

# **LG Electronics**

**Consolidated Interim Financial Statements**  
**June 30, 2021 and 2020**

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

(English Translation of a Report Originally Issued in Korean)

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

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

We have reviewed the accompanying consolidated interim financial statements of LG Electronics Inc. and its subsidiaries (collectively referred to as the "Group"). These financial statements consist of the consolidated interim statement of financial position of the Group as at June 30, 2021, and the related consolidated interim statements of profit or loss and comprehensive income for the three-month and six-month periods ended June 30, 2021 and 2020, and consolidated interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2021 and 2020, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

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

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

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

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

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

**Conclusion**

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

**Emphasis of Matter**

Without modifying our conclusion, we draw attention to Note 3 to these consolidated interim financial statements of the Group, which describes the uncertainty, relating to the impact of the spread of Coronavirus Disease-19 ("COVID-19") on the Group's productivity and ability to fulfill customer's orders.

**Other Matters**

We have audited the consolidated statement of financial position of the Group as at December 31, 2020, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements, not presented herein, in our audit report dated March 4, 2021. The consolidated statement of financial position as at December 31, 2020, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2020.

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

The image shows a handwritten signature in black ink that reads "Samil PricewaterhouseCoopers". The signature is written in a cursive, flowing style.

August 17, 2021  
Seoul, Korea

This report is effective as of August 17, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**LG Electronics**  
**Consolidated Interim Statements of Financial Position**  
**June 30, 2021 and December 31, 2020**

<i>(in millions of Korean won)</i>	Notes	June 30, 2021 (Unaudited)	December 31, 2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5,32	6,186,301	5,896,309
Deposits held by financial institutions	5,32	80,129	82,018
Trade receivables	5,6,32	7,729,960	7,154,932
Other receivables	5,6,32	476,622	446,426
Other financial assets	5,7,32	9,052	4,292
Inventories	8	8,327,487	7,447,157
Current tax assets		100,210	137,324
Contract assets	9	625,375	642,171
Other current assets		1,174,021	1,038,976
Assets held for sale	34	98,217	389,815
		<u>24,807,374</u>	<u>23,239,420</u>
<b>Non-current assets</b>			
Deposits held by financial institutions	5,32	58,792	58,903
Other receivables	5,6,32	489,717	458,171
Other financial assets	5,7,32	165,551	156,491
Property, plant and equipment	10	14,578,611	13,973,998
Intangible assets	10	2,740,118	3,139,080
Deferred tax assets		2,196,169	1,915,928
Investments in associates and joint ventures	11	4,813,430	4,471,590
Investment properties		374	379
Net defined benefit assets	14	-	10,716
Contract assets	9	257,781	230,511
Other non-current assets		558,966	549,040
		<u>25,859,509</u>	<u>24,964,807</u>
<b>Total assets</b>		<u>50,666,883</u>	<u>48,204,227</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	5,32	8,448,235	8,728,159
Borrowings	5,12,32	1,695,562	1,450,135
Lease liabilities	5,13,32	268,560	276,632
Other payables	5,32	3,655,213	3,555,968
Other financial liabilities	5,7,32	25,094	19,961
Current tax liabilities		365,789	202,887
Provisions	15	1,352,501	911,009
Contract liabilities	9	1,630,557	1,645,323
Other current liabilities		3,957,492	3,417,418
		<u>21,399,003</u>	<u>20,207,492</u>
<b>Non-current liabilities</b>			
Borrowings	5,12,32	8,404,816	8,469,620
Lease liabilities	5,13,32	603,061	585,428
Other payables	5,32	63,123	63,136
Other financial liabilities	5,7,32	93,314	177,471
Deferred tax liabilities		127,003	131,809
Net defined benefit liabilities	14	510,312	499,133
Provisions	15	511,358	284,770
Contract liabilities	9	35,895	29,042
Other non-current liabilities		217,351	214,201
		<u>10,566,233</u>	<u>10,454,610</u>
<b>Total liabilities</b>		<u>31,965,236</u>	<u>30,662,102</u>

**LG Electronics**  
**Consolidated Interim Statements of Financial Position**  
**June 30, 2021 and December 31, 2020**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>June 30, 2021</b> <b>(Unaudited)</b>	<b>December 31, 2020</b>
<b>Equity</b>			
Paid-in capital:	16		
Share capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	17	14,126,258	13,652,837
Accumulated other comprehensive loss	18	(1,551,567)	(1,994,842)
Accumulated other comprehensive loss from assets held for sale	34	(1,871)	(3,079)
Other components of equity	19	<u>(209,764)</u>	<u>(209,764)</u>
<b>Equity attributable to owners of the Parent Company</b>		<u>16,355,404</u>	<u>15,437,500</u>
<b>Non-controlling interests</b>		<u>2,346,243</u>	<u>2,104,625</u>
<b>Total equity</b>		<u>18,701,647</u>	<u>17,542,125</u>
<b>Total liabilities and equity</b>		<u>50,666,883</u>	<u>48,204,227</u>

**LG Electronics**  
**Consolidated Interim Statements of Profit or Loss**  
**Three-month and Six-month Periods Ended June 30, 2021 and 2020**

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

	Notes	2021 (Unaudited)		2020 (Unaudited)	
		Three months	Six months	Three months	Six months
<b>Continuing operations</b>					
<b>Net sales</b>	20	17,113,898	34,926,300	11,528,786	25,260,207
<b>Cost of sales</b>	21	12,579,543	25,574,848	8,359,553	18,316,761
<b>Gross profit</b>		4,534,355	9,351,452	3,169,233	6,943,446
Selling and marketing expenses	21,22	2,211,180	4,183,962	1,516,086	3,074,918
Administrative expenses	21,22	330,386	636,619	292,072	566,320
Research and development expenses	21,22	485,627	918,044	451,834	853,715
Service costs	21,22	629,016	967,409	237,018	479,900
<b>Operating profit</b>		878,146	2,645,418	672,223	1,968,593
Financial income	23	96,078	273,908	47,864	317,594
Financial expenses	24	138,449	307,854	113,404	457,428
Gain (loss) from equity method valuation	11	142,332	225,907	(175,635)	(252,778)
Other non-operating income	25	326,645	778,532	207,600	1,387,804
Other non-operating expenses	26	234,289	750,277	281,476	940,546
Profit before income tax		1,070,463	2,865,634	357,172	2,023,239
Income tax expense		276,864	683,439	137,582	511,624
<b>Profit for the period from continuing operations</b>		793,599	2,182,195	219,590	1,511,615
<b>Discontinued operations</b>					
Loss for the period from discontinued operations	35	(1,085,564)	(1,305,015)	(154,040)	(359,334)
<b>Profit (loss) for the period</b>		(291,965)	877,180	65,550	1,152,281
<b>Profit (loss) for the period attributable to:</b>					
Owners of the Parent Company					
Profit from continuing operations		692,318	1,909,433	211,849	1,444,199
Loss from discontinued operations		(1,082,433)	(1,301,279)	(155,372)	(362,284)
		(390,115)	608,154	56,477	1,081,915
Non-controlling interests					
Profit from continuing operations		101,281	272,762	7,741	67,416
Profit (loss) from discontinued operations		(3,131)	(3,736)	1,332	2,950
		98,150	269,026	9,073	70,366
<b>Earnings per share attributable to the owners of the Parent Company during the period (in Korean won):</b>					
27					
Earnings (losses) per ordinary share					
From continuing operations		3,844	10,602	1,175	8,018
From discontinued operations		(6,012)	(7,227)	(863)	(2,012)
		(2,168)	3,375	312	6,006
Earnings (losses) per preferred share					
From continuing operations		3,856	10,627	1,188	8,043
From discontinued operations		(6,011)	(7,227)	(863)	(2,012)
		(2,155)	3,400	325	6,031

**LG Electronics**  
**Consolidated Interim Statements of Comprehensive Income**  
**Three-month and Six-month Periods Ended June 30, 2021 and 2020**

(in millions of Korean won)

	Notes	Period Ended June 30			
		2021 (Unaudited)		2020 (Unaudited)	
		Three months	Six months	Three months	Six months
<b>Profit (loss) for the period</b>		(291,965)	877,180	65,550	1,152,281
<b>Other comprehensive income (loss), net of tax</b>					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Remeasurements of the net defined benefit liability	14	3,081	90,540	(39,280)	(37,445)
Share of remeasurements of associates	11	(945)	(2,385)	(381)	(1,047)
Financial assets at fair value through other comprehensive income	7	(6,025)	(15,435)	4,633	782
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	11	28,813	103,445	(11,205)	65,697
Cash flow hedges	32	11,022	38,644	5,313	(48,443)
Exchange differences on translation of foreign operations		160,917	349,059	(36,165)	(37,714)
<b>Other comprehensive income for the period, net of tax</b>		196,863	563,868	(77,085)	(58,170)
<b>Total comprehensive income (loss) for the period, net of tax</b>		(95,102)	1,441,048	(11,535)	1,094,111
<b>Comprehensive income (loss) for the period, net of tax, attributable to:</b>					
Owners of the Parent Company		(202,108)	1,134,842	(9,511)	1,000,080
Non-controlling interests		107,006	306,206	(2,024)	94,031
<b>Total comprehensive income (loss) for the period, net of tax</b>		(95,102)	1,441,048	(11,535)	1,094,111



**LG Electronics**

**Consolidated Interim Statements of Changes in Equity**  
**Six-month Periods Ended June 30, 2021 and 2020**

		Attributable to Owners of the Parent Company								
				Accumulated Other Comprehensive Loss	Accumulated Other Comprehensive Loss from Assets Held for Sale	Other Components of Equity		Non-controlling Interests	Total Equity	
(in millions of Korean won)	Notes	Paid-in Capital	Retained Earnings				Total			
<b>Balance at January 1, 2020</b>		3,992,348	11,857,302	(1,314,419)	4,618	(209,764)	14,330,085	2,095,053	16,425,138	
<b>Total comprehensive income:</b>										
Profit for the period		-	1,081,915	-	-	-	1,081,915	70,366	1,152,281	
Remeasurements of the net defined benefit liability	14	-	(35,970)	-	-	-	(35,970)	(1,475)	(37,445)	
Share of remeasurements of associates	11	-	(1,047)	-	-	-	(1,047)	-	(1,047)	
Financial assets at fair value through other comprehensive income	7	-	-	1,017	-	-	1,017	(235)	782	
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	11	-	-	65,697	-	-	65,697	-	65,697	
Cash flow hedges	32	-	-	(45,647)	-	-	(45,647)	(2,796)	(48,443)	
Exchange differences on translation of foreign operations		-	-	(64,470)	(1,415)	-	(65,885)	28,171	(37,714)	
<b>Total comprehensive income</b>		-	1,044,898	(43,403)	(1,415)	-	1,000,080	94,031	1,094,111	
<b>Transactions with owners:</b>										
Dividends	17	-	(135,909)	-	-	-	(135,909)	(24,549)	(160,458)	
<b>Total transactions with owners</b>		-	(135,909)	-	-	-	(135,909)	(24,549)	(160,458)	
<b>Balance at June 30, 2020 (Unaudited)</b>		3,992,348	12,766,291	(1,357,822)	3,203	(209,764)	15,194,256	2,164,535	17,358,791	
<b>Balance at January 1, 2021</b>		3,992,348	13,652,837	(1,994,842)	(3,079)	(209,764)	15,437,500	2,104,625	17,542,125	
<b>Total comprehensive income (loss):</b>										
Profit for the period		-	608,154	-	-	-	608,154	269,026	877,180	
Remeasurements of the net defined benefit liability	14	-	84,590	-	-	-	84,590	5,950	90,540	
Share of remeasurements of associates	11	-	(2,385)	-	-	-	(2,385)	-	(2,385)	
Financial assets at fair value through other comprehensive income	7	-	-	(15,409)	-	-	(15,409)	(26)	(15,435)	
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	11	-	-	103,445	-	-	103,445	-	103,445	
Cash flow hedges	32	-	-	38,580	-	-	38,580	64	38,644	
Exchange differences on translation of foreign operations		-	-	316,859	1,208	-	317,867	31,192	349,059	
<b>Total comprehensive income (loss)</b>		-	690,359	443,275	1,208	-	1,134,842	306,206	1,441,048	
<b>Transactions with owners:</b>										
Dividends	17	-	(216,938)	-	-	-	(216,938)	(51,139)	(268,077)	
Changes in controlling interests in subsidiaries		-	-	-	-	-	-	(13,449)	(13,449)	
<b>Total transactions with owners</b>		-	(216,938)	-	-	-	(216,938)	(64,588)	(281,526)	
<b>Balance at June 30, 2021 (Unaudited)</b>		3,992,348	14,126,258	(1,551,567)	(1,871)	(209,764)	16,355,404	2,346,243	18,701,647	

**LG Electronics**  
**Consolidated Interim Statements of Cash Flows**  
**Six-month Periods Ended June 30, 2021 and 2020**

(in millions of Korean won)

	Notes	Six-month Period Ended June 30	
		2021 (Unaudited)	2020 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations	28	2,118,513	1,883,248
Interest received		36,119	53,663
Interest paid		(159,998)	(192,624)
Dividend received		514	701
Income tax paid		(327,640)	(228,497)
<b>Net cash inflow from operating activities</b>		<u>1,667,508</u>	<u>1,516,491</u>
<b>Cash flows from investing activities</b>			
Decrease in deposits held by financial institutions		3,621	3,831
Decrease in other receivables		41,705	46,767
Proceeds from redemption and disposal of other financial assets		20,445	57,778
Proceeds from disposal of property, plant and equipment		17,199	58,097
Proceeds from disposal of intangible assets		3,737	1,140
Proceeds from disposal of assets held for sale		61,895	856
Proceeds from redemption and disposal of investment in associates and joint ventures		-	656,291
Increase in deposits held by financial institutions		(1,106)	(18,307)
Increase in other receivables		(69,470)	(76,852)
Acquisition of other financial assets		(43,428)	(44,018)
Acquisition of property, plant and equipment		(980,275)	(930,638)
Acquisition of intangible assets		(200,848)	(377,419)
Acquisition of investments in associates and joint ventures		(19,840)	(5,784)
<b>Net cash outflow from investing activities</b>		<u>(1,166,365)</u>	<u>(628,258)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		998,033	879,392
Repayments of borrowings		(892,057)	(817,013)
Repayments of lease liabilities		(148,425)	(146,580)
Dividends paid and others		(274,116)	(152,235)
<b>Net cash outflow from financing activities</b>		<u>(316,565)</u>	<u>(236,436)</u>
Effects of exchange rate changes on cash and cash equivalents		<u>107,849</u>	<u>35,598</u>
<b>Net increase in cash and cash equivalents</b>		<u>292,427</u>	<u>687,395</u>
Cash and cash equivalents included in assets held for sale at the beginning of the period	34	53,586	-
Cash and cash equivalents at the beginning of the period		5,896,309	4,777,368
Cash and cash equivalents included in assets held for sale at the end of the period	34	(56,021)	-
<b>Cash and cash equivalents at the end of the period</b>		<u>6,186,301</u>	<u>5,464,763</u>

# LG Electronics

## Notes to the Consolidated Interim Financial Statements

June 30, 2021 and 2020 (Unaudited), and December 31, 2020

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### 1. General Information

LG Electronics Inc. (the “Company” or “Parent Company”) was spun off from LG Electronics Investment Ltd. on April 1, 2002. The Parent Company’s shares were listed on the Korea Exchange on April 22, 2002, and some of its preferred shares, in the form of global depositary receipts (“GDRs”), are listed on the London Stock Exchange at the end of the reporting period. The Parent Company is domiciled in Korea at Yeoui-daero, Yeongdeungpo-gu, Seoul.

As at June 30, 2021, LG Corp. owns 33.7% of the Parent Company’s total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

The Parent Company and its subsidiaries (collectively referred to as the “Group”) operate following six major business segments: Home Appliance & Air Solution segment manufactures and sells refrigerators, washing machines, vacuum cleaners, and residential and commercial air conditioners; Home Entertainment segment manufactures and sells TVs and digital media products; Vehicle component Solutions segment designs and manufactures automobile parts; Business Solutions segment manufactures and sells monitors, PCs, information displays, solar panels and others; and LG Innotek Co., Ltd. operates optics solutions, substrate materials and automotive components businesses. As at June 30, 2021, the Parent Company has 140 subsidiaries (Note 1 (a)), 17 associates and joint ventures (Note 11).

**LG Electronics**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2021 and 2020 (Unaudited), and December 31, 2020**

(a) Consolidated subsidiaries as at June 30, 2021 and December 31, 2020, are as follows:

Territory	Location	Subsidiary	June 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
The Republic of Korea	Korea	Hiplaza Co., Ltd.	100.0%	-	100.0%	-	December	Wholesales and retails of electronic products	More than half of voting rights
	Korea	ACE R&A Co., Ltd.	100.0%	-	100.0%	-	December	Production and sales of air conditioner	More than half of voting rights
	Korea	Hi M Solutek Co., Ltd.	100.0%	-	100.0%	-	December	Maintenance	More than half of voting rights
	Korea	Hi-Caresolution Corp.	100.0%	-	-	-	December	Services	More than half of voting rights
	Korea	Hi Teleservice Co., Ltd.	100.0%	-	100.0%	-	December	Marketing services	More than half of voting rights
	Korea	LG Innotek Co., Ltd. <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	Korea	LG Innotek Alliance Fund <sup>1</sup>	40.4%	59.6%	40.4%	59.6%	December	Investment	De-facto control
	Korea	Innowith Co., Ltd. <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Services	De-facto control
	Korea	Hanuri Co., Ltd.	100.0%	-	100.0%	-	December	Business facility maintenance	More than half of voting rights
	Korea	ZKW Lighting Systems Korea Co., Ltd.	70.0%	30.0%	70.0%	30.0%	December	R&D	More than half of voting rights
China	China	Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics (China) Co., Ltd(LGECH)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	China	LG Electronics (China) Research and Development Center Co., Ltd.(LGERD)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights

**LG Electronics**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2021 and 2020 (Unaudited), and December 31, 2020**

Territory	Location	Subsidiary	June 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
China		LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
China		LG Electronics (Shanghai) Research and Development Center Co., Ltd.(LGCRC)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
China		LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
China		LG ELECTRONICS HK LIMITED(LGEHK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
China		LG Electronics (Huizhou) Inc.(LGEHZ)	80.0%	20.0%	80.0%	20.0%	December	Production of electronic products	More than half of voting rights
China		LG Electronics Nanjing Battery Pack Co.,Ltd.(LGENB) <sup>2</sup>	50.0%	50.0%	50.0%	50.0%	December	Production of electronic products	De-facto control
China		LG Electronics Nanjing New Technology Co.,LTD(LGENT)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
China		LG Electronics Nanjing Vehicle Components Co.,Ltd.(LGENV)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
China		LG Electronics (Qinhuangdao) Co.,LTD(LGEQH)	100.0%	-	100.0%	-	December	Production of casting	More than half of voting rights
China		LG Electronics (Shenyang) Inc(LGESY)	78.9%	21.1%	78.9%	21.1%	December	Production of electronic products	More than half of voting rights
China		LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	80.0%	20.0%	80.0%	20.0%	December	Production of electronic products	More than half of voting rights
China		Nanjing LG Panda Appliances Co., Ltd(LGEPN)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
China		Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	June 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	China	Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	China	QINGGONGLIAN ELECTRICAL INSTALLATION ENGINEERING CO.,LTD.	80.0%	20.0%	80.0%	20.0%	December	Installation and sales of air conditioners	More than half of voting rights
	China	LG Innotek Yantai Co.,Ltd.(LGITYT) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	China	LG Innotek Huizhou Co.,Ltd.(LGITHZ) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	China	LG Innotek Trading (Shanghai) Co.,Ltd.(LGITSH) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic materials	De-facto control
	China	ZKW Lighting Systems (Dalian) Co. Ltd.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	China	LG Magna Nanjing e-Powertrain Vehicle Components Co., Ltd.	100.0%	-	-	-	December	Production and sales of vehicle components	More than half of voting rights
Asia	Australia	LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	India	LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL) <sup>4</sup>	100.0%	-	100.0%	-	March	Production and sales of electronic products	More than half of voting rights
	Japan	LG Japan Lab. Inc.(LGJL)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Japan	LG Electronics Japan, Inc.(LGEJP)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Malaysia	LG Electronics (M) Sdn. Bhd(LGEML)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Philippines	LG Electronics Philippines Inc.(LGEPH)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Singapore	LG Electronics Singapore Pte.Ltd.(LGESL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Taiwan	LG Electronics Taiwan Taipei Co., Ltd.(LGETT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Thailand	LG Electronics (Thailand) Company Limited(LGETH)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	India	LG Soft India Private Limited.(LGS1) <sup>4</sup>	100.0%	-	100.0%	-	March	R&D	More than half of voting rights
	Indonesia	P. T. LG Electronics Indonesia(LGEIN)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Philippines	LG Electronics Pasig Inc. <sup>3</sup>	38.0%	62.0%	38.0%	62.0%	December	Real estates	De-facto control
	Indonesia	PT. LG Innotek Indonesia(LGITIN) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	Taiwan	LG Innotek (Taiwan) Co., Ltd.(LGITTW) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic materials	De-facto control
	Vietnam	LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	Vietnam	LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Indonesia	PT. LG Electronics Service Indonesia(LGEID)	99.8%	0.2%	99.8%	0.2%	December	Services	More than half of voting rights
	Philippines	HI-M SOLUTEK PHILIPPINES INC.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Vietnam	HI-M SOLUTEK VIETNAM CO., LTD.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	India	Alphonso Labs Private Limited <sup>4</sup>	58.5%	41.5%	56.4%	43.6%	March	R&D	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
Europe	Netherlands	LG Electronics Benelux Sales B.V.(LGEBN)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Germany	LG Electronics Deutschland GmbH(LGEDG)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Spain	LG Electronics Espana S.A.(LGEES)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Netherlands	LG Electronics European Holding B.V.(LGEEH)	100.0%	-	100.0%	-	December	European holding	More than half of voting rights
	Netherlands	LG Electronics European Shared Service Center B.V.(LGESC)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	France	LG Electronics France S.A.S(LGEFS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Greece	LG ELECTRONICS HELLAS SINGLE MEMBER SA (LGEHS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Italy	LG Electronics Italia S.P.A.(LGEIS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Latvia	LG Electronics Latvia LTD(LGELA)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Hungary	LG Electronics Magyar K.F.T.(LGEMK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Mlawa Sp. z.O.O.(LGEMA)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Sweden	LG Electronics Nordic AB(LGESW)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Polska Sp. Z.O.O(LGEPL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Portugal	LG Electronics Portugal S.A.(LGEPT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights



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Territory	Location	Subsidiary	June 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
UK		LG Electronics U.K. LTD(LGEUK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
Poland		LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
Finland		LG Electronics Finland Lab Oy(LGEFL)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
Poland		LG Innotek Poland Sp. z.o.o.(LGITPO) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
Austria		ZKW Holding GmbH	70.0%	30.0%	70.0%	30.0%	December	Holding company	More than half of voting rights
Austria		ZKW Group GmbH	70.0%	30.0%	70.0%	30.0%	December	Services	More than half of voting rights
Austria		ZKW Elektronik GmbH	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
Austria		ZKW Lichtsysteme GmbH	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
Austria		ZKW Austria Immobilien Holding GmbH	70.0%	30.0%	70.0%	30.0%	December	Holding company	More than half of voting rights
Austria		ZKW Austria Immobilien GmbH	70.0%	30.0%	70.0%	30.0%	December	Real estates	More than half of voting rights
Slovakia		ZKW Slovakia s.r.o.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
Czech		KES - kabelove a elektricke systemy spol. s.r.o.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Czech	ZKW Automotive Engineering CZ s.r.o.	70.0%	30.0%	-	-	December	R&D	More than half of voting rights
	Poland	KES Poland Sp.z o.o.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	Poland	HI-M SOLUTEK POLAND Sp. z o.o.	100.0%	-	-	-	December	Services	More than half of voting rights
North America	USA	LG Electronics Miami Inc.(LGEMI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	USA	LG Electronics Alabama Inc.(LGEAI)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Canada	LG Electronics Canada, Inc.(LGECL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Mexico	LG Electronics Mexicali, S.A. de C.V.(LGEMX)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Mexico	LG Electronics Mexico S.A. DE C.V.(LGEMS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	USA	LG Electronics Mobile Research U.S.A., L.L.C.(LGEMR)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Mexico	LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Mexico	LG Electronics Reynosa, S.A. De C.V.(LGERS)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	USA	LG Electronics U.S.A., Inc.(LGEUS)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Mexico	Servicios Integrales LG S.A DE C.V	100.0%	-	100.0%	-	December	Services	More than half of voting rights
Mexico	Servicios LG Monterrey Mexico S.A. de C.V.	100.0%	-	100.0%	-	December	Services	More than half of voting rights	

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Territory	Location	Subsidiary	June 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
USA		Zenith Electronics Corporation of Pennsylvania	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
USA		Zenith Electronics LLC(Zenith)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
USA		LG Innotek USA, Inc.(LGITUS) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic materials	De-facto control
Mexico		LG Innotek Mexico SA DE CV(LGITMX) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
USA		LG Electronics Vehicle Components U.S.A., LLC.(LGEVU)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
USA		LGEUS Power, LLC	100.0%	-	100.0%	-	December	Investment of solar power plant	More than half of voting rights
USA		LG Electronics Fund I LLC	100.0%	-	100.0%	-	December	Investment in technology start ups	More than half of voting rights
USA		LG Technology Ventures LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
USA		LG CORP. U.S.A.	100.0%	-	100.0%	-	December	Real estates	More than half of voting rights
USA		ZKW Lighting Systems USA, Inc.	70.0%	30.0%	70.0%	30.0%	December	Sales of vehicle components	More than half of voting rights
Mexico		ZKW Mexico Inmobiliaria, S.A. de C.V.	70.0%	30.0%	70.0%	30.0%	December	Real estates	More than half of voting rights
Mexico		ZKW Mexico, S.A. de C.V.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
Mexico		ZKW Mexico Servicios, S.A. de C.V.	70.0%	30.0%	70.0%	30.0%	December	Services	More than half of voting rights
USA		LG Magna e-Powertrain USA Inc.	100.0%	-	-	-	December	Sales of vehicle components	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	USA	Alphonso Inc.	58.5%	41.5%	56.4%	43.6%	December	Advertisement	More than half of voting rights
	USA	LG Innotek Fund I LLC <sup>1</sup>	40.8%	59.2%	-	-	December	Investment in technology start ups	De-facto control
South America	Argentina	LG Electronics Argentina S.A.(LGEAR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Colombia	LG Electronics Colombia Limitada(LGECB)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Brazil	LG Electronics do Brasil Ltda.(LGEBR)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Honduras	LG Electronics Honduras S.de R.L. <sup>2</sup>	20.0%	80.0%	20.0%	80.0%	December	Sales of electronic products	De-facto control
	Chile	LG Electronics Inc Chile Limitada(LGECL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Panama	LG Electronics Panama, S.A.(LGEPS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Peru	LG Electronics Peru S.A.(LGEPR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Venezuela	LG Electronics Venezuela, S.A.(LGEVZ)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Panama	LG Consulting Corp.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Guatemala	LG Electronics Guatemala, S.A.	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
Middle East and Africa	Angola	LG Electronics Angola Limitada(LGEAO)	100.0%	-	100.0%	-	December	Sales and services of electronic products	More than half of voting rights
	Jordan	LG Electronics Levant - Jordan(LGELF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Africa Logistics FZE(LGEAF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	June 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Algeria	LG Electronics Algeria SARL(LGEAS)	70.0%	30.0%	70.0%	30.0%	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Dubai FZE(LGEDF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Egypt	LG Electronics Egypt S.A.E(LGEEG)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	UAE	LG Electronics Gulf FZE(LGEGF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Middle East Co., Ltd.(LGEME)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Morocco	LG Electronics Morocco S.A.R.L.(LGEMC)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Nigeria	LG Electronics Nigeria Limited(LGENI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Tunisia	LGENAF Service Company SARL	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Overseas Trading FZE(LGEOT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	South Africa	LG Electronics S.A. (Pty) Ltd.(LGESA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Turkey	LG Electronics Ticaret A.S.(LGETK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Saudi Arabia	LG-Shaker Co.Ltd.(LGESR)	51.0%	49.0%	51.0%	49.0%	December	Production of electronic products	More than half of voting rights
	Saudi Arabia	LG Electronics Saudi Arabia LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	UAE	HI M SOLUTEK HVAC SERVICE AND MAINTENANCE LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Egypt	HI-M.SOLUTEK LLC	100.0%	-	-	-	December	Services	More than half of voting rights

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Territory	Location	Subsidiary	June 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
Other	Kazakhstan	LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Russia	LG Electronics RUS, LLC(LGERA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Ukraine	LG Electronics Ukraine(LGEUR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

<sup>1</sup> Although the Group owns less than half of the voting rights of LG Innotek Co., Ltd., which is an intermediate parent company of its subsidiaries, the Group is deemed to have control over LG Innotek Co., Ltd. due to the size and dispersion of holdings of the other shareholders and their voting patterns at previous shareholders' meetings (Note 3).

<sup>2</sup> Although the Group owns less than a majority of the effective percentage of ownership of the entity, the Group has concluded that the Group controls the entity. This is because the Group has a right to appoint or dismiss the majority of its Board of Directors by virtue of an agreement with the other investors.

<sup>3</sup> Although the Group owns less than a majority of the effective percentage of ownership of the entity, the Group has concluded that the Group controls the entity. This is because the Group has the substantial power to direct the relevant activities and is exposed to variable returns.

<sup>4</sup> In the preparation of the consolidated interim financial statements, the financial statements for the six-month period ended June 30, 2021 were used for those subsidiaries with different fiscal year ends.

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(b) Financial information of major subsidiaries as at June 30, 2021 and December 31, 2020, and for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	June 30, 2021			2021			
	Assets	Liabilities	Equity	Three months		Six months	
				Sales <sup>1</sup>	Profit (loss) for the period	Sales <sup>1</sup>	Profit (loss) for the period
LG Innotek Co., Ltd.	5,849,949	3,301,448	2,548,501	2,288,185	150,149	5,276,022	387,215
LG Electronics U.S.A., Inc.(LGEUS)	5,496,047	3,860,864	1,635,183	3,639,916	294,668	6,670,876	512,954
LG Electronics European Shared Service Center B.V.(LGESC)	1,738,343	1,693,136	45,207	133,262	6,969	234,357	10,340
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,378,423	372,878	1,005,545	423,060	3,601	1,241,060	93,235
LG Electronics Vietnam Hai Phong Co., Ltd(LGEVH)	1,438,612	641,608	797,004	922,507	20,279	1,925,037	98,561
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,497,484	907,001	590,483	1,223,371	45,153	2,232,444	36,173
Zenith Electronics LLC(Zenith)	1,239,719	102,474	1,137,245	34,781	7,046	65,230	13,063
LG Electronics do Brasil Ltda.(LGEBR)	1,252,925	492,380	760,545	368,761	50,498	772,034	97,873
LG Electronics RUS, LLC(LGERA)	967,174	400,073	567,101	398,768	33,701	785,428	58,382
Hiplaza Co., Ltd.	1,064,812	907,025	157,787	766,547	(2,291)	1,523,568	(16,637)
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	898,206	560,323	337,883	353,577	(2,706)	846,384	29,619
ZKW Lichtsysteme GmbH	821,610	419,700	401,910	179,439	3,158	374,388	10,094
LG Electronics (China) Co., Ltd(LGECH)	870,998	894,260	(23,262)	83,545	27,120	150,682	37,166
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	774,475	458,704	315,771	400,597	(41,103)	837,593	(6,833)
ZKW Group GmbH	920,251	603,369	316,882	34,675	4,628	68,187	10,668
LG Electronics Deutschland GmbH(LGEDG)	1,083,912	932,128	151,784	1,024,090	(18,089)	1,985,145	11,528
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	790,609	568,608	222,001	396,088	(35,804)	849,213	(17,202)
LG Electronics (Thailand) Company Limited(LGETH)	662,435	279,680	382,755	363,187	10,863	835,808	44,553
P.T. LG Electronics Indonesia(LGEIN)	846,008	414,098	431,910	740,521	36,484	1,348,857	46,790
LG Electronics Nanjing New Technology co.,LTD(LGENT)	632,659	429,905	202,754	533,435	9,303	1,114,724	22,692
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	482,428	306,987	175,441	223,654	256	495,913	16,308

**LG Electronics**  
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<i>(in millions of Korean won)</i>	December 31, 2020			2020			
	Assets	Liabilities	Equity	Three months		Six months	
				Sales <sup>1</sup>	Profit (loss) for the period	Sales <sup>1</sup>	Profit (loss) for the period
LG Innotek Co., Ltd.	5,492,250	3,324,321	2,167,929	1,492,769	24,793	3,439,635	95,429
LG Electronics U.S.A., Inc.(LGEUS)	4,696,966	3,628,900	1,068,066	2,050,841	28,280	4,267,359	142,930
LG Electronics European Shared Service Center B.V.(LGESC)	1,794,505	1,759,706	34,799	131,528	1,584	242,063	12,518
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,412,013	520,509	891,504	295,307	12,047	913,922	88,424
LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	1,576,031	907,399	668,632	530,541	67,033	1,349,552	75,730
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,366,972	822,907	544,065	492,767	12,212	1,156,634	28,101
Zenith Electronics LLC(Zenith)	1,177,664	95,257	1,082,407	29,265	(368)	60,860	1,474
LG Electronics do Brasil Ltda.(LGEBR)	1,086,969	487,296	599,673	223,315	75,821	608,755	70,481
LG Electronics RUS, LLC(LGERA)	932,506	383,556	548,950	230,673	21,177	582,508	38,690
Hiplaza Co., Ltd.	1,013,618	842,298	171,320	823,317	17,301	1,459,079	1,134
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	792,107	495,851	296,256	371,410	4,359	787,880	22,683
ZKW Lichtsysteme GmbH	792,131	402,098	390,033	134,883	(12,479)	329,719	(10,774)
LG Electronics (China) Co., Ltd(LGECH)	917,289	975,625	(58,336)	62,414	12,630	108,110	13,666
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	727,807	420,514	307,293	326,083	18,970	607,124	26,746
ZKW Group GmbH	783,685	479,713	303,972	47,899	(4,554)	48,664	(2,188)
LG Electronics Deutschland GmbH(LGEDG)	1,047,022	907,564	139,458	460,133	(3,042)	1,053,935	26,296
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	771,380	543,273	228,107	254,984	13,904	491,029	22,695
LG Electronics (Thailand) Company Limited(LGETH)	662,949	289,198	373,751	263,665	(3,485)	671,094	24,351
P.T. LG Electronics Indonesia(LGEIN)	765,136	396,357	368,779	253,503	8,187	579,110	25,348
LG Electronics Nanjing New Technology co.,LTD(LGENT)	659,139	445,672	213,467	453,131	21,060	811,001	37,314
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	508,103	340,848	167,255	134,560	7,863	295,918	10,653

<sup>1</sup> MC business was classified as discontinued operations and the sales related to the discontinued operations were excluded.



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(c) Information of subsidiaries with material non-controlling interests is as follows:

- LG Innotek Co., Ltd. and its subsidiaries

i) Percentage of ownership in non-controlling interests and accumulated non-controlling interests

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Percentage of ownership in non-controlling interests	59.2%	59.2%
Accumulated non-controlling interests	1,722,386	1,466,760

ii) Profit and dividends attributable to non-controlling interests for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>		<b>2020</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Profit to non-controlling interests	94,354	245,040	8,740	59,047
Dividends to non-controlling interests	-	9,808	5	4,209

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

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Current assets	3,188,305	3,161,800
Non-current assets	3,361,188	2,876,800
<b>Total assets</b>	<b>6,549,493</b>	<b>6,038,600</b>
Current liabilities	2,490,896	2,284,222
Non-current liabilities	1,214,331	1,326,690
<b>Total liabilities</b>	<b>3,705,227</b>	<b>3,610,912</b>
Equity attributable to the owners of LG Innotek Co., Ltd.	2,844,266	2,427,688
Non-controlling interests	-	-
<b>Total equity</b>	<b>2,844,266</b>	<b>2,427,688</b>

## LG Electronics

### Notes to the Consolidated Interim Financial Statements

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- iv) Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Net sales	2,355,675	5,427,488	1,539,868	3,550,743
Profit for the period	147,287	398,700	7,591	88,163
Other comprehensive income (loss), net of tax	4,921	34,443	(9,010)	7,833
Total comprehensive income (loss), net of tax	152,208	433,143	(1,419)	95,996

- v) Summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for the six-month periods ended June 30, 2021 and 2020, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2021	2020
Cash flows from operating activities	407,163	311,971
Cash flows from investing activities	(253,897)	(312,797)
Cash flows from financing activities	(79,481)	(71,171)
Effects of exchange rate changes on cash and cash equivalents	7,497	1,787
Net increase (decrease) in cash and cash equivalents	81,282	(70,210)
Cash and cash equivalents included in assets held for sale at the beginning of the period	53,586	-
Cash and cash equivalents at the beginning of the period	694,607	799,575
Cash and cash equivalents included in assets held for sale at the end of the period	(56,021)	-
Cash and cash equivalents at the end of the period	773,454	729,365

(d) Significant restrictions on subsidiaries

- i) Significant restrictions on the ability to use the assets and settle the liabilities of the Group

Cash and other short-term financial instruments held by subsidiaries in Egypt, Algeria, Russia and Kazakhstan are subject to foreign currency exchange control regulations of each relevant country. Accordingly, there are transfer limits on their cash and short-term financial instruments from these countries.

- ii) The nature and extent to which the protective rights of non-controlling interests can restrict the use of the assets and settlement of the liabilities of the Group are as follows:

Subsidiary	The nature and extent of the protective rights for non-controlling interests
LG-Shaker Co., Ltd.(LGESR)	An unanimous approval is required for the confirmation of the financial statements and dividend declaration.

## LG Electronics

### Notes to the Consolidated Interim Financial Statements

June 30, 2021 and 2020 (Unaudited), and December 31, 2020

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

During the six-month period ended June 30, 2021, non-controlling interests decreased by ₩1,865 million due to the effect of changes in the percentage of ownership resulting from the stock options exercised and the tender offer agreement for non-controlling interests in relation to Alphonso Inc.

(f) Subsidiaries newly included in the scope of the preparation of the consolidated interim financial statements for the six-month period ended June 30, 2021, are:

Subsidiary	Reason	Country	Percentage of ownership	Closing month	Major business
Hi-Caresolution Corp.	Newly established	Korea	100%	December	Services
ZKW Automotive Engineering CZ s.r.o.	Newly established	Czech	70%	December	R&D
LG Magna e-Powertrain USA Inc.	Newly established	USA	100%	December	Sales of vehicle components
HI-M SOLUTEK POLAND Sp. z o.o.	Newly established	Poland	100%	December	Services
HI-M.SOLUTEK LLC	Newly established	Egypt	100%	December	Services
LG Magna Nanjing e-Powertrain Vehicle Components Co., Ltd.	Newly established	China	100%	December	Productions and sales of vehicle components
LG Innotek Fund I LLC	Newly established	USA	40.8%	December	Investment in technology start ups

(g) A subsidiary excluded from the scope of preparation of the consolidated interim financial statements for the six-month period ended June 30, 2021, is:

Subsidiary	Reason	Country
V-ENS (M) Sdn. Bhd.	Liquidation	Malaysia

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

During the six-month period ended June 30, 2021, the Group liquidated V-ENS (M) Sdn. Bhd. and recognized loss of ₩710 million from the loss of control.

# LG Electronics

## Notes to the Consolidated Interim Financial Statements

### June 30, 2021 and 2020 (Unaudited), and December 31, 2020

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## 2. Significant Accounting Policies

### Basis of Preparation

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

The Group's consolidated interim financial statements for the six-month period ended June 30, 2021, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as at June 30, 2021.

### Changes in Accounting Policies and Disclosures

(a) New and amended standards and interpretations effective for the financial year beginning January 1, 2021

- *Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement, Korean IFRS 1107 Financial Instruments: Disclosure, Korean IFRS 1104 Insurance Contracts and Korean IFRS 1116 Lease – Interest Rate Benchmark Reform (Phase 2 amendments)*

In relation to interest rate benchmark reform, the amendments provide exceptions including the adjustment of effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortized costs is replaced, and the application of hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship.

The Group has financial instruments subject to interest rate benchmark reform, however there is no completed transition to alternative benchmark during the current period. The amendments do not have a significant impact on the consolidated interim financial statements.

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

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022.

With early adoption of Korean IFRS 1116 *Lease*, the Group has retrospectively applied the changed accounting policy according to the application of the practical expedient and the transitional provisions in the standard for the rent concessions and others that meet the requirements. However, there is no cumulative impact of initial application on the beginning balance of retained earnings as at January 1, 2021, and the Group did not restate comparatives for the 2020 reporting period. The amendments do not have a significant impact on the

# LG Electronics

## Notes to the Consolidated Interim Financial Statements

### June 30, 2021 and 2020 (Unaudited), and December 31, 2020

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consolidated interim financial statements.

(b) New, enacted and amended standards issued, but not effective for June 30, 2021, and not early adopted by the Company.

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

The amendments update a reference of definition of assets and liabilities qualify for recognition in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korean IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

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

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments should be applied for annual periods beginning on or after January 1, 2022. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

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

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual periods beginning on or after January 1, 2022. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

*- Annual improvements to Korean IFRS 2018-2020*

Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

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

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## Notes to the Consolidated Interim Financial Statements

### June 30, 2021 and 2020 (Unaudited), and December 31, 2020

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of financial liabilities

- Korean IFRS 1116 *Leases* – Lease incentives
- Korean IFRS 1041 *Agriculture* – Measuring fair value

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

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

#### **Application of Accounting Policies**

Significant accounting policies and method of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2020, except for the changes due to the application of amendment and enactments of standards described in Note 2 and the income tax expense described below. MC business of which operation has been discontinued during the six-month period ended June 30, 2021, was accounted for in accordance with the accounting policy of 'Assets Held for Sale and Discontinued Operations' in Note 2.

#### **Income Tax Expense**

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

#### **Assets Held for Sale and Discontinued Operations**

Non-current assets (or disposal group) are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

When a component of discontinued operations or a component held for sale due to disposals is of a major line of business or geographical area, its post-tax profit or loss is presented separately in the statement of profit or loss as the profit or loss of discontinued operations. The net cash flows attributable to the operating, investing and financing activities of discontinued operations

# **LG Electronics**

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

### **June 30, 2021 and 2020 (Unaudited), and December 31, 2020**

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are presented in the notes to the consolidated interim financial statements.

### **3. Critical Accounting Estimates and Judgements**

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

#### **Critical Accounting Estimates and Assumptions**

The Group makes estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The spread of COVID-19 has a material impact on domestic and foreign economy. It may have a negative impact; such as, decrease in productivity, decrease or delay in sales, collection of existing receivables and others. Accordingly, it may have a negative impact on the financial position and financial performance of the Group, and the impact is expected to be continued to the consolidated annual financial statements in 2021.

Significant accounting estimates and assumptions applied in the preparation of the consolidated interim financial statements can be adjusted depending on changes in the uncertainty from COVID-19. Also, the ultimate effect of COVID-19 to the Group's business, financial position and financial performance cannot presently be determined.

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

#### **(a) Revenue Recognition**

The Group recognizes revenue over time using the percentage of completion method for the rendering of service such as equipment production and installation. The Group measures the percentage of completion by estimating cost for the completion of the transaction, and the factors for the estimation of revenue may vary.

#### **(b) Impairment of Goodwill**

The Group tests goodwill and others regularly for impairment. The recoverable amounts of cash-generating units have been determined based on fair value less costs of disposal or value-in-use calculations. These calculations require estimates.

#### **(c) Income Taxes**

The Group recognizes assets and liabilities for anticipated tax audit issues based on the best estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current

## **LG Electronics**

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

#### **June 30, 2021 and 2020 (Unaudited), and December 31, 2020**

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and deferred tax assets and liabilities in the period in which such determination is made.

#### (d) Fair Value of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of the reporting period.

#### (e) Provisions

The Group recognizes provisions for product warranties and others based on their historical data at the end of the reporting period.

#### (f) Net Defined Benefit Liabilities

The present value of the defined benefit liability depends on various factors that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for pensions include the discount rate, which is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit liability. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for defined benefit liability are based on current market conditions.

#### (g) Development Costs

The Group capitalizes development costs when there is a reasonable assurance that projects have technical feasibility and the possibility of generating future economic benefits, and performs periodic impairment test. The recoverable amount of each project has been calculated on a basis of the value-in-use reflecting historical experience and future business plans. These calculations require estimates.

#### (h) Lease

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

The assessment of reasonable certainty to exercise (or not exercise) an extension option is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

### **Significant Judgment on Accounting Policies Adopted by the Group**



# LG Electronics

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In order to determine the Group's de-facto control, the Group considers percentage of ownership held by Group and ownership dispersion of the remaining shareholders, and also considers additional facts and circumstances including voting patterns at previous shareholders' meetings.

#### 4. Segment Information

The segments of the Group are strategic business divisions providing different products and services. They are reported separately because each business division requires different technologies and marketing strategies. At the end of the reporting periods, the main products of each business division are as follows, and the comparative information is presented in conformity with the same classification in the current period.

Operating segment	Type of products
Home Appliance & Air Solution (H&A)	Refrigerators, washing machines, air conditioners, vacuum cleaners and others
Home Entertainment (HE)	TVs, audio, beauty appliances and others
Vehicle component Solutions (VS)	Vehicle components and others
Business Solutions (BS)	Monitors, PCs, information displays, solar panels and others
LG Innotek Co., Ltd. and its subsidiaries (Innotek)	Camera modules, substrate & material, motor/sensor and others
Other segments	Equipment production and others

(a) The segment information for sales and operating profit (loss) for the three-month and six-month periods ended June 30, 2021 and 2020, is as follows:

(in millions of Korean won)	Three-month period ended June 30, 2021							Total
	H&A	HE	VS	BS	Innotek	Other segments <sup>1</sup>	Inter-segment transactions <sup>2</sup>	
Sales	6,814,904	4,042,557	1,884,655	1,685,439	2,355,676	612,282	(281,615)	17,113,898
External sales	6,801,867	4,041,042	1,884,655	1,684,920	2,210,703	490,711	-	17,113,898
Internal sales	13,037	1,515	-	519	144,973	121,571	(281,615)	-
Operating profit (loss) <sup>3</sup>	653,550	333,570	(337,704)	61,753	150,990	15,987	-	878,146
Depreciation and amortization	189,089	89,578	130,912	61,220	182,341	36,860	-	690,000

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**Six-month period ended June 30, 2021**

<i>(in millions of Korean won)</i>	<b>H&amp;A</b>	<b>HE</b>	<b>VS</b>	<b>BS</b>	<b>Innotek</b>	<b>Other segments<sup>1</sup></b>	<b>Inter-segment transactions<sup>2</sup></b>	<b>Total</b>
Sales	13,523,760	8,051,265	3,778,380	3,550,006	5,427,489	1,116,467	(521,067)	34,926,300
External sales	13,501,743	8,045,857	3,778,380	3,548,989	5,140,981	910,350	-	34,926,300
Internal sales	22,017	5,408	-	1,017	286,508	206,117	(521,067)	-
Operating profit (loss) <sup>3</sup>	1,559,761	728,848	(341,663)	191,708	496,340	10,424	-	2,645,418
Depreciation and amortization	374,972	172,087	263,771	123,230	354,615	67,208	-	1,355,883

**Three-month period ended June 30, 2020**

<i>(in millions of Korean won)</i>	<b>H&amp;A</b>	<b>HE</b>	<b>VS</b>	<b>BS</b>	<b>Innotek</b>	<b>Other segments<sup>1</sup></b>	<b>Inter-segment transactions<sup>2</sup></b>	<b>Total</b>
Sales	5,157,035	2,257,578	912,513	1,307,899	1,539,868	537,328	(183,435)	11,528,786
External sales	5,142,865	2,255,476	912,513	1,307,499	1,442,713	467,720	-	11,528,786
Internal sales	14,170	2,102	-	400	97,155	69,608	(183,435)	-
Operating profit (loss) <sup>3</sup>	612,136	105,468	(204,640)	72,744	42,938	43,577	-	672,223
Depreciation and amortization	173,410	67,381	122,091	60,350	163,608	31,050	-	617,890

**Six-month period ended June 30, 2020**

<i>(in millions of Korean won)</i>	<b>H&amp;A</b>	<b>HE</b>	<b>VS</b>	<b>BS</b>	<b>Innotek</b>	<b>Other segments<sup>1</sup></b>	<b>Inter-segment transactions<sup>2</sup></b>	<b>Total</b>
Sales	10,576,061	5,228,908	2,231,944	3,017,314	3,550,743	1,018,423	(363,186)	25,260,207
External sales	10,546,713	5,225,142	2,231,944	3,016,411	3,329,210	910,787	-	25,260,207
Internal sales	29,348	3,766	-	903	221,533	107,636	(363,186)	-
Operating profit (loss) <sup>3</sup>	1,350,445	422,548	(304,264)	261,486	180,898	57,480	-	1,968,593
Depreciation and amortization	340,452	140,131	244,817	119,466	320,391	63,846	-	1,229,103

<sup>1</sup> Other segments include operating segments that are not qualified as reportable segments and departments that support the operating segments and R&D.

<sup>2</sup> Sales between segments are accounted on terms equivalent to those that prevail in arm's length transactions.

<sup>3</sup> Other income or expenses items not included in the operating profit (loss) are not separately disclosed because the Chief Operating Decision Maker does not review them by segment.

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(b) Segment assets and liabilities as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
H&A	23,206,593	12,632,517	20,963,845	11,711,590
HE	12,814,982	9,149,874	11,824,138	8,755,478
VS	6,991,498	8,450,527	6,509,025	7,671,125
BS	6,028,882	4,574,989	5,443,429	4,166,338
Innotek	6,549,493	3,705,227	6,038,600	3,610,912
<b>Subtotal<sup>1</sup></b>	<b>55,591,448</b>	<b>38,513,134</b>	<b>50,779,037</b>	<b>35,915,443</b>
Other segments and inter-segment transactions	(4,924,565)	(6,547,898)	(2,574,810)	(5,253,341)
<b>Total</b>	<b>50,666,883</b>	<b>31,965,236</b>	<b>48,204,227</b>	<b>30,662,102</b>

<sup>1</sup> The amounts of assets and liabilities of each segment are before inter-company elimination, and common assets and liabilities are allocated based on the operations of the segments.

(c) Non-current assets by geographic area as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	Non-current assets <sup>1</sup>	
	June 30, 2021	December 31, 2020
<b>Geographic areas</b>		
Korea	12,101,578	12,150,444
China	942,894	899,453
Asia	1,054,858	935,727
North America	1,507,234	1,450,716
Europe	1,339,307	1,327,801
South America	108,060	98,476
Middle East & Africa	112,782	106,761
Russia and others	152,390	144,079
<b>Total</b>	<b>17,319,103</b>	<b>17,113,457</b>

<sup>1</sup> Non-current assets consist of property, plant and equipment, intangible assets and investment properties.

(d) Details of net sales from a major external customer for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020	Related segment
Major customer A	3,729,992	2,173,174	Innotek and others

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**5. Financial Instruments by Category**

(a) Categorizations of financial instruments as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2021				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	6,186,301	-	-	-	6,186,301
Deposits held by financial institutions	138,921	-	-	-	138,921
Trade receivables	7,019,261	710,699	-	-	7,729,960
Other receivables	966,339	-	-	-	966,339
Other financial assets	-	86,322	86,610	1,671	174,603
<b>Total</b>	<b>14,310,822</b>	<b>797,021</b>	<b>86,610</b>	<b>1,671</b>	<b>15,196,124</b>

<i>(in millions of Korean won)</i>	June 30, 2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	8,448,235	-	-	8,448,235
Borrowings	10,100,378	-	-	10,100,378
Lease liabilities	-	-	871,621	871,621
Other payables	3,718,336	-	-	3,718,336
Other financial liabilities	-	27,656	90,752	118,408
<b>Total</b>	<b>22,266,949</b>	<b>27,656</b>	<b>962,373</b>	<b>23,256,978</b>

<i>(in millions of Korean won)</i>	December 31, 2020				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	5,896,309	-	-	-	5,896,309
Deposits held by financial institutions	140,921	-	-	-	140,921
Trade receivables	6,352,015	802,917	-	-	7,154,932
Other receivables	904,597	-	-	-	904,597
Other financial assets	1,612	117,420	41,751	-	160,783
<b>Total</b>	<b>13,295,454</b>	<b>920,337</b>	<b>41,751</b>	<b>-</b>	<b>14,257,542</b>

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<i>(in millions of Korean won)</i>	December 31, 2020			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	8,728,159	-	-	8,728,159
Borrowings	9,919,755	-	-	9,919,755
Lease liabilities	-	-	862,060	862,060
Other payables	3,619,104	-	-	3,619,104
Other financial liabilities	-	26,913	170,519	197,432
<b>Total</b>	<b>22,267,018</b>	<b>26,913</b>	<b>1,032,579</b>	<b>23,326,510</b>

(b) Net gains or losses on each category of financial instruments for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	36,853	-	-	-	36,853
Exchange differences	204,472	25,575	-	-	230,047
Reversal of bad debt expenses	28,762	-	-	-	28,762
Loss on disposal of trade receivables	(1,100)	(1,868)	-	-	(2,968)
Dividend income	-	236	4	-	240
Gain on valuation of financial assets at fair value through profit or loss	-	-	19,410	-	19,410
Gain on derivatives (through profit or loss)	-	-	22,391	-	22,391
Net gain from discontinued operations	22,886	-	3,524	-	26,410
Fair value loss, net of tax (through other comprehensive income)	-	(15,435)	-	-	(15,435)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	-	1,500	1,500

<i>(in millions of Korean won)</i>	2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(66,664)	-	(32,952)	(99,616)
Exchange differences	(231,282)	-	27,618	(203,664)
Loss on derivatives (through profit or loss)	-	(33,066)	-	(33,066)
Net loss from discontinued operations	(95,038)	(4,291)	(465)	(99,794)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	39,485	39,485
Others	(1,194)	-	-	(1,194)

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<i>(in millions of Korean won)</i>	2020				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	49,276	-	-	-	49,276
Exchange differences	172,168	9,420	-	-	181,588
Bad debt expenses	(10,037)	-	-	-	(10,037)
Loss on disposal of trade receivables	(2,573)	(3,545)	-	-	(6,118)
Dividend income	-	151	-	-	151
Loss on valuation of financial assets at fair value through profit or loss	-	-	163	-	163
Gain on derivatives (through profit or loss)	-	-	52,182	-	52,182
Net gain from discontinued operations	16,315	-	9,901	-	26,216
Fair value loss, net of tax (through other comprehensive income)	-	782	-	-	782
Loss on derivatives, net of tax (through other comprehensive income)	-	-	-	(1,196)	(1,196)

<i>(in millions of Korean won)</i>	2020			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(99,765)	-	(24,997)	(124,762)
Exchange differences	(373,584)	-	24,608	(348,976)
Loss on derivatives (through profit or loss)	-	(18,798)	-	(18,798)
Net loss from discontinued operations	(120,194)	(2,094)	(868)	(123,156)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(46,389)	(46,389)
Others	(2,254)	-	-	(2,254)

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**6. Trade Receivables and Other Receivables**

(a) Trade receivables and other receivables, net of allowance for doubtful accounts, as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>			<b>December 31, 2020</b>		
	<b>Original amount</b>	<b>Allowance for doubtful accounts</b>	<b>Carrying amount</b>	<b>Original amount</b>	<b>Allowance for doubtful accounts</b>	<b>Carrying amount</b>
Trade receivables	7,814,390	(84,430)	7,729,960	7,267,448	(112,516)	7,154,932
Other receivables						
Current	496,319	(19,697)	476,622	465,655	(19,229)	446,426
Non-current	489,758	(41)	489,717	458,206	(35)	458,171

(b) Movements in allowance for doubtful accounts for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>				
	<b>At January 1</b>	<b>Addition (Reversal)</b>	<b>Write-off</b>	<b>Other</b>	<b>At June 30</b>
Trade receivables	112,516	(28,393)	(514)	821	84,430
Other receivables					
Current	19,229	(94)	(23)	585	19,697
Non-current	35	5	-	1	41

  

<i>(in millions of Korean won)</i>	<b>2020</b>				
	<b>At January 1</b>	<b>Addition</b>	<b>Write-off</b>	<b>Other</b>	<b>At June 30</b>
Trade receivables	111,300	6,003	(3,032)	1,140	115,411
Other receivables					
Current	16,523	3,550	-	(2,941)	17,132
Non-current	588	517	-	(3)	1,102

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(c) The aging analysis of trade receivables and other receivables as at June 30, 2021 and December 31, 2020, is as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>				<b>December 31, 2020</b>			
	<b>Trade receivables</b>	<b>Other receivables</b>		<b>Total</b>	<b>Trade receivables</b>	<b>Other receivables</b>		<b>Total</b>
		<b>Current</b>	<b>Non-current</b>			<b>Current</b>	<b>Non-current</b>	
<b>Receivables not past due</b>	7,234,029	459,404	481,337	8,174,770	6,561,201	433,690	454,787	7,449,678
<b>Past due but not impaired</b>								
Up to 6 months	376,479	15,343	6,626	398,448	466,159	10,202	1,526	477,887
7 to 12 months	17,734	1,175	175	19,084	20,397	1,087	1,863	23,347
Over 1 year	21,842	5,517	1,620	28,979	32,328	5,306	30	37,664
<b>Subtotal</b>	<b>416,055</b>	<b>22,035</b>	<b>8,421</b>	<b>446,511</b>	<b>518,884</b>	<b>16,595</b>	<b>3,419</b>	<b>538,898</b>
<b>Impaired</b>	<b>164,306</b>	<b>14,880</b>	<b>-</b>	<b>179,186</b>	<b>187,363</b>	<b>15,370</b>	<b>-</b>	<b>202,733</b>
<b>Total</b>	<b>7,814,390</b>	<b>496,319</b>	<b>489,758</b>	<b>8,800,467</b>	<b>7,267,448</b>	<b>465,655</b>	<b>458,206</b>	<b>8,191,309</b>

(d) There are no financial assets transferred but not derecognized in their entirety, nor any associated liabilities recognized at the end of the reporting period.

**7. Other Financial Assets and Liabilities**

(a) Details of other financial assets and liabilities as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>Other financial assets</b>		
Derivatives	4,595	4,292
Financial assets at fair value through other comprehensive income	86,322	117,420
Financial assets at fair value through profit or loss	83,686	37,459
Financial assets at amortized cost	-	1,612
<b>Total</b>	<b>174,603</b>	<b>160,783</b>
Current	9,052	4,292
Non-current	165,551	156,491
<b>Other financial liabilities</b>		
Derivatives	118,362	197,318
Financial guarantee liability	46	114
<b>Total</b>	<b>118,408</b>	<b>197,432</b>
Current	25,094	19,961
Non-current	93,314	177,471



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(b) Details of derivatives as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
<b>Current</b>				
Currency forward	3,656	21,752	2,542	19,847
Cross-currency swap	-	3,296	1,750	-
<b>Subtotal</b>	<b>3,656</b>	<b>25,048</b>	<b>4,292</b>	<b>19,847</b>
<b>Non-current</b>				
Cross-currency swap	939	17,967	-	65,581
Interest rate swap	-	75,347	-	111,890
<b>Subtotal</b>	<b>939</b>	<b>93,314</b>	<b>-</b>	<b>177,471</b>
<b>Total</b>	<b>4,595</b>	<b>118,362</b>	<b>4,292</b>	<b>197,318</b>

The details of major derivative contracts at the end of the reporting period are presented in Note 32.

(c) Changes in carrying amount of financial assets at fair value through other comprehensive income for the six-month periods ended June 30, 2021 and 2020, are as follows:

**2021**

<i>(in millions of Korean won)</i>	At January 1	Acquisition	Disposal	Transfer	Valuation	Other	At June 30
Listed equity securities	58,103	-	(212)	-	(12,331)	541	46,101
Unlisted equity securities	59,317	-	-	(14,210)	(6,172)	1,286	40,221
<b>Total</b>	<b>117,420</b>	<b>-</b>	<b>(212)</b>	<b>(14,210)</b>	<b>(18,503)</b>	<b>1,827</b>	<b>86,322</b>

**2020**

<i>(in millions of Korean won)</i>	At January 1	Acquisition	Disposal	Valuation	Other	At June 30
Listed equity securities	18,638	-	-	816	350	19,804
Unlisted equity securities	51,124	16,090	(166)	-	774	67,822
<b>Total</b>	<b>69,762</b>	<b>16,090</b>	<b>(166)</b>	<b>816</b>	<b>1,124</b>	<b>87,626</b>

(d) Changes in carrying amount of financial assets at fair value through profit or loss for the six-month periods ended June 30, 2021 and 2020, are as follows:

**2021**

<i>(in millions of Korean won)</i>	At January 1	Acquisition	Disposal	Transfer	Valuation	Other	At June 30
Listed equity securities	-	-	(374)	567	4,956	247	5,396
Unlisted equity securities <sup>1</sup>	29,844	10,856	(3,332)	13,643	14,454	(317)	65,148
Debt securities	7,615	5,232	-	-	-	295	13,142
<b>Total</b>	<b>37,459</b>	<b>16,088</b>	<b>(3,706)</b>	<b>14,210</b>	<b>19,410</b>	<b>225</b>	<b>83,686</b>

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<i>(in millions of Korean won)</i>	2020					At
	At January 1	Acquisition	Disposal	Valuation	Other	June 30
Unlisted equity securities <sup>1</sup>	21,572	2,384	(3,054)	486	-	21,388
Debt securities	1,752	-	-	(324)	67	1,495
<b>Total</b>	<b>23,324</b>	<b>2,384</b>	<b>(3,054)</b>	<b>162</b>	<b>67</b>	<b>22,883</b>

<sup>1</sup> Equity securities in CerebrumX Labs, Inc and Aurora Labs Ltd, which the Group can exercise a significant influence in the Board of Directors of the investee although the percentage of ownership is less than 20%, are included. The equity securities are held by LG Electronics Fund I LLC, a subsidiary, and measured at fair value due to exemption from applying the equity method.

#### (e) Financial assets at amortized cost

- i) Maturity analysis of financial assets at amortized cost as at June 30, 2021 and December 31, 2020, is as follows:

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
Within one year	-	-
One to five years	-	1,612
<b>Total</b>	<b>-</b>	<b>1,612</b>

- ii) The amount recognized as interest income in relation to financial assets at amortized cost for the six-month period ended June 30, 2021, was ₩10 million (June 30, 2020: ₩14 million). No impairment losses were recognized in relation to financial assets at amortized cost for the six-month periods ended June 30, 2021 and 2020.

## 8. Inventories

Inventories as at June 30, 2021 and December 31, 2020, consist of:

<i>(in millions of Korean won)</i>	June 30, 2021			December 31, 2020		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	4,757,526	(104,087)	4,653,439	4,344,610	(101,164)	4,243,446
Work-in-process	450,307	(15,518)	434,789	528,004	(6,433)	521,571
Raw materials and supplies	3,046,991	(128,863)	2,918,128	2,522,056	(79,136)	2,442,920
Other	353,040	(31,909)	321,131	269,576	(30,356)	239,220
<b>Total</b>	<b>8,607,864</b>	<b>(280,377)</b>	<b>8,327,487</b>	<b>7,664,246</b>	<b>(217,089)</b>	<b>7,447,157</b>

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**9. Contract Assets and Contract Liabilities**

(a) Contract assets as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Due from customers	542,235	568,881
(Less: allowance for doubtful accounts)	(5,961)	(6,828)
Right to collect returned products	112,301	92,789
Costs to fulfill contracts and others	234,581	217,840
<b>Total</b>	<b>883,156</b>	<b>872,682</b>
Current	625,375	642,171
Non-current	257,781	230,511

(b) Contract liabilities as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Expected promotional incentives for customers	1,000,200	1,072,912
Expected returns from customers	185,617	145,287
Customer loyalty program	109,971	97,185
Rendering of warranty services	85,392	81,297
Due to customers and others	285,272	277,684
<b>Total</b>	<b>1,666,452</b>	<b>1,674,365</b>
Current	1,630,557	1,645,323
Non-current	35,895	29,042

(c) Revenue recognized in relation to contract liabilities for the six-month periods ended June 30, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Revenue recognized that was included in the contract liability amount at the beginning of the period:		
Due to customers and others	127,677	108,778
Customer loyalty program	48,321	36,865
Rendering of warranty services	23,076	14,945
<b>Total</b>	<b>199,074</b>	<b>160,588</b>
Revenue recognized from performance obligations satisfied in previous periods	10,097	9,396

(d) Unsatisfied long-term contracts

At the end of the reporting period, the total amount of transaction price allocated to the unsatisfied or partially unsatisfied performance obligations was ₩963,552 million which were expected to be satisfied by 2025, at the latest. Also, as a practical expedient, the Group excluded performance obligation which was a part of contract that had an original expected duration of one year or less.

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- (e) For the six-month period ended June 30, 2021, the Group recognized an impairment loss amounting to ₩1,109 million (June 30, 2020: reversal of impairment loss of ₩3,479 million) in relation to due from customers, and amortization and other costs of ₩36,379 million (June 30, 2020: ₩32,193 million) in relation to costs to fulfil contracts.

#### 10. Property, Plant and Equipment, and Intangible Assets

- (a) Changes in property, plant and equipment for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>At January 1</b>	13,973,998	14,505,419
Acquisitions	1,403,120	1,057,643
Reclassification from assets held for sale	291,486	-
Reclassification to assets held for sale	(13,155)	-
Disposals and others	(37,472)	(64,060)
Depreciation	(1,144,938)	(1,087,796)
Impairment losses <sup>1</sup>	(44,457)	(13,150)
Exchange differences	150,029	54,948
<b>At June 30</b>	<b>14,578,611</b>	<b>14,453,004</b>

<sup>1</sup> Impairment loss on property, plant and equipment from discontinued operations of MC business amounting to ₩34,248 million is included.

- (b) Line items including depreciation in the consolidated interim statements of profit or loss for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>Continuing operations:</b>		
Cost of sales	880,151	817,943
Selling and marketing expenses	116,599	110,914
Administrative expenses	67,947	62,714
Research and development expenses	35,916	38,740
Service costs	14,742	14,188
Other non-operating expenses	4,106	7,100
<b>Subtotal</b>	<b>1,119,461</b>	<b>1,051,599</b>
<b>Discontinued operations:</b>	<b>25,477</b>	<b>36,197</b>
<b>Total</b>	<b>1,144,938</b>	<b>1,087,796</b>

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(c) Changes in right-of-use assets included in property, plant and equipment for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>At January 1</b>	966,210	875,491
Acquisitions	154,318	202,168
Disposals and others	(7,486)	(17,422)
Depreciation	(173,552)	(158,824)
Exchange differences	16,932	3,463
<b>At June 30</b>	<b>956,422</b>	<b>904,876</b>

The amount recognized as lease income in relation to sublease of the above right-of-use assets for the six-month period ended June 30, 2021, was ₩4,599 million (June 30, 2020: ₩4,047 million).

(d) Changes in intangible assets for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>At January 1</b>	3,139,080	2,691,972
Acquisitions	179,752	163,400
Acquisitions by internal development	115,524	279,296
Reclassification to assets held for sale	(2,129)	-
Disposals and others	(44,328)	(28,587)
Amortization	(331,536)	(213,940)
Impairment losses <sup>1</sup>	(320,838)	(31,749)
Exchange differences	4,593	15,691
<b>At June 30</b>	<b>2,740,118</b>	<b>2,876,083</b>

<sup>1</sup> Impairment loss on intangible assets from discontinued operations of MC business amounting to ₩295,347 million is included.

(e) Line items including amortization of intangible assets in the consolidated interim statements of profit or loss for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>Continuing operations:</b>		
Cost of sales	185,433	122,449
Selling and marketing expenses	10,249	10,571
Administrative expenses	26,659	27,083
Research and development expenses	17,114	23,918
Service costs	1,069	579
Other non-operating expenses	-	1
<b>Subtotal</b>	<b>240,524</b>	<b>184,601</b>
<b>Discontinued operations:</b>	<b>91,012</b>	<b>29,339</b>

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<b>Total</b>	331,536	213,940
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**11. Investments in Associates and Joint Ventures**

(a) Investments in associates and joint ventures

i) Carrying amounts of investments in associates and joint ventures, as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Associates	4,754,460	4,416,616
Joint ventures	58,970	54,974
<b>Total</b>	<b>4,813,430</b>	<b>4,471,590</b>

ii) Investments in associates as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>				<b>December 31, 2020</b>			
	<b>Acquisition cost</b>	<b>Net asset amount</b>	<b>Unrealized gain</b>	<b>Carrying amount</b>	<b>Acquisition cost</b>	<b>Net asset amount</b>	<b>Unrealized gain</b>	<b>Carrying amount</b>
LG Display Co., Ltd.	679,218	4,647,637	(103,800)	4,543,837	679,218	4,321,404	(107,316)	4,214,088
Ericsson-LG Co., Ltd.	12,649	53,611	-	53,611	12,649	55,468	-	55,468
Hitachi-LG Data Storage Inc.(HLDS)	101,961	50,720	(1,145)	49,575	101,961	50,025	(1,203)	48,822
CCP-LGE OWNER, LLC <sup>1</sup>	11,652	9,439	-	9,439	11,652	9,723	-	9,723
ROBOTIS Co., Ltd. <sup>1</sup>	9,000	8,842	-	8,842	9,000	8,396	-	8,396
Acryl Inc. <sup>1</sup>	2,000	1,281	-	1,281	2,000	1,376	-	1,376
Robostar Co., Ltd.	88,112	78,616	(1,478)	77,138	88,112	79,007	(1,064)	77,943
AiM Future, Inc.	800	864	-	864	800	800	-	800
Mirae Asset-LG Electronics New Growth Fund I	10,000	9,873	-	9,873	-	-	-	-
<b>Total</b>	<b>915,392</b>	<b>4,860,883</b>	<b>(106,423)</b>	<b>4,754,460</b>	<b>905,392</b>	<b>4,526,199</b>	<b>(109,583)</b>	<b>4,416,616</b>

<sup>1</sup> The financial statements as at May 31, 2021 were used due to a different closing date.

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iii) Investments in joint ventures as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2021				December 31, 2020			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	14,718	34,509	(569)	33,940	14,718	31,731	(429)	31,302
EIC PROPERTIES PTE LTD.	9,636	15,666	-	15,666	9,636	15,207	-	15,207
LG-MRI LLC	516	1,035	-	1,035	516	1,118	-	1,118
Neolite ZKW Lightings PVT Ltd.	-	-	-	-	-	-	-	-
LG-LHT Aircraft Solutions GmbH	17,335	4,107	-	4,107	12,039	2,724	-	2,724
LG-LHT Passenger Solutions GmbH	14,878	1,801	-	1,801	10,637	2,011	-	2,011
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	1,193	1,224	-	1,224	891	939	-	939
Alluto LLC	2,095	1,197	-	1,197	2,095	1,673	-	1,673
<b>Total</b>	<b>60,371</b>	<b>59,539</b>	<b>(569)</b>	<b>58,970</b>	<b>50,532</b>	<b>55,403</b>	<b>(429)</b>	<b>54,974</b>

(b) Associates and joint ventures

i) Associates as at June 30, 2021, are as follows:

Name of associate	Location	Closing month	Percentage of ownership (%)	Nature of relationships with the Group
LG Display Co., Ltd.	Korea	December	37.9	Production and supply of display products
Ericsson-LG Co., Ltd.	Korea	December	25.0	Supply of communication devices and network solution products
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0	Production and supply of data storages
CCP-LGE OWNER, LLC <sup>1</sup>	USA	December	70.2	Solar power plant
ROBOTIS Co., Ltd. <sup>2</sup>	Korea	December	8.5	Production and sales of personal robot
Acryl Inc. <sup>2</sup>	Korea	December	14.5	Development and sales of software
Robostar Co., Ltd.	Korea	December	33.4	Production and sales of industrial robot
AiM Future, Inc. <sup>2</sup>	Korea	December	17.7	A.I. solution
Mirae Asset-LG Electronics New Growth Fund I	Korea	December	50.0	Investment in technology start ups

<sup>1</sup> Classified as an associate although the percentage of ownership is more than 50% because the Group does not have the right to control by an agreement with other shareholders.

<sup>2</sup> Classified as an associate although the percentage of ownership is less than 20% because the Group can exercise a significant influence in the Board of Directors of the investee.

ii) Joint ventures as at June 30, 2021, are as follows:

All joint arrangements, over which the Group has joint control, are structured through separate companies and are categorized as joint ventures as the parties with joint control are assumed to have rights to the net assets of the arrangement.

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Name of joint venture	Location	Closing month	Percentage of ownership (%)	Nature of relationships with the Group
Arcelic-LG Klima Sanayi ve Ticarta A.S.(LGEAT)	Turkey	December	50.0	Production and supply of air conditioning products
EIC PROPERTIES PTE LTD.	Singapore	December	38.2	Real estate
LG-MRI LLC	USA	December	50.0	Production and supply of digital display products
Neolite ZKW Lightings PVT Ltd.	India	March	26.0	Production and sales of vehicle components
LG-LHT Aircraft Solutions GmbH	Germany	December	49.0	Production and sales of aircraft components
LG-LHT Passenger Solutions GmbH	Germany	December	49.0	Production and sales of aircraft components
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	China	December	35.0	Sales of electronic products
Alluto LLC <sup>1</sup>	USA	December	51.0	Automotive software license

<sup>1</sup> Classified as a joint venture although the percentage of ownership is more than 50% because the Group has joint control by a joint venture agreement.

iii) Above associates and joint ventures are accounted for using the equity method.

#### (c) Changes in investments in associates and joint ventures

i) Changes in the carrying amounts of investments in associates for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
<b>At January 1</b>	4,416,616	4,405,567
Acquisition	10,000	-
Gain (loss) from equity method valuation	227,822	(253,563)
Share of other comprehensive income of associates	104,810	74,857
Withdrawal of investments by dividend / capital reduction / liquidation and others	(5,250)	(17,570)
Disposal	-	(5,550)
Changes in percentage of ownership	89	-
Exchange differences	373	424
<b>At June 30</b>	<b>4,754,460</b>	<b>4,204,165</b>



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- ii) Changes in the carrying amounts of investments in joint ventures for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>At January 1</b>	54,974	138,954
Acquisition	9,840	5,784
Gain (loss) from equity method valuation	(1,915)	785
Share of other comprehensive loss of joint ventures	(3,750)	(2,614)
Withdrawal of investments by dividend / capital reduction / liquidation and others	(274)	(349)
Disposal <sup>1</sup>	-	(87,413)
Exchange differences	95	34
<b>At June 30</b>	<b>58,970</b>	<b>55,181</b>

<sup>1</sup> The Group disposed all shares of LG HOLDINGS (HK) LIMITED for ₩722,086 million during the six-month period ended June 30, 2020, and recognized gain on disposal of ₩640,124 million, net of related costs, in 'other non-operating income' (Note 25). The amount reclassified from accumulated other comprehensive income and included in gain on disposal was ₩7,593 million during the three-month period ended March 30, 2020.

- (d) Summarized financial information of the associates that are material to the reporting entity as at June 30, 2021 and December 31, 2020, and for the three-month and six-month periods ended June 30, 2021 and 2020, is as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Current assets	12,127,015	11,099,470
Non-current assets	24,196,674	23,972,053
<b>Total assets</b>	<b>36,323,689</b>	<b>35,071,523</b>
Current liabilities	12,631,438	11,006,948
Non-current liabilities	9,931,528	11,327,637
<b>Total liabilities</b>	<b>22,562,966</b>	<b>22,334,585</b>
Equity attributable to the owners of LG Display Co., Ltd.	12,261,734	11,401,042
Non-controlling interests	1,498,989	1,335,896
<b>Total equity</b>	<b>13,760,723</b>	<b>12,736,938</b>

<i>(in millions of Korean won)</i>	<b>2021</b>		<b>2020</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Net sales	6,965,570	13,848,331	5,307,021	10,031,270
Profit (loss) for the period	423,834	689,645	(503,830)	(702,727)
Attributable to the owners of LG Display Co., Ltd.				
Profit (loss) for the period	363,041	591,053	(489,121)	(688,112)
Other comprehensive income (loss), net of tax	76,714	269,639	(25,731)	201,587
<b>Total comprehensive income (loss), net of tax</b>	<b>439,755</b>	<b>860,692</b>	<b>(514,852)</b>	<b>(486,525)</b>

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There are no dividends received from LG Display Co., Ltd. for the six-month period ended June 30, 2021 (June 30, 2020: nil).

- (e) Reconciliations of the summarized financial information of associates that are material to the reporting entity to the carrying amount of the Group's interest for the six-month periods ended June 30, 2021 and 2020, are as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Opening equity attributable to owners of LG Display Co., Ltd.	11,401,042	11,340,483
Profit (loss) for the period	591,053	(688,112)
Other comprehensive income, net of tax	269,639	201,587
Dividends	-	417
Closing equity attributable to owners of LG Display Co., Ltd.	12,261,734	10,854,375
Group ownership (%)	37.9	37.9
The Group's share at the end of the reporting period	4,647,637	4,114,198
Unrealized gain	(103,800)	(109,257)
Carrying amount at the end of the reporting period	4,543,837	4,004,941

- (f) The Group's share in the operating results of the individually insignificant associates and joint ventures for the three-month and six-month periods ended June 30, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>			
	<b>Associates</b>		<b>Joint ventures</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Profit (loss) for the period	4,234	564	(350)	(1,771)
Other comprehensive income (loss), net of tax	453	2,606	(1,654)	(3,755)
Total comprehensive income (loss), net of tax	4,687	3,170	(2,004)	(5,526)

  

<i>(in millions of Korean won)</i>	<b>2020</b>			
	<b>Associates</b>		<b>Joint ventures</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Profit for the period	3,240	467	2,204	1,137
Other comprehensive loss, net of tax	(87)	(1,709)	(1,882)	(10,211)
Total comprehensive income (loss), net of tax	3,153	(1,242)	322	(9,074)

- (g) There are no accumulated unrecognized changes in equity due to discontinued use of the equity method as at June 30, 2021 and December 31, 2020.

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- (h) Details of marketable investments in associates as at June 30, 2021 and December 31, 2020, are as follows:

<b>June 30, 2021</b>					
	<b>Type</b>	<b>Shares held (Unit: shares)</b>	<b>Price per share (in Korean won)</b>	<b>Fair value (in millions of Korean won)</b>	<b>Book amount</b>
LG Display Co., Ltd.	Associate	135,625,000	24,500	3,322,813	4,543,837
Robostar Co., Ltd.	Associate	3,256,500	27,500	89,554	77,138
ROBOTIS Co., Ltd.	Associate	961,550	16,200	15,577	8,842

  

<b>December 31, 2020</b>					
	<b>Type</b>	<b>Shares held (Unit: shares)</b>	<b>Price per share (in Korean won)</b>	<b>Fair value (in millions of Korean won)</b>	<b>Book amount</b>
LG Display Co., Ltd.	Associate	135,625,000	18,550	2,515,844	4,214,088
Robostar Co., Ltd.	Associate	3,256,500	19,250	62,688	77,943
ROBOTIS Co., Ltd.	Associate	961,550	13,750	13,221	8,396

## 12. Borrowings

- (a) Carrying amounts of borrowings as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>Current</b>		
Short-term borrowings	205,731	196,774
Current portion of long-term borrowings	797,295	553,515
Current portion of debentures	692,536	699,846
<b>Subtotal</b>	<b>1,695,562</b>	<b>1,450,135</b>
<b>Non-current</b>		
Long-term borrowings	3,400,416	3,528,600
Debentures	5,004,400	4,941,020
<b>Subtotal</b>	<b>8,404,816</b>	<b>8,469,620</b>
<b>Total</b>	<b>10,100,378</b>	<b>9,919,755</b>

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(b) Details of borrowings as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at June 30, 2021(%)	Carrying amount	
			June 30, 2021	December 31, 2020
<b>Short-term borrowings in local currency</b>				
Nonghyup Bank and others	-	2.63 ~ 3.16	863	-
<b>Short-term borrowings in foreign currency</b>				
Citibank and others	-	0.50 ~ 6.87	204,868	196,774
<b>Long-term borrowings in local currency</b>				
Korea Development Bank and others	2035. 1. 9	1.50 ~ 3.50	2,647,442	2,671,263
<b>Long-term borrowings in foreign currency</b>				
Hana Bank and others	2030. 8. 1	0.41 ~ 4.15	1,550,269	1,410,852
<b>Local currency debentures</b>				
Public, non-guaranteed bonds	2036. 5. 4	1.33 ~ 4.44	3,970,000	4,050,000
Private, non-guaranteed bonds	2041. 2. 9	1.99 ~ 4.21	1,110,000	990,000
<b>Foreign currency debentures</b>				
Private, non-guaranteed bonds	2028. 6. 8	0.99 ~ 1.75	439,644	425,191
Private, guaranteed bonds	2026. 10. 26	0.21 ~ 1.28	190,942	188,224
Less: discount on debentures			(13,650)	(12,549)
<b>Total</b>			<b>10,100,378</b>	<b>9,919,755</b>

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

**13. Lease Liabilities**

(a) Details of lease liabilities as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
<b>Lease liabilities</b>		
Current	268,560	276,632
Non-current	603,061	585,428
<b>Total</b>	<b>871,621</b>	<b>862,060</b>

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- (b) The amounts, relating to leases, recognized in the consolidated interim statements of profit or loss for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>Continuing operations:</b>		
Interest expense relating on lease liabilities	15,562	14,225
Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	28,944	25,578
Payments for leases of low-value assets that are not short-term leases (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	11,584	16,317
Expense relating to variable lease payments not included in the measurement of lease liabilities (included in selling and marketing expenses, administrative expenses, and others)	55,976	43,860
<b>Subtotal</b>	<b>112,066</b>	<b>99,980</b>
<b>Discontinued operations:</b>	<b>7,250</b>	<b>4,557</b>
<b>Total</b>	<b>119,316</b>	<b>104,537</b>

- (c) Total expenses for leases including short-term leases and leases of low-value assets for the six-month period ended June 30, 2021, are ₩265,968 million (June 30, 2020: ₩249,093 million).

#### 14. Post-employment Benefits

##### Defined Benefit Plan

- (a) The amounts of net defined benefit liabilities as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Present value of funded obligations	3,956,260	3,980,162
Present value of unfunded obligations	49,257	48,985
<b>Subtotal</b>	<b>4,005,517</b>	<b>4,029,147</b>
Fair value of plan assets	(3,495,205)	(3,540,730)
<b>Net defined benefit liabilities<sup>1</sup></b>	<b>510,312</b>	<b>488,417</b>

<sup>1</sup> Net defined benefit assets are included.

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- (b) The amounts recognized in the consolidated interim statements of profit or loss for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Current service cost	208,292	194,990
Past service cost	(159)	-
Net interest cost	5,532	6,911
Operating management cost	1,475	1,346
<b>Total</b>	<b>215,140</b>	<b>203,247</b>

- (c) Line items in which expenses are included for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>Continuing operations:</b>		
Cost of sales	103,951	95,419
Selling and marketing expenses	32,341	29,689
Administrative expenses	12,315	12,454
Research and development expenses	33,128	32,326
Service costs	13,523	12,459
<b>Subtotal</b>	<b>195,258</b>	<b>182,347</b>
<b>Discontinued operations:</b>	<b>19,882</b>	<b>20,900</b>
<b>Total</b>	<b>215,140</b>	<b>203,247</b>

- (d) Movements in the present value of defined benefit obligations for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>At January 1</b>	4,029,147	3,628,727
Current service cost	208,292	194,990
Past service cost	(159)	-
Interest expense	46,664	40,693
Remeasurements for:		
- Actuarial loss (gain) arising from changes in financial assumptions	(134,698)	48,162
- Actuarial loss from experience adjustments	1,278	-
Benefits paid	(146,990)	(102,640)
Others <sup>1</sup>	1,983	(669)
<b>At June 30</b>	<b>4,005,517</b>	<b>3,809,263</b>

<sup>1</sup> Others include effects of exchange rate changes.

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- (e) Movements in the fair value of plan assets for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>At January 1</b>	3,540,730	3,035,798
Interest income	41,132	33,782
Remeasurements of plan assets	(10,320)	(1,932)
Employer contributions	21,299	5,261
Benefits paid	(96,574)	(73,985)
Operating management cost	(1,475)	(1,346)
Others <sup>1</sup>	413	(58)
<b>At June 30</b>	<b>3,495,205</b>	<b>2,997,520</b>

<sup>1</sup> Others include effects of exchange rate changes.

- (f) The significant actuarial assumptions used as at June 30, 2021 and December 31, 2020, are as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Weighted average discount rate of the Group	2.7%	2.4%
Weighted average expected salary growth rate of the Group	4.9%	4.9%

As at June 30, 2021, the discount rates applied to the Parent Company and subsidiaries are between 0.2%~7.5% (December 31, 2020: 0.2%~9.8%), and the expected salary growth rates are between 1.0%~10.0% (December 31, 2020: 1.0%~10.0%).

- (g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as at June 30, 2021, is as follows:

<i>(in millions of Korean won)</i>	<b>1%p increase</b>	<b>1%p decrease</b>
Discount rate	(362,734)	421,916
Expected salary growth rate	398,306	(362,368)

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

**Defined Contribution Plan**

The expense recognized for the six-month period ended June 30, 2021 in relation to the defined contribution plan was ₩6,937 million (June 30, 2020: ₩6,865 million).

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**15. Provisions**

Changes in provisions for the six-month periods ended June 30, 2021 and 2020, are as follows:

	<b>2021</b>			
<i>(in millions of Korean won)</i>	<b>Warranty</b>	<b>Restoration</b>	<b>Litigation and others</b>	<b>Total</b>
<b>At January 1</b>	966,233	47,038	182,508	1,195,779
Additional provisions, net <sup>1</sup>	1,020,966	4,111	36,714	1,061,791
Utilizations	(389,407)	(1,098)	(16,828)	(407,333)
Exchange differences	8,530	110	4,982	13,622
<b>At June 30</b>	<b>1,606,322</b>	<b>50,161</b>	<b>207,376</b>	<b>1,863,859</b>
Current	1,315,432	20,576	16,493	1,352,501
Non-current	290,890	29,585	190,883	511,358

  

	<b>2020</b>			
<i>(in millions of Korean won)</i>	<b>Warranty</b>	<b>Restoration</b>	<b>Litigation and others</b>	<b>Total</b>
<b>At January 1</b>	878,555	38,444	166,001	1,083,000
Additional provisions, net <sup>1</sup>	246,890	2,351	22,260	271,501
Utilizations	(376,444)	(745)	(16,697)	(393,886)
Exchange differences	1,858	89	(6,368)	(4,421)
<b>At June 30</b>	<b>750,859</b>	<b>40,139</b>	<b>165,196</b>	<b>956,194</b>
Current	670,091	4,787	5,952	680,830
Non-current	80,768	35,352	159,244	275,364

<sup>1</sup> Net amount of additional provisions equals to additional provisions less reversed amounts.

**16. Paid-in Capital**

(a) At the end of the reporting period, the number of shares authorized is 600 million.

		<b>June 30, 2021</b>		<b>December 31, 2020</b>	
	<b>Par value per share</b>	<b>Number of shares issued</b>	<b>Amount (in millions of Korean won)</b>	<b>Number of shares issued</b>	<b>Amount (in millions of Korean won)</b>
Ordinary shares	5,000	163,647,814	818,239	163,647,814	818,239
Preferred shares	5,000	17,185,992	85,930	17,185,992	85,930
<b>Total</b>		<b>180,833,806</b>	<b>904,169</b>	<b>180,833,806</b>	<b>904,169</b>

The preferred shareholders have no voting rights and are entitled to preferred dividends at a rate of one percentage point over that of ordinary shares. This preferred dividend rate is not applicable to stock dividends. In addition, the preferred shareholders have same rights on the remaining assets as ordinary shareholders. Repayment and conversion are not applicable to preferred shares.



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- (b) Share premium balance as at June 30, 2021, is ₩3,088,179 million. The share premium of ₩1,876,153 million was recognized, which is ₩2,815,707 million of the carrying amount of net assets acquired from the entity spin-off back on April 1, 2002, less the Parent Company's capital of ₩783,961 million and less the Parent Company's capital adjustment of ₩155,593 million. In addition, the amount of ₩331,766 million paid in excess of par value due to issuance of ordinary shares (merger with LG IBMPC Co., Ltd.) and the exercise of conversion right and warrants in 2005 and 2006 are included. The excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as the share premium due to the issuance of ordinary shares in 2011.

#### 17. Retained Earnings

Retained earnings as at June 30, 2021 and December 31, 2020, consist of:

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
Legal reserve <sup>1</sup>	231,220	209,524
Discretionary reserve	5,569,860	4,660,573
Unappropriated retained earnings <sup>2</sup>	8,325,178	8,782,740
<b>Total</b>	<b>14,126,258</b>	<b>13,652,837</b>

<sup>1</sup> The Commercial Code of the Republic of Korea requires the Parent Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for the payment of cash dividends, but may be transferred to share capital or used to reduce accumulated deficit.

<sup>2</sup> Dividend for the year ended December 31, 2020 of ₩216,938 million was approved at the annual general meeting held on March 24, 2021, and paid in April 2021 (2020 payments: ₩135,909 million).

#### 18. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss as at June 30, 2021 and December 31, 2020, consists of:

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
Share of accumulated other comprehensive loss of associates and joint ventures	(64,990)	(168,435)
Cash flow hedge	(63,176)	(101,756)
Financial assets at fair value through other comprehensive income	7,073	22,482
Exchange difference on translation of foreign operations	(1,430,474)	(1,747,133)
<b>Total</b>	<b>(1,551,567)</b>	<b>(1,994,842)</b>

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**19. Other Components of Equity**

Other components of equity as at June 30, 2021 and December 31, 2020, consist of:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Treasury shares <sup>1</sup>	(44,893)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
Capital transactions within the Group and others	(176,945)	(176,945)
<b>Total</b>	<b>(209,764)</b>	<b>(209,764)</b>

<sup>1</sup> The Parent Company has treasury shares consisting of 763,176 ordinary shares (December 31, 2020: 763,176 shares) and 4,693 preferred shares (December 31, 2020: 4,692 shares) at the end of the reporting period. The Parent Company intends to either grant these treasury shares to employees and directors as compensation or to sell them in the future.

**20. Net Sales**

(a) Details of net sales for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>		<b>2020</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
<b>Continuing operations:</b>				
Revenue from contracts with customers:				
Sales of goods	16,648,302	33,998,003	11,125,101	24,469,190
Rendering of services	284,601	549,786	242,540	475,204
Royalty income	17,397	55,527	15,192	31,282
<b>Subtotal</b>	<b>16,950,300</b>	<b>34,603,316</b>	<b>11,382,833</b>	<b>24,975,676</b>
Revenue from other sources:				
Rental income and others	163,598	322,984	145,953	284,531
<b>Subtotal</b>	<b>17,113,898</b>	<b>34,926,300</b>	<b>11,528,786</b>	<b>25,260,207</b>
<b>Discontinued operations:</b>	<b>567,385</b>	<b>1,564,464</b>	<b>1,305,041</b>	<b>2,301,423</b>
<b>Total</b>	<b>17,681,283</b>	<b>36,490,764</b>	<b>12,833,827</b>	<b>27,561,630</b>

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(b) Details of revenue from contracts with customers for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
By type of products:		
Refrigerator/ washing machine/ air conditioner and others	13,207,016	10,297,339
TV/AV and others	8,043,206	5,222,764
In-vehicle infotainment and others	3,777,818	2,223,998
Monitor/PC and others	3,547,109	3,014,418
Camera module and others	5,427,219	3,550,357
Others	1,114,403	1,021,939
Inter-segment transactions	(513,455)	(355,139)
By major geographical market <sup>1</sup> :		
Korea	11,740,816	9,648,012
North America	8,177,783	5,063,812
Asia	3,412,776	2,784,598
Europe	6,109,884	3,715,367
South America	1,577,861	1,053,394
Middle East & Africa	1,434,308	1,123,881
China	1,283,110	943,689
Russia and others	866,778	642,923
Timing of transfer:		
Transferred at a point in time	33,538,073	23,984,846
Transferred over time	1,065,243	990,830
<b>Total</b>	<b>34,603,316</b>	<b>24,975,676</b>

<sup>1</sup> Sales by major geographical market are the sales by region in which the Group is located.

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

Due to the factors causing the changes in the costs of VS and other segments during the six-month period ended June 30, 2021, the estimated total contract revenue and costs for contracts in progress have changed. Details of changes in estimated total contract revenue and costs and the impact on profit or loss for the six-month period ended June 30, 2021 and the succeeding periods are as follows:

<i>(in millions of Korean won)</i>	Changes in estimated total contract revenue	Changes in estimated total contract cost	Impact on profit or loss for the period ended June 30, 2021	Impact on profit or loss for the succeeding periods
VS	18,045	24,783	(9,722)	2,984
Other segments	45,233	27,296	11,922	6,015
<b>Total</b>	<b>63,278</b>	<b>52,079</b>	<b>2,200</b>	<b>8,999</b>

## 21. Expenses by Nature

Expenses that are recorded by nature for the three-month and six-month periods ended June 30, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
<b>Continuing operations:</b>				
Changes in finished goods and work-in-process	(355,444)	(568,300)	132,054	9,860
Raw materials and merchandise used	10,293,810	21,016,565	5,922,012	13,696,924
Employee benefit expense	2,049,773	4,010,098	1,925,048	3,705,381
Depreciation and amortization	690,000	1,355,883	617,890	1,229,103
Advertising expense	396,313	583,370	167,769	319,012
Promotion expense	130,532	244,236	96,804	206,570
Freight expense	750,073	1,462,956	368,415	780,874
Commission expense	899,655	1,801,533	795,248	1,615,646
Other expenses	1,381,040	2,374,541	831,323	1,728,244
<b>Subtotal<sup>1</sup></b>	<b>16,235,752</b>	<b>32,280,882</b>	<b>10,856,563</b>	<b>23,291,614</b>
<b>Discontinued operations:</b>	<b>1,646,156</b>	<b>2,893,862</b>	<b>1,481,827</b>	<b>2,684,175</b>
<b>Total</b>	<b>17,881,908</b>	<b>35,174,744</b>	<b>12,338,390</b>	<b>25,975,789</b>

<sup>1</sup> Cost of sales, selling and marketing expenses, administrative expenses, research and development expenses and service costs are included.

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#### 22. General Operating Expenses (Selling and Marketing Expenses, Administrative Expenses, Research and Development Expenses and Service Costs)

Details of general operating expenses for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
<b>Continuing operations:</b>				
Salaries	802,163	1,525,197	707,870	1,333,539
Post-employment benefits	47,018	96,346	50,391	98,581
Employee welfare benefits	169,704	341,122	152,572	299,702
Freight expense	745,929	1,454,870	371,918	774,740
Rental expense	18,785	37,116	20,045	41,401
Commission expense	654,566	1,257,952	548,090	1,111,046
Depreciation	119,233	235,208	114,236	226,560
Amortization	27,671	55,091	30,674	62,151
Taxes and dues	(39,089)	(15,609)	17,414	38,342
Advertising expense	396,313	583,370	167,769	319,012
Promotional expense	130,532	244,236	96,804	206,570
R&D expense	81,582	139,914	71,994	132,925
Direct service costs	412,722	549,756	52,476	112,372
Bad debts expense	(31,112)	(29,781)	453	2,469
Others	120,192	231,246	94,304	215,443
<b>Subtotal</b>	<b>3,656,209</b>	<b>6,706,034</b>	<b>2,497,010</b>	<b>4,974,853</b>
<b>Discontinued operations:</b>	<b>905,437</b>	<b>1,215,001</b>	<b>378,338</b>	<b>703,838</b>
<b>Total</b>	<b>4,561,646</b>	<b>7,921,035</b>	<b>2,875,348</b>	<b>5,678,691</b>

#### 23. Financial Income

Financial income for the three-month and six-month periods ended June 30, 2021 and 2020, consists of:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
<b>Continuing operations:</b>				
Interest income	18,057	36,853	18,483	49,276
Exchange differences	73,424	223,761	22,271	247,890
Gain on derivatives	4,597	13,294	7,110	20,428
<b>Subtotal</b>	<b>96,078</b>	<b>273,908</b>	<b>47,864</b>	<b>317,594</b>
<b>Discontinued operations:</b>	<b>7,948</b>	<b>25,459</b>	<b>16,462</b>	<b>37,177</b>
<b>Total</b>	<b>104,026</b>	<b>299,367</b>	<b>64,326</b>	<b>354,771</b>

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**24. Financial Expenses**

Financial expenses for the three-month and six-month periods ended June 30, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
<b>Continuing operations:</b>				
Interest expense	49,924	99,616	59,517	124,762
Exchange differences	77,193	190,246	42,538	312,918
Loss on derivatives	9,390	13,830	7,372	11,376
Loss on disposal of trade receivables	1,357	2,968	2,711	6,118
Others	585	1,194	1,266	2,254
<b>Subtotal</b>	<b>138,449</b>	<b>307,854</b>	<b>113,404</b>	<b>457,428</b>
<b>Discontinued operations:</b>	<b>40,667</b>	<b>81,892</b>	<b>48,917</b>	<b>110,538</b>
<b>Total</b>	<b>179,116</b>	<b>389,746</b>	<b>162,321</b>	<b>567,966</b>

**25. Other Non-operating Income**

Other non-operating income for the three-month and six-month periods ended June 30, 2021 and 2020, consists of:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
<b>Continuing operations:</b>				
Dividend income	52	240	-	151
Exchange differences	212,915	617,983	180,540	685,608
Gain on derivatives	3,665	18,098	11,103	37,317
Gain on disposal of property, plant and equipment	1,256	3,775	2,463	5,858
Gain on disposal of intangible assets	55	1,862	-	22
Reversal of impairment loss on assets held for sale	40,324	40,324	-	-
Gain on disposal of assets held for sale	26,395	26,395	-	-
Gain on valuation of financial assets at fair value through profit or loss	2,796	24,524	486	486
Gain on disposal of investments in associates and joint ventures	89	89	6,600	646,724
Others	39,098	45,242	6,408	11,638
<b>Subtotal</b>	<b>326,645</b>	<b>778,532</b>	<b>207,600</b>	<b>1,387,804</b>
<b>Discontinued operations:</b>	<b>13,487</b>	<b>42,209</b>	<b>33,669</b>	<b>90,477</b>
<b>Total</b>	<b>340,132</b>	<b>820,741</b>	<b>241,269</b>	<b>1,478,281</b>

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**26. Other Non-operating Expenses**

Other non-operating expenses for the three-month and six-month periods ended June 30, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
<b>Continuing operations:</b>				
Exchange differences	170,532	617,375	176,167	782,035
Loss on derivatives	25,272	28,237	8,658	12,985
Loss on disposal of property, plant and equipment	6,386	15,157	12,521	21,946
Impairment loss on property, plant and equipment	5,062	10,245	10,701	13,144
Loss on disposal of intangible assets	5,645	14,705	8,964	16,239
Impairment loss on intangible assets	2,331	25,491	29,336	31,749
Impairment loss on assets held for sale	1,451	1,451	-	-
Loss on valuation of financial assets at fair value through profit or loss	655	5,114	(102)	324
Loss on disposal of investments in associates and joint ventures	-	-	-	1,369
Impairment loss on investments in associates and joint ventures	-	-	6,859	6,859
Others	16,955	32,502	28,372	53,896
<b>Subtotal</b>	<b>234,289</b>	<b>750,277</b>	<b>281,476</b>	<b>940,546</b>
<b>Discontinued operations:</b>	<b>365,993</b>	<b>421,925</b>	<b>33,689</b>	<b>120,319</b>
<b>Total</b>	<b>600,282</b>	<b>1,172,202</b>	<b>315,165</b>	<b>1,060,865</b>

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#### 27. Earnings per Share

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

- (a) Basic earnings per ordinary share for the three-month and six-month periods ended June 30, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Profit attributable to ordinary shares	(353,086)	549,738	50,894	978,294
<i>(in millions of Korean won)</i>				
Continuing operations	626,066	1,726,853	191,441	1,306,010
Discontinued operations	(979,152)	(1,177,115)	(140,547)	(327,716)
Weighted average number of ordinary shares outstanding <i>(unit: shares)</i>	162,884,638	162,884,638	162,884,640	162,884,640
Basic earnings per ordinary share <i>(in Korean won)</i>	(2,168)	3,375	312	6,006
Continuing operations	3,844	10,602	1,175	8,018
Discontinued operations	(6,012)	(7,227)	(863)	(2,012)

- (b) Basic earnings per preferred share for the three-month and six-month periods ended June 30, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Profit attributable to preferred shares	(37,029)	58,416	5,583	103,621
<i>(in millions of Korean won)</i>				
Continuing operations	66,252	182,580	20,407	138,189
Discontinued operations	(103,281)	(124,164)	(14,825)	(34,568)
Weighted average number of preferred shares outstanding <i>(unit: shares)</i>	17,181,299	17,181,299	17,181,300	17,181,300
Basic earnings per preferred share <i>(in Korean won)</i>	(2,155)	3,400	325	6,031
Continuing operations	3,856	10,627	1,188	8,043
Discontinued operations	(6,011)	(7,227)	(863)	(2,012)



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**28. Cash Flow Information**

Cash flows from operating activities are presented using the indirect method. Details of cash generated from operations for the six-month periods ended June 30, 2021 and 2020, are as follows:

(a) Cash generated from operations

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Profit for the period	877,180	1,152,281
Adjustments:		
Interest expense, net	62,763	75,486
Exchange differences, net	(16,132)	45,017
Loss (gain) on derivatives, net	10,675	(33,384)
Depreciation	1,119,461	1,051,599
Amortization	240,524	184,601
Loss on disposal of property, plant and equipment and intangible assets, net	24,225	32,305
Provisions for severance benefits	202,195	182,347
Additional provisions, net	655,930	257,798
Income tax expense	683,439	511,624
Loss (gain) from equity method valuation	(225,907)	252,778
Gain on disposal of investments in associates and joint ventures	(89)	(645,355)
Impairment loss on associates and joint ventures	-	6,859
Other	15,110	114,347
Discontinued operations	564,175	3,616
	<u>3,336,369</u>	<u>2,039,638</u>
Changes in operating assets and liabilities		
Decrease (increase) in trade receivables	(210,213)	581,770
Decrease in other receivables	8,804	86,295
Increase in inventories	(873,341)	(162,245)
Decrease (increase) in contract assets	(3,850)	992
Decrease (increase) in other assets	(181,939)	23,819
Decrease in trade payables	(595,571)	(553,646)
Decrease in other payables	(144,604)	(494,845)
Decrease in provisions	(407,333)	(393,886)
Decrease in contract liabilities	(45,239)	(40,955)
Increase (decrease) in other liabilities	466,239	(291,550)
Payment of defined benefit liability	(57,353)	(28,655)
Deposit in plan assets, net	(50,636)	(35,765)
	<u>(2,095,036)</u>	<u>(1,308,671)</u>
<b>Cash generated from operations</b>	<u>2,118,513</u>	<u>1,883,248</u>

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(b) Changes in liabilities from financing activities

		<b>2021</b>					
		<b>Non-cash transactions</b>					
<i>(in millions of Korean won)</i>	<b>At January 1</b>	<b>Net cash flows from financing activities</b>	<b>Additions</b>	<b>Exchange differences</b>	<b>Amortization and others</b>	<b>Effects of exchange rate changes</b>	<b>At June 30</b>
Short-term borrowings	196,775	3,187	-	(8,558)	-	14,327	205,731
Long-term borrowings	4,082,114	65,309	-	22,760	35	27,493	4,197,711
Debentures	5,640,866	37,480	-	17,114	1,476	-	5,696,936
Lease liabilities	862,060	(148,425)	140,726	(282)	1,773	15,769	871,621
<b>Total</b>	<b>10,781,815</b>	<b>(42,449)</b>	<b>140,726</b>	<b>31,034</b>	<b>3,284</b>	<b>57,589</b>	<b>10,971,999</b>

  

		<b>2020</b>					
		<b>Non-cash transactions</b>					
<i>(in millions of Korean won)</i>	<b>At January 1</b>	<b>Net cash flows from financing activities</b>	<b>Additions</b>	<b>Exchange differences</b>	<b>Amortization and others</b>	<b>Effects of exchange rate changes</b>	<b>At June 30</b>
Short-term borrowings	271,541	82,490	-	17,835	-	(51,509)	320,357
Long-term borrowings	4,318,854	221,284	-	31,699	36	56,389	4,628,262
Debentures	5,896,943	(241,395)	-	21,501	1,520	-	5,678,569
Lease liabilities	771,424	(146,580)	178,504	883	2,024	1,492	807,747
<b>Total</b>	<b>11,258,762</b>	<b>(84,201)</b>	<b>178,504</b>	<b>71,918</b>	<b>3,580</b>	<b>6,372</b>	<b>11,434,935</b>

(c) Significant non-cash transactions

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Reclassification of construction-in-progress to property, plant and equipment	718,501	714,254
Reclassification of construction-in-progress to intangible assets	149,161	170,790
Reclassification of current portion of borrowings and debentures	920,289	895,251
Other payables to acquire property, plant and equipment	516,692	347,050
Other payables to acquire intangible assets	20,819	14,938
Acquisition of right-of-use assets	154,318	202,168

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#### 29. Contingencies

(a) At the end of the reporting period, borrowings are collateralized by a certain portion of property, plant and equipment (land, buildings) with the pledged amount of ₩160,544 million (December 31, 2020: ₩157,608 million) and the book amount of pledged assets is ₩207,894 million (December 31, 2020: ₩197,738 million). In addition, the Group provided buildings as collateral to Shinhan Bank, the mortgagee, in order to guarantee obligations of landlords, who leased the land to the Group, with the pledged amount of ₩14,040 million (December 31, 2020: ₩14,040 million), and the book amount of pledged assets is ₩6,316 million (December 31, 2020: ₩6,709 million).

(b) At the end of the reporting period, the Parent Company and domestic subsidiaries are provided with performance guarantees of ₩290,591 million (December 31, 2020: ₩262,808 million) from Seoul Guarantee Insurance and others relating to the performance guarantees. The Parent Company and LG Innotek Co., Ltd. are provided with guarantee of principal amounting to EUR 100 million and USD 50 million (December 31, 2020: EUR 100 million, USD 50 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

(c) At the end of the reporting period, the Parent Company is providing Hana Bank with a subrogation payment obligation for buyers up to ₩46,000 million (December 31, 2020: ₩46,000 million).

(d) There are a number of legal actions, disputes and investigations arising from the normal course of business that remain pending at the end of the reporting period. The ultimate effect of those lawsuits on the financial position of the Group cannot reflect a reasonable expectation. Management does not expect the outcome of the litigations will have a material effect on the Group's financial position.

At the end of the reporting period, LG Display Co., Ltd., an associate of the Group, has been accused as a defendant in cases related to the infringement of patents. In addition, LG Display Co., Ltd. is currently under the investigation and civil suit for anti-competitive activities. The outcome of the case may affect the gain or loss from the equity method valuation, but the Group is not individually responsible for the above case and the investigation.

#### 30. Commitments

(a) At the end of the reporting period, the Parent Company has overdraft facility agreements with various banks, including Shinhan Bank, with a limit of ₩165,500 million (December 31, 2020: ₩165,500 million).

In addition, LG Innotek Co., Ltd. has overdraft facility agreements with various banks, including Shinhan Bank, with a limit of ₩27,000 million (December 31, 2020: ₩27,000 million). The total limit of overdrafts and comprehensive limits provided by financial institutions to the overseas subsidiaries of LG Innotek Co., Ltd. is ₩433,666 million (December 31, 2020: ₩363,709 million).

## **LG Electronics**

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

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Other subsidiaries have overdraft facility agreements with a limit of ₩1,833,294 million (December 31, 2020: ₩1,797,670 million) with Citibank and others.

(b) At the end of the reporting period, the Parent Company has sales agreements for export trade receivables with Hana Bank and 18 other banks amounting to ₩2,042,650 million (December 31, 2020: ₩1,910,416 million) and has sales agreements for domestic trade receivables with MUFG Bank and two other banks amounting to ₩360,000 million (December 31, 2020: ₩1,050,000 million).

In addition, LG Innotek Co., Ltd. has trade receivables transfer agreements with various banks, including ING Bank, amounting to ₩1,152,600 million (December 31, 2020: ₩1,343,680 million) at the end of the reporting period.

In addition, other subsidiaries transfer their trade receivable to Societe Generale Bank on a revolving basis, for up to USD 706 million (December 31, 2020: USD 724 million), and have sales agreements for trade receivables with a limit of USD 500 million (December 31, 2020: USD 500 million) with Credit Agricole. In addition, other subsidiaries have entered into corporate electronic settlement services contracts and discount note agreements with Hana Bank with a limit of ₩1,000 million (December 31, 2020: ₩1,000 million) in connection with the collection of the trade receivables.

(c) At the end of the reporting period, the Parent Company has corporate electronic settlement services contracts and vendor prepayment services contracts with Shinhan Bank and seven other banks for up to ₩1,160,000 million (December 31, 2020: ₩1,190,000 million) in connection with the payment of trade payables.

In addition, LG Innotek Co., Ltd., a subsidiary, has corporate electronic settlement services contracts and vendor prepayment services contracts with Shinhan Bank and others for up to ₩199,000 million (December 31, 2020: ₩204,000 million) in connection with the payment of trade payables, where under the contracts the vendors of LG Innotek Co., Ltd. can transfer their receivables to these banks.

In addition, other subsidiaries have contract arrangements such as corporate electronic settlement services contracts and note discount agreements with Shinhan Bank and other banks for up to ₩42,100 million limit (December 31, 2020: ₩42,400 million) in connection with the payment of trade payables.

(d) At the end of the reporting period, other subsidiaries have commercial paper agreements with Shinhan Bank and others for ₩40,000 million (December 31, 2020: ₩40,000 million).

(e) At the end of the reporting period, the Group has other trade financing agreements and loan commitments with financial institutions, including Shinhan Bank, of up to ₩3,696,037 million (December 31, 2020: ₩3,219,817 million).

(f) Contractual commitments for the acquisition of assets

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Assets contracted for, but not yet acquired at the end of the reporting period, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Property, plant and equipment	360,693	197,365
Intangible assets	75,648	99,967
Investments in associates and joint ventures	110,074	78,651
<b>Total</b>	<b>546,415</b>	<b>375,983</b>

Other than the above commitments, Zenith Electronics LLC(Zenith), a subsidiary, agreed to the tender offer based on fair value at certain time in relation to the shares held by non-controlling shareholders of Alphonso Inc. and the shares to be issued by the exercise of stock options. At the end of the reporting period, the Group recognized this commitment as 'other payables' (Note 33).

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

- i) The Group has non-cancellable operating lease agreements regarding healthcare rental business that lends water purifiers and others to customers and real estate rentals business. The future aggregate lease receipts under operating leases at the end of the reporting period, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>				<b>Total lease payments</b>
	<b>1 year or less</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>	<b>3 to 4 years</b>	
Healthcare rental	509,429	315,639	163,037	33,304	1,021,409
Real estate rental	43	-	-	-	43
<b>Total</b>	<b>509,472</b>	<b>315,639</b>	<b>163,037</b>	<b>33,304</b>	<b>1,021,452</b>

- ii) The Group recognized ₩304,029 million (June 30, 2020: ₩271,123 million) in lease income for the six-month period ended June 30, 2021.

(h) Trademark license agreements

At the end of the reporting period, the Group has various agreements as follows:

<b>Purpose</b>	<b>Related products</b>	<b>Provided by</b>	<b>Used by</b>
Use of license	Home appliance	Qualcomm Incorporated and others	LG Electronics Inc.
Provision of license	Home appliance	LG Electronics Inc.	Panasonic Corporation and others
Use of trademarks	All products	LG Corp.	LG Electronics Inc.

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**31. Related Party**

(a) Major transactions for the six-month periods ended June 30, 2021 and 2020, and balances of receivables and payables from transaction with related parties as at June 30, 2021 and December 31, 2020, are as follows:

i) Major income and expense transactions with related parties

(in millions of Korean won)

		2021					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others <sup>4</sup>	Total
Significantly influencing the Group	LG Corp.	291	-	291	-	78,181	78,181
Associates	LG Display Co., Ltd. and its subsidiaries	326,149	44,486	370,635	2,433,485	191	2,433,676
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	391	-	391	29,909	147	30,056
	Acryl Inc.	-	-	-	-	661	661
	ROBOTIS Co., Ltd.	-	-	-	-	3	3
	Robostar Co., Ltd. and its subsidiaries	28	-	28	15,098	2,073	17,171
	<b>Subtotal</b>	<b>326,568</b>	<b>44,486</b>	<b>371,054</b>	<b>2,478,492</b>	<b>3,075</b>	<b>2,481,567</b>
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S. (LGEAT)	32,585	-	32,585	92,335	1	92,336
	EIC PROPERTIES PTE LTD.	-	-	-	-	208	208
	LG-MRI LLC	11,091	-	11,091	15,242	-	15,242
	<b>Subtotal</b>	<b>43,676</b>	<b>-</b>	<b>43,676</b>	<b>107,577</b>	<b>209</b>	<b>107,786</b>
Other related parties	LG CNS Co., Ltd. and its subsidiaries	75,720	15	75,735	71,171	255,553	326,724
	S&I Corp. and its subsidiaries	11,995	-	11,995	4,935	130,884	135,819
	LG Management Development Institute	642	1	643	17	24,188	24,205
	LG SPORTS Ltd.	8	17	25	-	6,879	6,879
	LG MMA Ltd. <sup>2</sup>	-	-	-	-	19	19
	LG Holdings Japan Co., Ltd.	9	-	9	-	849	849
	<b>Subtotal</b>	<b>88,374</b>	<b>33</b>	<b>88,407</b>	<b>76,123</b>	<b>418,372</b>	<b>494,495</b>
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures	670,442	1,115	671,557	800,976	944	801,920
	LX INTERNATIONAL CORP. and its subsidiaries and associates <sup>3</sup>	7,009	362	7,371	2,157,912	1,394,420	3,552,332
	LG Uplus Corp and its subsidiaries	42,435	3	42,438	38,355	6,585	44,940
	LX HAUSYS, LTD. and its subsidiaries and associates <sup>4</sup>	1,489	556	2,045	567	240	807
	LX Semicon Co., Ltd. <sup>5</sup>	44,712	1,592	46,304	7,807	411	8,218
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	2,391	1	2,392	87	150	237
	G IIR Inc. and its subsidiaries	3,004	-	3,004	24	177,066	177,090
	LX Holdings Corp.	99	-	99	-	-	-
	LX MMA Corporation <sup>2</sup>	6	-	6	-	-	-

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		2021					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others <sup>4</sup>	Total
	<b>Subtotal</b>	771,587	3,629	775,216	3,005,728	1,579,816	4,585,544
	<b>Total</b>	1,230,496	48,148	1,278,644	5,667,920	2,079,653	7,747,573

(in millions of Korean won)

		2020					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others	Total
Significantly influencing the Group	LG Corp.	161	-	161	-	75,796	75,796
Associates	LG Display Co., Ltd. and its subsidiaries	227,953	47,614	275,567	1,305,655	644	1,306,299
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	1,013	-	1,013	26,980	79	27,059
	Korea Information Certificate Authority Inc. <sup>6</sup>	1	-	1	-	39	39
	Acryl Inc.	-	-	-	-	312	312
	ROBOTIS Co., Ltd.	-	-	-	-	19	19
	Robostar Co., Ltd.	7	-	7	28,589	1,225	29,814
	<b>Subtotal</b>	228,974	47,614	276,588	1,361,224	2,318	1,363,542
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	30,629	-	30,629	67,014	-	67,014
	LG HOLDINGS (HK) LIMITED and its subsidiaries <sup>7</sup>	-	-	-	-	472	472
	EIC PROPERTIES PTE LTD.	-	-	-	-	355	355
	LG-MRI LLC	4,635	-	4,635	21,813	-	21,813
	<b>Subtotal</b>	35,264	-	35,264	88,827	827	89,654
Other related parties	LG CNS Co., Ltd. and its subsidiaries	70,458	28	70,486	71,056	210,905	281,961
	S&I Corp. and its subsidiaries	13,068	-	13,068	29,464	75,209	104,673
	LG Management Development Institute	5	-	5	21	15,127	15,148
	LG SPORTS Ltd.	7	19	26	-	5,323	5,323
	LG MMA Ltd.	170	-	170	34	208	242
	LG Holdings Japan Co., Ltd.	10	-	10	-	1,889	1,889
	<b>Subtotal</b>	83,718	47	83,765	100,575	308,661	409,236
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures	613,193	5,015	618,208	474,658	437	475,095
	LG INTERNATIONAL CORP and its subsidiaries <sup>3</sup>	17,595	510	18,105	1,327,083	813,374	2,140,457
	LG Uplus Corp and its subsidiaries	118,935	47	118,982	22,130	2,890	25,020
	LG HAUSYS,LTD., its subsidiaries and associates <sup>4</sup>	3,487	295	3,782	4,139	45	4,184
	Silicon Works Co., Ltd. <sup>5</sup>	13,095	1,396	14,491	6,129	336	6,465
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	34,704	1	34,705	190	279	469
	G IIR Inc. and its subsidiaries	2,282	-	2,282	121	151,108	151,229
	<b>Subtotal</b>	803,291	7,264	810,555	1,834,450	968,469	2,802,919
	<b>Total</b>	1,151,408	54,925	1,206,333	3,385,076	1,356,071	4,741,147

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- <sup>1</sup> Although the entities are not the related parties of the Group in accordance with Korean IFRS 1024, the entities belong to a Large Enterprise Group in accordance with the Monopoly Regulation and Fair Trade Act.
- <sup>2</sup> The entity changed its name from LG MMA Ltd. to LX MMA Corporation on July 1, 2021. And, it was classified as others due to changes in corporate governance.
- <sup>3</sup> The entity changed its name from LG INTERNATIONAL CORP to LX INTERNATIONAL CORP. on July 1, 2021.
- <sup>4</sup> The entity changed its name from LG HAUSYS,LTD. to LX HAUSYS, LTD. on July 1, 2021.
- <sup>5</sup> The entity changed its name from Silicon Works Co., Ltd. to LX Semicon Co., Ltd. on July 1, 2021.
- <sup>6</sup> All shares of Korea Information Certificate Authority Inc. were disposed during the year ended December 31, 2020.
- <sup>7</sup> All shares of LG HOLDINGS (HK) LIMITED were disposed to RECO CHANGAN PRIVATE LIMITED on March 20, 2020.
- <sup>8</sup> Others include interest expense of lease liabilities.

#### ii) The balances of receivables from and payables to related parties

(in millions of Korean won)

		June 30, 2021							
Classification	Name	Receivables			Total	Payables			Total
		Trade receivables	Loans	Other receivables		Trade payables	Borrowings	Other payables <sup>2</sup>	
Significantly influencing the Group	LG Corp.	44	-	25,537	25,581	-	-	23,455	23,455
Associates	LG Display Co., Ltd. and its subsidiaries	149,833	-	78,156	227,989	726,573	-	58,644	785,217
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	110	-	-	110	33,285	-	173	33,458
	Acryl Inc.	-	-	-	-	-	-	727	727
	Ericsson-LG Co., Ltd.	-	-	5,250	5,250	-	-	-	-
	Robostar Co., Ltd. and its subsidiaries	20	-	-	20	159	-	8,309	8,468
	<b>Subtotal</b>	149,963	-	83,406	233,369	760,017	-	67,853	827,870
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	6,821	-	-	6,821	34,787	-	-	34,787
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	65	65
	LG-MRI LLC	9,673	-	377	10,050	6,419	-	223	6,642
	<b>Subtotal</b>	16,494	-	377	16,871	41,206	-	288	41,494
Other related parties	LG CNS Co., Ltd. and its subsidiaries	34,764	-	324	35,088	12,248	-	153,164	165,412
	S&I Corp. and its subsidiaries	5,334	-	24,802	30,136	7,966	-	55,964	63,930
	LG Management Development Institute	120	-	15,544	15,664	-	-	987	987
	LG SPORTS Ltd.	1	-	-	1	-	-	620	620
	<b>Subtotal</b>	40,219	-	40,670	80,889	20,214	-	210,735	230,949



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		June 30, 2021							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>2</sup>	Total
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures	369,523	-	112,529	482,052	420,100	-	29,352	449,452
	LX INTERNATIONAL CORP. and its subsidiaries and associates <sup>2</sup>	6,329	-	8,694	15,023	221,073	-	418,120	639,193
	LG Uplus Corp and its subsidiaries	5,663	-	-	5,663	999	-	6,145	7,144
	LX HAUSYS, LTD. and its subsidiaries and associates <sup>3</sup>	417	-	118	535	235	-	214	449
	LX Semicon Co., Ltd. <sup>4</sup>	9,509	-	144	9,653	3,465	-	1,656	5,121
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	34	-	21,768	21,802	30	-	155	185
	G II R Inc. and its subsidiaries	156	-	157	313	898	-	144,796	145,694
	LX MMA Corporation <sup>5</sup>	3	-	-	3	-	-	-	-
	<b>Subtotal</b>	<b>391,634</b>	<b>-</b>	<b>143,410</b>	<b>535,044</b>	<b>646,800</b>	<b>-</b>	<b>600,438</b>	<b>1,247,238</b>
	<b>Total</b>	<b>598,354</b>	<b>-</b>	<b>293,400</b>	<b>891,754</b>	<b>1,468,237</b>	<b>-</b>	<b>902,769</b>	<b>2,371,006</b>

(in millions of Korean won)

		December 31, 2020							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>5</sup>	Total
Significantly influencing the Group	LG Corp.	5	-	25,666	25,671	-	-	30,542	30,542
Associates	LG Display Co., Ltd. and its subsidiaries	107,463	-	67,211	174,674	461,630	-	65,495	527,125
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	473	-	-	473	32,686	-	243	32,929
	Acryl Inc.	-	-	-	-	-	-	229	229
	Robostar Co., Ltd. and its subsidiaries	-	-	-	-	242	-	19,122	19,364
	<b>Subtotal</b>	<b>107,936</b>	<b>-</b>	<b>67,211</b>	<b>175,147</b>	<b>494,558</b>	<b>-</b>	<b>85,089</b>	<b>579,647</b>
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	5,655	-	-	5,655	7,839	-	1	7,840
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	65	65
	LG-MRI LLC	2,107	-	545	2,652	4,859	-	42	4,901
	<b>Subtotal</b>	<b>7,762</b>	<b>-</b>	<b>545</b>	<b>8,307</b>	<b>12,698</b>	<b>-</b>	<b>108</b>	<b>12,806</b>
Other related parties	LG CNS Co., Ltd. and its subsidiaries	29,814	-	1,033	30,847	15,340	-	271,135	286,475
	S&I Corp. and its subsidiaries	8,520	-	24,802	33,322	6,785	-	66,661	73,446
	LG Management Development Institute	1	-	17,864	17,865	-	-	1,455	1,455
	LG SPORTS Ltd.	1	-	-	1	-	-	1,883	1,883

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		December 31, 2020							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>5</sup>	Total
	LG MMA Ltd.	-	-	-	-	-	-	19	19
	LG Holdings Japan Co., Ltd.	-	-	3,870	3,870	-	-	-	-
	<b>Subtotal</b>	38,336	-	47,569	85,905	22,125	-	341,153	363,278
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures	387,830	-	186,292	574,122	355,634	-	14,811	370,445
	LG INTERNATIONAL CORP and its subsidiaries <sup>2</sup>	15,506	-	524	16,030	291,948	-	373,049	664,997
	LG Uplus Corp and its subsidiaries	45,102	-	1	45,103	2,022	-	1,401	3,423
	LG HAUSYS,LTD., its subsidiaries and associates <sup>3</sup>	1,714	-	12	1,726	311	-	124	435
	Silicon Works Co., Ltd <sup>4</sup> .	16,772	-	148	16,920	3,003	-	1,237	4,240
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	11,577	-	22,069	33,646	31	-	1,210	1,241
	G II R Inc. and its subsidiaries	17	-	282	299	1,067	-	203,573	204,640
	<b>Subtotal</b>	478,518	-	209,328	687,846	654,016	-	595,405	1,249,421
	<b>Total</b>	632,557	-	350,319	982,876	1,183,397	-	1,052,297	2,235,694

<sup>1</sup> Although the entities are not the related parties of the Group in accordance with Korean IFRS 1024, the entities belong to a Large Enterprise Group in accordance with the Monopoly Regulation and Fair Trade Act.

<sup>2</sup> The entity changed its name from LG INTERNATIONAL CORP to LX INTERNATIONAL CORP. on July 1, 2021.

<sup>3</sup> The entity changed its name from LG HAUSYS,LTD. to LX HAUSYS, LTD. on July 1, 2021.

<sup>4</sup> The entity changed its name from Silicon Works Co., Ltd. to LX Semicon Co., Ltd. on July 1, 2021.

<sup>5</sup> Other payables include lease liabilities.

iii) Significant capital transactions with related parties and others for the six-month periods ended June 30, 2021 and 2020, are as follows:

(in millions of Korean won)

		2021						
		Dividend income	Dividend paid <sup>1</sup>	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments <sup>2</sup>
Significantly influencing the Group	LG Corp.	-	66,113	-	-	-	-	13,710
Associates	Ericsson-LG Co., Ltd.	5,250	-	-	-	-	-	-
	LG-MRI LLC	274	-	-	-	-	-	-
	LG-LHT Aircraft Solutions GmbH	-	-	5,296	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	4,241	-	-	-	-
	GUANGDONG	-	-	303	-	-	-	-

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		2021						
		Dividend income	Dividend paid <sup>1</sup>	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments <sup>2</sup>
	SMART LIFE TECHNOLOGY CO., LTD							
	<b>Subtotal</b>	5,524	-	9,840	-	-	-	-
Other related parties	S&I Corp.	-	-	-	-	-	-	180
	<b>Total</b>	5,524	66,113	9,840	-	-	-	13,890

(in millions of Korean won)

		2020						
		Dividend income	Dividend paid <sup>1</sup>	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments <sup>2</sup>
Significantly influencing the Group	LG Corp.	-	41,321	-	-	-	-	13,751
Associates	Ericsson-LG Co., Ltd.	8,250	-	-	-	-	-	-
	Korea Information Certificate Authority Inc. <sup>3</sup>	201	-	-	-	-	-	-
	LG-MRI LLC	349	-	-	-	-	-	-
	LG-LHT Aircraft Solutions GmbH	-	-	3,177	-	-	-	-
	LG-LHT Aircraft Passenger GmbH	-	-	2,307	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD	-	-	300	-	-	-	-
	<b>Subtotal</b>	8,800	-	5,784	-	-	-	-
Other related parties	S&I Corp.	-	-	-	-	-	-	173
	<b>Total</b>	8,800	41,321	5,784	-	-	-	13,924

<sup>1</sup> Repayments of financing borrowing transactions include repayment of principal elements of lease liabilities.

<sup>2</sup> All shares of Korea Information Certificate Authority Inc. were disposed during the year ended December 31, 2020.

(b) The compensation paid or payable to key management personnel for the six-month periods ended June 30, 2021 and 2020, consists of:

(in millions of Korean won)	2021	2020
Salaries and other short-term benefits	9,076	7,605
Post-employment benefits	978	1,227
Other long-term benefits	43	51
<b>Total</b>	<b>10,097</b>	<b>8,883</b>

Key management refers to the directors who have significant control and responsibilities on the Group's business plans, operations and control.

(c) There is no collateral provided by the Group for the financial support of related parties at the

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end of the reporting period.

- (d) The Group has not recognized any bad debt expense or allowance for trade receivables from related parties at the end of the reporting period.

## **32. Risk Management**

### **Financial Risk Management**

The Group's financial risk management ("FRM") policy supports each business division to achieve excellent performance solidly and continuously against market risk, credit risk and liquidity risk. In addition, FRM helps the Group to enhance cost competitiveness through cost-efficient financing cost by improving financial structure and effective cash management.

While cooperating with other divisions, Finance Division in the Parent Company mainly implements FRM. This involves setting-up risk management policies and recognizing, evaluating and hedging risks from a global point of view.

The Group anticipatively and systematically manages the financial risks over global business activities through its four overseas treasury centers in New Jersey (United States), Amsterdam (Netherlands), Beijing (China), and Singapore in coordination with Finance Division in the Parent Company. And it also helps to improve overseas subsidiaries' business competitiveness by performing integration of their finance functions.

The Group mitigates the adverse effects from financial risk by monitoring the risk periodically and updating FRM policy each year.

The carrying amount and profit or loss of each category of financial instruments, and the details of borrowings related to the financial risk management are presented in Note 5 and Note 12, respectively.

#### **(a) Market risk**

##### **i) Foreign exchange risk**

Due to its multinational business operations, the Group is mainly exposed to foreign exchange risk on the U.S. Dollar and Euro.

The purpose of foreign exchange risk management is to provide the foundation of a stable business operation by minimizing the uncertainty and volatility of foreign exchange gains and losses from foreign exchange rate fluctuations.

The Group's foreign exchange risk management is implemented under its own foreign exchange policy through which the Group can minimize the exposure to foreign exchange risk by preferentially making equal amount of foreign exchange assets and liabilities from general operating activities. And the Group continuously considers efficient foreign exchange risk hedges against its remaining exposure with derivative financial instruments and scrutinizes

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changes in foreign exchange exposure and the results of hedging activities on a monthly basis. Speculative foreign exchange trading is prohibited in principle.

As at June 30, 2021 and December 31, 2020, if the foreign exchange rate of the Korean won fluctuated for monetary assets and liabilities denominated in major foreign currency other than functional currency by 10% while other variables were fixed, the effects on profit (loss) before tax would be as follows:

<i>(in millions of Korean won)</i>	June 30, 2021		December 31, 2020	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	(22,074)	22,074	(21,571)	21,571
EUR/KRW	(670)	670	1,300	(1,300)

#### ii) Interest rate risk

The Group is exposed to interest rate risk through changes in interest-bearing liabilities or assets. The risk mainly arises from borrowings and deposits held by financial institutions with variable interest rates linked to market interest rate changes in the future. The objective of interest rate risk management lies in improving corporate value by minimizing uncertainty caused by fluctuations in interest rates and minimizing net interest expense.

The Group minimizes its borrowings from others and optimizes its deposits by expanding internal finance sharing. The Group periodically monitors both domestic and foreign interest rate trends to establish countermeasures against changes in interest rates.

If interest rates fluctuate by 1%p with all other variables held constant, the effects on income and expenses related to borrowings and deposits held by financial institutions with variable interest rates for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021		2020	
	1%p increase	1%p decrease	1%p increase	1%p decrease
Interest income	30,117	(30,117)	27,589	(27,589)
Interest expenses	2,176	(2,176)	4,371	(4,371)

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iii) Details of derivative contracts are as follows:

The Group entered into the currency forward, cross-currency swap and interest rate swap contracts to hedge cash flow risks related to the floating interest rates and foreign exchange rates.

Details of hedging instruments are as follows:

	Contractor	Contracted amount (in millions)	Contracted currency rate	Interest rate (paid) (%)	Starting date	Expiration date	Book amount (in millions of Korean won)	
							Assets	Liabilities
Currency forward	DZ Bank AG	MXN 155 (USD/MXN)	21.4 ~ 21.8	-	2021. 3. 8 ~ 2021. 3.10	2021. 6. 1 ~ 2021.12. 2	732	-
Cross-currency swap	MUFG Bank and others	USD 605 (USD/KRW)	1,067.9 ~ 1,233.7	2.00 ~ 3.64	2017. 2. 2 ~ 2020. 5.28	2022. 2. 2 ~ 2028. 6. 8	938	19,336
	DBS	SGD 140 (SGD/KRW)	859.3	1.21	2020. 7. 9	2024. 1. 9	-	1,927
Interest rate swap	Woori Bank and others	KRW 1,080,321 / EUR 100 / USD 235	-	1.00 ~ 4.53	2014. 1. 3 ~ 2018. 5.24	2023. 2.24 ~ 2030. 7. 7	-	69,443

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

Details of hedged items are as follows:

(in millions of Korean won)	Hedged items	Book amount	Changes in fair value (net of tax)
Currency forward	Forecast transactions	-	(973)
Cross-currency swap	Borrowings	799,027	(29,897)
Interest rate swap	Borrowings	1,479,760	(18,106)

The results of hedge accounting are as follows:

(in millions of Korean won)	Changes in fair value of derivatives (net of tax)	Line items in profit or loss	Reclassified to profit or loss (net of tax)	Other comprehensive income (net of tax)	Accumulated other comprehensive income (loss)
Currency forward	973	Exchange differences	(295)	678	118
Cross-currency swap	29,897	Interest expense and exchange differences	(17,117)	12,780	(12,988)
Interest rate swap	18,106	Interest expense	9,421	27,527	(49,310)

*Non-derivative for hedging purposes*

LG Innotek Co., Ltd., a subsidiary, applied cash flow hedging accounting by designating the amount of contract liabilities from customers as hedging instrument to hedge foreign exchange risk of the future expected sales.

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Details of hedging instruments are as follows:

<i>(in millions of Korean won)</i>	<b>Contracted amount (in millions)</b>	<b>Starting date</b>	<b>Expiration date</b>	<b>Book amount</b>	<b>Expected time to be realized</b>	
					<b>Within 1 year</b>	<b>1 to 2 years</b>
Contract liabilities	USD 43	2019.12	2021.12	48,590	48,590	-

The highly probable forecast transactions in relation to cash flow hedges are expected to happen on various dates until the expiration date for the hedging, and they are expected to affect future cash flows. At the end of the reporting period, the book amount of contract liabilities is a reasonable approximation of its fair value.

There is no forecast transaction that needs to be changed for which hedges had previously been used, but which is no longer expected to occur.

The results of hedge accounting are as follows:

<i>(in millions of Korean won)</i>	<b>Line items in profit or loss</b>	<b>Reclassified to profit or loss (net of tax)</b>	<b>Other comprehensive loss (net of tax)</b>	<b>Accumulated other comprehensive loss</b>
Foreign exchange risk hedge for sales	Sales	(280)	(2,341)	(398)

*Trading purposes*

The Group entered into the currency forward contracts, the cross-currency swap contracts and the interest rate swap contracts to manage the risk against possible future changes in foreign exchange rates and interest rates. The subsidiaries' currency forward contracts, the cross-currency swap contracts and the interest rate swap contracts as at June 30, 2021, and related profit or loss for the six-month period ended June 30, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>Purchase</b>	<b>Sale</b>	<b>Gain (loss) on valuation</b>	<b>Gain on transaction</b>
Currency forward	783,451	807,028	(12,433)	2,131
Cross-currency swap	-	-	(1,750)	-
Interest rate swap	-	-	1,377	-

iv) Price risk

The Group is exposed to price risk through equity securities owned by the Group classified as financial assets at fair value through other comprehensive income.

The listed securities owned by the Group are traded in the open market, and related to KOSDAQ Index, NASDAQ Index and Austrian Traded Index.

The effect of price index's fluctuation related to the listed securities on the equity (before applying the tax effect) is set out in the below table. The analysis is performed in respect of 30% increase/decrease in the price index under the assumption that other variations are consistent

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and the listed securities owned by the Group have correlation with the relevant past index.

<i>(in millions of Korean won)</i>	June 30, 2021		December 31, 2020	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	10,748	(10,748)	12,742	(12,742)
NASDAQ	2,516	(2,516)	9,236	(9,236)
Austrian Traded Index	151	(151)	129	(129)

The valuation and changes in book amounts of the financial assets at fair value through other comprehensive income related to the market risk above are presented in Note 7.

(b) Credit risk

The Group operates a consistent Global Credit / TR (trade receivables) policy to manage credit risk exposures.

In regard to receivables, the Group operates an integrated receivable insurance program with the world top three receivable insurers (Euler Hermes, Atradius and Coface) and Korea Trade Insurance Corporation (K-SURE). In an effort to minimize receivable credit risk, the Group applies the credit rating of the counterparty rated by insurers, when determining the insurance coverage. In addition, the Group performs stringent credit risk management based on credit valuation criteria for receivables without insurance coverage or collateral.

At the end of the reporting period, trade receivable balance of the Group is ₩7,814,390 million (December 31, 2020: ₩7,267,448 million) and its risk is managed appropriately within insurer's credit limit of ₩23,829,774 million (December 31, 2020: ₩22,304,932 million). Therefore, the Group determined that credit risk exposed to the Group is limited.

At the end of the reporting period, the carrying amount of financial assets represents net of impairment loss to reflect Group's maximum exposure to the credit risk.

(c) Liquidity risk

The Group forecasts its cash flow and liquidity status and sets action plans on a regular basis to manage liquidity risk proactively. The Group systematically works with experts in four regional treasury centers to carry out fund and liquidity management that can react proactively to the changing global financial environment.

The Group maintains adequate amount of cash and committed credit facilities in Kookmin Bank and Shinhan Bank to cope with potential liquidity risk arising from financial distress.

In addition, the Group is able to source funds any time in the domestic and international financial markets because it has good investment credit grades of AA Stable from Korea Investors Service, Korea Ratings and NICE Information Service, BBB from Standard & Poors, and Baa2 from Moody's at the end of the reporting period.



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i) Cash flow information on maturity of financial liabilities as at June 30, 2021, is as follows:

<i>(in millions of Korean won)</i>	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>
Trade payables	8,448,235	8,448,235	-	-	-
Borrowings	11,534,361	1,963,514	1,356,108	3,532,927	4,681,812
Lease liabilities	943,903	279,662	194,651	307,021	162,569
Other payables	3,718,363	3,655,235	855	62,273	-
Other financial liabilities	27,614	23,723	1,902	1,989	-
<b>Total</b>	<b>24,672,476</b>	<b>14,370,369</b>	<b>1,553,516</b>	<b>3,904,210</b>	<b>4,844,381</b>

The above cash flows are calculated at nominal value based on the earliest maturity dates and include cash flows of principal and interests. The Group's trading portfolio derivative within other financial liabilities that are not qualified for hedge accounting have been included at their fair value of ₩21,752 million within the less than 1-year time bucket. This is because the contractual maturities are not essential for an understanding of the timing of the cash flows. These contracts are managed on a net-fair value basis rather than by maturity date. Derivatives for cash flow hedges from changes in interest rate and exchange rate are reflected in the cash flows of related borrowings.

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- ii) At the end of the reporting period, the maturity analysis of financial guarantee contracts provided by the Group to third party companies is as follows:

<i>(in millions of Korean won)</i>	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>
Financial guarantee contracts	46,000	46,000	-	-	-

The above cash flow is the maximum amount of guarantees allocated to earliest period in which the Group can be required to make payments.

### Capital Risk Management

The Group's capital risk management purpose is to maximize shareholders' value through maintaining a sound capital structure. The Group monitors financial ratios, such as liability to equity ratio and net borrowing ratio each month and implements required action plan to improve the capital structure.

Debt-to-equity ratio and net borrowing ratio as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won, except for ratios)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Liability (A)	31,965,236	30,662,102
Equity (B)	18,701,647	17,542,125
Cash and cash equivalents (C)	6,186,301	5,896,309
Borrowings and lease liabilities (D)	10,971,999	10,781,815
Debt-to-equity ratio (A/B)	170.9%	174.8%
Net borrowings ratio ((D-C)/B)	25.6%	27.9%

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**Fair Value Estimation**

(a) The book amount and fair value of the Group's financial assets and liabilities as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>			
	<b>Current</b>		<b>Non-current</b>	
	<b>Book amount</b>	<b>Fair value</b>	<b>Book amount</b>	<b>Fair value</b>
<b>Assets at fair value</b>				
Financial assets at fair value through profit or loss				
Other financial assets	8,320	8,320	78,290	78,290
Financial assets at fair value through other comprehensive income				
Trade receivables	710,699	1	-	-
Other financial assets	-	-	86,322	86,322
Derivatives for hedging purposes				
Other financial assets	732	732	939	939
<b>Assets at amortized cost</b>				
Financial assets at amortized cost				
Cash and cash equivalents	6,186,301	1	-	-
Deposits held by financial institutions	80,129	1	58,792	58,792
Trade receivables	7,019,261	1	-	-
Other receivables	476,622	1	489,717	469,468
<b>Total</b>	<b>14,482,064</b>		<b>714,060</b>	

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>			
	<b>Current</b>		<b>Non-current</b>	
	<b>Book amount</b>	<b>Fair value</b>	<b>Book amount</b>	<b>Fair value</b>
<b>Liabilities at fair value</b>				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	21,752	21,752	5,904	5,904
Derivatives for hedging purposes				
Other financial liabilities	3,296	3,296	87,410	87,410
<b>Liabilities at amortized cost</b>				
Financial liabilities at amortized cost				
Trade payables	8,448,235	1	-	-
Borrowings	1,695,562	1	8,404,816	8,454,158
Other payables	3,655,213	1	63,123	63,112
<b>Other liabilities</b>				
Lease liabilities	268,560	2	603,061	2
Other financial liabilities	46	3	-	-
<b>Total</b>	<b>14,092,664</b>		<b>9,164,314</b>	

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<i>(in millions of Korean won)</i>	December 31, 2020			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
<b>Assets at fair value</b>				
Financial assets at fair value through profit or loss				
Other financial assets	4,292	4,292	37,459	37,459
Financial assets at fair value through other comprehensive income				
Trade receivables	802,917	<sup>1</sup>	-	-
Other financial assets	-	-	117,420	117,420
<b>Assets at amortized cost</b>				
Financial assets at amortized cost				
Cash and cash equivalents	5,896,309	<sup>1</sup>	-	-
Deposits held by financial institutions	82,018	<sup>1</sup>	58,903	58,903
Trade receivables	6,352,015	<sup>1</sup>	-	-
Other receivables	446,426	<sup>1</sup>	458,171	429,727
Other financial assets	-	-	1,612	<sup>1</sup>
<b>Total</b>	<b>13,583,977</b>		<b>673,565</b>	

<i>(in millions of Korean won)</i>	December 31, 2020			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
<b>Liabilities at fair value</b>				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	19,669	19,669	7,244	7,244
Derivatives for hedging purposes				
Other financial liabilities	178	178	170,227	170,227
<b>Liabilities at amortized cost</b>				
Financial liabilities at amortized cost				
Trade payables	8,728,159	<sup>1</sup>	-	-
Borrowings	1,450,135	<sup>1</sup>	8,469,620	8,719,840
Other payables	3,555,968	<sup>1</sup>	63,136	63,135
<b>Other liabilities</b>				
Lease liabilities	276,632	<sup>2</sup>	585,428	<sup>2</sup>
Other financial liabilities	114	<sup>3</sup>	-	-
<b>Total</b>	<b>14,030,855</b>		<b>9,295,655</b>	

<sup>1</sup> Excluded from disclosure such as fair value hierarchy and measurement method as the book amount is the reasonable approximate of fair value.

<sup>2</sup> Lease liabilities were excluded from the fair value disclosures in accordance with Korean IFRS 1107 *Financial Instruments: Disclosures*.

<sup>3</sup> Measured at the higher of the amount of the loss allowance determined in accordance with Korean IFRS 1109 *Financial Instruments*, and the amount initially recognized less cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*, and excluded from disclosure as there is no significant difference between the book amount and its fair value.

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(b) Fair value measurements of assets and liabilities

i) Fair value hierarchy and measurement method

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value measurement is to estimate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. When measuring fair value using valuation techniques, the Group maximizes the use of market information and minimizes the use of unobservable inputs.

Financial instruments measured at fair value are categorized within the fair value hierarchy, and the defined levels are as follows:

- Level 1: Financial instruments measured at the quoted prices in an active market for identical assets or liabilities are included in 'level 1'. Assets or liabilities categorized within 'level 1' are financial instruments such as marketable equity securities traded.

- Level 2: When financial instruments are measured by using a discounted cash flow, if all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'. Assets or liabilities categorized within 'level 2' are financial instruments such as derivative financial instruments.

- Level 3: When financial instruments are measured by using a discounted cash flow, if one or more of the significant inputs are unobservable market data, the instrument is included in 'level 3'. Assets or liabilities categorized within 'level 3' are unlisted equity securities and debt securities.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, an entity within the same industry, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price for financial assets held by the Group is the closing price at the end of the reporting period. These instruments are included in 'level 1'. Instruments included in 'level 1' comprise primarily listed equity securities classified as financial assets at fair value through other comprehensive income or profit or loss.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses various valuation techniques that the Group develops or figures that external valuation agencies provide, and makes judgements based on current market conditions. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'.

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If one or more of the significant inputs are not based on observable market data, the instrument is included in 'level 3'. Financial instrument included 'level 3' uses other method including discounting cash flow method.

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value as at June 30, 2021 and December 31, 2020, are as follows:

	<b>June 30, 2021</b>			
<i>(in millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through other comprehensive income	46,101	-	40,221	86,322
Financial assets at fair value through profit or loss	5,396	2,924	78,290	86,610
Derivatives for hedging purposes	-	1,671	-	1,671
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	27,656	-	27,656
Derivatives for hedging purposes	-	90,706	-	90,706
	<b>December 31, 2020</b>			
<i>(in millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through other comprehensive income	58,103	-	59,317	117,420
Financial assets at fair value through profit or loss	-	4,292	37,459	41,751
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	26,913	-	26,913
Derivatives for hedging purposes	-	170,405	-	170,405

The above fair value amounts are recurring fair value measurements.

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- Valuation technique and inputs for fair value measurements categorized within 'level 2'

Valuation technique and inputs for fair value measurements categorized within 'level 2' as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	June 30, 2021	December 31, 2020		
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through profit or loss	2,924	4,292	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	1,671	-	Discounted cash flow	Discount rate and exchange rate
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	27,656	26,913	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	90,706	170,405	Discounted cash flow	Discount rate and exchange rate

- Valuation techniques and the inputs used in the fair value measurements categorized within 'level 3'

At the end of the reporting period, financial instruments measured at fair value categorized within 'level 3' comprise unlisted equity securities and debt securities and are measured using discounted cash flow considering discount rate and others as inputs.

iii) Financial instruments not measured at fair value but for which the fair value is disclosed

Financial instruments not measured at fair value but for which the fair value is disclosed as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2021			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Non-current deposits held by financial institutions	-	-	58,792	58,792
Non-current other receivables	-	-	469,468	469,468
<b>Liabilities</b>				
Non-current borrowings	-	-	8,454,158	8,454,158
Non-current other payables	-	-	63,112	63,112

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<i>(in millions of Korean won)</i>	December 31, 2020			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Non-current deposits held by financial institutions	-	-	58,903	58,903
Non-current other receivables	-	-	429,727	429,727
<b>Liabilities</b>				
Non-current borrowings	-	-	8,719,840	8,719,840
Non-current other payables	-	-	63,135	63,135

- Valuation technique and inputs for fair value measurements categorized within 'level 2'

At the end of the reporting period, there are no financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within 'level 2'.

- Disclosure in relation to fair value measurements categorized within 'level 3'

Valuation technique, inputs and unobservable inputs of financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within 'level 3' as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2021		December 31, 2020		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Carrying amount	Fair value	Carrying amount	Fair value				
<b>Assets</b>								
Non-current deposits held by financial institutions	58,792	58,792	58,903	58,903	Discounted cash flow	Discount rate and exchange rate	Discount rate	0.1% ~ 1.0%
Non-current other receivables	489,717	469,468	458,171	429,727	Discounted cash flow	Discount rate and exchange rate	Discount rate	2.8% ~ 2.9%
<b>Liabilities</b>								
Non-current borrowings	8,404,816	8,454,158	8,469,620	8,719,840	Discounted cash flow	Discount rate and exchange rate	Discount rate	0.9% ~ 3.6%
Non-current other payables	63,123	63,112	63,136	63,135	Discounted cash flow	Discount rate and exchange rate	Discount rate	1.3% ~ 1.5%



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**33. Business Combinations**

- (a) On December 31, 2020, Zenith Electronics LLC(Zenith), a subsidiary, acquired 56.4% shares of Alphonso Inc. and its subsidiary in order to secure growth engines through differentiating the competitiveness of service and contents of TV business.

The following table summarizes the consideration paid and the fair value of assets acquired and liabilities assumed:

<i>(in millions of Korean won)</i>	<b>Amount</b>
Consideration	
Cash and cash equivalents	75,422
Other payables <sup>1</sup>	67,285
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	
Cash and cash equivalents	35,081
Trade receivables <sup>2</sup>	1,683
Other assets	1,507
Non-current assets	
Property, plant and equipment	126
Intangible assets	29,945
Other assets	54
Current liabilities	
Trade and other payables	1,696
Borrowings	4,352
Other liabilities	11,144
Non-current liabilities	
Borrowings	4,242
Net defined benefit liabilities	140
Deferred tax liabilities	8,224
<b>Fair value of total identifiable net assets</b>	<b>38,598</b>
Non-controlling interests <sup>3</sup>	8,813
<b>Goodwill<sup>4</sup></b>	<b>112,922</b>

<sup>1</sup> Zenith Electronics LLC(Zenith), a subsidiary, agreed to tender offers for non-controlling interests if the initial public offering of Alphonso Inc. would not be complete until certain time. The Group recognized such obligation as financial liabilities at the acquisition date (Note 30).

<sup>2</sup> The fair value of above trade receivables is the same as the contractual amount in gross.

<sup>3</sup> Non-controlling interests of ₩8,813 million is the fair value of share options issued by Alphonso Inc. measured at the acquisition date.

<sup>4</sup> Goodwill incurred in a business combination amounting to ₩112,922 million is due to an increase in sales from integration of business with Alphonso Inc. and its subsidiary, which is not allowed to be tax deductible.

The acquisition-related direct costs in relation to business combination amounting to ₩2,359 million was recognized as expenses as incurred.

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**34. Assets Classified as Held for Sale**

- (a) Details of assets classified as held for sale as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021<sup>1</sup></b>	<b>December 31, 2020<sup>1</sup></b>
Assets held for sale		
Cash and cash equivalents	56,021	53,586
Land	18,963	89,319
Building	19,237	188,929
Machinery	2,275	11,834
Other property, plant and equipment	1,624	1,192
Intangible assets	97	33,811
Other assets	-	11,144
<b>Total</b>	<b>98,217</b>	<b>389,815</b>

<sup>1</sup> LG Innotek Co., Ltd., a subsidiary, decided to sell assets of LED business amounting to ₩64,673 (December 31, 2020: ₩369,840 million) under the approval of management on October 28, 2020, which are included above.

- (b) Details of other components of equity classified as held for sale as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Exchange differences on translation of foreign operations	(1,871)	(3,079)

- (c) Assets held for sale were measured at fair value less costs to sell before the reclassification, and the Group recognized impairment loss on property, plant and equipment amounting to ₩43,780 million in 2020.
- (d) Assets held for sale increased by ₩2,825 million due to changes in the assets of subsidiaries of LG Innotek Co., Ltd., a subsidiary of the Company. Due to the changes in sale plan, assets held for sale of ₩291,486 million were reclassified to property, plant and equipment and related impairment loss of ₩40,324 was reversed, and impairment loss of ₩1,435 million was recognized. A gain on disposal of ₩26,395 million for the assets of which the sale was completed amounting to ₩53,523 million, was recognized in profit or loss.

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#### 35. Discontinued Operations

At the end of the reporting period, the Group discontinued the operation of MC business in order to focus on the Group's core business through firmwide resource efficiency and to secure financial resources for preparing new business for future growth by improving its financial structure.

Profit and loss from discontinued operation for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Net sales	1,564,464	2,301,423
Operating loss	(1,329,398)	(382,752)
Loss before income tax <sup>1</sup>	(1,765,548)	(485,955)
Income tax expense <sup>1</sup>	(460,533)	(126,621)
Loss for the period, net of tax	(1,305,015)	(359,334)

<sup>1</sup> It includes an impairment loss and loss on disposal of property, plant and equipment and intangible assets amounting to ₩358,860 million due to discontinued operations of MC business, and income tax benefits of ₩95,648 million for the related profit or loss during the six-month period ended June 30, 2021.

Cash flows from discontinued operations for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Net cash outflow from operating activities	(874,988)	(213,300)
Net cash inflow (outflow) from investing activities	83,638	(117,469)
Net cash inflow from financing activities	791,350	330,769

#### 36. Events After the Reporting Period

(a) The Company spun off the business related to the electric vehicle parts and battery/battery pack parts to LG Magna e-Powertrain Co., Ltd. on July 1, 2021. On July 28, 2021, the Company sold 49% of shares of the newly established company to Magna Metalforming GmbH in Austria, an affiliate of Magna International Inc. in Canada.

(b) The Group decided to transfer CEM (Chemical Electronic Material) business to LG Chem Ltd., in accordance with resolution of the Board of Directors on July 28, 2021 to secure financial resources for fostering future new business.