

LG Chem, Ltd. and Subsidiaries
Condensed Consolidated Interim
Financial Statements
June 30, 2023 and 2022



LG Chem, Ltd. and Subsidiaries
Index
June 30, 2023 and 2022

	Page(s)
Report on Review of Condensed Consolidated Interim Financial Statements	1-2
Condensed Consolidated Interim Financial Statements:	
Condensed Consolidated Interim Statements of Financial Position.....	3-4
Condensed Consolidated Interim Statements of Profit or Loss	5
Condensed Consolidated Interim Statements of Comprehensive Income	6
Condensed Consolidated Interim Statements of Changes in Equity.....	7
Condensed Consolidated Interim Statements of Cash Flows	8
Notes to the Condensed Consolidated Interim Financial Statements	9-87

Report on Review of Consolidated Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

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

Reviewed Consolidated Interim Financial Statements

We have reviewed the accompanying condensed consolidated interim financial statements of LG Chem, Ltd. and its subsidiaries (collectively, the "Group"). These condensed consolidated interim financial statements consist of the condensed consolidated interim statement of financial position of the Group as at June 30, 2023, and the related condensed consolidated interim statements of profit or loss, condensed consolidated interim statement of comprehensive income for three-month and six-month periods ended June 30, 2023, and condensed consolidated interim statements of changes in equity and condensed consolidated interim statement of cash flows, all expressed in Korean won, for the six-month periods ended June 30, 2023, and a summary of material accounting policies and other explanatory notes, expressed in Korean won.

Management's Responsibility for the Consolidated Interim Statements of Financial Statements

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

Auditor's Responsibility

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

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

Conclusion

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

Other Matters

The condensed consolidated interim statements of profit or loss, comprehensive income for three-month and six-month periods ended June 30, 2022, changes in equity and cash flows for the six-month periods ended June 30, 2022, which were marked with comparative figures, were reviewed by another auditor. The review report dated August 16, 2022, stated that there were no discrepancies found in the condensed consolidated interim financial statements presented fairly in terms of materiality, in accordance with the K-IFRS No. 1034, "Interim Financial Reporting."

Furthermore, the consolidated statement of financial position of the Group as at December 31, 2022, The consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the accounting year ending on the same date (not attached to this review report) were audited in accordance with Korean Standards on Auditing by another auditor. In the audit report dated March 9, 2023, an unqualified opinion was expressed.

The consolidated statement of financial position of the Group as at December 31, 2022, attached for comparative purposes does not differ, in all material respects, from the audited consolidated financial statements mentioned above.

August 14, 2023
Seoul, Korea

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

LG Chem, Ltd. and Subsidiaries
Condensed Consolidated Interim Statements of Financial Position
As of June 30, 2023, and December 31, 2022

<i>(In millions of Korean won)</i>	Notes	June 30, 2023 (Unaudited)		December 31, 2022	
Assets					
Current assets					
Cash and cash equivalents	3,5,6	₩	6,846,166	₩	8,497,882
Trade receivables	3,5,7,31		8,656,479		7,450,395
Other receivables	3,5,7,31		868,734		742,431
Other current financial assets	3,5,8		33,500		9,167
Prepaid income taxes			48,141		52,920
Other current assets	13		971,076		1,013,463
Inventories	9		11,144,578		11,880,631
Assets held for sale	34		47,457		27,480
Total current assets			28,616,131		29,674,369
Non-current assets					
Trade receivables	3,5,7		131,998		120,698
Other receivables	3,5,7		678,775		617,444
Other non-current financial assets	3,5,8		1,537,814		1,237,167
Investments in associates and joint ventures	1,10,33		998,701		949,553
Deferred tax assets	28		2,253,808		2,165,557
Property, plant and equipment	11		33,802,519		29,662,743
Intangible assets	12		3,662,158		2,690,203
Investment properties	36		91,793		94,026
Other non-current assets	13,16		727,304		762,063
Total non-current assets			43,884,870		38,299,454
Total assets		₩	72,501,001	₩	67,973,823
Liabilities					
Current liabilities					
Trade payables	3,5,31	₩	4,886,780	₩	4,756,246
Other payables	3,5,31		4,321,728		4,899,553
Borrowings	3,5,14		5,267,416		3,804,367
Other current financial liabilities	3,5,8		18,086		7,271
Provisions	15		1,017,125		1,026,446
Income tax payables			250,033		626,226
Other current liabilities	17,35		977,642		1,339,454
Liabilities held for sale	34		1,081		-
Total current liabilities			16,739,891		16,459,563
Non-current liabilities					
Other payables	3,5		85,588		43,708
Borrowings	3,5,14		13,968,030		12,160,152
Other non-current financial liabilities	3,5,8		15,460		33,319
Provisions	15		790,998		533,414
Net defined benefit liabilities	13,16		21,519		19,470
Deferred tax liabilities	28		841,158		838,725
Other non-current liabilities	17,35		430,797		404,345
Total non-current liabilities			16,153,550		14,033,133
Total liabilities			32,893,441		30,492,696

LG Chem, Ltd. and Subsidiaries
Condensed Consolidated Interim Statements of Financial Position
As of June 30, 2023, and December 31, 2022

<i>(In millions of Korean won)</i>	Notes	June 30, 2023 (Unaudited)	December 31, 2022
Equity			
Share capital	1,19	391,406	391,406
Capital surplus	19	11,572,098	11,569,556
Other components of equity	21	(19,569)	(19,569)
Accumulated other comprehensive income		739,593	366,916
Retained earnings	20	19,361,867	19,142,263
Equity attributable to owners of the Parent Company		32,045,395	31,450,572
Non-controlling interests	1	7,562,165	6,030,555
Total equity		39,607,560	37,481,127
Total liabilities and equity		₩ 72,501,001	₩ 67,973,823

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

LG Chem, Ltd. and Subsidiaries
Condensed Consolidated Interim Statements of Profit or Loss
For the Six-month Periods Ended June 30, 2023 and 2022

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

	Notes	Period Ended June 30			
		2023		2022	
		(Unaudited)		(Unaudited)	
		Three months	Six months	Three months	Six months
Revenue	22, 31, 33, 35	₩14,541,521	₩29,027,787	₩12,239,911	₩23,834,911
Cost of sales	22, 23, 31	(12,111,772)	(24,272,900)	(9,713,491)	(18,811,466)
Gross profit		2,429,749	4,754,887	2,526,420	5,023,445
Other operating income	22	110,916	211,210	-	-
Selling and administrative expenses	22, 23, 31	(1,925,106)	(3,559,511)	(1,647,967)	(3,120,214)
Operating profit	22, 33	615,559	1,406,586	878,453	1,903,231
Finance income	5, 25	448,438	995,051	361,679	557,846
Finance costs	5, 25	(363,104)	(886,945)	(408,218)	(647,118)
Share of net profit of associates and joint ventures accounted for using the equity method	10	(4,920)	(19,223)	(2,443)	(9,671)
Other non-operating income	5, 26	530,432	1,059,632	598,407	873,520
Other non-operating expenses	5, 27	(445,916)	(858,595)	(485,101)	(711,704)
Profit before income tax	32	780,489	1,696,506	942,777	1,966,104
Income tax expense	28	(106,821)	(353,515)	(224,949)	(478,601)
Profit from continuing operations		673,668	1,342,991	717,828	1,487,503
(Loss) profit from discontinued operations	34	(2,857)	(3,129)	487	34
Profit for the period		670,811	1,339,862	718,315	1,487,537
Profit is attributable to:					
Owners of the Parent Company					
Profit from continuing operations		527,719	1,002,159	658,849	1,347,480
(Loss) profit from discontinued operations		(2,857)	(3,129)	487	34
		524,862	999,030	659,336	1,347,514
Non-controlling interests					
Profit from continuing operations		145,949	340,832	58,979	140,023
		145,949	340,832	58,979	140,023
Earnings per share for profit					
attributable to the equity holders					
of the Parent Company (in won)	29				
Basic and diluted earnings per ordinary share		6,700	12,758	8,458	17,291
Basic and diluted earnings per preferred share		6,750	12,808	8,508	17,341
Earnings per share for profit from continuing					
operations attributable to the equity holders					
of the Parent Company (in won)	29				
Basic and diluted earnings per ordinary share		6,737	12,798	8,452	17,291
Basic and diluted earnings per preferred share		6,787	12,848	8,502	17,341

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

LG Chem, Ltd. and Subsidiaries
Condensed Consolidated Interim Statements of Comprehensive Income
For the Six-month Periods Ended June 30, 2023 and 2022

(In millions of Korean won)

	Notes	Period Ended June 30			
		2023		2022 (Unaudited)	
		Three months	Six months	Three months	Six months
Profit for the period		<u>₩670,811</u>	<u>₩1,339,862</u>	<u>₩718,315</u>	<u>₩1,487,537</u>
Other comprehensive income					
<i>1. Items that will not be reclassified to profit or loss</i>					
(1) Remeasurements of net defined benefit liability	16	1,572	2,983	(3,817)	(6,684)
(2) (Loss) gain on valuation of financial assets at fair value through other comprehensive income		(29,892)	(32,654)	11,339	11,027
(3) Shares of remeasurements of net defined benefit liabilities of associates		-	461	(307)	(307)
(4) Income tax relating to these items		7,786	8,180	(2,403)	(1,640)
<i>2. Items that may be subsequently reclassified to profit or loss</i>					
(1) Exchange differences on translation of foreign operations		(158,597)	518,814	306,146	487,696
(2) Cash flow hedge		(8,248)	(15,475)	(76,476)	(17,404)
(3) Shares of other comprehensive income of associates and joint ventures		421	28,911	15,000	23,145
(4) Income tax relating to these items		441	11,014	2,642	(38,255)
Other comprehensive (loss) income for the period, net of tax		<u>(186,517)</u>	<u>522,234</u>	<u>252,124</u>	<u>457,578</u>
Total comprehensive income for the period		<u>₩484,294</u>	<u>₩1,862,096</u>	<u>₩970,439</u>	<u>₩1,945,115</u>
Total comprehensive income for the period is attributable to:					
Owners of the Parent Company		367,144	1,374,142	802,172	1,654,900
Non-controlling interest		117,150	487,954	168,267	290,215

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

LG Chem, Ltd. and Subsidiaries
Condensed Consolidated Interim Statements of Changes in Equity
For the Six-month Periods Ended June 30, 2023 and 2022

(In millions of Korean won)	Note	Attributable to owners of the Parent Company					Total	Non-controlling interests	Total equity
		Share capital	Capital surplus	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings			
Balance at January 1, 2022		₩ 391,406	₩ 2,696,385	₩ (37,310)	₩ 551,354	₩ 18,091,949	₩ 21,693,784	₩ 1,516,204	₩ 23,209,988
Comprehensive income									
Profit for the period						1,347,514	1,347,514	140,023	1,487,537
Remeasurements of net defined benefit liabilities	16					(4,605)	(4,605)	(248)	(4,853)
Exchange differences on translation of foreign operations					298,215		298,215	148,242	446,457
Gain on valuation of financial assets at fair value through other comprehensive income					6,072		6,072	1,483	7,555
Cash flow hedge					(11,502)		(11,502)	(2,918)	(14,420)
Others					19,513	(307)	19,206	3,633	22,839
Total comprehensive income for the period					312,298	1,342,602	1,654,900	290,215	1,945,115
Transactions with owners:									
Dividends	30		(30,428)			(935,275)	(965,703)	(125,206)	(1,090,909)
Changes in Interest in Subsidiaries			8,711,480				8,711,480	3,297,254	12,008,734
Increase in paid-in capital of a subsidiary							-	474,944	474,944
Others						56	56	(145)	(89)
Total transactions with owners			8,681,052			(935,219)	7,745,833	3,646,847	11,392,680
Balance at June 30, 2022 (Unaudited)		₩ 391,406	₩ 11,377,437	₩ (37,310)	₩ 863,652	₩ 18,499,332	₩ 31,094,517	₩ 5,453,266	₩ 36,547,783
Balance at January 1, 2023		₩ 391,406	₩ 11,569,556	₩ (19,569)	₩ 366,916	₩ 19,142,263	₩ 31,450,572	₩ 6,030,555	₩ 37,481,127
Comprehensive income									
Profit for the period						999,030	999,030	340,832	1,339,862
Remeasurements of net defined benefit liabilities	16					1,974	1,974	226	2,200
Exchange differences on translation of foreign operations					378,751		378,751	147,205	525,956
Gain (loss) on valuation of financial assets at fair value through other comprehensive income					(23,952)		(23,952)	260	(23,692)
Cash flow hedge					(9,496)		(9,496)	(2,107)	(11,603)
Others					27,374	461	27,835	1,538	29,373
Total comprehensive income for the period					372,677	1,001,465	1,374,142	487,954	1,862,096
Transactions with owners:									
Dividends	30					(783,135)	(783,135)	(81,875)	(865,010)
Increase in paid-in capital of a subsidiary			2,542				2,542	1,125,531	1,128,073
Others						1,274	1,274		1,274
Total transactions with owners			2,542			(781,861)	(779,319)	1,043,656	264,337
Balance at June 30, 2023 (Unaudited)		₩ 391,406	₩ 11,572,098	₩ (19,569)	₩ 739,593	₩ 19,361,867	₩ 32,045,395	₩ 7,562,165	₩ 39,607,560

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

LG Chem, Ltd. and Subsidiaries
Condensed Consolidated Interim Statements of Cash Flows
For the Six-month Periods Ended June 30, 2023 and 2022

<i>(In millions of Korean won)</i>	Notes	2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	32	₩ 3,565,300	₩ 646,571
Interest received		143,550	52,304
Interest paid		(306,493)	(139,295)
Dividends received		17,883	5,287
Income taxes paid		(945,921)	(995,899)
Net cash inflow (out flow) from operating activities		₩ 2,474,319	₩ (431,032)
Cash flows from investing activities			
Decrease in other receivables		₩ 349,368	₩ 120,251
Proceeds from disposal of other financial assets		4,930	1,007
Proceeds from disposal of property, plant and equipment		1,239	12,697
Proceeds from disposal of intangible assets		1,293	18,261
Government grants received		131,735	96,665
Proceeds from disposal of assets held for sale		15,684	31,460
Increase in other receivables		(224,654)	(6,325,976)
Acquisition of investments in associates and joint ventures		(66,959)	(483,272)
Acquisition of other financial assets		(223,735)	(118,521)
Acquisition of property, plant and equipment		(6,032,995)	(3,858,774)
Acquisition of intangible assets		(78,049)	(86,899)
Cash outflows from transfer of business		(702,227)	(8,986)
Other cashflows from investing activities		(4,431)	-
Net cash outflow from investing activities		₩ (6,828,801)	₩ (10,602,087)
Cash flows from financing activities			
Proceeds from borrowings		₩ 6,597,704	₩ 3,044,454
Capital contribution from non-controlling interests		1,128,073	13,095,200
Repayments of borrowings and others		(4,174,243)	(2,811,233)
Dividends paid		(895,768)	(944,761)
Net cash inflow from financing activities		₩ 2,655,766	₩ 12,383,660
Net (decrease) increase in cash and cash equivalents		(1,698,716)	1,350,541
Cash and cash equivalents at the beginning of the period		8,497,882	3,760,834
Effects of exchange rate changes on cash and cash equivalents		47,000	167,279
Cash and cash equivalents included in disposal groups classified as held for sale		-	(101)
Cash and cash equivalents at the end of the period		₩ 6,846,166	₩ 5,278,553

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

LG Chem, Ltd. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As of June 30, 2023, and December 31, 2022, and for the Six-month Periods Ended June 30, 2023 and 2022

1. GENERAL INFORMATION:

General information about LG Chem, Ltd. (the “Parent Company”) and its 68 subsidiaries (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 June 30, 2023, the Group has its manufacturing facilities in Yeosu, Daesan, Ochang, Cheongju, Naju, Iksan, Paju, Osong, Onsan, Gimcheon and overseas sites.

As at June 30, 2023, the company's capital, including the preferred share capital of ₩38,444 million, is ₩391,406 million. The largest shareholder of the Parent Company is LG Corp., which owns 33.34% of the Parent Company's ordinary shares.

The Parent Company is authorized to issue 292 million shares of ordinary shares with par value of ₩5,000 per share. As at June 30, 2023, the Parent Company has 70,592,343 ordinary shares and 7,688,800 preferred shares issued and outstanding. 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 Petrochemical, Energy solutions, and Advanced materials businesses, and is 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. 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 and new application batteries for mobile phones and laptop computers, to automotive batteries for electric vehicles and Energy Storage System (“ESS”) batteries. Demand for 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 for the batteries 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 materials business manufactures and supplies various kinds of IT materials, such as automotive materials, 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

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

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.

FarmHannong Co., Ltd. and its subsidiaries 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 environment-friendly pesticides. The fertilizer business leads to developing of 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
	June 30, 2023	December 31, 2022			
Consolidated subsidiaries					
LG Energy Solution, Ltd. ¹	82	82	Korea	December	Battery manufacturing and sales
Ningbo LG Yongxing Chemical Co., Ltd. ²	75	75	China	December	ABS/SBL manufacturing and sales
Ningbo Zhenhai LG Yongxing Trade Co., Ltd. ²	75	75	China	December	ABS sales
LG Chem America, Inc	100	100	USA	December	Sales and trading
LG Chemical India Pvt. Ltd. ^{3, 5}	100	100	India	December	Synthetic resin manufacturing and sales
LG Polymers India Pvt. Ltd. ^{3, 5}	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.	100	100	Taiwan	December	Polarizer manufacturing and sales
Tianjin LG Bohai Chemical Co., Ltd.	75	75	China	December	PVC, VCM and EDC manufacturing and sales
Tianjin LG BOTIAN Chemical Co., Ltd.	58	58	China	December	SBS manufacturing and sales
LG Chem (China) Investment Co., Ltd. ⁴	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

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

	Percentage of ownership held by the Group (%)		Business location	Closing month	Business activities
	June 30, 2023	December 31, 2022			
LEYOU NEW ENERGY MATERIALS(WUXI) Co., Ltd.	51	51	China	December	Cathode materials manufacturing and sales
LG Chem Fund I LLC ⁶	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. ⁷	100	100	USA	December	Pharmaceutical products research
LG Chem Asia Pte. Ltd.	100	100	Singapore	December	Asia BSC
LG Chem China Tech Center ⁴	100	100	China	December	Research on petrochemicals
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-HY BCM Co., Ltd. ⁸	51	100	Korea	December	Cathode materials manufacturing and sales
LG Chem Ohio Petrochemical, Inc.	100	100	USA	December	ABS manufacturing and sales
LG Chem VietNam Co., Ltd.	100	100	Vietnam	December	Sales and trading
LG Chem Malaysia SDN.BHD.	100	100	Malaysia	December	Sales and trading
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMICO LTDA.	100	100	Brazil	December	Sales and trading
Aveo Pharmaceuticals, Inc. ⁷	100	-	USA	December	Anti-cancer drugs sales and research
PT LG CHEM INDONESIA ⁹	100	-	Indonesia	December	Sales and trading
TW Biomassenergy Co., Ltd ¹⁰	60	-	Korea	December	Plant utility manufacturing and sales
FarmHannong Co., Ltd. ¹²	100	100	Korea	December	Agricultural pesticide manufacturing and sales
Farmhannong America, Inc. ¹²	100	100	USA	December	Agricultural pesticide sales
FarmHannong(Thailand) Ltd. ¹²	100	100	Thailand	December	Research and development ("R&D") on seeds
FARMHANNONG(MALAYSIA) SDN. BHD. ¹²	100	100	Malaysia	December	Agricultural pesticide licensing
PT FARM HANNONG INDONESIA ¹²	100	100	Indonesia	December	Agricultural pesticide licensing
FarmHannong do Brasil Limitada ¹²	100	100	Brazil	December	Agricultural pesticide sales
LG Energy Solution (Nanjing) Co., Ltd. ¹	82	82	China	December	Small battery manufacturing and sales
LG Energy Solution Michigan Inc. ¹	82	82	USA	December	Automotive battery research and manufacturing
LG Energy Solution Battery (Nanjing) Co., Ltd. ¹	82	82	China	December	Automotive battery manufacturing and sales
LG Energy Solution Wroclaw sp. z o.o. ¹	82	82	Poland	December	Automotive battery manufacturing and sales
LG Energy Solution Australia Pty Ltd ¹	82	82	Australia	December	ESS sales
LG Energy Solution Technology (Nanjing) Co., Ltd. ¹	82	82	China	December	Automotive battery manufacturing and sales
Ultium Cells Holdings LLC ^{1,14}	41	41	USA	December	Automotive battery manufacturing and sales
Ultium Cells LLC ^{1,14}	41	41	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Europe GmbH ¹	82	82	Germany	December	ESS sales
LG Energy Solution (Taiwan), Ltd. ¹	82	82	Taiwan	December	Small storage battery sales
Aremnuri. Co. Ltd ¹	82	82	Korea	December	Facility management and general cleaning

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

	Percentage of ownership held by the Group (%)		Business location	Closing month	Business activities
	June 30, 2023	December 31, 2022			
LG Energy Solution Fund I LLC ¹	82	82	USA	December	Investments in venture companies
LG Energy Solution Vertech Inc. ¹	82	82	USA	December	ESS installation service
LG Energy Solution Arizona, Inc ¹	82	82	USA	December	Small battery manufacturing and sales
Baterias De Castilla, S.L. ¹	82	82	Spain	December	Special purpose company
L-H Battery Company, Incorporated ¹	42	-	USA	December	Automotive battery manufacturing and sales
LG Energy Solution India Private Limited ¹	82	-	India	December	Small battery sales
LG Energy Solution Arizona ESS, Inc. ¹	82	-	USA	December	ESS Manufacturing and sales
Associates					
TECHWIN Co., Ltd.	20	20	Korea	December	Environment solution and construction of chemical plant
LG Chem Life Sciences Poland Ltd.	100	100	Poland	December	Pharmaceutical products sales
HUAJIN NEW ENERGY 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. ¹¹	49	49	Korea	December	Battery materials manufacturing and sales
VINFAST LITHIUM BATTERY PACK LLC. ¹	29	29	Vietnam	December	Battery manufacturing and sales
Jiangxi VL Battery., Ltd. ¹	28	28	China	December	Battery manufacturing and sales
Sam-a Aluminium Company, Limited ^{1, 15}	8	-	Korea	December	Aluminium sales and manufacturing
Joint ventures ¹³					
SEETEC Co., Ltd.	50	50	Korea	December	Plant utility and distribution, research assistance service
LG Toray Hungary Battery Separator Kft	50	50	Hungary	December	Battery separator manufacturing and sales
PT.HLI Greenpower Co., Ltd. ¹	41	41	Indonesia	December	Automotive battery manufacturing and sales

¹ During the previous year, 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. As at June 30, 2023, LG Energy Solution, Ltd. owns shares in subsidiaries, associates and joint ventures such as LG Energy Solution (Nanjing) Co., Ltd. and others, and the Group has stated the shares of those companies as effective share ratio.

² As at June 30, 2023, Ningbo LG Yongxing Chemical Co., Ltd. owns 100% of Ningbo Zhenhai LG Yongxing Trading Co., Ltd.'s shares.

³ As at June 30, 2023, LG Chemical India Pvt. Ltd. owns 100% of LG Polymers India Pvt. Ltd.'s shares.

⁴ As at June 30, 2023, LG Chem (China) Investment Co., Ltd. owns 100% of LG Chem China Tech Center's shares.

⁵ During the six-month period ended June 30, 2023, LG Chemical India Pvt. Ltd. newly acquired shares of LG Polymers India Pvt. Ltd. for ₩12,390 million.

⁶ During the six-month period ended June 30, 2023, the Group additionally acquired shares of LG CHEM FUND I LLC for ₩5,488 million.

⁷ During the six-month period ended June 30, 2023, LG Chem Life Science Innovation Center, Inc. invested ₩701,103 million for a 100% share in Aveo Pharmaceuticals, Inc.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

- ⁸ During the six-month period ended June 30, 2023, the Group additionally acquired shares of LG BCM for ₩20,064 million. Meanwhile, the percentage of ownership has been reduced due to paid-in capital increase with allotment to the third party, and the company's name was changed to LG-HY BCM Co., Ltd.
- ⁹ During the six-month period ended June 30, 2023, the Group invested ₩885 million for a 100% share in PT LG CHEM INDONESIA.
- ¹⁰ During the six-month period ended June 30, 2023, the Group invested ₩3,600 million for a 60% share in TW Biomassenergy Co., Ltd.
- ¹¹ During the six-month period ended June 30, 2023, the Group additionally acquired shares of KOREA PRECURSOR CO., LTD. for ₩20,384 million.
- ¹² As at June 30, 2023, FarmHannong Co., Ltd. owns 100% of Farmhannong America, Inc., FarmHannong(Thailand) Ltd., FARMHANNONG(MALAYSIA) SDN.BHD., PT FARM HANNONG INDONESIA and FarmHannong do Brasil Limitada's shares.
- ¹³ 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.
- ¹⁴ During the year ended December 31, 2022, LG Energy Solution, Ltd. acquired 50% shares of Ultium Cells Holdings LLC through the investment in kind with 100% shares of Ultium Cells LLC. Although the Group has less than a majority ownership interest in Ultium Cells Holdings LLC and Ultium Cells LLC, it is considered to have the control over Ultium Cells Holdings LLC and 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.
- ¹⁵ During the six-month period ended June 30, 2023, LG Energy Solution, Ltd. newly acquired 10% shares of Sam-a Aluminum Company, Limited for ₩46,575 million. Although the ownership interest in Sam-a Aluminum Company, Limited. is less than 20%, the Group can exercise the majority voting rights in its decision-making process in accordance with the shareholders' agreement. Therefore, it is judged to have significant influence

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:

	June 30, 2023			2023	
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the period
<i>(In millions of Korean won)</i>					
Subsidiaries					
LG Energy Solution, Ltd. and its subsidiaries ¹	₩ 42,394,653	₩19,265,936	₩23,128,717	₩17,520,604	₩ 1,027,127
Ningbo LG Yongxing Chemical Co.,Ltd.	997,946	237,651	760,295	950,577	26,432
Ningbo Zhenhai LG Yongxing Trade Co., Ltd.	6,681	253	6,428	9,087	106
LG Chem America, Inc.	417,624	363,920	53,704	523,869	2,959
LG Chemical India Pvt. Ltd.	62,955	7	62,948	-	64
LG Polymers India Pvt. Ltd.	80,315	48,903	31,412	(21)	(2,488)
LG Chemical (Guangzhou) Engineering Plastics Co., Ltd.	97,318	21,818	75,500	87,702	6,363
LG Chem (Taiwan), Ltd. ⁴	71,004	15,677	55,327	24,780	4,386
Tianjin LG Bohai Chemical Co., Ltd.	458,015	73,002	385,013	283,444	10,993
Tianjin LG BOTIAN Chemical Co., Ltd.	54,753	25,611	29,142	77,104	1,565
LG Chem (China) Investment Co., Ltd.	991,839	613,213	378,626	40,523	6,261
LG Chem (Tianjin) Engineering Plastics Co., Ltd.	54,110	8,957	45,153	36,676	3,898

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

	June 30, 2023			2023	
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the period
<i>(In millions of Korean won)</i>					
LG Chem Europe GmbH	₩ 460,954	₩ 366,838	₩ 94,116	₩ 466,630	₩ (322)
LG Chem Poland Sp. z o.o.	270,199	148,348	121,851	212,147	15,965
LGC Petrochemical India Private Ltd.	6,200	1,182	5,018	3,194	314
HAENGBOKNURI CO., Ltd.	4,407	1,379	3,028	4,914	132
LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.	15,733	18,249	(2,516)	44,790	(3,250)
LG Chem Japan Co., Ltd.	4,969	815	4,154	3,262	307
LG NanoH2O, LLC	52,785	9,791	42,994	32,810	3,054
LG Chem (Chongqing) Engineering Plastics Co., Ltd.	47,914	7,724	40,190	36,715	4,676
LG Chem (HUIZHOU) Petrochemical Co., Ltd.	497,618	87,785	409,833	364,252	(18,383)
LG Chem Life Sciences India Pvt. Ltd.	1,356	283	1,073	316	48
LG Jiansheng Life Sciences (Beijing) Co., Ltd.	18,735	17,265	1,470	25,743	2,569
LG Chem Life Sciences (Thailand) Ltd.	28,754	11,740	17,014	25,580	362
LG Chem Hai Phong Vietnam Company Ltd.	14,449	2,248	12,201	7,076	59
LG Chem Mexico S.A. de C.V.	4,191	1,985	2,206	2,134	195
LG Chem Hai Phong Engineering Plastics Ltd.	33,179	12,613	20,566	22,205	2,627
LG Chem (Guangzhou) Information & Electronics Materials Co., Ltd.	279,725	75,762	203,963	84,134	(2,288)
LEYOU NEW ENERGY MATERIALS(WUXI) Co., Ltd	941,357	224,569	716,788	1,222,455	144,270
LG Chem Fund I LLC	85,976	20	85,956	-	(1,287)
Uniseal, Inc.	56,104	9,476	46,628	54,351	6,675
LG Chem Life Science Innovation Center, Inc.	56,489	34,497	21,992	6,446	763
LG Chem Asia Pte. Ltd.	321,963	320,234	1,729	2,543	384
LG Chem China Tech Center	35,128	1,298	33,830	5,167	122
LG PETRONAS CHEMICALS Malaysia Sdn.Bhd.	282,481	218,931	63,550	-	(4,668)
LG Chem Hangzhou Advanced Materials Co., Ltd.	40,531	11,463	29,068	22,697	(2,125)
LG-HY BCM Co., Ltd.	357,372	219,433	137,939	-	(2,649)
LG Chem Ohio Petrochemical, Inc.	51,521	27,272	24,249	-	(431)
LG Chem VietNam Co., Ltd.	821	276	545	583	71
LG Chem Malaysia SDN.BHD.	1,035	320	715	1,021	88
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMICO LTDA.	1,794	450	1,344	1,615	17
Aveo Pharmaceuticals, Inc. ²	40,907	58,836	(17,929)	83,038	(22,123)
PT LG CHEM INDONESIA ²	967	53	914	211	38
TW Biomassenergy Co., Ltd. ²	6,021	39	5,982	-	(18)
FarmHannong Co., Ltd and its subsidiaries ¹	1,182,961	705,947	477,014	512,699	37,970
Associates					
TECHWIN Co., Ltd.	121,508	50,034	71,474	48,416	(9,696)
LG Life Sciences Poland Ltd.	289	100	189	80	3
KOREA PRECURSOR CO., Ltd.	99,531	18,959	80,572	-	(1,387)
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.	494,206	326,116	168,090	286,023	4,338
TL Chemical Co., Ltd	121,510	-	121,510	-	1,966
VINFAST LITHIUM BATTERY PACK LLC.	12,003	6,265	5,738	1,087	(1,975)
Jiangxi VL Battery., Ltd.	45,159	32,359	12,800	2,477	(6,678)
Sam-a Aluminium Company, Limited ²	412,981	156,248	256,733	137,932	2,863
Joint ventures					
SEETEC Co., Ltd.	341,001	65,401	275,600	399,070	8,754

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

	June 30, 2023			2023	
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the period
<i>(In millions of Korean won)</i>					
LG Toray Hungary Battery Separator Kft.	785,601	5,563	780,038	2,120	(10,851)
PT.HLI Green Power	1,005,615	556,842	448,773	-	(9,113)
	December 31, 2022			2022	
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the period
<i>(In millions of Korean won)</i>					
Subsidiaries					
LG Energy Solution, Ltd and its subsidiaries ¹	₩ 38,299,445	₩ 17,705,683	₩ 20,593,762	₩ 9,412,909	₩ 316,548
Ningbo LG Yongxing Chemical Co.,Ltd.	977,939	216,923	761,016	1,178,702	110,318
Ningbo Zhenhai LG Yongxing Trade Co., Ltd.	6,547	208	6,339	14,358	246
LG Chem America, Inc.	364,217	315,018	49,199	656,705	56
LG Chemical India Pvt. Ltd.	63,069	76	62,993	-	(235)
LG Polymers India Pvt. Ltd.	56,108	36,817	19,291	2,103	(2,142)
LG Chemical (Guangzhou) Engineering Plastics Co.,Ltd.	103,121	31,869	71,252	119,124	960
LG Chem (Taiwan), Ltd. ⁴	66,276	16,344	49,932	26,294	4,997
Tianjin LG Bohai Chemical Co., Ltd.	506,683	91,577	415,106	342,314	48,986
Tianjin LG BOTIAN Chemical Co., Ltd.	52,147	21,909	30,238	79,230	1,862
LG Chem (China) Investment Co., Ltd.	965,394	595,580	369,814	37,287	4,550
LG Chem (Tianjin) Engineering Plastics Co., Ltd.	54,521	7,617	46,904	42,196	2,712
LG Chem Europe GmbH	416,423	327,179	89,244	572,127	19,943
LG Chem Poland Sp. z o.o.	251,051	156,649	94,402	142,816	(58)
LGC Petrochemical India Private Ltd.	5,708	1,208	4,500	3,233	384
HAENGBOKNURI CO., LTD.	4,484	1,588	2,896	4,346	(135)
LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.	10,320	9,973	347	51,118	(1,342)
LG Chem Japan Co., Ltd.	5,074	1,012	4,062	2,747	420
LG NanoH2O, LLC	59,062	20,546	38,516	38,000	4,408
LG Chem (Chongqing) Engineering Plastics Co., Ltd.	45,022	9,280	35,742	38,574	1,881
LG Chem (HUIZHOU) Petrochemical Co., Ltd.	545,010	116,473	428,537	525,501	32,198
LG Chem Life Sciences India Pvt. Ltd.	2,015	1,034	981	3,232	128
LG Jiansheng Life Sciences (Beijing) Co., Ltd.	16,953	17,949	(996)	14,489	(689)
LG Chem Life Sciences (Thailand) Ltd.	31,712	15,120	16,592	21,301	1,168
LG Chem Hai Phong Vietnam Company Ltd.	16,224	4,505	11,719	9,411	1,226
LG Chem Mexico S.A. de C.V.	3,811	1,877	1,934	1,445	189
LG Chem Hai Phong Engineering Plastics Ltd.	33,254	15,968	17,286	17,915	168
LG Chem (Guangzhou) Information & Electronics Materials Co., Ltd.	281,292	72,768	208,524	99,121	2,696
LEYOU NEW ENERGY MATERIALS(WUXI) CO., LTD.	1,308,350	640,026	668,324	793,516	126,015
LG Chem Fund I LLC	77,965	20	77,945	-	(1,305)
Uniseal,Inc.	47,936	9,428	38,508	42,715	1,137
LG Chem Life Science Innovation Center, Inc.	21,438	1,477	19,961	4,222	506
LG Chem Asia Pte. Ltd.	47,745	46,430	1,315	1,917	38
LG Chem China Tech Center	37,725	3,941	33,784	2,041	394
Shanjin Optoelectronics (Taiwan) Co., Ltd. ^{3,4}	-	-	-	-	56
LG PETRONAS CHEMICALS Malaysia Sdn.Bhd.	204,444	134,990	69,454	-	(1,236)

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

	December 31, 2022			2022	
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the period
<i>(In millions of Korean won)</i>					
LG Chem Hangzhou Advanced Materials Co., Ltd.	46,375	15,645	30,730	56,047	1,382
LG-HY BCM Co., Ltd.	175,519	125,909	49,610	-	(1,654)
LG Chem Ohio Petrochemical, Inc.	23,842	15	23,827	-	13
LG Chem VietNam Co., Ltd	747	291	456	419	35
LG Chem Malaysia SDN.BHD.	1,043	399	644	916	45
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMICO LTDA.	1,287	107	1,180	-	-
FarmHannong Co., Ltd and its subsidiaries ¹	1,120,997	682,253	438,744	501,322	41,646
Associates					
TECHWIN Co., Ltd.	137,123	58,470	78,653	27,076	(6,326)
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMICO LTDA.	-	-	-	1,136	202
LG Chem Life Sciences Poland Ltd.	235	69	166	83	28
KOREA PRECURSOR CO., LTD. ²	47,838	7,352	40,486	-	-
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.	459,440	292,204	167,236	211,657	7,541
TL Chemical Co., Ltd	118,942	155	118,787	-	539
VINFAST LITHIUM BATTERY PACK LLC.	13,297	5,888	7,409	6,187	(938)
Jiangxi VL Battery.,Ltd	82,311	43,170	39,141	847	(9,309)
Joint ventures					
VINA Plasticizer Chemical Co., Ltd. ⁵	88,554	57,091	31,463	99,578	3,882
SEETEC Co., Ltd.	338,100	61,274	276,826	331,628	6,061
LG Toray Hungary Battery Separator Kft. ²	751,781	2,472	749,309	-	-
PT.HLI Green Power	667,930	227,305	440,625	-	(2,389)

¹ The information is represented on the basis of the consolidated financial information.

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

³ The entities were disposed during the previous year, and the information of revenue and profit or loss for the period represents the financial performance before the disposal.

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

⁵ Reclassified to the assets held for sale during the previous year, and revenue and profit or loss for the year presented are the financial performances before the reclassification.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

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

(a) LG Energy Solution, Ltd. and its subsidiaries

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

<i>(In millions of Korean won)</i>	June 30, 2023	December 31, 2022
Percentage of ownership held by non-controlling interests	18.2%	18.2%
Accumulated non-controlling interests	₩ 6,731,908	₩ 5,263,729

- Profit and dividends attributable to non-controlling interests for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Profit allocated to non-controlling interests	₩ 263,457	₩ 52,994
Dividends paid to non-controlling interests	-	-

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

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Current assets	₩	18,645,483	₩	18,804,269
Non-current assets		23,749,170		19,495,176
Total assets		<u>42,394,653</u>		<u>38,299,445</u>
Current liabilities		11,305,315		11,444,923
Non-current liabilities		7,960,621		6,260,760
Total liabilities		<u>19,265,936</u>		<u>17,705,683</u>
Total equity	₩	23,128,717	₩	20,593,762

- Summarized condensed consolidated interim statements of comprehensive income of subsidiaries with material non-controlling interests for the six-month periods ended June 30, 2023 and 2022, are as follows (before elimination of intercompany transaction):

<i>(In millions of Korean won)</i>	2023		2022	
Revenue	₩	17,520,604	₩	9,412,909
Profit for the period		1,027,127		316,548
Total comprehensive income		1,479,965		625,897

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

- Summarized condensed consolidated interim statements of cash flows of subsidiaries with material non-controlling interests for the six-month periods ended June 30, 2023 and 2022, are as follows (before elimination of intercompany transaction):

<i>(In millions of Korean won)</i>	2023	2022
Cash flows from operating activities	₩ 1,296,430	₩ (550,964)
Cash flows from investing activities	(4,305,565)	(9,045,454)
Cash flows from financing activities	1,897,186	10,191,577
Net increase (decrease) in cash and cash equivalents	(1,111,949)	595,159
Cash and cash equivalents at the beginning of period	5,937,967	1,282,880
Effects of exchange rate changes on cash and cash equivalents	34,188	105,442
Cash and cash equivalents at the end of period	₩ 4,860,206	₩ 1,983,481

1.6 Changes in Scope for Consolidation

Subsidiaries newly included in the consolidation for the six-month period ended June 30, 2023, are as follows:

Subsidiary	Remark
Aveo Pharmaceuticals. Inc.	Newly acquired
L-H Battery Company, Inc.	Newly established
PT LG CHEM INDONESIA	Newly established
TW Biomassenergy Co., Ltd	Newly established
LG Energy Solution India Private Limited	Newly established
LG Energy Solution Arizona ESS, INC.	Newly established

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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 (“K-IFRSs”). The accompanying condensed consolidated interim financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

2.1 Basis of Preparation

The Group’s condensed consolidated interim financial statements for the six-month period ended June 30, 2023, have been prepared in accordance with K-IFRS 1034 *Interim Financial Reporting*. These condensed consolidated interim financial statements have been prepared in accordance with the K-IFRS, which is effective or early adopted as at June 30, 2023.

LG Chem, Ltd. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As of June 30, 2023, and December 31, 2022, and for the Six-month Periods Ended June 30, 2023 and 2022

(a) New and amended standards adopted by the Group

The Group has applied the following standards for the first time for its annual reporting period commencing on January 1, 2023.

-K-IFRS 1001 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies (Amendments)

The amendments change the requirements in K-IFRS 1001 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information.' Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in K-IFRS 1001 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

-K-IFRS 1001 Presentation of Financial Statements - Disclosure of financial liabilities with condition to adjust exercise price (Amendment)

The amendment requires disclosure of valuation gains or losses (limited to those recognized in the profit or loss) of the conversion options or warrants (or financial liabilities including them), if all or part of the financial instrument with exercise price that is adjusted depending on the issuer's share price change is classified as financial liability as defined in paragraph 11 (2) of K-IFRS 1032.

-K-IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (Amendment)

The amendment replaces the definition of a change in accounting estimates with the definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty."

The definition of a change in accounting estimates was deleted. However, the International Accounting Standards Board ("IASB") retained the concept of changes in accounting estimates in the standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior-period errors

-K-IFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment)

The amendment introduces a further exception from the initial recognition exemption. Under the amendment, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

LG Chem, Ltd. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As of June 30, 2023, and December 31, 2022, and for the Six-month Periods Ended June 30, 2023 and 2022

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and a liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying K-IFRS 1116 at the commencement date of a lease.

Following the amendments to K-IFRS 1012, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in K-IFRS 1012.

The board also adds an illustrative example to K-IFRS 1012 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

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

The following new and amended accounting standards and interpretations that have been published are not mandatory for June 30, 2023, reporting periods and have not been early adopted by the Group.

- Amendments to K-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, i.e., compound financial instruments, meets the definition of equity instruments and is recognized separately from the liability.

The 2023 amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least 12 months after the reporting date. Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date.

The 2023 amendments also specify that the right to defer settlement is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within 12 months

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within 12 months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted.

The Group anticipates that the application of the amendments will not have a significant impact on the its condensed consolidated interim financial statements.

3. FINANCIAL RISK MANAGEMENT:

3.1 Financial Risk Factors

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

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

(1) Market risk

1) Foreign exchange risk

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

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

As at June 30, 2023, and December 31, 2022, 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>	June 30, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
USD	₩ 6,812,864	₩ 9,237,459	₩ 5,518,144	₩ 8,164,815
EUR	661,498	4,835,629	478,624	5,044,754
JPY	7,695	154,215	17,686	145,211
CNY and others	475,312	276,882	230,763	11,419

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

As at June 30, 2023, and December 31, 2022, if the Group's functional currency had weakened/strengthened by 10% against the US dollar, etc., with all other variables held constant, profit before income tax would have been affected as follows:

(In millions of Korean won)	June 30, 2023		December 31, 2022	
	10% Increase	10% Decrease	10% Increase	10% Decrease
USD	₩ (112,901)	₩ 112,901	₩ (75,555)	₩ 75,555
EUR	(387,847)	387,847	(418,930)	418,930
JPY	(14,554)	14,554	(12,603)	12,603
CNY and others	(1,473)	1,473	42,841	(42,841)

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 June 30, 2023, and December 31, 2022, 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)

	Contractor	Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Book amount	
						Assets	Liabilities
Currency forward	Industrial and Commercial Bank of China	USD 158	1,218.70	2022.04.22	2024.02.01	₩ -	₩ 12,065
	Shinhan Bank	USD 500	1,135.60	2020.10.14	2024.10.15	67,386	-
	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.04.16	61,793	-
Currency swap	SMBC	USD 200	1,118.00	2021.05.28	2024.05.28	32,638	-
	KDB Bank	USD 130	1,135.60	2021.06.24	2025.06.24	30,306	-
	KDB Bank	USD 35	1,135.60	2021.06.24	2026.06.24	9,048	-
	Shinhan Bank	USD 300	1,131.80	2021.07.07	2026.07.07	35,753	-
	Woori Bank	USD 100	1,131.80	2021.07.07	2026.07.07	12,148	-
	Industrial and Commercial Bank of China	USD 100	1,131.80	2021.07.07	2026.07.07	12,125	-
	Shinhan Bank	USD 100	1,131.80	2021.07.07	2031.07.07	11,570	-
	Woori Bank	USD 200	1,131.80	2021.07.07	2031.07.07	23,739	-
	KDB Bank	USD 200	1,131.80	2021.07.07	2031.07.07	23,793	-
	KDB Bank	USD 250	1,289.70	2022.06.15	2025.06.15	7,365	-
	Shinhan Bank	USD 110	1,289.70	2022.06.15	2027.06.15	3,314	-
	The Export-Import Bank of Korea	USD 200	1,305.90	2022.07.14	2025.07.14	-	3,966
	Shinhan Bank	USD 100	1,305.90	2022.07.14	2025.07.14	-	1,840
KDB Bank	USD 200	1,233.40	2023.01.26	2025.01.26	17,256	-	
Shinhan Bank	USD 100	1,233.40	2023.01.26	2026.01.26	8,602	-	
KDB Bank	USD 100	1,233.40	2023.01.26	2026.01.26	8,838	-	

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

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

		December 31, 2022				Book amount	
	Contractor	Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Assets	Liabilities
Currency Forward	Citi Bank	USD 105	1,234.60	2022.04.22	2023.02.01	₩ -	₩ 3,348
	Industrial and Commercial Bank of China	USD 158	1,218.70	2022.04.22	2024.02.01	-	4,364
	Shinhan Bank	USD 500	1,135.60	2020.10.14	2024.10.15	47,695	-
	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.04.16	41,780	-
	ING	EUR 100	4.7800 ¹	2022.01.05	2023.01.05	-	2,522
Currency swap	SMBC	USD 200	1,118.00	2021.05.28	2024.05.28	22,974	-
	KDB Bank	USD 130	1,135.60	2021.06.24	2025.06.24	26,317	-
	KDB Bank	USD 35	1,135.60	2021.06.24	2026.06.24	7,898	-
	Shinhan Bank	USD 300	1,131.80	2021.07.07	2026.07.07	26,599	-
	Woori Bank	USD 100	1,131.80	2021.07.07	2026.07.07	9,067	-
	Industrial and Commercial Bank of China	USD 100	1,131.80	2021.07.07	2026.07.07	9,175	-
	Shinhan Bank	USD 100	1,131.80	2021.07.07	2031.07.07	6,192	-
	Woori Bank	USD 200	1,131.80	2021.07.07	2031.07.07	12,852	-
	KDB Bank	USD 200	1,131.80	2021.07.07	2031.07.07	12,926	-
	KDB Bank	USD 250	1,289.70	2022.06.15	2025.06.15	-	3,374
	Shinhan Bank	USD 110	1,289.70	2022.06.15	2027.06.15	-	1,700
	The Export-Import Bank of Korea	USD 200	1,305.90	2022.07.14	2025.07.14	-	10,360
	Shinhan Bank	USD 100	1,305.90	2022.07.14	2025.07.14	-	5,003

¹ Cross exchange rate between PLN and EUR.

2) Price risk

The Group is exposed to equity securities price risk that arises from investments held by the Group and classified as non-current financial assets. The Group's equity investments are publicly traded and are related to the National Association of Securities Dealers Automated Quotations ("NASDAQ"), New York Stock Exchange ("NYSE"), Shenzhen Stock Exchange ("SZSE"), Hang Seng Index ("HIS"), Australian Stock Exchange ("ASX") and KOSPI stock indexes.

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 June 30, 2023, and December 31, 2022. 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.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

	June 30, 2023		December 31, 2022	
	10% Increase	10% Decrease	10% Increase	10% Decrease
<i>(In millions of Korean won)</i>				
NASDAQ	₩ 17,326	₩ (17,326)	₩ 2,561	₩ (2,561)
ASX	3,706	(3,706)	1,167	(1,167)
NYSE	5,024	(5,024)	4,416	(4,416)
SZSE	2,596	(2,596)	3,747	(3,747)
HSI	11,401	(11,401)	8,349	(8,349)
KOSPI	15,041	(15,041)	17,667	(17,667)
Total	₩ 55,094	₩ (55,094)	₩ 37,907	₩ (37,907)

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 rate 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 six-month periods ended June 30, 2023 and 2022. 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.

	Impact on post-tax profit		Impact on equity	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
<i>(In millions of Korean won)</i>				
Increase				
Deposits	₩ 16,831	₩ 44,606	₩ 16,831	₩ 44,606
Borrowings	(46,841)	(41,996)	(46,841)	(41,996)
Total	₩ (30,010)	₩ 2,610	₩ (30,010)	₩ 2,610
Decrease				
Deposits	₩ (16,831)	₩ (44,606)	₩ (16,831)	₩ (44,606)
Borrowings	46,841	41,996	46,841	41,996
Total	₩ 30,010	₩ (2,610)	₩ 30,010	₩ (2,610)

(2) Credit risk

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

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

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 June 30, 2023, and at December 31, 2022, are as follows. Expected credit losses include forward-looking information.

<i>(In millions of Korean won)</i>	Receivables not past due¹	Receivables past due, but not impaired¹	Impaired receivables²	Total
June 30, 2023 (trade receivables)				
Gross carrying amount	₩ 8,354,306	₩ 435,595	₩ 1,831	₩ 8,791,732
Expected loss rate	0.0%	0.1%	68.1%	0.0%
Loss allowance	₩ 1,443	₩ 565	₩ 1,247	₩ 3,255
December 31, 2022 (trade receivables)				
Gross carrying amount	₩ 7,349,259	₩ 223,992	₩ 2,859	₩ 7,576,110
Expected loss rate	0.0%	0.3%	88.4%	0.1%
Loss allowance	₩ 1,900	₩ 591	₩ 2,526	₩ 5,017

¹ See Note 7.(3) for aging analysis.

² 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 six-month period ended June 30, 2023, and for the year ended December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	Trade receivables	
	June 30, 2023	December 31, 2022
Beginning balance	₩ 5,017	₩ 5,094
Increase in (reversal of) loss allowance recognized in profit or loss	(560)	-
Business combination (Note 37)	-	724
Receivables written off as uncollectible	-	(849)
Exchange differences	(1,202)	48
Ending balance	<u>₩ 3,255</u>	<u>₩ 5,017</u>

As at June 30, 2023, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩8,788,477 million (December 31, 2022: ₩7,571,093 million).

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

2) Other financial assets at amortized cost

Movements in loss allowance on other financial assets at amortized cost for the six-month period ended June 30, 2023, and for the year ended December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	Other receivables	
	June 30, 2023	December 31, 2022
Beginning balance	₩ 682	₩ 2,165
Increase in loss allowance recognized in profit or loss as 'other expenses'	-	(331)
Receivables written off as uncollectible	(54)	(1,152)
Ending balance	₩ 628	₩ 682

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-month 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 and 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 contracts with several financial institutions. The Group maintains business relationship with 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 statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

flows for interests.

<i>(In millions of Korean won)</i>	June 30, 2023			
	Less than 1 year	Between 1–2 years	Between 2–5 years	More than 5 years
Non-derivative financial instruments				
Borrowings (excluding lease liabilities)	₩ 5,909,123	₩ 3,725,965	₩ 6,994,521	₩ 3,516,048
Lease liabilities	111,989	111,620	105,190	220,334
Trade and other payables ¹	9,208,508	68,856	15,806	926
	<u>15,229,620</u>	<u>3,906,441</u>	<u>7,115,517</u>	<u>3,737,308</u>
Derivative instruments				
Gross settlement currency forwards and swaps				
(Inflows)	(575,351)	(1,529,215)	(1,334,687)	(1,367,363)
Outflows	509,357	1,357,227	1,211,280	1,161,965
	<u>(65,994)</u>	<u>(171,988)</u>	<u>(123,407)</u>	<u>(205,398)</u>
	<u>₩ 15,163,626</u>	<u>₩ 3,734,453</u>	<u>₩ 6,992,110</u>	<u>₩ 3,531,910</u>

¹ Included ₩573,545 million of financial liabilities due to a financial institution relating to reverse factoring arrangement as at June 30, 2023. As at December 31, 2022, there is no utilized amount in the reverse factoring arrangement.

Although it is not included in the above cash flow, the agreement is made to purchase additional shares of LG Toray Hungary Battery Separator Kft. in accordance with the agreed price calculation method (Note 18).

<i>(In millions of Korean won)</i>	December 31, 2022			
	Less than 1 year	Between 1–2 years	Between 2–5 years	More than 5 years
Non-derivative financial instruments				
Borrowings (excluding lease liabilities)	₩ 4,098,366	₩ 3,315,867	₩ 5,730,247	₩ 3,963,315
Lease liabilities	138,892	70,516	100,099	120,992
Trade and other payables ¹	9,655,799	41,085	1,546	1,077
	<u>13,893,057</u>	<u>3,427,468</u>	<u>5,831,892</u>	<u>4,085,384</u>
Derivative instruments				
Gross settlement currency forwards and swaps				
(Inflows)	(344,898)	(1,157,662)	(1,787,213)	(1,327,497)
Outflows	328,856	1,047,373	1,694,337	1,168,399
	<u>(16,042)</u>	<u>(110,289)</u>	<u>(92,876)</u>	<u>(159,098)</u>
	<u>₩ 13,877,015</u>	<u>₩ 3,317,179</u>	<u>₩ 5,739,016</u>	<u>₩ 3,926,286</u>

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

As of June 30, 2023, and December 31, 2022, the Group has entered into swap contracts for which cash flow hedge accounting is applied, to avoid market price fluctuation of raw materials.

(In millions of Korean won)	Purpose of the contracts	Hedged items	Financial institution	Maturity	June 30, 2023		December 31, 2022	
					Assets	Liabilities	Assets	Liabilities
Merchandise (raw materials) swap ¹	Cash flow hedge	Non-ferrous metal	Citi Bank and others	2025. 12	₩1,217	₩ 4,387	₩13,931	₩ 2,143

¹ 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).

Details of financial guarantee contracts by maturity as at June 30, 2023, and December 31, 2022, are as follows:

(In millions of Korean won)	June 30, 2023			
	Less than 1 year	Between 1–2 years	Between 2–5 years	More than 5 years
Financial guarantee contracts (*)	₩ 466,700	₩ -	₩ -	₩ -

(In millions of Korean won)	December 31, 2022			
	Less than 1 year	Between 1–2 years	Between 2–5 years	More than 5 years
Financial guarantee contracts (*)	₩ 450,525	₩ -	₩ -	₩ -

(*) The financial guarantee contracts above are for joint ventures and are presented based on the maximum amount of guarantee that can be requested as at June 30, 2023, and at December 31, 2022 (Note 18).

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 statements of financial positions, plus net debt.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

The gearing ratio and debt-to-equity ratio as of June 30, 2023, and December 31, 2022, were as follows:

<i>(In millions of Korean won, except for ratios)</i>	June 30, 2023		December 31, 2022	
Total borrowings (Note 14) (A)	₩	19,235,446	₩	15,964,519
Less: cash and cash equivalents (B)		<u>(6,846,166)</u>		<u>(8,497,882)</u>
Net debt (C=A+B)		<u>12,389,280</u>		<u>7,466,637</u>
Total liabilities (D)		32,893,441		30,492,696
Total equity (E)		<u>39,607,560</u>		<u>37,481,127</u>
Total capital (F=C+E)	₩	<u>51,996,840</u>	₩	<u>44,947,764</u>
Gearing ratio (C/F)		23.8%		16.6%
Debt-to-equity ratio (D/E)		83.0%		81.4%

3.3 Fair Value

(1) Carrying amount and fair value of financial instruments by category as of June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets (current)				
Cash and cash equivalents	₩ 6,846,166	1	₩ 8,497,882	1
Deposits held by financial institutions	24,513	1	14,448	1
Trade receivables	8,656,479	1	7,450,395	1
Other receivables (excluding deposits held by financial institutions)	844,221	1	727,983	1
Current derivative financial assets (excluding currency forward)	33,500	33,500	9,167	9,167
Financial assets (non-current)				
Deposits held by financial institutions	₩ 272,416	1	₩ 277,210	1
Trade receivables	131,998	1	120,698	1
Other receivables (excluding deposits held by financial institutions)	406,359	1	340,234	1
Other non-current financial assets (carried at fair value)				
Marketable financial assets	536,328	536,328	462,330	462,330
Non-marketable financial assets ³	615,145	615,145	495,484	495,484
Non-current derivative financial assets (currency forward)	129,179	129,179	89,475	89,475
Non-current derivative financial assets (excluding currency forward)	204,213	204,213	138,764	138,764

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current derivative financial assets (acquisition of interests)	52,949	52,949	51,114	51,114
Financial liabilities (current)				
Trade and other payables	₩ 9,208,508	¹	₩ 9,655,799	¹
Current borrowings (excluding lease liabilities)	5,165,567	¹	3,709,288	¹
Current lease liabilities	101,849	²	95,079	²
Current derivative financial liabilities (currency forward)	12,065	12,065	5,870	5,870
Current derivative financial liabilities (excluding currency forward)	3,584	3,584	1,401	1,401
Financial guarantee contracts liabilities	2,437	¹	-	-
Financial liabilities (non-current)				
Non-current borrowings (excluding lease liabilities)	₩ 13,576,656	₩ 12,372,758	₩ 11,865,593	₩ 11,092,812
Non-current lease liabilities	391,374	²	294,559	²
Other non-current payables	85,588	¹	43,708	¹
Non-current derivative financial liabilities (currency forward)	-	-	4,364	4,364
Non-current derivative financial liabilities (excluding currency forward)	6,608	6,608	21,178	21,178
Non-current derivative financial liabilities (acquisition of interests)	8,852	8,852	7,777	7,777

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

² Fair values for these financial assets and liabilities are not disclosed above in accordance with related K-IFRS.

³ Acquisition costs of a part of these financial assets approximate their fair values.

(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).

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Fair value hierarchy of the financial instruments that are measured at fair value and their fair values disclosed as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets/liabilities measured at fair value				
Other non-current financial assets (marketable financial assets)	₩ 536,328	₩ -	₩ -	₩ 536,328
Other non-current financial assets (non-marketable financial assets) ¹	-	-	615,145	615,145
Current derivative financial assets (excluding currency forward)	-	33,500	-	33,500
Non-current derivative financial assets (currency forward)	-	129,179	-	129,179
Non-current derivative financial assets (excluding currency forward)	-	204,213	-	204,213
Non-current derivative financial assets (acquisition of interests)	-	-	52,949	52,949
Current derivative financial liabilities (currency forward)	-	12,065	-	12,065
Current derivative financial liabilities (excluding currency forward)	-	3,584	-	3,584
Non-current derivative financial liabilities (excluding currency forward)	-	6,608	-	6,608
Non-current derivative financial liabilities (acquisition of interests)	-	-	8,852	8,852
Financial assets/liabilities not measured at fair value				
Non-current borrowings (excluding lease liabilities)	₩ -	₩ -	₩ 12,372,758	₩ 12,372,758

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

<i>(In millions of Korean won)</i>	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets/liabilities measured at fair value				
Other non-current financial assets (marketable financial assets)	₩ 462,330	₩ -	₩ -	₩ 462,330
Other non-current financial assets (non-marketable financial assets) ¹	-	-	495,484	495,484
Current derivative financial assets (excluding currency forward)	-	9,167	-	9,167
Non-current derivative financial assets (currency forward)	-	89,475	-	89,475
Non-current derivative financial assets (excluding currency forward)	-	138,764	-	138,764
Non-current derivative financial assets (purchase of interests)	-	-	51,114	51,114
Current derivative financial liabilities (currency forward)	-	5,870	-	5,870
Current derivative financial liabilities (excluding currency forward)	-	1,401	-	1,401
Non-current derivative financial liabilities (currency forward)	-	4,364	-	4,364
Non-current derivative financial liabilities (excluding currency forward)	-	21,178	-	21,178
Non-current derivative financial liabilities (acquisition of interests)	-	-	7,777	7,777
Financial assets/liabilities not measured at fair value				
Non-current borrowings (excluding lease liabilities)	₩ -	₩ -	₩ 11,092,812	₩ 11,092,812

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

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

(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 June 30, 2023, and December 31, 2022, are as follows:

June 30, 2023						
<i>(In millions of Korean won)</i>	Fair value	Level	Valuation technique	Inputs	Coverage of Level 3 inputs (weighted average)	
Non-current derivative financial assets (acquisition of interests)	₩ 48,226	3	Monte Carlo Simulation	Stock volatility of underlying assets	40.54%	
				Stock price correlation coefficient	35.81%	
				Volatility of financial indicators	44.11%	
	4,723	3	Binominal option-pricing model	Volatility	45.60%	
Non-current derivative financial liabilities (acquisition of interests)	8,852	3	Monte Carlo Simulation	Stock volatility of underlying assets	40.54%	
				Stock price correlation coefficient	57.86%	
				Volatility of financial indicators	21.90%	
Other non-current financial assets (non-listed shares)	14,147	3	Binominal option-pricing model	Volatility	25.92%	
	46,581	3	Discounted cash flows model	Discount rates	13.53%	
	137,450	3	Adjusted net asset method	-	-	
Non-current borrowings (excluding lease liabilities)	12,372,758	3	Discounted cash flows model	Discount rates	3.98%–5.38%	

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

<i>(In millions of Korean won)</i>	December 31, 2022					Coverage of Level 3 inputs (weighted average)
	Fair value	Level	Valuation Technique	Inputs		
Non-current derivative financial assets (acquisition of interests)	₩ 46,555	3	Monte Carlo Simulation	Stock volatility of underlying assets		40.54%
					Stock price correlation coefficient	35.81%
					Volatility of Financial Indicators	44.11%
Non-current derivative financial liabilities (acquisition of interests)	4,559	3	Binominal option-pricing model	Volatility		45.60%
					Stock volatility of underlying assets	40.54%
					Stock price correlation coefficient	57.86%
Other non-current financial assets (non-listed shares)			Binominal option-pricing model	Volatility		21.90%
	14,437	3			Volatility	25.92%
	46,682	3			Discounted cash flows model	Discount rates
Non-current borrowings (excluding lease liabilities)	132,686	3	Adjusted net asset method	-		-
					Discount rates	4.94%–5.33%
	11,092,812	3			Discounted cash flows model	Discount rates

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

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

Significant accounting estimates and assumptions applied in the preparation of these condensed consolidated interim financial statements are the same as those applied to the consolidated financial statements as of and for the year ended December 31, 2022, except for the estimates used to determine income tax expense.

5. FINANCIAL INSTRUMENTS BY CATEGORY:

Categorizations of financial instruments as at June 30, 2023, and December 31, 2022, are as follows:

(In millions of Korean won)

Financial assets	June 30, 2023				
	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 ¹	Total
Cash and cash equivalents	₩ 6,846,166	₩ -	₩ -	₩ -	₩ 6,846,166
Trade receivables	8,231,162	-	425,317	-	8,656,479
Non-current trade receivables	131,998	-	-	-	131,998
Other receivables	868,577	-	157	-	868,734
Other non-current receivables	678,775	-	-	-	678,775
Other current financial assets	-	-	-	33,500	33,500
Other non-current financial assets	-	333,909	817,564	386,341	1,537,814
Total	₩ 16,756,678	₩ 333,909	₩ 1,243,038	₩ 419,841	₩ 18,753,466

(In millions of Korean won)

Financial liabilities	June 30, 2023		
	Financial liabilities at amortized cost	Other financial liabilities ²	Total
Trade payables	₩ 4,886,780	₩ -	₩ 4,886,780
Other payables	4,321,728	-	4,321,728
Borrowings (current)	4,173,700	1,093,716	5,267,416
Other current financial liabilities	-	18,086	18,086
Other non-current financial liabilities	-	15,460	15,460
Other non-current payables	85,588	-	85,588
Borrowings (non-current)	13,576,656	391,374	13,968,030
Total	₩ 27,044,452	₩ 1,518,636	₩ 28,563,088

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

(In millions of Korean won)

Financial assets	December 31, 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 ¹	Total
Cash and cash equivalents	₩ 8,497,882	₩ -	₩ -	₩ -	₩ 8,497,882
Trade receivables	6,919,243	-	531,152	-	7,450,395
Non-current trade receivables	120,698	-	-	-	120,698
Other receivables	741,000	-	1,431	-	742,431
Other non-current receivables	617,444	-	-	-	617,444
Other current financial assets	-	-	-	9,167	9,167
Other non-current financial assets	-	245,459	712,355	279,353	1,237,167
Total	₩ 16,896,267	₩ 245,459	₩ 1,244,938	₩ 288,520	₩18,675,184

(In millions of Korean won)

Financial liabilities	December 31, 2022		
	Financial liabilities at amortized cost	Other financial liabilities ²	Total
Trade payables	₩ 4,756,246	₩ -	₩ 4,756,246
Other payables	4,899,553	-	4,899,553
Borrowings (current)	3,709,288	95,079	3,804,367
Other current financial liabilities	-	7,271	7,271
Other non-current financial liabilities	-	33,319	33,319
Other non-current payables	43,708	-	43,708
Borrowings (non-current)	11,865,593	294,559	12,160,152
Total	₩ 25,274,388	₩ 430,228	₩ 25,704,616

¹ Other financial assets include derivative assets that are not subject to the categorizations.

² Other financial liabilities include lease liabilities, derivative liabilities and negotiated borrowings that are not subject to the categorizations.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Net gains or losses on each category of financial instruments for the six-month periods ended June 30, 2023 and June 30, 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Dividend income				
Financial assets at fair value through other comprehensive income	₩ 423	₩ 13,054	₩ 326	₩ 326
Financial assets at fair value through profit or loss	-	289	-	-
Impairment loss (reversal)				
Financial assets at amortized cost	(35)	₩ (560)	₩ (198)	₩ 291
Interest income				
Financial assets at amortized cost	62,802	₩ 136,103	₩ 66,761	₩ 124,937
Interest expense				
Financial liabilities at amortized cost	(146,447)	₩ (278,984)	₩ (63,226)	₩ (127,322)
Other financial liabilities	(1,746)	(4,206)	(2,447)	(4,675)
Financial assets at amortized cost ¹	(17,592)	(23,399)	(2,309)	(2,688)
Gain on valuation/disposal				
Financial assets at fair value through profit or loss	240	₩ 3,723	₩ 263	₩ 344
Financial assets at fair value through other comprehensive income	(29,892)	(32,654)	(297)	(609)
Derivative instruments	11,808	147,176	36,705	138,590
Exchange differences				
Financial assets at amortized cost	126,553	₩ 352,037	₩ 517,064	₩ 657,334
Financial liabilities at amortized cost	158,115	5,445	(579,469)	(762,983)
Derivative instruments	-	(517)	10,539	10,539
Other financial liabilities	7,603	(1,797)	(6,963)	(11,189)

¹ Fees paid to financial institutions for factoring.

6. CASH AND CASH EQUIVALENTS:

Details of cash and cash equivalents as at June 30, 2023, and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
Bank deposits and cash on hand	₩ 2,673,882	₩ 1,640,251
Deposits held by financial institutions and others	4,172,284	6,857,631
Total	₩ 6,846,166	₩ 8,497,882

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

As at June 30, 2023, cash and cash equivalents include ₩17,234 million (December 31, 2022: ₩11,364 million), which is subject to a restriction on the use in association with the national R&D projects.

7. TRADE AND OTHER RECEIVABLES:

Trade and other receivables and loss allowance, as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		
	Gross amount	Loss allowance	Carrying amount
Trade receivables	₩ 8,659,734	₩ (3,255)	₩ 8,656,479
Non-current trade receivables	131,998	-	131,998
Other current receivables	869,362	(628)	868,734
Other non-current receivables	678,775	-	678,775
Total	₩ 10,339,869	₩ (3,883)	₩ 10,335,986

<i>(In millions of Korean won)</i>	December 31, 2022		
	Gross amount	Loss allowance	Carrying amount
Trade receivables	₩ 7,455,412	₩ (5,017)	₩ 7,450,395
Non-current trade receivables	120,698	-	120,698
Other current receivables	743,113	(682)	742,431
Other non-current receivables	617,444	-	617,444
Total	₩ 8,936,667	₩ (5,699)	₩ 8,930,968

Details of other receivables as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Current				
Non-trade receivables	₩	535,084	₩	487,646
Deposits held by financial institutions ¹		24,513		14,448
Accrued income		53,818		68,294
Loans		206,318		129,908
Guarantee deposits provided		49,001		42,135
		<u>868,734</u>		<u>742,431</u>
Non-current				
Non-trade receivables	₩	289,556	₩	30,793
Deposits held by financial institutions ¹		272,416		277,210
Loans		9,139		207,247
Guarantee deposits provided		107,664		102,194
		<u>678,775</u>		<u>617,444</u>
Total	₩	1,547,509	₩	1,359,875

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

- 1 As at June 30, 2023, ₩266,100 million (December 31, 2022: ₩266,100 million) is withdrawal restriction in relation to large-, small- and medium-sized companies cooperation agreement, ₩113 million is restricted in use to be retained in connection with maintaining checking accounts (December 31, 2022: ₩123 million), and ₩5,000 million is restricted in use to be retained in connection with employee loan deposits (December 31, 2022: ₩10,000 million). Also, USD 17 million is limited to use as a deposit for construction work and PLN 4 million is restricted in use to be retained in relation to overseas transportation of hazardous waste (December 31, 2022: PLN 3 million).

The aging analysis of trade and other receivables as at June 30, 2023, and December 31, 2022, is as follows:

	June 30, 2023		December 31, 2022	
	Trade receivables	Other receivables	Trade receivables	Other receivables
<i>(In millions of Korean won)</i>				
Receivables not past due	₩ 8,354,306	₩ 1,522,987	₩7,349,259	₩ 1,309,179
Past due but not impaired				
Up to three months	422,732	16,680	220,785	31,873
Between 3–6 months	5,407	5,286	2,445	10,989
More than six months	7,456	2,556	762	7,834
	435,595	24,522	223,992	50,696
Impaired receivables	1,831	628	2,859	682
Total	₩ 8,791,732	₩ 1,548,137	₩7,576,110	₩ 1,360,557

Movements of loss allowance on trade and other receivables for the six-month period ended June 30, 2023, and for the year ended December 31, 2022, are as follows:

	June 30, 2023			
	Trade receivables		Other receivables	
	Current	Non-current	Current	Non-current
<i>(In millions of Korean won)</i>				
Beginning balance	₩ 5,017	-	₩ 682	-
Reversal of impairment	(560)	-	-	-
Exchange differences	(1,202)	-	(54)	-
Ending balance	₩ 3,255	-	₩ 628	-
	December 31, 2022			
	Trade receivables		Other receivables	
	Current	Non-current	Current	Non-current
<i>(In millions of Korean won)</i>				
Beginning balance	₩ 5,094	-	₩ 2,165	-
Reversal of impairment	-	-	(331)	-
Business combination (Note 37)	724	-	-	-
Write-off	(849)	-	(1,152)	-
Exchange differences	48	-	-	-
Ending balance	₩ 5,017	-	₩ 682	-

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

As at June 30, 2023, and December 31, 2022, 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 ₩490,498 million at June 30, 2023 (December 31, 2022: ₩201,640 million), and derecognized the trade and other receivables from the condensed consolidated interim financial statements at the date of disposal, as substantially all the risks and rewards were transferred.

8. OTHER FINANCIAL ASSETS AND LIABILITIES:

Details of other financial assets and liabilities as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023	December 31, 2022
Other financial assets		
Financial assets at fair value through other comprehensive income (derivative instruments) (current)	₩ 862	₩ 9,167
Financial assets at fair value through profit or loss (derivative instruments) (current)	32,638	-
Financial assets at fair value through other comprehensive income (derivative instruments) (non-current)	354	4,764
Financial assets at fair value through other comprehensive income (excluding derivative instruments) (non-current)	817,564	712,355
Financial assets at fair value through profit or loss (derivative instruments) (non-current)	385,987	274,589
Financial assets at fair value through profit or loss (excluding derivative instruments) (non-current)	<u>333,909</u>	<u>245,459</u>
	<u>₩ 1,571,314</u>	<u>₩ 1,246,334</u>
Other financial liabilities		
Financial guarantee contracts	₩ 2,437	₩ -
Financial liabilities at fair value through other comprehensive income (derivative instruments) (current)	3,584	₩ 1,401
Financial liabilities at fair value through profit or loss (derivative instruments) (current)	12,065	5,870
Financial liabilities at fair value through other comprehensive income (derivative instruments) (non-current)	803	742
Financial liabilities at fair value through profit or loss (derivative instruments) (non-current)	<u>14,657</u>	<u>32,577</u>
	<u>₩ 33,546</u>	<u>₩ 40,590</u>

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Changes in equity and debt instruments included in other financial assets as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Beginning balance	₩	958,060	₩	362,452
Acquisitions/transfer		224,442		680,284
Disposals		(4,654)		(32,578)
Gain on valuation through other comprehensive income (before income tax effects)		(32,654)		(51,355)
Gain (loss) on valuation through profit or loss		2,755		(4,761)
Exchange differences on translation of foreign operations		3,524		4,018
Ending balance	₩	1,151,473	₩	958,060

(*) The Group has entered into a Put-Option agreement regarding its equity investment for Volta Energy Solutions S.a.r.l for the purpose of guaranteeing the principal amount of investments. The main conditions of the Put-Option agreement are as follows:

Category	Details
Exercise date	For three years from the date on which three years lapse since it was acquired (Date of initial investment: January 27, 2021)
Exercise price	Investment amount deducting dividends (received from the time of investment to the time of exercise) from the investment
Other conditions	Put-option cannot be exercised in case Volta Energy Solutions S.a.r.l is listed

During the six-month period ended June 30, 2023, and for the year ended December 31, 2022, the Group did not recognize impairment for other financial assets.

9. INVENTORIES:

Details of inventories as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		
	Gross amount	Valuation allowance	Carrying amount
Merchandise	₩ 425,082	₩ (25,534)	₩ 399,548
Finished/semifinished products	6,200,828	(254,829)	5,945,999
Work in process	23,874	-	23,874
Raw materials	3,129,597	(62,027)	3,067,570
Supplies	337,218	-	337,218
Goods in transit	1,370,369	-	1,370,369
Total	₩ 11,486,968	₩ (342,390)	₩ 11,144,578

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

(In millions of Korean won)	December 31, 2022		
	Gross amount	Valuation allowance	Carrying amount
Merchandise	₩ 379,412	₩ (29,242)	₩ 350,170
Finished/semifinished products	7,186,610	(333,643)	6,852,967
Work in process	32,439	-	32,439
Raw materials	3,004,491	(44,344)	2,960,147
Supplies	307,117	-	307,117
Goods in transit	1,377,791	-	1,377,791
Total	₩ 12,287,860	₩ (407,229)	₩ 11,880,631

The cost of inventories recognized as sales costs during the six-month period ended June 30, 2023, was ₩18,928,915 million (2022: ₩14,110,626 million).

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES:

Changes in investments in associates and joint ventures for the six-month period ended June 30, 2023, and for the year ended December 31, 2022, are as follows:

(In millions of Korean won)	June 30, 2023							
	Beginning balance	Acquisitions /transfer	Dividends	Share of profit (loss) of associates and joint ventures	Share of other comprehensive income (loss) of associates and joint ventures	Impairment/disposals	Others	Ending balance
TECHWIN Co., Ltd.	₩ 16,526	₩ -	₩ -	₩ (1,570)	₩ -	₩ -	₩ -	₩ 14,956
SEETEC Co., Ltd	134,482	-	(5,000)	4,387	-	-	461	134,330
LG Life Sciences Poland Ltd.	17	-	-	-	-	-	-	17
HUAJIN NEW ENERGY MATERIALS (QUZHOU) CO., LTD.	81,179	-	-	1,556	(242)	-	-	82,493
VINFAST LITHIUM BATTERY PACK LIMITED LIABILITY COMPANY ¹	2,428	-	-	(482)	64	(2,010)	-	-
Jiangxi VL Battery Co.,Ltd ²	13,323	-	-	(1,317)	543	(12,549)	-	-
PT.HLI Green Power Sam-a Aluminium Company, Limited	187,945	-	-	(15,118)	7,859	-	-	180,686
	-	46,575	-	(1,375)	-	-	-	45,200

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

TL Chemical CO., Ltd	47,816	-	-	789	-	-	-	48,605
LG Toray Hungary Battery Separator Kft.	445,999	-	-	(5,425)	20,789	-	(8,400)	452,963
KOREA PRECURSOR CO., LTD.	19,838	20,384	-	(668)	(103)	-	-	39,451
	<u>₩ 949,553</u>	<u>₩ 66,959</u>	<u>₩ (5,000)</u>	<u>₩ (19,223)</u>	<u>₩ 28,910</u>	<u>₩ (14,559)</u>	<u>₩ (7,939)</u>	<u>₩ 998,701</u>

¹ During the six-month period ended June 30, 2023, the Group decided on the non-reciprocal transfer of VINFAST LITHIUM BATTERY PACK LLC. and recognized impairment losses on the carrying amount.

² The Group decided on the non-reciprocal transfer of Jiangxi VL Battery Co., Ltd. and recognized impairment losses on the carrying amount.

December 31, 2022

<i>(In millions of Korean won)</i>	Beginning balance	Acquisitions /transfer	Dividends	Share of profit (loss) of associates and joint ventures
VINA Plasticizers Chemical Co., Ltd. ¹	₩ 12,822	₩ -	₩ -	₩ 2,239
TECHWIN Co., Ltd.	19,024	-	-	(2,447)
SEETEC Co., Ltd	134,843	-	(5,000)	4,946
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMICO LTDA.	579	-	-	-
LG Chem Malaysia SDN.BHD	150	-	-	-
LG Life Sciences Poland Ltd.	17	-	-	-
HUAJIN NEW ENERGY MATERIALS (QUZHOU) CO., LTD.	93,835	-	-	(8,879)
VINFAST LITHIUM BATTERY PACK LIMITED LIABILITY COMPANY	3,769	-	-	(1,611)
Jiangxi VL Battery Co., Ltd	20,310	-	-	(6,820)
PT.HLI Green Power	201,488	-	-	(28,210)
TL Chemical CO., Ltd	48,473	-	-	(657)
LG Toray Hungary Battery Separator Kft.	-	445,628	-	(4,334)

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

KOREA PRECURSOR
CO., LTD.

	-	20,384	(442)
	₩ 535,310	₩ 466,012	₩ (5,000)
			₩ (46,215)

¹ During the previous year, the Group reclassified the shares of VINA Plasticizers Chemical Co., Ltd. amounting to ₩16,822 million as assets held for sale.

Summarized financial information of associates and joint ventures as of June 30, 2023, and December 31, 2022, are disclosed in Note 1.3 and Note 1.4.

The tables below provide a reconciliation of the summarized financial information presented to the carrying amount of its interest in the joint ventures or associates:

June 30, 2023						
	Net Asset (a)	Group's share in % (b)	Group's share in KRW (a x b)	Investment difference	Intercompany transactions, etc.	Carrying amount
HUAJIN NEW ENERGY MATERIALS (QUZHOU) CO., LTD.	₩168,090	49	₩ 82,364	₩ -	₩ 129	₩ 82,493
SEETEC Co., Ltd.	275,600	50	137,800	(3,470)	-	134,330
LG Toray Hungary Battery Separator Kft.	780,038	50	390,019	71,344	(8,400)	452,963
PT.HLI Green Power	448,773	50	224,387	-	(43,701)	180,686
December 31, 2022						
<i>(In millions of Korean won)</i>	Net Asset (a)	Group's share in % (b)	Group's share in KRW (a x b)	Investment difference	Intercompany transactions, etc.	Carrying amount
HUAJIN NEW ENERGY MATERIALS (QUZHOU) CO., LTD.	₩167,236	49	₩81,946	₩ -	₩ (767)	₩ 81,179
SEETEC Co., Ltd.	276,826	50	138,412	(3,470)	(460)	134,482
LG Toray Hungary Battery Separator Kft.	749,309	50	374,655	71,344	-	445,999
PT.HLI Green Power	440,626	50	220,313	-	(32,368)	187,945

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

11. Property, Plant and Equipment:

Changes in property, plant and equipment for the six-month period ended June 30, 2023, and for the year ended December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Beginning balance	₩	29,662,743	₩	24,378,259
Business combination (Note 37)		935		7,251
Acquisitions/transfer		7,543,947		15,410,699
Disposals/transfer		(2,337,792)		(6,837,397)
Exchange differences		665,058		(138,953)
Depreciation		(1,702,323)		(3,103,130)
Impairment		(19,200)		(38,095)
Transfer to assets held for sale (Note 34)		(10,849)		(15,891)
Ending balance	₩	<u>33,802,519</u>	₩	<u>29,662,743</u>

During the six-month period ended June 30, 2023, the Group capitalized ₩32,416 million of borrowing costs (2022: ₩9,540 million) in relation to the acquisition of property, plant and equipment. The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 3.04% (2022: 1.62%).

Line items, including depreciation in the consolidated statements of profit or loss for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		2022	
	Three months	Six months	Three months	Six months
Cost of sales	₩ 781,414	₩1,529,606	₩ 675,530	₩1,332,113
Selling and administrative expenses	90,169	172,413	69,933	140,027
Others	(480)	81	72	193
Discontinued operations	111	223	234	731
Total	<u>₩ 871,214</u>	<u>₩1,702,323</u>	<u>₩ 745,769</u>	<u>₩1,473,064</u>

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Lease

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

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

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Right-of-use assets¹				
Real estate	₩	485,129	₩	382,714
Machinery		46,461		50,078
Vehicles		36,377		29,935
Tools		1,786		2,204
Equipment		520		568
	₩	<u>570,273</u>	₩	<u>465,499</u>

¹ 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 six-month period ended June 30, 2023, were ₩202,862 million (2022: ₩64,248 million).

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Lease liabilities¹				
Current	₩	101,849	₩	95,079
Non-current		391,374		294,559
	₩	<u>493,223</u>	₩	<u>389,638</u>

¹ Included in the line item 'Borrowings' in the consolidated statements of financial position.

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

Lease-related expenses recognized in the consolidated statements of profit or loss for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		2022	
Depreciation of right-of-use assets				
Real estate	₩	42,766	₩	33,575
Machinery		4,366		2,920
Vehicles		10,439		8,731
Tools		1,240		952
Equipment		146		170
	₩	<u>58,957</u>	₩	<u>46,348</u>
Interest expense relating to lease liabilities (included in finance cost)	₩	4,206	₩	4,675
Expenses relating to short-term leases (included in cost of		15,588		11,431

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

<i>(In millions of Korean won)</i>	2023	2022
Depreciation of right-of-use assets		
goods sold and administrative expenses)		
Expenses relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)	9,791	6,973

Total cash outflow for leases during the six-month period ended June 30, 2023, was ₩89,647 million (2022: ₩70,904 million).

12. INTANGIBLE ASSETS:

Changes in intangible assets for the six-month period ended June 30, 2023, and for the year ended December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Beginning balance	₩	2,690,203	₩	2,444,303
Business combination (Note 37)		841,304		1,504
Acquisitions/transfer		251,286		598,608
Disposals/transfer		(3,335)		(41,494)
Exchange differences		75,337		4,205
Amortization		(192,201)		(290,921)
Impairment		(20)		(25,998)
Transfer to assets held for sale (Note 34)		(416)		(4)
Ending balance	₩	3,662,158	₩	2,690,203

Line items, including amortization of intangible assets for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		2022	
	Three months	Six months	Three months	Six months
Cost of sales	₩17,261	₩33,211	₩16,549	₩31,736
Selling and administrative expenses	91,537	158,987	56,215	106,780
Discontinued operations	2	3	2	4
Total	₩108,800	₩192,201	₩72,766	₩138,520

Total research and development costs recognized as expenses amounted to ₩965,989 million (2022: ₩784,778 million) for the six-month periods ended June 30, 2023 and 2022.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

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 free of charge for the 3rd planning period (2021 to 2025) is as follows:

<i>(In thousands of tons)</i>	2021	2022	2023	2024	2025	Total
Allocation with nil consideration	10,113	10,469	9,417	9,329	9,329	48,657

Changes in greenhouse gas emission permits during the six-month period ended June 30, 2023, and for the year ended December 31, 2022, are as follows:

<i>(In thousands of tons and millions of Korean won)</i>	June 30, 2023							
	2020		2021		2022		2023	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance /allocation with nil consideration	8,666	₩-	10,113	₩-	10,469	₩-	9,417	₩-
Purchase (Sales)	(69)	1,111	(285)	(20)	(811)	-	-	-
Exchange	100	-	(100)	-	-	-	-	-
Issuance of offset credits	-	-	-	-	119	-	-	-
Borrowings/Carry forwards between years	(49)	(388)	(392)	388	441	-	-	-
Surrendered to the government	(8,648)	(723)	(9,336)	(368)	-	-	-	-
Ending balance ¹	-	₩-	-	₩-	10,218	₩-	9,417	₩-

<i>(In thousands of tons and millions of Korean won)</i>	June 30, 2023					
	2024		2025		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance /allocation with nil consideration	9,329	₩-	9,329	₩-	57,323	₩-
Purchase (Sale)	-	-	-	-	(1,165)	1,091
Exchange	-	-	-	-	-	-
Issuance of offset credits	-	-	-	-	119	-
Borrowings/Carry forwards between years	-	-	-	-	-	-

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Surrendered to the government	-	-	-	-	(17,984)	(1,091)
Ending balance ¹	<u>9,329</u>	<u>₩-</u>	<u>9,329</u>	<u>₩-</u>	<u>38,293</u>	<u>₩-</u>

¹ The emission permits for 2022 are expected to be surrendered to the government after getting a certification in the current year.

<i>(In thousands of tons and millions of Korean won)</i>	December 31, 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 (sales)	(69)	1,111	(285)	(20)	(249)	-	-	-
Exchange	100	-	(100)	-	-	-	-	-
Issuance of offset credits	-	-	-	-	119	-	-	-
Borrowings/carry forwards between years	(49)	(388)	(392)	388	441	-	-	-
Surrendered to the government	(8,648)	(723)	(9,336)	(368)	-	-	-	-
Ending balance	<u>-</u>	<u>₩-</u>	<u>-</u>	<u>₩-</u>	<u>9,728</u>	<u>₩-</u>	<u>9,417</u>	<u>₩-</u>

<i>(In thousands of tons and millions of Korean won)</i>	December 31, 2022					
	2024		2025		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance /allocation with nil consideration	9,329	₩-	9,329	₩-	56,271	₩-
Purchase (sales)	-	-	-	-	(603)	1,091
Exchange	--	-	-	-	-	-
Issuance of offset credits	-	-	-	-	119	-
Borrowings/Carry forwards between years	-	-	-	-	-	-
Surrendered to the government	-	-	-	-	(17,984)	(1,091)
Ending balance	<u>9,329</u>	<u>₩-</u>	<u>9,329</u>	<u>₩-</u>	<u>37,803</u>	<u>₩-</u>

During the six-month period ended June 30, 2023, and for the year ended December 31, 2022, there are no greenhouse gas emission permits held for short-term trading purposes.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Details of Greenhouse gas emission permits included in other intangible assets of condensed consolidated interim financial statements regarding the EU ETS (Emissions Trading System) are as follows:

<i>(In thousands of tons and millions of Korean won)</i>	June 30, 2023		December 31, 2022	
	Quantity	Amount	Quantity	Amount
Beginning balance	87	₩ 8,002	1	₩ 66
Purchase/sale	69	9,355	78	7,902
Surrendered to the government	(104)	(11,068)	-	-
Allocation with nil consideration	-	-	8	-
Exchange	-	880	-	34
Ending balance¹	52	₩ 7,169	87	₩ 8,002

13. OTHER CURRENT AND NON-CURRENT ASSETS:

Details of other current and non-current assets as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023	December 31, 2022
Current		
Prepayments to suppliers and prepaid expenses	₩ 388,018	₩ 455,013
Prepaid value-added tax	328,413	293,627
Others	254,645	264,823
Total	₩ 971,076	₩ 1,013,463
Non-current		
Net defined benefit assets	₩ 543,881	₩ 618,049
Long-term prepayments and long-term prepaid expenses	183,277	143,876
Others	146	138
Total	₩ 727,304	₩ 762,063

14. BORROWINGS:

Borrowings as at June 30, 2023, and December 31, 2022, consist of the following:

<i>(In millions of Korean won)</i>	June 30, 2023	December 31, 2022
Current		
Short-term borrowings	₩ 2,918,489	₩ 1,402,367
Current portion of long-term borrowings	1,307,561	921,928

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Current portion of debentures	939,517	1,384,993
Current lease liabilities	101,849	95,079
	<u>5,267,416</u>	<u>3,804,367</u>
Non-current		
Long-term borrowings	₩ 5,983,622	₩ 5,285,629
Debentures	7,593,034	6,579,964
Lease liabilities	391,374	294,559
	<u>13,968,030</u>	<u>12,160,152</u>
Total	<u>₩ 19,235,446</u>	<u>₩ 15,964,519</u>

Details of short- and long-term borrowings and debentures as at June 30, 2023, and December 31, 2022, are as follows:

(In millions of Korean won)	Currency	Bank	Latest maturity date	Interest rate(%) as at June 30, 2023	June 30, 2023		December 31, 2022	
					Current	Non-current	Current	Non-current
Short-term borrowings								
Bank loans	Foreign currency	CITI Securities and others	2024.3.10	6.35 and others	₩ 2,043,532	₩ -	₩ 1,402,367	₩ -
Negotiated borrowings in foreign currency	Foreign currency	Woori Bank and others	2023.12.17	6M SOFR + 0.65 and others	874,957	-	-	-
Total					<u>₩ 2,918,489</u>	<u>₩ -</u>	<u>₩ 1,402,367</u>	<u>₩ -</u>
Long-term borrowings								
Bank loans	Korean won	KDB Bank and others	2028.11.1	4.47 and others	₩ 50,000	₩ 540,000	₩ -	₩ 50,000
	Foreign currency	RBH and others	2031.12.15	3M LIBOR + 0.91 and others	1,257,777	5,444,076	921,928	4,786,280
Less: discount on long-term borrowings					(216)	(454)	-	(651)
Total					<u>₩ 1,307,561</u>	<u>₩ 5,983,622</u>	<u>₩ 921,928</u>	<u>₩ 5,285,629</u>
Debentures								
Public debentures	Korean won	KB Securities Co., Ltd and others	2036.2.19	7.20 and others	₩ 940,000	₩ 4,450,000	₩ 710,000	₩ 3,540,000
Private debentures	Korean won	KB Securities Co., Ltd and others	2036.5.7	2.52 and others	-	150,000	-	150,000
	Foreign currency	CITI Securities and others	2031.7.7	4.38 and others	-	3,019,440	675,600	2,914,790
Less: discount on debentures					(483)	(26,406)	(607)	(24,826)
Total					<u>₩ 939,517</u>	<u>₩ 7,593,034</u>	<u>₩ 1,384,993</u>	<u>₩ 6,579,964</u>

Details of lease liabilities as at June 30, 2023, and December 31, 2022, are as follows:

(In millions of Korean won)	Leaser	Annual interest rate (%)	Latest maturity date	June 30, 2023		
				Total amount	Current	Non-current
	Hyundai Oil Bank and others	0.67 – 8.68	2082.2.28	₩ 493,223	₩ 101,849	₩ 391,374
(In millions of Korean won)	Leaser	Annual interest rate	Latest maturity	December 31, 2022		
				Total amount	Current	Non-current

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

	(%)	date			
Hyundai Oil Bank and others	0.67 – 8.68	2082.2.28	₩ 389,638	₩ 95,079	₩ 294,559

15. PROVISIONS:

Changes in provisions for the six-month period ended June 30, 2023, and for the year ended December 31, 2022, are as follows:

(In millions of Korean won)	June 30, 2023				
	Warranty ¹	Greenhouse gas emission ²	Legal claims ³	Restoration ⁴	Total
Beginning balance	₩ 1,485,978	₩ 8,712	₩ 14,355	₩ 50,815	₩ 1,559,860
Additions	519,914	7,352	1,323	2,417	519,938
Used	(246,741)	(11,068)	(1,038)	(23,896)	(271,675)
Ending balance	<u>₩ 1,759,151</u>	<u>₩ 4,996</u>	<u>₩ 14,640</u>	<u>₩ 29,336</u>	<u>₩ 1,808,123</u>
Current portion	989,328	4,996	-	22,801	1,017,125
Non-current portion	769,823	-	14,640	6,535	790,998

(In millions of Korean won)	December 31, 2022				
	Warranty ¹	Greenhouse gas emission ²	Legal claims ³	Restoration ⁴	Total
Beginning balance	₩ 2,110,180	₩ 79	₩ 15,642	₩ 83,807	₩ 2,209,708
Business combination (Note 37)	4,999	-	-	-	4,999
Additions (reversal)	666,923	12,493	(248)	9,384	688,552
Used	(1,296,124)	(3,860)	(1,039)	(42,376)	(1,343,399)
Ending balance	<u>₩ 1,485,978</u>	<u>₩ 8,712</u>	<u>₩ 14,355</u>	<u>₩ 50,815</u>	<u>₩ 1,559,860</u>
Current portion	971,836	8,712	-	45,898	1,026,446
Non-current portion	514,142	-	14,355	4,917	533,414

¹ Warranty provisions have been accrued based on historical experience for the estimated warranty costs to be incurred due to quality control, exchange and 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. As at June 30, 2023, the above warranty provision included ₩1,756,598 million of warranty provision for LG Energy Solution, Ltd. and its subsidiaries.

² Greenhouse gas emission provisions have been accrued for estimated expenditures to be obligated for any excess emission. The estimated emission as at June 30, 2023, amounts to 4,430 thousand tons (June 30, 2022: 4,872 thousand tons).

³ Lawsuit provisions have been accrued for certain pending cases.

⁴ As at June 30, 2023, restoration provisions have been accrued for the estimated expenses to restore land pollution and others.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

16. NET DEFINED BENEFIT ASSETS:

Details of net defined benefit liabilities (assets) recognized in the consolidated statements of financial position as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Present value of defined benefit obligations ¹	₩	1,602,143	₩	1,554,870
Fair value of plan assets		<u>(2,124,505)</u>		<u>(2,153,449)</u>
Liabilities (Assets) in the consolidated statements of financial position²		<u>₩ (522,362)</u>		<u>₩ (598,579)</u>

¹ The present value of retirement benefit obligations is net of existing contributions to the National Pension Plan of ₩592 million as at June 30, 2023 (December 31, 2022: ₩655 million).

The amounts recognized in the consolidated statements of profit or loss for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		2022	
	Three months	Six months	Three months	Six months
Current service cost ¹	51,182	99,140	52,933	105,606
Interest cost	<u>(8,007)</u>	<u>(15,983)</u>	<u>(199)</u>	<u>(367)</u>
Total, included in employee benefit expenses	<u>43,175</u>	<u>83,157</u>	<u>52,734</u>	<u>105,239</u>

¹ The above amounts excluded ₩560 million (2022: ₩560 million) of expenses capitalized to construction in progress and development costs.

Postemployment benefits recognized for the defined contribution plan for the six-month period ended June 30, 2023, amounted to ₩7,593 million (2022: ₩6,025 million).

Postemployment benefits recognized in the consolidated statements of profit or loss for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		2022	
	Three months	Six months	Three months	Six months
Cost of sales	25,839	53,617	32,307	65,234
Selling and administrative expenses	<u>19,544</u>	<u>37,133</u>	<u>23,002</u>	<u>46,030</u>
Total	<u>45,383</u>	<u>90,750</u>	<u>55,309</u>	<u>111,264</u>

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Movements in the present value of defined benefit obligations for the six-month period ended June 30, 2023, and for the year ended December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Beginning balance	₩	1,554,870	₩	1,616,781
Transfer in		9,883		11,434
Transfer out		(2,936)		(6,334)
Increase in defined benefit obligations due to sales and merger		(2,701)		-
Current service cost		99,700		211,737
Interest expense		40,264		46,328
Remeasurements:				
Actuarial loss from change in demographic assumptions		-		(1,210)
Actuarial gain from change in financial assumptions		-		(284,041)
Actuarial loss from experience adjustments		-		78,279
Others		-		459
Exchange differences		(3,399)		(1,108)
Payments from plans		(93,538)		(117,455)
Ending balance	₩	<u>1,602,143</u>	₩	<u>1,554,870</u>

Movements in the fair value of plan assets for the six-month period ended June 30, 2023, and for the year ended December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Beginning balance	₩	2,153,449	₩	1,643,709
Increase in plan assets due to business combination		(1,066)		(933)
Increase in plan assets due to sales and merger		(3,825)		-
Interest income		56,247		47,107
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)		2,983		(13,380)
Contributions:				
Employers		775		586,745
Payments from plans		(81,938)		(107,204)
Administrative costs		(2,120)		(2,595)
Ending balance	₩	<u>2,124,505</u>	₩	<u>2,153,449</u>

The actual return on plan assets for the six-month period ended June 30, 2023, was ₩59,230 million, and for the year ended December 31, 2022, was ₩33,727 million.

The significant actuarial assumptions as at June 30, 2023, and December 31, 2022, are as follows:

	June 30, 2023	December 31, 2022
Discount rate	5.3%–5.6%	5.3%–5.6%

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Future salary growth rate 6.0% 6.0%

The sensitivity analysis for changes in key actuarial assumptions as at June 30, 2023, is as follows:

<i>(In millions of Korean won)</i>		Increase by 0.5%		Decrease by 0.5%
Discount rate:				
(Decrease) increase in defined benefit obligations	₩	(158,261)	₩	188,312
Salary growth rate:				
Increase (decrease) in defined benefit obligations	₩	196,848	₩	(167,290)

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 June 30, 2023, and December 31, 2022, consist of the following:

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
	Amount	Composition (%)	Amount	Composition (%)
Insurance contracts with guaranteed yield	₩ 2,113,537	99.5	₩ 2,142,224	99.5
Equity-linked bonds	10,966	0.5	11,222	0.5
Time deposits	2	0.0	3	0.0
	<u>₩ 2,124,505</u>	<u>100.0</u>	<u>₩ 2,153,449</u>	<u>100.0</u>

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

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

17. OTHER CURRENT AND NON-CURRENT LIABILITIES:

Details of other current and non-current liabilities as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Current				
Advances from customers	₩	181,404	₩	232,059
Withholdings		116,036		147,334
Unearned revenues		161,673		149,293
Accrued expenses		518,529		810,768
Total	₩	977,642	₩	1,339,454
Non-current				
Long-term accrued expenses	₩	69,797	₩	65,182
Long-term unearned revenues		110,019		224,619
Long-term advanced received		250,981		114,544
Total	₩	430,797	₩	404,345

18. COMMITMENTS AND CONTINGENCIES:

- (1) As at June 30, 2023, the Parent Company and certain subsidiaries have been guaranteed by Seoul Guarantee Insurance Company for the execution of contracts and others.
- (2) As at June 30, 2023, the Parent Company and certain subsidiaries have various specific lines of credit agreements with several financial institutions, as follows:

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

Classification	The Parent Company		Certain Subsidiaries								
	KRW	USD	KRW	USD	CNY	EUR	PLN	INR	THB	MYR	JPY
Limit of bank overdraft	20,400	-	8,700	50	1,400	193	-	-	10	-	-
Limit of the letter of credit	15,000	278	-	306	1,887	-	-	763	-	-	2,000
Limit of discount of notes from export	-	1,269	-	1,070	2,900	-	-	-	-	-	-
Limit of guaranteed payments in other foreign currency	-	181	51,600	245	448	-	-	-	-	-	-
Limit of loan arrangements	350,000	-	625,000	5,981	13,508	2,990	155	4,521	-	450	-
Derivatives	-	-	30,000	1,319	-	160	-	-	-	-	-

The Parent Company and certain subsidiaries also entered into comprehensive credit line agreements with other financial institutions relating to trade finance and import/export(including bank overdraft) amounting to ₩20,000 million and USD 235 million. Certain subsidiaries entered into factoring agreements with a limit of ₩150,000 million and CNY 610 million.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

- (3) As at June 30, 2023, the Parent Company and certain subsidiaries have B2B purchase arrangements with several financial institutions with a limit of ₩356,000 million and ₩190,000 million, respectively.
- (4) As at June 30, 2023, the Parent Company has reverse factoring agreements. Of the limits granted by credit card companies, ₩426,267 million for the Shinhan Card and ₩147,278 million for the Lotte Card are used.
- (5) As at June 30, 2023, the Group's litigation status is as follows.
- i) As at June 30, 2023, in connection with the styrene monomer gas leakage accident, several lawsuits against LG Polymer India Pvt. Ltd., a subsidiary, have been filed with the 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 June 30, 2023, 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 June 30, 2023, in relation to General Motors ("GM") Bolt EV, the class action against 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 June 30, 2023, the Parent Company and certain subsidiaries have been named as plaintiffs in 8 (related claim amount of ₩26,494 million) and 23 (related claim amount of USD 90 million and ₩5,876 million) legal actions, respectively. They have been named as defendants in 15 and 100 legal actions, with ₩85,373 million and ₩4,411 million in claims, respectively. The ultimate outcome of these cases cannot be determined at the reporting date.
- (6) The Group has entered into manufacture and production technical contracts with ExxonMobil and others.
- (7) The Group 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.
- (8) As at June 30, 2023, the Group has entered into a payment guarantee contract of USD 8 million, and certain subsidiaries have entered into payment guarantee contracts of USD 98 million, EUR 1 million and ₩7,755 million with financial institutions to guarantee the warrant of products and payment. Certain subsidiaries have entered into payment guarantee contracts of CNY 486 million with financial institutions in relation to the custom of imported raw materials.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

- (9) Capital expenditure arrangement that has not been incurred at the end of the reporting period is as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Property, plant and equipment	₩	5,791,379	₩	6,522,401

- (10) As at June 30, 2023, the Group has entered into an agreement with GM regarding joint investment in Ultium Cells LLC, whereby each party can sell its shares to third parties in eight 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.
- (11) As at June 30, 2023, the Group has entered into a joint venture agreement with Honda in which the Group agreed to invest USD 1,802 million. In addition, during the year ended December 31, 2022, the Group determined payment guarantees of USD 450 million for the joint venture, in accordance with the equity ratio of the borrowing with a credit limit of USD 883 million.
- (12) As at June 30, 2023, the Group has entered into a joint venture agreement with Stellantis in which the Group agreed to invest USD 1,464 million.
- (13) As at June 30, 2023, the Group has entered into a joint venture agreement with HMG Global LLC in which the Group agreed to invest USD 1,108 million.
- (14) As at June 30, 2023, the Group and certain subsidiaries' investment agreements are as follows:

<i>(In millions of Korean won, USD and EUR)</i>	Currency	Committed investments	Cumulative investments	Remaining
KBE Fund	KRW	150,000	66,175	83,825
Gross Acceleration Fund	KRW	5,000	4,900	100
BNZ (Beyond Net Zero) Fund	USD	150	48	102
Secondary Battery Growth Fund	KRW	6,700	4,690	2,010
U.S. Venture Partners XII ¹	USD	5	4	1
U.S. Venture Partners XIII ¹	USD	5	1	4
Phoenix Venture Partners III ¹	USD	10	4	6
Emerald Industrial Innovation Fund IX ¹	EUR	5	-	5
BCM Global Battery Fund	KRW	30,000	5,979	24,021
Yonsei Technology Holdings IP Fund	KRW	3,000	1,020	1,980

¹ Investment agreements of LG Chem Fund LLC.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

- (15) During the year ended December 31, 2022, the Group 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. The shares were recognized as an investment in associates as it was determined that there was joint control under the agreement. The details of agreements entered into upon the acquisition of shares are as follows:

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

¹ Lock-up period: restriction period of share transfer for five years from the time the Parent Company acquires 50% of the shares.

- (16) Certain subsidiaries provide payment guarantees for borrowings as at June 30, 2023, and December 31, 2022; details are as follows:

<i>(In millions of Korean won)</i>			Amount of borrowing ¹		Guaranteed amount ²	
Guarantor	Guaranteed company	Creditor	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
LG ENERGY SOLUTION, LTD.	PT. HLI Green Power	ANZ and others	₩ 177,228	₩ 88,711	₩ 466,700	₩ 450,525

¹ It is the amount of borrowing as at June 30, 2023

² It is a total amount guaranteed

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

19. SHARE CAPITAL:

Changes in share capital and share premium for the six-month period ended June 30, 2023, and for the year ended December 31, 2022, are as follows:

<i>(In millions of Korean won and in shares)</i>	Ordinary shares		Preferred shares		Share premium
	Number of shares	Share capital	Number of shares	Share capital	
January 1, 2022	70,592,343	₩ 352,962	7,688,800	₩ 38,444	₩ 2,014,036
December 31, 2022	70,592,343	₩ 352,962	7,688,800	₩ 38,444	₩ 2,014,036
June 30, 2023	70,592,343	₩ 352,962	7,688,800	₩ 38,444	₩ 2,014,036

Changes in treasury shares for the six-month period ended June 30, 2023, and for the year ended December 31, 2022, are as follows:

<i>(In millions of Korean won and in shares)</i>	Number of shares		Carrying amount	Gain on disposal of treasury shares
	Ordinary shares	Preferred shares		
January 1, 2022	367,529	6,041	₩ 18,011	₩ 463,807
Disposal of treasury shares ¹	(367,529)	-	(17,741)	192,119
December 31, 2022	-	6,041	₩ 270	₩ 655,926
June 30, 2023	-	6,041	₩ 270	₩ 655,926

¹ The Group disposed of all of treasury shares of the Parent Company (367,529 shares) on November 23, 2022, as the board of directors' meeting decided to exchange treasury shares of Korea Zinc Company, Ltd. with the treasury shares of the Parent Company.

Capital surplus as at June 30, 2023, and December 31, 2022, consist of:

<i>(In millions of Korean won)</i>	June 30, 2023	December 31, 2022
Revaluation reserve	₩ 206,769	₩ 206,769
Share premium	2,014,036	2,014,036
Gain on disposal of treasury shares	655,926	655,926
Other capital surplus	8,695,367	8,692,825
Total	₩ 11,572,098	₩ 11,569,556

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

20. RETAINED EARNINGS:

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

<i>(In millions of Korean won)</i>	June 30, 2023	December 31, 2022
Legal reserve ¹	₩ 674,681	₩ 674,327
Discretionary reserve ²	16,894,707	14,570,240
Retained earnings before appropriation	1,792,479	3,897,696
Total	<u>₩ 19,361,867</u>	<u>₩ 19,142,263</u>

¹ 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 dividend 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 deficits. 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.

² The Group separately accumulates a discretionary reserve for research and human resource development through the appropriation of retained earnings, which has been included as a 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 reserves and will be used for dividends.

21. OTHER COMPONENTS OF EQUITY:

Details of other components of equity as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023	December 31, 2022
Treasury shares (Note 19)	₩ (270)	₩ (270)
Capital transactions within the Group ¹	(19,299)	(19,299)
Total	<u>₩ (19,569)</u>	<u>₩ (19,569)</u>

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

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

22. OPERATING PROFIT:

Selling and administrative expenses for the six-month periods ended June 30, 2023 and 2022, are as follows:

		2023		2022		
		Three month	Six month	Three month	Six month	
(In millions of Korean won)						
Revenue	₩	14,541,521	29,027,787	₩	12,239,911	23,834,911
Cost of sales		12,111,772	24,272,900		9,713,491	18,811,466
Gross profit		2,429,749	4,754,887		2,526,420	5,023,445
Other non-operating income (*)		110,916	211,210		-	-
Selling and administrative expenses		1,925,106	3,559,511		1,647,967	3,120,214
Wages and salaries		433,894	845,710		358,709	704,704
Postemployment benefits (Note 16)		19,544	37,133		23,003	46,030
Employee benefits		117,446	212,028		78,523	142,636
Travel expense		31,641	52,010		22,857	35,273
Water and utilities		26,377	61,161		18,616	43,306
Packaging expense		1,967	3,592		1,608	3,559
Rental expenses		40,867	80,984		35,164	70,155
Commission expenses		285,339	542,583		242,459	448,591
Depreciation		91,018	174,154		70,297	140,749
Advertising expense		22,407	33,627		13,129	20,357
Freight expenses		207,452	417,847		434,933	881,168
Training expense		17,381	30,681		12,237	19,312
Amortization (Note 12)		91,537	158,987		56,215	106,780
Sample expense		8,288	17,357		7,435	12,658
Development costs		120,080	219,044		108,900	166,778
Others		409,868	672,613		163,882	278,158
Operating profit	₩	615,559	1,406,586	₩	878,453	1,903,231

(*) Under the Inflation Reduction Act, which takes effect on January 1, 2023, manufacturers and sellers of battery cells/modules produced in the United States are eligible for tax deductions of a certain amount. The amount is expected to be received by the Group based on the anticipated revenue during the six-month period ended June 30, 2023

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

23. CLASSIFICATION OF EXPENSES BY NATURE:

Cost of sales and selling and administrative expenses by nature for the six-month periods ended June 30, 2023 and 2022, consist of:

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Changes in inventories of merchandise, finished goods, semifinished goods and work in process	₩ 568,321	₩ 866,154	₩ (1,688,519)	₩ (2,028,896)
Raw materials and consumables used	8,423,758	17,311,275	8,348,922	15,475,716
Purchase of merchandise	361,287	751,486	340,368	663,806
Employee benefit expenses (Note 24)	1,266,415	2,466,220	1,085,525	2,103,739
Advertising expenses	22,794	34,196	13,591	20,969
Freight expenses	222,102	446,560	449,363	908,689
Commission expenses	466,703	905,490	415,631	774,948
Depreciation and amortization	981,231	1,895,958	818,591	1,611,378
Rent expenses and usage fee	27,552	57,406	27,112	50,949
Other expenses	1,696,713	3,097,666	1,550,874	2,350,382
Total	₩ 14,036,876	₩ 27,832,411	₩ 11,361,458	₩ 21,931,680

24. EMPLOYEE BENEFIT EXPENSES:

Details of employee benefit expenses for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Salaries	₩ 1,035,512	₩ 2,028,687	₩ 890,721	₩ 1,733,168
Postemployment benefits – Defined benefit plan (Note 16)	43,175	83,157	52,734	105,239
Postemployment benefits – Defined contribution plan (Note 16)	2,208	7,593	2,575	6,025
Others	185,520	346,783	139,495	259,307
Total	₩ 1,266,415	₩ 2,466,220	₩ 1,085,525	₩ 2,103,739

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

25. FINANCE INCOME AND COSTS:

Details of finance income and costs for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Finance income				
Interest income ¹	₩ 62,802	₩ 136,103	₩ 66,761	₩ 124,937
Dividend income	423	13,343	326	326
Exchange differences	385,053	693,416	155,548	250,646
Gain related to derivative instruments	(843)	145,946	137,317	180,131
Others	1,003	6,243	1,727	1,806
Total	₩ 448,438	₩ 995,051	₩ 361,679	₩ 557,846
Finance costs				
Interest expense ²	₩ 142,633	₩ 274,172	₩ 62,961	₩ 125,145
Exchange differences	232,491	618,710	323,902	500,618
Loss related to derivative instruments	(12,480)	(6,929)	20,213	20,213
Others	460	992	1,142	1,142
Total	₩ 363,104	₩ 886,945	₩ 408,218	₩ 647,118

¹ Details of interest income for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Deposits held by financial institutions	₩ 44,820	₩ 102,569	₩ 48,863	₩ 90,572
Other loans and receivables	17,982	33,534	17,898	34,365
Total	₩ 62,802	₩ 136,103	₩ 66,761	₩ 124,937

² Details of interest expense for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Interest on financial institutions	₩ 101,487	₩ 181,220	₩ 17,031	₩ 31,018
Interest on lease liabilities	1,746	4,206	2,446	4,675
Interest on debentures	50,854	102,539	43,908	89,132
Other interest expenses	11,698	18,623	4,596	9,860
Capitalized interest for qualifying assets	(23,152)	(32,416)	(5,020)	(9,540)
Total	₩ 142,633	₩ 274,172	₩ 62,961	₩ 125,145

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

26. OTHER NON-OPERATING INCOME:

Details of other non-operating income for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Exchange differences	₩ 512,024	₩1,020,052	₩ 511,684	₩ 739,900
Gain on disposal of property, plant and equipment	3,026	3,597	33,590	33,916
Gain on disposal of intangible assets	191	191	-	8
Profit from bargain purchase	-	-	(2,628)	30,674
Insurance income	7,474	8,736	42,454	46,389
Others	7,717	27,056	13,308	22,633
Total	₩ 530,432	₩1,059,632	₩ 598,408	₩ 873,520

27. OTHER NON-OPERATING EXPENSES:

Details of other non-operating expenses for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Exchange differences	₩ 372,315	₩ 739,589	₩ 402,159	₩ 596,227
Loss on disposal of property, plant and equipment	34,393	57,479	20,608	24,717
Loss on disposal of intangible assets	182	915	108	19,651
Impairment loss on property, plant and equipment (Note 11)	4,676	3,762	18,687	19,605
Impairment loss on intangible assets (Note 12)	-	20	-	40
Loss on disasters	1,811	16,040	9,761	13,508
Donations	9,580	12,085	9,159	11,256
Others	22,959	28,705	24,619	26,700
Total	₩ 445,916	₩ 858,595	₩ 485,101	₩ 711,704

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, 2023, is 20.8% (the estimated tax rate for the year ended December 31, 2022: 24.3%).

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

29. EARNINGS PER SHARE:

Basic earnings per share are 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 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 six-month periods ended June 30, 2023 and 2022, are computed as follows:

Basic earnings per ordinary share from continuing operations

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

	2023		2022	
	Three months	Six months	Three months	Six months
Profit from continuing operations attributable to ordinary shares ¹	475,577	903,450	593,531	1,214,254
Weighted-average number of ordinary shares outstanding	<u>70,592,343</u>	<u>70,592,343</u>	<u>70,224,814</u>	<u>70,224,814</u>
Basic earnings per ordinary share from continuing operations <i>(in Korean won)</i>	<u>6,737</u>	<u>12,798</u>	<u>8,452</u>	<u>17,291</u>

Basic earnings per ordinary share

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

	2023		2022	
	Three months	Six months	Three months	Six months
Profit attributable to ordinary shares ¹	473,000	900,628	593,970	1,214,284
Weighted-average number of ordinary shares outstanding	<u>70,592,343</u>	<u>70,592,343</u>	<u>70,224,814</u>	<u>70,224,814</u>
Basic earnings per ordinary shares <i>(in Korean won)</i>	<u>6,700</u>	<u>12,758</u>	<u>8,458</u>	<u>17,291</u>

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Basic earnings per preferred share from continuing operations

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

	2023		2022	
	Three months	Six months	Three months	Six months
Profit from continuing operations attributable to preferred share ¹	52,142	98,709	65,318	133,226
Weighted-average number of preferred shares outstanding	<u>7,682,759</u>	<u>7,682,759</u>	<u>7,682,759</u>	<u>7,682,759</u>
Basic earnings per preferred share from continuing operations <i>(in Korean won)</i>	<u>6,787</u>	<u>12,848</u>	<u>8,502</u>	<u>17,341</u>

Basic earnings per preferred share

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

	2023		2022	
	Three months	Six months	Three months	Six months
Profit attributable to preferred shares ¹	51,862	98,402	65,366	133,230
Weighted-average number of preferred shares outstanding	<u>7,682,759</u>	<u>7,682,759</u>	<u>7,682,759</u>	<u>7,682,759</u>
Basic earnings per preferred shares <i>(in Korean won)</i>	<u>6,750</u>	<u>12,808</u>	<u>8,508</u>	<u>17,341</u>

¹ Profit attributable to ordinary and preferred shares are as follows:

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Profit from continuing operations attributable to the owners of the Parent Company	527,719	1,002,159	658,849	1,347,480
Ordinary shares dividends (A)	142,431	270,793	210,674	421,349
Preferred shares dividends (B)	15,885	29,855	23,433	46,481
Undistributed earnings from continuing operation for the period	369,403	701,511	424,742	879,650
Undistributed earnings available for ordinary shares (C)	333,146	632,657	382,857	792,905
Undistributed earnings available for preferred shares (D)	36,257	68,854	41,885	86,745
Profit from continuing operations for the period attributable to ordinary shares (A+C)	475,577	903,450	593,531	1,214,254
Profit from continuing operations for the period attributable to preferred shares (B+D)	52,142	98,709	65,318	133,226

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Profit attributable to the owners of the Parent Company	524,862	999,030	659,336	1,347,514
Ordinary shares dividends (A)	141,657	269,946	210,674	421,349
Preferred shares dividends (B)	15,802	29,763	23,433	46,481
Undistributed earnings for the period	367,403	699,321	425,229	879,684
Undistributed earnings available for ordinary shares (C)	331,343	630,682	383,296	792,935
Undistributed earnings available for preferred shares (D)	36,060	68,639	41,933	86,749
Profit for the period attributable to ordinary shares (A+C)	473,000	900,628	593,970	1,214,284
Profit for the period attributable to preferred shares (B+D)	51,862	98,402	65,366	133,230

For the six-month periods ended June 30, 2023 and 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.

Basic and diluted earnings (losses) per share attributable to ordinary and preferred shares from discounted operations for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

(In Korean won and in number of shares)

	2023		2022	
	Three months	Six months	Three months	Six months
Basic earnings (losses) per ordinary share from discounted operations	(37)	(40)	6	-
Basic earnings (losses) per preferred share from discounted operations	(37)	(40)	6	-
Diluted earnings (losses) per ordinary share from discounted operations	(37)	(40)	6	-
Diluted earnings (losses) per preferred share from discounted operations	(37)	(40)	6	-

30. DIVIDENDS:

The ₩783,135 million (2022: ₩935,275 million) of dividends for the year ended December 31, 2022, was paid to the shareholders of the Parent Company in April 2023.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

31. RELATED-PARTY TRANSACTIONS:

As at June 30, 2023, and December 31, 2022, 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 June 30, 2023, and December 31, 2022, 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.	D&O CM Corp. Co., Ltd. and others	D&O CM POLAND sp.zo.o. and others	Subsidiary of LG Corp.
LG CNS Co., Ltd.	BIZTECH ON 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 co., Ltd.	-	-	Subsidiary of LG Corp.
LG Display Co., Ltd.	Nanumnuri Co., Ltd.	LG Display High-Tech (China) Co., Ltd. and others	LG Enterprise group ^{1,2}
LG Electronics Inc.	LG Innotek Co., Ltd. and others	LG ELECTRONICS INDIA PRIVATE LIMITED and others	LG Enterprise group ^{1,2}
LG Household & Health Care Ltd.	Coca-Cola Beverage Co. and others	Beijing LG Household Chemical Co., Ltd. and others	LG Enterprise group ^{1,2}
LG Uplus Corp.	LG HelloVision Corp and others.	DACOM AMERICA, INC.	LG Enterprise group ^{1,2}
G II R Inc.	HS AD Inc. and others	GIIR America Inc. and others	LG Enterprise group ^{1,2}
Robostar Co., Ltd.	-	ROBOSTAR(SHANGHAI) CO., LTD.	LG Enterprise group ^{1,2}
DACOM Crossing Corporation	-	-	LG Enterprise group ^{1,2}
FITNESSCANDY Co., Ltd.	-	-	LG Enterprise group ^{1,2}
Shanjin Optoelectronics (Suzhou) Co., Ltd.	-	Shanjin Optoelectronics (Nanjing) Co., Ltd. and others	Other ³

¹ 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.

² During the year ended December 31, 2022, LX Holdings Corp. and its affiliates were excluded from the LG Group due to the spin-off of LG Corp.

³ A company that is not a subsidiary, associate or joint venture of a consolidated company, but falls within the scope of related parties in K-IFRS 1024.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Sales and purchases with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)	For the six-month period ended June 30, 2023					
	Sales and others	Purchase 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
Entity with a significant influence over the Group						
LG Corp.	₩ -	₩ -	₩ -	₩ -	₩ 115	₩ 61,109
Associates and joint ventures						
SEETEC Co., Ltd.	57,809	135,149	8	2,919	195	47,533
TECWIN Co., Ltd.	-	138	145	-	-	103
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	230	342,585	-	-	-	-
PT. HLI Greenpower Co., Ltd.	23,338	-	-	-	-	-
Others	27,754	15,692	-	-	-	78
Other related parties						
D&O Corp. and its subsidiaries and associates	65	7,921	491,379	-	-	55,277
LG CNS Co., Ltd. and its subsidiaries	24,845	1,696	318,524	-	10	134,643
Others	66	-	-	-	-	41,694
Others						
LG Display Co., Ltd. and its subsidiaries	215,756	65	-	-	5	52
LG Electronics Inc. and its subsidiaries and joint ventures	1,294,787	172,889	383,567	-	180	39,177
Shanjin Optoelectronics (Suzhou) Co., Ltd. and its subsidiaries	234,394	73	-	-	-	8,216
Others	5,175	16,284	169	632	44	3,558
Total	₩1,884,219	₩ 692,492	₩ 1,193,792	₩ 3,551	₩ 549	₩ 391,440

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

(In millions of Korean won)	For the six-month period ended June 30, 2022					
	Sales and others	Purchase 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
Entity with a significant influence over the Group						
LG Corp.	₩ -	₩ -	₩ 1,273	₩ -	₩ 103	₩ 50,367
Associates and joint ventures						
SEETEC Co., Ltd.	57,926	111,081	-	35	200	40,180
TECWIN Co., Ltd.	-	254	524	-	-	31
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	-	138,834	-	-	-	-
PT. HLI Greenpower Co., Ltd.	22,981	-	-	-	-	-
Others	7	6,735	-	-	-	1,319
Other related parties						
D&O Corp. and its subsidiaries	145	4,036	204,068	-	-	45,098
LG CNS Co., Ltd. and its subsidiaries	9,186	931	213,298	-	10	97,576
Others	-	-	-	-	-	26,533
Others						
LG Display Co., Ltd. and its subsidiaries	300,666	31	-	-	7	71
LG Electronics Inc. and its subsidiaries and joint ventures	563,209	204,887	208,849	-	192	36,912
LX International Corp. and its subsidiaries	43,477	266,666	79,395	-	9	812,884
LX Hausys, Ltd. and its subsidiaries	147,990	4,552	1,048	-	-	3
LX MMA Corporation ¹	111,379	109,790	-	-	-	2,582
Shanjin Optoelectronics (Suzhou) Co., Ltd. and its subsidiaries	256,473	19,519	-	-	-	16,420
Others	5,744	21,026	58	8	26	4,149
Total	₩1,519,183	₩ 888,342	₩ 708,513	₩ 43	₩ 547	₩1,134,125

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

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Balances of receivables and payables arising from sales and purchases of goods and services as at June 30, 2023, and December 31, 2022, are as follows:

	June 30, 2023			
	Receivables			
	Trade receivables and others	Loan receivables	Other receivables	Total
<i>(In millions of Korean won)</i>				
Entity with a significant influence over the Group				
LG Corp.	₩ -	₩ -	₩ 12,407	₩ 12,407
Associates and joint ventures				
SEETEC Co., Ltd.	2,565	-	901	3,466
TECWIN Co., Ltd.	-	-	-	-
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	-	-	-	-
PT. HLI Greenpower Co., Ltd.	160	-	2,538	2,698
Others	4,584	-	-	4,584
Other related parties				
D&O Corp. and its subsidiaries and associates ¹	-	-	-	-
LG CNS Co., Ltd. and its subsidiaries	16,908	-	-	16,908
Others	-	-	-	-
Others				
LG Display Co., Ltd. and its subsidiaries	107,734	-	196	107,930
LG Electronics Inc. and its subsidiaries and joint ventures ¹	548,848	-	2,442	551,290
Shanjin Optoelectronics (Suzhou) Co., Ltd. and its subsidiaries	88,854	-	672	89,526
Others	132	-	2,084	2,216
Total	₩ 769,785	₩ -	₩ 21,240	₩ 791,025

	June 30, 2023				
	Payables				
	Trade payables	Borrowings	Lease liabilities	Other payables	Total
<i>(In millions of Korean won)</i>					
Entity with a significant influence over the Group					
LG Corp.	₩ -	₩ -	₩ 6,102	₩ 9,451	₩ 15,553
Associates and joint ventures					
SEETEC Co., Ltd.	21,018	-	21,001	11,369	53,388
TECWIN Co., Ltd.	-	-	-	87	87
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	91,742	-	-	-	91,742
PT. HLI Greenpower Co., Ltd.	-	-	-	65,112	65,112
Others	4,298	-	-	508	4,806
Other related parties					
D&O Corp. and its subsidiaries and associates ¹	-	-	-	317,662	317,662
LG CNS Co., Ltd. and its subsidiaries	1,545	-	614	223,692	225,851
Others	-	-	-	2,030	2,030
Others					
LG Display Co., Ltd. and its subsidiaries	42	-	372	38	452

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

LG Electronics Inc. and its subsidiaries and joint ventures ¹	85,286	-	17,130	176,153	278,569
Shanjin Optoelectronics (Suzhou) Co., Ltd. and its subsidiaries	29	-	-	1,450	1,479
Others	5,331	-	3,940	6,773	16,044
Total	₩ 209,291	₩ -	₩ 49,159	₩ 814,325	₩ 1,072,775

December 31, 2022					
Receivables					
<i>(In millions of Korean won)</i>	Trade receivables and others	Loan receivables	Other receivables	Total	
Entity with a significant influence over the Group					
LG Corp.	₩ -	₩ -	₩ 10,335	₩ 10,335	
Associates and joint ventures					
SEETEC Co., Ltd.	15,002	-	1,221	16,223	
TECWIN Co., Ltd.	-	-	-	-	
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	9,453	-	-	9,453	
PT. HLI Greenpower	-	-	1,311	1,311	
Others	-	-	-	-	
Other related parties					
D&O Corp. and its subsidiaries and affiliates	-	-	-	-	
LG CNS Co., Ltd. and its subsidiaries	5,782	-	319	6,101	
Others	-	-	5	5	
Others					
LG Display Co., Ltd. and its subsidiaries	78,507	-	419	78,926	
LG Electronics Inc. and its subsidiaries and joint ventures ¹	396,289	-	27,917	424,206	
Shanjin Optoelectronics (Suzhou) Co., Ltd. and its subsidiaries	57,361	-	1,792	59,153	
Others	42	-	2,923	2,965	
Total	₩ 562,436	₩ -	₩ 46,242	₩ 608,678	

December 31, 2022					
Payables					
<i>(In millions of Korean won)</i>	Trade payables	Borrowings	Lease liabilities	Other payables	Total
Entity with a significant influence over the Group					
LG Corp.	₩ -	₩ -	₩ 12,232	₩ 30,349	₩ 42,581
Associates and joint ventures					
SEETEC Co., Ltd.	29,368	-	19,127	10,939	59,434
TECWIN Co., Ltd.	-	-	-	328	328
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	34,300	-	-	-	34,300
PT. HLI Greenpower	-	-	-	88,093	88,093
Others	1	-	-	47	48
Other related parties					
D&O Corp. and its subsidiaries and affiliates	-	-	-	497,005	497,005

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

			(capital reduction)					
Entity with a significant influence over the Group								
LG Corp.	₩	-	₩ 282,411	₩	-	₩	-	₩ 5,881
Associates and joint ventures								
SEETEC Co., Ltd.		5,000	-	-	-	-	35	477
LG Toray Hungary Battery Separator Kft		-	-	483,638	-	-	-	-
Other related parties								
LG CNS Co., Ltd.		-	-	-	-	-	-	593
Others								
LG Display America, Inc.		-	-	-	-	-	-	82
LX Pantos Poland sp.z.o.o		-	-	-	-	-	62	7
PANTOS LOGISTICS MEXICO S.A. de C.V		-	-	-	-	-	2,384	320
LX PANTOS TURKEY LOJISTIK		-	-	-	-	-	337	41
LG Electronics Deutschland GmbH		-	-	-	-	-	-	145
LG ELECTRONICS WROCLAW SP. Z O.O.		-	-	-	-	-	-	696
LG HOUSEHOLD & HEALTH CARE LTD.		-	-	-	-	-	8	314
Total	₩	5,000	₩ 282,411	₩ 483,638	₩	-	₩ 2,826	₩ 8,556

¹ The amounts represent lease liabilities that were recognized or repaid for the six-month periods ended June 30, 2023 and 2022.

Compensation for key management of the Group for the six-month periods ended June 30, 2023 and 2022, consists of the following:

	2023		2022	
<i>(In millions of Korean won)</i>				
Short-term employee benefits	₩	73,105	₩	57,992
Postemployment benefits		7,195		6,017
Total	₩	80,300	₩	64,009

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

There is no loss allowance recognized against receivables from related parties as of June 30, 2023, and December 31, 2022; therefore, there are no impairment losses recognized against the receivables from related parties for the six-month period ended June 30, 2023, and for the year ended December 31, 2022.

As at June 30, 2023, payment guarantees provided by the Group for related parties are listed in Note 18.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

32. CASH FLOWS:

Cash generated from operations for the six-month periods ended June 30, 2023 and 2022, is as follows:

<i>(In millions of Korean won)</i>	2023	2022
Profit before income tax		
Profit before income tax from continuing operations	₩ 1,696,506	₩ 1,966,104
Profit before income tax from discontinued operations	(1,209)	(326)
	<u>1,695,297</u>	<u>1,965,778</u>
Adjustments for		
Depreciation	1,703,983	1,473,593
Amortization	192,201	138,520
Postemployment benefits	83,157	105,239
Finance income	(548,165)	(598,573)
Finance costs	483,665	650,894
Foreign exchange differences	(100,279)	8,183
Loss (gain) on valuation of inventories	(64,839)	30,315
Gain on disposal of property, plant and equipment	(3,597)	(33,916)
Gain on disposal of intangible assets	(191)	(8)
Loss on disposal of property, plant and equipment	57,479	24,717
Loss on disposal of intangible assets	915	19,651
Impairment loss on property, plant and equipment	3,762	19,605
Impairment loss on intangible assets	20	40
Impairment loss on investments in associates and joint ventures	14,559	-
Additions to provisions	519,938	152,446
Other income/expenses	75,554	31,058
Decrease (increase) in inventories	1,204,479	(2,879,679)
Increase in trade receivables	(753,131)	(856,578)
Decrease (increase) in other receivables	(232,637)	112,406
Decrease (increase) in other current assets	104,782	(179,725)
Increase (decrease) in trade payables	(290,219)	1,342,192
Decrease in other payables	(1,080)	(31,677)
Decrease in other current liabilities	(353,427)	(45,957)
Decrease in provisions	(271,675)	(736,793)
Decrease in net defined benefit liabilities	(4,517)	(901)
Other cash flows from operations	49,266	(64,259)
Cash generated from operations	<u>₩ 3,565,300</u>	<u>₩ 646,571</u>

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Changes in liabilities arising from financial activities for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023					
	As at January 1, 2023	Cash flows from financing activities	Non-cash transactions			As at June 30, 2023
			Acquisition	Amortization	Others	
Borrowings	₩ 7,609,924	₩ 2,210,698	₩ -	₩ 5,347	₩ 383,703	₩10,209,672
Debentures	7,964,957	458,984	-	4,174	104,436	8,532,551
Lease liabilities	389,638	(60,061)	168,359	-	(4,713)	493,223
Other payables for the reverse factoring arrangement	-	(186,160)	-	-	752,227	566,067
Total	₩ 15,964,519	₩ 2,423,461	₩ 168,359	₩ 9,521	₩ 1,235,653	₩ 19,801,513

<i>(In millions of Korean won)</i>	2022					
	As at January 1, 2022	Cash flows from financing activities	Non-cash transactions			As at June 30, 2022
			Acquisition	Amortization	Others	
Borrowings	₩ 6,373,909	₩ 1,240,476	₩ -	₩ -	₩ 156,548	₩ 7,770,933
Debentures	8,072,580	(659,785)	-	3,761	217,259	7,633,815
Lease liabilities	319,245	(47,825)	69,063	-	(5,406)	335,077
Other payables for the reverse factoring arrangement	299,645	(299,645)	-	-	-	-
Total	₩15,065,379	₩ 233,221	₩ 69,063	₩ 3,761	₩ 368,401	₩15,739,825

Significant non-cash transactions for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023	2023
Reclassification of construction in progress	₩ 2,085,901	₩ 2,851,729
Reclassification of machinery in transit	62,463	64,577
Reclassification of long-term borrowings into current portion	2,054,297	2,020,665
Other payables related to acquisitions of property, plant and equipment and intangible assets	654,365	1,743,861
Reclassification of other payables under the reverse factoring arrangement	752,227	-
Reclassification of non-current assets held for sale	19,977	23,129
Reclassification of non-current liabilities held for sale	1,081	15

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

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., GM 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 ¹	Crop protection products, Seeds, Fertilizers, General management, sales and R&D and others	National Agriculture Cooperative Federation and others

¹ 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 six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)	2023					Total
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others ³	
Total segment revenue	₩9,137,524	₩17,520,604	₩ 4,781,830	₩ 594,902	₩ 537,843	₩32,572,703
Intersegment revenue	310,242	7,549	3,186,437	30,689	9,999	3,544,916
Revenue from external customers ¹	8,827,282	17,513,055	1,595,393	564,213	527,844	29,027,787
Operating profit (loss) ²	(63,544)	1,093,765	387,304	7,225	(18,164)	1,406,586
Depreciation and amortization	510,756	1,065,160	117,726	66,814	135,502	1,895,958

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

<i>(In millions of Korean won)</i>	2022					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others³	Total
Total segment revenue	₩11,951,117	₩9,412,909	₩ 3,586,398	₩ 439,117	₩ 551,116	₩25,940,657
Intersegment revenue	307,131	4,830	1,744,778	31,116	17,892	2,105,747
Revenue from external customers ¹	11,643,986	9,408,078	1,841,620	408,001	533,226	23,834,911
Operating profit (loss) ²	1,147,836	455,270	489,118	56,437	(245,430)	1,903,231
Depreciation and amortization	493,789	845,949	99,072	42,647	129,921	1,611,378

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

² Management assesses the performance of the operating segments based on a measurement of operating profit of segment.

³ 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 June 30, 2023, and December 31, 2022, is as follows:

<i>(In millions of Korean won)</i>	June 30, 2023					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others	Total
Reportable segment asset ¹	₩ 15,020,449	₩ 42,355,354	₩ 6,938,558	₩ 2,014,312	₩ 6,172,328	₩ 72,501,001
Investments in associates and joint ventures	48,605	225,886	574,906	17	149,287	998,701
Reportable segment liability ¹	5,909,270	19,218,663	2,465,305	535,377	4,764,826	32,893,441

<i>(In millions of Korean won)</i>	December 31, 2022					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others	Total
Reportable segment asset ¹	₩ 14,894,527	₩ 38,260,414	₩ 6,828,293	₩ 1,794,744	₩ 6,195,845	₩ 67,973,823
Investments in associates and joint ventures	47,816	203,696	547,016	17	151,008	949,553
Reportable segment liability ¹	5,375,055	17,688,146	2,292,775	333,712	4,803,008	30,492,696

¹ Assets and liabilities are measured in a manner consistent with those in the condensed consolidated interim financial statements and allocated on the basis of segment operation.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

External sales and non-current assets by geographical segments from continuing operations for the six-month periods ended June 30, 2023 and 2022, and as at June 30, 2023 and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	Sales		Non-current assets¹	
	2023	2022	June 30, 2023	December 31, 2022
Korea ²	₩ 5,718,682	₩ 5,638,180	₩ 18,700,615	₩ 17,886,010
China	6,651,497	7,309,350	5,161,103	4,875,247
Asia/Oceania	2,809,377	2,923,896	317,854	229,732
America	5,481,381	2,436,893	8,251,818	4,846,029
Europe	8,318,375	5,325,118	5,125,080	4,609,954
Others	48,475	201,474	-	-
Total	₩ 29,027,787	₩ 23,834,911	₩ 37,556,470	₩ 32,446,972

¹ Represents aggregate amount of property, plant and equipment; intangible assets; and investment properties.

² Domestic sales include the exports made through local letters of credit.

During the six-month period ended June 30, 2023, revenue to single external customers accounting for more than 10% of the Group's revenue were ₩3,166,005 million, all from LG Energy Solution, Ltd. And there are no single external customers who contribute more than 10% of the Group's revenue for six-month period ended June 30, 2022.

34. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS:

34.1 Assets Held for Sale and Liabilities

In accordance with the final approval of management, the Group decided to dispose of diagnosis business (June 2023) and all shares of VINA PLASTICIZERS CHEMICAL COMPANY LIMITED (September 2022). As a result, the related assets were reclassified as assets held for sale.

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. The Group decided to dispose of the land and buildings related to the former horticultural factory of FarmHannong Co., Ltd. (November 2022), and related assets were reclassified as assets held for sale.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Details of assets of the disposal group classified as held for sale as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Assets of disposal group				
Property, plant and equipment	₩	21,464	₩	10,658
Intangible assets		416		-
Inventories		4,405		-
Trade and other receivables		4,308		-
Right-of-use assets		42		-
Investments in joint ventures		16,822		16,822
Total	₩	47,457	₩	27,480
Liabilities of disposal group				
Trade and non-trade payables	₩	1,403	₩	-
Other current and non-current liabilities		647		-
Net defined benefit liabilities (assets)		(969)		-
Total	₩	1,081	₩	-

As the net fair value of the assets of the disposal group is expected to exceed the carrying amount, there is no impairment loss recognized for the disposal group classified as assets held for sale as of June 30, 2023.

34.2 Discontinued Operations

The Group decided to discontinue glass substrate business with the resolution of the board of directors in January 2020 and substantially discontinued the related business as at March 2020. In addition, the Group decided to dispose of LCD polarizer business with the resolution of the board of directors in June 2020, and the disposal was completed in February 2021. The Group disposed 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.

Comprehensive income information from discontinued operation for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		
	LCD polarizer	Glass substrate	Total
Revenue	₩ 306	₩ 1	₩ 307
Expense	-	(1,516)	(1,516)
Profit (loss) before income tax of discontinued operation	306	(1,515)	(1,209)
Income tax benefit (expense)	485	(2,405)	(1,920)
Profit (loss) after income tax of discontinued operations	₩ 791	₩ (3,920)	₩ (3,129)

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

<i>(In millions of Korean won)</i>	2022		
	LCD polarizer	Glass substrate	Total
Revenue	₩ 31,464	₩ 407	₩ 31,871
Expense	(30,267)	(1,930)	(32,197)
Profit (loss) before income tax of discontinued operation	1,197	(1,523)	(326)
Income tax benefit (expense)	(10)	370	360
Profit (loss) after income tax of discontinued operations	₩ 1,187	₩ (1,153)	₩ 34

Net cash flows from discontinued operations for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		
	LCD polarizer	Glass substrate	Total
Net cash outflow from operating activities	₩ (13,635)	₩ (3,689)	₩ (17,324)
Net cash outflow from investing activities	-	(33)	(33)
Net cash inflow (outflow) from financing activities	-	-	-

<i>(In millions of Korean won)</i>	2022		
	LCD polarizer	Glass substrate	Total
Net cash outflow from operating activities	₩ (33,806)	₩ (844)	₩ (34,650)
Net cash inflow (outflow) from investing activities	(17,474)	583	(16,891)
Net cash inflow from financing activities	51,381	261	51,642

35. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS:

Assets and liabilities recognized by the Group related to contracts with customers as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023		December 31, 2022	
Contract assets				
Due from customers for contract work	₩	29,775	₩	11,570
Total contract assets	₩	29,775	₩	11,570
Contract liabilities				
Advances in relation to revenue from the Group's main business activities	₩	333,651	₩	364,763

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Expected customer incentives		84,139		6,277
Unearned revenue		118,054		140,024
Due to customers for contract work		3,379		14,315
Total contract liabilities	₩	539,223	₩	525,379

Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized during the current quarter 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>	2023	2022
Revenue recognized in the current period from the contract liabilities balance at the beginning of the period	₩ 143,488	₩ 192,527
Advances in relation to revenue from the Group's main business activities	113,358	163,655
Unearned revenue	30,130	28,872
Revenue recognized from performance obligations satisfied in previous periods	-	-

36. INVESTMENT PROPERTIES:

Details of investment properties as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023			
	Cost	Accumulated depreciation	Accumulated impairment	Book amount
Land	₩ 4,475	₩ (69)	₩ (497)	₩ 3,909
Buildings	123,757	(17,621)	(18,252)	87,884
Total	₩ 128,232	₩ (17,690)	₩ (18,749)	₩ 91,793

<i>(In millions of Korean won)</i>	December 31, 2022			
	Cost	Accumulated depreciation	Accumulated impairment	Book amount
Land	₩ 5,287	₩ (46)	₩ (497)	₩ 4,744
Buildings	123,296	(15,764)	(18,250)	89,282
Total	₩ 128,583	₩ (15,810)	₩ (18,747)	₩ 94,026

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Changes in investment properties for the six-month period ended June 30, 2023, and for the year ended December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023			December 31, 2022		
	Land	Building	Total	Land	Building	Total
Beginning balance	₩ 4,744	₩ 89,282	₩ 94,026	₩ 4,211	₩ 52,086	₩ 56,297
Acquisitions/transfers	-	323	323	1,562	60,018	61,580
Disposals/transfers	(812)	(3)	(815)	(486)	(1,493)	(1,979)
Depreciation	(23)	(1,718)	(1,741)	(46)	(3,130)	(3,176)
Impairment ¹	-	-	-	(497)	(18,199)	(18,696)
Ending balance	₩ 3,909	₩ 87,884	₩ 91,793	₩ 4,744	₩ 89,282	₩ 94,026

¹ Impairment recognized for Magok contributed public facility classified as investment properties. As the recoverable amount was less than the carrying amount due to the impact of lease payment setting for public purposes and others, impairment losses were recognized during the year ended December 31, 2022.

The fair value of investment properties is measured either by independent professional appraisers with certified qualifications 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 June 30, 2023, is ₩107,132 million (December 31, 2022: ₩102,298 million).

During the six-month period ended June 30, 2023, rental income from investment properties under operating lease is ₩3,445 million (2022: ₩3,358 million), and operating expenses incurred for investment properties that generated rental income (including maintenance and repair expenses) are ₩1,612 million (2022: ₩715 million). During the six-month period that ended June 30, 2023, there are no operating expenses incurred for investment properties that do not generate rental income (including maintenance and repair expenses) (2022: ₩6 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.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

The future minimum lease payments expected to be received in relation to the above operating lease agreement for investment properties as at June 30, 2023, and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023	December 31, 2022
Within one year	₩ 3,556	₩ 8,575
Within two years	2,040	2,039
Within five years	6,028	6,106
Total	₩ 11,624	₩ 16,720

37. BUSINESS COMBINATION:

(1) To establish a foundation for becoming a global pharmaceutical company, the Group acquired 100% interest in Aveo Pharmaceuticals, Inc. on January 20, 2023, for the purpose of securing commercialization capabilities and preemptive products in the US anticancer market.

Details of consideration transferred, assets and liabilities recognized as a result of the business combination paid to Aveo Pharmaceuticals, Inc., are as follows:

The goodwill of ₩275,856 million resulting from the business combination arises from various factors, including the expected increase in revenue resulting from the combination of the businesses of the company and Aveo Pharmaceuticals, Inc.

<i>(In millions of Korean won)</i>	Amount	
Consideration transferred		
Cash and cash equivalents	₩	701,103
Total consideration	₩	701,103
Identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	₩	8,902
Trade and other receivables ¹		34,687
Inventories		845
Property, plant and equipment		935
Intangible assets		565,448
Other assets		246
Trade and non-trade payables		(40,941)
Other payables		(686)
Deferred tax liabilities		(144,189)
Fair value of net identifiable assets acquired		425,247
Goodwill (gain from a bargain purchase)		275,856
	₩	701,103

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

The revenue and net loss reflected in the consolidated statement of income contributed by Aveo Pharmaceuticals, Inc. after the acquisition were ₩83,038 million and ₩37,476 million, respectively.

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

Revenue and profit or loss of the Group for the six-month period ended June 30, 2023, would have been ₩29,039,528 million and ₩1,313,544 million, respectively, as though the acquisition of Aveo Pharmaceuticals, Inc. had occurred as at the beginning of the six-month period ended June 30, 2023.

The Group accounts for the business combination with provisional amounts as at June 30, 2023, 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.

(2) On February 28, 2022, the Group acquired 100% shares of LG Energy Solution Vertech Inc., an electricity storage batteries installation service provider in the 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 paid to LG Energy Solution Vertech Inc., are as follows:

Gain from a bargain purchase amounting to ₩30,673 million that occurred from the acquisition is recognized as other non-operating income in the consolidated statements of profit or loss.

(In millions of Korean won)

	Amount
Consideration transferred	
Cash and cash equivalents	₩ 16,168
Total consideration	<u>₩ 16,168</u>
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	₩ 7,748
Trade and other receivables ¹	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)
Fair value of net identifiable assets acquired	<u>46,841</u>
Goodwill (gain from a bargain purchase)	<u>(30,673)</u>
	<u>₩ 16,168</u>

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

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As of June 30, 2023, and December 31, 2022, and for the
Six-month Periods Ended June 30, 2023 and 2022

38. EVENTS AFTER THE REPORTING PERIOD:

(1) The Group decided to issue unsecured overseas exchangeable bonds with LG Energy Solution shares as the exchange target with the resolution of the board of directors on July 11, 2023. In accordance with this resolution, overseas exchangeable bonds amounting to USD 2,000 million were issued on July 18, 2023.

(In millions of USD)

Classification	Maturity date	Amount
Overseas Unsecured Exchangeable Bond (5-Year Maturity)	July 18, 2028	USD 1,000
Overseas Unsecured Exchangeable Bond (7-Year Maturity)	July 18, 2030	USD 1,000

(2) In July 2023, the Group has entered into a joint venture agreement with Canada's Stellantis Corporation in response to the expanding electric vehicle battery demand in the North American market and contributed capital as an investment.