiaries

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<sup>1</sup> During the nine-month period ended September 30, 2022, the entity's name of S&I Corp. and its subsidiaries has been changed.

<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 nine-month period ended September 30, 2022, LX Holdings Corp. and its affiliates were excluded from the LG Group due to the spin-off of LG Corp.

Sales and purchases with related parties for the nine-month periods ended September 30, 2022 and 2021, are as follows:

(in millions of Korean won)

|   | 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  | -                                  | 131              | 79,589           |
| <b>Associates and joint ventures</b>                        |                     |   |  |                                    |                  |                  |
| SEETEC Co., Ltd.  | 97,135              | 176,405                                 | -  | -                                  | 298              | 61,053           |
| TECWIN Co., Ltd.  | -                   | 330                                     | 1,646  | -                                  | -                | 92               |
| HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.               | -                   | 234,594                                 | -  | -                                  | -                | -                |
| PT. HLI Greenpower Co., Ltd.                                | 34,471              | -                                       | -  | -                                  | -                | -                |
| Others  | 3,345               | 8,256                                   | -  | -                                  | -                | 143              |
| <b>Other related parties</b>                                |                     |   |  |                                    |                  |                  |
| D&O Corp. and its subsidiaries and associates               | 165                 | 5,197                                   | 356,480  | -                                  | -                | 70,793           |
| LG CNS Co., Ltd. and its subsidiaries                       | 14,772              | 2,372                                   | 362,190  | -                                  | 13               | 153,065          |
| Others  | -                   | -                                       | -  | -                                  | -                | 38,951           |
| <b>Others</b>   |                     |   |  |                                    |                  |                  |
| LG Display Co., Ltd. and its subsidiaries                   | 436,421             | 40                                      | -  | -                                  | 10               | 71               |
| LG Electronics Inc. and its subsidiaries and joint ventures | 1,054,606           | 295,966                                 | 344,701  | -                                  | 285              | 27,161           |
| LX International Corp. and its subsidiaries <sup>1</sup>    | 43,477              | 266,666                                 | 79,395   | -                                  | 9                | 812,884          |
| LX Hausys, Ltd. and its subsidiaries <sup>1</sup>           | 147,990             | 4,552                                   | 1,048  | -                                  | -                | 3                |
| LX MMA Corporation <sup>1,2</sup>                           | 111,379             | 109,790                                 | -  | -                                  | -                | 2,582            |
| Others  | 8,147               | 27,964                                  | 59   | -                                  | 38               | 6,377            |
| <b>Total</b>  | <b>1,951,908</b>    | <b>1,132,132</b>                        | <b>1,146,792</b>   | <b>-</b>                           | <b>784</b>       | <b>1,252,764</b> |

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(in millions of Korean won)

|   | 2021                |   |  |   |                     |                  |
|---|---------------------|---|--|---|---------------------|------------------|
|   | Purchase and others |   |  |   |                     |                  |
|   | Sales and<br>others | Purchase of<br>raw materials<br>/merchandises | Acquisition of<br>property, plant<br>and equipment<br>and intangible<br>assets | Acquisition<br>of right-of-<br>use assets | Interest<br>expense | Others           |
| <b>Entity with a significant<br/>influence over the Group</b>     |                     |   |  |   |                     |                  |
| LG Corp.  | -                   | -   | -  | -   | 128                 | 66,353           |
| <b>Associates and joint<br/>ventures</b>                          |                     |   |  |   |                     |                  |
| SEETEC Co., Ltd.  | 47,285              | 127,574                                       | 15   | 92  | 316                 | 50,806           |
| TECWIN Co., Ltd.  | 10                  | 150   | 924  | -   | -                   | 38               |
| HL Greenpower Co., Ltd. <sup>3</sup>                              | 470,525             | 440   | -  | -   | -                   | -                |
| HUAJIN NEW ENERGY<br>MATERIALS(QUZHOU)<br>CO., LTD.               | 804                 | 66,532  | -  | -   | -                   | -                |
| PT. HLI Greenpower Co.,<br>Ltd.                                   | 7,635               | -   | -  | -   | -                   | -                |
| Others  | 3,996               | 7,895   | -  | -   | -                   | 2,009            |
| <b>Other related parties</b>                                      |                     |   |  |   |                     |                  |
| D&O Corp. and its<br>subsidiaries                                 | 72                  | 8,148   | 399,376  | -   | -                   | 83,031           |
| LG CNS Co., Ltd. and<br>its subsidiaries                          | 9,848               | 3,174   | 244,542  | -   | 13                  | 110,284          |
| Others  | 124                 | -   | -  | -   | -                   | 25,025           |
| <b>Others</b>   |                     |   |  |   |                     |                  |
| LG Display Co., Ltd. and<br>its subsidiaries                      | 473,638             | 102   | -  | -   | 12                  | 2                |
| LG Electronics Inc. and<br>its subsidiaries and joint<br>ventures | 1,178,804           | 828,887                                       | 221,136  | -   | 29                  | 17,623           |
| LX International Corp. and<br>its subsidiaries                    | 78,711              | 326,608                                       | 16,980   | -   | 1                   | 770,659          |
| LX Hausys, Ltd. and<br>its subsidiaries                           | 203,243             | 390   | 31,873   | -   | -                   | 659              |
| LX MMA Corporation <sup>2</sup>                                   | 104,221             | 148,433                                       | -  | -   | -                   | 2,816            |
| Others  | 7,707               | 25,811  | 1,078  | 9   | 48                  | 5,862            |
| <b>Total</b>  | <b>2,586,623</b>    | <b>1,544,144</b>                              | <b>915,924</b>   | <b>101</b>                                | <b>547</b>          | <b>1,135,167</b> |

<sup>1</sup> The entity has been excluded from the related parties due to the spin-off from LG Corp. during the nine-month period ended September 30, 2022. Transactions with this entity until the spin-off from LG Corp. have been included in the above information.

<sup>2</sup> Net sales and purchase amounts after offsetting for Raffinate transactions with LX MMA Corporation.

<sup>3</sup> This entity has been excluded from the related parties since the Group sold its shares in 2021. Transactions with this entity until the sale of shares have been included in the above information.

# **LG Chem, Ltd. and Subsidiaries** **Notes to the Consolidated Interim Financial Statements** **September 30, 2022 and 2021 (Unaudited), and December 31, 2021**

Balances of receivables and payables arising from sales and purchases of goods and services as at September 30, 2022 and December 31, 2021, are as follows:

(in millions of Korean won)

|  | September 30, 2022           |                  |                   |                |
|--|------------------------------|------------------|-------------------|----------------|
|  | Receivables                  |                  |                   | Total          |
|  | Trade receivables and others | Loan receivables | Other receivables |                |
| <b>Entity with a significant influence over the Group</b>                |                              |                  |                   |                |
| LG Corp.   | -                            | -                | 10,086            | 10,086         |
| <b>Associates and joint ventures</b>                                     |                              |                  |                   |                |
| SEETEC Co., Ltd.   | 13,429                       | -                | 1,018             | 14,447         |
| TECWIN Co., Ltd.   | -                            | -                | -                 | -              |
| HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.                            | -                            | -                | -                 | -              |
| PT. HLI Greenpower Co., Ltd.   | -                            | -                | -                 | -              |
| Others   | 1,986                        | -                | -                 | 1,986          |
| <b>Other related parties</b>   |                              |                  |                   |                |
| D&O Corp. and its subsidiaries and associates <sup>1</sup>               | -                            | -                | 31                | 31             |
| LG CNS Co., Ltd. and its subsidiaries                                    | 3,917                        | -                | 282               | 4,199          |
| Others   | -                            | -                | -                 | -              |
| <b>Others</b>  |                              |                  |                   |                |
| LG Display Co., Ltd. and its subsidiaries                                | 89,919                       | -                | 1,000             | 90,919         |
| LG Electronics Inc. and its subsidiaries and joint ventures <sup>2</sup> | 498,590                      | -                | 9,201             | 507,791        |
| Others   | 26                           | -                | 1,619             | 1,645          |
| <b>Total</b>   | <b>607,867</b>               | <b>-</b>         | <b>23,237</b>     | <b>631,104</b> |

(in millions of Korean won)

|  | September 30, 2022 |            |                   |                |
|--|--------------------|------------|-------------------|----------------|
|  | Payables           |            |                   | Total          |
|  | Trade payables     | Borrowings | Lease liabilities |                |
| <b>Entity with a significant influence over the Group</b>                |                    |            |                   |                |
| LG Corp.   | -                  | -          | 3,012             | 13,637         |
| <b>Associates and joint ventures</b>                                     |                    |            |                   |                |
| SEETEC Co., Ltd.   | 22,505             | -          | 23,204            | 9,964          |
| TECWIN Co., Ltd.   | -                  | -          | -                 | 7              |
| HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.                            | 62,796             | -          | -                 | -              |
| PT. HLI Greenpower Co., Ltd.   | -                  | -          | -                 | 99,583         |
| Others   | -                  | -          | -                 | 49             |
| <b>Other related parties</b>   |                    |            |                   |                |
| D&O Corp. and its subsidiaries and associates <sup>1</sup>               | -                  | -          | -                 | 236,323        |
| LG CNS Co., Ltd. and its subsidiaries                                    | 749                | -          | 301               | 178,508        |
| Others   | -                  | -          | -                 | 1,504          |
| <b>Others</b>  |                    |            |                   |                |
| LG Display Co., Ltd. and its subsidiaries                                | 10                 | -          | 567               | 45             |
| LG Electronics Inc. and its subsidiaries and joint ventures <sup>2</sup> | 109,320            | -          | 18,000            | 120,412        |
| Others   | 727                | -          | 2,974             | 5,243          |
| <b>Total</b>   | <b>196,107</b>     | <b>-</b>   | <b>48,058</b>     | <b>665,275</b> |

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**September 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(in millions of Korean won)

|  | 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 and affiliates <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 and affiliates <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> |

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**September 30, 2022 and 2021 (Unaudited), and December 31, 2021**

<sup>1</sup> During the nine-month period ended September 30, 2022, the Group collected other receivables to D&O Corp. (formerly, S&I Corp.) which includes the amount of deposits classified as memberships in the consolidated financial statements of the Group. The amount is included in other receivables for the year ended December 31, 2021.

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

|   | 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.  | -                  | 282,411        | -  | -        | -         | -                       | 8,865         |
| <b>Associates and joint ventures</b>                      |                    |                |  |          |           |                         |               |
| SEETEC Co., Ltd.  | 5,000              | -              | -  | -        | -         | 1                       | 717           |
| LG Toray Hungary Battery Separator Kft. <sup>2</sup>      | -                  | -              | 483,638  | -        | -         | -                       | -             |
| KOREA PRECURSOR CO.,LTD.                                  | -                  | -              | 20,384   | -        | -         | -                       | -             |
| <b>Other related parties</b>                              |                    |                |  |          |           |                         |               |
| LG CNS Co., Ltd.  | -                  | -              | -  | -        | -         | -                       | 891           |
| <b>Others</b>   |                    |                |  |          |           |                         |               |
| LG Display America, Inc.                                  | -                  | -              | -  | -        | -         | -                       | 129           |
| LX Pantos Poland sp.z.o.o. <sup>3</sup>                   | -                  | -              | -  | -        | -         | 62                      | 7             |
| PANTOS LOGISTICS MEXICO S.A. de C.V. <sup>3</sup>         | -                  | -              | -  | -        | -         | 2,384                   | 320           |
| LX PANTOS TURKEY LOJISTIK <sup>3</sup>                    | -                  | -              | -  | -        | -         | 337                     | 41            |
| LG Electronics Deutschland GmbH                           | -                  | -              | -  | -        | -         | -                       | 218           |
| LG ELECTRONICS WROCLAW SP. Z O.O.                         | -                  | -              | -  | -        | -         | -                       | 1,047         |
| LG HOUSEHOLD & HEALTH CARE LTD                            | -                  | -              | -  | -        | -         | -                       | 469           |
| <b>Total</b>  | <b>5,000</b>       | <b>282,411</b> | <b>504,022</b>                                   | <b>-</b> | <b>-</b>  | <b>2,784</b>            | <b>12,704</b> |

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**September 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(in millions of Korean won)

|   | 2021                  |                   |  |          |           |                         |               |
|---|-----------------------|-------------------|--|----------|-----------|-------------------------|---------------|
|   | Dividends<br>received | Dividends<br>paid | Equity<br>contributions<br>in cash<br>(capital<br>reduction) | Loans    |           | Borrowings <sup>1</sup> |               |
|   |                       |                   |  | Loans    | Repayment | Borrowings              | Repayment     |
| <b>Entity with a significant influence over the Group</b> |                       |                   |  |          |           |                         |               |
| LG Corp.  | -                     | 235,342           | -  | -        | -         | -                       | 8,950         |
| <b>Associates and joint ventures</b>                      |                       |                   |  |          |           |                         |               |
| SEETEC Co., Ltd.  | 10,000                | -                 | -  | -        | -         | 92                      | 6,383         |
| PT. HKML Battery Indonesia                                | -                     | -                 | 209,132  | -        | -         | -                       | -             |
| <b>Other related parties</b>                              |                       |                   |  |          |           |                         |               |
| LG CNS Co., Ltd.  | -                     | -                 | -  | -        | -         | -                       | 2,931         |
| LG Holdings Japan Co., Ltd.                               | -                     | -                 | -  | -        | -         | -                       | 91            |
| <b>Others</b>   |                       |                   |  |          |           |                         |               |
| LG Display America, Inc.                                  | -                     | -                 | -  | -        | -         | -                       | 108           |
| Pantos Logistics France                                   | -                     | -                 | -  | -        | -         | -                       | 419           |
| Pantos Logistics Spain S.L.                               | -                     | -                 | -  | -        | -         | -                       | 161           |
| LG Electronics Deutschland GmbH                           | -                     | -                 | -  | -        | -         | -                       | 214           |
| LX Hausys, Ltd.   | -                     | -                 | -  | -        | -         | -                       | 571           |
| LG HOUSEHOLD & HEALTH CARE LTD                            | -                     | -                 | -  | -        | -         | 9                       | 1,124         |
| <b>Total</b>  | <b>10,000</b>         | <b>235,342</b>    | <b>209,132</b>   | <b>-</b> | <b>-</b>  | <b>101</b>              | <b>20,952</b> |

<sup>1</sup> The amounts represent lease liabilities that were recognized or repaid for the nine-month periods ended September 30, 2022 and 2021.

<sup>2</sup> The amount is related to the acquisition of 50% of the shares during the nine-month period ended September 30, 2022.

<sup>3</sup> The entity has been excluded from the related parties due to the spin-off from LG Corp. during the nine-month period September 30, 2022. Transactions with this entity until the spin-off from LG Corp. have been included in the above information.

Compensation for key management of the Group for the nine-month periods ended September 30, 2022 and 2021, consists of:

| (in millions of Korean won)  | 2022          | 2021          |
|------------------------------|---------------|---------------|
| Short-term employee benefits | 90,609        | 66,858        |
| Post-employment benefits     | 9,011         | 12,588        |
| <b>Total</b>                 | <b>99,620</b> | <b>79,446</b> |

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

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**September 30, 2022 and 2021 (Unaudited), and December 31, 2021**

There are no loss allowance recognized against receivables from related parties as at September 30, 2022 and December 31, 2021; therefore, there are no impairment losses recognized against the receivables from related parties for the nine-month period ended September 30, 2022 and for the year ended December 31, 2021.

As at September 30, 2022, there are no payment guarantees provided by the Group for related parties.

**32. Cash Flows**

Cash generated from operations for the nine-month periods ended September 30, 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          | 2,920,704     | 4,756,555        |
| Profit before income tax from discontinued operations        | 2,891,879     | 4,379,221        |
|  | <u>28,825</u> | <u>377,334</u>   |
| <b>Adjustments for:</b>                                      |               |                  |
| Depreciation   | 2,275,556     | 1,888,707        |
| Amortization   | 212,444       | 166,382          |
| Post-employment benefits                                     | 157,783       | 144,604          |
| Finance income   | (894,735)     | (261,340)        |
| Finance costs  | 1,292,916     | 386,269          |
| Other foreign exchange differences                           | (304,003)     | (87,265)         |
| Loss (gain) on valuation of inventories                      | 121,246       | 21,971           |
| Gain on disposal of property, plant and equipment            | (76,829)      | (42,735)         |
| Gain on disposal of intangible assets                        | (8)           | (15)             |
| Loss on disposal of property, plant and equipment            | 42,675        | 43,759           |
| Loss on disposal of intangible assets                        | 22,930        | 155              |
| Reversal of impairment loss on property, plant and equipment | (705)         | -                |
| Impairment loss on property, plant and equipment             | 48,769        | 28,049           |
| Impairment loss on intangible assets                         | 314           | 60               |
| Gain on disposal of investments in associates                | -             | (1,766)          |
| Gain on disposal of business                                 | -             | (371,125)        |
| Additions to provisions                                      | 305,199       | 1,369,331        |
| Other income/expenses  | 3,187         | 5,773            |
| Increase in inventories                                      | (3,940,452)   | (2,403,273)      |
| Increase in trade receivables                                | (1,641,197)   | (799,829)        |
| Decrease (increase) in other receivables                     | 75,187        | (1,021,338)      |
| Increase in other current assets                             | (408,512)     | (61,404)         |
| Increase in trade payables                                   | 780,256       | 291,734          |
| Increase in other payables                                   | 125,015       | 1,080,692        |
| Increase in other current liabilities                        | 139,972       | 64,470           |
| Decrease in provisions                                       | (1,118,643)   | (383,910)        |
| Increase (decrease) in net defined benefit liabilities       | (1,367)       | 18,399           |
| Other cash flows from operations                             | (43,255)      | (22,039)         |
| <b>Cash generated from operations</b>                        | <u>94,447</u> | <u>4,810,871</u> |



**LG Chem, Ltd. and Subsidiaries**  
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Changes in liabilities arising from financial activities for the nine-month periods ended September 30, 2022 and 2021, are as follows:

| <i>(in millions of<br/>Korean won)</i>                     | <b>2022</b>                          |   |                     |                          |                  | <b>As at<br/>September<br/>30, 2022</b> |
|--|--------------------------------------|---|---------------------|--------------------------|------------------|---|
|  | <b>As at<br/>January 1,<br/>2022</b> | <b>Cash flows<br/>from<br/>financing<br/>activities</b> | <b>Amortization</b> | <b>Lease liabilities</b> | <b>Others</b>    |   |
| Borrowings   | 6,373,909                            | 1,384,503   | -                   | -                        | 579,970          | 8,338,382                               |
| Debentures   | 8,072,580                            | (271,766)   | -                   | 5,981                    | 569,035          | 8,375,830                               |
| Lease liabilities  | 319,245                              | (69,974)  | 141,254             | -                        | 12,033           | 402,558                                 |
| Other payables for the<br>reverse factoring<br>arrangement | 299,645                              | (299,645)   | -                   | -                        | -                | -                                       |
| <b>Total</b>   | <b>15,065,379</b>                    | <b>743,118</b>  | <b>141,254</b>      | <b>5,981</b>             | <b>1,161,038</b> | <b>17,116,770</b>                       |

| <i>(in millions of<br/>Korean won)</i>                     | <b>2021</b>                          |   |                     |                          |                  | <b>As at<br/>September<br/>30, 2021</b> |
|--|--------------------------------------|---|---------------------|--------------------------|------------------|---|
|  | <b>As at<br/>January 1,<br/>2021</b> | <b>Cash flows<br/>from<br/>financing<br/>activities</b> | <b>Amortization</b> | <b>Lease liabilities</b> | <b>Others</b>    |   |
| Borrowings   | 4,352,214                            | 1,124,433   | -                   | -                        | 198,931          | 5,675,578                               |
| Debentures   | 5,649,278                            | 2,293,691   | -                   | 4,773                    | 137,611          | 8,085,353                               |
| Lease liabilities  | 184,625                              | (54,723)  | 133,775             | -                        | (5,757)          | 257,920                                 |
| Exchange rights  | 16,797                               | -   | -                   | -                        | (16,797)         | -                                       |
| Other payables for the<br>reverse factoring<br>arrangement | 2,081,307                            | (2,494,993)   | -                   | -                        | 1,696,935        | 1,283,249                               |
| <b>Total</b>   | <b>12,284,221</b>                    | <b>868,408</b>  | <b>133,775</b>      | <b>4,773</b>             | <b>2,010,923</b> | <b>15,302,100</b>                       |

Significant non-cash transactions for the nine-month periods ended September 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>  | <b>2022</b> | <b>2021</b> |
|---|-------------|-------------|
| Reclassification of construction-in-progress  | 4,307,108   | 4,912,637   |
| Reclassification of machinery-in-transit  | 75,914      | 351,354     |
| Reclassification of long-term borrowings into current portion                                 | 2,216,099   | 1,803,740   |
| Other payables related to acquisitions of property, plant and equipment and intangible assets | 1,575,205   | 1,565,671   |
| Reclassification of other payables under the reverse factoring arrangement                    | -           | 1,696,934   |
| Exchange of treasury stocks such as exchangeable bonds  | -           | 54,383      |
| Reclassification of non-current assets held for sale  | 23,129      | -           |
| Reclassification of non-current liabilities held for sale                                     | 15          | -           |

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**September 30, 2022 and 2021 (Unaudited), and December 31, 2021**

**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             | Automotive components, LCD Photoresist, OLED materials, anodic 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     |
| Common and others <sup>1</sup> | Crop protection products, Seeds, Fertilizers, General management, sales and R&D and others                        | National Agriculture Cooperative Federation and others               |

<sup>1</sup> The management approved to dispose of LCD polarizer business from the subsidiary in Taiwan 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 nine-month periods ended September 30, 2022 and 2021, are as follows:

| (in millions of Korean won)                  | 2022            |                    |                    |               |                                |            |
|--|-----------------|--------------------|--------------------|---------------|--------------------------------|------------|
|  | Petro-chemicals | LG Energy solution | Advanced materials | Life sciences | Common and others <sup>3</sup> | Total      |
| Total segment revenue                        | 17,444,208      | 17,061,066         | 6,096,698          | 664,361       | 726,244                        | 41,992,577 |
| Inter-segment revenue                        | 461,654         | 8,947              | 3,438,657          | 45,120        | 25,625                         | 3,980,003  |
| Revenue from external customers <sup>1</sup> | 16,982,554      | 17,052,119         | 2,658,041          | 619,241       | 700,619                        | 38,012,574 |
| Operating profit (loss) <sup>2</sup>         | 1,240,438       | 978,300            | 904,907            | 62,245        | (381,473)                      | 2,804,417  |
| Depreciation and amortization                | 743,550         | 1,323,150          | 161,215            | 64,543        | 194,538                        | 2,486,996  |

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| (in millions of<br>Korean won)               | 2021            |                    |                    |               |                                |            |
|--|-----------------|--------------------|--------------------|---------------|--------------------------------|------------|
|  | Petro-chemicals | LG Energy solution | Advanced materials | Life sciences | Common and others <sup>3</sup> | Total      |
| Total segment revenue                        | 15,332,657      | 13,412,546         | 3,616,716          | 542,220       | 629,764                        | 33,533,903 |
| Inter-segment revenue                        | 459,621         | 20,079             | 1,291,273          | 37,109        | 61,101                         | 1,869,183  |
| Revenue from external customers <sup>1</sup> | 14,873,036      | 13,392,467         | 2,325,443          | 505,111       | 568,663                        | 31,664,720 |
| Operating profit (loss) <sup>2</sup>         | 3,395,368       | 692,737            | 234,475            | 60,856        | (106,501)                      | 4,276,935  |
| Depreciation and amortization                | 647,903         | 1,039,999          | 137,864            | 60,911        | 162,894                        | 2,049,571  |

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

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

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

Segment information on assets and liabilities as at September 30, 2022 and December 31, 2021, are as follows:

| (in millions of<br>Korean won)               | September 30, 2022 |                    |                    |               |                   |            |
|--|--------------------|--------------------|--------------------|---------------|-------------------|------------|
|  | Petro-chemicals    | LG Energy solution | Advanced materials | Life sciences | Common and others | Total      |
| Reportable segment asset <sup>1</sup>        | 15,452,061         | 39,827,000         | 7,827,791          | 1,732,265     | 4,809,915         | 69,649,032 |
| Investments in associates and joint ventures | 47,515             | 246,232            | 660,589            | 17            | 150,830           | 1,105,183  |
| Reportable segment liability <sup>1</sup>    | 5,149,406          | 18,722,339         | 2,658,313          | 295,464       | 4,108,400         | 30,933,922 |

| (in millions of<br>Korean won)               | December 31, 2021 |                    |                    |               |                   |            |
|--|-------------------|--------------------|--------------------|---------------|-------------------|------------|
|  | Petro-chemicals   | LG Energy solution | Advanced materials | Life sciences | Common and others | Total      |
| 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.

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External sales and non-current assets by geographical segments from continuing operations for the nine-month periods ended September 30, 2022 and 2021, and as at September 30, 2022 and December 31, 2021, are as follows:

| (in millions of<br>Korean won) | Sales             |                   | Non-current assets <sup>1</sup> |                      |
|--------------------------------|-------------------|-------------------|---------------------------------|----------------------|
|                                | 2022              | 2021              | September 30,<br>2022           | December 31,<br>2021 |
| Korea <sup>2</sup>             | 8,305,439         | 7,832,392         | 16,467,873                      | 16,157,398           |
| China                          | 11,842,756        | 8,808,816         | 5,275,477                       | 4,688,935            |
| Asia / Oceania                 | 4,274,765         | 3,858,878         | 228,635                         | 147,809              |
| America                        | 4,476,452         | 3,184,409         | 4,166,397                       | 1,692,631            |
| Europe                         | 8,773,424         | 7,655,008         | 4,583,701                       | 4,192,086            |
| Others                         | 339,738           | 325,217           | -                               | -                    |
| <b>Total</b>                   | <b>38,012,574</b> | <b>31,664,720</b> | <b>30,722,083</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 nine-month periods ended September 30, 2022 and 2021.

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

#### 34.1 Assets Held for Sale

In accordance with the final approval of management in September 2022, the Group decided to dispose of all shares of VINA PLASTICIZERS CHEMICAL COMPANY LIMITED. As a result, the related assets were reclassified as assets held for sale. The disposal of acrylic film business was completed in April 2022, the disposal of LCD polarizer business in Taiwan was completed in July 2022, and the land of FarmHannong Co., Ltd. which is held for sale in accordance with the river maintenance plan is in the process of the compensation plan with Gimhae City Hall.

Details of assets of disposal group classified as held for sale as at September 30, 2022 and December 31, 2021, are as follows:

| (in millions of Korean won)     | September 30, 2022 | December 31, 2021 |
|---------------------------------|--------------------|-------------------|
| <b>Assets of disposal group</b> |                    |                   |
| Property, plant and equipment   | 484                | 5,364             |
| Investments in joint ventures   | 16,822             | -                 |
| <b>Total</b>                    | <b>17,306</b>      | <b>5,364</b>      |

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 nine-month periods ended September 30, 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

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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, and also determined to dispose of LCD polarizer business in Taiwan in May 2022 and the disposal was completed in July 2022. Accordingly, the profit and loss from the related operations are presented as discontinued operations and the comparative consolidated statements of profit or loss have been restated.

Comprehensive income information from discontinued operation for the nine-month periods ended September 30, 2022 and 2021, are as follows:

*(in millions of Korean won)*

|   | <b>2022</b>          |                        |              |
|---|----------------------|------------------------|--------------|
|   | <b>LCD polarizer</b> | <b>Glass substrate</b> | <b>Total</b> |
| Revenue   | 78,861               | 354                    | 79,215       |
| Expense   | (47,890)             | (2,500)                | (50,390)     |
| Profit (loss) before income tax of discontinued operation | 30,971               | (2,146)                | 28,825       |
| Income tax benefit  | 1,793                | 524                    | 2,317        |
| Profit (loss) after income tax of discontinued operations | 32,764               | (1,622)                | 31,142       |

*(in millions of Korean won)*

| (in millions of Korean won)                               | 2021          |                 |          |           |
|---|---------------|-----------------|----------|-----------|
|   | LCD polarizer | Glass substrate | Ugimag   | Total     |
| Revenue   | 673,200       | 9,699           | 11,609   | 694,508   |
| Expense   | (269,162)     | (7,356)         | (40,656) | (317,174) |
| Profit (loss) before income tax of discontinued operation | 404,038       | 2,343           | (29,047) | 377,334   |
| Income tax benefit (expense)                              | (80,071)      | (560)           | 8,795    | (71,836)  |
| Profit (loss) after income tax of discontinued operations | 323,967       | 1,783           | (20,252) | 305,498   |

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

*(in millions of Korean won)*

|   | <b>2022</b>          |                        |              |
|---|----------------------|------------------------|--------------|
|   | <b>LCD polarizer</b> | <b>Glass substrate</b> | <b>Total</b> |
| Net cash inflow (outflow) from operating activities | 14,846               | (2,322)                | 12,524       |
| Net cash inflow from investing activities           | 127,624              | 604                    | 128,228      |
| Net cash inflow (outflow) from financing activities | (142,470)            | 1,718                  | (140,752)    |

*(in millions of Korean won)*

| (in millions of Korean won)                         | 2021          |                 |          |             |
|---|---------------|-----------------|----------|-------------|
|   | LCD polarizer | Glass substrate | Ugimag   | Total       |
| Net cash inflow (outflow) from operating activities | 88,677        | 3,097           | (1,835)  | 89,939      |
| Net cash inflow from investing activities           | 1,078,921     | 5,423           | 26,569   | 1,110,913   |
| Net cash outflow from financing activities          | (1,180,098)   | (8,520)         | (24,734) | (1,213,352) |

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

Assets and liabilities related to contracts with customers as at September 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>  | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|---|---------------------------|--------------------------|
| <b>Contract assets</b>  |                           |                          |
| Due from customers for contract work                                      | 11,520                    | -                        |
| <b>Total contract assets</b>  | <u>11,520</u>             | <u>-</u>                 |
| <b>Contract liabilities</b>   |                           |                          |
| Advances in relation to revenue from the Group's main business activities | 395,119                   | 376,487                  |
| Expected customer incentives  | 94,140                    | 5,636                    |
| Unearned revenue  | 163,627                   | 167,151                  |
| Due to customers for contract work  | 22,566                    | -                        |
| <b>Total contract liabilities</b>   | <u>675,452</u>            | <u>549,274</u>           |

*Revenue recognized in relation to contract liabilities*

The following table shows how much of the revenue recognized during the current and previous 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 | 220,253     | 151,074     |
| Advances in relation to revenue from the Group's main business activities                                     | 179,504     | 147,598     |
| Unearned revenue  | 40,749      | 3,476       |
| Revenue recognized from performance obligations satisfied in previous periods                                 | -           | -           |

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**36. Investment Properties**

Details of investment properties as at September 30, 2022 and December 31, 2021, are as follows:

| (in millions of<br>Korean<br>won) | September 30, 2022 |                             |                           |                | December 31, 2021 |                             |                           |                |
|-----------------------------------|--------------------|-----------------------------|---------------------------|----------------|-------------------|-----------------------------|---------------------------|----------------|
|                                   | Cost               | Accumulated<br>depreciation | Accumulated<br>impairment | Book<br>amount | Cost              | Accumulated<br>depreciation | Accumulated<br>impairment | Book<br>amount |
| Land                              | 3,725              | -                           | -                         | 3,725          | 4,211             | -                           | -                         | 4,211          |
| Buildings                         | 65,886             | (14,713)                    | (51)                      | 51,122         | 65,542            | (13,409)                    | (47)                      | 52,086         |
| <b>Total</b>                      | <b>69,611</b>      | <b>(14,713)</b>             | <b>(51)</b>               | <b>54,847</b>  | <b>69,753</b>     | <b>(13,409)</b>             | <b>(47)</b>               | <b>56,297</b>  |

Changes in investment properties for the nine-month period ended September 30, 2022 and for the year ended December 31, 2021, are as follows:

| (in millions of<br>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         | -     | 643      | 643     | -     | 8,233    | 8,233   |
| Disposals/transfers            | (486) | (535)    | (1,021) | -     | (73)     | (73)    |
| Depreciation                   | -     | (1,072)  | (1,072) | -     | (1,296)  | (1,296) |
| Ending balance                 | 3,725 | 51,122   | 54,847  | 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 September 30, 2022, is ₩63,777 million (December 31, 2021: ₩66,861 million).

During the nine-month period ended September 30, 2022, rental income from investment properties under operating lease is ₩5,045 million (2021: ₩5,005 million), and operating expenses incurred for investment properties that generated rental income (including maintenance and repair expenses) are ₩1,066 million (2021: ₩927 million). During the nine-month period ended September 30, 2022, operating expenses incurred for investment properties that do not generate rental income (including maintenance and repair expenses) are ₩6 million (2021: ₩9 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 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 September 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i> | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|------------------------------------|---------------------------|--------------------------|
| Within one year                    | 6,042                     | 6,874                    |
| Within two years                   | 1,428                     | 6,016                    |
| <b>Total</b>                       | <b>7,470</b>              | <b>12,890</b>            |

**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 ₩30,673 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                             | 16,168          |
| <b>Total consideration</b>                            | <b>16,168</b>   |
| Identifiable assets acquired and liabilities assumed  |                 |
| Cash and cash equivalents                             | 7,748           |
| 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                          | (25,859)        |
| Other payables  | (15,543)        |
| Deferred tax liabilities                              | (2,364)         |
| <b>Fair value of net identifiable assets acquired</b> | <b>46,841</b>   |
| <b>Goodwill (gain from a bargain purchase)</b>        | <b>(30,673)</b> |
|   | <b>16,168</b>   |

<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 nine-month period ended September 30, 2022 contributed by LG Energy Solution Vertech Inc. since the acquisition date were ₩28,177 million and ₩9,347 million, respectively.



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Revenue and profit or loss of the Group for the nine-month period ended September 30, 2022 would have been ₩ 38,011,892 million and ₩ 2,180,649 million, respectively as though the acquisition of LG Energy Solution Vertech Inc. had occurred as at the beginning of the nine-month period ended September 30, 2022.

The Group accounts for the business combination with provisional amounts as at September 30, 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<br/>Poland Sp.<br/>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**

The Group decided to acquire 100% shares of Aveo Pharmaceuticals, Inc. through a capital investment in LG Chem Life Science Innovation Center, Inc., its subsidiary, to enter in the anticancer medicine market in the United States.