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Semi-Annual Report

(The 24th Year)

Business year from 01 January 2022
to 30 June 2022

To: The Financial Services Commission
Korea Exchange

16 August 2022

Type of corporation for submission: Listed company

Occurrence of exemption reason: Not applicable

Company Name: LX Semicon Co., Ltd.

Representative Director: Son Bo-Ik

Address of the Headquarters: 222 Techno 2-ro, Yuseong-gu, Daejeon, Korea
(Tel) 02-6924-3114

(Webpage) <http://www.lxsemicon.com>

Person responsible for this report: (Position) CFO (Name) Lee Hyuk-Joo
(Tel) 02-6924-3114

【Confirmation by Representative Director】

Confirmation and Signature of Representative Director

Letter of Confirmation

We are representative director and others responsible for reporting. Based on the review and confirmation of this annual report with significant care, we confirm that all the important matters to be provided have been given without omission, falsification or any such signs and that nothing inducing critical misunderstanding of users of this report has been provided or expressed.

We also hereby confirm that the Company has established and manages its internal accounting management system based on Article 8 of the [Act on External Auditors of Share Companies] (Limited to the companies subject to external audit based on Article 8 of the same Act).

16 August 2022

LX Semicon Co., Ltd.

Representative Director Son Bo-Ik (Signature)

Director of Reporting Choi Sung-Kwan (Signature)

I. Company Overview

1. Company Overview

A. Outline of consolidated subsidiaries

Consolidated subsidiaries (Summary)

(Unit: Companies)

Division	Number of consolidated companies				Number of major subsidiaries
	01 January 2022	Increase	Decrease	30 June 2022	
Listed	-	-	-	-	-
Unlisted	3	-	-	3	-
Total	3	-	-	3	-

※ Refer to 'Detailed Table - 1.Consolidated Subsidiaries (Detailed)'.

1-1. Changes in consolidated companies

Category	Subsidiary	Reason
Newly appointed Consolidated	-	-
	-	-
Consolidated Excluded	-	-
	-	-

B. Legal and commercial name of the Company

The Company's name is LX Semicon Co., Ltd.

C. Date of establishment

The Company was established on 11 November 1999.

D. Address, telephone number and website of the headquarters

Address: (H.Q) 222 Techno 2-ro, Yuseong-gu, Daejeon (Tamnip-dong)

Tel: 02-6924-3114

Wepage: www.lxsemicon.com

Whether the Company is an SME

Whether the Company is an SME	Not applicable
Whether the Company is a venture company	Not applicable
Whether the Company is a middle-standing enterprise	Applicable

E. Major areas of businesses

The Company is engaged in design, manufacturing, and sales of system semiconductor IC as its main business, and consists of a single display business division.

For details of the Company's major business activities, please refer to "II. Business Activities".

F. Credit rating

In the past three years, the Company has not requested credit ratings to domestic or overseas credit rating agencies which offer ratings and private rating agency's interest rates not as in the credit inquiry business.

G. Stock listing (or registration and designation) and special listing of the Company

Share listing (or registered/designated)	Date of share listing (or registration / designation)	Special listing	Applicable regulations such as special listing
KOSDAQ market	08 June 2010	-	-

2. Company History

A. The Company's major historical events are as follows:

Date	Major contents
October 2016	Awarded the prize of sales tower KRW 500 billion (Daejeon City)
March 2017	Change of representative director (Han Dae-Keun → Son Bo-Ik)
October 2017	Awarded the prize of sales tower KRW 600 billion (Daejeon City)
May 2018	Acquired part of System IC business from LG Electronics Co., Ltd. (entire assets and manpower related to T-Con chips for OLED TV)
June 2018	The 10th Korea KOSDAQ Award (KOSDAQ Association awarded with Best Job Creating Company Prize)
October 2019	Awarded the prize of sales tower KRW 700 billion (Daejeon City)
May 2021	Change of largest shareholder (LG Corp. → LX Holdings Co., Ltd.)
June 2021	Change of name (Silicon Works Co., Ltd. → LX Semicon Co., Ltd.)

Note) The Company changed its name from Silicon Works Co., Ltd. to LX Semicon Co., Ltd. by the extraordinary general meeting of shareholders on 25 June 2021, and the effective date of the change of name is 1 July 2021.

B. The major historical events of LX Semicon U.S.A., Inc (USA), one of the Company’s subsidiaries are as follows:

Date	Major contents
October 2012	Establishment of legal entity (Paid in capital USD 500,000)
July 2021	Change of company name (SILICON WORKS, INC. → LX Semicon U.S.A., Inc)

C. The major historical events of LX Semicon China Co., Ltd., one of the Company’s subsidiaries are as follows:

Date	Major contents
March 2017	Establishment of legal entity (Paid in capital CNY 4,085,400)
May 2018	Capital increase with consideration (CNY 4,085,400— CNY 13,012,920)
December 2021	Change of the company name (Silicon Works China Co., Ltd. → LX Semicon China Co., Ltd.)

D. The major historical events of LX Semicon Japan Co., Ltd., one of the Company’s subsidiaries are as follows:

Date	Major contents
September 2021	Establishment of legal entity (Paid in capital JPY 30,000,000)
February 2022	Capital increase with consideration (JPY 30,000,000→ JPY 60,000,000)
May 2022	Capital increase with consideration (JPY 60,000,000→ JPY 120,000,000)

E. The headquarters location and changes of the address

11 November 1999 4th Fl., Jeil Bank Building, 1299 Dunsan-dong, Seo gu, Daejeon, Korea
 15 December 2000 5th Fl., Semyung Hoekwan Building, 1299 Dunsan-dong, Seo gu, Dae jeon, Korea
 04 October 2005 104-13 Munji-dong, Yuseong-gu, Daejeon, Korea
 31 January 2011 222 Techno 2-ro Yuseong gu, Daejeon , Korea

F. Major changes to the management

Date of change	Type	Appointment		Expiration or dismissal
		Newly appointed	Re-appointed	
17 Mar. 2017	Regular general meeting of shareholders	Representative director Son Bo-Ik, Non-executive director Min Byeong-Hun, External director Yoon Il-Goo	-	Representative director Han Dae-Keun, Non-executive director Son Bo-Ik, External director Lee Sang-Guk
16 Mar. 2018	Regular general meeting of shareholders	Internal director Choi Sung-Kwan, Non-executive director Jeong Hyeon-Ok, External director Shin Yeong-Soo	-	Internal director Bae Dong-Su, Non-executive director Min Byeong-Hun, External director Moon Geon-Woo
15 Mar. 2019	Regular general meeting of shareholders	Non-executive director Jeong Yeon-Chae, External director Wi Kyung-Woo	-	Non-executive director Jeong Hyeon-Ok, External director Lee Nam-Joo
26 Mar. 2020	Regular general meeting of shareholders	-	Representative director Son Bo-Ik, External director Yoon Il-Goo	-

18. Mar. 2021	Regular general meeting of shareholders	Non-executive director Roh Jin-Seo	Internal director Choi Sung-Kwan, External director Shin Yeong-Soo	Non-executive director Jeong Yeon-Chae
22 Mar. 2022	Regular general meeting of shareholders	-	External director Wi Kyung-Woo	-

Note 1) Please refer to “VIII. Executives and Employees” for more details on change in management.

Note 2) External director Wi Kyung-Woo has been reappointed on 22 March 2022.

G. Changes of the largest shareholder

According to the spin-off of LG, which was the previous largest shareholder, the largest shareholder was changed from LG Corp. to LX Holdings Co., Ltd., and the changes in the largest shareholder, etc. are described in “2. Shareholding of the largest shareholder of VII. Shareholders”.

H. Change of company name

Date of change	Before change	After change	Reason for change
25 June 2021	Silicon Works Co., Ltd.	LX Semicon Co., Ltd.	Change of governance and improving image as a semiconductor company

Note 1) The date of change is the date of approval of the general meeting of shareholders for the change of Articles of Incorporation reflecting the change of company name.

Note 2) The effective date of the changed name is 1 July 2021.

3. Changes to Capital

The Company has not changed its capital for the last five years.

(Unit: KRW, shares)

Types	Division	30 June 2022
Ordinary shares	Total issued shares	16,264,300
	Par value	500
	Capital	8,132,150,000
Preferred shares	Total issued shares	-
	Par value	-
	Capital	-
Others	Total issued shares	-
	Par value	-
	Capital	-
Total	Capital	8,132,150,000

4. Total Number of Shares

The total issued shares are 16,264,300 ordinary shares as of 30 June 2022.

(Based on 30 June 2022)

(Unit: shares)

Division	Type of share			Remarks
	Ordinary shares	Preferred shares	Total	
I. Total number of shares to be issued	-	-	50,000,000	-
II. Total number of shares issued so far	16,264,300	-	16,264,300	-
III. Total number of shares decreased so far	-	-	-	-
1. Capital decrease	-	-	-	-
2. Interest distribution	-	-	-	-
3. Redemption of redeemable shares	-	-	-	-
4. Others	-	-	-	-
IV. Total number of shares to be issued	16,264,300	-	16,264,300	-
V. Number of treasury shares	-	-	-	-
VI. Number of outstanding shares (IV-V)	16,264,300	-	16,264,300	-

Note) The total shares of the Company to be issued is 50 million shares, of which the issuing limit of preferred stock is 7 million shares.

5. Articles of Incorporation

A. History of changes to the articles of incorporation

Changed date	Name of general meeting of shareholders	Major changes	Reason for change
15 Mar. 2019	The 20th ordinary general meeting of shareholders	Establishing electronic registration basis provisions, changing business handling details of transfer agent and adding notification contents	Preparing the basis for electronic registration and clarifying the contents of the provisions
18. Mar. 2021	The 22nd ordinary general meeting of shareholders	Revising of matters for the separate election of audit committee members and changing the wording to enable resolution through delegation of committees within the BOD	Revising of matters related to the separate election of auditors and flexible committee-related regulations
25 Jun. 2021	The 1st extraordinary general meeting of shareholders	Revising articles due to change of the company name, clarifying business purposes, and changing website in notification method according to name change	Revising articles due to change of the company name

II. Business Activities

1. Business Overview

The Company is in the business of designing, producing and selling core parts (System IC) that drive display panels, and consists of a single display business division.

The main products are Driver-ICs and Timing controllers that drive panels, and the Driver-ICs account for 88.55% of total sales as of 30 June 2022 (87.9% in the previous period). Exports account for 99.5% of the total sales as of 30 June 2022 (98.5% in the previous period).

The product development is carried out through continuous discussions with electronic companies, which are consumers, about product specifications and characteristics, and manufacturing is outsourced to semiconductor manufacturers.

2. Major Products and Services

[Based on 30 June 2022]

(Unit: KRW billion)

Business sector	Product	Product details	Major product	30 June 2022		31 December 2021		31 December 2020	
				Sales	Ratio(%)	Sales	Ratio(%)	Sales	Ratio(%)
Semi-conductor	System IC	Panel driver IC and others	Driver - IC	10,486	88.55	16,683	87.86	10,036	86.38
			Driver - IC,	1,356	11.45	2,305	12.14	1,583	13.62
Total				11,842	100.00%	18,988	100.00	11,619	100.00

3. Raw Materials and Facilities

A. Major raw materials

[Based on 30 June 2022]

(Unit: KRW billion)

Raw material	Purchased amount	Major supplier
Wafer, etc.	6,113	TSMC, SK hynix system ic(Wuxi),LG Innotek Co., Ltd., etc.
Processing cost, etc.	2,299	LB Semicon Co., Ltd., LB Lusem Co., Ltd., etc.

As the Company is a fabless company placing orders and commissioning semiconductor manufacturing processes and the cost for the purchase of wafers is a very important element for the management performance and it is considered to be confidential. Hence, the Company will not provide the unit cost and trends of wafer prices.

B. Manufacturing capacity and facilities

The Company is a fabless company and has no manufacturing facilities. All the necessary manufacturing is commissioned to professional semiconductor manufacturers (foundries). Accordingly, it has no separate manufacturing facilities and the details are not provided.

C. Commissioned Manufacturing

Fabless companies depend on commissioned processing from wafer manufacturing to package and testing. As wafer manufacturing foundries, package and testing businesses involve large scaled investment due the characteristics of semiconductor industry, the businesses are divided accordingly.

4. Sales and Orders

A. Sales performance

[Based on 30 June 2022]

(Unit: KRW billion)

Business sector	Sales type	Product		30 June 2022	31 December 2021	31 December 2020
Semiconductor	Products and others	System IC	Exports	11,784	18,816	11,271
			Domestic	58	172	348
Total			Total	11,842	18,988	11,619

B. Sales channels, methods, strategies, and major customers

(1) Sales and mass production support organizations

As of the end of the current period, the departments of the Company are composed of TI divisions (TV/IT/Display) and MS divisions (Mobile Solution), and TI and MS sales divisions under the sales department are in charge of domestic and overseas sales.

(2) Sales channels

Our sales consist of direct sales from the head office, and are produced by outsourced companies and delivered to customers. The Company develops and sells products based on consistent discussions on the product specifications and characteristics with electronic companies, which are the buyers.

Division	Sales channels
Domestic	Order → LX Semicon (OEM → release → delivery)
Overseas	

Note) Domestic sales are sales within Korea

(3) Sales strategy

The Company is expected to maintain its competitiveness in the market through the development of new products and technologies as well as differentiated customer support to strengthen the customer base and to expand subjects of new customers. Also, it will keep its market status by providing the optimum solutions requested by customers as tailor made products.

(4) Main source of sales

There are two customers whose sales from a single external customer accounted for more than 10% of the Group's sales as of 30 June 2022, the sales were KRW 732.2 billion (KRW 590.2 billion in the previous period) KRW 211.7 billion (KRW 146.6 billion in the previous period), respectively.

C. Order situation

Driver chips for displays manufactured by the Company vary according to the size and characteristics of display panels. Due to the nature of the purchasing policies of major panel makers, orders for necessary quantities are usually made every 10 weeks with additional requests at any given time thereafter.

5. Risk Management and Derivatives

The Group is exposed to credit risk, liquidity risk and market risk with regard to financial instruments. Information on the aforesaid risk to which the Group is exposed is disclosed in the notes with the goal, policy, risk evaluation and management procedure, and capital management of the Group. Additional quantitative information is also disclosed throughout these financial statements.

A. Credit risk management

Credit risk refers to risk where the Group may have financial losses as customers or transactional counterpart fails to fulfill contractual obligations for financial instruments, and it may mainly break out from trade receivables for customers and investment assets. The Company is trading with customers with the certain level or higher of credit rating in an effort to reduce financial losses due to default, while reviewing the credit ratings of customers with exposure to credit risk periodically. Credit risk may break out even from transactions with financial institutions as well, and the Company is in principle trading only with the banks of higher credit ranking in an effort to reduce this risk. The Company ensures that new transactions are carried out for deposits with the higher likelihood of credit risk such as trust deposits only after approval by the executive in charge. The exposure level of the Group to credit risk as of 30 June 2022 is maximum KRW 815.8 billion, including cash, cashable assets, trade receivables and other receivables.

B. Management of liquidity risk

Maintaining and managing adequate liquidity is a very important matter for the Company. The Company currently maintains non-debt management and has an adequate cash level. In addition, the Company is making every effort to maintain and manage appropriate liquidity through periodic forecasting of funds balance, estimating the required cash level, and managing income and expenses.

Separately, the Company is actively communicating with the financial market to secure early liquidity in preparation for liquidity risks. We are actively reviewing overdraft and other borrowing limits to secure abundant liquidity.

C. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices.

(1) Currency risk

The Group is exposed to the currency risk related to the sales profits and costs indicated in KRW, which is the functioning currency. The major currencies in these transactions are USD.

The book values of the cash assets and liabilities presented in major currencies other than the functioning currency at the end of the current and the previous periods, are as follows:

(Unit: KRW billion)

Division	30 June 2022		31 December 2021	
	USD	JPY	USD	JPY
Assets in foreign currency	1,909.3	4.0	853.2	0.0
Liabilities in foreign currency	1,283.2	0.0	910.4	19.1

The effect of the changes in foreign exchange rate for Korean won (before tax) on the losses and gains as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW billion)

Division	30 June 2022	31 December 2021
	(If 5% changed)	(If 5% changed)
USD	±31.3	± 2.9
JPY	± 0.2	± 1.0

(2) Interest rate risk

The Group is not recognizing the fixed interest rate financial instruments as the financial instruments for which the profits or losses should be recognized in the current business year. Therefore, the revenues and operating cash flows of the Group are actually independent of variations in the market interest rate.

D. Capital risk management

The capital management of the Group is for maintaining the existence of the Company as a going concern, minimizing the capital cost for funding, maximizing the profits of the shareholders, and maintaining an appropriate equity structure. The Group is managing its capital based on the liability ratio. The Group manages the capital based on the ratio of liability, which is calculated by dividing the total liability in the statement of financial position with capital. The Group maintains a proper liability ratio at ratio 46.8% as of 30 June 2022.

E. Transaction of Derivatives

As of the reporting date, there is no relevant information.

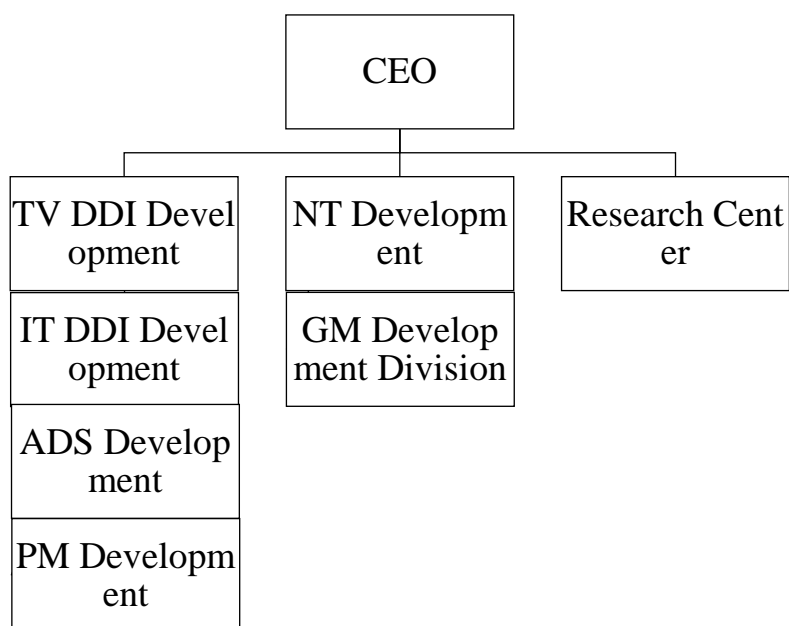
6. Major Contracts and Research

A. Major contracts in management

As of the reporting date, there is no relevant information.

B. Research and development

(1) Research and development organization



(2) Research and development expenses

(Unit: KRW billion)

Category		30 June 2022	31 December 2021	31 December 2020
Total R&D expenses		1,000	1,714	1,209
(Government subsidies)		0	(0.4)	(0.7)
Total R&D expenses after deducting government subsidies		1,000	1,714	1,209
Accounting	Selling and general administrative expenses	1,000	1,714	1,209
	Costs of goods manufactured	-	-	-
	Development expenses (intangible assets)	-	-	-
R&D expenses/sales ratio [R&D expenses ÷ current sales X 100]		8.4%	9.0%	10.4%

Note) The percentage of sales was calculated based on the total amount of R&D expenses before deducting government subsidies.

(3) Performances in research and development

The Company is specialized in display components and has secured a variety of product technological power over the entire area of displays from components for IT products such as laptops, monitors and tablet PCs to other components for TV and mobile devices during the recent years.

Our main products are Driver-IC, Timing Controller, and PMIC, and the Company is growing sales by expanding our product lineup with mobile-oriented P-OLED DDI and Touch Controller, etc. In addition, the Company is developing Power Ics and MCUs, which are system semiconductors for home appliances and electronic devices, by expanding our technological power to various application areas other than displays.

7. Other References

A. Intellectual property rights

The Company has 1,134 applications (before acquisition of patent) and 751 patents regarding semiconductor as of 30 June 2022. The above number of applications can vary anytime by new applications, acquisition, expiration, waiver, etc.

The patents are managed by a dedicated organization composed of experts, who are in charge of patent development, registration, follow-up management, and dispute response.

[Based on 30 June 2022]

(Unit: cases)

Division	Status	Patent right	Total
Domestic	530	299	829
Overseas	604	452	1,056
Total	1,134	751	1,885

B. System IC

(1) Characteristics of the industry

The products have been growing in scale with the development of the display industry as a key component to drive the display panel. The key competitive factor in the display parts market is to strengthen technological competitiveness based on the original technology and to enter the market in the early stage of display technology development. As the complex product designing technology is required recently, technology gap is getting bigger between companies that have differentiated technology and those who have not.

(2) Market scale and growth

The medium and large scale (TV/IT/automotive) display IC market is growing in size thanks to qualitative growth due to the increasing proportion of premium products such as high-resolution (8K) LCDs and OLED TVs, as well as aggressive investments made by Chinese panel makers. In addition, in the small (smart phone/smart watch) display IC market, starting with Apple's first P-OLED phone release (2017), Chinese panel producers are accelerating their entry into the P-OLED market, and growth centered on P-

OLED products is expected to continue in the future. As such, the display IC market is expected to grow continuously due to the rapid growth of Chinese panel makers and the trend of panel generation conversion.

[Annual panel sales]

(Unit : M units)	2020	2021	2022(E)	2023(E)	2024(E)	2025(E)	2026(E)	2027(E)	2028(E)
TV	276.2	266.8	263.1	264.9	272.0	271.3	274.4	274.6	276.3
Monitor	165.0	171.0	170.2	163.3	164.6	164.8	165.5	163.3	165.4
Notebook	228.9	290.1	292.2	271.7	272.8	282.4	292.3	294.8	298.1
Tablet	278.6	278.1	251.9	242.8	237.6	236.0	239.2	244.7	244.5
Automotive Display	182.4	260.3	274.2	285.1	294.2	305.5	310.0	314.7	320.7
Large Panel Total	1,131.1	1,266.3	1,251.6	1,227.8	1,241.1	1,259.9	1,281.3	1,292.0	1,305.1
Featurephone	229.2	177.9	175.5	158.9	143.6	128.4	114.0	106.1	99.4
Smartphone	1,544.7	1,740.6	1,545.0	1,656.1	1,715.3	1,788.6	1,866.1	1,902.3	1,923.4
Smartwatch	177.4	215.9	242.7	267.1	283.1	295.5	306.2	315.8	322.8
HeadMountDisplay	5.9	8.5	17.3	19.5	22.4	25.1	27.4	28.9	29.9
Small Panel Total	1,957.2	2,142.8	1,980.4	2,101.7	2,164.4	2,237.6	2,313.6	2,353.0	2,375.4

① Medium and large sized (TV/ IT/automobile) display IC

The display IC market for LCD TVs is growing due to the increase in the number of ICs required per panel as the proportion of UHD panels increases. The penetration rate of UHD TVs in 2021 is about 61% on a global average, and is expected to reach about 64% in 2022. In particular, the spread of 8K TVs is also growing, leading the growth of display ICs for LCD TVs.

In addition, the proportion of OLED TVs in the premium TV market is increasing steadily, and the number of TV set makers who have selected OLED panels as a strategy for product differentiation is increasing. The display IC market for large OLED TVs is also showing high growth. The market size is small as LG Display is the only company that is mass-producing OLED TV panels so far. However, rapid growth is expected in the future as Chinese panel producers are making aggressive facility investments based on enormous capital power. Unlike LCD products, display ICs for OLED TVs are based on panel compensation technology in addition to driving technology, so companies with competitive power are expected to lead the market.

In addition, some premium brands are increasing the added value by adding new functions such as increasing the resolution and utilizing the touch panel.

② Small (smart phone/smart watch) display IC

The smartphone market has entered the stage of maturity. The size of the smartphone panel market grew by recording about 1.7 billion units in 2021, but demand is expected to reach about 1.5 billion units in 2022. The smartphone market in developed countries is expected to grow less than that of the emerging market, and the growth of the emerging market is driving the growth of the overall smartphone market.

Major global set makers are actively pursuing form factor evolution strategies to create new demand, so the proportion of smartphones equipped with P-OLED panels is expected to continue to increase. Currently, domestic panel makers are leading the P-OLED market due to the technological gap between Korean and Chinese panel makers, but Chinese makers' share in the P-OLED panel market is expected to gradually increase as the makers expand their capacity.

The smart watch market is expected to continue to grow at a high level every year after the great growth

in 2020, and the size of the related market is expected to increase continuously through services linked to various devices such as IoT in the future.

(3) Characteristics of economic fluctuations and competitive elements

The core competitive element in the display component market is the market entry at the initial stage with the development of display, as well as the strengthening technological competitiveness based on original technologies. It is to create a barrier to entry through differentiation through technological competitiveness by securing a meaningful share in a new market where new technologies are applied.

The display industry is a field that requires both technology and capital-intensive characteristics and economies of scale, and has the characteristic that the barrier to entry increases as the degree of technical completion increases. In the past, the supply capacity has improved through fierce competition among panel makers, and in line with the increase in demand, the overall display industry has recorded a high growth rate. However, in recent years, due to the high maturity of the market and limited demand, it has entered a low-growth phase. Due to its high sensitivity to economic fluctuations, replacement demand does not increase significantly. Without creating new demand through innovative products, it is difficult to expect continuous growth in the market.

(4) Market share

According to a market research firm Omdia, based on the year 2021, the Company has ranked the 42nd place in the global semiconductor companies ranking, and in the top 3 among display driver IC companies. In recent years, securing competitive power in new technologies rather than the size of sales itself has become an important criterion for determining the Company's competitive advantage. Thus, the Company is successfully entering the premium market such as OLED/P-OLED through close cooperation with panel and set customers. In addition to the display, the Company is also continuing to expand our business to new areas such as home appliances, automobiles and batteries etc.

(5) Strength of the Company

Company not only provide the core components of Display System Semiconductor as a total solution, but also localize the products that have been highly dependent on imports, contributing to stable parts procurement and price competitiveness of domestic downstream companies. We are also actively supporting customer's market by providing customized premium products through continuous technology development. The win win strategy based on trust with forward looking companies plays a major role in our competitiveness.

Through these efforts, we have secured technological response power to comply with market change in more prompt and flexible ways than other companies from new product development to delivery. Accordingly, the Company is realizing customer diversification through securing domestic and overseas customers based on our unique designing technological power.

C. Overseas subsidiaries

The Company has overseas subsidiaries in the US, China and Japan for sales support such as customer support. Please refer to "B. System IC" for the characteristics and the market size in the overseas subsidiaries.

D. Contents and prospects related to new business

The heat dissipation substrate is a core material that has a great influence on the operational lifespan and stability of the power semiconductor. It refers to a substrate with high thermal conductivity to diffuse the heat of the power device to the outside, and has a form of bonding Cu (copper) to an insulating ceramic (alumina, silicon nitride, aluminum nitride) substrate.

The heat dissipation substrate market is a field that is expected to grow along with the eco-friendly electric vehicle and new and renewable energy markets, and is expected to grow at a CAGR of 15% from 2022 to 2026.

We plan to secure profitability through continuous technology development to supply heat dissipation substrates centered on silicon nitride and aluminum nitride markets with high growth potential by securing differentiated technology.

III. Finances

1. Summarized Financial Information

A. Summarized consolidated financial information

The consolidated financial statements for the half-year of the 24th fiscal year were prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS) and were reviewed by an external auditor. The consolidated financial statements for the 22nd and 21st years presented for comparison were prepared in accordance with the K-IFRS.

(Unit: KRW million)

Division	30 June 2022	31 December 2021	31 December 2020
[Current assets]	1,105,471	1,031,063	629,332
•Quick assets	829,797	829,946	494,067
•Inventories	275,674	201,117	135,265
[Non-current assets]	214,727	141,468	121,270
•Tangible assets	104,402	57,942	41,793
•Intangible assets	50,024	50,216	52,145
•Other non-current assets	60,301	33,310	27,332
Total assets	1,320,198	1,172,531	750,602
[Current liabilities]	406,893	363,583	209,089
[Non-current liabilities]	14,163	8,616	9,229
Total liabilities	421,056	372,199	218,318
[Capital]	8,132	8,132	8,132
[Capital surplus]	76,343	76,343	76,343
[Other capital items]	(500)	15	(455)
[Retained earnings]	815,167	715,842	448,264
[Non-controlling interest]	-	-	-
Total equities	899,142	800,332	532,284
	(01 January 2022 ~ 30 June 2022)	(01 January 2021 ~ 31 December 2021)	(01 January 2020 ~ 31 December 2020)
Sales	1,184,244	1,898,846	1,161,896
Operating profit	237,507	369,622	94,227
Net income	180,293	296,424	72,529
Owners of the controlling company	180,293	296,424	72,529
Non-controlling interest	-	-	-
Net earnings per share (KRW)	11,085	18,225	4,459

Net diluted earnings per share (KRW)	11,085	18,225	4,459
Number of companies included in the consolidation	3	3	2

B. Summarized financial information

The financial statements for the half-year of the 24th business year were prepared in accordance with the K-IFRS and were reviewed by an external auditor. The financial statements for the 22nd and 21st years presented for comparison were prepared in accordance with the K-IFRS.

(Unit: KRW million)

Division	30 June 2022	31 December 2021	31 December 2020
[Current assets]	1,102,434	1,028,631	627,617
•Quick assets	826,759	827,514	492,352
•Inventories	275,675	201,117	135,265
[Non-current assets]	214,571	140,903	122,271
•Tangible assets	101,537	55,552	40,476
•Intangible assets	49,800	50,060	51,962
•Other non-current assets	63,234	35,291	29,833
Total assets	1,317,005	1,169,534	749,888
[Current liabilities]	407,443	363,973	209,675
[Non-current liabilities]	13,678	8,491	9,195
Total liabilities	421,121	372,464	218,870
[Capital]	8,132	8,132	8,132
[Capital surplus]	76,343	76,343	76,343
[Other capital items]	(381)	(381)	(381)
[Retained earnings]	811,790	712,976	446,924
Total equities	895,884	797,070	531,018
Evaluation method for investment shares in subsidiaries, associates, joint ventures	Cost method	Cost method	Cost method
	(01 January 2022 ~ 30 June 2022)	(01 January 2021 ~ 31 December 2021)	(01 January 2020 ~ 31 December 2020)
Sales	1,184,244	1,898,846	1,161,896
Operating profit	236,972	368,630	93,723
Net income	179,782	294,898	72,291
Net earnings per share (KRW)	11,054	18,132	4,445
Net diluted earnings per share (KRW)	11,054	18,132	4,445

2. Consolidated financial statements

Consolidated Statement of Financial Position

As of 30 June 2022
As of 31 December 2021

(Unit: KRW)

	30 June 2022	31 December 2021
Assets		
Current assets	1,105,471,479,834	1,031,063,337,504
Cash and cash equivalents	152,700,828,853	135,613,700,789
Short-term financial instruments	320,000,000,000	470,000,000,000
Trade receivables	293,322,481,636	175,265,047,069
Other receivables	34,291,749,208	20,459,407,455
Other current assets	29,481,695,062	28,607,668,627
Inventories	275,674,725,075	201,117,513,564
Non-current assets	214,727,132,389	141,467,644,416
Non-current other receivables	15,478,728,275	12,361,412,928
Investments in associates and joint ventures	37,909,145,141	11,668,130,191
Tangible assets	85,366,538,620	50,262,602,385
Right-of-use assets	19,035,865,062	7,679,130,585
Intangible assets	50,023,632,196	50,215,624,104
Other non-current assets	1,791,421,203	879,900,722
Deferred tax assets	5,121,801,892	8,400,843,501
Total assets	1,320,198,612,223	1,172,530,981,920
Liabilities		
Current liabilities	406,892,975,654	363,583,458,447
Trade payables	272,880,867,400	213,463,276,070
Other payables	50,987,759,179	59,424,740,446
Other current liabilities	15,014,079,142	12,793,771,468
Current lease liabilities	7,807,867,349	3,576,706,160
Current tax liabilities	60,202,402,584	74,324,964,303
Non-current liabilities	14,163,554,631	8,614,815,226
Non-current other payables	2,021,160,000	20,000,000
Other non-current liabilities	5,238,954,524	4,046,218,481
Non-current lease liabilities	9,755,181,899	3,927,949,636
Defined benefit liabilities	(2,851,741,792)	620,647,109

Total liabilities	421,056,530,285	372,198,273,673
Equity		
Owners' equity	899,142,081,938	800,332,708,247
Capital	8,132,150,000	8,132,150,000
Capital surplus	76,343,170,500	76,343,170,500
Other capital items	(499,984,051)	15,303,715
Retained earnings (loss)	815,166,745,489	715,842,084,032
Non-controlling interest	0	0
Total equities	899,142,081,938	800,332,708,247
Total equities and liabilities	1,320,198,612,223	1,172,530,981,920

Consolidated Income Statement

From 01 January to 2022 to 30 June 2022

From 01 January to 2021 to 30 June 2021

(Unit: KRW)

	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Revenue (sales)	599,159,232,237	1,184,243,961,629	449,275,295,664	854,898,869,778
Cost of goods sold	397,006,346,529	773,426,886,049	288,270,075,664	578,944,387,807
Gross profit	202,152,885,708	410,817,075,580	161,005,220,000	275,954,481,971
Selling and administrative expenses	92,564,219,803	173,309,602,699	65,453,890,524	121,161,991,234
Operating profit (loss)	109,588,665,905	237,507,472,881	95,551,329,476	154,792,490,737
Finance income	2,460,671,763	5,023,544,792	728,142,025	1,455,854,726
Financial cost	2,538,388,481	3,922,002,318	453,482,929	1,088,227,717
Other non-operating income	11,764,529,542	16,762,035,064	1,944,877,997	9,505,040,479
Other non-operating losses	10,621,881,666	16,009,433,764	2,316,572,384	4,557,433,430
Equity method gains and losses	14,075,469	160,547,603	39,891,657	88,179,370
Profit (loss) before income tax	110,667,672,532	239,522,164,258	95,494,185,842	160,195,904,165
Income tax expenses	27,635,911,561	59,228,977,569	22,599,307,360	36,481,211,820
Net income (loss)	83,031,760,971	180,293,186,689	72,894,878,482	123,714,692,345
Attribution of net income (loss)				
Net income (loss) attributable to the owners of the Group	83,031,760,971	180,293,186,689	72,894,878,482	123,714,692,345
Earnings per share				
Basic earnings (loss) per share (Unit: KRW)	5,105	11,085	4,482	7,607
Diluted earnings (loss) per share (Unit: KRW)	5,105	11,085	4,482	7,607

Consolidated Comprehensive Income Statement

From 01 January to 2022 to 30 June 2022
From 01 January to 2021 to 30 June 2021

(Unit: KRW)

	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Net income (loss)	83,031,760,971	180,293,186,689	72,894,878,482	123,714,692,345
Other comprehensive income	6,251,247,012	6,343,407,002	51,224,803	183,120,558
Items that are not reclassified to current profit or loss (other comprehensive income before tax)	6,858,694,768	6,858,694,768	0	0
Gains or losses on remeasurement of defined benefit plans (other comprehensive income before tax)	9,048,409,984	9,048,409,984	0	0
Gain (loss) on valuation of financial assets at FVOCI	(2,189,715,216)	(2,189,715,216)	0	0
Items that can be reclassified to current profit or loss (other comprehensive income before tax)	(607,447,756)	(515,287,766)	51,224,803	183,120,558
Foreign exchange difference in translation at overseas business sites (Other comprehensive income before tax)	82,134,897	174,294,887	51,224,803	183,120,558
Gain on valuation of investment stock by the equity method	(689,582,653)	(689,582,653)		
Total comprehensive income	89,283,007,983	186,636,593,691	72,946,103,285	123,897,812,903
Attribution of total comprehensive income				
Total comprehensive income, equity attributable to the owners of the parent	89,283,007,983	186,636,593,691	72,946,103,285	123,897,812,903

Consolidated Statement of Changes in Equity

From 01 January to 2022 to 30 June 2022
From 01 January to 2021 to 30 June 2021

(Unit: KRW)

		Capital						
		Owners' equity					Non-controlling interest	Total capital
		Capital	Capital surplus	Other components of capital	Retained earnings	Total capital attributable to owners of the parent		
01 January 2021		8,132,150,000	76,343,170,500	(454,724,156)	448,263,907,949	532,284,504,293	0	532,284,504,293
Total comprehensive income	Net Income	0	0		123,714,692,345	123,714,692,345	0	123,714,692,345
	Remeasurement loss on defined benefit plan	0	0	0	0	0	0	0
	Gain (loss) on valuation of financial assets at FVOCI	0	0	0	0	0	0	0
	Overseas business profit and loss	0	0	183,120,558	0	183,120,558	0	183,120,558
	Gain on valuation of investment stock by the equity method	0	0	0	0	0	0	0
Transactions with shareholders recognized directly in equity	Annual dividends	0	0	0	(21,956,805,000)	(21,956,805,000)	0	(21,956,805,000)
30 June 2021		8,132,150,000	76,343,170,500	(271,603,598)	550,021,795,294	634,225,512,196	0	634,225,512,196
01 January 2022		8,132,150,000	76,343,170,500	15,303,715	715,842,084,032	800,332,708,247	0	800,332,708,247

Total comprehensive income	Net Income	0	0	0	180,293,186,689	180,293,186,689	0	180,293,186,689
	Remeasurement loss on defined benefit plan	0	0	0	6,858,694,768	6,858,694,768	0	6,858,694,768
	Gain (loss) on valuation of financial assets at FVOCI	0	0	0	0	0	0	0
	Overseas business profit and loss	0	0	174,294,887	0	174,294,887	0	174,294,887
	Gain on valuation of investment stock by the equity method	0	0	(689,582,653)	0	(689,582,653)	0	(689,582,653)
Transactions with shareholders recognized directly in equity	Annual dividends	0	0	0	(87,827,220,000)	(87,827,220,000)	0	(87,827,220,000)
30 June 2022		8,132,150,000	76,343,170,500	(499,984,051)	815,166,745,489	899,142,081,938	0	899,142,081,938

Consolidated Cash Flow Statement

From 01 January to 2022 to 30 June 2022
From 01 January to 2021 to 30 June 2021

(Unit: KRW)

	30 June 2022	30 June 2021
Operating cash flows	35,774,781,166	110,656,886,753
Cash from operating activities	104,792,992,184	124,517,671,140
Net income (loss)	180,293,186,689	123,714,692,345
Increase or decrease for adjustment to current net profit	87,823,349,182	55,080,419,225
Change to equities/liabilities on sales operations	(163,323,543,687)	(54,277,440,430)
Gain on interest (sales)	3,408,179,066	1,333,499,129
Payment on interest (sales)	(157,532,126)	(89,574,924)
Payment of income tax (return)	(72,268,857,958)	(15,104,708,592)
Cash flows from investing activities	71,741,292,757	(69,504,381,126)
Increase in short-term financial instruments	(130,000,000,000)	(139,563,720,374)
Decrease in short term financial instruments	280,000,000,000	90,000,000,000
Increase in other receivables	(5,284,257,638)	(1,607,881,931)
Decrease in other receivables	1,500,218,164	1,179,100,292
Acquisition of tangible assets	(44,263,365,356)	(17,950,234,285)
Acquisition of intangible assets	(4,843,952,413)	(1,750,547,992)
Proceeds from tangible assets	2,700,000	58,500,000
Proceeds from intangible assets	1,400,000,000	0
Disposition of financial assets at FVPL	0	130,403,164
Acquisition of investments in associates	(26,770,050,000)	0
Cash flows from financing activities	(90,454,000,142)	(23,513,043,214)
Payment of dividends	(87,827,220,000)	(21,956,805,000)
Payment of lease fees	(2,626,780,142)	(1,556,238,214)

Net increase in cash and cash equivalents before the effect of exchange rate fluctuations	17,062,073,781	17,639,462,413
Cash and cash equivalents at the beginning	135,613,700,789	100,567,267,243
Effects of exchange rate changes on cash and cash equivalents	25,054,283	29,173,797
Cash and cash equivalents at the end	152,700,828,853	118,235,903,453

3. Notes on Consolidated Financial Statements

1. Company overview

(1) Summary of the parent

LX Semicon Co., Ltd. (hereinafter referred to as the “the parent”) was established on 11 November 1999 for the purpose of designing and manufacturing FPD (flat panel display) semiconductor IC. The Company is located in 222 Techno 2-ro, Daedeok-gu, Daejeon, Republic of Korea. The parent was certified by the Korea Institute for Advancement of Technology as a corporate subsidiary research facility in accordance with Article 16 of the Technology Development Promotion Act and Clause 1 of Article 15 of the Enforcement Decree of the same Act on 19 October 2001. The Company has also been designated as a high-tech company in accordance with Clause 1 of Article 9 of the Special Law on the Cultivation of the Special Research and Development Daedeok-gu and more on 23 October 2011.

The parent was then listed on KOSDAQ market as of 8 June 2010. After several increases in capital with or without considerations, the amount of paid-in capital of the Company as of 30 June 2022 is KRW 8,132,150,000 (16,264,300 issued shares and 50,000,000 authorized shares).

The shareholders of the parent as of 30 June 2022, are as follows:

(Unit: shares)			
Name of shareholders	No. of shares held	Ratio	Remarks
LX Holdings Co., Ltd.	5,380,524	33.08%	Largest shareholder
Others	10,883,776	66.92%	-
Total	16,264,300	100.00%	

The current consolidated financial statements for the reporting period ending on 30 June 2022 are comprised of shares in the parent and its subsidiaries (hereinafter the "Group").

(2) Overview of subsidiaries subject to consolidation

Company name	Location	Main sales activities	Month of account closing	Controlling interest rate as of 30 June 2022	Controlling interest rate as of 31 December 2021
LX Semicon U.S.A., INC.	USA	Semiconductor manufacturing and designing	December	100.00%	100.00%
LX Semicon China Co., Ltd.	China	Semiconductor manufacturing and designing	December	100.00%	100.00%
LX Semicon Japan Co., Ltd.	Japan	Semiconductor manufacturing and designing	December	100.00%	100.00%

(2) Summarized financial information of subsidiaries

The summarized financial information of subsidiaries as of 30 June 2022 and 31 December 2021, is as follows:

(Unit: KRW)						
Division	LX Semicon U.S.A., Inc		LX Semicon China Co., Ltd.		LX Semicon Japan Co., Ltd.	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Assets	889,096,301	840,960,849	6,233,014,969	5,696,797,384	1,389,294,476	317,427,329
Liabilities	58,880,334	147,226,926	1,068,430,197	1,173,187,625	486,954,695	60,857,647
Equity	830,215,967	693,733,923	5,164,584,772	4,523,609,759	902,339,781	256,569,682
Sales	1,407,676,326	2,102,017,269	6,062,523,331	9,255,323,187	461,215,940	-
Net Income	70,218,584	107,799,993	476,559,603	728,264,021	(196,219,918)	(53,073,595)
Total comprehensive income	136,482,044	159,540,743	640,975,013	1,154,019,865	(252,603,901)	(60,542,318)

2. Financial statement preparation standards and significant accounting policies

(1) Standards for preparing the half-year consolidated financial statements

The consolidated financial statements of the parent and its subsidiaries (hereinafter referred to as the "Group") are summarized interim financial statements prepared by applying International Financial Reporting Standards (hereinafter referred to as the "IFRS") 1034' Interim financial report' for a part of the period to which the annual financial statements belong. In order to understand the summary interim financial statements, the annual consolidated financial statements for the business year ending 31 December 2021 prepared in accordance with the K-IFRS should be used together.

The material accounting policies applied in the preparation of the interim financial statements include those adopted in the preparation of the annual financial statements for the year ending 31 December 2021, except for the impacts related to the introduction of the standards or interpretations described same as below.

1) The new standards and interpretations introduced from this period and the resulting changes in accounting policies are as follows:

– IFRS 1103 'Business combination' - Reference to conceptual system (amendment)

The amendments include the contents that IFRS 1103 refers to the 'Conceptual system' (2018) instead of the previous system ('Conceptual system' (2007)). In addition, the amendments also add a requirement that in the case of provisions or contingent liabilities that fall within the scope of application of IFRS 1037, the acquirer applies IFRS 1037 to determine whether a current obligation exists as a result of past events at the acquisition date. In the case of contributions that fall within the scope of application of Interpretation of IFRS 2121, the acquirer applies interpretation of IFRS 2121 to determine whether an obligatory event that creates a payment liability for the contribution has occurred by the acquisition date.

The amendments add an explicit statement that the acquirer does not recognize contingent assets in a business combination.

The amendments apply to business combinations after the commencement date of the business year for which the acquisition date first begins on or after 1 January 2022.

– IFRS 1016 'Tangible assets' - The sale amount and related costs of goods produced before they are used in their intended manner (amendment)

The amendments prohibit deducting from the cost of tangible assets the sale of goods produced in the process of bringing them to the location and condition necessary to operate in the manner intended by management. Accordingly, such sales and related costs are recognized in profit or loss, and the costs are measured in accordance with IFRS 1002.

Unless the goods produced are the output of the entity's ordinary activities and the sale amount and costs included in profit or loss are separately indicated in the statement of comprehensive income, the Company should disclose an account in the statement of comprehensive income that includes the size of the amount and cost of the sale, and the amount and cost of the sale.

The amendments apply retrospectively only to tangible assets that has reached a location and condition capable of operating in the manner intended by management after the commencement date of the earliest period indicated in the financial statements for which the amendments is first applied. The cumulative effect of the initial application of the amendments is recognized by adjusting the opening balance of retained earnings (or other components of equity, if appropriate) at the beginning of the earliest indicated period.

– IFRS 1037 'Provisions, contingent liabilities and contingent assets' - Loss-bearing contract and contract execution cost (amendment)

The amendments clarify that the cost of executing a contract consists of costs directly related to the contract. The costs directly related to a contract consist of the incremental costs (e.g. direct labor cost and direct material cost) to perform the contract and any other cost allocations (e.g. depreciation of tangible assets used in the performance of the contract) directly related to the performance of the contract.

The amendments apply to contracts for which all obligations have not been fulfilled on the commencement date of the business year in which the amendments are first applied. The comparative financial statements are not rewritten, but instead, the cumulative effect by the first adoption of the amendments is recognized as retained earnings at the date of initial application or, as appropriate, other elements of equity.

- Annual improvements of 2018-2020 cycle based on K-IFRS

This annual improvement includes some amendments to the first adoption of K-IFRS under IFRS 1101, IFRS 1109 'Financial instruments', IFRS 1116 'Lease' and IFRS 1041 'Agriculture, forestry and fisheries'.

① IFRS 1101 'First adoption of K-IFRS'

The amendments provide an additional exemption from accounting for cumulative translation differences in subsidiaries that become first adopters later than the parent. Subsidiaries subject to the exemption provisions in paragraph D16(1) of IFRS 11 may choose to measure the cumulative translation difference of all overseas operations at the carrying amount to be included in the parent's consolidated financial statements on the basis of the date of transition of the parent to the K-IFRS. However, the effect of the business combination in which the parent acquires a subsidiary and adjustments in accordance with the consolidation procedure are excluded. A similar choice may be made if an associate or joint venture applies the exemption provisions in paragraph D16(1) of IFRS 1101.

② IFRS 1109 Financial Instruments

This amendment includes only fees received or paid between the entity (borrower) and the lender when applying the '10%' test to assess whether financial liabilities have been removed, which clarifies that it includes fees paid or received by businesses or lenders on behalf of other parties. The amendments will be applied prospectively to changes and exchanges that have occurred after the initial application date.

③ IFRS 1116 'Lease'

The amendments have deleted the contents of the lease improvement reimbursement amount in case 13 of IFRS 1116.

④ IFRS 1041 'Agriculture, forestry and fisheries'

The amendments eliminate the requirement to exclude tax-related cash flows when measuring the fair value of biological assets. This ensures that the fair value measurement in IFRS 1041 is consistent with the requirement in IFRS 1113 to use internally consistent cash flows and discount rates., and entities can choose to use pre- or post-tax cash flows and discount rates to determine the most appropriate fair value measurement.

2) The following are the details of the K-IFRS which were enacted and announced as of the date of approval for the financial statements, but the effective date has not yet arrived, and the Group has not been applied in advance:

- IFRS 1001 'Classification of the current and non-current liabilities' (amendment)

The amendments only affect the indication of current and non-current liabilities in the financial statements, and does not affect the amount of assets, liabilities and gains or losses, the time of recognition, or the disclosure information for those items.

The amendments clarify that the classification of the current and non-current liabilities is based on the entity's rights that exist at the end of the reporting period, and also highlights that it is irrelevant to expectations of whether the entity will exercise its right to defer settlement of the debt. At the end of the reporting period, if the loan agreement is complied with, the right exists, and settlement is clarified as the transfer of cash, equity instruments, or other assets or services to the counterparty.

The amendments are applied retrospectively after the beginning of financial years beginning on or after 1 January 2023, with early application permitted.

- IFRS 1001 'Presentation of financial statements' and international accounting standards practice 2 'Judgment of materiality' (amendment)' - Disclosure of accounting policies

These amendments change the requirements of IFRS 1001 for the disclosure of accounting policies, and replace all the terms 'Significant accounting policies' with 'Material Accounting policy information'.

The paragraph relating to IFRS 1001 is also amended to clarify that accounting policy information relating to non-material transactions, other events or circumstances is not material and does not need to be disclosed. Accounting policy information, although insignificant in amount, can be material because of the nature of the transaction, other event or circumstance with which it is involved. However, not all accounting policy information relating to a material transaction, other event or situation is material in itself.

In addition, guidelines and examples have been developed to explain and apply the application of ' Step 4 of the Materiality Process' described in International Financial Reporting Standards, Practical Guide 2.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2023, with early adoption permitted. The amendments to International Financial Reporting Standards, Practical Guide 2 do not include the effective date or transitional provisions.

- IFRS 1008 'Accounting policy, changes and errors in accounting estimates' (amendment) - Definition of accounting estimates

The amendments replace the definition of a change in an accounting estimate with the definition of an accounting estimate. Under the new definition, an accounting estimate is "a monetary amount in the financial statements that is subject to measurement uncertainty".

The amendments are effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. The amendments are applied to changes in accounting estimates and changes in accounting policies that occur after the beginning of the fiscal year in which this amendment is first applied.

- IFRS 1012 'Income tax' - Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of application of the first recognition exception. According to the amendment, the exception to initial recognition does not apply to transactions that give rise to a taxable temporary difference and a deductible temporary difference in the same amount.

Under relevant tax laws, the same amount of taxable and deductible temporary differences may arise when an asset or liability is initially recognized in a transaction that is not a business combination and does not affect accounting or taxable income. For example, this situation may arise when a lease liability and a corresponding right-of-use asset are recognized by applying IFRS 1116 at the commencement date of the lease.

In accordance with the amendments of IFRS 1012, related deferred tax assets and deferred tax liabilities should be recognized. Recognition of deferred tax assets is subject to the recoverability requirements of IFRS 1012.

The amendments are effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

3. Significant decisions and major source of estimation uncertainty

In preparing the interim financial statements, management should make judgments that have a significant effect on the amounts recognized in the financial statements (excluding matters related to estimates), and the carrying amount of assets and liabilities that are not readily identifiable from other sources. Estimates and assumptions must be made. Estimates and related assumptions are based on past experiences and other factors deemed relevant. In addition, actual results may differ from these estimates.

For the preparation of the interim financial statements, the material judgments made in the process of applying the Group's accounting policies and the main sources of estimation uncertainty are the same as in the annual consolidated financial statements for the business year ended 31 December 2021.

4. Sales division

(1) General information regarding business division

The Group consists of a single research and development organization, while applying the same marketing strategy. It also identifies the sales division as a single division and provides reporting on such a basis.

(2) There are two companies whose sales from a single external customer account for more than 10% of the Group's sales, and their sales as of 30 June 2022 and 2021 were KRW 723,153 million (previously KRW 590,200 million) and KRW 211,731 million (previously KRW 146,630 million).

5. Classification of financial instruments by category

(1) Financial instruments by category

Details of the carrying amount of financial instruments by category as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Financial assets:		
Items at FVOCI		
Trade receivables	55,285,471,319	55,832,162,670
Financial assets at amortized cost		
Cash and cash equivalents	152,700,828,853	135,613,700,789
Short-term financial instruments	320,000,000,000	470,000,000,000
Trade receivables	238,037,010,317	119,432,884,399
Other receivables(*1)	46,883,319,593	29,272,763,246
Subtotal	757,621,158,763	754,319,348,434
Lease receivables	2,887,157,890	3,548,057,137
Total	815,793,787,972	813,699,568,241
Financial liabilities:		
Financial liabilities at amortized cost		
Trade payables	272,880,867,400	213,463,276,070
Other payables(*2)	24,094,474,237	14,411,648,102
Subtotal	296,975,341,637	227,874,924,172
Lease liabilities	17,563,049,248	7,504,655,796
Total	314,538,390,885	235,379,579,968

(*1) Lease receivables are excluded.

(*2) Employee-related debts that are not included in financial liabilities are excluded.

(2) Financial incomes and costs by category

Details of financial incomes and financing costs recognized in the current profit or loss as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)				
Division	Interest income (interest expense)		Other income(*)	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Financial assets at FVPL	-	-	-	(32,636,103)
Financial assets at FVOCI	-	-	3,756,973,781	4,342,006,581
Financial assets at amortized cost	4,968,663,525	1,403,796,150	6,423,126,436	1,067,687,103
Lease receivables	36,660,753	51,350,731	-	-
Financial liabilities at amortized cost	-	-	(13,054,758,051)	(1,019,998,410)
Lease liabilities	(157,532,126)	(89,574,924)	-	-
Total	4,847,792,152	1,365,571,957	(2,874,657,834)	4,357,059,171

(*) Other gains or losses include profit or loss arising from financial instruments at FVTPL and losses on disposition of accounts receivable and losses on foreign currency translation, and profits and losses on foreign exchange differences at FVOCI, financial assets measured at amortized cost and financial liabilities measured at amortized cost.

(3) Transfer of financial assets

The Group transferred account receivables according to the account receivable factoring contract with the Export-Import Bank, etc. In this transaction, if the relevant trade receivables are not recovered at maturity, the Group is not obligated to pay the unrecovered amount of trade receivables to banks.

There is no carrying amount of trade receivables accounted for as collateralized borrowing as the Group transferred all or part of the transferred financial assets through factoring of accounts receivable as of 30 June 2022.

6. Cash and cash equivalents

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

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Demand deposits	66,700,828,853	30,313,700,789
Term deposit, etc.(*)	86,000,000,000	105,300,000,000
Total	152,700,828,853	135,613,700,789

(*) This is a financial instrument whose maturity is within 3 months from the acquisition date, has very high liquidity, is easy to convert to a fixed amount, and has a slight risk of value fluctuation.

7. Short-term financial instruments

Details of short-term financial instruments as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Term deposit	320,000,000,000	470,000,000,000

8. Trade and other receivables

(1) Trade and other receivables as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		31 December 2021	
	Current	Non-current	Current	Non-current
Trade receivables	293,322,481,636	-	175,265,047,069	-
Receivables	27,923,796,699	-	15,703,271,449	-
Accrued income	3,340,702,488	-	1,743,516,473	-
Loan	1,683,057,745	7,454,327,151	1,683,384,338	7,650,673,846
Deposits	-	6,481,435,510	-	2,491,917,140
Lease receivables	1,344,192,276	1,542,965,614	1,329,235,195	2,218,821,942
Total	327,614,230,844	15,478,728,275	195,724,454,524	12,361,412,928

(2) Changes in lease receivables as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Beginning	3,548,057,137	4,853,554,681
Interest income	36,660,753	89,622,456
Collection	(697,560,000)	(1,395,120,000)
Ending	2,887,157,890	3,548,057,137

(3) Maturity analysis of lease receivables as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Less than 1 year	1,395,120,000	1,395,120,000
1-2 years	1,395,120,000	1,395,120,000
2-3 years	168,764,509	866,324,509
Total undiscounted lease	2,959,004,509	3,656,564,509
Unrealized financial income	(71,846,619)	(108,507,372)
Lease net investment	2,887,157,890	3,548,057,137

9. Other assets

Other assets as of 30 June and 31 December 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		31 December 2021	
	Current	Non-current	Current	Non-current
Advanced payments	3,238,202,730	224,374,110	1,796,148,736	186,959,330
Prepaid expenses	26,243,492,332	1,567,047,093	26,807,033,814	692,941,392
VAT refundable	-	-	4,486,077	-
Total	29,481,695,062	1,791,421,203	28,607,668,627	879,900,722

10. Inventories

(1) Details of inventories as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Finished goods	86,696,260,864	68,414,211,584
Work in process	201,897,782,418	142,699,548,169
Provision for inventory return	243,393,124	367,742,961
Provision for inventory valuation	(13,162,711,331)	(10,363,989,150)
Total	275,674,725,075	201,117,513,564

(2) Recognized valuation profits and losses as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Cost of goods sold:		
Establishment (reversal) of provision for inventory return	124,349,837	(108,523,562)
Establishment (reversal) of provision for inventory valuation	2,798,722,181	(8,454,590,888)

11. Investment of associates and joint ventures

(1) Investment of associates and joint ventures as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)							
Company name	Location	Main sales activities	Month of account closing	30 June 2022		31 December 2021	
				Ratio(%)	Carrying amount	Ratio(%)	Carrying amount
Advance Power Device Technologies Co. Ltd.	Korea	R&D and design of semiconductor devices	March	49.00	4,301,492,878	49.00%	4,229,627,079
FJ Composite Materials Co., LTD	Japan	Research and manufacture of heat spreader	May	29.98	6,837,602,263	29.98%	7,438,503,112
Telechips Inc.(*)	Korea	Manufacture of electronic integrated circuit	December	10.93	26,770,050,000	-	-
Total					37,909,145,141		11,668,130,191

(*) It was newly acquired as of 30 June 2022, and although the share of the Company is less than 20%, it is exerting significant influence through the contractual right to appoint directors.

(2) Changes in the investments in associates and joint ventures as of 30 June 2022 and 2021, are as follows:

① 30 June 2022

(Unit: KRW)						
Company name	01 January 2022	Acquisition	Disposal	Equity method gains and losses	Gain on valuation of investment stock by the equity method	30 June 2022
Advance Power Device Technologies Co. Ltd.	4,229,627,079	-	-	71,865,799	-	4,301,492,878
FJ Composite Materials Co., LTD	7,438,503,112	-	-	88,681,804	(689,582,653)	6,837,602,263
Telechips Inc.	-	26,770,050,000	-	-	-	26,770,050,000
Total	11,668,130,191	26,770,050,000	-	160,547,603	(689,582,653)	37,909,145,141

② 30 June 2021

(Unit: KRW)					
Company name	01 January 2021	Acquisition	Disposal	Equity method gains and losses	30 June 2022
Advance Power Device Technologies Co. Ltd.	4,088,947,195	-	-	88,179,370	4,177,126,565

(3) Summarized financial position of associates and joint ventures as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)							
Company name	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total equities
Advance Power Device Technologies Co. Ltd.	8,547,333,100	731,080,997	9,278,414,097	270,862,442	228,265,995	499,128,437	8,779,285,660
FJ Composite Materials Co., LTD	3,381,638,214	9,107,156,861	12,488,795,075	328,107,184	3,849,391,976	4,177,499,160	8,311,295,915
Telechips Inc.	113,901,769,602	149,798,275,492	263,700,045,094	64,976,516,934	71,681,940,568	136,658,457,502	127,041,587,592

② 31 December 2021

(Unit: KRW)							
Company name	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total equities
Advance Power Device Technologies Co. Ltd.	8,197,680,024	808,815,562	9,006,495,586	184,230,102	190,373,485	374,603,587	8,631,891,999
FJ Composite Materials Co., LTD	4,229,805,505	8,896,860,639	13,126,666,144	875,952,350	3,904,393,250	4,780,345,600	8,346,320,544

(4) Profit and loss in the investments in associates and joint ventures as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)					
Company name	Sales	Operating income	Income tax expenses	Net income	Total comprehensive income
Advance Power Device Technologies Co. Ltd.	1,210,058,052	110,005,276	-	146,664,895	146,664,895
FJ Composite Materials Co., LTD	1,860,066,645	518,870,076	-	682,211,482	(34,725,405)

② 31 December 2021

(Unit: KRW)					
Company name	Sales	Operating income	Income tax expenses	Net income	Total comprehensive income
Advance Power Device Technologies Co. Ltd.	2,801,913,354	254,719,394	28,520,362	287,101,805	287,101,805
FJ Composite Materials Co., LTD (*)	2,852,191,075	2,056,323,955	-	2,052,759,763	2,051,759,763

(*) Sales, net profit or loss, and comprehensive income are amounts after incorporation into associates.

(5) Adjustments of the financial information amount of investment in associates to the carrying amount of equity in associates and joint ventures as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)						
Company name	Net asset at the end (A)	Group's share (B)	Net asset equity (A*B)	(+)Goodwill	(±)Others	Balance at the end
Advance Power Device Technologies Co. Ltd.	8,779,285,660	49.00%	4,301,849,973	-	-	4,301,849,973
FJ Composite Materials Co., LTD	8,311,295,915	29.98%	2,491,609,054	3,692,398,011	653,595,198	6,837,602,263
Telechips Inc.	127,041,587,592	10.93%	13,885,645,524	12,884,404,476	-	26,770,050,000

② 31 December 2021

(Unit: KRW)						
Company name	Net asset at the end (A)	Group's share (B)	Net asset equity (A*B)	(+)Goodwill	(±)Others	Balance at the end
Advance Power Device Technologies Co. Ltd.	8,631,891,999	49.00%	4,229,627,079	-	-	4,229,627,079
FJ Composite Materials Co., LTD	8,346,320,545	29.98%	2,502,226,899	4,075,123,848	861,152,365	7,438,503,112

12. Tangible assets

(1) Details of tangible assets as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Acquisition cost	35,051,121,092	6,043,324,341	188,300,000	62,952,642,674	18,948,389,707	16,067,855,271	139,251,633,085
Accumulated amortization	-	(2,865,274,615)	(18,830,016)	(32,175,724,144)	(13,729,279,118)	(4,682,856,079)	(53,471,963,972)
Accumulated impairment loss	-	-	-	(239,798,395)	-	-	(239,798,395)
Government subsidies	-	-	-	(38,922)	(8,293,176)	(165,000,000)	(173,332,098)
Carrying amount	35,051,121,092	3,178,049,726	169,469,984	30,537,081,213	5,210,817,413	11,219,999,192	85,366,538,620

(*) Other tangible assets include facility equipment, leasehold improvements, vehicles and assets construction in progress.

② 30 June 2021

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Acquisition cost	6,419,595,262	6,043,324,341	188,300,000	56,560,490,481	17,166,431,234	7,886,547,942	94,264,689,260
Accumulated amortization	-	(2,714,191,507)	(16,476,264)	(24,380,737,654)	(12,412,009,661)	(4,033,159,176)	(43,556,574,262)
Accumulated impairment loss	-	-	-	(239,798,395)	-	-	(239,798,395)
Government subsidies	-	-	-	(38,922)	(10,675,296)	(195,000,000)	(205,714,218)
Carrying amount	6,419,595,262	3,329,132,834	171,823,736	31,939,915,510	4,743,746,277	3,658,388,766	50,262,602,385

(*) Other tangible assets include facility equipment, leasehold improvements, vehicles and assets construction in progress.

(2) Changes in carrying amount of tangible assets as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Carrying amount at the beginning	6,419,595,262	3,329,132,834	171,823,736	31,939,915,510	4,743,746,277	3,658,388,766	50,262,602,385
Acquisition cost during the period	318,549,000	-	-	2,265,227,890	1,771,469,698	40,569,620,780	44,924,867,368
Disposal cost during the period	-	-	-	(3,000)	(190)	-	(3,190)
Substitution	28,312,976,830	-	-	4,083,264,433	-	(32,396,241,263)	-
Depreciation	-	(151,083,108)	(2,353,752)	(7,805,958,186)	(1,310,938,904)	(618,314,471)	(9,888,648,421)
Other increase or decrease	-	-	-	54,634,566	6,540,532	6,545,380	67,720,478
Carrying amount at the end	35,051,121,092	3,178,049,726	169,469,984	30,537,081,213	5,210,817,413	1,129,999,192	85,366,538,620

(*) Other tangible assets include facility equipment, leasehold improvements, vehicles and assets construction in-progress.

② 31 December 2021

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Carrying amount at the beginning	5,015,382,334	2,395,354,729	176,531,240	7,419,787,405	4,837,818,795	13,315,310,041	33,160,184,544
Acquisition cost during the period	1,404,212,928	1,196,075,160	-	5,534,445,750	2,171,393,204	20,766,240,019	31,072,367,061
Disposal cost during the period	-	-	-	(12,806)	(2,696,584)	(1,319,130,944)	(1,321,840,334)
Substitution of assets under construction	-	-	-	28,047,579,602	92,500,000	(28,140,079,602)	-
Depreciation	-	(262,297,055)	(4,707,504)	(9,201,774,512)	(2,376,659,274)	(966,243,085)	(12,811,681,430)
Other increase or decrease	-	-	-	139,890,071	21,390,136	2,292,337	163,572,544
Carrying amount at the end	6,419,595,262	3,329,132,834	171,823,736	31,939,915,510	4,743,746,277	3,658,388,766	50,262,602,385

(*) Other tangible assets include facility equipment, leasehold improvements, vehicles and assets construction in-progress.

13. Intangible assets

(1) Details of intangible assets as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Acquisition cost	27,913,122,677	5,432,335,321	15,293,341,359	4,354,074,600	35,114,460,000	4,962,041,340	93,069,375,297
Accumulated amortization	-	(1,915,599,049)	(9,791,914,275)	-	(31,065,895,006)	-	(42,773,408,330)
Accumulated impairment loss	-	-	-	(243,581,400)	-	-	(243,581,400)
Government subsidies	-	(20,811,640)	-	-	-	(7,941,731)	(28,753,371)
Carrying amount	27,913,122,677	3,495,924,632	5,501,427,084	4,110,493,200	4,048,564,994	4,954,099,609	50,023,632,196

(*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

② 31 December 2021

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Acquisition cost	27,913,122,677	4,469,422,204	14,303,854,103	4,513,064,600	35,092,460,000	3,531,914,928	89,823,838,512
Accumulated amortization	-	(1,680,563,449)	(8,597,594,514)	-	(29,056,391,672)	-	(39,334,549,635)
Accumulated impairment loss	-	-	-	(243,581,400)	-	-	(243,581,400)
Government subsidies	-	(22,141,642)	-	-	-	(7,941,731)	(30,083,373)
Carrying amount	27,913,122,677	2,766,717,113	5,706,259,589	4,269,483,200	6,036,068,328	3,523,973,197	50,215,624,104

(*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

(2) Changes in carrying amount of intangible assets as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Carrying amount at the beginning	27,913,122,677	2,766,717,113	5,706,259,589	4,269,483,200	6,036,068,328	3,523,973,197	50,215,624,104
Acquisition cost during the period	-	-	21,760,630	1,260,810,000	22,000,000	3,242,538,157	4,737,108,787
Disposal cost during the period	-	(431,950)	-	(1,419,800,000)	-	(77,438,948)	(1,497,670,898)
Substitution of assets under construction	-	967,015,797	767,957,000	-	-	(1,734,972,797)	-
Amortization of intangible assets	-	(237,376,328)	(1,190,842,718)	-	(2,009,503,334)	-	(3,437,722,380)
Others	-	-	6,292,583	-	-	-	6,292,583
Carrying amount at the end	27,913,122,677	3,495,924,632	5,501,427,084	4,110,493,200	4,048,564,994	4,954,099,609	50,023,632,196

(*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

② 31 December 2021

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Carrying amount at the beginning	27,913,122,677	1,979,074,675	5,797,665,322	3,349,533,200	10,064,741,660	3,040,442,096	52,144,579,630
Acquisition cost during the period	-	48,669,002	448,643,277	919,950,000	-	3,290,518,618	4,707,780,897
Disposal cost during the period	-	(1,688,805)	-	-	-	(91,936,055)	(93,624,860)
Reclassification of accounts	-	1,108,771,462	1,606,280,000	-	-	(2,715,051,462)	-
Amortization of intangible assets	-	(368,109,221)	(2,165,163,178)	-	(4,028,673,332)	-	(6,561,945,731)
Others	-	-	18,834,168	-	-	-	18,834,168
Carrying amount at the end	27,913,122,677	2,766,717,113	5,706,259,589	4,269,483,200	6,036,068,328	3,523,973,197	50,215,624,104

(*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

(3) Intangible assets with indefinite useful life

The Group classifies goodwill and membership among intangible assets as intangible assets with indefinite useful lives and is not amortized, and reviews impairment annually along with intangible assets construction in-progress, which are intangible assets that have not yet been used. There was no impairment recognized for goodwill, intangible assets construction in-progress, and memberships as of 30 June 2022 and 31 December 2021.

14. Lease

- (1) The Group leased buildings and vehicles, and the average lease period is about two years.
- (2) Carrying amount of licensed assets as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)

Division	Buildings	Vehicles	Total
Acquisition amount	28,430,455,368	1,547,003,042	29,977,458,410
Accumulated depreciations	(10,419,862,441)	(521,730,907)	(10,941,593,348)
Carrying amount	18,010,592,927	1,025,272,135	19,035,865,062

② 31 December 2021

(Unit: KRW)

Division	Buildings	Vehicles	Total
Acquisition amount	14,612,259,352	1,357,570,289	15,969,829,641
Accumulated depreciations	(7,877,987,172)	(412,711,884)	(8,290,699,056)
Carrying amount	6,734,272,180	944,858,405	7,679,130,585

- (3) Changes in carrying amount of intangible assets as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)

Division	Buildings	Vehicles	Total
Amount at the beginning	6,734,272,180	944,858,405	7,679,130,585
Acquisition amount	13,844,915,196	397,898,392	14,242,813,588
Decrease (contract termination)	(4,405,511)	(68,625,127)	(73,030,638)
Depreciation	(2,549,318,182)	(251,095,729)	(2,800,413,911)
Other increase or decrease	(14,870,756)	2,236,194	(12,634,562)
Carrying amount at the end	18,010,592,927	1,025,272,135	19,035,865,062

② 31 December 2021

(Unit: KRW)

Division	Buildings	Vehicles	Total
Amount at the beginning	8,354,595,193	278,172,782	8,632,767,975
Acquisition amount	1,567,384,949	1,272,049,429	2,839,434,378
Decrease (contract termination)	(30,552,418)	(187,108,676)	(217,661,094)
Depreciation	(3,165,277,602)	(416,614,048)	(3,581,891,650)
Other increase or decrease (difference in exchange rate)	8,122,058	(1,641,082)	6,480,976
Amount at the end	6,734,272,180	944,858,405	7,679,130,585

(4) The amounts recognized in profit or loss as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)

Category	30 June 2022	30 June 2021
Depreciation of right-of-use assets	2,800,413,911	1,709,226,466
Interest cost on lease liabilities	157,532,126	89,574,924
Expenses related to short-term leases and small assets lease	938,730,039	276,137,213

(5) The Group's total cash outflows due to leases as of 30 June 2022 and 31 December 2021 are KRW 3,723 million and KRW 1,922 million, respectively.

(6) Details of lease liabilities as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)

Category	30 June 2022		31 December 2021	
	Minimum lease	Present value of minimum lease	Minimum lease	Present value of minimum lease
Less than 1 year	8,240,214,150	7,807,867,349	3,709,908,605	3,576,706,160
1 to 5 years	9,928,156,085	9,632,154,932	3,895,865,745	3,815,727,544
5 to 10 years	134,838,156	123,026,967	121,745,160	112,222,092
Total	18,303,208,391	17,563,049,248	7,727,519,510	7,504,655,796

(7) Current components of lease liabilities as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)

Division	30 June 2022	31 December 2021
Current liabilities	7,807,867,349	3,576,706,160
Non-current liabilities	9,755,181,899	3,927,949,636
Total	17,563,049,248	7,504,655,796

15. Trade and other receivables

Details of trade and other payables as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		31 December 2021	
	Current	Non-current	Current	Non-current
Trade payables	272,880,867,400	-	213,463,276,070	-
Payables	20,871,651,810	-	45,953,977,593	-
Accrued expenses	30,116,107,369	-	13,470,762,853	-
Rental deposits	-	20,000,000	-	20,000,000
Deposits received	-	2,001,160,000	-	-
Total	323,868,626,579	2,021,160,000	272,888,016,516	20,000,000

16. Other liabilities

(1) Details of other liabilities as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		31 December 2021	
	Current	Non-current	Current	Non-current
Advances	12,047,169,712	-	7,673,013,672	-
Withholdings	944,188,785	-	2,983,973,941	-
Provisions	2,022,720,645	2,502,515,452	2,136,783,855	1,031,415,452
Long-term employee salary liabilities	-	2,736,439,072	-	3,014,803,029
Total	15,014,079,142	5,238,954,524	12,793,771,468	4,046,218,481

(2) Changes in the provisions as of 30 June 2022 and 2021, are as follows:

① 30 June 2022

(Unit: KRW)					
Division	01 January 2022	Setting	De-recognition	Paid	30 June 2022
Provision for sales warrant	1,578,936,322	1,272,692,088	(966,714,745)	(219,873,205)	1,665,040,460
Provision for return	557,847,533	357,680,185	(557,847,533)	-	357,680,185
Provision for restoration	1,031,415,452	1,471,100,000	-	-	2,502,515,452
Total	3,168,199,307	3,101,472,273	(1,524,562,278)	(219,873,205)	4,525,236,097

② 31 December 2021

(Unit: KRW)					
Division	01 January 2021	Setting	De-recognition	Paid	31 December 2021
Provision for sales warrant	3,332,437,307	1,541,176,166	(647,873,599)	(2,646,803,552)	1,578,936,322
Provision for return	244,771,260	6,055,530,653	(5,742,454,380)	-	557,847,533
Provision for restoration	929,455,452	101,960,000	-	-	1,031,415,452
Total	4,506,664,019	7,698,666,819	(6,390,327,979)	(2,646,803,552)	3,168,199,307

The Group recognizes warranty expense in the provision for product warranties as expected to be borne by the Group related to sales guarantee for the products and recognizes the corresponding transferred amount in selling and administrative expenses. On the other hand, the Group recognizes the amount corresponding to the portion of revenue to be canceled at the time of product return as allowance liability for return and deduction to sales in accordance with the IFRS 1115.

17. Capital and capital surplus

(1) Details of capital as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Number of authorized shares	50,000,000	50,000,000
Par value	500	500
Number of shares issued	16,264,300	16,264,300
Capital	8,132,150,000	8,132,150,000

(2) There are no changes in the number of shares outstanding (16,264,300 shares) as of 30 June 2022 and 31 December 2021.

(3) Details of capital surplus as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Paid-in capital in excess of par value	66,560,617,129	66,560,617,129
Other capital surplus	9,782,553,371	9,782,553,371
Total	76,343,170,500	76,343,170,500

18. Other capital items

Details of other capital items as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Exchange differences on translation of foreign operations	570,406,333	396,111,446
Gain on valuation of investment stock by the equity method	(689,582,653)	-
Gain (loss) on valuation of financial assets at FVOCI	(380,807,731)	(380,807,731)
Total	(499,984,051)	15,303,715

19. Retained earnings

(1) Details of current retained earnings as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Statutory reserves	4,066,075,000	4,066,075,000
Unappropriated retained earnings	811,100,670,489	711,776,009,032
Total	815,166,745,489	715,842,084,032

(2) Changes in the undisposed retained earnings as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Amount at the beginning	711,776,009,032	444,197,832,949
Dividends paid	(87,827,220,000)	(21,956,805,000)
Half-year net income	180,293,186,689	123,714,692,345
Remeasurement for defined benefit plans	6,858,694,768	-
Carrying amount at the end	811,100,670,489	545,955,720,294

20. Earnings per share

(1) Basic earnings per share

① Calculation of basic earnings per share as of 30 June 2022 and 2021, are as follows:

(Unit: KRW, shares)				
Division	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Net income for ordinary shares	83,031,760,971	180,293,186,689	72,894,878,482	123,714,692,345
Weighted average No. of ordinary shares outstanding	16,264,300	16,264,300	16,264,300	16,264,300
Basic earnings per share	5,105	11,085	4,482	7,607

② Calculation of weighted average number of ordinary shares as of 30 June 2022

Division	Number of shares issued (1)	Number of treasury shares (2)	No. of outstanding ordinary shares (1-2)	Weighting		Weighted average No. of ordinary shares outstanding
				3 months	Cumulative	
01 January 2022	16,264,300	-	16,264,300	91 days/91 days	181 days/181 days	16,264,300

③ Calculation of weighted average number of ordinary shares at the previous period

Division	Number of shares issued (1)	Number of treasury shares (2)	No. of outstanding ordinary shares (1-2)	Weighting		Weighted average No. of ordinary shares outstanding
				3 months	Cumulative	
01 January 2022	16,264,300	-	16,264,300	91 days/91 days	181 days/181 days	16,264,300

(2) Diluted EPS from continuing operations

The Group does not have any dilutive securities as of 30 June 2022 and 2021. Therefore, the diluted earnings per share is the same as the basic earnings per share.

21. Financial revenues and expenses

(1) Details of financial revenues as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Interest income	2,442,453,572	5,005,326,408	736,402,026	1,455,146,881
Gain on foreign exchange (financial)	1	194	-	-
Gain on foreign currency translation (financial)	18,218,190	18,218,190	(8,260,001)	707,845
Total	2,460,671,763	5,023,544,792	728,142,025	1,455,854,726

(2) Details of financial expenses as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Interest expenses	112,157,277	157,532,126	43,176,361	89,574,924
Loss on foreign exchange (financial)	8,014	8,014	-	-
Loss on foreign exchange (financial)	9,344,583	15,352,725	4,310,131	4,404,689
Loss on disposal of trade receivables	2,416,878,607	3,749,109,453	405,996,437	961,612,001
Loss on disposal of financial assets at FVPL	-	-	-	32,636,103
Total	2,538,388,481	3,922,002,318	453,482,929	1,088,227,717

22. Other non-operating income and expenses

(1) Details of other non-operating income as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Profit on foreign exchange (non-financial)	9,737,509,890	13,292,741,784	3,422,077,567	8,048,013,662
Profit on foreign currency conversion (non-financial)	2,014,711,640	3,438,453,257	(1,603,846,691)	1,320,308,208
Gain on disposal of tangible assets	996,459	3,502,473	58,485,139	59,479,629
Miscellaneous income	11,311,553	27,337,550	68,161,982	77,238,980
Total	11,764,529,542	16,762,035,064	1,944,877,997	9,505,040,479

(2) Details of other non-operating expenses as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		31 December 2021	
	3 months	Cumulative	3 months	Cumulative
Loss on foreign exchange (non-financial)	8,659,449,430	12,716,095,090	1,657,298,523	3,442,120,390
Loss on foreign currency conversion (non-financial)	1,851,568,576	3,109,793,977	221,964,494	571,197,361
Loss on disposal of tangible assets	-	190	2,595,487	16,443,432
Loss on disposal on intangible assets	29,618,844	97,670,898	26,958,934	50,488,370
Donation	73,179,570	73,179,570	5,523,993	5,523,993
Loss	8,065,246	12,694,039	402,230,953	471,659,884
Total	10,621,881,666	16,009,433,764	2,316,572,384	4,557,433,430

23. Operating profit

Main items and amounts included in operating profit calculation as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Sales	599,159,232,237	1,184,243,961,629	449,275,295,664	854,898,869,778
Sales from sales of goods	596,514,635,520	1,180,866,568,426	448,564,872,528	853,178,260,789
Other sales	2,644,596,717	3,377,393,203	710,423,136	1,720,608,989
Cost of goods sold	397,006,346,529	773,426,886,049	288,270,075,664	578,944,387,807
Cost of finished goods sold	395,515,061,822	771,340,829,912	288,047,630,670	578,649,537,011
Other COGS	1,491,284,707	2,086,056,137	222,444,994	294,850,796
Selling and administrative expenses	92,564,219,803	173,309,602,699	65,453,890,524	121,161,991,234
Salary and bonuses	17,693,347,189	33,763,892,097	12,153,377,135	22,611,565,810
Severance payments	972,325,242	1,940,641,576	656,055,442	1,308,645,458
Employee benefits	4,317,257,557	7,369,683,325	2,645,503,990	4,644,154,179
Travel expenses	497,373,351	797,541,186	213,204,799	579,533,069
Rent	685,527,616	1,454,988,205	561,637,071	899,588,296
Service fees	8,243,631,238	14,819,492,625	5,556,442,108	10,461,626,835
Depreciation	2,915,691,770	4,949,838,238	1,598,484,188	3,131,780,830
Amortization of intangible assets	656,712,030	1,261,942,815	524,491,134	1,017,873,379
Establishment of provision for sales guarantee (reversal)	229,619,171	305,977,343	1,637,606,513	821,224,455
Ordinary R&D expenses	52,275,534,740	99,997,755,354	37,261,453,129	71,096,509,123
Others	4,077,199,899	6,647,849,935	2,645,635,015	4,589,489,800
Operating profit	109,588,665,905	237,507,472,881	95,551,329,476	154,792,490,737

24. Employee benefits

The Group pays its retiring employees with the predetermined amount of retirement benefits in lump sum, based on the level of salaries and the years in service, and this is classified as defined benefit system. Such retirement benefit can be withdrawn before the resignation of the employee as interim settlement when the legal requirements apply, and the number of years of service for calculating severance pay after the interim settlement is newly calculated from the time of settlement.

(1) Details of defined benefit liabilities as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Present value of defined benefit liability	60,601,453,783	66,233,664,676
Fair value of plan assets	(63,453,195,575)	(65,613,017,567)
Defined benefit liabilities	(2,851,741,792)	620,647,109

(2) The major estimates used for the actuarial evaluation as of 30 June 2022 and 31 December 2021, are as follows.

Division	30 June 2022	31 December 2021
Future wage increase rate	4.60%	4.60%
Discount rate	4.38%	2.83%

The discount rate is calculated based on the Group's credit rating and corporate bond yield similar to the expected payment period of the defined benefit obligation as of 30 June 2022, the future wage increase rate is calculated in consideration of the Group's empirical promotion index and wage increase rate reflecting inflation and wage agreements.

(3) Changes in the current value of the defined benefit obligation as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Defined benefit obligation at the beginning	66,233,664,676	43,512,383,794
Current service cost	4,583,142,590	3,204,109,730
Interest cost	905,649,274	482,745,154
Remeasurement (before tax):		
Financial assumption	(9,251,055,855)	-
Transfer between affiliates	971,073,388	5,486,274,700
Payment of severance payment	(2,841,020,290)	(1,659,281,430)
Defined benefit obligation at the end	60,601,453,783	51,026,231,948

(4) Changes in the fair value of plan assets as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Plan assets at the beginning	65,613,017,567	42,749,338,496
Interest income	883,463,539	432,143,640
Plan assets Remeasurement (before tax)	(202,645,871)	-
Payment of severance payment form plan assets	(2,840,639,660)	(1,659,281,430)
Plan assets at the end	63,453,195,575	41,522,200,706

(5) Expenses recognized in the current profit or loss regarding the defined benefit plans as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Current service cost	4,583,142,590	3,204,109,730
Net interest cost	22,185,735	50,601,514
Total	4,605,328,325	3,254,711,244

(6) Details of plan assets as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Short-term financial product, etc.	63,453,195,575	65,613,017,567

25. Income tax expenses

Income tax expense was calculated by adjusting the adjustments recognized for the current period from the current income tax expense for the past period, deferred income tax expense resulting from the occurrence or extinguishment of temporary differences, and income tax expense related to items recognized outside profit or loss. The average effective tax rates as of 30 June 2022 and 2021' income tax expenses are 24.71% and 22.81%, respectively.

26. Statement of cash flow

(1) Details of reconciliation of income and expenses during business activities as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Income tax expenses	59,228,977,569	36,481,211,820
Depreciation	12,689,062,332	5,702,849,598
Establishment (reversal) of allowance for valuation of inventories	2,798,722,181	(8,454,590,888)
Establishment (reversal) of provision for inventory return	124,349,837	(108,523,562)
Establishment (reversal) of provisions for returns	(200,167,348)	257,452,385
Loss on disposal of inventories	6,527,626,952	14,929,808,070
Gain on disposal of tangible assets	(3,502,473)	(59,479,629)
Loss on disposal of tangible assets	190	16,443,432
Loss on disposal on intangible assets	97,670,898	50,488,370
Amortization of intangible assets	3,437,722,380	3,208,971,842
Severance payments	4,605,328,325	3,254,711,244
Gain on foreign currency translation	(3,456,671,447)	(1,321,016,053)
Loss on foreign currency translation	3,125,146,702	575,602,050
Interest income	(5,005,324,278)	(1,455,146,881)
Interest expenses	157,532,126	89,574,924
Establishment of sales guarantee provisions	305,977,343	821,224,455
Long-term employee benefits	(197,663,957)	124,119,314
Loss on disposal of financial assets at FVPL	-	32,636,103
Gains on equity method	(160,547,603)	(88,179,370)
Provision for restoration	-	60,650,000
Loss on disposal of trade receivables	3,749,109,453	961,612,001
Total	87,823,349,182	55,080,419,225

(2) Changes in assets and liabilities during sales as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Trade receivables	(118,501,822,605)	(98,724,011,328)
Other receivables	(12,207,571,287)	(14,978,658,974)
Other current assets	(1,763,204,228)	2,015,782,991
Inventories	(84,007,910,481)	11,838,866,288
Trade payables	56,793,991,982	37,337,051,215
Other current liabilities	2,126,066,905	2,154,952,679
Employee benefits liabilities	(80,700,000)	(67,700,000)
Other payables	(9,315,145,978)	13,792,730
Non-current other payables	2,001,160,000	-
Net employee defined benefit liabilities	970,692,758	5,486,274,700
Lease receivables	660,899,247	646,209,269
Total	(163,323,543,687)	(54,277,440,430)

(3) The Group has prepared the cash flows based on operating activities on the cash flow statement using the indirect method. The significant transactions that do not involve cash inflows and outflows as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Substitution of tangible assets under construction	33,974,741,263	23,243,846,169
Substitution of intangible assets under construction	1,734,972,797	1,702,196,926
Increase in right-of-use assets due to restoration obligations	1,471,100,000	-
Increase (decrease) in payables related to acquisition of tangible assets	661,502,012	(58,530,238)
Increase (decrease) in payables related to acquisition of intangible assets	(106,843,626)	(15,498,905)
Recognition of lease liabilities and licensed assets under the lease agreement	12,771,713,588	832,583,618
Liquidity substitution of lease liabilities	6,927,258,675	1,775,783,449
Liquidity substitution of lease receivables	675,856,328	660,833,897
Liquidity substitution of loans	749,483,266	798,527,163

(4) Financial activity cash flow

Changes in liabilities arising from financial activities as of 30 June 2022 and 2021, are as follows:

① 30 June 2022

(Unit: KRW)				
Division	01 January 2022	Financial activity cash flow	Non-cash transaction	30 June 2022
Dividends payable	-	(87,827,220,000)	87,827,220,000	-
Lease liabilities(current)	3,576,706,160	(2,626,780,142)	6,857,941,331	7,807,867,349
Lease liabilities (non-current)	3,927,949,636	-	5,827,232,263	9,755,181,899

② 30 June 2021

(Unit: KRW)				
Division	01 January 2022	Financial activity cash flow	Non-cash transaction	31 December 2021
Dividends payable	-	(21,956,805,000)	21,956,805,000	-
Lease liabilities(current)	2,857,091,653	(1,556,238,214)	1,694,954,513	2,995,807,952
Lease liabilities (non-current)	5,380,313,919	-	(943,199,831)	4,437,114,088

27. Financial instruments restricted for use

The financial instruments restricted for use as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)			
Items	Category	30 June 2022	31 December 2021
Long-term other receivables	Checking deposit	2,000,000	2,000,000

28. Related parties

(1) Details of related parties as of 30 June 2022 and 31 December 2021, are as follows:

Type of related parties	30 June 2022	31 December 2021
Associates	Advance Power Device Technologies Co. ltd.	Advance Power Device Technologies Co. ltd.
	FJ Composite Material Co.,Ltd.	FJ Composite Material Co.,Ltd.
	Telechips Inc.(*1)	-
Companies exercising significant influence on the Group	LX Holdings Co., Ltd.	LX Holdings Co., Ltd.
Others	Joint ventures of LX Holdings Co., Ltd.	Joint ventures of LX Holdings Co., Ltd.
	-	Large corporate group affiliates(*2)

(*1) Acquired a 10.93% ratio in Telechips Inc. as of 30 June 2022

(*2) As LX Holdings Co., Ltd. has been separated from the LG conglomerate based on the Monopoly Regulation and Fair Trade Act as of 21 June 2022, the Company has been excluded from the LG affiliates, a large conglomerate.

(2) Transactions with related parties as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)						
Division	Name	Details	30 June 2022		31 December 2021	
			3 months	Cumulative	3 months	Cumulative
Associates and joint ventures	FJ Composite Material Co.,Ltd.	Sales expenses	64,447,770	64,447,770	-	-
Others(*1)	LX Hausys Co., Ltd.	Sales expenses	1,379,533,243	1,379,533,243	42,955,051	42,955,051
		Acquisition of tangible and intangible assets	1,170,054,257	1,170,054,257	210,644,949	210,644,949
	LX INTERNATIONAL JAPAN LTD.	Sales expenses	3,849,098	4,647,333	-	-
	LX Pantos Co., Ltd.	Sales expenses	1,334,977,566	2,648,362,055	1,155,158,328	2,742,909,406
	LG CNS Co., Ltd.	Sales expenses	1,649,207,077	2,982,071,802	1,355,263,872	2,271,983,009
		Acquisition of tangible and intangible assets	392,075,300	1,328,911,400	540,869,500	741,417,000
	D&O Co., Ltd.(*2)	Sales expenses	1,228,496,481	1,530,391,236	214,463,058	515,831,716
		Acquisition of tangible and intangible assets	289,590,000	413,700,000	-	-
	S&I Corp.(*3)	Sales expenses	468,688,800	721,786,300	-	-
	LG Management Development Institute	Sales expenses	239,237,000	468,762,000	521,332,000	801,206,000
	LG Display (China) Co., Ltd.	Sales	5,750,668,365	11,845,896,102	4,248,196,319	5,848,228,978
	LG Display (Guangzhou) Co., Ltd.	Sales	137,305,283,387	277,535,172,867	111,465,484,016	192,200,901,533
	LG Display Vietnam Haiphong Co. Ltd.	Sales	36,507,200,311	129,005,911,232	59,765,583,688	157,228,483,598
	LG Display Yantai	Sales	7,352,179,773	21,360,454,279	11,939,966,888	23,905,170,116
	LG Display High-Tech(China)Co.,Ltd.	Sales	11,402,532	18,556,438	6,955,501	6,955,501
LG Display (Nanjing) Co., Ltd.	Sales	13,364,397,762	41,702,811,192	-	-	

LG Display Co., Ltd.	Sales	122,142,131,916	241,683,107,009	1 16,052,539,690	210,996,192,426	
	Other incomes	-	-	-	175,747,619	
LG Electronics Indonesia	Sales	501,840,144	1,063,817,806	327,990,951	722,184,093	
LG Electronics USA Inc.	Sales	1,352,239,478	2,110,470,138	-	-	
LG Electronics Co., Ltd.	Sales	1,781,907,876	6,509,289,131	4,330,071,289	7,084,428,280	
	Other incomes	-	-	411,450,851	411,450,851	
	Sales expenses	1,635,915,626	3,324,593,936	1,466,939,403	2,932,190,355	
	Acquisition of tangible and intangible assets	-	95,350,000	-	-	
	LG Innotek Co., Ltd.	Sales	-	700,000,000	-	-
		Sales expenses	13,759,987,082	24,494,558,720	15,597,216,499	43,400,836,182
	LG U Plus Co., Ltd.	Sales expenses	61,143,545	108,397,044	36,047,318	65,358,615
	Biztech Partners Co., Ltd.	Sales expenses	72,498,000	164,996,000	62,499,000	124,998,000
	Hi-Teleservice Co., Ltd.	Sales expenses	-	302,273	490,455	1,016,364
LG Chemicals Co., Ltd.	Acquisition of tangible and intangible assets	-	(746,875)	-	-	

(*1) Transactions before the Company was excluded from the LG affiliates, a large conglomerate.

(*2) S&I Corp. changed its names to D&O Co., Ltd. dated on 23 March 2022. The existing S&I Corp. brand is succeeded and used by S&I atxpert.

(*3) S&I atxpert Co., Ltd. is a newly established corporation through a physical division from S&I Corp. during the previous period. (*2) It changed its names to S&I Corp. dated on 23 March 2022.

(3) The receivables and payables of related parties as of 30 June 2022 and December 2021, are as follows:

① 30 June 2022

(Unit: KRW)			
Division	Name	30 June 2022	
		Receivables, etc.	Payables, etc.
Associates and joint ventures	FJ Composite Co.,Ltd.	-	5,978,508

② 31 December 2021

(Unit: KRW)			
Division	Name	31 December 2021	
		Receivables, etc.	Payables, etc.
Associates and joint ventures	FJ Composite Co.,Ltd.	-	1,857,852,000
Other large corporate group affiliates(*1)	LX Pantos Co., Ltd.	-	928,500,869
	LG Display (China) Co., Ltd.	5,604,645,589	-
	LG Display (Guangzhou) Co., Ltd.	5,796,094,580	-
	LG Display (Nanjing) Co., Ltd.	1,518,674,461	-
	LG Display High-Tech(China)Co.,Ltd.	11,587,456	-
	LG Display Vietnam	5,069,403,435	-
	LG Display Yantai	8,225,912,949	-
	LG Electronics USA Inc.	439,327,332	-
	LG Display Co., Ltd.	86,346,054,940	116,758,229
	LG Electronics Co., Ltd.	6,046,280,481	224,000
	HS Ad Co., Ltd.	-	4,026,000
	LG Innotek Co., Ltd.	-	9,109,574,607
		LG CNS Co., Ltd.	-
LG Management Development Institute		-	11,487,300
Biztech Partners Co., Ltd.		-	22,920,700
S&I Corp.		-	71,706,580
D&O Co., Ltd.		900,000,000	13,558,585

(*1) It is the details of receivables and liabilities with LG affiliates, a large corporate group as of 31 December 2021.

(4) Details on major fund transactions with the concerned entity as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)				
Division	Name	30 June 2022	31 December 2021	
		Dividends paid	Dividends paid	Purchase of investments
Companies exercising significant influence on the Group	LX Holdings Co., Ltd.	29,054,829,600	-	-
Others(*1)	LG Corp.	-	7,263,707,400	-
	LG Chemicals Co., Ltd.	-	-	6,835,773,000
Total		29,054,829,600	7,263,707,400	6,835,773,000

(*1) The largest shareholder of the Company was changed from LG Co., Ltd. to LX Holdings Co., Ltd., and the LX affiliates have been separated from LG's corporate group as of 30 June 2022 and classified as others.

(5) Details of the compensation for major management as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Short-term salaries	3,007,765,826	5,827,556,738	2,034,803,871	3,714,409,110
Severance payments	204,805,810	677,066,408	188,188,933	366,012,500
Total	3,212,571,636	6,504,623,146	2,222,992,804	4,080,421,610

The major management of the Group includes directors (including external directors) who are registered executives and members of the audit committee.

(6) The Group has no security and guarantee detail providing to or provided by special interest parties as of 30 June and 31 December 2021.

29. Commitments and contingencies

(1) The Group is receiving payment and payment guarantee of KRW 557 million from Seoul Guarantee Insurance as of 30 June 2022.

(2) The Group has a credit limit contract with some financial institutions such as Shinhan Bank, and the Group's credit limit details as of 30 June 2022, are as follows:

(Unit: USD)		
Division	Financial institutions	Foreign currency (USD)
Bills bought	Shinhan Bank	16,000,000
Bills bought	NH Bank	15,000,000
Bills bought	Mizuho Bank	60,000,000

(3) The Group has an export receivable transfer transaction agreement with the Export-Import Bank and a bank in relation to the collection of trade receivables as follows: Details of the credit limit of the Group as of 30 June 2022, are as follows:

(Unit: USD)		
Division	Financial institutions	Foreign currency (USD)
Factoring	Export-Import Bank	380,000,000
Factoring	BNP Paribas	40,000,000
Factoring	MUFG	220,000,000

(4) The Group has no details of providing collateral for financial assets as of 30 June 2022.

(5) The Group has no ongoing litigation or disputes as of 30 June 2022.

4. Financial Statements

Statement of Financial Position

As of 30 June 2022
As of 31 December 2021

(Unit: KRW)

	30 June 2022	31 December 2021
Assets		
Current assets	1,102,434,246,643	1,028,631,447,764
Cash and cash equivalents	150,710,231,595	133,729,223,245
Short-term financial instruments	320,000,000,000	470,000,000,000
Trade receivables	293,322,481,636	175,265,047,069
Other receivables	34,263,487,376	20,456,050,261
Other current assets	28,463,320,961	28,063,613,625
Inventories	275,674,725,075	201,117,513,564
Non-current assets	214,570,706,812	140,902,576,244
Long-term other receivables	14,796,565,072	12,156,860,570
Investments in subsidiaries	3,532,122,045	2,633,748,045
Investments in associates and joint ventures	38,015,823,000	11,245,773,000
Tangible assets	83,519,670,894	48,275,114,268
Right-of-use assets	18,015,979,307	7,276,251,793
Intangible assets	49,800,443,513	50,060,179,549
Other non-current assets	1,791,421,203	879,900,722
Deferred tax assets	5,098,681,778	8,374,748,297
Total assets	1,317,004,953,455	1,169,534,024,008
Liabilities		
Current liabilities	407,443,072,864	363,972,864,359
Trade payables	272,880,867,400	213,463,276,070
Other payables	52,241,168,851	60,211,350,802
Other current liabilities	15,013,823,187	12,781,810,552
Current lease liabilities	7,265,314,698	3,294,661,488
Current tax liabilities	60,041,898,728	74,221,765,447
Non-current liabilities	13,678,139,269	8,490,973,912
Other non-current liabilities	2,021,160,000	20,000,000
Other non-current liabilities	5,238,954,524	4,046,218,481
Non-current lease liabilities	9,269,766,537	3,804,108,322
Defined benefit liabilities	(2,851,741,792)	620,647,109
Total liabilities	421,121,212,133	372,463,838,271
Equity		

Capital	8,132,150,000	8,132,150,000
Capital surplus	76,343,170,500	76,343,170,500
Other capital items	(380,807,731)	(380,807,731)
Retained earnings (loss)	811,789,228,553	712,975,672,968
Total equities	895,883,741,322	797,070,185,737
Total equities and liabilities	1,317,004,953,455	1,169,534,024,008

Income statement

From 01 January to 2022 to 30 June 2022

From 01 January to 2021 to 30 June 2021

(Unit: KRW)

	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Revenue (sales)	599,159,232,237	1,184,243,961,629	449,275,295,664	854,898,869,778
Cost of goods sold	397,006,346,529	773,426,886,049	288,270,075,664	578,944,387,807
Gross profit	202,152,885,708	410,817,075,580	161,005,220,000	275,954,481,971
Selling and administrative expenses	92,981,391,395	173,844,669,923	65,623,579,250	121,482,354,571
Operating profit (loss)	109,171,494,313	236,972,405,657	95,381,640,750	154,472,127,400
Finance income	2,441,218,552	5,002,052,658	727,782,134	1,449,871,994
Financial cost	2,540,027,932	3,916,312,214	447,906,590	1,081,896,591
Other non-operating income	11,753,266,583	16,736,557,666	1,942,378,634	9,493,617,067
Other non-operating losses	10,621,473,349	16,008,818,549	2,316,562,753	4,557,423,799
Net income (loss) before tax	110,204,478,167	238,785,885,218	95,287,332,175	159,776,296,071
Income tax expenses	27,437,823,051	59,003,804,401	22,577,568,247	36,441,119,087
Net income (loss)	82,766,655,116	179,782,080,817	72,709,763,928	123,335,176,984
Earnings per share				
Basic earnings (loss) per share (Unit: KRW)	5,089	11,054	4,471	7,583
Diluted earnings (loss) per share (Unit: KRW)	5,089	11,054	4,471	7,583

Comprehensive Income Statement

From 01 January to 2022 to 30 June 2022
From 01 January to 2021 to 30 June 2021

(Unit: KRW)

	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Net income (loss)	82,766,655,116	179,782,080,817	72,709,763,928	123,335,176,984
Other comprehensive income	6,858,694,768	6,858,694,768	0	0
Items that are not reclassified to profit or loss (other comprehensive income before tax)	6,858,694,768	6,858,694,768	0	0
Gains or losses on remeasurement of defined benefit plans (other comprehensive income before tax)	9,048,409,984	9,048,409,984	0	0
Gain (loss) on valuation of financial assets at FVOCI			0	0
Income tax related to items that are not reclassified to profit or loss	(2,189,715,216)	(2,189,715,216)	0	0
Total comprehensive income	89,625,349,884	186,640,775,585	72,709,763,928	123,335,176,984

Statement of Changes in Equity

From 01 January to 2022 to 30 June 2022
From 01 January to 2021 to 30 June 2021

(Unit: KRW)

		Capital				
		Capital	Capital surplus	Other components of capital	Retained earnings	Total capital
01 January 2021		8,132,150,000	76,343,170,500	(380,807,731)	446,923,897,300	531,018,410,069
Total comprehensive income	Net Income	0	0	0	123,335,176,984	123,335,176,984
	Remeasurement loss on defined benefit plan	0	0	0	0	0
	Gain (loss) on valuation of financial assets at FVOCI	0	0	0	0	0
Transactions with shareholders recognized directly in equity	Annual dividends	0	0	0	(21,956,805,000)	(21,956,805,000)
30 June 2021		8,132,150,000	76,343,170,500	(380,807,731)	548,302,269,284	632,396,782,053
01 January 2022		8,132,150,000	76,343,170,500	(380,807,731)	712,975,672,968	797,070,185,737
Total comprehensive income	Net Income	0	0	0	179,782,080,817	179,782,080,817
	Remeasurement loss on defined benefit plan	0	0	0	6,858,694,768	6,858,694,768
	Gain (loss) on valuation of financial assets at FVOCI	0	0	0	0	0
Transactions with shareholders recognized directly in equity	Annual dividends	0	0	0	(87,827,220,000)	(87,827,220,000)
30 June 2022		8,132,150,000	76,343,170,500	(380,807,731)	811,789,228,553	895,883,741,322

Statement of cash flows

From 01 January to 2022 to 30 June 2022
From 01 January to 2021 to 30 June 2021

(Unit: KRW)

	30 June 2022	30 June 2021
Operating cash flows	35,613,051,143	109,800,040,809
Cash from operating activities	104,451,664,183	123,627,325,071
Net income (loss)	179,782,080,817	123,335,176,984
Increase or decrease for adjustment to current net profit	87,089,210,796	54,794,383,397
Change to equities/liabilities on sales operations	(162,419,627,430)	(54,502,235,310)
Gain on interest (sales)	3,402,758,065	1,323,339,492
Payment on interest (sales)	(144,051,288)	(87,648,486)
Payment of income tax (return)	(72,097,319,817)	(15,062,975,268)
Cash flows from investing activities	71,560,390,918	(69,782,350,035)
Increase in short-term financial instruments	(130,000,000,000)	(140,000,000,000)
Decrease in short term financial instruments	280,000,000,000	90,000,000,000
Increase in other receivables	(4,815,452,401)	(1,607,881,931)
Decrease in other receivables	1,500,218,164	1,185,975,742
Acquisition of tangible assets	(44,107,058,062)	(17,798,799,018)
Acquisition of intangible assets	(4,751,592,783)	(1,750,547,992)
Proceeds from tangible assets	2,700,000	58,500,000
Proceeds from intangible assets	1,400,000,000	0
Disposition of financial assets at FVPL	0	130,403,164
Acquisition of investments in subsidiaries	(898,374,000)	0
Acquisition of investments in associates	(26,770,050,000)	0
Cash flows from financing activities	(90,169,378,104)	(23,407,716,593)
Payment of dividends	(87,827,220,000)	(21,956,805,000)
Payment of lease fees	(2,342,158,104)	(1,450,911,593)
Net increase in cash and cash equivalents before the effect of exchange rate fluctuations	17,004,063,957	16,609,974,181
Cash and cash equivalents at the beginning	133,729,223,245	100,049,526,121
Effects of exchange rate changes on cash and cash equivalents	(23,055,607)	707,844
Cash and cash equivalents at the end	150,710,231,595	116,660,208,146

5. Notes on Financial Statements

1. Company overview

LX Semicon Co., Ltd. (hereinafter referred to as the “Company”) was established on 11 November 1999 for the purpose of designing and manufacturing FPD (flat panel display) semiconductor IC. The Company is located in 222 Techno 2-ro, Daedeok-gu, Daejeon, Republic of Korea. The Company was certified by the Korea Institute for Advancement of Technology as a corporate subsidiary research facility in accordance with Article 16 of the Technology Development Promotion Act and Clause 1 of Article 15 of the Enforcement Decree of the same Act on 19 October 2001. The Company has also been designated as a high-tech company in accordance with Clause 1 of Article 9 of the Special Law on the Cultivation of the Special Research and Development Daedeok-gu and more on 23 October 2011.

The Company was then listed on KOSDAQ market as of 8 June 2010. After several increases in capital with or without considerations, the amount of paid-in capital of the Company as of 30 June 2022 is KRW 8,132,150,000 (16,264,300 issued shares and 50,000,000 authorized shares).

The Company has changed its name from Silicon Works Co., Ltd. to LX Semicon Co., Ltd. as of 1 July 2021.

The shareholders of the Company as of 30 June 2022, are as follows:

(Unit: shares)			
Name of shareholders	No. of shares held	Ratio	Remarks
LX Holdings Co., Ltd.	5,380,524	33.08%	Largest shareholder
Others	10,883,776	66.92%	-
Total	16,264,300	100%	

2. Financial statement preparation standards and significant accounting policies

(1) Standards for preparing financial statements

These financial statements are summarized interim financial statements prepared by applying K-IFRS 1034 'Interim Financial Report' for a part of the period to which the annual financial statements belong, and separate financial statements by K-IFRS 1027 'Separate Financial Statements'. To understand these condensed interim financial statements, it is necessary to use the annual porcelain financial statements for the fiscal year ending 31 December 2021 prepared in accordance with the IFRS adopted by Korea.

The material accounting policies applied in the preparation of the interim financial statements include those adopted in the preparation of the annual financial statements for the year ending 31 December 2021, except for the impacts related to the introduction of the standards or interpretations described same as below.

The new standards and interpretations introduced from this period and the resulting changes in accounting policies are as follows:

– IFRS 1103 'Business combination' - Reference to conceptual system (amendment)

The amendments include the contents that IFRS 1103 refers to the 'Conceptual system' (2018) instead of the previous system ('Conceptual system' (2007)). In addition, the amendments also add a requirement that in the case of provisions or contingent liabilities that fall within the scope of application of IFRS 1037, the acquirer applies IFRS 1037 to determine whether a current obligation exists as a result of past events at the acquisition date. In the case of contributions that fall within the scope of application of Interpretation of IFRS 2121, the acquirer applies interpretation of IFRS 2121 to determine whether an obligatory event that creates a payment liability for the contribution has occurred by the acquisition date.

The amendments add an explicit statement that the acquirer does not recognize contingent assets in a business combination.

The amendments apply to business combinations after the commencement date of the business year for which the acquisition date first begins on or after 1 January 2022.

– IFRS 1016 'Tangible assets' - The sale amount and related costs of goods produced before they are used in their intended manner (amendment)

The amendments prohibit deducting from the cost of tangible assets the sale of goods produced in the process of bringing them to the location and condition necessary to operate in the manner intended by management. Accordingly, such sales and related costs are recognized in profit or loss, and the costs are measured in accordance with IFRS 1002.

Unless the goods produced are the output of the entity's ordinary activities and the sale amount and costs included in profit or loss are separately indicated in the statement of comprehensive income, the Company should disclose an account in the statement of comprehensive income that includes the size of the amount and cost of the sale, and the amount and cost of the sale.

The amendments apply retrospectively only to tangible assets that has reached a location and condition capable of operating in the manner intended by management after the commencement date of the earliest period indicated in the financial statements for which the amendments is first applied. The cumulative effect of the initial application of the amendments is recognized by adjusting the opening balance of retained earnings (or other components of equity, if appropriate) at the beginning of the earliest indicated period.

- IFRS 1037 'Provisions, contingent liabilities and contingent assets' - Loss-bearing contract and contract execution cost (amendment)

The amendments clarify that the cost of executing a contract consists of costs directly related to the contract. The costs directly related to a contract consist of the incremental costs (e.g. direct labor cost and direct material cost) to perform the contract and any other cost allocations (e.g. depreciation of tangible assets used in the performance of the contract) directly related to the performance of the contract.

The amendments apply to contracts for which all obligations have not been fulfilled on the commencement date of the business year in which the amendments are first applied. The comparative financial statements are not rewritten, but instead, the cumulative effect by the first adoption of the amendments is recognized as retained earnings at the date of initial application or, as appropriate, other elements of equity.

- Annual improvements of 2018-2020 cycle based on K-IFRS

This annual improvement includes some amendments to the first adoption of K-IFRS under IFRS 1101, IFRS 1109 'Financial instruments', IFRS 1116 'Lease' and IFRS 1041 'Agriculture, forestry and fisheries'.

① IFRS 1101 'First adoption of K-IFRS'

The amendments provide an additional exemption from accounting for cumulative translation differences in subsidiaries that become first adopters later than the parent. Subsidiaries subject to the exemption provisions in paragraph D16(1) of IFRS 11 may choose to measure the cumulative translation difference of all overseas operations at the carrying amount to be included in the parent's consolidated financial statements on the basis of the date of transition of the parent to the K-IFRS. However, the effect of the business combination in which the parent acquires a subsidiary and adjustments in accordance with the consolidation procedure are excluded. A similar choice may be made if an associate or joint venture applies the exemption provisions in paragraph D16(1) of IFRS 1101.

② IFRS 1109 Financial Instruments

This amendment includes only fees received or paid between the entity (borrower) and the lender when applying the '10%' test to assess whether financial liabilities have been removed, which clarifies that it includes fees paid or received by businesses or lenders on behalf of other parties. The amendments will be applied prospectively to changes and exchanges that have occurred after the initial application date.

③ IFRS 1116 'Lease'

The amendments have deleted the contents of the lease improvement reimbursement amount in case 13 of IFRS 1116.

④ IFRS 1041 'Agriculture, forestry and fisheries'

The amendments eliminate the requirement to exclude tax-related cash flows when measuring the fair value of biological assets. This ensures that the fair value measurement in IFRS 1041 is consistent with the requirement in IFRS 1113 to use internally consistent cash flows and discount rates., and entities can choose to use pre- or post-tax cash flows and discount rates to determine the most appropriate fair value measurement.

2) The following are the details of the K-IFRS which were enacted and announced as of the date of approval for the financial statements, but the effective date has not yet arrived, and the Group has not been applied in advance:

- IFRS 1001 'Classification of the current and non-current liabilities' (amendment)

The amendments only affect the indication of current and non-current liabilities in the financial statements, and does not affect the amount of assets, liabilities and gains or losses, the time of recognition, or the disclosure information for those items.

The amendments clarify that the classification of the current and non-current liabilities is based on the entity's rights that exist at the end of the reporting period, and also highlights that it is irrelevant to expectations of whether the entity will exercise its right to defer settlement of the debt. At the end of the reporting period, if the loan agreement is complied with, the right exists, and settlement is clarified as the transfer of cash, equity instruments, or other assets or services to the counterparty.

The amendments are applied retrospectively after the beginning of financial years beginning on or after 1 January 2023, with early application permitted.

- IFRS 1001 'Presentation of financial statements' and international accounting standards practice 2 'Judgment of materiality' (amendment)' - Disclosure of accounting policies

These amendments change the requirements of IFRS 1001 for the disclosure of accounting policies, and replace all the terms 'Significant accounting policies' with 'Material Accounting policy information'.

The paragraph relating to IFRS 1001 is also amended to clarify that accounting policy information relating to non-material transactions, other events or circumstances is not material and does not need to be disclosed. Accounting policy information, although insignificant in amount, can be material because of the nature of the transaction, other event or circumstance with which it is involved. However, not all accounting policy information relating to a material transaction, other event or situation is material in itself.

In addition, guidelines and examples have been developed to explain and apply the application of ' Step 4 of the Materiality Process' described in International Financial Reporting Standards, Practical Guide 2.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2023, with early adoption permitted. The amendments to International Financial Reporting Standards, Practical Guide 2 do not include the effective date or transitional provisions.

- IFRS 1008 'Accounting policy, changes and errors in accounting estimates' (amendment) - Definition of accounting estimates

The amendments replace the definition of a change in an accounting estimate with the definition of an accounting estimate. Under the new definition, an accounting estimate is "a monetary amount in the financial statements that is subject to measurement uncertainty".

The amendments are effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. The amendments are applied to changes in accounting estimates and changes in accounting policies that occur after the beginning of the fiscal year in which this amendment is first applied.

- IFRS 1012 'Income tax' - Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of application of the first recognition exception. According to the amendment, the exception to initial recognition does not apply to transactions that give rise to a taxable temporary difference and a deductible temporary difference in the same amount.

Under relevant tax laws, the same amount of taxable and deductible temporary differences may arise when an asset or liability is initially recognized in a transaction that is not a business combination and does not affect accounting or taxable income. For example, this situation may arise when a lease liability and a corresponding right-of-use asset are recognized by applying IFRS 1116 at the commencement date of the lease.

In accordance with the amendments of IFRS 1012, related deferred tax assets and deferred tax liabilities should be recognized. Recognition of deferred tax assets is subject to the recoverability requirements of IFRS 1012.

The amendments are effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

3. Significant decisions and major source of estimation uncertainty

In preparing the interim financial statements, management should make judgments that have a significant effect on the amounts recognized in the financial statements (excluding matters related to estimates), and the carrying amount of assets and liabilities that are not readily identifiable from other sources. Estimates and assumptions must be made. Estimates and related assumptions are based on past experiences and other factors deemed relevant. In addition, actual results may differ from these estimates.

For the preparation of the interim financial statements, the material judgments made in the process of applying the Company's accounting policies and the main sources of estimation uncertainty are the same as in the annual consolidated financial statements for the business year ended 31 December 2021.

4. Classification of financial instruments by category

(1) Financial instruments by category

Details of the carrying amount of financial instruments by category as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Financial assets:		
Items at FVOCI		
Trade receivables	55,285,471,319	55,832,162,670
Items measured at amortized cost		
Cash and cash equivalents	150,710,231,595	133,729,223,245
Short-term financial instruments	320,000,000,000	470,000,000,000
Trade receivables	238,037,010,317	119,432,884,399
Other receivables(*1)	46,172,894,558	29,064,853,694
Sub-total	754,920,136,470	752,226,961,338
Lease receivables	2,887,157,890	3,548,057,137
Total	813,092,765,679	811,607,181,145
Financial liabilities:		
Items measured at amortized cost		
Trade payables	272,880,867,400	213,463,276,070
Other payables(*2)	25,581,679,772	15,736,374,180
Sub-total	298,462,547,172	229,199,650,250
Lease liabilities	16,535,081,235	7,098,769,810
Total	314,997,628,407	236,298,420,060

(*1) Lease receivables are excluded.

(*2) Employee-related debts that are not included in financial liabilities are excluded.

(2) Financial incomes and costs by category

Details of financial incomes and financing costs recognized in the current profit or loss as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)				
Division	Interest income (interest expense)		Other income(*)	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Financial assets at FVPL	-	-	-	(32,636,103)
Financial assets at FVOCI	-	-	3,756,973,781	4,342,006,581
Financial assets at amortized cost	4,965,296,039	1,397,813,418	6,430,925,184	1,072,091,791
Lease receivables	36,660,753	51,350,731	-	-
Financial liabilities at amortized cost	-	-	(13,054,758,051)	(1,019,998,410)
Lease liabilities	(144,051,288)	(87,648,486)	-	-
Total	4,857,905,504	1,361,515,663	(2,866,859,086)	4,361,463,859

(*) Other gains and losses consist of gains or losses on financial assets at FVPL and financial assets at FVCOI, on the disposal of trade receivables, foreign currency translation, on foreign exchange arising from amortized cost financial assets and amortized cost financial liabilities.

(3) Transfer of financial assets

The Company transferred trade receivables according to the account receivable factoring contract with the Export-Import Bank, etc. In this transaction, if the relevant trade receivables are not recovered at maturity, the Company is not obligated to pay the unrecovered amount of trade receivables to banks.

There is no carrying amount of trade receivables accounted for as collateralized borrowing as the Company transferred all or part of the transferred financial assets through factoring of accounts receivable as of 30 June 2022.

5. Cash and cash equivalents

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

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Demand deposits	64,710,231,595	28,429,223,245
Term deposit, etc.(*)	86,000,000,000	105,300,000,000
Total	150,710,231,595	133,729,223,245

(*) This is a financial instrument whose maturity is within 3 months from the acquisition date, has very high liquidity, is easy to convert to a fixed amount, and has a slight risk of value fluctuation.

6. Short-term financial instruments

Details of short-term financial instruments as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Term deposit	320,000,000,000	470,000,000,000

7. Trade and other receivables

(1) Trade and other receivables as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		31 December 2021	
	Current	Non-current	Current	Non-current
Trade receivables	293,322,481,636	-	175,265,047,069	-
Receivables	27,895,534,867	-	15,701,924,837	-
Accrued income	3,340,702,488	-	1,741,505,891	-
Loan	1,683,057,745	7,454,327,151	1,683,384,338	7,650,673,846
Deposits	-	5,799,272,307	-	2,287,364,782
Lease receivables	1,344,192,276	1,542,965,614	1,329,235,195	2,218,821,942
Total	327,585,969,012	14,796,565,072	195,721,097,330	12,156,860,570

(2) Changes in lease receivables as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
01 January 2022	3,548,057,137	4,853,554,681
Interest income	36,660,753	89,622,456
Collection	(697,560,000)	(1,395,120,000)
Ending	2,887,157,890	3,548,057,137

(3) Maturity analysis of lease receivables as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Less than 1 year	1,395,120,000	1,395,120,000
Over 1 year and less than 2 years	1,395,120,000	1,395,120,000
Over 2 year and less than 3 years	168,764,509	866,324,509
Total undiscounted lease	2,959,004,509	3,656,564,509
Unrealized financial income	(71,846,619)	(108,507,372)
Lease net investment	2,887,157,890	3,548,057,137

8. Other assets

Other assets as of 30 June and 31 December 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		31 December 2021	
	Current	Non-current	Current	Non-current
Advanced payments	2,988,438,688	224,374,110	1,794,361,385	186,959,330
Prepaid expenses	25,474,882,273	1,567,047,093	26,269,252,240	692,941,392
Total	28,463,320,961	1,791,421,203	28,063,613,625	879,900,722

9. Inventories

(1) Details of inventories as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Finished goods	86,696,260,864	68,414,211,584
Work in process	201,897,782,418	142,699,548,169
Inventory return assets	243,393,124	367,742,961
Inventory valuation allowances	(13,162,711,331)	(10,363,989,150)
Total	275,674,725,075	201,117,513,564

(2) Recognized valuation profits and losses as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Cost of goods sold:		
Establishment (reversal) of provision for inventory return	124,349,837	(108,523,562)
Establishment (reversal) of allowance for valuation of inventories	2,798,722,181	(8,454,590,888)

10. Investments in subsidiaries, associates and joint ventures

(1) Details of investments of subsidiaries as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)							
Company name	Location	Main sales activities	Month of account closing	30 June 2022		31 December 2021	
				Ratio(%)	Carrying amount	Ratio(%)	Carrying amount
LX Semicon U.S.A., Inc	USA	Semiconductor manufacturing and designing	December	100.00	137,322,045	100.00	137,322,045
LX Semicon China Co., Ltd.	China	Semiconductor manufacturing and designing	December	100.00	2,179,314,000	100.00	2,179,314,000
LX Semicon Japan Co., Ltd.	Japan	Semiconductor manufacturing and designing	December	100.00	1,215,486,000	100.00	317,112,000
Total						3,532,122,045	2,633,748,045

(2) Investment of associates and joint ventures as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)							
Company name	Location	Main sales activities	Month of account closing	30 June 2022		31 December 2021	
				Ratio(%)	Carrying amount	Ratio(%)	Carrying amount
Advance Power Device Technologies Co. Ltd.	Korea	R&D and design of semiconductor devices	March	49.00	4,410,000,000	49.00	4,410,000,000
FJ Composite Material Co.,LTD	Japan	Development, manufacturing and sales of composite materials	May	29.98	6,835,773,000	29.98	6,835,773,000
Telechips Inc.(*)	Korea	Manufacture of electronic integrated circuit	December	10.93	26,770,050,000	-	-
Total						38,015,823,000	11,245,773,000

(*) It was newly acquired as of 30 June 2022, and although the share of the Company is less than 20%, it is exerting significant influence through the contractual right to appoint directors.

11. Tangible assets

(1) Details of tangible assets as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Acquisition cost	35,051,121,092	6,043,324,341	188,300,000	60,039,209,637	18,513,887,765	15,861,712,114	135,697,554,949
Accumulated amortization	-	(2,865,274,615)	(18,830,016)	(30,723,726,644)	(13,531,719,736)	(4,625,202,551)	(51,764,753,562)
Accumulated impairment loss	-	-	-	(239,798,395)	-	-	(239,798,395)
Government subsidies	-	-	-	(38,922)	(8,293,176)	(165,000,000)	(173,332,098)
Carrying amount	35,051,121,092	3,178,049,726	169,469,984	29,075,645,676	4,973,874,853	11,071,509,563	83,519,670,894

(*) Other tangible assets include facility equipment, leasehold improvements and assets construction in-progress.

② 30 June 2021

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Acquisition cost	6,419,595,262	6,043,324,341	188,300,000	53,758,176,076	16,809,210,165	7,764,561,812	90,983,167,656
Accumulated amortization	-	(2,714,191,507)	(16,476,264)	(23,258,078,187)	(12,264,138,762)	(4,009,656,055)	(42,262,540,775)
Accumulated impairment loss	-	-	-	(239,798,395)	-	-	(239,798,395)
Government subsidies	-	-	-	(38,922)	(10,675,296)	(195,000,000)	(205,714,218)
Carrying amount	6,419,595,262	3,329,132,834	171,823,736	30,260,260,572	4,534,396,107	3,559,905,757	48,275,114,268

(*) Other tangible assets include facility equipment, leasehold improvements and assets construction in-progress.

(2) Changes in carrying amount of tangible assets as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Carrying amount at the beginning	6,419,595,262	3,329,132,834	171,823,736	30,260,260,572	4,534,396,107	3,559,905,757	48,275,114,268
Acquisition cost during the period	318,549,000	-	-	2,251,941,909	1,704,677,600	40,493,391,565	44,768,560,074
Disposal cost during the period	-	-	-	(3,000)	-	-	(3,000)
Substitution of assets under construction	28,312,976,830	-	-	4,083,264,433	-	(32,396,241,263)	-
Depreciation	-	(151,083,108)	(2,353,752)	(7,519,818,238)	(1,265,198,854)	(585,546,496)	(9,524,000,448)
Carrying amount at the end	35,051,121,092	3,178,049,726	169,469,984	29,075,645,676	4,973,874,853	11,071,509,563	83,519,670,894

(*) Other tangible assets include facility equipment, leasehold improvements and assets construction in-progress.

② 31 December 2021

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Carrying amount at the beginning	5,015,382,334	2,395,354,729	176,531,240	6,458,803,909	4,652,661,607	13,315,310,041	32,014,043,860
Acquisition cost during the period	1,404,212,928	1,196,075,160	-	4,574,333,248	2,093,544,933	20,647,654,112	29,915,820,381
Disposal cost during the period	-	-	-	(12,806)	(2,696,584)	(1,319,130,944)	(1,321,840,334)
Substitution of assets under construction	-	-	-	28,047,579,602	92,500,000	(28,140,079,602)	-
Depreciation	-	(262,297,055)	(4,707,504)	(8,820,443,381)	(2,301,613,849)	(943,847,850)	(12,332,909,639)
Carrying amount at the end	6,419,595,262	3,329,132,834	171,823,736	30,260,260,572	4,534,396,107	3,559,905,757	48,275,114,268

(*) Other tangible assets include facility equipment, leasehold improvements and assets construction in-progress.

12. Intangible assets

(1) Details of intangible assets as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Acquisition cost	27,913,122,677	5,432,335,321	14,948,627,452	4,354,074,600	35,114,460,000	4,962,041,340	92,724,661,390
Accumulated amortization	-	(1,915,599,049)	(9,670,389,051)	-	(31,065,895,006)	-	(42,651,883,106)
Accumulated impairment loss	-	-	-	(243,581,400)	-	-	(243,581,400)
Government subsidies	-	(20,811,640)	-	-	-	(7,941,731)	(28,753,371)
Carrying amount	27,913,122,677	3,495,924,632	5,278,238,401	4,110,493,200	4,048,564,994	4,954,099,609	49,800,443,513

(*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

② 30 June 2021

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Acquisition cost	27,913,122,677	4,469,422,204	14,061,269,452	4,513,064,600	35,092,460,000	3,531,914,928	89,581,253,861
Accumulated amortization	-	(1,680,563,449)	(8,510,454,418)	-	(29,056,391,672)	-	(39,247,409,539)
Accumulated impairment loss	-	-	-	(243,581,400)	-	-	(243,581,400)
Government subsidies	-	(22,141,642)	-	-	-	(7,941,731)	(30,083,373)
Carrying amount	27,913,122,677	2,766,717,113	5,550,815,034	4,269,483,200	6,036,068,328	3,523,973,197	50,060,179,549

(*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

(2) Changes in carrying amount of intangible assets as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Carrying amount at the beginning	27,913,122,677	2,766,717,113	5,550,815,034	4,269,483,200	6,036,068,328	3,523,973,197	50,060,179,549
Acquisition cost during the period	-	-	119,401,000	1,260,810,000	22,000,000	3,242,538,157	4,644,749,157
Disposal cost during the period	-	(431,950)	-	(1,419,800,000)	-	(77,438,948)	(1,497,670,898)
Substitution of assets under construction	-	967,015,797	767,957,000	-	-	(1,734,972,797)	-
Amortization of intangible assets	-	(237,376,328)	(1,159,934,633)	-	(2,009,503,334)	-	(3,406,814,295)
Carrying amount at the end	27,913,122,677	3,495,924,632	5,278,238,401	4,110,493,200	4,048,564,994	4,954,099,609	49,800,443,513

(*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

② 31 December 2021

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Carrying amount at the beginning	27,913,122,677	1,979,074,675	5,614,838,045	3,349,533,200	10,064,741,660	3,040,442,096	51,961,752,353
Acquisition cost during the period	-	48,669,002	448,643,277	919,950,000	-	3,290,518,618	4,707,780,897
Disposal cost during the period	-	(1,688,805)	-	-	-	(91,936,055)	(93,624,860)
Substitution of assets under construction	-	1,108,771,462	1,606,280,000	-	-	(2,715,051,462)	-
Amortization of intangible assets	-	(368,109,221)	(2,118,946,288)	-	(4,028,673,332)	-	(6,515,728,841)
Carrying amount at the end	27,913,122,677	2,766,717,113	5,550,815,034	4,269,483,200	6,036,068,328	3,523,973,197	50,060,179,549

(*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

(3) Intangible assets with indefinite useful life

The Company classifies goodwill and membership among intangible assets as intangible assets with indefinite useful lives and is not amortized, and reviews impairment annually along with intangible assets construction in-progress, which are intangible assets that have not yet been used. There was no impairment recognized for goodwill, intangible assets construction in-progress, and memberships as of 30 June 2022 and 31 December 2021.

13. Lease

- (1) The Company leased buildings and vehicles, and the average lease period is about two years.
- (2) Carrying amount of licensed assets as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)

Category	Buildings	Vehicles	Total
Acquisition amount	26,930,435,533	1,418,271,822	28,348,707,355
Accumulated depreciations	(9,892,570,869)	(440,157,179)	(10,332,728,048)
Carrying amount	17,037,864,664	978,114,643	18,015,979,307

② 31 December 2021

(Unit: KRW)

Category	Buildings	Vehicles	Total
Acquisition amount	14,024,960,245	1,233,173,521	15,258,133,766
Accumulated depreciations	(7,616,048,378)	(365,833,595)	(7,981,881,973)
Carrying amount	6,408,911,867	867,339,926	7,276,251,793

- (3) Changes in carrying amount of intangible assets as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)

Division	Buildings	Vehicles	Total
Amount at the beginning	6,408,911,867	867,339,926	7,276,251,793
Acquisition amount	12,925,507,248	397,898,392	13,323,405,640
Decrease (contract termination)	(4,405,511)	(68,625,127)	(73,030,638)
Depreciation	(2,292,148,940)	(218,498,548)	(2,510,647,488)
Carrying amount at the end	17,037,864,664	978,114,643	18,015,979,307

② 31 December 2021

(Unit: KRW)

Division	Buildings	Vehicles	Total
Amount at the beginning	8,195,876,238	266,238,006	8,462,114,244
Acquisition amount	1,203,419,925	1,122,807,248	2,326,227,173
Decrease (contract termination)	(30,552,418)	(167,116,582)	(197,669,000)
Depreciation	(2,959,831,878)	(354,588,746)	(3,314,420,624)
Carrying amount at the end	6,408,911,867	867,339,926	7,276,251,793

(4) The amounts recognized in profit or loss as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)

Division	30 June 2022	30 June 2021
Depreciation of right-of-use assets	2,510,647,488	1,607,089,587
Interest cost on lease liabilities	144,051,288	87,648,486
Expenses related to short-term leases and small assets lease	352,152,988	78,890,551

(5) The Company's total cash outflows due to leases as of 30 June 2022 and 2021 are KRW 2,838 million and KRW 1,617 million, respectively.

(6) Details of lease liabilities as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)

Division	30 June 2022		31 December 2021	
	Minimum lease	Present value of minimum lease	Minimum lease	Present value of minimum lease
Less than 1 year	7,677,971,939	7,265,314,698	3,425,005,384	3,294,661,488
1 to 5 years	9,426,628,799	9,146,739,570	3,769,516,194	3,691,886,230
5 to 10 years	134,838,156	123,026,967	121,745,160	112,222,092
Sub-total	17,239,438,894	16,535,081,235	7,316,266,738	7,098,769,810

(7) Current components of lease liabilities as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)

Category	30 June 2022	31 December 2021
Current liabilities	7,265,314,698	3,294,661,488
Non-current liabilities	9,269,766,537	3,804,108,322
Total	16,535,081,235	7,098,769,810

14. Trade and other receivables

Details of trade and other payables as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		31 December 2021	
	Current	Non-current	Current	Non-current
Trade payables	272,880,867,400	-	213,463,276,070	-
Payables	22,358,857,345	-	46,754,807,321	-
Accrued expenses	29,882,311,506	-	13,456,543,481	-
Rental deposits	-	20,000,000	-	20,000,000
Deposits received	-	2,001,160,000	-	-
Total	325,122,036,251	2,021,160,000	273,674,626,872	20,000,000

15. Other liabilities

(1) Details of other liabilities as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		31 December 2021	
	Current	Non-current	Current	Non-current
Advances	12,047,169,712	-	7,673,013,672	-
Withholdings	943,932,830	-	2,972,013,025	-
Provisions	2,022,720,645	2,502,515,452	2,136,783,855	1,031,415,452
Long-term employee salary liabilities	-	2,736,439,072	-	3,014,803,029
Total	15,013,823,187	5,238,954,524	12,781,810,552	4,046,218,481

(2) Changes in the provisions as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)					
Division	01 January 2022	Setting	De-recognition	Paid	30 June 2022
Provision for sales warrant	1,578,936,322	1,272,692,088	(966,714,745)	(219,873,205)	1,665,040,460
Provision for return	557,847,533	357,680,185	(557,847,533)	-	357,680,185
Provision for restoration	1,031,415,452	1,471,100,000	-	-	2,502,515,452
Total	3,168,199,307	3,101,472,273	(1,524,562,278)	(219,873,205)	4,525,236,097

② 31 December 2021

(Unit: KRW)					
Division	01 January 2022	Setting	De-recognition	Paid	31 December 2021
Provision for sales warrant	3,332,437,307	1,541,176,166	(647,873,599)	(2,646,803,552)	1,578,936,322
Provision for return	244,771,260	6,055,530,653	(5,742,454,380)	-	557,847,533
Provision for restoration	929,455,452	101,960,000	-	-	1,031,415,452
Total	4,506,664,019	7,698,666,819	(6,390,327,979)	(2,646,803,552)	3,168,199,307

The Company counted guarantee expenses to be borne for product sales guarantee as provision for sales guarantee and recognized its equivalent transfer as the selling and administrative expenses. On the other hand, the Company recognizes the amount corresponding to the portion of revenue to be canceled at the time of product return as allowance liability for return and deduction to sales in accordance with the IFRS 1115.

16. Capital and capital surplus

(1) Details of capital as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Number of authorized shares	50,000,000	50,000,000
Par value	500	500
Number of shares issued	16,264,300	16,264,300
Capital	8,132,150,000	8,132,150,000

(2) There are no changes in the number of shares outstanding (16,264,300 shares) as of 30 June 2022 and 31 December 2021.

(3) Details of capital surplus as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Paid-in capital in excess of par value	66,560,617,129	66,560,617,129
Other capital surplus	9,782,553,371	9,782,553,371
Total	76,343,170,500	76,343,170,500

17. Other capital items

Details of other capital items as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Gain (loss) on valuation of financial assets at FVOCI	(380,807,731)	(380,807,731)

18. Retained earnings

(1) Details of current retained earnings as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Statutory reserves	4,066,075,000	4,066,075,000
Unappropriated retained earnings	807,723,153,553	708,909,597,968
Total	811,789,228,553	712,975,672,968

(2) Changes in the undisposed retained earnings as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Amount at the beginning	708,909,597,968	446,923,897,300
Dividends paid	(87,827,220,000)	(21,956,805,000)
Half-year net income	179,782,080,817	123,335,176,984
Remeasurement for defined benefit plans	6,858,694,768	-
Carrying amount at the end	807,723,153,553	548,302,269,284

19. Earnings per share

(1) Basic earnings per share

① Calculation of basic earnings per share as of 30 June 2022 and 2021, are as follows:

(Unit: KRW, shares)				
Division	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Net income for ordinary shares	82,766,655,116	179,782,080,817	72,709,763,928	123,335,176,984
Weighted average No. of ordinary shares outstanding	16,264,300	16,264,300	16,264,300	16,264,300
Basic earnings per share	5,089	11,054	4,471	7,583

② Calculation of weighted average number of ordinary shares outstanding as of 30 June 2022

Division	Number of shares issued (1)	Number of treasury shares (2)	No. of outstanding ordinary shares (1-2)	Weighting		Weighted average number of ordinary shares outstanding
				3 months	Cumulative	
01 January 2022	16,264,300	-	16,264,300	91 days/91 days	181 days/181 days	16,264,300

③ Calculation of weighted average number of ordinary shares outstanding as of 30 June 2021

Division	Number of shares issued (1)	Number of treasury shares (2)	No. of outstanding ordinary shares (1-2)	Weighting		Weighted average number of ordinary shares outstanding
				3 months	Cumulative	
01 January 2022	16,264,300	-	16,264,300	91 days/91 days	181 days/181 days	16,264,300

(2) Diluted EPS from continuing operations

The Company does not have any dilutive securities as of 30 June 2022 and 31 December 2021. Therefore, the diluted earnings per share is the same as the basic earnings per share.

20. Financial revenues and expenses

(1) Details of financial revenues as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		31 December 2021	
	3 months	Cumulative	3 months	Cumulative
Interest income	2,441,122,686	5,001,956,792	732,902,768	1,449,164,149
Gain on foreign currency translation (financial)	95,866	95,866	(5,120,634)	707,845
Total	2,441,218,552	5,002,052,658	727,782,134	1,449,871,994

(2) Details of financial expenses as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		31 December 2021	
	3 months	Cumulative	3 months	Cumulative
Interest expenses	105,193,917	144,051,288	42,004,710	87,648,486
Loss on foreign exchange (financial)	17,955,408	23,151,473	(94,557)	1
Loss on disposal of trade receivables	2,416,878,607	3,749,109,453	405,996,437	961,612,001
Loss on disposal of financial assets at FVPL	-	-	-	32,636,103
Total	2,540,027,932	3,916,312,214	447,906,590	1,081,896,591

21. Other non-operating income and expenses

(1) Details of other non-operating income as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Profit on foreign exchange (non-financial)	9,737,509,890	13,292,741,784	3,422,077,567	8,048,013,662
Profit on foreign currency conversion (non-financial)	2,014,711,640	3,438,453,257	(1,603,846,691)	1,320,308,208
Gain on disposal of tangible assets	996,459	3,502,473	58,485,139	59,479,629
Miscellaneous income	48,594	1,860,152	65,662,619	65,815,568
Total	11,753,266,583	16,736,557,666	1,942,378,634	9,493,617,067

(2) Details of other non-operating expenses as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		31 December 2021	
	3 months	Cumulative	3 months	Cumulative
Loss on foreign exchange (non-financial)	8,659,449,430	12,716,095,090	1,657,298,523	3,442,120,390
Loss on foreign currency conversion (non-financial)	1,851,568,576	3,109,793,977	221,964,494	571,197,361
Loss on disposal of tangible assets	-	-	2,595,487	16,443,432
Loss on disposal on intangible assets	29,618,844	97,670,898	26,958,934	50,488,370
Donation	73,179,570	73,179,570	5,523,993	5,523,993
Miscellaneous losses	7,656,929	12,079,014	402,221,322	471,650,253
Total	10,621,473,349	16,008,818,549	2,316,562,753	4,557,423,799

22. Operating profit

Main items and amounts included in operating profit calculation as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Sales	599,159,232,237	1,184,243,961,629	449,275,295,664	854,898,869,778
Sales from sales of goods	596,514,635,520	1,180,866,568,426	448,564,872,528	853,178,260,789
Other sales	2,644,596,717	3,377,393,203	710,423,136	1,720,608,989
Cost of goods sold	397,006,346,529	773,426,886,049	288,270,075,664	578,944,387,807
Cost of finished goods sold	395,515,061,822	771,340,829,912	288,047,630,670	578,649,537,011
Other COGS	1,491,284,707	2,086,056,137	222,444,994	294,850,796
Selling and administrative expenses	92,981,391,395	173,844,669,923	65,623,579,250	121,482,354,571
Salary and bonuses	15,858,959,445	30,033,215,330	10,875,746,172	20,112,246,128
Severance payments	890,429,214	1,858,745,548	656,055,442	1,308,645,458
Employee benefits	3,816,184,060	6,347,224,290	2,501,766,107	4,353,463,723
Travel expenses	384,986,689	580,441,007	152,250,066	487,182,210
Rent	312,812,157	798,264,937	289,003,820	453,519,213
Service fees	12,303,781,260	22,399,898,316	7,900,756,552	14,910,552,448
Depreciation	2,567,979,163	4,295,843,512	1,430,363,118	2,820,505,682
Amortization of intangible assets	639,689,373	1,231,034,730	513,189,577	995,374,457
Establishment of provision for sales guarantee (reversal)	229,619,171	305,977,343	1,637,606,513	821,224,455
Ordinary R&D expenses	52,114,229,406	99,808,717,521	37,261,453,129	71,096,509,123
Others	3,862,721,457	6,185,307,389	2,405,388,754	4,123,131,674
Operating profit	109,171,494,313	236,972,405,657	95,381,640,750	154,472,127,400

23. Employee benefits

The Company pays its retiring employees with the predetermined amount of retirement benefits in lump sum, based on the level of salaries and the years in service, and this is classified as defined benefit system. Such retirement benefit can be withdrawn before the resignation of the employee as interim settlement when the legal requirements apply, and the number of years of service for calculating severance pay after the interim settlement is newly calculated from the time of settlement.

(1) Details of defined benefit liabilities as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Present value of defined benefit liability	60,601,453,783	66,233,664,676
Fair value of plan assets	(63,453,195,575)	(65,613,017,567)
Defined benefit liabilities	(2,851,741,792)	620,647,109

(2) The major estimates used for the actuarial evaluation as of 30 June 2022 and 31 December 2021, are as follows.

Division	30 June 2022	31 December 2021
Future wage increase rate	4.60%	4.60%
Discount rate	4.38%	2.83%

The discount rate is calculated based on the Company's credit rating and corporate bond yield similar to the expected payment period of the defined benefit obligation as of 30 June 2022, the future wage increase rate is calculated in consideration of the Company's empirical promotion index and wage increase rate reflecting inflation and wage agreements.

(3) Changes in the current value of the defined benefit obligation as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Defined benefit obligation at the beginning	66,233,664,676	43,512,383,794
Current service cost	4,583,142,590	3,204,109,730
Interest cost	905,649,274	482,745,154
Remeasurement (before income tax):		
Financial assumption	(9,251,055,855)	-
Transfer between affiliates	971,073,388	5,486,274,700
Payment of severance payment	(2,841,020,290)	(1,659,281,430)
Defined benefit obligation at the end	60,601,453,783	51,026,231,948

(4) Changes in the fair value of plan assets as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Plan assets at the beginning	65,613,017,567	42,749,338,496
Interest income	883,463,539	432,143,640
Plan assets Remeasurement (before income tax)	(202,645,871)	-
Payment of severance payment	(2,840,639,660)	(1,659,281,430)
Plan assets at the end	63,453,195,575	41,522,200,706

(5) Expenses recognized in the current profit or loss regarding the defined benefit plans as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Current service cost	4,583,142,590	3,204,109,730
Net interest cost	22,185,735	50,601,514
Total	4,605,328,325	3,254,711,244

(6) Details of plan assets as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	31 December 2021
Short-term financial product, etc.	63,453,195,575	65,613,017,567

24. Income tax expenses

Income tax expense was calculated by adjusting the adjustments recognized for the current period from the current income tax expense for the past period, deferred income tax expense resulting from the occurrence or extinguishment of temporary differences, and income tax expense related to items recognized outside profit or loss. The average effective tax rates as of 30 June 2022 and 2021' income tax expenses are 24.71% and 22.81%, respectively.

25. Statement of cash flow

(1) Details of reconciliation of income and expenses during business activities as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Income tax expenses	59,003,804,401	36,441,119,087
Depreciation	12,034,647,936	5,391,574,449
Establishment (reversal) of allowance for valuation of inventories	2,798,722,181	(8,454,590,888)
Establishment (reversal) of provision for inventory return	124,349,837	(108,523,562)
Loss on write-off of inventories	6,527,626,952	14,929,808,070
Establishment (reversal) of provisions for returns	(200,167,348)	257,452,385
Gain on disposal of tangible assets	(3,502,473)	(59,479,629)
Loss on disposal of tangible assets	-	16,443,432
Loss on disposal on intangible assets	97,670,898	50,488,370
Amortization of intangible assets	3,406,814,295	3,186,472,920
Severance payments	4,605,328,325	3,254,711,244
Gain on foreign currency translation	(3,438,549,123)	(1,321,016,053)
Loss on foreign currency translation	3,132,945,450	571,197,362
Interest income	(5,001,954,662)	(1,449,164,149)
Interest expenses	144,051,288	87,648,486
Establishment of provision for sales guarantee (reversal)	305,977,343	821,224,455
Loss on disposal of financial assets at FVPL	-	32,636,103
Long-term employee benefits	(197,663,957)	124,119,314
Loss on disposal of trade receivables	3,749,109,453	961,612,001
Transfer of provision for restoration	-	60,650,000
Total	87,089,210,796	54,794,383,397

(2) Changes in assets and liabilities during sales as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Trade receivables	(118,567,759,103)	(98,768,311,377)
Other receivables	(12,183,329,982)	(14,978,658,974)
Other current assets	(1,309,058,165)	2,056,256,010
Inventories	(84,007,910,481)	11,838,866,288
Trade payables	56,793,991,982	37,337,051,215
Other current liabilities	2,126,202,640	2,156,201,183
Other payables	(8,823,816,326)	(208,423,624)
Non-current other payables	2,001,160,000	-
Long-term employee salary liabilities	(80,700,000)	(67,700,000)
Net employee defined benefit liabilities	970,692,758	5,486,274,700
Lease receivables	660,899,247	646,209,269
Total	(162,419,627,430)	(54,502,235,310)

(3) The Company has prepared the cash flows based on operating activities on the cash flow statement using the indirect method. The significant transactions that do not involve cash inflows and outflows as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)		
Division	30 June 2022	30 June 2021
Substitution of tangible assets under construction	33,974,741,263	23,243,846,169
Substitution of intangible assets under construction	1,734,972,797	1,702,196,926
Increase in right-of-use assets due to restoration obligations	1,471,100,000	-
Increase (decrease) in payables related to acquisition of tangible assets	661,502,012	(58,530,238)
Increase (decrease) in payables related to acquisition of intangible assets	(106,843,626)	(15,498,905)
Recognition of lease liabilities and licensed assets under the lease agreement	11,852,305,640	730,029,233
Liquidity substitution of lease liabilities	6,386,647,425	1,672,775,961
Liquidity substitution of lease receivables	675,856,328	660,833,897
Liquidity substitution of loans	749,483,266	798,527,163

(4) Financial activity cash flow

Changes in liabilities arising from financial activities as of 30 June 2022 and 2021, are as follows:

① 30 June 2022

(Unit: KRW)				
Division	01 January 2022	Financial activity cash flow	Non-cash transaction	30 June 2022
Dividends payable	-	(87,827,220,000)	87,827,220,000	-
Lease liabilities(current)	3,294,661,488	(2,342,158,104)	6,312,811,314	7,265,314,698
Lease liabilities (non-current)	3,804,108,322	-	5,465,658,215	9,269,766,537

② 30 June 2021

(Unit: KRW)				
Division	01 January 2022	Financial activity cash flow	Non-cash transaction	31 December 2021
Dividends payable	-	(21,956,805,000)	21,956,805,000	-
Lease liabilities(current)	2,718,391,566	(1,450,911,593)	1,583,843,129	2,851,323,102
Lease liabilities (non-current)	5,346,130,504	-	(942,746,728)	4,403,383,776

26. Financial instruments restricted for use

The financial instruments restricted for use as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)			
Items	Category	30 June 2022	31 December 2021
Long-term other receivables	Checking deposit	2,000,000	2,000,000

27. Related parties

(1) Details of specially related persons as of 30 June 2022 and 31 December 2021, are as follows:

Type of related parties	30 June 2022	31 December 2021
Subsidiaries	LX Semicon U.S.A., Inc	LX Semicon U.S.A., Inc
	LX Semicon China Co., Ltd.	LX Semicon China Co., Ltd.
	LX Semicon Japan Co., Ltd.	LX Semicon Japan Co., Ltd.
Associates and joint ventures	Advance Power Device Technologies Co. Ltd.	Advance Power Device Technologies Co. Ltd.
	FJ Composite Material Co.,Ltd.	FJ Composite Material Co.,Ltd.
	Telechips Inc.(*1)	-
Companies exercising significant influence on the Company	LX Holdings Co., Ltd.	LX Holdings Co., Ltd.
Others	Joint ventures of LX Holdings Co., Ltd.	Joint ventures of LX Holdings Co., Ltd.
	-	Large corporate group affiliates(*2)

(*1) Acquired a 10.93% ratio in Telechips Inc. as of 30 June 2022

(*2) As LX Holdings Co., Ltd. has been separated from the LG conglomerate based on the Monopoly Regulation and Fair Trade Act as of 21 June 2022, the Company has been excluded from the LG affiliates, a large conglomerate.

(2) Transactions with related parties as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)						
Division	Name	Details	30 June 2022		30 June 2021	
			3 months	Cumulative	3 months	Cumulative
Subsidiaries	LX Semicon U.S.A., Inc	Sales expenses	714,786,504	1,411,768,466	483,715,554	1,038,126,652
	LX Semicon China Co., Ltd.	Sales expenses	3,275,918,390	6,432,829,642	2,067,696,993	3,750,324,519
	LX Semicon Japan Co., Ltd.	Sales expenses	442,091,963	442,091,963	-	-
Associates and joint ventures	FJ Composite Material Co.,Ltd.	Sales expenses	64,447,770	64,447,770	-	-
Others(*1)	LX Hausys Co., Ltd.	Sales expenses	1,379,533,243	1,379,533,243	42,955,051	42,955,051
		Acquisition of tangible and intangible assets	1,170,054,257	1,170,054,257	210,644,949	210,644,949
	LX INTERNATIONAL JAPAN LTD.	Sales expenses	3,849,098	4,647,333	-	-
	LX Pantos Co., Ltd.	Sales expenses	1,334,977,566	2,648,362,055	1,155,158,328	2,742,909,406
	LG CNS Co., Ltd.	Sales expenses	1,649,207,077	2,982,071,802	1,355,263,872	2,271,983,009
		Acquisition of tangible and intangible assets	392,075,300	1,328,911,400	540,869,500	741,417,000
D&O Co., Ltd.(*2)	Sales expenses	1,228,496,481	1,530,391,236	214,463,058	515,831,716	
	Acquisition of tangible and	289,590,000	413,700,000	-	-	

	intangible assets				
S&I Corp.(*3)	Sales expenses	468,688,800	721,786,300	-	-
LG Management Development Institute	Sales expenses	239,237,000	468,762,000	521,332,000	801,206,000
LG Display (China) Co., Ltd.	Sales	5,750,668,365	11,845,896,102	4,248,196,319	5,848,228,978
LG Display (Guangzhou) Co., Ltd.	Sales	137,305,283,387	277,535,172,867	111,465,484,016	192,200,901,533
LG Display Vietnam Haiphong Co. Ltd.	Sales	36,507,200,311	129,005,911,232	59,765,583,688	157,228,483,598
LG Display Yantai	Sales	7,352,179,773	21,360,454,279	11,939,966,888	23,905,170,116
LG Display High-Tech(China)Co.,Ltd.	Sales	11,402,532	18,556,438	6,955,501	6,955,501
LG Display (Nanjing) Co., Ltd.	Sales	13,364,397,762	41,702,811,192	-	-
LG Display Co., Ltd.	Sales	122,142,131,916	241,683,107,009	16,052,539,690	210,996,192,426
	Other incomes	-	-	-	175,747,619
LG Electronics Indonesia	Sales	501,840,144	1,063,817,806	327,990,951	722,184,093
LG Electronics USA Inc.	Sales	1,352,239,478	2,110,470,138	-	-
LG Electronics Co., Ltd.	Sales	1,781,907,876	6,509,289,131	4,330,071,289	7,084,428,280
	Other incomes	-	-	411,450,851	411,450,851
	Sales expenses	1,635,915,626	3,324,593,936	1,466,939,403	2,932,190,355
	Acquisition of tangible and intangible assets	-	95,350,000	-	-
LG Innotek Co., Ltd.	Sales	-	700,000,000	-	-
	Sales expenses	13,759,987,082	24,494,558,720	15,597,216,499	43,400,836,182
LG U Plus Co., Ltd.	Sales expenses	61,143,545	108,397,044	36,047,318	65,358,615
Biztech Partners Co., Ltd.	Sales expenses	72,498,000	164,996,000	62,499,000	124,998,000
Hi-Teleservice Co., Ltd.	Sales expenses	-	302,273	490,455	1,016,364
LG Chemicals Co., Ltd.	Acquisition of tangible and intangible assets	-	(746,875)	-	-

(*1) Transactions before the Company was excluded from the LG affiliates, a large conglomerate.

(*2) S&I Corp. changed its names to D&O Co., Ltd. dated on 23 March 2022. The existing S&I Corp. brand is succeeded and used by S&I atxpert.

(*3) S&I atxpert Co., Ltd. is a newly established corporation through a physical division from S&I Corp. during the previous period. (*2) It changed its names to S&I Corp. dated on 23 March 2022.

(3) The receivables and payables of related parties as of 30 June 2022 and 31 December 2021, are as follows:

① 30 June 2022

(Unit: KRW)			
Division	Name	30 June 2022	
		Receivables, etc.	Payables, etc.
Subsidiaries	LX Semicon U.S.A., Inc	-	240,314,129
	LX Semicon China Co., Ltd.	-	1,241,018,716
	LX Semicon Japan Co., Ltd.	-	196,246,341
Associates and joint ventures	FJ Composite Co.,Ltd.	-	5,978,508

② 31 December 2021

(Unit: KRW)			
Division	Name	31 December 2021	
		Receivables, etc.	Payables, etc.
Subsidiaries	LX Semicon U.S.A., Inc	-	113,541,239
	LX Semicon China Co., Ltd.	-	1,137,498,056
Associates and joint ventures	FJ Composite Co.,Ltd.	-	1,857,852,000
Other large corporate group affiliates(*1)	LX Pantos Co., Ltd.	-	928,500,869
	LG Display (China) Co., Ltd.	5,604,645,589	-
	LG Display (Guangzhou) Co., Ltd.	5,796,094,580	-
	LG Display (Nanjing) Co., Ltd.	1,518,674,461	-
	LG Display High-Tech(China)Co.,Ltd.	11,587,456	-
	LG Display Vietnam	5,069,403,435	-
	LG Display Yantai	8,225,912,949	-
	LG Electronics USA Inc.	439,327,332	-
	LG Display Co., Ltd.	86,346,054,940	116,758,229
	LG Electronics Co., Ltd.	6,046,280,481	224,000
	HS Ad Co., Ltd.	-	4,026,000
	LG Innotek Co., Ltd.	-	9,109,574,607
	LG CNS Co., Ltd.	-	431,090,795
	LG Management Development Institute	-	11,487,300
	Biztech Partners Co., Ltd.	-	22,920,700
	S&I Corp.	-	71,706,580
D&O Co., Ltd.	900,000,000	13,558,585	

(*1) It is the details of receivables and liabilities with LG affiliates, a large corporate group as of 31 December 2021.

(4) Details on major fund transactions with the concerned entity as of 30 June 2022 and 31 December 2021, are as follows:

(Unit: KRW)						
Division	Name	30 June 2022		31 December 2021		
		Dividends paid	Cash contribution	Dividends paid	Cash contribution	Purchase of investments
Companies exercising significant influence on the Company	LX Holdings Co., Ltd.	29,054,829,600	-	-	-	-
Subsidiaries	LX Semicon Japan.Co.,Ltd.	-	898,374,000	-	317,112,000	-
Others(*1)	LG Corp.	-	-	7,263,707,400	-	-
	LG Chemicals Co., Ltd.	-	-	-	-	6,835,773,000
Total		29,054,829,600	898,374,000	7,263,707,400	317,112,000	6,835,773,000

(*1) The largest shareholder of the Company was changed from LG Co., Ltd. to LX Holdings Co., Ltd., and the LX affiliates have been separated from LG's corporate group as of 30 June 2022 and classified as others.

(5) Details of the compensation for major management as of 30 June 2022 and 2021, are as follows:

(Unit: KRW)				
Division	30 June 2022		30 June 2021	
	3 months	Cumulative	3 months	Cumulative
Short-term salaries	3,007,765,826	5,827,556,738	2,034,803,871	3,714,409,110
Severance payments	204,805,810	677,066,408	188,188,933	366,012,500
Total	3,212,571,636	6,504,623,146	2,222,992,804	4,080,421,610

The major management of the Company includes directors (including external directors) who are registered executives and members of the audit committee.

(6) The Company has no security and guarantee detail providing to or provided by special interest parties as of 30 June and 31 December 2021.

28. Commitments and contingencies

(1) The Company is receiving payment and payment guarantee of KRW 557 million from Seoul Guarantee Insurance as of 30 June 2022.

(2) The Company has a credit limit contract with some financial institutions such as Shinhan Bank, and the Company's credit limit details as of 30 June 2022, are as follows:

(Unit: USD)		
Division	Financial institutions	Foreign currency
Bills bought	Shinhan Bank	16,000,000
Bills bought	NH Bank	15,000,000
Bills bought	Mizuho Bank	60,000,000

(3) The Company has an export receivable transfer transaction agreement with the Export-Import Bank and a bank in relation to the collection of trade receivables as follows: The limit details of the Company as of 30 June 2022, are as follows:

(Unit: USD)		
Division	Financial institutions	Foreign currency
Factoring	Export-Import Bank	380,000,000
Factoring	BNP Paribas	40,000,000
Factoring	MUFG	220,000,000

(4) The Company has no details of providing collateral for financial assets as of 30 June 2022.

(5) The Company has no ongoing litigation or disputes as of 30 June 2022.

6. Dividends

A. Dividends

The Company, pursuant to its Articles of Incorporation, is distributing dividends by the decisions of the board of directors and resolutions of general meeting of shareholders. In order to enhance shareholder value and expand shareholder return, the Company plans to maintain an appropriate level of dividend policy in the future by using the free cash flow that comprehensively considers investment, cash flow, financial structure, and dividend stability. Moreover, Article 55 and 57 of the Company's Articles of Incorporation provides profit dividend and the prescription of extinction for rights of dividend payment claim.

Article 55 of the Articles of Incorporation [Profit Distribution]

- ① The dividends may be carried out with money or other properties than money.
- ② If the dividend of profit is carried out with shares, the Company may use other types of stocks upon a resolution of the general meeting of shareholders when it issues a number of shares.
- ③ The dividend under ① shall be paid to the shareholders listed in the Register of Shareholders as of the end of each business year or registered pledgees.

Article 57 [Extinctive Prescription of Claims for the Payment of Dividend]

- ① The extinctive prescription of the right to request the payment of dividends shall be completed if it is not exercised for five years.
- ② The dividends resulting from the completion of the extinctive prescription under ① shall belong to the Company.

B. Dividends over the recent three business years

(1) Major dividends indexes

Division	Type of share	30 June 2022	31 December 2021	31 December 2020
Face value per share (KRW)		500	500	500
(Consolidated) net income (KRW million)		180,293	296,424	72,529
(Individual) net income (KRW million)		179,782	294,898	72,291
(Consolidated) earnings per share (KRW)		11,085	18,225	4,459
Total dividends in cash (KRW million)		-	87,827	21,957
Total of dividends (KRW million)		-	-	-
(Consolidated) Cash dividend payout ratio (%)		-	29.6	30.3
Cash dividend rate (%)	Ordinary shares	-	3.4	2.5
	Preferred shares	-	-	-
Share dividend rate (%)	Ordinary shares	-	-	-
	Preferred shares	-	-	-
Dividend in cash per share (KRW)	Ordinary shares	-	5,400	1,350
	Preferred shares	-	-	-
Share allocation per share (shares)	Ordinary shares	-	-	-
	Preferred shares	-	-	-

Note 1) (Consolidated) current net income is attributable to the parent's interest in the consolidated net income, and (consolidated) earnings per share is the basic earnings per share of ordinary shares for the parent interest in the consolidated net income.

Note 2) (Consolidated) cash dividend payout ratio is the percentage of the total cash dividend amount to the parent interest in consolidated net income.

(2) Past dividend history

(Unit: times, %)

No. of consecutive dividends		Average dividend yield	
Quarterly (intermediate) dividends	Settlement dividend	Last 3 years	Last 5 years
-	12	2.7	2.4

Note) The number of consecutive dividends from the 12th to the 23rd period years is a total of 12 times.

7. Financing by Issuance of Securities

7-1. Performance of financing by issuance of securities

[Matters related to issuance of equity securities, etc.]

As of the reporting date, there is no relevant information.

[Matters related to issuance of debt securities, etc.]

As of the reporting date, there is no relevant information.

Record on issue of liability securities

(Based on 30 June 2022)

(Unit: KRW million, %)

Issuer	Type of securities	Method of issue	Date of issue	Total (electronic registration)	Interest rate	Rating grade (Rating organization)	Maturity	Redemption	Undertaking company
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

Outstanding balance of corporate paper

(Based on 30 June 2022)

(Unit: KRW million)

Remaining to maturity		Less than 10 days	10-30 days	30-90 days	90-180 days	180 days-1 year	1-2 years	2-3 years	Over 3 years	Total
Outstanding balance	Public offering	-	-	-	-	-	-	-	-	-
	Private offering	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-

Outstanding balance of short-term bonds

(Based on 30 June 2022)

(Unit: KRW million)

Remaining to maturity		Less than 10 days	10-30 days	30-90 days	90-180 days	180 days-1 year	Total	Limit of issue	Remaining limit
Outstanding balance	Public offering	-	-	-	-	-	-	-	-
	Private offering	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

Outstanding balance of corporate bonds

(Based on 30 June 2022)

(Unit: KRW million)

Remaining to maturity		Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years	Total
Outstanding balance	Public offering	-	-	-	-	-	-	-	-
	Private offering	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

Outstanding balance of hybrid securities

(Based on 30 June 2022)

(Unit: KRW million)

Remaining to maturity		Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	20-30 years	Over 30 years	Total
Outstanding balance	Public offering	-	-	-	-	-	-	-	-
	Private offering	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

Outstanding balance of conditional capital securities

(Based on 30 June 2022)

(Unit: KRW million)

Remaining to maturity		Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-20 years	20-30 years	Over 30 years	Total
Outstanding balance	Public offering	-	-	-	-	-	-	-	-	-	-
	Private offering	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-

7-2. Usage of financing by issuance of securities

As of the reporting date, there is no relevant information.

8. Other Finances

A. Cautions such as reparation of financial statements

(1) If the (consolidated) financial statements are reprepared, the reasons for the reparation, the contents and the impact on the (consolidated) financial statements

As of the reporting date, there is no relevant information.

(2) Merger, division, asset transfer, business transfer

As of the reporting date, there is no relevant information.

B. Establishment of allowance for bad debts

(1) Allowance for bad debts by account item

[Based on 30 June 2022]

(Unit: KRW million, %)

Division	Items	Receivables	Allowance for bad debts	Ratio of establishment
30 June 2022	Trade receivables	293,322	-	0.0
	Other receivables	34,292	-	0.0
	Non-current other receivables	15,479	-	0.0
	Total	343,093	-	0.0
31 December 2021	Trade receivables	175,265	-	0.0
	Other receivables	20,460	-	0.0
	Non-current other receivables	12,361	-	0.0
	Total	208,086	-	0.0
31 December 2020	Trade receivables	210,368	-	0.0
	Other receivables	14,493	-	0.0
	Non-current other receivables	13,157	-	0.0
	Total	238,018	-	0.0

Note) The consolidated subsidiaries of the Company have no record of establishing allowance for bad debts.

(2) Changes in allowance for bad debts

Changes in the allowance for bad debts from trade receivables in the year are as follows:

[Based on 30 June 2022]

(Unit: KRW million)

Division	30 June 2022	31 December 2021	31 December 2020
1. Total allowance for bad debts at the beginning	-	-	-
2. Net recognition as bad debts(①+②±③)	-	-	-
① Amount processed as bad debts (receivables written off)	-	-	-
② Recollected receivables	-	-	-
③ Other increases/decreases	-	-	-
3. Amount in reflection of allowance for bad debts	-	-	-
4. Total allowance for bad debts at the end	-	-	-

Note) The consolidated subsidiaries of the Company have no change of establishing allowance for bad debts.

(3) Policy on establishing the allowance for bad debts over the trade receivables

The assumed bad debt amounts are set to allowances for bad debts in parallel use of the individual analysis method and age analysis for the balances of trade receivables.

- 100% bad debt was established for bonds with more than one year according to the bond age analysis.
- The experience ratio of bad debts is calculated and established on the basis of the accrued bad debts in reality on the average balance of receivables in the past three years.

(4) Outstanding amount of account receivables by their elapsed duration as of 30 June 2022

[Based on 30 June 2022]

(Unit: KRW million)

Division	Elapsed period		Total
	Within 6 months	Over 6 months	
Trade receivables	293,322	-	293,322
Total	293,322	-	293,322
Ratio (%)	100.00	-	100.00

C. Inventories, etc.

(1) Inventories by business division

[Based on 30 June 2022]

(Unit: KRW million)

Business sector	Items	30 June 2022	31 December 2021	31 December 2020	Remarks
Semiconductor	Inventories	275,675	201,118	135,265	-
Total		275,675	201,118	135,265	-
Portion of inventory over gross assets (%) [Total inventories ÷ total assets at the end × 100]		20.9	17.2	18.0	-
Inventory turnover ratio (recollection) [Converted annual sales cost ÷ {(Inventory at the beginning + Inventory at the end) ÷ 2}]		6.5	7.4	6.8	-

(2) Due diligence results on inventories

① Date of due diligence

Due diligence on inventories is carried out twice a year based on the first and second half of the year.

② Method of due diligence

Examination with samples is carried out for some items with less importance although total quantity shall be examined in principle.

The external auditor shall be present in the due diligence of inventories, take samples and check out the existence of inventories.

③ Status of long-term overstock, etc.

Loss due to obsolescence evaluation of inventories is determined, and the evaluation details of inventories as of 30 June 2022 are as follows:

[Based on 30 June 2022]

(Unit: KRW million)

Items	Acquisition cost	Holding amount	Valuation allowance	Balance at the end
Inventories	288,837	288,837	(13,162)	275,675

D. Status on contracts

As of the reporting date, there is no relevant information.

E. Evaluation details of fair value

(1) Summary of fair value evaluation procedures

[Non-derivative financial assets]

The Group classifies non-derivative financial assets into four categories: financial assets recognized in the net income, financial assets held to maturity, loans and receivables, and transferable financial assets, which are recognized in the consolidated statement of financial position when it becomes a contractual party.

Non-derivative financial assets are measured at fair value at initial recognition. If they are not financial assets recognized in the net income, the transactional cost directly related to the acquisition of the financial assets are added to the fair value at initial recognition.

① Financial assets at FVPL

Financial assets carried at FVTPL at initial recognition are classified as financial assets at FVTPL. Financial assets at FVTPL are measured at fair value after initial recognition, and changes in fair value are recognized in the current profit or loss. Meanwhile, transactional costs related to acquisition incurred at the time of initial recognition are recognized immediately in the net income as incurred.

② Financial assets held to maturity

They are classified as financial assets held to maturity if their maturity is fixed and the amounts to be paid are fixed or determinable for non-derivative financial assets when the Group has the aggressive intent and ability to hold to maturity. After initial recognition, are measured at amortized cost using the effective interest method.

③ Loans and receivables

Non-derivative financial assets with fixed or determinable payments and their transaction price not quoted in an active market are classified as loans and receivables. After initial recognition, they are measured at amortized cost using the effective interest rate method. After initial recognition, are measured at amortized cost using the effective interest method.

④ AFS financial assets

Non-derivative financial assets designated as available for sale or not classified as financial assets recognized in the net income, financial assets held to maturity or loans and receivables are classified as transferable financial assets. They are measured at fair value after initial recognition, and changes in fair value are recognized in other comprehensive profit or loss. However, equity securities that do not have a quoted market price in an active market and whose fair value cannot be measured reliably are measured at cost.

IV. Directors' Management Diagnoses and Analytic Opinions

In accordance with the standards for preparing corporate disclosure forms, the Company does not include this item in the quarterly and semi-annual reports.

V. Audit Opinion, etc.

1. External Audit

A. Name and audit opinion

Business year	Auditor	Audit opinion	Special remarks	Key audit matters
30 June 2022	Anjin Accounting Corp.	Not applicable	Not applicable	-
31 December 2021	Anjin Accounting Corp.	Appropriate	Not applicable	Evaluation of inventories
31 December 2020	Anjin Accounting Corp.	Appropriate	Not applicable	Evaluation of inventories

B. Audit service contract (Unit: KRW million, hour(s))

Business year	Auditor	Contents	Audit contracts		Actual performances	
			Remuneration	Hours	Remuneration	Hours
30 June 2022	Anjin Accounting Corp.	Audit of separate and consolidated financial statements of the quarterly and semi-annual Audit of the internal accounting management system	460	3,948	242	890
31 December 2021	Anjin Accounting Corp.	Audit of separate and consolidated financial statements of the quarterly and semi-annual Audit of the internal accounting management system	420	3,818	420	3,575
31 December 2020	Anjin Accounting Corp.	Audit of separate and consolidated financial statements of the quarterly and semi-annual Audit of the internal accounting management system	379	3,443	379	3,644

C. Non-audit service contracts with auditor (Unit: KRW million)

Business year	Contract date	Services	Period	Remuneration	Remarks
30 June 2022	17 March 2022	Implementation of agreed procedures for verification of financial information written in the application for independent management accreditation	One week from the date of contract	0	- Financial information period: 2021 - Service fee is included in the contract price for 2020
31 December 2021	28 December 2021	Implementation of agreed procedures for verification of financial information written in the application for independent management accreditation	One week from the date of contract	3	- Financial information period: 2019~2020
31 December 2020	-	-	-	-	-

D. Result of the internal audit organization's discussion with the accounting auditor on matters that may have a significant influence on the judgment of stakeholders in the financial statements

Division	Date	Attendees	Method	Details of major discussion
1	27 January 2021	Company: 3 members of the audit committee Auditor: executive director	Face to face	Report on audit result and operation evaluation of internal accounting management policy
2	31 December 2021	Company: 3 members of the audit committee Auditor: Executive director	In writing	Report on year-end audit plan, report on key audit matters
3	27 January 2022	Company: 3 members of the audit committee Auditor: Executive director	Face to face	Report on audit result and operation evaluation of internal accounting management policy

E. Auditor's opinion on subsidiaries

There is no subsidiary which has received any audit opinion other than appropriate from auditor as of 30 June 2022.

F. Change of auditors

The Company has been selected as a corporation subject to periodic designation from the 2020 business year, and has been subject to Article 11-1 and 11-2 of the Act on External Audit of Stock Companies, Article 17 of the Enforcement Decree of the Act on External Audit of Stock Companies, and in accordance with Articles 10 and 15-1 of its enforcement. The Company was notified by the Financial Supervisory Service that an external auditor was designated as Anjin Accounting Firm and reported the above to the audit committee and the 21st general meeting of shareholders.

For reference, the designated audit period is from 2020 to the 2022 business year.

2. Internal Accounting Management System

A. Operation of internal accounting management system

(1) Report by the internal accounting manager

Business year	Reporting date	Details	Remarks
31 December 2021	27 January 2022	The Company's internal accounting control system as of 31 December 2021 is thought to be effectively designed and operated in terms of importance, considering the standard regulations on the internal accounting control system.	-
31 December 2020	27 January 2021	The Company's internal accounting control system as of 31 December 2020 is thought to be effectively designed and operated in terms of importance, considering the standard regulations on the internal accounting control system.	-
31 December 2019	11 February 2020	The Company's internal accounting control system as of 31 December 2019 is thought to be effectively designed and operated in terms of importance, considering the standard regulations on the internal accounting control system.	-

(2) Overall opinions represented in the audit report by auditor

Business year	Auditor	Details	Points to note
31 December 2021	Anjin Accounting Corp.	The Company's internal accounting control system as of 31 December 2021 is thought to be effectively designed and operated in terms of importance, considering the standard regulations on the internal accounting control system.	Not applicable
31 December 2020	Anjin Accounting Corp.	The Company's internal accounting control system as of 31 December 2020 is thought to be effectively designed and operated in terms of importance, considering the standard regulations on the internal accounting control system.	Not applicable
31 December 2019	Samjong Accounting Firm	The auditor expressed a review opinion that there were no findings that could lead to the judgment that the contents of the management's operational status report were not prepared in accordance with the provisions of the Best Practices for the Internal Accounting Control System from the viewpoint of materiality as of 31 December 2019.	Not applicable

VI. Company's Organizations such as the Board of Directors

1. Board of directors

A. Overview of the structure of board of directors

As of the day this report is prepared, the board of directors comprises of 2 full time directors, 1 uncategorized non-executive director and 3 external directors. executive director and 3 external directors. Our representative director Son Bo-Ik also takes charge of the chairman of the board of directors and he was elected as chairman in accordance with Article 5 of the Board of Directors Regulations. With regard to the history and roles of each director, please refer to “VIII. Executives and Employees 1. Executives and Employees”.

An audit committee has been established and operated within the board of directors.

Name of committee	Configuration	Name of director	Purpose and authority
Audit committee	3 external directors	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	Audit of overall company business including financial position
Finance committee	2 internal directors	Son Bo-Ik, Choi Sung-Kwan	Deliberation and resolution on matters delegated by the board of directors and daily financial matters

External directors and their changes

(Unit: person(s))

No. of directors	No. of external directors	Changes in external directors		
		Appointment	Dismissal	Early retirement
6	3	-	-	-

Note) Wi Kyung-Woo, an external director and a member of the audit committee, was re-appointed at the 23rd general meeting of shareholders in 2022 and has a term of three years.

B. Major resolutions

No.	Date held	Agenda	Passed or not	Name of directors					
				Son Bo-Ik (Attendance rate: 100%)	Choi Sung-Kwan (Attendance rate: 100%)	Yoon Il-Go (Attendance rate: 100%)	Shin Yeong-Soo (Attendance rate: 100%)	Wi Kyung-Woo (Attendance rate: 100%)	Roh Jin-Seo (Attendance rate: 100%)
				Agreed or not					
1	27 Jan. 2022	Report	Reported matters	-	-	-	-	-	-
		Approved	Approved	Agreed	Agreed	Agreed	Agreed	Agreed	Agreed
2	18 Feb. 2022	Report	Reported matters	-	-	-	-	-	-

		Approved	1. Approval of convocation and purpose of the 23rd regular general meeting of shareholders 2. Approval of revision of internal accounting management regulations	Approved	Agreed	Agreed	Agreed	Agreed	Agreed	Agreed
3	22 Mar. 2022	Approved	1. Approval of executive officer personnel 2. Approval of amendments to executive officer personnel management regulations 3. Approval of adjustment of the financial limit for the role of executive officers 4. Approval of payment of performance incentives for executive officers 5. Approval of executive remuneration execution	Approved	Agreed	Agreed	Agreed	Agreed	Agreed	Agreed
4	22 Apr. 2022	Report	1. Report on business performance in the first quarter of 2022	Report	-	-	-	-	-	-
5	17 May 2022	Approved	1. Approval of investment by other corporations	Approved	Agreed	Agreed	Agreed	Agreed	Agreed	Agreed

Note) Wi Kyung-Woo, an external director and a member of the audit committee, was re-appointed at the 23rd general meeting of shareholders and has a term of three years.

C. Committee within the BOD

(1) Composition of committee within the board of directors

Name of committee	Configuration	Name of director	Purpose and authority
Finance committee	2 internal directors	Son Bo-Ik, Choi Sung-Kwan	Deliberation and resolution on matters delegated by the board of directors and daily financial matters

Note 1) The audit committee was excluded according to the standards for preparing the corporate disclosure form.

(2) Activities of the Committee within the BOD

No.	Date held	Agenda	(Not) Approved	Name of directors		
				Son Bo-Ik (Attendance rate: 100%)	Choi Sung-Kwan (Attendance rate: 100%)	
				Agreed or not		
1	11 Feb. 2022	Approved	1. Approval of name change of branch in India	Approved	Agreed	Agreed
2	11 May 2022	Approved	1. Relocation of Japanese branch office	Approved	Agreed	Agreed

D. Independence of directors

The directors are elected at the general meeting of shareholders, and the candidates for the directors to be elected at the general meeting of shareholders are appointed by the board of directors meeting and submitted to the general meeting shareholders as an agenda. If there is a shareholder's proposal in accordance with the relevant laws regarding the appointment of directors, the board of directors submits it as an agenda to the general meeting of shareholders within the legal scope.

As the total assets as of 30 June 2022 are less than KRW 2 trillion, the Company has no obligation to establish a recommendation committee for external directors. In order to secure fairness and obligation to establish a recommendation committee for external directors.

The six directors elected in accordance with these procedures as of 30 June 2022 are as follows:

Job title	Name	Background of appointment	Recommender	Field of activity (business in charge)	Deal with the Company	Relationship with the largest or major shareholders	Term of office	Reappointed (No. of reappointment)
Internal director	Son Bo-Ik	He served as the head of the SIC Center at LG Electronics, as the leading authority in the field of system semiconductors. Based on his abundant experience and competence, he was appointed as the CEO of LX Semicon from 2017 and has excellent capabilities in the overall operation of the Company, such as continuing the Company's growth. Therefore, he was appointed as the internal director.	BOD	CEO, board chairman	Not applicable	Executive of an affiliate	3 yrs.	Reappointed (1)
Internal director	Choi Sung-Kwan	Since he was appointed CFO in 2018, he has demonstrated excellent capabilities in the overall operation of the Company. He has also made a lot of contributions to the profit creation of the Company and shareholders even in the rapidly changing internal and external economic conditions, therefore, he was appointed as the executive director.	BOD	CFO, internal accounting manager		Executive of an affiliate	3 yrs.	Reappointed (1)
Other non-executive director	Roh Jin-Seo	He was appointed as other non-executive director since he has long-standing management and planning experience at LG and LG Electronics, and based on sufficient experience and knowledge in related fields and experience in justice management, he is expected to contribute to development of the Company through his stable performance of his work.	BOD	Business for overall management		Executive of an affiliate	3 years	-
External director	Wi Kyung-Woo	He is currently a professor at the department of business administration at Sookmyung Women's Uni., and is expected to contribute to the Company's development by providing advice on overall management and a lot of experience from the perspective of a financial expert.	BOD	Business for overall management, Chairman of the audit committee		Not applicable	3 yrs.	Reappointed (1)
External director	Yoon Il-Go	He is currently working in the department of electronic engineering at Yonsei university, and because of his expertise in the IT industry, he is expected to be able to appropriately serve as an outside director, such as reinforcing decision-making expertise and preparing for the future of LX Semicon.	BOD	Business for overall management, audit committee member		Not applicable	3 yrs.	Reappointed (1)
External director	Shin Yeong-Soo	He is a Ph.D. in electronic engineering at Seoul National Uni., and is currently serving as a professor in the department of electronic engineering at KAIST. He was appointed as an outside director because he was judged to be able to contribute to the Company's business development based on his knowledge and experience in the semiconductor business field.	BOD	Business for overall management, audit committee member		Not applicable	3 yrs.	Reappointed (1)

Note) Wi Kyung-Woo, an external director and a member of the audit committee, was re-appointed at the 23rd general meeting of shareholders and has a term of three years.

■ Authorities of the board of directors

- 1) The board of directors decides important corporate issues pursuant to Chapter 5 of the articles of incorporation.
- 2) The board of directors shall review and decide the following issues pursuant to Article 393-2 of the Commercial Act:
 - Proposal of issues requiring the approval of the general meeting of shareholders
 - Appointment and dismissal of the CEO
 - Establishment of the committee and the appointment and dismissal of its members
 - Matters determined by the articles of association

E. Professionalism of external directors

(1) Job performance support organizations for external directors

- CFO finance/IR team
- Main tasks: Support for the operation of the board of directors and the performance of duties of external directors
- Team staff: 3 people

Department	No. of staff	Job title (Service years)	Work period	Major activities
Financial/ IR team	3	Senior manager (1 year) Staff (4 years) Staff (2 years)	Average 2 years	Pre-explanation of the board agenda for external directors Perform tasks such as support for requests necessary for the performance of external director duties Establishment of external director workshops and seminar training schedules

Note) The number of years of service is calculated based on the number of years of service at the Company.

(2) Education for external directors

- Training implementation for external directors

Date	Organizer	Attendees	Reason for absence	Details
17.04.2019	LG Management Development Institute Co., Ltd.	Wi Kyung-Woo	Education for new external directors	Activities of the board of directors and major items related to company management
10.05.2019	Financial, IR and business management team	Wi Kyung-Woo	Education for new external directors	Major items related to company management
22.08.2019	Financial, IR and lead product planning team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Company's main product presentation

- Workshop implementation of external directors

Date	Organizer	Attendees	Reason for absence	Details
11.02.2020	Finance, Accounting management and Integrity management team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Internal audit work plan Matters concerning the independence of external auditors
06.03.2020	Finance, Accounting management and Integrity management team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Evaluation results of the operation status of the internal accounting management system
03.06.2020	Finance, Accounting management and Integrity management team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Operation schedule of the internal accounting management system, evaluation plan of the internal accounting management system, and support of the audit committee in 2020
27.01.2021	Finance, Accounting management and Integrity management team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Report on internal audit department business performance and plan; External audit progress and key audit items
26.02.2021	Finance, Accounting management and Integrity management team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Evaluation result of the internal accounting management system Evaluation of internal monitoring system operation status Audit report of audit committee
11.05.2021	Finance, Accounting management and Management improvement team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Operation schedule of the internal accounting management system, evaluation plan of the internal accounting management system, and support of the audit committee in 2021
22.10.2021	Finance, Accounting management and Management improvement team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Report on internal accounting management system design evaluation results and internal audit department performance
27.01.2022	Finance/IR, Accounting management and Management improvement team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Report on internal audit department business performance and plan; External audit progress and key audit items
18.02.2022	Finance/IR, Accounting management and Management improvement team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Evaluation result of the internal accounting management system Evaluation of internal monitoring system operation status Audit report of audit committee

2. Audit System

A. Audit committee

(1) Composition of the audit committee and inclusion of external directors

Name	External director or not	Career Information	Accounting and financial experts		
			Yes or no	Type of expert	Related careers
Wi Kyung-Woo	Yes	BA in Economics, SNU, MA in Business Administration and Ph.D. Business Administration, UCLA Professor of Business Administration, Sookmyung Women's University (1997~present) President of the Korean Financial Association (2021~present) External director of Mirae Asset Life Insurance (2020~Present)	Yes	Possessing a degree in accounting and finance	BA in Economics, SNU, MA in Business Administration and Ph.D. Business Administration, UCLA (Current) Professor of Business Administration, Sookmyung Women's University (1997~present) President of the Korean Financial Association (2021~present) External director of Mirae Asset Life Insurance (2020~Present)
Yoon Il-Go	Yes	Bachelor of Electrical and Electronic Engineering, Yonsei Uni. Master of Electrical and Ph.D. Computer Engineering, Georgia Institute of Technology, USA Georgia Tech Microelectronics Research Center Research Fellow, USA (1997~1999) Senior Researcher, Source Technology Research Division, Electronics and Telecommunications Research Institute (1999~2000) Songdo Campus Coordination Team Leader (2009~2010), Professor of Electrical and Electronic Engineering, Yonsei University, College of Engineering (2010~present) Member of the Internationalization Advisory Committee directly under the President of Yonsei University (2012-2014), Vice-chairman of Industry-Academic Center, Yonsei University (2012~present), Vice president of Yonsei Uni. Planning Office (2016~Present) Dean, Dept. of Electrical and Electronic Engineering, Yonsei University (2022~Present) Director, BIO-IT Microfabrication Center, Yonsei University (2022~Present)	-	-	-
Shin Yeong-Soo	Yes	BS, MA, and PH.D in Electronic Engineering, SNU Research Staff Member, IBM T. J. Watson Research Center, Yorktown Heights, NY, USA (2001~2004) Advisory Professor of LG Electronics Future Technology Forum (2011~2014), Professor of KAIST Electrical and Electronic Engineering (2004~Present) KAIST ICT chair Professor (2021~present) IEEE Fellow (2017~present)	-	-	-

Note) Wi Kyung-Woo, an external director and a member of the audit committee, was re-appointed at the 23rd general meeting of shareholders and has a term of three years.

(2) Independence of the members of the audit committee

The three members of the audit committee (three persons) are all external directors who do not have any reasons for disqualification in accordance with the Commercial Act. They are maintaining their independence and the appointment of the members has been made after a thoroughly review by the board of directors and the final approval by the general meeting of shareholders.

The Company is complying with the procedures set forth in the Commercial Act and other relevant laws. Also, the organization, authority, and the scope of works are clearly stated in the relevant rules in order to carry out the auditory works.

Main contents of election criteria	Satisfied the selection criteria	Related laws
Consisting of three directors	Satisfied (3 people)	Article 415-2 (2) of the Commercial Act
Two thirds or more of external directors as members	Satisfied (all are external directors)	
One or more members as an accounting or financial expert	Satisfied (Wi Kyung-Woo 1 person)	Article 542-11 (2) of the Commercial Act
Independent director as the representative of the audit committee	Satisfied	
Other disqualification requirements (related parties with the largest shareholder)	Satisfied (not applicable)	Article 542-11 (3) of the Commercial Act

Audit committee	Background of appointment	Recommender	Deal with the Company	Relationship with the largest or major shareholders
Wi Kyung-Woo	Appointed as a qualified financial and accounting expert	Board of directors	Not applicable	Not applicable
Yoon Il-Go	Appointed as a semiconductor expert, judged as the right person	Board of directors	Not applicable	Not applicable
Shin Yeong-Soo	Appointed as a semiconductor expert, judged as the right person	Board of directors	Not applicable	Not applicable

(3) Activities of the audit committee

No.	Date held	Agenda	Approved	External director			Remarks	
				Wi Kyung-Woo (Attendance rate: 100%)	Yoon Il-Go (Attendance rate: 100%)	Shin Yeong-Soo (Attendance rate: 100%)		
				Agreed or not				
1	27.01.2022	Report	1. Report in the business performance and annual performance for the 4th quarter of 2020 2. Report on the operation status of the internal accounting management system 3. Report of the 23rd financial statements and business report 4 Report on the progress of the audit by an external auditor	Reported matters	-	-	-	-
		Approved	1. Approval for the Audit compensation, time and labor necessary for the external auditor	Approved	Agreed	Agreed	Agreed	-
2	18.20.2022	Approved	1. Approval of the audit committee's evaluation report on the operation status of the internal accounting management system 2. Approval of the evaluation opinion of the audit committee on the operation status of the internal monitoring system 3. Approval of the audit report by the audit committee on financial statements and business reports 4. Approval of revision of internal accounting management regulations	Approved	Agreed	Agreed	Agreed	-
3	22.04.2022	Report	1. Report on business performance in the first quarter of 2022	Reported matters	-	-	-	-

(4) Training implementation for the audit committee

Date	Organizer	Attendees	Reason for absence	Details
26.11.2020	Samil PwC	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	The role and responsibility of the audit committee due to the contents of changes and responses to the advancement of the internal accounting management system and the expansion of the internal accounting
22.10.2021	Samil PwC	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Review of major issues on internal accounting management system operation status and internal accounting management system certification trend

(5) Support organizations for the audit committee

Dept. (team) name	No. of employees (persons)	Job title (Service years)	Major activities
Financial team	3	1 senior manager, 2 staff (average 2 years)	Support for the operation and job performance of the audit committee and Establishment of the audit committee workshops and seminar training schedules
Management improvement team	2	2 senior managers (Average 2.7 years)	Support for evaluation of internal accounting management system, support for exercise of audit authority

Note) The number of years of service is calculated based on the number of years of service at the Company.

B. Compliance officer

(1) Personal information of compliance officers, etc. (including major experience)

Name	Date of Birth	Major career	Date of appointment
Shin Dong-Hyup	1990.10.	- Electrical and Electronic Engineering, Yonsei University (BS) - Laws, Graduate School of Law, Hankuk University of Foreign Studies (MA) - Lawyer (Korea) - Attorney at Jungburo Law Firm (Limited) - Legal affair team in LX Semicon Co., Ltd.	27 Jan. 2022

Note) The compliance officer Shin Dong-Hyup, is a lawyer, and has met the compliance control standards and requirements of a Compliance Officer pursuant to Clause 5 of Article 542-13 of the Commercial Act.

(2) Major activities and results of the compliance officer

As a result of evaluating the effectiveness of our compliance control standards and checking compliance with them, our compliance control standards have been created and adhered to in accordance with all laws and regulations and control standards for compliance.

Checking on	Details	Results
Always	Ensure that matters specified by the Commercial Act are stipulated in the compliance control standards	Details compliance control standards - Appropriately established in accordance with the requirements of the Commercial Act and standard compliance control criteria.
	Ensure that compliance control systems, procedures, instruments, training and compliance support matters are effectively established	Evaluation and management system of legal risks - Formalizing legal risks and preparing detailed check items by type in progress
		Independent business performance system of compliance support officer - Compliance officers are appointed by the board of directors, and their tenure is guaranteed.
		Sanctions system for violations - Relevant contents are appropriately reflected in the employment rules and disciplinary regulations.
Ensure that the categorization of risky actions, compliance check, matters relating to the compliance officer are effectively implemented	Compliance check and reporting system - Preparing to carry out the regular annual compliance check and prepare and operate a process to report to the board of directors.	

(3) Status of support organizations for the compliance officer

Dept. (team) name	No. of employees (persons)	Job title (Service years)	Major activities
Legal affairs team	4	1 senior manager, 3 junior managers (average 1.2 years)	Important matters related to the operation of the compliance control criteria

3. General Meeting of Shareholders, etc.

A. Voting system

(1) Status of voting system

(Based on 30 June 2022)

Type of voting system	Concentrated voting system	Written voting system	Electronic voting system
Introduction	Excluded	Not introduced	Introduced
Implementation	-	-	31 December 2020 regular general meeting of shareholders The first extraordinary general meeting of shareholders in 2021 31 December 2021 regular general meeting of shareholders

Note 1) The Company implements a voting system by proxy, and the methods of delegation include direct issuance of a written power of attorney, post or fax, posting on the Internet website, etc., and sending it by e-mail.

Note 2) In accordance with Article 382-2 of the Commercial Act, shareholders who own 3% of the total number of issued stocks may request that the directors be appointed by the intensive voting method. The Company does not stipulate matters concerning the written voting system in the articles of incorporation, and the electronic voting system can be implemented by the resolution of the board of directors. It was approved for the implementation of the electronic voting system by the resolution of the first board of directors, which was held on 27 January 2021.

(2) Exercise of the right of the minority shareholders

As of the reporting date, there is no relevant information.

(3) Competition over management right

As of the reporting date, there is no relevant information.

B. Voting Rights

(1) Status of voting rights

(Based on 30 June 2022)

(Unit: shares)

Division	Type of share	Number of shares	Remarks
Total number of shares issued (A)	Ordinary shares	16,264,300	-
	Preferred shares	-	-
Number of shares without voting rights (B)	Ordinary shares	-	-
	Preferred shares	-	-
Number of shares with restricted voting rights based on the Articles of Association laws (C)	Ordinary shares	-	-
	Preferred shares	-	-
Number of shares with restricted voting rights based on other laws (D)	Ordinary shares	-	-
	Preferred shares	-	-
Number of shares with resurrected voting rights (E)	Ordinary shares	-	-
	Preferred shares	-	-
Number of shares with voting rights (F = A - B - C - D + E)	Ordinary shares	16,264,300	-
	Preferred shares	-	-

(2) Operations for shares

Division	Details
Preemptive rights based on the Articles of Association	<p>① Each shareholder shall be entitled to the allotment of new shares in proportion to the number of shares which he/she holds.</p> <p>② Despite Clause 1, the Company may distribute new shares in the event of the following,</p> <ol style="list-style-type: none"> When the Company issues new shares via the general capital increase by public offering based on their solution of the board of directors according to Article 165 6 of the 「Act on Capital Market and Financial Investment」 When the Company issues new shares via stock option according to Article 542-3 of the 「Commercial Act」 Primary distribution to the members of the Employee Stock Ownership Association within 20% of the total number of shares issued When necessary to achieve the management goals such as the introduction of new technology and improvement of the financial structure according to Article 418-2 of the Commercial Act In the case of collecting new shares or having the acquirers take over the shares to be listed in the security market or KOSDAQ When the Company issues new shares for foreigners' investment based on the reasons of management according to the Foreigners Investment Promotion Act <p>When issuing new shares according to the issuance of depository receipts (DR) within 50% of the total number of shares issued</p> <p>③ The handling of odd lots generated from the allocation of shares and new shares based on the abandonment or loss of preemptive rights shall be Decided based on the resolution of the board of directors.</p> <p>④ Pursuant to Claus 2, in the event one other than a shareholder assigns a new stock, he/she shall notify the shareholder at least two weeks prior to the date of payment the provisions prescribed in Sections 1,2 and 2(2), 3 and 4 of Article 416 of the Commercial Act.</p>
Settlement date	31 December
Regular general meeting of shareholders	Within three months after the closing of each business year
Period closing the shareholders' list	1 January ~ 7 January, every year (the closing date of the shareholders' list: 31 December, every year)
Type of share certificates	1 share, 5 share, 10 share, 50 share, 100 share, 500 share, 1000 share, and 10,000 share certificates (8 types)
Transfer agent	The Korea Securities Depository / Busan International Finance Center (BIFC), 40, Munhyeon Geumyung Road, Nam gu, Busan, Korea / (Tel) +82 51 519 1500
Public notices	The Company's public announcement is posted at its website (www.lxsemicon.com). When network glitches or other unavoidable factors prevent the posting at its Website, the Company makes notices at the Mael Economic Daily published in Seoul.

(3) Summary of minutes of general meeting of shareholders

Date	Agenda	Resolution
31 December 2021 regular general meeting of shareholders (22 March 2022)	1. Approval of the 23rd consolidated financial statements and financial statements 2. Appointment of a director - External director Wi Kyung-Woo 3. Appointment of an audit committee member - External director Wi Kyung-Woo 4. Approval of limit of remuneration for directors 5. Approval of the regulation for the payment of executive retirement pay	Approved Approved Approved Approved Approved
The first extraordinary general meeting of shareholders in 2021 (25 June 2021)	1. Approval of amendment to the articles of incorporation	Approved
The 22nd ordinary general meeting of shareholders (18 March 2021)	1. Approval of the 22nd consolidated financial statements and financial statements 2. Approval of amendment to the articles of incorporation 3. Appointment of directors 3-1: Appointment of internal director Choi Sung-Kwan 3-2: Appointment of other non-executive director Roh Jin-Seo 4. Appointment of a member of the audit committee (external director Shin Young-Soo) 5. Approval of limit of remuneration for directors	Approved Approved Approved Approved Approved Approved
The 21st regular general meeting of shareholders (26 Marh 2020)	1. Approval of the 21st consolidated financial statements and financial statements 2. Appointment of directors 2-1: Appointment of internal director Son Bo-Ik 2-2: Appointment of internal director Yoon Il-Goo 3. Appointment of a member of the audit committee (external director Yoon Il-Goo) 4. Approval of limit of remuneration for directors	Approved Approved Approved Approved Approved

VII. Shareholders

1. Shareholding of the largest shareholder and its related parties

A. Shareholding of the largest shareholder and its related parties

(Based on 30 June 2022)

(Unit: shares, %)

Name	Relationship	Type of share	Number of shares owned and the ratio				Remarks
			01 January 2022		30 June 2022		
			Number of shares	Ratio	Number of shares	Ratio	
LX Holdings Co., Ltd.	Largest shareholder	Ordinary shares	5,380,524	33.08	5,380,524	33.08	-
Son Bo-Ik	Executive	Ordinary shares	2,600	0.02	2,600	0.02	-
Choi Sung-Kwan	Executive	Ordinary shares	1,600	0.01	1,600	0.01	-
Total		Ordinary shares	5,384,724	33.11	5,384,724	33.11	-
		-	-	-	-	-	-

Note 1) Please refer to “VIII. Executives and Employees” for more details on change in management.

Note 2) LX Holdings Co., Ltd., the largest shareholder of the Company, was established through a spin-off from LG Corp. with the date of the spin-off on 1 May 2021.

B. Important issues related to the largest shareholder

(1) Basic information of the largest shareholder

Name	No. of investors (persons)	CEO (Representative member)		Business executive (Business executive member)		Largest shareholder (The largest investor)	
		Name	Ratio(%)	Name	Ratio(%)	Name	Ratio(%)
LX Holdings Co., Ltd.	76,624	Koo Bon-Joon	20.37	-	-	Koo Bon-Joon	20.37
		Roh Jin-Seo	-	-	-	-	-

Note 1) The ratio is based on ordinary shares.

Note 2) The number of investors above is as of 30 June 2022.

[Changes of representative directors, business executives, and largest shareholder of corporations or organizations]

Date of change	CEO (Representative member)		Business executive (Business executive member)		Largest shareholder (The largest investor)	
	Name	Ratio(%)	Name	Ratio(%)	Name	Ratio(%)
03 May 2021	Koo Bon-Joon	7.72	-	-	Koo Kwang-Mo	15.95
03 May 2021	Song Chi-Ho	-	-	-	-	-
13 December 2021	Koo Bon-Joon	40.04	-	-	Koo Bon-Joon	40.04
24 December 2021	Koo Bon-Joon	20.37	-	-	Koo Bon-Joon	20.37

29 Mar. 2002	Roh Jin-Seo	-	-	-	-	-
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Note 1) New CEOs Koo Bon-Joon and Song Chi-Ho have been appointed by the board of directors on 3 May 2021.

Note 2) The largest shareholder has been changed from CEO Koo Kwang-Mo of LG Corp. to CEO Koo Bon-Joon of LX Holdings Co., Ltd. due to over-the-counter trading on 14 December 2021.

Note 3) CEO Koo Bon-Joon, CEO of LX Holdings Co., Ltd., gave a stock donation, resulting in a decrease in the ratio on 27 December 2021.

Note 4) CEO Song Chi-Ho has resigned, and new CEO Roh Jin-Seo has been appointed on 29 March 2022.

Note 5) The ratio is based on ordinary shares.

(2) Financial status of the largest shareholder

(Unit: KRW million)

Division	
Name of corporation or organization	LX Holdings Co., Ltd.
Total assets	1,442,547
Total liabilities	27,878
Total equities	1,414,669
Sales	185,812
Operating profit	147,184
Net income	142,866

Note 1) Based on the financial statements as of 31 December 2021.

(3) Major contents that may affect the stability of the Company's business including business status

LX Holdings Co., Ltd., the largest shareholder of the Company, was established through a spin-off from LG Corp. with the date of the spin-off on 1 May 2021. LX Holdings Co., Ltd. is a holding company that controls all business contents through stock ownership of LX International Co., Ltd., LX Hausys Co., Ltd., LX Semicon Co., Ltd., and LX MMA Co., Ltd. All operating income of LX Holdings Co., Ltd. consists of equity method income.

2. Changes to the largest shareholder

Details for changes to the largest shareholder

(Based on 30 June 2022)

(Unit: shares, %)

Date of change	Name of the largest shareholder	Number of shares owned	Ratio	Reason for change	Remarks
03 May 2021	LX Holdings Co., Ltd.	5,384,724	33.11	Stock succession due to spin-off of LG Corp.	-

Note 1) The largest shareholder changed from LG Corp. to LX Holdings Co., Ltd. according to the spin-off of LG Corp., which was the previous largest shareholder (registered on 3 May 2021).

Note 2) The number of shares and ownership ratio above are the sum of the shares owned by the largest shareholder and specially related persons at the time of the change of the largest shareholder.

Status of shares held

(Based on 30 June 2022)

(Unit: shares)

Division	Name of shareholders	Number of shares owned	Ratio(%)	Remarks
Shareholders with 5% or more	LX Holdings Co., Ltd.	5,380,524	33.08	-
	-	-	-	-
Employee stock ownership association		5,025	0.03	-

Note) The number of shares owned and the share ratio are as of 31 December 2021, the date of the recent closing of the shareholders' list.

Minority shareholders

(Based on 30 June 2022)

(Unit: shares)

Division	Shareholders			Shares hold			Remarks
	Minority shareholders	Total shareholders	Ratio(%)	Minority shares	Total number of shares issued	Ratio(%)	
Minority shareholders	33,969	33,978	99.97	9,562,460	16,264,300	58.79	-

Note 1) Shareholders having shares under 1/100 of the total shares issued.

Note 2) Date of the recent closing of the shareholders' list as of 31 December 2021.

3. Share Price and Share Trading

A. Domestic share market

(Unit: KRW, shares)

Types			2022					
			June	May	April	March	February	January
LX Semicon (A108320) Ordinary shares	Share price	Maximum	128,900	131,500	148,000	147,600	127,800	167,800
		Minimum	95,800	119,100	132,600	117,800	111,000	125,200
		Average	113,010	126,662	141,986	131,929	117,839	145,515
	Volume of transaction	Maximum (days)	322,555	416,068	534,298	582,554	526,830	401,630
		Minimum (days)	101,706	86,646	79,132	130,013	104,922	92,900
		Monthly	3,405,513	3,989,995	4,252,306	5,301,289	3,771,017	4,352,081

※ The highest and lowest share prices and trading volume are based on the closing price and daily trading volume of the day.

B. Overseas share market

As of the reporting date, there is no relevant information.

VIII.Executives and Employees

1. Executives and employees

A. Executives

(Based on 30 June 2022)

Name	Gender	DOB	Position	Registered or not	(Non)-Regular	Responsibilities	Major career	Number of shares owned		Relationship with the largest shareholder	Service period	Expiration date
								Shares with voting rights	Shares without voting rights			
Son Bo-ik	M	Sep. 1961	President	Internal director	Regular	Board chairman, representative director	MIT (MA) CTO SIC Center Director, LG Electronics Co., Ltd.	2600	-	Registered director of an affiliate	01.12.2016 ~present	25.03.2023
Choi Sung-Kwan	M	Feb. 1973	Managing director	Internal director	Regular	CFO, internal accounting manager	Dept. of Business Administration, Yonsei University General manager of Finance Team, LG Corp.	1600	-	Registered director of an affiliate	01.01.2018 ~present	17.03.2024
Roh Jin-Seo	M	Sep. 1968	Director	Other non-executive director	Non-regular	Business for overall management	MIT (MA) Strategy division of LG Electronics Co., Ltd.	-	-	Registered director of an affiliate	18.03.2021 ~present	17.03.2024
Wi Kyung-Woo	M	Jul. 1962	Director	External director	Non-regular	Business for overall management, Chairman of the audit committee	Ph.D. Business Administration, UCLA Professor of Business Administration, Sookmyung Women's Uni.	-	-	Registered director of an affiliate	15.03.2019 ~present	22.03.2025
Yoon Il-Go	M	Jun. 1967	Director	External director	Non-regular	Business for overall management, audit committee member	Ph.D. in Georgia Tech Professor of Electrical and Electronic Engineering, Yonsei University	-	-	Registered director of an affiliate	17.03.2017 ~present	25.03.2023
Shin Yeong-Soo	M	Aug. 1967	Director	External director	Non-regular	Business for overall management, audit committee member	Ph.D. in Electronic Engineering, SNU Professor of KAIST Electrical and Electronic Engineering	-	-	Registered director of an affiliate	16.03.2018 ~present	17.03.2024
Koo Bon-Joon	M	Dec. 1951	CEO	Unregistered director	Regular	Business for overall management	Business Administrative, Uni. of Chicago (MA) Vice chairman of LG Corp.	-	-	Registered executive of the largest shareholder (LX Holdings)	11.05.2021 ~present	-
NA Joon-Ho	M	Sep. 1968	Executive director	Unregistered director	Regular	COO	Dept. of Electronic Engineering (MA), Inha Uni. Memory Research Center, LG Semiconductor	20636	-	Unregistered director of an affiliate	19.01.2001 ~present	-
Lee Jae-Deok	M	Jun. 1962	Executive director	Unregistered director	Regular	Overall product planning, R&D, etc.	Dept. of Physics, Yonsei Uni. (PhD) Director of Sensor Research Center, LG Electronics Co., Ltd.	500	-	Unregistered director of an affiliate	03.01.2021 ~present	-
Go Dae-Hyeop	M	Sep. 1965	Executive director	Unregistered director	Regular	R&D	Electronic Engineering, SNU (MA) Director of DTV SoC development, SIC Center, LG Electronics Co., Ltd. actual	-	-	Unregistered director of an affiliate	31.07.2017 ~present	-
Hong Min-Seok	M	Jul. 1969	Managing director	Unregistered director	Regular	CHO	Cornell Univ. MILR(MA) HR manager of MC business division, LG Electronics Co., Ltd.	1800	-	Unregistered director of an affiliate	01.12.2018 ~present	-
Na Young-Sun	M	May 1971	Managing director	Unregistered director	Regular	Overall product planning, R&D, etc.	Dept. of Electrical and Computer Engineering, Hanyang Uni. (PhD) Business team in SIC Center, LG Electronics Co., Ltd.	-	-	Unregistered director of an affiliate	01.07.2015 ~present	-
Woo Young-Jin	M	Feb. 1977	Managing director	Unregistered director	Regular	Overall product planning, R&D, etc.	Dept. of Electrical and Electronics Engineering, KAIST (PhD) Research assistant prof., KAIST	-	-	Unregistered director of an affiliate	10.02.2011 ~present	-
Park Byoung-Hoo	M	May 1965	Managing director	Unregistered director	Regular	Overall product planning, R&D, etc.	Department of Materials Science and Engineering, Korea University (BS) Vice president of production technology at LG Display Co., Ltd.	550	-	Unregistered director of an affiliate	01.04.2021 ~present	-
Jeon Hyeon-Gyu	M	Feb. 1971	Director	Unregistered director	Regular	R&D	Dept. of Electrical and Electronics Engineering, KAIST (PhD) Electronics and Telecommunications Research Institute	20691	-	Unregistered director of an affiliate	01.09.2003 ~present	-
Jang Jae-Ryang	M	Jan. 1964	Director	Unregistered director	Regular	Quality Management	Techno management, KAIST (MA) Director of Dept. Business support, SIC center, LG Electronics Co., Ltd.	-	-	Unregistered director of an affiliate	15.02.2016 ~present	-
Kim Eon-Young	M	May. 1968	Director	Unregistered director	Regular	Head of Manufacturing Control Group	Dept. of Electronic Engineering, Kumoh National Institute Technology (BS)	-	-	Unregistered director of an affiliate	15.11.1999 ~present	-

							Display team, LG Semiconductor					
Hwang Gyung-Ha	M	Jun. 1971	Director	Unregistered director	Regular	CSO	Business Administration, Sogang Uni. (BA) Transfer pricing team, LG Electronics Co., Ltd.	-	-	Unregistered director of an affiliate	02.03.2017 ~present	-
Jeong Yong-Ik	M	Feb. 1975	Director	Unregistered director	Regular	R&D	Dept. Electronic Engineering, Korea Uni.(MA) Magna Chip Semiconductor Display Solution Division	-	-	Unregistered director of an affiliate	01.06.2006 ~present	-
Lee Ji-Wo	F	Nov. 1976	Director	Unregistered director	Regular	R&D	Dept. of Electronic Engineering, Sogang Uni.(Ph.D.) SoC development division, in SIC Center, LG Electronics Co., Ltd.	200	-	Unregistered director of an affiliate	12.08.2019 ~present	-
Lee Min-Ho	M	Feb. 1973	Director	Unregistered director	Regular	R&D	Dept. of Electronic Engineering, Hanyang Uni. (MA) LSI team in SIC Center, LG Electronics Co., Ltd.	-	-	Unregistered director of an affiliate	17.04.2017 ~present	-
Kim Gi-Sang	M	Aug. 1968	Director	Unregistered director	Regular	Head of sales group	Executive MBA, KAIST (MA) Mobile team, LG Display Co., Ltd.	-	-	Unregistered director of an affiliate	01.12.2019 ~present	-
Sagong Young-Jae	M	Jan. 1969	Director	Unregistered director	Regular	SCM manager	Aalto Univ. MVA(MA) SOC production and operation team, SIC center, LG Electronics Co., Ltd.	-	-	Unregistered director of an affiliate	17.04.2017 ~present	-
Han Young-Soo	M	Sep. 1971	Director	Unregistered director	Regular	Business strategy manager	KAIST, Dept. Materials Science and Technology (Ph.D.) Managing director of Planning team, LG Corp.	-	-	Unregistered director of an affiliate	17.04.2017 ~present	-

Note 1) The number of shares owned includes allocations of shares under the employee stock ownership plan to unregistered executives (NA Joon-Ho, Jeon Hyeon-Gyu).

Note 2) Choi Sung-Kwan, an internal director, concurrently serves as a director of Advanced Power Device Technology Co., Ltd.

Note 3) Jeon Hyeon-Gyu, an internal director, concurrently serves as a director of Advanced Power Device Technology Co., Ltd.

Note 4) The concurrent status of non-executive director Roh Jin-seo is as follows.

Concurrent company name	Concurrent job title	(Non)-regular
LX Holdings Co., Ltd.	Representative director	Regular
LX Hausys Co., Ltd.	Other non-executive director	Non-regular
LX MMA Co., Ltd.	Other non-executive director	Non-regular

Note 5) Wi Kyung-Woo, an outside director, concurrently serves as an outside director of Mirae Asset Life Insurance Co., Ltd.

Note 6) Director Lee Min-ho, Director Kim Gi-Sang, Director Sagong YoungJae, and Director Han Young-Soo have been newly appointed on 1 January 2022, respectively.

Note 7) Park Byoung-Hoo, managing director, has been newly appointed on 1 April 2022.

B. Status of employees, etc.

(Based on 30 June 2022)

(Unit: KRW million)

Employee										Non-affiliated workers			Remarks
Business sector	Gender	No. of employees					Average tenure	Total annual salary	Average salary per person	M	F	Total	
		Workers with an indefinite period		Temporary worker		Total							
		Total	(Part-time workers)	Total	(Part-time workers)								
Whole	M	1,161	0	26	13	1,187	4.43	47,147	40				-
Whole	F	263	0	15	9	278	3.09	7,393	27	4	41	45	-
Total		1,424	0	41	22	1,465	4.23	54,541	37				-

- Remuneration of unregistered executives

(Based on 30 June 2022)

(Unit: KRW million)

Division	No. of executives	Total annual salary	Average salary per person	Remarks
Unregistered executives	18	5,438	302	Including performance pay

Note 1) The number of executives is as of the reporting date.

Note 2) The total amount of remuneration is the sum of remuneration received in the current business year.

2. Remuneration to Executives

<Remuneration for all directors and auditors>

A. Amount approved by general meeting of shareholders

(Unit: KRW million)

Division	No. of executives	Amount approved by general meeting of shareholders	Remarks
Registered directors	3	-	The amount approved by the general meeting of shareholders is based on the sum of the registered executives.
External director	-	-	The amount approved by the general meeting of shareholders is based on the sum of the registered executives.
Member of the audit committee or auditor	3	-	The amount approved by the general meeting of shareholders is based on the sum of the registered executives.
Total	6	5,000	-

Note) In accordance with Article 38 of the Articles of Incorporation, the Company pays remuneration for directors in accordance with the 「Executives Retirement Allowance Payment Regulations」 passed a resolution at the general meeting of shareholders. Therefore, severance pay is not included in the remuneration limit approved by the general meeting of shareholders.

B. Remuneration amount

(1) All directors and auditors

(Unit: KRW million)

No. of executives	Total remuneration	Average remuneration per person	Remarks
5	1,654	331	-

Note) Other non-executive directors (Roh Jin-Seo) has been excluded from the number of executives.

(2) Type

(Unit: KRW million)

Division	No. of executives	Total remuneration	Average remuneration per person	Remarks
Registered directors (excluding external directors and members of the audit committee)	2	1,546	773	-
External director (excluding from member of the audit committee)	-	-	-	-
Members of the audit committee	3	108	36	-
Auditor	-	-	-	-

Note 1) The number of executives is as of the reporting date.

Note 2) The total amount of remuneration is the amount of income under the Income Tax Act paid to registered directors, external directors, and audit committee members who have served or retired in the current business year as registered executives in accordance with Article 159 of the Capital Markets and Financial Investment Business Act and Article 168 of the Enforcement Decree of the same Act.

Note 3) The average amount paid per audit committee member was calculated by dividing the total amount of remuneration by the number of people (3 persons).

Note 4) Other non-executive directors (Roh Jin-Seo) has been excluded from the number of executives.

<Individual remuneration for directors and auditors with a remuneration amount of more than KRW 500 million>

A. Individual remuneration

(Unit: KRW million)

Name	Position	Total remuneration	Remuneration not included in the total remuneration
Son Bo-Ik	Representative director	1,193	-

B. Calculation criteria and method

(Unit: KRW million)

Name	Type of remuneration	Total	Calculation criteria and method
Son Bo-Ik	Earned income	Salaries	512 1. Basic pay - Based on the executive remuneration regulations determined by the board of directors, the basic salary is determined in consideration of the position, etc., and about 62.4 million won from January to March and 63.9 million won from April to June are paid monthly. 2. Role pay - Based on the importance of duties and roles, about 18.7 million won from January to March and about 25.6 million won from April to June are paid monthly.
		Bonus	682 It is determined by the board of directors based on performance evaluation in accordance with the special bonus provisions among executive remuneration regulations. It is paid within 0% to 150% of annual salary by evaluating non-metric indicators such as quantitative indicators consisting of the Company's sales and operating profit of the previous year, evaluation of core tasks, and mid-to-long-term priority tasks for future preparation. In relation to the metrics, considering that the sales increased by 63.4% from 1161.9 billion won in 2020 to 1898.8 billion won in 2021 compared to the previous year and considering the fact that operating profit increased by 292.3% from 94.2 billion won in 2020 to 369.6 billion won in 2021 compared to the previous year, and net profit increased by 308.7% from 72.5 billion won in 2020 to 296.4 billion won in 2021, and in relation to non-metric indicators, considering that internal control works smoothly, such as no accidents related to internal control at all, law-abiding management and ethical management culture can be spread, KRW 682 million has been calculated and paid as a bonus.
	Profit from exercise of stock option	-	Not applicable
	Other earned income	-	Not applicable
	Retirement income	-	Not applicable
	Other income	-	Not applicable

<Remuneration of the top 5 individuals out of more than KRW 500 million paid in remuneration>

A. Individual remuneration

(Unit: KRW million)

Name	Position	Total remuneration	Remuneration not included in the total remuneration
Son Bo-Ik	Representative director	1,193	-
Koo Bon-Joon	CEO	1,171	-

B. Calculation criteria and method

(Unit: KRW million)

Name	Type of remuneration	Total	Calculation criteria and method
Son Bo-Ik	Earned income	Salaries	512 1. Basic pay - Based on the executive remuneration regulations determined by the board of directors, the basic salary is determined in consideration of the position, etc., and about 62.4 million won from January to March and 63.9 million won from April to June are paid monthly. 2. Role pay - Based on the importance of duties and roles, about 18.7 million won from January to March and about 25.6 million won from April to June are paid monthly.
		Bonus	682 It is determined by the board of directors based on performance evaluation in accordance with the special bonus provisions among executive remuneration regulations. It is paid within 0% to 150% of annual salary by evaluating non-metric indicators such as quantitative indicators consisting of the Company's sales and operating profit of the previous year, evaluation of core tasks, and mid-to-long-term priority tasks for future preparation. In relation to the metrics, considering that the sales increased by 63.4% from 1161.9 billion won in 2020 to 1898.8 billion won in 2021 compared to the previous year and considering the fact that operating profit increased by 292.3% from 94.2 billion won in 2020 to 369.6 billion won in 2021 compared to the previous year, and net profit increased by 308.7% from 72.5 billion won in 2020 to 296.4 billion won in 2021, and in relation to non-metric indicators, considering that internal control works smoothly, such as no accidents related to internal control at all, law-abiding management and ethical management culture can be spread, KRW 682 million has been calculated and paid as a bonus.
	Profit from exercise of stock option	-	Not applicable
	Other earned income	-	Not applicable
	Retirement income	-	Not applicable
	Other income	-	Not applicable
Koo Bon-Joon	Earned income	Salaries	544 Basic pay - Based on the executive remuneration regulations determined by the board of directors, the basic salary is determined in consideration of the position, etc., and about 89.6 million won from January to March and 91.8 million won from April to June are paid monthly.
		Bonus	627 It is determined by the board of directors based on performance evaluation in accordance with the special bonus provisions among executive remuneration regulations. It is paid within 0% to 150% of annual salary by evaluating non-metric indicators such as quantitative indicators consisting of the Company's sales and operating profit of the previous year, evaluation of core tasks, and mid-to-long-term priority tasks for future preparation. In relation to the metrics, considering that the sales increased by 63.4% from 1161.9 billion won in 2020 to 1898.8 billion won in 2021 compared to the previous year and considering the fact that operating profit increased by 292.3% from 94.2 billion won in 2020 to 369.6 billion won in 2021 compared to the previous year, and net profit increased by 308.7% from 72.5 billion won in 2020 to 296.4 billion won in 2021, and in relation to non-metric indicators, considering that internal control works smoothly, such as no accidents related to internal control at all, law-abiding management and ethical management culture can be spread, KRW 627 million has been calculated and paid as a bonus.
	Profit from exercise of stock option	-	Not applicable
		-	Not applicable
	Retirement income	-	Not applicable
	Other income	-	Not applicable

IX. Affiliates

1. Name of the relevant corporate group and names of affiliates

A. Affiliates (Summary)

Twelve companies including LX Holdings Co., Ltd., LX International Co., Ltd., LX Semicon Co., Ltd., and LX Hausys Co., Ltd. were separated from the corporate group LG on 21 June 2022 with the approval of the Fair Trade Commission, and as of the date of filing of the disclosure document, the companies were not designated as a corporate group restricted by mutual investment under the 『Act on Monopoly Regulation and Fair Trade』 .

For the 2 companies including XL Holdings as of the date of preparation of the disclosure document, please refer to XII. Detailed Table — 2. Affiliates (Detailed).

(Based on 30 June 2022)

(Unit: Companies)

Name of corporate group	Number of affiliates		
	Listed	Unlisted	Total
-	-	-	-

※ Refer to 'Table-2. Status of affiliates (Detailed)'.

2. Name of companies and details among the affiliates, which directly or indirectly affects the management of the Company

Company name	Details
LX Holdings Co., Ltd.	Holding company

3. Additional positions between the Company and the affiliates

[Based on 30 June 2022]

Name	Position	Status of additional positions		
		Concurrent company name	Concurrent job title	(Non)-regular
Roh Jin-Seo	Other non-executive director	LX Holdings Co., Ltd.	Representative director	Regular
		LX Hausys Co., Ltd.	Other non-executive director	Non-regular
		LX MMA Co., Ltd.	Other non-executive director	Non-regular

4. Investment in other companies (Summary)

(Based on 30 June 2022)

(Unit: KRW million)

Purpose of investment	Number of investment company				Total investment amount		
	Listed	Unlisted	Total	Carrying amount at the beginning	Increase(decrease)		Carrying amount at the end
					Acquisition (disposition)	Assessed profit or loss	
Management participation	1	5	6	13,879	27,668	-	41,547
General investment	-	-	-	-	-	-	-
Simple investment	-	1	1	-	-	-	-
Total	1	6	7	-	-	-	41,547

※ Refer to 'Table-3. Investment in other companies (Detailed)'

X. Transactions with Large Shareholders

1. Credit granting to large shareholders

As of the reporting date, there is no relevant information.

2. Transfer or succession of assets to or from large shareholders

As of the reporting date, there is no relevant information.

3. Operational transactions with large shareholders

[Based on 30 June 2022]

(Unit: KRW million)

Company name	Relationship	Transaction type	Period	Details	Amount
LG Display (Guangzhou) Co., Ltd.	Affiliate	Sales and purchases	01.01.2022~30.06.2022	Products and others	277,535
LG Display Vietnam Haiphong Co. Ltd.	Affiliate	Sales and purchases	01.01.2022~30.06.2022	Products and others	129,006
LG Display Co., Ltd.	Affiliate	Sales and purchases	01.01.2022~30.06.2022	Products and others	241,683

Note) For details, refer to 'III. Financial Matters, 5. Notes on Financial Statements, 28. Related parties.

4. Transactions with stakeholders other than major shareholders

As of the reporting date, there is no relevant information.

For details, refer to 'III. Financial Matters, 5. Notes on Financial Statements, 27. Related parties.

XI. Other Matters for the Protection of Investors

1. Progress and Changes of Disclosure

<Progress and changes of disclosure>

As of the reporting date, there is no relevant information.

2. Contingent Liabilities

<Important Litigations>

As of the end of the current period, it is judged that there are no significant litigation cases that are likely to materially affect the business of the Company as lawsuits against the Company's property.

<Promissory note, notes and checks as collateral>

(Based on 30 June 2022)

(Unit: sheets, KRW million)

Submitted to	Sheets	Amount	Remarks
Bank	-	-	-
Financial institution (Except for banks)	-	-	-
Corporate	-	-	-
Others (individual)	-	-	-

<Debt guarantees and debt acceptance agreements, other contingent liabilities, etc.>>

As of the reporting date, there is no relevant information.

3. Sanctions, etc.

<Status of sanctions>

There is no case of any violation against domestic and/or international financial and tax obligations from laws and regulations such as the Commercial Act, Capital Market Act, External Audit Act, Fair Trade Act.

<Sanctions from the Korea Exchange, etc.>

As of the reporting date, there is no relevant information.

<Occurrence and return of profits from short-term trading>

As of the reporting date, there is no relevant information.

4. Other Matters Such as Significant Incidents after the Basic Date for Preparation

<Significant incidents after the basic date for preparation>

As of the reporting date, there is no relevant information.

<Use of direct financed funds>

As of the reporting date, there is no relevant information.

<Information after merger>

As of the reporting date, there is no relevant information.

XII. Detailed Table

1. Consolidated Subsidiaries (Detailed)

(Unit: KRW million)

Business name	Established on	Address	Main businesses	Total asset at the end of the recent year	Basis of controlling relationship	Whether it is major subsidiary
LX Semicon U.S.A., Inc	15 Oct. 2012	2952 BUNKER HILL LN #101 SANTA CLARA, CA 95054	Sales support, etc.	841	Control over the investee (paragraphs 5 to 18 of K IFRS 1110 consolidated financial statements)	Not applicable
LX Semicon China Co., Ltd.	03 Mar. 2017	Room 609 Zhongchen Building No.1 Lizezhong 2Road, Wangjing Chaoyangqu, Beijing, 100102, China	Sales support, etc.	5,697	Control over the investee (paragraphs 5 to 18 of K IFRS 1110 consolidated financial statements)	Not applicable
LX Semicon Japan Co., Ltd.	03 Sep. 2021	Tokyo Sankei Building 25F, 1-7-2, Otemachi, Chiyoda-ku, Tokyo, 100-0004, Japan	Sales support, etc.	317	Control over the investee (paragraphs 5 to 18 of K IFRS 1110 consolidated financial statements)	Not applicable

2. Affiliates (Detailed)

Twelve companies including LX Holdings Co., Ltd., LX International Co., Ltd., LX Semicon Co., Ltd., and LX Hausys Co., Ltd. were separated from the corporate group LG on 21 June 2022 with the approval of the Fair Trade Commission, and as of the date of filing of the disclosure document, the companies were not designated as a corporate group restricted by mutual investment under the 『Act on Monopoly Regulation and Fair Trade』 .

The table below shows the current status of domestic/overseas corporations of 12 companies including LX Holdings as of the date of preparation.

① Domestic corporations

(Based on 30 June 2022)

(Unit: Companies)

Listed or not	No. of Companies	Company name	Business Reg. No.
Listed	4	LX Holdings Co., Ltd.	110111-7875359
		LX International Co., Ltd.	110111-0004632
		LX Hausys Co., Ltd.	110111-4071207
		LX Semicon Co., Ltd.	160111-0089395
Unlisted	8	LX MMA Co., Ltd.	206211-0001805
		LX Pantos Co., Ltd.	110111-0208127
		LX Pantos Busan Newport Logistics Center Co., Ltd.	180111-0641133
		Helistar Air Co., Ltd.	120111-0528086
		Dangjin Tank Terminal Co., Ltd.	165011-0011709
		Eco&Logis Busan Corp.	180111-1424877

		Green Nuri Co., Ltd.	230111-0286144
		Hanultari Co., Ltd.	110111-6628337

② Overseas corporations

No.	Name of affiliate	Location
1	LX Hausys Americajnc.	USA
2	LX Hausys Europe GmbH	Germany
3	LX Hausys India Private Limited	India
4	LX Hausys RUS,LLC.	Russia
5	LX Hausys Trading Co., Ltd.	China
6	LX Hausys Tianjin Co., Ltd.	China
7	LX Hausys (Wuxi) Co., Ltd.	China
8	LX Hausys(Tianjin) Engineering Co., Ltd.	China
9	LX Hausys Canada, Inc.	Canada
10	LX PANTOS LOGISTICS (BEIJING) CO.,LTD.	China
11	LX PANTOS SOLUTIONS INDIA PVT. LTD.	India
12	Hi Logistics Egypt S.A.E	Egypt
13	LX PANTOS LOGISTICS (QINGDAO) CO., LTD.	China
14	LX PANTOS LOGISTICS (SHANGHAI) CO.,LTD.	China
15	LX PANTOS LOGISTICS (HONGKONG) CO., LTD.	China
16	LX PANTOS LOGISTICS TAIWAN CO., LTD.	Taiwan
17	PT. LX PANTOS INDONESIA	Indonesia
18	PT. LX PANTOS JAKARTA	Indonesia
19	LX PANTOS MALAYSIA SDN. BHD.	Malaysia
20	LX PANTOS (INDIA) PVT. LTD.	India
21	LX PANTOS (CAMBODIA) CO., LTD.	Cambodia
22	LX PANTOS AUSTRALIA PTY LTD.	Australia
23	LX PANTOS HOLDINGS (THAILAND) CO., LTD.	Thailand
24	Pantos Logistics Myanmar Co., Ltd.	Myanmar
25	LX PANTOS U.K. LTD.	UK
26	LX PANTOS NETHERLANDS B.V	Netherlands
27	LX PANTOS FRANCE S.A.R.L.	France
28	LX PANTOS POLAND SP.Z.O.O.	Poland
29	LX PANTOS GERMANY GMBH	Germany
30	LX PANTOS SPAIN, SLU	Spain

31	LX PANTOS TURKEY LOJISTIK VE TICARET LTD. STI.	Turkey
32	LX PANTOS MEXICO, S.A. DE C.V.	Mexico
33	LX PANTOS LOGISTICA DO BRASIL LTDA	Brazil
34	LX PANTOS COLOMBIA S.A.S	Columbia
35	LX PANTOS CHILE SPA	Chile
36	LX PANTOS PANAMA, S.A	Panama
37	FNS CIS LLC	Russia
38	Pantos Logistics Kazakhstan	Kazakhstan
39	Pantos Logistics UKRAINE LTD.	Ukraine
40	Pantos Logistics L.L.C (DUBAI)	UAE
41	LX PANTOS ARABIA CO., LTD.	Saudi Arabia
42	LX PANTOS JAPAN INC.	Japan
43	LX PANTOS AMERICA, INC.	USA
44	LX PANTOS SOLUCOES LOGISTICAS DO BRASIL LTDA.	Brazil
45	LX PANTOS SWEDEN AB.	Sweden
46	LX PANTOS HUNGARY KFT.	Hungary
47	PT. Global Investment Institusi	Indonesia
48	Korea Carbon International Co., Ltd.	China
49	LX International Yakutsk	Russia
50	LX International(America) Inc.	USA
51	Bowen Investment(Australia) Pty Ltd	Australia
52	LX International (Shanghai) Corp.	China
53	LX International(Deutschland) GmbH.	Germany
54	LX International (HK) Ltd.	China
55	LX International Japan Ltd.	Japan
56	LG International(Saudi) LLC	Saudi Arabia
57	LXInternational(Singapore) Pte. Ltd.	Singapore
58	Philco Resources Ltd.	Malaysia
59	PT. Batubara Global Energy	Indonesia
60	PT. Green Global Lestari	Indonesia
61	PT.LX International Indonesia	Indonesia
62	Resources Investment (H.K) Limited	China
63	Steel Flower Electric Machinery (Tianjin) Co., Ltd.	China
64	Yantai LX international VMI Co., LTD	China
65	Colmineral S.A. de C.V	Mexico

66	PT. Ganda Alam Makmur	Indonesia
67	LX International India Private Limited	India
68	Fertilizer Resources Investment Limited	China
69	PT. Binsar Natorang Energi	Indonesia
70	Haiphong Steel Flower Electrical & Machinery Company Limited	Vietnam
71	LX Semicon U.S.A., Inc	USA
72	LX Semicon China Co., Ltd.	China
73	LX Semicon Japan Co., Ltd.	Japan
74	PT. Tintin Boyok Sawit Makmur Dua	Indonesia
75	PT. Pantos Express Indonesia	Indonesia
76	LX PANTOS SINGAPORE PTE. LTD.	Singapore
77	LX PANTOS VIETNAM CO., LTD.	Vietnam
78	LX PANTOS PHILIPPINES, INC.	Philippines
79	PT. Parna Agromas	Indonesia
80	PT. Grand Utama Mandiri	Indonesia
81	PT. Tintin Boyok Sawit Makmur	Indonesia
82	PT. Green Global Utama	Indonesia
83	PT. Satu Gen Indonesia	Indonesia
84	PT. Energy Metal Indonesia	Indonesia
85	PT. Mega Global Energy	Indonesia
86	PT. Mega Prima Persada	Indonesia
87	KM Resources Inc.	Malaysia
88	LX PANTOS LOGISTICS (NINGBO) CO.,LTD.	China
89	Onecube International Logistics Co., Ltd.	China
90	LX PANTOS LOGISTICS (SHENZHEN) CO., LTD.	China
91	PANTOS LOGISTICS AR S.A.	Argentina
92	LX PANTOS (THAILAND) CO., LTD.	Thailand
93	LHC Solar. LLC	USA
94	ZAO Contrans	Russia
95	PANTOS USA, INC.	USA
96	LPIC TN LLC	USA

3. Investment in Other Companies (Detailed)

(Based on 30 June 2022)

(Unit: KRW million, thousand shares, %)

Company name	Listed or not	First acquisition date	Purpose of investment	Amount of the 1st acquisition	Beginning balance			Increase(decrease)			Balance at the end			Financial status for the most recent business year	
					Quantity	Ratio	Book value	Acquisition (disposition)		Valuation profit or loss	Quantity	Ratio	Book value	Total assets	Net income
								Quantity	Amount						
LX Semicon U.S.A., Inc	Unlisted	15 Oct. 2012	Management participation	555	2,000	100	137	-	-	-	2,000	100	137	841	108
LX Semicon China Co., Ltd.	Unlisted	03 Mar. 2017	Management participation	674	-	100	2,179	-	-	-	-	100	2,179	5,697	728
Advanced Power Device Technology Co., Ltd.	Unlisted	12 Mar. 2018	Management participation	4,410	176	49	4,410	-	-	-	176	49	4,410	9,103	269
LX Semicon Japan Co., Ltd.	Unlisted	03 Sep. 2021	Management participation	317	15	100	317	45	898	-	60	100	1,215	317	-53
FJ Composite Materials Co.,LTD	Unlisted	25 Nov. 2021	Management participation	6,836	70	29.98	6,836	-	-	-	70	29.98	6,836	11,849	145
Telechips Inc.	Listed	06 Jun. 2022	Management participation	26,770	-	-	-	1,515	26,770	-	1,151	10.93	26,770	106,277	7,031
Daedeok Investment Co., Ltd.	Unlisted	20 May 2011	Simple investment	500	100	6.8	0	-	-	-	100	6.8	0	3,792	-6
Total					2,361	-	13,879	1,560	27,668	-	3,921	-	41,547	138,734	8,222

Note 1) LX Semicon U.S.A., Inc, LX Semicon China Co., Ltd. and LX Semicon Japan Co., Ltd. are December-settled corporations, and total assets and net income for the most recent business year are as of 31 December 2021.

Note 2) Advanced Power Device Technology Co., Ltd. is a March-settlement corporation, and total assets and net profit or loss for the most recent business year are as of 31 March 2022.

Note 3) FJ Composite Materials Co.,LTD is a May-settlement corporation, and total assets and net profit or loss are as of 31 May 2021.

Note 4) Telechips Inc. is a December-settlement corporation, and total assets and net profit or loss for the most recent business year are as of 31 December 2021.

【Confirmation by Expert】

1. 【Confirmation by Expert】

- Not applicable

2. Interests with Expert

- Not applicable