

# **LG Electronics**

**Consolidated Interim Financial Statements  
March 31, 2022 and 2021**

**LG Electronics**

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March 31, 2022 and 2021

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

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of  
LG 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 March 31, 2022, and the related consolidated interim statements of profit or loss and comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2022 and 2021, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

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

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

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

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

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

**Conclusion**

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

**Other Matters**

We have audited the consolidated statement of financial position of the Group as at December 31, 2021, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements, not presented herein, in our audit report dated March 15, 2022. The consolidated statement of financial position as at December 31, 2021, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2021.

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

May 16, 2022  
Seoul, Korea

<p>This report is effective as of May 16, 2022, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>
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**LG Electronics**  
**Consolidated Interim Statements of Financial Position**  
**March 31, 2022 and December 31, 2021**

(in millions of Korean won)

	Notes	March 31, 2022 (Unaudited)	December 31, 2021
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5,32	5,619,445	6,051,516
Deposits held by financial institutions	5,32	148,265	146,456
Trade receivables	5,6,32	9,441,245	8,166,459
Other receivables	5,6,32	747,459	489,056
Other financial assets	5,7,32	13,336	18,276
Inventories	8	10,214,311	9,754,018
Current tax assets		136,917	179,289
Contract assets	9	720,119	612,754
Other current assets		2,011,430	1,889,859
Assets held for sale	34	73,410	180,080
		<u>29,125,937</u>	<u>27,487,763</u>
<b>Non-current assets</b>			
Deposits held by financial institutions	5,32	59,791	58,935
Trade receivables	5,6,32	48,937	25,078
Other receivables	5,6,32	687,026	671,903
Other financial assets	5,7,32	266,574	223,578
Property, plant and equipment	10	14,721,312	14,700,784
Intangible assets	10	2,423,037	2,443,249
Deferred tax assets		1,936,713	2,085,710
Investments in associates and joint ventures	11	5,130,715	5,149,244
Investment properties		368	370
Net defined benefit assets	14	49,888	5,779
Contract assets	9	281,437	296,712
Other non-current assets		319,188	332,373
		<u>25,924,986</u>	<u>25,993,715</u>
<b>Total assets</b>		<u>55,050,923</u>	<u>53,481,478</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	5,32	9,106,054	8,741,937
Borrowings	5,12,32	1,893,262	1,895,600
Lease liabilities	5,13,32	289,317	292,526
Other payables	5,32	4,047,322	4,077,421
Other financial liabilities	5,7,32	33,091	8,512
Current tax liabilities		428,283	394,591
Provisions	15	2,406,057	2,609,284
Contract liabilities	9	1,623,269	1,453,996
Other current liabilities		3,537,919	4,146,032
		<u>23,364,574</u>	<u>23,619,899</u>
<b>Non-current liabilities</b>			
Borrowings	5,12,32	8,210,821	8,035,953
Lease liabilities	5,13,32	699,511	662,896
Other payables	5,32	119,638	116,330
Other financial liabilities	5,7,32	20,527	59,790
Deferred tax liabilities		39,948	37,052
Net defined benefit liabilities	14	99,625	201,878
Provisions	15	352,157	373,725
Contract liabilities	9	48,021	47,386
Other non-current liabilities		215,780	228,536
		<u>9,806,028</u>	<u>9,763,546</u>
<b>Total liabilities</b>		<u>33,170,602</u>	<u>33,383,445</u>

**LG Electronics**  
**Consolidated Interim Statements of Financial Position**  
**March 31, 2022 and December 31, 2021**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>March 31, 2022</b> <b>(Unaudited)</b>	<b>December 31, 2021</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	15,676,888	14,433,587
Accumulated other comprehensive loss	18	(770,315)	(1,118,913)
Accumulated other comprehensive income from assets held for	18,34	32,066	12,299
Other components of equity	19	(88,491)	(88,678)
<b>Equity attributable to owners of the Parent Company</b>		<u>18,842,496</u>	<u>17,230,643</u>
<b>Non-controlling interests</b>		<u>3,037,825</u>	<u>2,867,390</u>
<b>Total equity</b>		<u>21,880,321</u>	<u>20,098,033</u>
<b>Total liabilities and equity</b>		<u>55,050,923</u>	<u>53,481,478</u>

**LG Electronics**  
**Consolidated Interim Statements of Profit or Loss**  
**Three-month Periods Ended March 31, 2022 and 2021**

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

	Notes	Three-month Period Ended March 31	
		2022 (Unaudited)	2021 (Unaudited)
<b>Continuing operations</b>			
<b>Net sales</b>	20	21,111,389	17,812,402
<b>Cost of sales</b>	21	15,194,376	12,995,305
<b>Gross profit</b>		5,917,013	4,817,097
Selling and marketing expenses	21,22	2,613,164	1,972,782
Administrative expenses	21,22	437,789	306,233
Research and development expenses	21,22	550,382	432,417
Service costs	21,22	435,196	338,393
<b>Operating profit (loss)</b>		1,880,482	1,767,272
Financial income	23	232,755	177,830
Financial expenses	24	238,634	169,405
Gain (Loss) from equity method valuation	11	9,540	83,575
Other non-operating income	25	776,882	451,887
Other non-operating expenses	26	738,436	515,988
Profit before income tax		1,922,589	1,795,171
Income tax expense		521,427	406,575
<b>Profit (Loss) from continuing operations</b>		1,401,162	1,388,596
<b>Discontinued operations</b>			
Profit (Loss) from discontinued operations	35	(161)	(219,451)
<b>Profit (Loss) for the period</b>		1,401,001	1,169,145
<b>Profit (Loss) for the period attributable to:</b>			
Owners of the Parent Company			
Profit (Loss) from continuing operations		1,226,759	1,217,115
Profit (Loss) from discontinued operations		(133)	(218,846)
		1,226,626	998,269
Non-controlling interests			
Profit (Loss) from continuing operations		174,403	171,481
Profit (Loss) from discontinued operations		(28)	(605)
		174,375	170,876
<b>Earnings (Losses) per share attributable to owners of the Parent Company during the period (in Korean wo</b>			
27			
Earnings (losses) per ordinary share			
From continuing operations		6,812	6,758
From discontinued operations		(1)	(1,215)
Earnings (losses) per preferred share			
From continuing operations		6,824	6,770
From discontinued operations		(1)	(1,215)

**LG Electronics**  
**Consolidated Interim Statements of Comprehensive Income**  
**Three-month Periods Ended March 31, 2022 and 2021**

(in millions of Korean won)

	Notes	Three-month Period Ended March 31	
		2022 (Unaudited)	2021 (Unaudited)
<b>Profit for the period</b>		1,401,001	1,169,145
<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	189,084	87,459
Share of remeasurements of associates	11	(1,354)	(1,440)
Financial assets at fair value through other comprehensive income	7	(5,119)	(9,410)
<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	54,953	74,632
Cash flow hedges	32	52,160	27,622
Exchange differences on translation of foreign operations		287,669	188,142
<b>Other comprehensive income (loss) for the period, net of tax</b>		577,393	367,005
<b>Total comprehensive income (loss) for the period, net of tax</b>		1,978,394	1,536,150
<b>Comprehensive income for the period, net of tax, attributable to:</b>			
Owners of the Parent Company		1,765,581	1,336,950
Non-controlling interests		212,813	199,200
<b>Total comprehensive income for the period, net of tax</b>		1,978,394	1,536,150



**LG Electronics**
**Consolidated Interim Statements of Changes in Equity**  
**Three-month Periods Ended March 31, 2022 and 2021**

		Attributable to Owners of the Parent Company								
				Accumulated Other Comprehensive Income (Loss)						
		Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	from Assets Held for Sale	Other Components of Equity	Total	Non-controlling Interests	Total Equity	
(in millions of Korean won)	Notes									
<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(Loss) for the period		-	998,269	-	-	-	998,269	170,876	1,169,145	
Remeasurements of the net defined benefit liability	14	-	81,832	-	-	-	81,832	5,627	87,459	
Share of remeasurements of associates	11	-	(1,440)	-	-	-	(1,440)	-	(1,440)	
Financial assets at fair value through other comprehensive income	7	-	-	(9,448)	-	-	(9,448)	38	(9,410)	
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	11	-	-	74,632	-	-	74,632	-	74,632	
Cash flow hedges	32	-	-	28,352	-	-	28,352	(730)	27,622	
Exchange differences on translation of foreign operations		-	-	162,772	1,981	-	164,753	23,389	188,142	
<b>Total comprehensive income (loss)</b>		-	1,078,661	256,308	1,981	-	1,336,950	199,200	1,536,150	
<b>Transactions with owners:</b>										
Dividends	17	-	(216,938)	-	-	-	(216,938)	(9,808)	(226,746)	
Changes in controlling interests in subsidiaries		-	-	-	-	-	-	(730)	(730)	
<b>Total transactions with owners</b>		-	(216,938)	-	-	-	(216,938)	(10,538)	(227,476)	
<b>Balance at March 31, 2021 (Unaudited)</b>		3,992,348	14,514,560	(1,738,534)	(1,098)	(209,764)	16,557,512	2,293,287	18,850,799	
<b>Balance at January 1, 2022</b>		3,992,348	14,433,587	(1,118,913)	12,299	(88,678)	17,230,643	2,867,390	20,098,033	
<b>Total comprehensive income (loss):</b>										
Profit(Loss) for the period		-	1,226,626	-	-	-	1,226,626	174,375	1,401,001	
Remeasurements of the net defined benefit liability	14	-	171,944	-	-	-	171,944	17,140	189,084	
Share of remeasurements of associates	11	-	(1,354)	-	-	-	(1,354)	-	(1,354)	
Financial assets at fair value through other comprehensive income	7	-	-	(5,183)	-	-	(5,183)	64	(5,119)	
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	11	-	-	54,953	-	-	54,953	-	54,953	
Cash flow hedges	32	-	-	50,427	-	-	50,427	1,733	52,160	
Exchange differences on translation of foreign operations		-	-	248,401	19,767	-	268,168	19,501	287,669	
<b>Total comprehensive income (loss)</b>		-	1,397,216	348,598	19,767	-	1,765,581	212,813	1,978,394	
<b>Transactions with owners:</b>										
Dividends	17	-	(153,915)	-	-	-	(153,915)	(42,034)	(195,949)	
Changes in controlling interests in subsidiaries		-	-	-	-	187	187	(344)	(157)	
<b>Total transactions with owners</b>		-	(153,915)	-	-	187	(153,728)	(42,378)	(196,106)	
<b>Balance at March 31, 2022 (Unaudited)</b>		3,992,348	15,676,888	(770,315)	32,066	(88,491)	18,842,496	3,037,825	21,880,321	

## LG Electronics

### Consolidated Interim Statements of Cash Flows

Three-month Periods Ended March 31, 2022 and 2021

(in millions of Korean won)

	Notes	Three-month Period Ended March 31	
		2022 (Unaudited)	2021 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations	28	125,565	1,459,213
Interest received		21,674	17,851
Interest paid		(81,190)	(79,588)
Dividend received		2,927	362
Income tax paid		(206,672)	(96,970)
<b>Net cash inflow (outflow) from operating activities</b>		<b>(137,696)</b>	<b>1,300,868</b>
<b>Cash flows from investing activities</b>			
Decrease in deposits held by financial institutions		1,438	2,781
Decrease in other receivables		58,330	20,372
Proceeds from redemption and disposal of other financial assets		28,280	15,185
Proceeds from disposal of property, plant and equipment		14,227	7,518
Proceeds from disposal of intangible assets		21,304	3,385
Proceeds from disposal of assets held for sale		276,560	-
Transfer of business		39,060	-
Increase in deposits held by financial institutions		(1,903)	(266)
Increase in other receivables		(59,425)	(35,526)
Acquisition of other financial assets		(37,415)	(27,865)
Acquisition of property, plant and equipment		(616,239)	(550,311)
Acquisition of intangible assets		(155,062)	(113,654)
Acquisition of investments in associates and joint ventures		(15,384)	(4,567)
<b>Net cash inflow (outflow) from investing activities</b>		<b>(446,229)</b>	<b>(682,948)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		681,769	305,683
Increase in non-controlling interests		1	-
Repayments of borrowings		(558,543)	(525,137)
Repayments of lease liabilities		(77,285)	(74,334)
<b>Net cash inflow (outflow) from financing activities</b>		<b>45,942</b>	<b>(293,788)</b>
Effects of exchange rate changes on cash and cash equivalents		47,541	85,539
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(490,442)</b>	<b>409,671</b>
Cash and cash equivalents included in assets held for sale at the beginning of the period	34	58,371	53,586
Cash and cash equivalents at the beginning of the period		6,051,516	5,896,309
Cash and cash equivalents included in assets held for sale at the end of the period	34	-	(56,280)
<b>Cash and cash equivalents at the end of the period</b>		<b>5,619,445</b>	<b>6,303,286</b>

# LG Electronics

## Notes to the Consolidated Interim Financial Statements

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

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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 March 31, 2022, 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 five 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 March 31, 2022, the Parent Company has 136 subsidiaries (Note 1 (a)), 18 associates and joint ventures (Note 11).

**LG Electronics**  
**Notes to the Consolidated Interim Financial Statements**  
**March 31, 2022 and 2021 (Unaudited), and December 31, 2021**

(a) Consolidated subsidiaries as at March 31, 2022 and December 31, 2021, are as follows:

Territory	Location	Subsidiary	March 31, 2022		December 31, 2021		Closing month	Major business	Basis of control
			Percentage of ownership Controlling interest	Non-controlling interest	Percentage of ownership 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%	-	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	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
	Korea	LG Magna e-Powertrain Co., Ltd.	51.0%	49.0%	51.0%	49.0%	December	Production and sales of vehicle components	More than half of voting rights
China	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
	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

**LG Electronics**  
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Territory	Location	Subsidiary	March 31, 2022		December 31, 2021		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 HK LIMITED(LGCHK)	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)	84.1%	15.9%	84.1%	15.9%	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		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 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

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

Territory	Location	Subsidiary	March 31, 2022		December 31, 2021		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	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.	51.0%	49.0%	51.0%	49.0%	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
	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

# LG Electronics

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Territory	Location	Subsidiary	March 31, 2022		December 31, 2021		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	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>	57.4%	42.6%	57.8%	42.2%	March	R&D	More than half of voting rights
	Indonesia	PT LGE INDONESIA RESEARCH AND DEVELOPMENT CENTER (LGEIC)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Japan	Cybellum Technologies Ltd.	69.5%	30.5%	69.6%	30.4%	December	Development and sales of automotive security solutions	More than half of voting rights
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

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Territory	Location	Subsidiary	March 31, 2022		December 31, 2021		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	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
	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



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Territory	Location	Subsidiary	March 31, 2022		December 31, 2021		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	German	LG Electronics Vehicle Components Europe GmbH (LGEVG)	100.0%	-	100.0%	-	December	Sales of vehicle components	More than half of voting rights
	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
	Czech	ZKW Automotive Engineering CZ s.r.o.	70.0%	30.0%	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

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Territory	Location	Subsidiary	March 31, 2022		December 31, 2021		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Poland	HI-M SOLUTEK POLAND Sp. z o.o.	100.0%	-	100.0%	0.0%	December	Services	More than half of voting rights
	Hungary	ACE R&A Hungary Limited Liability Company	100.0%	-	-	-	December	Production and sales of air conditioner	More than half of voting rights
North America	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 Mexico S.A. DE C.V.(LGEMS)	100.0%	-	100.0%	-	December	Sales 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
	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	

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Territory	Location	Subsidiary	March 31, 2022		December 31, 2021		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	USA	LG Technology Ventures LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	USA	LG Electronics New Jersey, LLC	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
	USA	LG Magna e-Powertrain USA Inc.	51.0%	49.0%	51.0%	49.0%	December	Sales of vehicle components	More than half of voting rights
	USA	Alphonso Inc.	57.4%	42.6%	57.8%	42.2%	December	Advertisement	More than half of voting rights
	USA	LG Innotek Fund I LLC <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Investment in technology start-ups	De-facto control
	USA	Cybellum Technologies USA, Inc	69.5%	30.5%	69.6%	30.4%	December	Development and sales of automotive security solutions	More than half of voting rights
	USA	LG Electronics Fund II LLC	100.0%	-	-	-	December	Investment in technology start-ups	More than half of voting rights
	Mexico	HI-M SOLUTEK MEXICO S DE RL DE CV.	100.0%	-	-	-	December	Maintenance	More than half of voting rights
	Mexico	LG Magna e-Powertrain Mexico S.A. DE C.V.	51.0%	49.0%	-	-	December	Production and sales of vehicle components	More than half of voting rights
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

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Territory	Location	Subsidiary	March 31, 2022		December 31, 2021		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	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
	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

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Territory	Location	Subsidiary	March 31, 2022		December 31, 2021		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	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%	-	100.0%	-	December	Services	More than half of voting rights
	Israel	Cybellum Technologies Ltd.	69.5%	30.5%	69.6%	30.4%	December	Development and sales of automotive security solutions	More than half of voting rights
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

## **LG Electronics**

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- <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 financial statements, the financial statements for the 3-month period ended December 31, 2022 were used for those subsidiaries with different fiscal year ends.

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(b) Financial information of major subsidiaries as at March 31, 2022 and December 31, 2021, and for the three-month periods ended March 31, 2022 and 2021, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	March 31, 2022			2022	
	Assets	Liabilities	Equity	Sales <sup>1</sup>	Profit (loss) for the period
LG Innotek Co., Ltd.	7,254,173	4,161,217	3,092,956	3,837,424	235,922
LG Electronics U.S.A., Inc.(LGEUS)	5,561,481	4,032,486	1,528,995	3,889,448	64,245
LG Electronics European Shared Service Center B.V.(LGESC)	1,683,759	1,640,671	43,088	117,538	6,373
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,534,880	656,745	878,135	892,854	76,787
LG Electronics Vietnam Hai Phong Co., Ltd(LGEVH)	1,647,338	715,010	932,328	1,055,283	51,898
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,508,034	829,805	678,229	1,263,512	56,336
Zenith Electronics LLC(Zenith)	1,369,999	119,564	1,250,435	36,775	4,229
LG Electronics do Brasil Ltda.(LGEBR)	1,455,490	349,854	1,105,636	277,069	(15,415)
LG Electronics RUS, LLC(LGERA)	934,047	475,276	458,771	433,072	30,929
Hiplaza Co., Ltd.	1,134,653	981,747	152,906	677,847	(25,122)
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	1,315,291	788,388	526,903	884,861	30,496
ZKW Lichtsysteme GmbH	802,377	426,683	375,694	171,814	(7,392)
LG Electronics (China) Co., Ltd(LGECH)	721,442	725,376	(3,934)	69,181	(2,669)
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	976,288	589,134	387,154	519,339	17,185
ZKW Group GmbH	1,122,657	788,422	334,235	37,708	7,239
LG Electronics Deutschland GmbH(LGEDG)	636,055	459,168	176,887	782,461	34,950
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	811,874	591,749	220,125	431,853	14,799
LG Electronics (Thailand) Company Limited(LGETH)	824,032	386,929	437,103	495,107	39,577
P.T. LG Electronics Indonesia(LGEIN)	1,066,804	509,165	557,639	759,402	30,687
LG Electronics Nanjing New Technology co.,LTD(LGENT)	801,669	503,681	297,988	709,258	27,529
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	584,318	370,180	214,138	311,947	13,422
LG Magna e-Powertrain Co., Ltd.	987,029	248,767	738,262	122,228	(26,019)

<i>(in millions of Korean won)</i>	December 31, 2021			2021	
	Assets	Liabilities	Equity	Sales <sup>1</sup>	Profit (loss) for the period
LG Innotek Co., Ltd.	6,989,347	4,092,054	2,897,293	2,987,837	237,066
LG Electronics U.S.A., Inc.(LGEUS)	5,501,018	4,078,083	1,422,935	3,030,961	218,286
LG Electronics European Shared Service Center B.V.(LGESC)	1,401,862	1,365,393	36,469	101,096	3,371
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,422,320	622,764	799,556	818,000	89,634
LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	1,515,442	650,031	865,411	1,002,530	78,282
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,481,671	856,700	624,971	1,009,073	(8,980)
Zenith Electronics LLC(Zenith)	1,337,885	117,699	1,220,186	30,449	6,017

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<i>(in millions of Korean won)</i>	December 31, 2021			2021	
	Assets	Liabilities	Equity	Sales <sup>1</sup>	Profit (loss) for the period
LG Electronics do Brasil Ltda.(LGEBR)	1,372,789	432,180	940,609	403,273	47,375
LG Electronics RUS, LLC(LGERA)	1,177,101	547,951	629,150	386,660	24,681
Hiplaza Co., Ltd.	1,079,465	910,773	168,692	757,021	(14,346)
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	1,369,835	883,917	485,918	492,807	32,325
ZKW Lichtsysteme GmbH	777,962	398,437	379,525	194,949	6,936
LG Electronics (China) Co., Ltd(LGECH)	686,470	687,734	(1,264)	67,138	10,046
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	909,494	547,005	362,489	436,996	34,270
ZKW Group GmbH	1,052,602	728,347	324,255	33,512	6,040
LG Electronics Deutschland GmbH(LGEDG)	1,140,618	973,875	166,743	961,054	29,617
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	803,550	602,287	201,263	453,125	18,602
LG Electronics (Thailand) Company Limited(LGETH)	680,464	291,124	389,340	472,621	33,690
P.T. LG Electronics Indonesia(LGEIN)	973,369	457,658	515,711	608,336	10,306
LG Electronics Nanjing New Technology co.,LTD(LGENT)	865,635	600,650	264,985	581,289	13,389
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	580,270	383,562	196,708	272,259	16,052
LG Magna e-Powertrain Co., Ltd.	933,683	169,402	764,281	-	-

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

(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>	March 31, 2022	December 31, 2021
Percentage of ownership in non-controlling interests	59.2%	59.2%
Accumulated non-controlling interests	2,157,633	2,011,225

ii) Profit and dividends attributable to non-controlling interests for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Profit to non-controlling interests	162,122	150,686
Dividends to non-controlling interests	42,034	9,808



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- 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>March 31, 2022</b>	<b>December 31, 2021</b>
Current assets	4,488,367	4,113,364
Non-current assets	3,683,989	3,627,989
<b>Total assets</b>	<b>8,172,356</b>	<b>7,741,353</b>
Current liabilities	3,213,959	3,310,268
Non-current liabilities	1,403,207	1,116,879
<b>Total liabilities</b>	<b>4,617,166</b>	<b>4,427,147</b>
Equity attributable to the owners of LG Innotek Co., Ltd.	3,555,190	3,314,206
Non-controlling interests	-	-
<b>Total equity</b>	<b>3,555,190</b>	<b>3,314,206</b>

- iv) Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the three-month periods ended March 31, 2022 and 2021, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Net sales	3,952,381	3,071,813
Profit (Loss) for the period	267,521	251,413
Other comprehensive income, net of tax	44,456	29,522
Total comprehensive income (loss), net of tax	311,977	280,935

- v) Summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for the three-month periods ended March 31, 2022 and 2021, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Cash flows from operating activities	197,560	173,517
Cash flows from investing activities	(277,623)	(144,032)
Cash flows from financing activities	243,497	(2,802)
Effects of exchange rate changes on cash and cash equivalents	2,897	5,559
Net increase (decrease) in cash and cash equivalents	166,331	32,242
Cash and cash equivalents included in assets held for sale at the beginning of the period	58,371	53,586
Cash and cash equivalents at the beginning of the period	565,874	694,607
Cash and cash equivalents included in assets held for sale at the end of the period	-	(56,280)
Cash and cash equivalents at the end of the period	790,576	724,155

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(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 protective rights of non-controlling interests which can restrict the use of the assets and settlement of the liabilities of the Group exist in certain subsidiaries.

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

During the three-month period ended March 31, 2022, non-controlling interests decreased by ₩1,054 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 three-month period ended March 31, 2022, are:

<b>Subsidiary</b>	<b>Reason</b>	<b>Country</b>	<b>Percentage of ownership</b>	<b>Closing month</b>	<b>Major business</b>
ACE R&A Hungary Limited Liability Company	Newly established	Hungary	100%	December	Production and sales of air conditioner
HI-M SOLUTEK MEXICO S DE RL DE CV.	Newly established	Mexico	100%	December	Maintenance
LG Electronics fund II LLC	Newly established	USA	100%	December	Investment in technology start-ups
LG Magna e-Powertrain Mexico S.A. DE C.V.	Newly established	Mexico	51.0%	December	Productions and sales of vehicle components

- (g) A subsidiary excluded from the scope of preparation of the consolidated interim financial statements for the three-month period ended March 31, 2022, is:

<b>Subsidiary</b>	<b>Reason</b>	<b>Country</b>
LG Electronics Mobile Research U.S.A.,LLC.	Liquidation	USA
LG Innotek Huizhou Co.Ltd.	Sales of shares	China

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

During the three-month period ended March 31, 2022, the Group liquidated LG Electronics Mobile Research U.S.A.,LLC. and sold the shares of LG Innotek Huizhou Co.,Ltd., and recognized gains of ₩2,617 million and ₩6,387 million from the loss of control, respectively.

# LG Electronics

## Notes to the Consolidated Interim Financial Statements

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

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

### Changes in Accounting Policies and Disclosures

(a) New and amended standards and interpretations effective for the financial year beginning January 1, 2022

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

The amendments update a reference of definition of assets and liabilities that 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 Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendments do not have a significant impact on the consolidated interim financial statements.

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

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

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

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments do not have a significant

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impact on the consolidated interim financial statements.

#### - Annual improvements to Korean IFRS 2018-2020

The amendments do not have a significant impact on the consolidated interim financial statements.

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

(b) New, enacted and amended standards issued, but not effective for March 31, 2022, and not early adopted by the Group.

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

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

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

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

#### - Korean IFRS 1008 *Changes in Accounting Policies, Accounting Estimates and Errors - Definition of Accounting Estimates*

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments should be applied for annual periods beginning on or after January 1, 2023. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

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

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

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments should be applied for annual periods beginning on or after January 1, 2023. 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, 2021, except for the changes due to the application of amendment and enactments of standards described in Note 2 and the ones described below.

#### **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.

### **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 and Russia - Ukraine armed conflict have a material impact on the global 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 2022.

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 and Russia - Ukraine armed conflict. Also, the ultimate effect of COVID-19 and Russia - Ukraine armed conflict to the Group's business, financial position and financial performance

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

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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 total 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 and deferred income 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.

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(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 expected sales quantity and unit price and estimated operating profit.

(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 reassessment of the lease term based on a judgment of whether the extension option is reasonably certain to be exercised (or not exercised) 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**

In order to determine the Group's de-facto control, the Group considers the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders and 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

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(a) The segment information for sales and operating profit (loss) for the three-month periods ended March 31, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>						<b>Total</b>
	<b>H&amp;A</b>	<b>HE</b>	<b>VS</b>	<b>BS</b>	<b>Innotek</b>	<b>Other segments<sup>1</sup></b>	
Sales	7,970,158	4,064,914	1,877,610	2,016,694	3,952,381	1,229,632	21,111,389
External sales	7,968,225	4,063,222	1,877,608	2,015,410	3,812,507	1,374,417	21,111,389
Internal sales	1,933	1,692	2	1,284	139,874	(144,785)	-
Operating profit (loss) <sup>2</sup>	447,634	188,354	(6,262)	37,002	366,792	846,962	1,880,482
Depreciation and amortization	200,976	90,981	152,137	34,275	195,551	42,993	716,913

<i>(in millions of Korean won)</i>	<b>2021</b>						<b>Total</b>
	<b>H&amp;A</b>	<b>HE</b>	<b>VS</b>	<b>BS</b>	<b>Innotek</b>	<b>Other segments<sup>1</sup></b>	
Sales	6,708,856	4,008,708	1,730,786	1,630,123	3,071,813	662,116	17,812,402
External sales	6,699,876	4,004,815	1,730,786	1,629,625	2,930,278	817,022	17,812,402
Internal sales	8,980	3,893	-	498	141,535	(154,906)	-
Operating profit (loss) <sup>2</sup>	906,211	395,278	(4,630)	110,833	345,350	14,230	1,767,272
Depreciation and amortization	185,883	82,509	132,497	57,401	172,274	35,319	665,883

<sup>1</sup> Other segments include operating segments that are not qualified as reportable segments, departments that support the operating segments and R&D, and inter-segment transactions. Sales between segments are accounted on terms equivalent to those that prevail in arm's length transactions.

<sup>2</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.

(b) Segment assets and liabilities as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>		<b>December 31, 2021</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
H&A	25,693,430	13,708,487	24,253,234	12,878,080
HE	13,769,030	9,428,006	13,620,098	9,638,743
VS	8,541,412	10,533,398	8,050,137	9,973,745
BS	5,805,314	4,859,172	5,724,953	4,745,073
Innotek	8,172,356	4,617,166	7,741,353	4,427,147
<b>Subtotal<sup>1</sup></b>	<b>61,981,542</b>	<b>43,146,229</b>	<b>59,389,775</b>	<b>41,662,788</b>
Other segments and inter-segment transactions	(6,930,619)	(9,975,627)	(5,908,297)	(8,279,343)
<b>Total</b>	<b>55,050,923</b>	<b>33,170,602</b>	<b>53,481,478</b>	<b>33,383,445</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.



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- (c) Non-current assets by geographic area as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i> Geographic areas	Non-current assets <sup>1</sup>	
	March 31, 2022	December 31, 2021
Korea	11,639,569	11,747,934
China	920,269	949,526
Asia	1,449,732	1,399,179
North America	1,452,275	1,534,049
Europe	1,129,329	963,708
South America	129,618	105,440
Middle East & Africa	285,196	290,804
Russia and others	138,729	153,763
<b>Total</b>	<b>17,144,717</b>	<b>17,144,403</b>

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

- (d) Sales from a single external customer who contribute more than 10% of the Group's total sales for the three-month period ended March 31, 2022 are sales from Innotek segment and others amounting to ₩3,885,949 million (March 31, 2021: ₩2,240,522 million).

### 5. Financial Instruments by Category

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

<i>(in millions of Korean won)</i>	March 31, 2022				
	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	5,619,445	-	-	-	5,619,445
Deposits held by financial institutions	208,056	-	-	-	208,056
Trade receivables	8,126,185	1,309,782	-	54,215	9,490,182
Other receivables	1,434,485	-	-	-	1,434,485
Other financial assets	-	117,527	70,511	91,872	279,910
<b>Total</b>	<b>15,388,171</b>	<b>1,427,309</b>	<b>70,511</b>	<b>146,087</b>	<b>17,032,078</b>

<i>(in millions of Korean won)</i>	March 31, 2022			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	9,106,054	-	-	9,106,054
Borrowings	10,104,083	-	-	10,104,083
Lease liabilities	-	-	988,828	988,828
Other payables	4,166,960	-	-	4,166,960
Other financial liabilities	-	38,677	14,941	53,618
<b>Total</b>	<b>23,377,097</b>	<b>38,677</b>	<b>1,003,769</b>	<b>24,419,543</b>

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<i>(in millions of Korean won)</i>	December 31, 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	6,051,516	-	-	-	6,051,516
Deposits held by financial institutions	205,391	-	-	-	205,391
Trade receivables	6,598,731	1,567,007	-	25,799	8,191,537
Other receivables	1,160,959	-	-	-	1,160,959
Other financial assets	-	121,222	79,145	41,487	241,854
<b>Total</b>	<b>14,016,597</b>	<b>1,688,229</b>	<b>79,145</b>	<b>67,286</b>	<b>15,851,257</b>

<i>(in millions of Korean won)</i>	December 31, 2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	8,741,937	-	-	8,741,937
Borrowings	9,931,553	-	-	9,931,553
Lease liabilities	-	-	955,422	955,422
Other payables	4,193,751	-	-	4,193,751
Other financial liabilities	-	17,092	51,210	68,302
<b>Total</b>	<b>22,867,241</b>	<b>17,092</b>	<b>1,006,632</b>	<b>23,890,965</b>

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

<i>(in millions of Korean won)</i>	2022				
	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	23,929	-	-	-	23,929
Exchange differences	209,405	21,782	-	-	231,187
Reversal of bad debt expenses	(4,272)	-	-	-	(4,272)
Gain(Loss) on disposal of trade receivables	-	(1,661)	-	-	(1,661)
Dividend income	-	187	2,300	-	2,487
Gain(Loss) on valuation of financial assets at fair value through profit or loss	-	-	(4,574)	-	(4,574)
Gain(Loss) on derivatives (through profit or loss)	-	-	34,533	-	34,533
Profit(Loss) for the period from discontinued operations	567	-	1	-	568
Fair value gain(loss), net of tax (through other comprehensive income)	-	(5,119)	-	-	(5,119)
Gain(Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	34,942	34,942

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<i>(in millions of Korean won)</i>	2022			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expense	(65,366)	-	(13,909)	(79,275)
Exchange differences	(216,353)	-	15,247	(201,106)
Gain(Loss) on derivatives (through profit or loss)	-	(63,263)	-	(63,263)
Profit(Loss) for the period from discontinued operations	(584)	(42)	-	(626)
Gain(Loss) on derivatives, net of tax (through other comprehensive income)	-	-	17,218	17,218
Others	(827)	-	-	(827)

<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	18,796	-	-	-	18,796
Exchange differences	246,811	29,401	-	-	276,212
Bad debts expense	(1,959)	-	-	-	(1,959)
Gain(Loss) on disposal of trade receivables	(740)	(871)	-	-	(1,611)
Dividend income	-	188	-	-	188
Gain(Loss) on valuation of financial assets at fair value through profit or loss	-	-	17,269	-	17,269
Gain(Loss) on derivatives (through profit or loss)	-	-	16,458	-	16,458
Profit(Loss) for the period from discontinued operations	23,726	-	4,910	-	28,636
Fair value gain(loss), net of tax (through other comprehensive income)	-	(9,410)	-	-	(9,410)
Gain(Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	283	283

<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 expense	(33,579)	-	(16,113)	(49,692)
Exchange differences	(315,820)	-	28,716	(287,104)
Gain(Loss) on derivatives (through profit or loss)	-	(734)	-	(734)
Profit(loss) for the period from discontinued operations	(75,785)	260	(228)	(75,753)
Gain(Loss) on derivatives, net of tax (through other comprehensive income)	-	-	30,050	30,050
Others	(610)	-	-	(610)

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**6. Trade Receivables and Other Receivables**

(a) Trade receivables and other receivables, net of allowance for doubtful accounts, as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>			<b>December 31, 2021</b>		
	<b>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						
Current	9,532,909	(91,664)	9,441,245	8,251,982	(85,523)	8,166,459
Non-current	48,937	-	48,937	25,078	-	25,078
Other receivables						
Current	757,476	(10,017)	747,459	500,773	(11,717)	489,056
Non-current	687,172	(146)	687,026	672,017	(114)	671,903

(b) Movements in allowance for doubtful accounts for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>				
	<b>At January 1</b>	<b>Addition (Reversal)</b>	<b>Write-off</b>	<b>Other</b>	<b>At March 31</b>
Trade receivables	85,523	5,560	(424)	1,005	91,664
Other receivables					
Current	11,717	(1,515)	(2)	(183)	10,017
Non-current	114	30	-	2	146

  

<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 March 31</b>
Trade receivables	112,516	1,242	(138)	547	114,167
Other receivables					
Current	19,229	781	(23)	552	20,539
Non-current	35	(3)	-	1	33

## LG Electronics

### Notes to the Consolidated Interim Financial Statements

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

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

(in millions of Korean won)

	March 31, 2022				
	Trade receivables		Other receivables		Total
	Current	Non-current	Current	Non-current	
<b>Receivables not past due</b>	8,792,467	48,937	715,149	674,697	10,231,250
<b>Past due but not impaired</b>					
Up to 6 months	528,645	-	25,455	11,969	566,069
7 to 12 months	24,342	-	1,854	78	26,274
Over 1 year	25,496	-	4,921	428	30,845
<b>Subtotal</b>	578,483	-	32,230	12,475	623,188
<b>Impaired</b>	161,959	-	10,097	-	172,056
<b>Total</b>	9,532,909	48,937	757,476	687,172	11,026,494

(in millions of Korean won)

	December 31, 2021				
	Trade receivables		Other receivables		Total
	Current	Non-current	Current	Non-current	
<b>Receivables not past due</b>	7,293,018	25,078	463,197	667,263	8,448,556
<b>Past due but not impaired</b>					
Up to 6 months	767,628	-	18,565	3,616	789,809
7 to 12 months	17,199	-	1,792	895	19,886
Over 1 year	19,157	-	5,831	243	25,231
<b>Subtotal</b>	803,984	-	26,188	4,754	834,926
<b>Impaired</b>	154,980	-	11,388	-	166,368
<b>Total</b>	8,251,982	25,078	500,773	672,017	9,449,850

- (d) Trade receivables have been discounted through collateralized borrowing agreements with banks for the three-month period ended March 31, 2022. In case the customers default, the Group has an obligation to pay the related amounts to the banks. As a result, this transaction has been accounted for as a collateralized borrowing (Note 11). Discounted trade receivables as at March 31, 2022 amount to ₩134,606 million (December 31, 2021: ₩51,577 million).

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**7. Other Financial Assets and Liabilities**

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

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Other financial assets</b>		
Derivatives	94,095	47,114
Financial assets at fair value through other comprehensive income	117,527	121,222
Financial assets at fair value through profit or loss	68,288	73,518
<b>Total</b>	<b>279,910</b>	<b>241,854</b>
Current	13,336	18,276
Non-current	266,574	223,578

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Other financial liabilities</b>		
Derivatives	53,537	68,188
Financial guarantee liability	81	114
<b>Total</b>	<b>53,618</b>	<b>68,302</b>
Current	33,091	8,512
Non-current	20,527	59,790

(b) Details of derivatives as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>		<b>December 31, 2021</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Current</b>				
Currency forward	3,149	32,373	6,332	8,398
Cross-currency swap	9,270	-	9,647	-
Interest rate swap	-	637	-	-
<b>Subtotal</b>	<b>12,419</b>	<b>33,010</b>	<b>15,979</b>	<b>8,398</b>
<b>Non-current</b>				
Cross-currency swap	73,107	-	31,135	1,420
Interest rate swap	8,569	16,480	-	54,219
Put option	-	4,047	-	4,151
<b>Subtotal</b>	<b>81,676</b>	<b>20,527</b>	<b>31,135</b>	<b>59,790</b>
<b>Total</b>	<b>94,095</b>	<b>53,537</b>	<b>47,114</b>	<b>68,188</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 three-month periods ended March 31, 2022 and 2021, are as follows:

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<i>(in millions of Korean won)</i>	2022						At March 31
	At January 1	Acquisition	Disposals	Transfer	Valuation	Other	
Listed equity securities	60,441	-	-	-	(6,536)	149	54,054
Unlisted equity securities	60,782	400	-	1,600	-	691	63,473
<b>Total</b>	<b>121,223</b>	<b>400</b>	<b>-</b>	<b>1,600</b>	<b>(6,536)</b>	<b>840</b>	<b>117,527</b>

<i>(in millions of Korean won)</i>	2021						At March 31
	At January 1	Acquisition	Disposals	Transfer	Valuation	Other	
Listed equity securities	58,103	-	(212)	-	(11,238)	453	47,106
Unlisted equity securities	59,317	-	-	(14,210)	-	1,350	46,457
<b>Total</b>	<b>117,420</b>	<b>-</b>	<b>(212)</b>	<b>(14,210)</b>	<b>(11,238)</b>	<b>1,803</b>	<b>93,563</b>

(d) Changes in carrying amount of financial assets at fair value through profit or loss for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022						At March 31
	At January 1	Acquisition	Disposals	Transfer	Valuation	Other	
Listed equity securities	2,297	-	(479)	129	(1,081)	51	917
Unlisted equity securities <sup>1</sup>	71,221	1,484	(551)	(1,729)	(3,493)	439	67,371
<b>Total</b>	<b>73,518</b>	<b>1,484</b>	<b>(1,030)</b>	<b>(1,600)</b>	<b>(4,574)</b>	<b>490</b>	<b>68,288</b>

<i>(in millions of Korean won)</i>	2021						At March 31
	At January 1	Acquisition	Disposals	Transfer	Valuation	Other	
Listed equity securities	-	-	-	400	5,912	(55)	6,257
Unlisted equity securities <sup>1</sup>	29,844	8,711	(102)	13,810	11,357	76	63,696
Debt securities	7,615	5,232	-	-	-	320	13,167
<b>Total</b>	<b>37,459</b>	<b>13,943</b>	<b>(102)</b>	<b>14,210</b>	<b>17,269</b>	<b>341</b>	<b>83,120</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.

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**8. Inventories**

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

<i>(in millions of Korean won)</i>	March 31, 2022			December 31, 2021		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	6,098,073	(117,278)	5,980,795	5,804,591	(140,508)	5,664,083
Work-in-process	508,180	(10,520)	497,660	485,275	(11,547)	473,728
Raw materials and supplies	3,491,637	(106,664)	3,384,973	3,377,654	(103,212)	3,274,442
Other	386,915	(36,032)	350,883	374,978	(33,213)	341,765
<b>Total</b>	<b>10,484,805</b>	<b>(270,494)</b>	<b>10,214,311</b>	<b>10,042,498</b>	<b>(288,480)</b>	<b>9,754,018</b>

**9. Contract Assets and Contract Liabilities**

(a) Contract assets as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2022	December 31, 2021
Due from customers	579,074	496,732
(Less: allowance for doubtful accounts)	(4,721)	(3,901)
Right to recover returned products	136,991	136,587
Costs to fulfill contracts and others	290,212	280,048
<b>Total</b>	<b>1,001,556</b>	<b>909,466</b>
Current	720,119	612,754
Non-current	281,437	296,712

(b) Contract liabilities as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2022	December 31, 2021
Expected promotional incentives for customers	901,143	819,831
Expected returns from customers	222,935	218,642
Customer loyalty program	113,259	114,406
Rendering of warranty services	109,312	95,871
Due to customers and others	324,641	252,632
<b>Total</b>	<b>1,671,290</b>	<b>1,501,382</b>
Current	1,623,269	1,453,996
Non-current	48,021	47,386



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(c) Revenue recognized in relation to contract liabilities for the three-month periods ended March 31, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Revenue recognized that was included in the contract liability amount at the beginning of the period:		
Due to customers and others	117,922	110,254
Customer loyalty program	21,119	21,658
Rendering of warranty services	10,648	12,082
<b>Total</b>	<b>149,689</b>	<b>143,994</b>
Revenue recognized from performance obligations satisfied in previous periods	12,171	7,003

(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 ₩1,643,192 million which were expected to be satisfied by 2031, 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.

(e) For the three-month period ended March 31, 2022, the Group recognized an impairment loss amounting to ₩745 million (March 31, 2021: ₩149 million) in relation to due from customers, and amortization and other costs of ₩12,000 million (March 31, 2021: ₩8,548 million) in relation to costs to fulfill contracts.

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

(a) Changes in property, plant and equipment for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>At January 1</b>	14,700,784	13,973,998
Acquisitions	681,304	564,305
Reclassification from assets held for sale	73	-
Disposals and others	(13,657)	(15,790)
Depreciation	(604,087)	(563,477)
Impairment losses	(83,175)	(5,251)
Reclassification to assets held for sale	(44,012)	-
Exchange differences	84,082	111,010
<b>At March 31</b>	<b>14,721,312</b>	<b>14,064,795</b>

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

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

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Continuing operations</b>		
Cost of sales	458,400	432,024
Selling and marketing expenses	63,550	56,770
Administrative expenses	38,977	34,102
Research and development expenses	21,671	17,739
Service costs	8,680	7,363
Other non-operating expenses	9,833	1,636
<b>Subtotal</b>	<b>601,111</b>	<b>549,634</b>
<b>Discontinued operations</b>	<b>2,976</b>	<b>13,843</b>
<b>Total</b>	<b>604,087</b>	<b>563,477</b>

(c) Changes in right-of-use assets included in property, plant and equipment for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>At January 1</b>	<b>1,035,378</b>	<b>966,210</b>
Acquisitions	117,022	88,989
Disposals and others	(4,186)	(3,433)
Depreciation	(91,803)	(91,261)
Exchange differences	7,840	13,855
<b>At March 31</b>	<b>1,064,251</b>	<b>974,360</b>

The amount recognized as lease income in relation to sublease of the above right-of-use assets for the three-month period ended March 31, 2022, was ₩1,819 million (March 31, 2021: ₩2,111 million).

(d) Changes in intangible assets for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>At January 1</b>	<b>2,443,249</b>	<b>3,139,080</b>
Acquisitions	102,486	77,587
Acquisitions by internal development	49,474	62,244
Reclassification to assets held for sale	(33)	(1,080)
Disposals and others	(29,620)	(15,134)
Amortization	(125,646)	(170,254)
Impairment losses	(22,564)	(23,160)
Exchange differences	5,691	(641)
<b>At March 31</b>	<b>2,423,037</b>	<b>3,068,642</b>

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- (e) Line items including amortization of intangible assets in the consolidated interim statements of profit or loss for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Continuing operations</b>		
Cost of sales	93,008	90,462
Selling and marketing expenses	3,978	5,044
Administrative expenses	11,667	13,357
Research and development expenses	16,165	8,522
Service costs	815	497
Other non-operating expenses	3	-
<b>Subtotal</b>	<b>125,636</b>	<b>117,882</b>
<b>Discontinued operations</b>	<b>10</b>	<b>52,372</b>
<b>Total</b>	<b>125,646</b>	<b>170,254</b>

#### 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 March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Associates	5,078,545	5,099,208
Joint ventures	52,170	50,036
<b>Total</b>	<b>5,130,715</b>	<b>5,149,244</b>

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ii) Investments in associates as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2022				December 31, 2021			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Display Co., Ltd.	679,218	4,945,123	(97,731)	4,847,392	679,218	4,972,517	(100,046)	4,872,471
Ericsson-LG Co., Ltd.	12,649	52,605	-	52,605	12,649	60,008	-	60,008
Hitachi-LG Data Storage Inc.(HLDS)	101,961	56,915	(1,201)	55,714	101,961	54,189	(1,482)	52,707
CCP-LGE OWNER, LLC <sup>1</sup>	11,652	9,652	-	9,652	11,652	9,720	-	9,720
ROBOTIS Co., Ltd. <sup>1</sup>	9,000	8,185	-	8,185	9,000	8,639	-	8,639
Acryl Inc. <sup>1</sup>	2,000	1,046	-	1,046	2,000	1,128	-	1,128
Robostar Co., Ltd.	88,112	78,595	(1,710)	76,885	88,112	78,755	(1,722)	77,033
AiM Future, Inc.	800	968	-	968	800	993	-	993
Mirae Asset-LG Electronics New Growth Fund I	20,000	19,301	-	19,301	10,000	9,489	-	9,489
RINSE, INC <sup>1</sup>	7,030	6,797	-	6,797	7,030	7,020	-	7,020
<b>Total</b>	<b>932,422</b>	<b>5,179,187</b>	<b>(100,642)</b>	<b>5,078,545</b>	<b>922,422</b>	<b>5,202,458</b>	<b>(103,250)</b>	<b>5,099,208</b>

<sup>1</sup> The financial statements as at February 28, 2022 were used due to a different closing date.

iii) Investments in joint ventures as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2022				December 31, 2021			
	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	22,512	(570)	21,942	14,718	22,121	(278)	21,843
EIC PROPERTIES PTE LTD.	9,636	17,213	-	17,213	9,636	16,871	-	16,871
LG-MRI LLC	516	1,074	-	1,074	516	1,445	-	1,445
Neolite ZKW Lightings PVT Ltd.	-	-	-	-	-	-	-	-
LG-LHT Aircraft Solutions GmbH	25,676	6,552	-	6,552	22,984	4,441	-	4,441
LG-LHT Passenger Solutions GmbH	23,220	3,427	-	3,427	20,528	3,475	-	3,475
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	1,193	1,462	-	1,462	1,193	1,436	-	1,436
Alluto LLC	2,095	500	-	500	2,095	525	-	525
<b>Total</b>	<b>77,054</b>	<b>52,740</b>	<b>(570)</b>	<b>52,170</b>	<b>71,670</b>	<b>50,314</b>	<b>(278)</b>	<b>50,036</b>

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(b) Associates and joint ventures

i) Associates as at March 31, 2022, are as follows:

<b>Name of associate</b>	<b>Location</b>	<b>Closing month</b>	<b>Percentage of ownership (%)</b>	<b>Nature of relationships with the Group</b>
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	8.1	Production and sales of personal robot
Acryl Inc. <sup>2</sup>	Korea	December	13.6	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	15.6	A.I. solution
Mirae Asset-LG Electronics New Growth Fund I	Korea	December	50.0	Investment in technology start ups
RINSE, INC <sup>2</sup>	USA	December	11.5	Laundry service

<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 March 31, 2022, 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.

<b>Name of joint venture</b>	<b>Location</b>	<b>Closing month</b>	<b>Percentage of ownership (%)</b>	<b>Nature of relationships with the Group</b>
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

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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 three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>At January 1</b>	5,099,208	4,416,616
Acquisition	10,000	-
Gain(Loss) from equity method valuation	10,925	85,440
Share of other comprehensive income of associates	54,960	75,278
Withdrawal of investments by dividend / capital reduction / liquidation and others	(96,406)	(5,250)
Changes in share of associates	(351)	-
Exchange differences	209	310
<b>At March 31</b>	<b>5,078,545</b>	<b>4,572,394</b>

ii) Changes in the carrying amounts of investments in joint ventures for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>At January 1</b>	50,036	54,974
Acquisition	5,384	4,567
Gain(Loss) from equity method valuation	(1,385)	(1,865)
Share of other comprehensive loss of joint ventures	(1,361)	(2,086)
Withdrawal of investments by dividend / capital reduction / liquidation and others	(540)	(274)
Exchange differences	36	37
<b>At March 31</b>	<b>52,170</b>	<b>55,353</b>

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- (d) Summarized financial information of the associates that are material to the reporting entity as at March 31, 2022 and December 31, 2021, and for the three-month periods ended March 31, 2022 and 2021, is as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Current assets	13,137,794	13,187,067
Non-current assets	25,129,351	24,967,448
<b>Total assets</b>	<b>38,267,145</b>	<b>38,154,515</b>
Current liabilities	14,535,438	13,994,817
Non-current liabilities	8,974,481	9,397,197
<b>Total liabilities</b>	<b>23,509,919</b>	<b>23,392,014</b>
Equity attributable to the owners of LG Display Co., Ltd.	13,046,583	13,118,855
Non-controlling interests	1,710,643	1,643,646
<b>Total equity</b>	<b>14,757,226</b>	<b>14,762,501</b>

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Net sales	6,471,480	6,882,761
Profit(Loss) for the period	54,278	265,811
Equity attributable to owners of LG Display Co., Ltd.		
Profit(Loss) for the period	20,041	228,012
Other comprehensive income(loss), net of tax	140,267	192,925
Total comprehensive income(loss), net of tax	160,308	420,937

Dividends to be received from LG Display Co., Ltd. for the three-month period ended March 31, 2022 are ₩88,156 million (2021: 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 three-month periods ended March 31, 2022 and 2021, are as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Opening equity attributable to owners of LG Display Co., Ltd.	13,118,855	11,401,042
Profit(Loss) for the period	20,041	228,012
Other comprehensive income(loss), net of tax	140,267	192,925
Dividends	(232,580)	-
Closing equity attributable to owners of LG Display Co., Ltd.	13,046,583	11,821,979
Group ownership (%)	37.9	37.9
The Group's share at the end of the reporting period	4,945,123	4,480,955
Unrealized gain	(97,731)	(104,414)
Carrying amount at the end of the reporting period	4,847,392	4,376,541

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- (f) The Group's share in the operating results of the individually insignificant associates and joint ventures for the three-month periods ended March 31, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	2022		2021	
	Associates	Joint ventures	Associates	Joint ventures
Profit(Loss) for the period	730	(1,097)	(3,670)	(1,421)
Other comprehensive income(loss), net of tax	1,788	(1,356)	2,153	(2,101)
Total comprehensive income(loss), net of tax	2,518	(2,453)	(1,517)	(3,522)

- (g) There are no accumulated unrecognized changes in equity due to discontinued use of the equity method as at March 31, 2022 and December 31, 2021.

- (h) Details of marketable investments in associates as at March 31, 2022 and December 31, 2021, are as follows:

March 31, 2022					
	Type	Shares held <i>(Unit: shares)</i>	Price per share <i>(in Korean won)</i>	Fair value <i>(in millions of Korean won)</i>	Book amount
LG Display Co., Ltd.	Associate	135,625,000	20,650	2,800,656	4,847,392
Robostar Co., Ltd.	Associate	3,256,500	25,600	83,366	76,885
ROBOTIS Co., Ltd.	Associate	961,550	27,350	26,298	8,185

  

December 31, 2021					
	Type	Shares held <i>(Unit: shares)</i>	Price per share <i>(in Korean won)</i>	Fair value <i>(in millions of Korean won)</i>	Book amount
LG Display Co., Ltd.	Associate	135,625,000	24,600	3,336,375	4,872,471
Robostar Co., Ltd.	Associate	3,256,500	26,550	86,460	77,033
ROBOTIS Co., Ltd.	Associate	961,550	24,700	23,750	8,639



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**12. Borrowings**

(a) Carrying amounts of borrowings as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Current</b>		
Short-term borrowings	468,828	330,086
Current portion of long-term borrowings	886,942	856,648
Current portion of debentures	537,492	708,866
<b>Subtotal</b>	<b>1,893,262</b>	<b>1,895,600</b>
<b>Non-current</b>		
Long-term borrowings	3,584,755	3,142,863
Debentures	4,626,066	4,893,090
<b>Subtotal</b>	<b>8,210,821</b>	<b>8,035,953</b>
<b>Total</b>	<b>10,104,083</b>	<b>9,931,553</b>

(b) Details of borrowings as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>Latest maturity date</b>	<b>Annual interest rate at March 31, 2022(%)</b>	<b>Carrying amount</b>	
			<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Short-term borrowings in local currency</b>				
Shinhan Bank and others <sup>1</sup>	-	2.60 ~ 4.21	51,968	24,869
<b>Short-term borrowings in foreign currency</b>				
Citibank and others <sup>1</sup>	-	0.40 ~ 7.66	416,860	305,217
<b>Long-term borrowings in local currency</b>				
Korea Development Bank and others	2035. 1. 9	2.21 ~ 3.50	2,534,536	2,213,607
<b>Long-term borrowings in foreign currency</b>				
Hana Bank and others	2031. 7.28	0.75 ~ 4.94	1,937,161	1,785,904
<b>Local currency debentures</b>				
Public, non-guaranteed bonds	2036. 5. 4	1.33 ~ 4.44	3,550,000	3,880,000
Private, non-guaranteed bonds	2041. 2. 9	1.99 ~ 4.21	1,080,000	1,080,000
<b>Foreign currency debentures</b>				
Private, non-guaranteed bonds	2028. 6. 8	0.96 ~ 1.82	349,315	460,668
Private, guaranteed bonds	2026.10.26	0.19 ~ 1.36	195,653	193,509
Less: discount on debentures			(11,410)	(12,221)
<b>Total</b>			<b>10,104,083</b>	<b>9,931,553</b>

<sup>1</sup> It includes short-term borrowings collateralized by trade receivables as at March 31, 2022 and December 31, 2021.

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

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32).

The principal and interests of certain private guaranteed bonds of the Group are guaranteed by Shinhan Bank (Note 29).

**13. Lease Liabilities**

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

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Lease liabilities</b>		
Current	289,317	292,526
Non-current	699,511	662,896
<b>Total</b>	<b>988,828</b>	<b>955,422</b>

(b) The amounts, relating to leases, recognized in the consolidated interim statements of profit or loss for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Continuing operations</b>		
Interest expense relating on lease liabilities	8,333	7,802
Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	13,883	14,080
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)	6,399	5,337
Expense relating to variable lease payments not included in the measurement of lease liabilities (included in selling and marketing expenses, administrative expenses, and others)	27,923	28,972
<b>Subtotal</b>	<b>56,538</b>	<b>56,191</b>
<b>Discontinued operations</b>	<b>174</b>	<b>2,345</b>
<b>Total</b>	<b>56,712</b>	<b>58,536</b>

(c) Total expenses for leases including short-term leases and leases of low-value assets for the three-month period ended March 31, 2022, are ₩133,530 million (March 31, 2021: ₩132,661 million).

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### 14. Post-employment Benefits

#### Defined Benefit Plan

(a) The amounts of net defined benefit liabilities as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Present value of funded obligations	3,839,232	4,200,364
Present value of unfunded obligations	76,493	52,362
<b>Subtotal</b>	<b>3,915,725</b>	<b>4,252,726</b>
Fair value of plan assets	(3,865,988)	(4,056,627)
<b>Net defined benefit liabilities<sup>1</sup></b>	<b>49,737</b>	<b>196,099</b>

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

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

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Current service cost	106,963	105,822
Past service cost	-	(130)
Net interest cost	2,212	2,701
Operating management cost	987	851
<b>Total</b>	<b>110,162</b>	<b>109,244</b>

(c) Line items in which expenses are included for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Continuing operations</b>		
Cost of sales	53,632	53,622
Selling and marketing expenses	18,671	16,076
Administrative expenses	8,598	6,034
Research and development expenses	19,456	16,579
Service costs	8,042	6,849
<b>Subtotal</b>	<b>108,399</b>	<b>99,160</b>
<b>Discontinued operations</b>	<b>1,763</b>	<b>10,084</b>
<b>Total</b>	<b>110,162</b>	<b>109,244</b>

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(d) Movements in the present value of defined benefit obligations for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>At January 1</b>	4,252,726	4,029,147
Current service cost	106,963	105,822
Past service cost	-	(130)
Interest expense	31,030	23,290
Remeasurements for:		
- Actuarial loss(gain) arising from changes in financial assumptions	(266,979)	(124,186)
Benefits paid	(207,748)	(51,096)
Others <sup>1</sup>	(267)	1,491
<b>At March 31</b>	<b>3,915,725</b>	<b>3,984,338</b>

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

(e) Movements in the fair value of plan assets for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>At January 1</b>	4,056,627	3,540,730
Interest income	28,818	20,589
Remeasurements of plan assets	(9,108)	(5,274)
Employer contributions	1,529	3,087
Benefits paid	(210,854)	(37,602)
Operating management cost	(987)	(851)
Others <sup>1</sup>	(37)	522
<b>At March 31</b>	<b>3,865,988</b>	<b>3,521,201</b>

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

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Weighted average discount rate of the Group	3.6%	2.9%
Weighted average expected salary growth rate of the Group	5.0%	5.0%

As at March 31, 2022, the discount rates applied to the Parent Company and subsidiaries are between 0.1%~7.9% (December 31, 2021: 0.1%~7.9%), and the expected salary growth rates are between 1.0%~10.0% (December 31, 2021: 1.0%~10.0%).

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(g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as at March 31, 2022, is as follows:

<i>(in millions of Korean won)</i>	<b>1%p increase</b>	<b>1%p decrease</b>
Discount rate	(356,690)	414,895
Expected salary growth rate	395,738	(354,586)

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 three-month period ended March 31, 2022 in relation to the defined contribution plan was ₩4,518 million (March 31, 2021: ₩5,357 million).

**15. Provisions**

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

<i>(in millions of Korean won)</i>	<b>2022</b>			
	<b>Warranty</b>	<b>Restoration</b>	<b>Litigation and others</b>	<b>Total</b>
<b>At January 1</b>	2,767,091	50,480	165,438	2,983,009
Additions <sup>1</sup>	143,574	1,060	4,065	148,699
Utilizations	(378,652)	(599)	(8,177)	(387,428)
Exchange differences	8,458	10	5,466	13,934
<b>At March 31</b>	<b>2,540,471</b>	<b>50,951</b>	<b>166,792</b>	<b>2,758,214</b>
Current	2,358,838	31,494	15,725	2,406,057
Non-current	181,633	19,457	151,067	352,157

  

<i>(in millions of Korean won)</i>	<b>2021</b>			
	<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
Additions <sup>1</sup>	193,346	1,169	(675)	193,840
Utilizations	(192,623)	(659)	(10,201)	(203,483)
Exchange differences	4,070	83	(106)	4,047
<b>At March 31</b>	<b>971,026</b>	<b>47,631</b>	<b>171,526</b>	<b>1,190,183</b>
Current	886,917	28,448	5,184	920,549
Non-current	84,109	19,183	166,342	269,634

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

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**16. Paid-in Capital**

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

	Par value per share	March 31, 2022		December 31, 2021	
		Number of shares issued	Amount (in millions of Korean won)	Number of shares issued	Amount (in millions of Korean won)
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.

(b) Share premium balance as at March 31, 2022, 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 March 31, 2022 and December 31, 2021, consist of:

(in millions of Korean won)	March 31, 2022	December 31, 2021
Legal reserve <sup>1</sup>	246,609	231,218
Discretionary reserve	4,539,499	5,569,863
Unappropriated retained earnings <sup>2</sup>	10,890,780	8,632,506
<b>Total</b>	<b>15,676,888</b>	<b>14,433,587</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, 2021 of ₩153,915 million was approved at the annual general meeting held on March 24, 2022, and paid in April 2022 (2021 payments: ₩216,938 million).

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#### 18. Accumulated Other Comprehensive Income(Loss)

Accumulated other comprehensive loss as at March 31, 2022 and December 31, 2021, consists of:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Accumulated share of other comprehensive loss of associates and joint ventures	142,966	88,013
Cash flow hedge	13,767	(36,660)
Financial assets at fair value through other comprehensive income	2,177	7,360
Exchange differences on translation of foreign operations	(929,225)	(1,177,626)
<b>Subtotal</b>	<b>(770,315)</b>	<b>(1,118,913)</b>
Accumulated other comprehensive income held for sale	32,066	12,299
<b>Subtotal</b>	<b>32,066</b>	<b>12,299</b>
<b>Total</b>	<b>(738,249)</b>	<b>(1,106,614)</b>

#### 19. Other Components of Equity

Other components of equity as at March 31, 2022 and December 31, 2021, consist of:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
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	(55,672)	(55,859)
<b>Total</b>	<b>(88,491)</b>	<b>(88,678)</b>

<sup>1</sup> The Parent Company has treasury shares consisting of 763,176 ordinary shares (December 31, 2021: 763,176 shares) and 4,693 preferred shares (December 31, 2021: 4,693 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.

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**20. Net Sales**

(a) Details of net sales for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Continuing operations</b>		
Revenue from contracts with customers:		
Sales of goods	19,535,079	17,349,701
Rendering of services and others	1,387,325	303,315
<b>Subtotal</b>	<b>20,922,404</b>	<b>17,653,016</b>
Revenue from other sources:		
Rental income and others	188,985	159,386
<b>Subtotal</b>	<b>21,111,389</b>	<b>17,812,402</b>
<b>Discontinued operations</b>	<b>46,350</b>	<b>997,079</b>
<b>Total</b>	<b>21,157,739</b>	<b>18,809,481</b>

(b) Details of revenue from contracts with customers for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
By type of products:		
Refrigerator/ washing machine/ air conditioner and others	7,783,222	6,552,796
TV/AV and others	4,060,381	4,004,770
In-vehicle infotainment and others	1,877,229	1,730,616
Monitor/PC and others	2,015,416	1,628,500
Camera module and others	3,952,283	3,071,633
Others <sup>1</sup>	1,233,873	664,701
By major geographical market <sup>2</sup> :		
Korea	8,064,560	6,259,864
North America	4,552,297	3,730,020
Asia	2,292,171	2,002,829
Europe	3,222,012	2,994,826
South America	685,365	814,901
Middle East & Africa	967,465	784,773
China	646,977	635,444
Russia and others	491,557	430,359
Timing of transfer:		
Transferred at a point in time	20,207,662	17,134,812
Transferred over time	714,742	518,204
<b>Total</b>	<b>20,922,404</b>	<b>17,653,016</b>

<sup>1</sup> Others include equipment production, inter-segment transactions and others.

<sup>2</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 three-month period ended March 31, 2022, 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 three-month period ended March 31, 2022 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 March 31, 2022	Impact on profit or loss for the succeeding periods
VS	17,696	9,642	672	7,382
Other segments	56,002	54,861	(6,057)	7,198
<b>Total</b>	<b>73,698</b>	<b>64,503</b>	<b>(5,385)</b>	<b>14,580</b>

## 21. Expenses by Nature

Expenses that are recorded by nature for the three-month periods ended March 31, 2022 and 2021, consist of:

<i>(in millions of Korean won)</i>	2022	2021
<b>Continuing operations</b>		
Changes in finished goods and work-in-process	(372,692)	(212,856)
Raw materials and merchandise used	12,369,024	10,722,755
Employee benefit expense	2,705,016	1,960,325
Depreciation and amortization	716,913	665,883
Advertising expense	241,122	187,057
Promotion expense	93,046	113,704
Freight expense	1,083,883	712,883
Commission expense	1,038,215	901,878
Other expenses	1,356,380	993,501
<b>Subtotal<sup>1</sup></b>	<b>19,230,907</b>	<b>16,045,130</b>
<b>Discontinued operations</b>	<b>48,151</b>	<b>1,247,706</b>
<b>Total</b>	<b>19,279,058</b>	<b>17,292,836</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 periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Continuing operations</b>		
Salaries	899,109	723,034
Post-employment benefits	181,470	49,328
Employee welfare benefits	237,723	171,418
Freight expense	1,077,305	708,941
Rental expense	18,956	18,331
Commission expense	754,712	603,386
Depreciation	132,880	115,975
Amortization	32,625	27,420
Advertising expense	241,122	187,057
Promotional expense	93,046	113,704
R&D expense	65,643	58,332
Direct service costs	132,982	137,034
Bad debts expense	6,510	1,331
Others	162,448	134,534
<b>Subtotal</b>	<b>4,036,531</b>	<b>3,049,825</b>
<b>Discontinued operations</b>	<b>14,844</b>	<b>309,564</b>
<b>Total</b>	<b>4,051,375</b>	<b>3,359,389</b>

#### 23. Financial Income

Financial income for the three-month periods ended March 31, 2022 and 2021, consists of:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Continuing operations</b>		
Interest income	23,929	18,796
Exchange differences	203,896	150,337
Gain on derivatives	4,930	8,697
<b>Subtotal</b>	<b>232,755</b>	<b>177,830</b>
<b>Discontinued operations</b>	<b>-</b>	<b>17,511</b>
<b>Total</b>	<b>232,755</b>	<b>195,341</b>

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**24. Financial Expenses**

Financial expenses for the three-month periods ended March 31, 2022 and 2021, consist of:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Continuing operations</b>		
Interest expense	79,275	49,692
Exchange differences	144,425	113,053
Loss on derivatives	12,446	4,440
Loss on disposal of trade receivables	1,661	1,611
Others	827	609
<b>Subtotal</b>	<b>238,634</b>	<b>169,405</b>
<b>Discontinued operations</b>	<b>-</b>	<b>41,224</b>
<b>Total</b>	<b>238,634</b>	<b>210,629</b>

**25. Other Non-operating Income**

Other non-operating income for the three-month periods ended March 31, 2022 and 2021, consists of:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Continuing operations</b>		
Dividend income	2,487	188
Exchange differences	524,181	405,068
Gain on derivatives	30,676	14,433
Gain on disposal of property, plant and equipment	7,279	2,519
Gain on disposal of intangible assets	2	1,807
Gain on disposal of assets held for sale	188,810	-
Gain on valuation of financial assets at fair value through profit or loss	920	21,728
Others	22,527	6,144
<b>Subtotal</b>	<b>776,882</b>	<b>451,887</b>
<b>Discontinued operations</b>	<b>3,732</b>	<b>28,722</b>
<b>Total</b>	<b>780,614</b>	<b>480,609</b>

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### Notes to the Consolidated Interim Financial Statements

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#### 26. Other Non-operating Expenses

Other non-operating expenses for the three-month periods ended March 31, 2022 and 2021, consist of:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Continuing operations</b>		
Exchange differences	545,583	446,843
Loss on derivatives	51,892	2,966
Loss on disposal of property, plant and equipment	4,711	8,771
Impairment loss on property, plant and equipment	82,384	5,183
Loss on disposal of intangible assets	6,305	9,060
Impairment loss on intangible assets	22,563	23,025
Loss on disposal of assets held for sale	106	-
Loss on valuation of financial assets at fair value through profit or loss	5,494	4,459
Loss on disposal of investments in associates and joint ventures	351	-
Others	19,047	15,681
<b>Subtotal</b>	<b>738,436</b>	<b>515,988</b>
<b>Discontinued operations</b>	<b>3,815</b>	<b>55,933</b>
<b>Total</b>	<b>742,251</b>	<b>571,921</b>

# LG Electronics

## Notes to the Consolidated Interim Financial Statements

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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 (losses) per ordinary share for the three-month periods ended March 31, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	<u>2022</u>	<u>2021</u>
Profit (Loss) attributable to ordinary shares	1,109,391	902,823
<i>(in millions of Korean won)</i>		
Continuing operations	1,109,511	1,100,788
Discontinued operations	(120)	(197,965)
Weighted average number of ordinary shares outstanding ( <i>unit: shares</i> )	162,884,638	162,884,638
Basic earnings (losses) per ordinary share		
<i>(in Korean won)</i>		
Continuing operations	6,811	5,543
Discontinued operations	6,812	6,758
	(1)	(1,215)

- (b) Basic earnings (losses) per preferred share for the three-month periods ended March 31, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	<u>2022</u>	<u>2021</u>
Profit (Loss) attributable to preferred shares	117,235	95,446
<i>(in millions of Korean won)</i>		
Continuing operations	117,248	116,327
Discontinued operations	(13)	(20,881)
Weighted average number of preferred shares outstanding ( <i>unit: shares</i> )	17,181,299	17,181,299
Basic earnings (losses) per preferred share ( <i>in Korean won</i> )		
Continuing operations	6,823	5,555
Discontinued operations	6,824	6,770
	(1)	(1,215)

# LG Electronics

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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 three-month periods ended March 31, 2022 and 2021, are as follows:

(a) Cash generated from operations

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Profit for the period	1,401,001	1,169,145
Adjustments:		
Interest expense, net	55,346	30,896
Exchange differences, net	1,568	13,165
Loss (Gain) on derivatives, net	28,732	(15,724)
Depreciation	601,111	549,634
Amortization	125,636	117,882
Loss (Gain) on disposal of property, plant and equipment and intangible assets, net	3,735	13,505
Provisions for severance benefits	112,917	104,517
Additional provisions, net	148,699	176,995
Income tax expense	521,427	406,575
Loss (Gain) from equity method valuation	(9,540)	(83,575)
Others	(31,429)	39,392
Discontinued operations	3,619	57,411
	<u>1,561,821</u>	<u>1,410,673</u>
Changes in operating assets and liabilities		
Decrease (Increase) in trade receivables	(1,288,557)	(872,108)
Decrease (Increase) in other receivables	(99,744)	(2,803)
Decrease (Increase) in inventories	(351,762)	(441,447)
Decrease (Increase) in contract assets	(79,520)	12,051
Decrease (Increase) in other assets	(143,897)	(84,241)
Increase (Decrease) in trade payables	215,487	817,457
Increase (Decrease) in other payables	(359,194)	(322,896)
Decrease in provisions	(212,778)	(203,483)
Increase (Decrease) in contract liabilities	149,413	239,576
Increase (Decrease) in other liabilities	(635,933)	(226,309)
Payment of defined benefit liability	(1,412)	(18,851)
Deposit in plan assets, net	(29,360)	(17,551)
	<u>(2,837,257)</u>	<u>(1,120,605)</u>
<b>Cash generated from operations</b>	<u>125,565</u>	<u>1,459,213</u>

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(b) Changes in liabilities from financing activities

<i>(in millions of Korean won)</i>	2022						
	At January 1	Net cash flows from financing activities	Non-cash transactions				At March 31
			Additions	Exchange differences (profit/loss)	Amortization and others	Effects of exchange rate changes	
Short-term borrowings	330,086	101,952	-	25,584	-	11,206	468,828
Long-term borrowings	3,999,511	466,794	-	(8,328)	-	13,720	4,471,697
Debentures	5,601,956	(445,520)	-	6,293	829	-	5,163,558
Lease liabilities	955,422	(77,285)	108,830	(190)	467	1,585	988,829
Other payables	48,048	-	-	1,038	-	-	49,086
<b>Total</b>	<b>10,935,023</b>	<b>45,941</b>	<b>108,830</b>	<b>24,397</b>	<b>1,296</b>	<b>26,511</b>	<b>11,141,998</b>

  

<i>(in millions of Korean won)</i>	2021						
	At January 1	Net cash flows from financing activities	Non-cash transactions				At March 31
			Additions	Exchange differences (profit/loss)	Amortization and others	Effects of exchange rate changes	
Short-term borrowings	196,774	89,897	-	24,938	-	(98)	311,511
Long-term borrowings	4,082,115	(69,068)	-	(6,860)	18	27,524	4,033,729
Debentures	5,640,866	(240,283)	-	16,816	731	-	5,418,130
Lease liabilities	862,060	(74,334)	83,917	789	209	12,223	884,864
<b>Total</b>	<b>10,781,815</b>	<b>(293,788)</b>	<b>83,917</b>	<b>35,683</b>	<b>958</b>	<b>39,649</b>	<b>10,648,234</b>

(c) Significant non-cash transactions

<i>(in millions of Korean won)</i>	2022	2021
Reclassification of construction-in-progress to property, plant and equipment	368,414	433,483
Reclassification of construction-in-progress to intangible assets	83,094	78,933
Reclassification of current portion of borrowings and debentures	434,693	596,400
Other payables to acquire property, plant and equipment	329,766	262,386
Other payables to acquire intangible assets	29,570	4,680
Acquisition of right-of-use assets	117,022	88,989

(d) Assets and liabilities arising from the transfer of business

- Transfer of CEM(Chemical Electronic Material) business

- i) On November 1, 2021, CEM business was transferred to LG Chem Ltd.
- ii) Total consideration received and the assets and liabilities of the transferred business are as follows:

<i>(in millions of Korean won)</i>	Amount
Total consideration	
Cash and cash equivalents	597,746
Assets of the transferred business:	

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<i>(in millions of Korean won)</i>	<b>Amount</b>
Cash and cash equivalents	4,376
Trade receivables	213,565
Other receivables	5,474
Inventories	78,601
Property, plant and equipment	184,443
Intangible assets	1,053
Current tax assets	2
Deferred tax assets	40
Contract assets	73
Other assets	3,093
Liabilities of the transferred business:	
Trade payables	130,119
Lease liabilities	400
Other payables	32,687
Provisions	2,383
Contract liabilities	81
Other liabilities	6,097
Foreign currency translation	3,439
Non-controlling interests	9,644

- Transfer of mobile communications production business

- i) On December 6, 2021, mobile communications production business of Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT) and Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD) was transferred to Langchao.
- ii) Total consideration received and the assets and liabilities of the transferred business are as follows:

<i>(in millions of Korean won)</i>	<b>Amount</b>
Total consideration	
Cash and cash equivalents	9,351
Assets of the transferred business:	
Cash and cash equivalents	8,656
Other receivables	2,599
Property, plant and equipment	2,741
Other assets	34
Liabilities of the transferred business:	
Other payables	322
Deferred tax liabilities	1,491
Other liabilities	20
Foreign currency translation	7,799
Non-controlling interests	3,162



## **LG Electronics**

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

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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 ₩167,256 million (December 31, 2021: ₩165,238 million) and the book amount of pledged assets is ₩83,554 million (December 31, 2021: ₩86,907 million). In addition, the Group provided buildings as collateral to Shinhan Bank and others, 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, 2021: ₩14,040 million), and the book amount of pledged assets is ₩5,731 million (December 31, 2021: ₩5,923 million).

(b) At the end of the reporting period, the Parent Company and domestic subsidiaries are provided with performance guarantees of ₩332,055 million (December 31, 2021: ₩330,670 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, 2021: EUR 100 million and 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 KEB Hana Bank with a subrogation payment obligation for buyers up to ₩46,000 million (December 31, 2021: ₩46,000 million).

(d) In relation to the Bolt electric vehicle consumers' class action lawsuit filed against General Motors (GM) in November 2020, the Group and others were additionally included as defendants in September 2021, and the ultimate outcome of these case cannot be determined at the reporting date.

(e) 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.

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**30. Commitments**

(a) At the end of the reporting period, the Group has borrowing agreements, such as overdraft facility agreements, trade financing and others, with various banks, including Shinhan Bank, with a limit of ₩6,211,575 million (December 31, 2021: ₩6,061,789 million).

(b) At the end of the reporting period, the Group has sales agreements for receivables with various banks including Hana Bank amounting to ₩4,951,553 million (December 31, 2021: ₩5,187,180 million).

(c) At the end of the reporting period, the Group has corporate electronic settlement services contracts and vendor prepayment services contracts with various banks including Shinhan Bank for up to ₩1,408,000 million (December 31, 2021: ₩1,408,000 million) in connection with the payment of trade payables.

(d) At the end of the reporting period, the Group has commercial paper agreements with Shinhan Bank and others for ₩90,000 million (December 31, 2021: ₩90,000 million).

(e) Contractual commitments for the acquisition of assets

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>March 31, 2022</b>	<b>December 31, 2021</b>
Property, plant and equipment	899,442	747,738
Intangible assets	12,687	48,265
Investments in associates and joint ventures	86,407	101,441
Other financial assets	12,108	-
<b>Total</b>	<b>1,010,644</b>	<b>897,444</b>

Other than the above commitments, Zenith Electronics LLC(Zenith), a subsidiary, agreed to the tender offers 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'.

In addition, the Parent Company agreed to tender offers based on fair value at certain time in relation to the shares held by non-controlling shareholders of Cybellum Technologies Ltd. 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' and 'other financial liabilities' (Note 33).

(f) 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:

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<i>(in millions of Korean won)</i>	March 31, 2022				Total lease payments
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	
Healthcare rental	415,506	255,698	121,252	16,708	809,164
Real estate rental	29	-	-	-	29
<b>Total</b>	<b>415,535</b>	<b>255,698</b>	<b>121,252</b>	<b>16,708</b>	<b>809,193</b>

- ii) The Group recognized ₩154,069 million (March 31, 2021: ₩149,997 million) in lease income for the three-month period ended March 31, 2022.

(g) Financial lease commitments – the Group as lessor

- i) Gross investment in the lease and present value of the minimum lease payments for the financial lease as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2022		December 31, 2021	
	Gross investment in the lease <sup>1</sup>	Present value of the minimum lease payments	Gross investment in the lease <sup>1</sup>	Present value of the minimum lease payments
Within one year	10,492	7,826	4,983	3,999
Between 1 and 2 years	10,781	8,549	5,015	4,716
Between 2 and 3 years	10,785	9,017	5,007	4,531
Between 3 and 4 years	10,815	9,540	5,027	4,378
Later than 4 years	20,237	19,270	9,935	8,166
<b>Total</b>	<b>63,110</b>	<b>54,202</b>	<b>29,967</b>	<b>25,790</b>

<sup>1</sup> There are no remaining useful life without guarantee reflected on gross investment in the lease.

- ii) Unrealized interest income of financial lease as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2022	December 31, 2021
Gross investment in the lease	63,110	29,967
Net investment in the lease	54,202	25,790
<b>Unrealized interest income</b>	<b>8,908</b>	<b>4,177</b>

- iii) For the three-month period ended March 31, 2022, the Group recognized income amounting to ₩28,498 million (March 31, 2021: nil) in relation to financial lease contract, and financial income of net investment in the lease amounting to ₩511 million (March 31, 2021: nil) is included.

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(h) License agreements including patent and trademark

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

<u>Purpose</u>	<u>Related products</u>	<u>Provided by</u>	<u>Used by</u>
Use of license	All products	Qualcomm Incorporated and others	LG Electronics Inc.
Provision of license	All products	LG Electronics Inc.	Panasonic Corporation and others
Use of trademarks	All products	LG Corp.	LG Electronics Inc.
Use of trademarks	Vehicle components	Magna International Inc.	LG Electronics Inc.

**31. Related Party**

(a) Major transactions for the three-month periods ended March 31, 2022 and 2021, and balances of receivables and payables from transaction with related parties as at March 31, 2022 and December 31, 2021, are as follows:

i) Major income and expense transactions with related parties

(in millions of Korean won)

<u>Classification</u>	<u>Name</u>	<u>2022</u>					
		<u>Income transactions</u>			<u>Expense transactions</u>		
		<u>Sales</u>	<u>Others</u>	<u>Total</u>	<u>Purchases</u>	<u>Others<sup>7</sup></u>	<u>Total</u>
Significantly influencing the Group	LG Corp.	135	-	135	-	42,932	42,932
Associates	LG Display Co., Ltd. and its subsidiaries	160,348	17,258	177,606	1,029,071	2	1,029,073
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	149	-	149	19,030	13,990	33,020
	Robostar Co., Ltd. and its subsidiaries	15	-	15	4,275	398	4,673
	<b>Subtotal</b>	<b>160,512</b>	<b>17,258</b>	<b>177,770</b>	<b>1,052,376</b>	<b>14,390</b>	<b>1,066,766</b>
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	23,667	-	23,667	62,233	1	62,234
	EIC PROPERTIES PTE LTD.	-	-	-	-	198	198
	LG-MRI LLC	-	-	-	17,556	-	17,556
	<b>Subtotal</b>	<b>23,667</b>	<b>-</b>	<b>23,667</b>	<b>79,789</b>	<b>199</b>	<b>79,988</b>
Other related parties	LG CNS Co., Ltd. and its subsidiaries	34,768	142	34,910	34,415	155,331	189,746
	D&O Corp., LTD. and its subsidiaries <sup>2</sup>	4,961	186	5,147	2,375	67,636	70,011
	LG Management Development Institute	552	-	552	29	15,430	15,459
	LG SPORTS Ltd.	7	-	7	280	2,783	3,063
	LG Holdings Japan Co., Ltd.	29	-	29	-	1,598	1,598
	<b>Subtotal</b>	<b>40,317</b>	<b>328</b>	<b>40,645</b>	<b>37,099</b>	<b>242,778</b>	<b>279,877</b>
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures	218,181	545	218,726	200,014	54	200,068
	LX INTERNATIONAL CORP	3,165	393	3,558	894,217	1,023,170	1,917,387

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		2022					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others <sup>7</sup>	Total
	and its subsidiaries and associates <sup>3</sup>						
	LG Uplus Corp and its subsidiaries	6,480	5	6,485	9,627	1,522	11,149
	LX HAUSYS,LTD., its subsidiaries and associates <sup>4</sup>	1,059	334	1,393	948	301	1,249
	LX Semicon Co., Ltd. <sup>5</sup>	11,436	1,085	12,521	6,048	700	6,748
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	370	-	370	111	48	159
	G II R Inc. and its subsidiaries	2,279	-	2,279	23	111,995	112,018
	LX MMA Corporation <sup>6</sup>	8	-	8	-	-	-
	<b>Subtotal</b>	<b>242,978</b>	<b>2,362</b>	<b>245,340</b>	<b>1,110,988</b>	<b>1,137,790</b>	<b>2,248,778</b>
	<b>Total</b>	<b>467,609</b>	<b>19,948</b>	<b>487,557</b>	<b>2,280,252</b>	<b>1,438,089</b>	<b>3,718,341</b>

(in millions of Korean won)

		2021					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others <sup>7</sup>	Total
Significantly influencing the Group	LG Corp.	121	-	121	-	40,051	40,051
Associates	LG Display Co., Ltd. and its subsidiaries	145,375	22,196	167,571	1,230,210	-	1,230,210
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	291	-	291	15,807	7	15,814
	ROBOTIS Co., Ltd.	-	-	-	-	3	3
	Robostar Co., Ltd. and its subsidiaries	5	-	5	8,460	1,823	10,283
	<b>Subtotal</b>	<b>145,671</b>	<b>22,196</b>	<b>167,867</b>	<b>1,254,477</b>	<b>1,833</b>	<b>1,256,310</b>
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	19,505	-	19,505	40,867	1	40,868
	EIC PROPERTIES PTE LTD.	-	-	-	-	14	14
	LG-MRI LLC	4,242	-	4,242	8,086	-	8,086
	<b>Subtotal</b>	<b>23,747</b>	<b>-</b>	<b>23,747</b>	<b>48,953</b>	<b>15</b>	<b>48,968</b>
Other related parties	LG CNS Co., Ltd. and its subsidiaries	39,612	9	39,621	32,687	115,667	148,354
	S&I Corp. and its subsidiaries <sup>2</sup>	5,427	-	5,427	2,373	61,924	64,297
	LG Management Development Institute	305	21	326	10	11,798	11,808
	LG SPORTS Ltd.	4	-	4	-	2,593	2,593
	LG MMA Ltd. <sup>6</sup>	-	-	-	-	19	19
	LG Holdings Japan Co., Ltd.	5	-	5	-	859	859
	<b>Subtotal</b>	<b>45,353</b>	<b>30</b>	<b>45,383</b>	<b>35,070</b>	<b>192,860</b>	<b>227,930</b>
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures	366,623	578	367,201	396,911	55	396,966
	LG INTERNATIONAL CORP and its subsidiaries <sup>3</sup>	2,940	157	3,097	1,088,187	676,731	1,764,918
	LG Uplus Corp and its subsidiaries	23,359	2	23,361	9,337	2,013	11,350
	LG HAUSYS,LTD., its	811	297	1,108	29	240	269

# LG Electronics

## Notes to the Consolidated Interim Financial Statements

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(in millions of Korean won)

Classification	Name	2021					
		Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others <sup>7</sup>	Total
	subsidiaries and associates <sup>4</sup>						
	Silicon Works Co., Ltd. <sup>5</sup>	28,453	816	29,269	3,149	-	3,149
	LG HOUSEHOLD & HEALTH						
	CARE LTD and its subsidiaries	2,254	-	2,254	58	64	122
	G IIR Inc. and its subsidiaries	1,965	-	1,965	-	86,768	86,768
	<b>Subtotal</b>	<b>426,405</b>	<b>1,850</b>	<b>428,255</b>	<b>1,497,671</b>	<b>765,871</b>	<b>2,263,542</b>
	<b>Total</b>	<b>641,297</b>	<b>24,076</b>	<b>665,373</b>	<b>2,836,171</b>	<b>1,000,630</b>	<b>3,836,801</b>

<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 S&I Corp. to D&O Corp. on April 1, 2022.

<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> 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>7</sup> Others include acquisition amount of right-of-use assets and interest expense of lease liabilities

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

(in millions of Korean won)

Classification	Name	March 31, 2022							
		Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>4</sup>	Total
Significantly influencing the Group	LG Corp.	48	-	25,612	25,660	-	-	102,706	102,706
Associates	LG Display Co., Ltd. and its subsidiaries	171,342	-	162,424	333,766	656,254	-	110,354	766,608
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	-	-	-	-	40,098	-	241	40,339
	Ericsson-LG Co., Ltd.	-	-	8,250	8,250	-	-	-	-
	Robostar Co., Ltd. and its subsidiaries	55	-	-	55	411	-	11,575	11,986
	<b>Subtotal</b>	<b>171,397</b>	<b>-</b>	<b>170,674</b>	<b>342,071</b>	<b>696,763</b>	<b>-</b>	<b>122,170</b>	<b>818,933</b>
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	22,774	-	-	22,774	48,192	-	-	48,192
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	71	71
	LG-MRI LLC	-	-	-	-	10,517	-	52	10,569
	<b>Subtotal</b>	<b>22,774</b>	<b>-</b>	<b>-</b>	<b>22,774</b>	<b>58,709</b>	<b>-</b>	<b>123</b>	<b>58,832</b>
Other related parties	LG CNS Co., Ltd. and its subsidiaries	42,973	-	160	43,133	15,969	-	137,148	153,117
	D&O Corp., LTD. and its subsidiaries <sup>2</sup>	5,650	-	1,018	6,668	29,226	-	44,385	73,611

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		March 31, 2022							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>4</sup>	Total
	LG Management Development Institute	167	-	-	167	-	-	1,111	1,111
	LG SPORTS Ltd.	1	-	-	1	-	-	1,218	1,218
	LG Holdings Japan Co., Ltd.	-	-	5,670	5,670	-	-	-	-
	<b>Subtotal</b>	<b>48,791</b>	<b>-</b>	<b>6,848</b>	<b>55,639</b>	<b>45,195</b>	<b>-</b>	<b>183,862</b>	<b>229,057</b>
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures <sup>3</sup>	189,192	-	882,289	1,071,481	244,152	-	26,970	271,122
	LX INTERNATIONAL CORP. and its subsidiaries and associates <sup>3</sup>	8,710	-	1,209	9,919	222,694	-	392,584	615,278
	LG Uplus Corp and its subsidiaries	855	-	8	863	4,251	-	695	4,946
	LX HAUSYS, LTD. and its subsidiaries and associates	244	-	263	507	512	-	1,447	1,959
	LX Semicon Co., Ltd.	10,700	-	203	10,903	7,629	-	770	8,399
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	60	-	2,150	2,210	28	-	188	216
	G II R Inc. and its subsidiaries	33	-	597	630	1,226	-	200,539	201,765
	LX MMA Corporation	7	-	-	7	-	-	-	-
	<b>Subtotal</b>	<b>209,801</b>	<b>-</b>	<b>886,719</b>	<b>1,096,520</b>	<b>480,492</b>	<b>-</b>	<b>623,193</b>	<b>1,103,685</b>
	<b>Total</b>	<b>452,811</b>	<b>-</b>	<b>1,089,853</b>	<b>1,542,664</b>	<b>1,281,159</b>	<b>-</b>	<b>1,032,054</b>	<b>2,313,213</b>

(in millions of Korean won)

		December 31, 2021							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>4</sup>	Total
Significantly influencing the Group	LG Corp.	45	-	25,447	25,492	-	-	53,538	53,538
Associates	LG Display Co., Ltd. and its subsidiaries	144,286	-	56,336	200,622	753,472	-	75,527	828,999
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	110	-	-	110	39,494	-	543	40,037
	Acryl Inc.	-	-	-	-	-	-	120	120
	Robostar Co., Ltd. and its subsidiaries	85	-	-	85	343	-	10,527	10,870
	<b>Subtotal</b>	<b>144,481</b>	<b>-</b>	<b>56,336</b>	<b>200,817</b>	<b>793,309</b>	<b>-</b>	<b>86,717</b>	<b>880,026</b>
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	20,507	-	-	20,507	12,852	-	-	12,852
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	68	68
	LG-MRI LLC	8,753	-	1,292	10,045	11,015	-	28	11,043
	<b>Subtotal</b>	<b>29,260</b>	<b>-</b>	<b>1,292</b>	<b>30,552</b>	<b>23,867</b>	<b>-</b>	<b>96</b>	<b>23,963</b>

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		December 31, 2021							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>4</sup>	Total
Other related parties	LG CNS Co., Ltd. and its subsidiaries	31,234	-	237	31,471	22,091	-	301,526	323,617
	S&I Corp. and its subsidiaries <sup>2</sup>	13,296	-	24,802	38,098	604	-	54,557	55,161
	LG Management Development Institute	31	-	15,544	15,575	-	-	1,396	1,396
	LG SPORTS Ltd.	1	-	-	1	-	-	699	699
	LG Holdings Japan Co., Ltd.	-	-	5,884	5,884	-	-	-	-
	<b>Subtotal</b>	<b>44,562</b>	<b>-</b>	<b>46,467</b>	<b>91,029</b>	<b>22,695</b>	<b>-</b>	<b>358,178</b>	<b>380,873</b>
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures <sup>3</sup>	181,175	-	894,909	1,076,084	291,647	-	16,202	307,849
	LX INTERNATIONAL CORP. and its subsidiaries and associates	17,718	-	3,523	21,241	182,776	-	413,614	596,390
	LG Uplus Corp and its subsidiaries	4,476	-	161	4,637	3,751	-	983	4,734
	LX HAUSYS, LTD. and its subsidiaries and associates	695	-	12	707	486	-	1,119	1,605
	LX Semicon Co., Ltd.	9,021	-	89	9,110	6,486	-	2	6,488
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	1,128	-	2,818	3,946	29	-	162	191
	G II R Inc. and its subsidiaries	33	-	345	378	1,009	-	231,831	232,840
	LX MMA Corporation	81	-	-	81	-	-	-	-
	<b>Subtotal</b>	<b>214,327</b>	<b>-</b>	<b>901,857</b>	<b>1,116,184</b>	<b>486,184</b>	<b>-</b>	<b>663,913</b>	<b>1,150,097</b>
	<b>Total</b>	<b>432,675</b>	<b>-</b>	<b>1,031,399</b>	<b>1,464,074</b>	<b>1,326,055</b>	<b>-</b>	<b>1,162,442</b>	<b>2,488,497</b>

<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 S&I Corp. to D&O Corp. on April 1, 2022.

<sup>3</sup> The amount agreed to be reimbursed by the related party for provisions to be paid by the Group to a third party is included.

<sup>4</sup> Other payables include lease liabilities.



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iii) Significant capital transactions and others with related parties for the three-month periods ended March 31, 2022 and 2021, are as follows:

(in millions of Korean won)

		2022						
		Dividend income	Dividend paid <sup>2</sup>	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions <sup>3</sup>	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Group	LG Corp.	-	46,830	-	-	-	-	6,827
Associates	LG Display Co., Ltd.	88,156	-	-	-	-	-	-
	Ericsson-LG Co., Ltd.	8,250	-	-	-	-	-	-
	LG-MRI LLC	540	-	-	-	-	-	-
	LG-LHT Aircraft Solutions GmbH	-	-	2,692	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	2,692	-	-	-	-
	Mirae Asset-LG Electronics New Growth Fund I	-	-	10,000	-	-	-	-
	<b>Subtotal</b>		96,946	-	15,384	-	-	-
Other related parties	D&O Corp. <sup>1</sup>	-	-	-	-	-	-	92
	<b>Total</b>	96,946	46,830	15,384	-	-	-	6,919

(in millions of Korean won)

		2021						
		Dividend income	Dividend paid <sup>2</sup>	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions <sup>3</sup>	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Group	LG Corp.	-	66,113	-	-	-	-	6,829
Associates	Ericsson-LG Co., Ltd.	5,250	-	-	-	-	-	-
	LG-MRI LLC	274	-	-	-	-	-	-
	LG-LHT Aircraft Solutions GmbH	-	-	2,132	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	2,132	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD	-	-	303	-	-	-	-
	<b>Subtotal</b>		5,524	-	4,567	-	-	-
Other related parties	S&I Corp. <sup>1</sup>	-	-	-	-	-	-	90
	<b>Total</b>	5,524	66,113	4,567	-	-	-	6,919

<sup>1</sup> The entity changed its name from S&I Corp. to D&O Corp. on April 1, 2022.

<sup>2</sup> It is based on dividends declared and recognized as 'other payables' as at March 31, 2022 and 2021.

<sup>3</sup> Repayments of financing borrowing transactions include repayment of principal elements of lease liabilities.

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- (b) The compensation paid or payable to key management personnel for the three-month periods ended March 31, 2022 and 2021, consists of:

<i>(in millions of Korean won)</i>	2022	2021
Salaries and other short-term benefits	6,091	6,732
Post-employment benefits	458	584
Other long-term benefits	1	22
<b>Total</b>	<b>6,550</b>	<b>7,338</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 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.

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(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 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 March 31, 2022 and December 31, 2021, 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>	<b>March 31, 2022</b>		<b>December 31, 2021</b>	
	<b>10% increase</b>	<b>10% decrease</b>	<b>10% increase</b>	<b>10% decrease</b>
USD/KRW	24,930	(24,930)	(3,521)	3,521
EUR/KRW	1,080	(1,080)	(2,378)	2,378

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### 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 three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
	1%p increase	1%p decrease	1%p increase	1%p decrease
Interest income	13,669	(13,669)	15,999	(15,999)
Interest expenses	1,876	(1,876)	1,465	(1,465)

### iii) Details of derivative contracts are as follows:

#### *Derivatives for hedging purposes*

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 <i>(in millions)</i>	Contracted currency rate	Interest rate (paid) (%)	Starting date	Expiration date	Book amount <i>(in millions of Korean won)</i>	
							Assets	Liabilities
Currency forward	DZ Bank AG and others	CZK 365 (EUR/CZK)	25.7 ~ 26.4	-	2021.10.14 ~ 2021.10.27	2022. 4. 4 ~ 2022.12. 2	926	-
Cross-currency swap	MUFG Bank and others	USD 719 (USD/KRW)	1,067.9 ~ 1,233.7	1.88 ~ 3.64	2017.10.23 ~ 2022. 3.18	2022.11.22 ~ 2031. 7. 28	74,040	-
	DBS	SGD 140 (SGD/KRW)	859.3	1.21	2020. 7. 9	2024. 1. 9	8,337	-
Interest rate swap	Woori Bank and others	KRW 975,964 / EUR 100 / USD 231	-	1.00 ~ 4.53	2014. 1. 3 ~ 2018. 5.24	2023. 2.24 ~ 2030. 7. 7	8,569	14,860

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

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Details of hedged items are as follows:

<i>(in millions of Korean won)</i>	<b>Hedged items</b>	<b>Book amount</b>	<b>Changes in fair value (net of tax)</b>
Currency forward	Forecast transactions	-	(430)
Cross-currency swap	Borrowings	994,394	(29,763)
Interest rate swap	Borrowings	1,390,066	(28,905)

The results of hedge accounting are as follows:

<i>(in millions of Korean won)</i>	<b>Changes in fair value of derivatives (net of tax)</b>	<b>Line items in profit or loss</b>	<b>Reclassified to profit or loss (net of tax)</b>	<b>Other comprehensive profit or loss (net of tax)</b>	<b>Accumulated other comprehensive profit or loss</b>
Currency forward	430	Exchange differences	(265)	165	247
Cross-currency swap	29,763	Interest expense and exchange differences	(9,247)	20,516	19,518
Interest rate swap	28,905	Interest expense	2,574	31,479	(2,730)

*Trading purposes*

Currency forward and interest rate swap contracts

The Group entered into the currency forward, the cross-currency swap and the interest rate swap contracts to manage the risk against possible future changes in foreign exchange rates and interest rates. Details of currency forward contracts of subsidiaries and the interest rate swap contracts as at March 31, 2022, and related profit or loss for the three-month period ended March 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>Purchase</b>	<b>Sale</b>	<b>Gain(Loss) on valuation</b>	<b>Loss on transaction</b>
Currency forward	636,549	667,222	(23,757)	(7,393)
Interest rate swap	-	-	2,315	-

Stock purchase contracts

According to the put options granted to employees to whom stock options of Cybellum Technologies Ltd. were granted, the Group recognized ₩4,151 million of derivative liabilities and ₩103 million of gain on derivatives transaction during the three-month period ended March 31, 2022.

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

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KOSDAQ, NASDAQ and NYSE 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 and the listed securities owned by the Group have correlation with the relevant past index.

<i>(in millions of Korean won)</i>	March 31, 2022		December 31, 2021	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	6,399	(6,399)	6,789	(6,789)
NASDAQ	3,725	(3,725)	3,300	(3,300)
NYSE	4,023	(4,023)	3,343	(3,343)
Austrian Traded Index	160	(160)	165	(165)

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 ₩9,581,846 million (December 31, 2021: ₩8,277,060 million) and its risk is managed appropriately within insurer's credit limit of ₩24,558,139 million (December 31, 2021: ₩24,367,747 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.

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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.

i) Cash flow information on maturity of financial liabilities as at March 31, 2022, 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	9,106,054	9,106,054	-	-	-
Borrowings	11,347,253	2,139,268	1,704,753	3,657,695	3,845,537
Lease liabilities	1,088,789	305,406	214,854	367,255	201,274
Other payables	4,167,016	4,047,347	1,115	113,683	4,871
Other financial liabilities	38,677	34,134	428	3,710	405
<b>Total</b>	<b>25,747,789</b>	<b>15,632,209</b>	<b>1,921,150</b>	<b>4,142,343</b>	<b>4,052,087</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 ₩32,373 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.

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 March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won, except for ratios)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Liability (A)	33,170,602	33,383,445

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Equity (B)	21,880,321	20,098,033
Cash and cash equivalents (C)	5,619,445	6,051,516
Borrowings and lease liabilities (D)	11,092,911	10,886,975
Debt-to-equity ratio (A/B)	151.6%	166.1%
Net borrowings ratio ((D-C)/B)	25.0%	24.1%

#### Fair Value Estimation

(a) The book amount and fair value of the Group's financial assets and liabilities as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2022			
	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	3,140	3,140	67,371	67,371
Financial assets at fair value through other comprehensive income				
Trade receivables	1,309,782	<sup>1</sup>	-	-
Other financial assets	-	-	117,527	117,527
Derivatives for hedging purposes				
Other financial assets	10,196	10,196	81,676	81,676
<b>Assets at amortized cost</b>				
Financial assets at amortized cost				
Cash and cash equivalents	5,619,445	<sup>1</sup>	-	-
Deposits held by financial institutions	148,265	<sup>1</sup>	59,791	59,791
Trade receivables	8,123,624	<sup>1</sup>	2,561	2,561
Other receivables	747,459	<sup>1</sup>	687,026	660,864
<b>Other assets</b>				
Trade receivables	7,839	<sup>1</sup>	46,376	46,376
<b>Total</b>	<b>15,969,750</b>		<b>1,062,328</b>	

<i>(in millions of Korean won)</i>	March 31, 2022			
	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	32,373	32,373	6,304	6,304
Derivatives for hedging purposes				
Other financial liabilities	637	637	14,223	14,223
<b>Liabilities at amortized cost</b>				
Financial liabilities at amortized cost				
Trade payables	9,106,054	<sup>1</sup>	-	-
Borrowings	1,893,262	<sup>1</sup>	8,210,821	7,941,920
Other payables	4,047,322	<sup>1</sup>	119,638	119,613



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<i>(in millions of Korean won)</i>	March 31, 2022			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
<b>Other liabilities</b>				
Lease liabilities	289,317	<sup>2</sup>	699,511	<sup>2</sup>
Other financial liabilities	81	<sup>3</sup>	-	-
<b>Total</b>	<b>15,369,046</b>		<b>9,050,497</b>	

<i>(in millions of Korean won)</i>	December 31, 2021			
	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	7,924	7,924	71,221	71,221
Financial assets at fair value through other comprehensive income				
Trade receivables	1,567,007	<sup>1</sup>	-	-
Other financial assets	-	-	121,222	121,222
Derivatives for hedging purposes				
Other financial assets	10,352	10,352	31,135	31,135
<b>Assets at amortized cost</b>				
Financial assets at amortized cost				
Cash and cash equivalents	6,051,516	<sup>1</sup>	-	-
Deposits held by financial institutions	146,456	<sup>1</sup>	58,935	58,935
Trade receivables	6,595,693	<sup>1</sup>	3,038	3,038
Other receivables	489,056	<sup>1</sup>	671,903	645,960
<b>Other assets</b>				
Trade receivables	3,759	<sup>1</sup>	22,040	22,040
<b>Total</b>	<b>14,871,763</b>		<b>979,494</b>	

<i>(in millions of Korean won)</i>	December 31, 2021			
	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	8,398	8,398	8,695	8,695
Derivatives for hedging purposes				
Other financial liabilities	-	-	51,095	51,095
<b>Liabilities at amortized cost</b>				
Financial liabilities at amortized cost				
Trade payables	8,741,937	<sup>1</sup>	-	-
Borrowings	1,895,600	<sup>1</sup>	8,035,953	8,043,340
Other payables	4,077,421	<sup>1</sup>	116,330	116,324
<b>Other liabilities</b>				
Lease liabilities	292,526	<sup>2</sup>	662,896	<sup>2</sup>

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<i>(in millions of Korean won)</i>	December 31, 2021			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Other financial liabilities	114	<sup>3</sup>	-	-
<b>Total</b>	<b>15,015,996</b>		<b>8,874,969</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.

### (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 listed equity securities.

- 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'. There are no assets or liabilities categorized within 'level 3'.

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

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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 equity investments classified as financial assets at fair value through other comprehensive income.

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'.

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 March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through other comprehensive income	54,054	-	63,473	117,527
Financial assets at fair value through profit or loss	917	2,223	67,371	70,511
Derivatives for hedging purposes	-	91,872	-	91,872
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	38,677	-	38,677
Derivatives for hedging purposes	-	14,860	-	14,860
<b>December 31, 2021</b>				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through other comprehensive income	60,441	-	60,781	121,222

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<i>(in millions of Korean won)</i>	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	2,297	5,627	71,221	79,145
Derivatives for hedging purposes	-	41,487	-	41,487
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	17,093	-	17,093
Derivatives for hedging purposes	-	51,095	-	51,095

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 March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	March 31, 2022	December 31, 2021		
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through profit or loss	2,223	5,627	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	91,872	41,487	Discounted cash flow	Discount rate and exchange rate
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	38,677	17,093	Discounted cash flow and binomial model	Discount rate and exchange rate share price and volatility
Derivatives for hedging purposes	14,860	51,095	Discounted cash flow	Discount rate and exchange rate

- Valuation techniques and 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 March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Non-current deposits held by financial institutions	-	-	59,791	59,791
Non-current trade receivables	-	-	48,937	48,937
Non-current other receivables	-	-	660,864	660,864
<b>Liabilities</b>				
Non-current borrowings	-	-	7,941,920	7,941,920
Non-current other payables	-	-	119,613	119,613

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<i>(in millions of Korean won)</i>	December 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Non-current deposits held by financial institutions	-	-	58,935	58,935
Non-current trade receivables	-	-	25,078	25,078
Non-current other receivables	-	-	645,960	645,960
<b>Liabilities</b>				
Non-current borrowings	-	-	8,043,340	8,043,340
Non-current other payables	-	-	116,324	116,324

- 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 March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2022		December 31, 2021		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Book amount	Fair value	Book amount	Fair value				
<b>Assets</b>								
Non-current deposits held by financial institutions	59,791	59,791	58,935	58,935	Discounted cash flow	Discount rate and exchange rate	Discount rate	0.1% ~ 1.8%
Non-current trade receivables	48,937	48,937	25,078	25,078	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.54% ~ 4.30%
Non-current other receivables	687,026	660,864	671,903	645,960	Discounted cash flow	Discount rate and exchange rate	Discount rate	0.5% ~ 6.5%
<b>Liabilities</b>								
Non-current borrowings	8,210,821	7,941,920	8,035,953	8,043,340	Discounted cash flow	Discount rate and exchange rate	Discount rate	1.9% ~ 4.5%
Non-current other payables	119,638	119,613	116,330	116,324	Discounted cash flow	Discount rate and exchange rate	Discount rate	2.5% ~ 3.4%

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**33. Business Combinations**

- (a) On November 1, 2021, the Group acquired 69.6% shares of Cybellum Technologies Ltd. and its subsidiaries in order to secure vehicle security technology.

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	109,558
Other payables <sup>1</sup>	48,048
Other financial liabilities <sup>1</sup>	4,151
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	
Cash and cash equivalents	5,168
Trade receivables <sup>2</sup>	237
Other assets	92
Non-current assets	
Property, plant and equipment	1,039
Intangible assets	58,018
Other assets	265
Current liabilities	
Trade and other payables	2,114
Other liabilities	1,216
Non-current liabilities	
Other payables	169
Other liabilities	958
Deferred tax liabilities	13,344
<b>Fair value of total identifiable net assets</b>	<b>47,018</b>
Non-controlling interests <sup>3</sup>	4,348
<b>Goodwill<sup>4</sup></b>	<b>119,087</b>

<sup>1</sup> According to the non-controlling interest in Cybellum Technologies Ltd. and the put options grant to employees to whom stock options were granted, the Group recognized such obligation as financial liabilities at the acquisition date.

<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 ₩4,348 million is the fair value of share options issued by Cybellum Technologies Ltd. measured at the acquisition date.

<sup>4</sup> Goodwill incurred in a business combination amounting to ₩119,087 million is due to an increase in sales from integration of business with Cybellum Technologies Ltd. and its subsidiary, which is not allowed to be tax deductible.

The acquisition-related direct costs in relation to business combination amounting to ₩2,250 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 March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022<sup>1</sup></b>	<b>December 31, 2021<sup>2</sup></b>
Assets held for sale		
Cash and cash equivalents	-	58,371
Land	30,701	35,079
Building	18,533	58,174
Machinery	13,924	19,280
Other property, plant and equipment	1,763	773
Intangible assets	172	-
Other assets	8,317	8,403
<b>Total</b>	<b>73,410</b>	<b>180,080</b>

<sup>1</sup> The sale is in progress as at March 31, 2022 and expected to be completed by 2022.

<sup>2</sup> The sale of LED business of LG Innotek Co., Ltd. and its subsidiaries was completed for the three-month period ended March 31, 2022 and the sale of land and buildings held by the Group is in progress.

- (b) Assets held for sale were measured at fair value less costs to sell before the reclassification, and there is no impairment loss on property, plant and equipment recognized for the three-month period ended March 31, 2022.
- (c) Details of other components of equity as held for sale as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Exchange differences on translation of foreign operations	32,066	12,299



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#### 35. Discontinued Operation

In 2021, 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 three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Net sales	46,350	997,079
Operating loss	(1,801)	(250,626)
Loss before income tax <sup>1</sup>	(1,884)	(301,550)
Income tax expense <sup>1</sup>	(1,723)	(82,099)
Loss for the period, net of tax	(161)	(219,451)

<sup>1</sup> It includes an impairment loss and loss on disposal of property, plant and equipment and intangible assets amounting to ₩1,433 million due to discontinued operations of MC business, and income tax benefits of ₩355 million for the related profit or loss during the three-month period ended March 31, 2022.

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

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Net cash inflow (outflow) from operating activities	(73,984)	(83,862)
Net cash inflow(outflow) from investing activities	9,554	(6,449)
Net cash inflow (outflow) from financing activities	64,430	90,311