

# **LG Electronics Inc.**

**Separate Interim Financial Statements**

**June 30, 2022 and 2021**

**LG Electronics Inc.**  
**Index**  
**June 30, 2022 and 2021**

---

|   | <b>Page(s)</b> |
|---|----------------|
| <b>Report on Review of Interim Financial Statements</b> ..... | 1 - 2          |
| <b>Separate Interim Financial Statements</b>                  |                |
| Separate Interim Statements of Financial Position .....       | 3 - 4          |
| Separate Interim Statements of Profit or Loss .....           | 5              |
| Separate Interim Statements of Comprehensive Income .....     | 6              |
| Separate Interim Statements of Changes in Equity .....        | 7              |
| Separate Interim Statements of Cash Flows .....               | 8              |
| Notes to the Separate Interim Financial Statements .....      | 9 - 71         |



## **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 separate interim financial statements of LG Electronics Inc. (referred to as the "Company"). These financial statements consist of the separate interim statement of financial position of the Company as at June 30, 2022, and the related separate interim statements of profit or loss and comprehensive income for the three-month and six-month periods ended June 30, 2022 and 2021, and separate interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2022 and 2021, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

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

Management is responsible for the preparation and fair presentation of these separate 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 separate 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 separate 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 separate 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 separate statement of financial position of the Company as at December 31, 2021, and the related separate 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 separate 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.

August 12, 2022  
Seoul, Korea

This report is effective as of August 12, 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 separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**LG Electronics Inc.**  
**Separate Interim Statements of Financial Position**  
**June 30, 2022 and December 31, 2021**

| <i>(in millions of Korean won)</i>                         | Notes   | June 30, 2022<br>(Unaudited) | December 31, 2021 |
|--|---------|------------------------------|-------------------|
| <b>Assets</b>  |         |                              |                   |
| <b>Current assets</b>                                      |         |                              |                   |
| Cash and cash equivalents                                  | 4,31    | 2,158,642                    | 2,012,229         |
| Deposits held by financial institutions                    | 4,31    | 152,402                      | 146,388           |
| Trade receivables  | 4,5,31  | 4,799,048                    | 5,016,382         |
| Other receivables  | 4,5,31  | 507,993                      | 415,331           |
| Other financial assets                                     | 4,6,31  | 17,321                       | 9,747             |
| Inventories  | 7       | 1,621,637                    | 1,649,010         |
| Current tax assets   |         | 1,494                        | 4,115             |
| Contract assets  | 8       | 409,038                      | 318,367           |
| Other current assets                                       |         | 722,189                      | 956,849           |
| Assets held for sale                                       | 32      | 44,200                       | 84,788            |
|  |         | <u>10,433,964</u>            | <u>10,613,206</u> |
| <b>Non-current assets</b>                                  |         |                              |                   |
| Deposits held by financial institutions                    | 4,31    | 399                          | 730               |
| Trade receivables  | 4,5,31  | 78,720                       | 22,040            |
| Other receivables  | 4,5,31  | 173,915                      | 180,481           |
| Other financial assets                                     | 4,6,31  | 296,340                      | 177,756           |
| Property, plant and equipment                              | 9       | 5,920,936                    | 6,424,785         |
| Intangible assets  | 9       | 1,730,123                    | 1,758,718         |
| Deferred tax assets  |         | 1,104,641                    | 1,343,719         |
| Investments in subsidiaries, associates and joint ventures | 10      | 8,953,842                    | 8,914,917         |
| Net defined benefit assets                                 |         | 169,948                      | -                 |
| Contract assets  | 13      | 67,087                       | 80,222            |
| Other non-current assets                                   | 8       | 78,252                       | 76,950            |
|  |         | <u>18,574,203</u>            | <u>18,980,318</u> |
| <b>Total assets</b>  |         | <u>29,008,167</u>            | <u>29,593,524</u> |
| <b>Liabilities</b>   |         |                              |                   |
| <b>Current liabilities</b>                                 |         |                              |                   |
| Trade payables   | 4,31    | 5,432,163                    | 5,638,618         |
| Borrowings   | 4,11,31 | 986,722                      | 1,116,637         |
| Lease liabilities  | 4,12,31 | 56,676                       | 73,297            |
| Other payables   | 4,31    | 1,701,741                    | 1,936,752         |
| Other financial liabilities                                | 4,6,31  | 6,787                        | 7,045             |
| Current tax liabilities                                    |         | 14,515                       | 34,764            |
| Provisions   | 14      | 1,488,340                    | 2,167,462         |
| Contract liabilities                                       | 8       | 569,273                      | 474,065           |
| Other current liabilities                                  |         | 1,885,984                    | 2,209,208         |
|  |         | <u>12,142,201</u>            | <u>13,657,848</u> |
| <b>Non-current liabilities</b>                             |         |                              |                   |
| Borrowings   | 4,11,31 | 6,457,403                    | 6,506,624         |
| Lease liabilities  | 4,12,31 | 46,290                       | 46,323            |
| Other payables   | 4,31    | 100                          | 100               |
| Other financial liabilities                                | 4,6,31  | 30,525                       | 56,618            |
| Net defined benefit liabilities                            | 13      | -                            | 99,911            |
| Provisions   | 14      | 122,077                      | 184,922           |
| Contract liabilities                                       | 8       | 5,572                        | 5,747             |
| Other non-current liabilities                              |         | 144,296                      | 145,176           |
|  |         | <u>6,806,263</u>             | <u>7,045,421</u>  |
| <b>Total liabilities</b>                                   |         | <u>18,948,464</u>            | <u>20,703,269</u> |

**LG Electronics Inc.**  
**Separate Interim Statements of Financial Position**  
**June 30, 2022 and December 31, 2021**

---

*(in millions of Korean won)*

|   | Notes | June 30, 2022<br>(Unaudited) | December 31, 2021 |
|---|-------|------------------------------|-------------------|
| <b>Equity</b>                                 |       |                              |                   |
| Paid-in capital:                              | 15    |                              |                   |
| Share capital                                 |       | 904,169                      | 904,169           |
| Share premium                                 |       | 3,088,179                    | 3,088,179         |
| Retained earnings                             | 16    | 6,060,576                    | 4,940,122         |
| Accumulated other comprehensive income (loss) | 17    | 39,598                       | (9,396)           |
| Other components of equity                    | 18    | (32,819)                     | (32,819)          |
| <b>Total equity</b>                           |       | <u>10,059,703</u>            | <u>8,890,255</u>  |
| <b>Total liabilities and equity</b>           |       | <u>29,008,167</u>            | <u>29,593,524</u> |

**LG Electronics Inc.**  
**Separate Interim Statements of Profit or Loss**  
**Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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

|  | Notes | Period Ended June 30 |                   |                  |                    |
|--|-------|----------------------|-------------------|------------------|--------------------|
|  |       | 2022 (Unaudited)     |                   | 2021 (Unaudited) |                    |
|  |       | Three Months         | Six Months        | Three Months     | Six Months         |
| <b>Continuing operations</b>                         |       |                      |                   |                  |                    |
| <b>Net sales</b>                                     | 19    | 7,098,601            | 15,191,246        | 6,800,261        | 13,172,264         |
| <b>Cost of sales</b>                                 | 20    | <u>5,023,846</u>     | <u>10,532,608</u> | <u>4,989,841</u> | <u>9,749,832</u>   |
| <b>Gross profit</b>                                  |       | 2,074,755            | 4,658,638         | 1,810,420        | 3,422,432          |
| Selling and marketing expenses                       | 20,21 | 1,061,807            | 2,054,394         | 825,620          | 1,534,152          |
| Administrative expenses                              | 20,21 | 160,606              | 363,184           | 124,348          | 238,845            |
| Research and development expenses                    | 20,21 | 411,241              | 800,952           | 365,126          | 686,841            |
| Service costs  | 20,21 | <u>182,042</u>       | <u>392,462</u>    | <u>405,058</u>   | <u>526,020</u>     |
| <b>Operating profit(loss)</b>                        |       | 259,059              | 1,047,646         | 90,268           | 436,574            |
| Financial income                                     | 22    | 100,372              | 192,800           | 55,294           | 124,583            |
| Financial expenses                                   | 23    | 113,214              | 236,246           | 82,169           | 146,603            |
| Other non-operating income                           | 24    | 477,344              | 1,181,050         | 243,507          | 455,304            |
| Other non-operating expenses                         | 25    | <u>375,908</u>       | <u>659,868</u>    | <u>133,547</u>   | <u>396,312</u>     |
| Profit(Loss) before income tax                       |       | 347,653              | 1,525,382         | 173,353          | 473,546            |
| Income tax expense                                   |       | <u>84,625</u>        | <u>364,446</u>    | <u>73,047</u>    | <u>141,743</u>     |
| <b>Profit(Loss) from continuing operations</b>       |       | <u>263,028</u>       | <u>1,160,936</u>  | <u>100,306</u>   | <u>331,803</u>     |
| <b>Discontinued operations</b>                       |       |                      |                   |                  |                    |
| Profit(Loss) from discontinued operations            | 33    | <u>(78,325)</u>      | <u>(195,938)</u>  | <u>(990,287)</u> | <u>(1,246,713)</u> |
| <b>Profit (loss) for the period</b>                  |       | <u>184,703</u>       | <u>964,998</u>    | <u>(889,981)</u> | <u>(914,910)</u>   |
| <b>Earnings (losses) per share during the period</b> |       |                      |                   |                  |                    |
| <i>(in Korean won) :</i>                             |       |                      |                   |                  |                    |
|  | 26    |                      |                   |                  |                    |
| Earnings (losses) per ordinary share                 |       | 1,025                | 5,357             | (4,944)          | (5,083)            |
| From continuing operations                           |       | 1,460                | 6,445             | 556              | 1,840              |
| From discontinued operations                         |       | (435)                | (1,088)           | (5,500)          | (6,923)            |
| Earnings (losses) per preferred share                |       | 1,037                | 5,382             | (4,931)          | (5,058)            |
| From continuing operations                           |       | 1,472                | 6,470             | 569              | 1,865              |
| From discontinued operations                         |       | (435)                | (1,088)           | (5,500)          | (6,923)            |

**LG Electronics Inc.**  
**Separate Interim Statements of Comprehensive Income**  
**Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

| (in millions of Korean won)  | Notes | Period Ended June 30 |            |                  |            |
|--|-------|----------------------|------------|------------------|------------|
|  |       | 2022 (Unaudited)     |            | 2021 (Unaudited) |            |
|  |       | Three Months         | Six Months | Three Months     | Six Months |
| <b>Profit (loss) for the period</b>  |       | 184,703              | 964,998    | (889,981)        | (914,910)  |
| <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                        | 13    | 160,210              | 309,371    | 2,590            | 76,192     |
| Financial assets at fair value through other comprehensive income          | 6     | (11,616)             | (15,618)   | (3,598)          | (9,031)    |
| <i>Items that will be reclassified subsequently to profit or loss:</i>     |       |                      |            |                  |            |
| Cash flow hedges   | 31    | 26,535               | 64,612     | 10,279           | 30,453     |
| <b>Other comprehensive income(loss) for the period, net of tax</b>         |       | 175,129              | 358,365    | 9,271            | 97,614     |
| <b>Total comprehensive income (loss) for the period, net of tax</b>        |       | 359,832              | 1,323,363  | (880,710)        | (817,296)  |



**LG Electronics Inc.**  
**Separate Interim Statements of Changes in Equity**  
**Six-month Periods Ended June 30, 2022 and 2021**

| <i>(in millions of Korean won)</i>                                   | Notes | Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Loss | Other<br>Components<br>of Equity | Total<br>Equity |
|--|-------|--------------------|----------------------|---|----------------------------------|-----------------|
| <b>Balance at January 1, 2021</b>                                    |       | 3,992,348          | 6,018,118            | (55,914)                                      | (32,819)                         | 9,921,733       |
| <b>Total comprehensive income (loss):</b>                            |       |                    |                      |   |                                  |                 |
| Profit(Loss) for the period  |       | -                  | (914,910)            | -   | -                                | (914,910)       |
| Remeasurements of the net defined benefit liability                  | 13    | -                  | 76,192               | -   | -                                | 76,192          |
| Financial assets at fair value through<br>other comprehensive income | 6     | -                  | -                    | (9,031)                                       | -                                | (9,031)         |
| Cash flow hedges   | 31    | -                  | -                    | 30,453  | -                                | 30,453          |
| <b>Total comprehensive income (loss)</b>                             |       | -                  | (838,718)            | 21,422  | -                                | (817,296)       |
| <b>Transactions with owners:</b>                                     |       |                    |                      |   |                                  |                 |
| Dividends  | 16    | -                  | (216,938)            | -   | -                                | (216,938)       |
| <b>Total transactions with owners</b>                                |       | -                  | (216,938)            | -   | -                                | (216,938)       |
| <b>Balance at June 30, 2021 (Unaudited)</b>                          |       | 3,992,348          | 4,962,462            | (34,492)                                      | (32,819)                         | 8,887,499       |
| <b>Balance at January 1, 2022</b>                                    |       | 3,992,348          | 4,940,122            | (9,396)                                       | (32,819)                         | 8,890,255       |
| <b>Total comprehensive income (loss):</b>                            |       |                    |                      |   |                                  |                 |
| Profit(Loss) for the period  |       | -                  | 964,998              | -   | -                                | 964,998         |
| Remeasurements of the net defined benefit liability                  | 13    | -                  | 309,371              | -   | -                                | 309,371         |
| Financial assets at fair value through<br>other comprehensive income | 6     | -                  | -                    | (15,618)                                      | -                                | (15,618)        |
| Cash flow hedges   | 31    | -                  | -                    | 64,612  | -                                | 64,612          |
| <b>Total comprehensive income(loss)</b>                              |       | -                  | 1,274,369            | 48,994  | -                                | 1,323,363       |
| <b>Transactions with owners:</b>                                     |       |                    |                      |   |                                  |                 |
| Dividends  | 16    | -                  | (153,915)            | -   | -                                | (153,915)       |
| <b>Total transactions with owners</b>                                |       | -                  | (153,915)            | -   | -                                | (153,915)       |
| <b>Balance at June 30, 2022 (Unaudited)</b>                          |       | 3,992,348          | 6,060,576            | 39,598  | (32,819)                         | 10,059,703      |

**LG Electronics Inc.**  
**Separate Interim Statements of Cash Flows**  
**Six-month Periods Ended June 30, 2022 and 2021**

| <i>(in millions of Korean won)</i>   | Notes | Six-month Period Ended June 30 |                     |
|--|-------|--------------------------------|---------------------|
|  |       | 2022<br>(Unaudited)            | 2021<br>(Unaudited) |
| <b>Cash flows from operating activities</b>  |       |                                |                     |
| Cash generated from(used in) operations  | 27    | 377,198                        | 406,844             |
| Interest received  |       | 10,486                         | 3,365               |
| Interest paid  |       | (110,633)                      | (110,260)           |
| Dividend received  |       | 410,953                        | 220,732             |
| Income tax paid  |       | (207,490)                      | (53,906)            |
| <b>Net cash inflow(outflow) from operating activities</b>  |       | <b>480,514</b>                 | <b>466,775</b>      |
| <b>Cash flows from investing activities</b>  |       |                                |                     |
| Decrease in deposits held by financial institutions  |       | 332                            | 711                 |
| Decrease in other receivables  |       | 44,900                         | 24,403              |
| Proceeds from redemption and disposal of other financial assets                                    |       | 13,325                         | 3,212               |
| Proceeds from disposal of property, plant and equipment  |       | 293,772                        | 15,165              |
| Proceeds from disposal of intangible assets  |       | 37,779                         | 451                 |
| Proceeds from redemption and disposal of investment in subsidiaries, associates and joint ventures |       | -                              | 23,780              |
| Proceeds from disposal of assets held for sale   |       | 263,441                        | -                   |
| Transfer of business   |       | 38,360                         | -                   |
| Increase in other receivables  |       | (49,284)                       | (37,202)            |
| Acquisition of other financial assets  |       | (51,544)                       | (14,800)            |
| Acquisition of property, plant and equipment   |       | (207,584)                      | (274,951)           |
| Acquisition of intangible assets   |       | (218,495)                      | (150,237)           |
| Acquisition of investments in subsidiaries, associates and joint ventures                          |       | (38,925)                       | (43,256)            |
| <b>Net cash inflow (outflow) from investing activities</b>   |       | <b>126,077</b>                 | <b>(452,724)</b>    |
| <b>Cash flows from financing activities</b>  |       |                                |                     |
| Proceeds from borrowings   |       | 1,217,917                      | 704,638             |
| Repayments of borrowings   |       | (1,481,347)                    | (813,207)           |
| Dividend paid  |       | (153,915)                      | (216,938)           |
| Repayments of lease liabilities  |       | (40,849)                       | (37,463)            |
| <b>Net cash inflow(outflow) from financing activities</b>  |       | <b>(458,194)</b>               | <b>(362,970)</b>    |
| Effects of exchange rate changes on cash and cash equivalents                                      |       | (1,984)                        | -                   |
| <b>Net increase (decrease) in cash and cash equivalents</b>  |       | <b>146,413</b>                 | <b>(348,919)</b>    |
| Cash and cash equivalents at the beginning of the period   |       | 2,012,229                      | 1,916,739           |
| <b>Cash and cash equivalents at the end of the period</b>  |       | <b>2,158,642</b>               | <b>1,567,820</b>    |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

**1. General Information**

LG Electronics Inc. (the “Company”) was spun off from LG Electronics Investment Ltd. on April 1, 2002. The 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 Company is domiciled in Korea at Yeoui-daero, Yeongdeungpo-gu, Seoul.

As at June 30, 2022, LG Corp. owns 33.7% of the Company’s total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

The Company operates following 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 components Solutions segment designs and manufactures automobile parts; and Business Solutions segment manufactures and sells monitors, PCs, information displays and others. As at June 30, 2022, the Company operates manufacturing facilities mainly in Changwon, Pyeongtaek, Gumi and Incheon in the Republic of Korea.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

**2. Significant Accounting Policies**

**Basis of Preparation**

The Company 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 separate interim financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The financial statements of the Company are the separate interim financial statements prepared in accordance with Korean IFRS 1027 *Separate Financial Statements*. The separate interim financial statements for the six-month period ended June 30, 2022, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These separate interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as at June 30, 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 to be recognized in a business combination in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendment does not have a significant impact on the interim financial statements.

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

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

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

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendment does not have a significant impact on the interim financial statements.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

*- Annual improvements to Korean IFRS 2018-2020*

The amendment does not have a significant impact on the 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 June 30, 2022, and not early adopted by the Company.

*- 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 Company does not expect that these amendments have a significant impact on the interim financial statements.

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

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policies. The amendments should be applied for annual periods beginning on or after January 1, 2023. The Company does not expect that these amendments have a significant impact on the interim financial statements.

*- Korean IFRS 1008 Accounting policies, changes in accounting estimates and errors - Definition of Accounting Estimates*

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

*- Korean IFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments should be applied for annual periods beginning on or after January 1, 2023. The Company does not expect that these amendments have a significant impact on the interim financial statements.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

**Application of Accounting Policies**

Significant accounting policies and method of computation used in the preparation of the condensed separate interim financial statements are consistent with those of the separate interim 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 Company 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 Company, and the impact is expected to be continued to the separate annual financial statements in 2022.

Significant accounting estimates and assumptions applied in the preparation of the separate 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 Company's business, financial position and financial performance cannot presently be determined.

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

(a) Revenue Recognition

The Company recognizes revenue over time using the percentage of completion method for the rendering of service such as equipment production and installation. The Company 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.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

(b) Impairment of Goodwill

The Company 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 Company 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 Company 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 Company 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 Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for defined benefit liability are based on current market conditions.

(g) Development Costs

The Company 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).

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

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.

**4. Financial Instruments by Category**

(a) Categorizations of financial instruments as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>      | June 30, 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               | 2,158,642                          | -   | -   | -              | 2,158,642        |
| Deposits held by financial institutions | 152,801                            | -   | -   | -              | 152,801          |
| Trade receivables                       | 4,495,987                          | 289,626   | -   | 92,155         | 4,877,768        |
| Other receivables                       | 681,908                            | -   | -   | -              | 681,908          |
| Other financial assets                  | -                                  | 70,015  | 74,207  | 169,439        | 313,661          |
| <b>Total</b>                            | <b>7,489,338</b>                   | <b>359,641</b>  | <b>74,207</b>   | <b>261,594</b> | <b>8,184,780</b> |

| <i>(in millions of Korean won)</i> | June 30, 2022                           |  |                |                   |
|------------------------------------|---|--|----------------|-------------------|
|                                    | Financial liabilities at amortized cost | Financial liabilities at fair value through profit or loss | Other          | Total             |
| Trade payables                     | 5,432,163                               | -  | -              | 5,432,163         |
| Borrowings                         | 7,444,125                               | -  | -              | 7,444,125         |
| Lease liabilities                  | -                                       | -  | 102,966        | 102,966           |
| Other payables                     | 1,701,841                               | -  | -              | 1,701,841         |
| Other financial liabilities        | -                                       | 23,500   | 13,812         | 37,312            |
| <b>Total</b>                       | <b>14,578,129</b>                       | <b>23,500</b>  | <b>116,778</b> | <b>14,718,407</b> |



**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

| <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               | 2,012,229                          | -   | -   | -             | 2,012,229        |
| Deposits held by financial institutions | 147,118                            | -   | -   | -             | 147,118          |
| Trade receivables                       | 4,728,290                          | 284,333   | -   | 25,799        | 5,038,422        |
| Other receivables                       | 595,812                            | -   | -   | -             | 595,812          |
| Other financial assets                  | -                                  | 76,535  | 72,385  | 38,583        | 187,503          |
| <b>Total</b>                            | <b>7,483,449</b>                   | <b>360,868</b>  | <b>72,385</b>   | <b>64,382</b> | <b>7,981,084</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                     | 5,638,618                               | -  | -              | 5,638,618         |
| Borrowings                         | 7,623,261                               | -  | -              | 7,623,261         |
| Lease liabilities                  | -                                       | -  | 119,620        | 119,620           |
| Other payables                     | 1,936,852                               | -  | -              | 1,936,852         |
| Other financial liabilities        | -                                       | 24,550   | 39,113         | 63,663            |
| <b>Total</b>                       | <b>15,198,731</b>                       | <b>24,550</b>  | <b>158,733</b> | <b>15,382,014</b> |

(b) Net gains or losses on each category of financial instruments for the six-month periods ended June 30, 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  | 11,715                             | -   | -   | -      | 11,715   |
| Exchange differences   | 433,483                            | -   | -   | -      | 433,483  |
| Bad debt expenses  | (279)                              | -   | -   | -      | (279)    |
| Loss on disposal of trade receivables  | -                                  | (619)   | -   | -      | (619)    |
| Dividend income  | -                                  | 188   | 311   | -      | 499      |
| Gain(Loss) on valuation of financial assets at fair value through profit or loss | -                                  | -   | (250)   | -      | (250)    |
| Gain(Loss) from discontinued operations  | 419                                | -   | -   | -      | 419      |
| Fair value gain(loss), net of tax (through other comprehensive income)           | -                                  | (15,618)  | -   | -      | (15,618) |
| Gain(Loss) on derivatives, net of tax (through other comprehensive income)       | -                                  | -   | -   | 62,567 | 62,567   |
| Others   | 22                                 | -   | -   | -      | 22       |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

| <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 expenses  | (83,528)                                | -  | (10,666) | (94,194)  |
| Exchange differences   | (467,098)                               | -  | 65,830   | (401,268) |
| Gain(Loss) on derivatives (through profit or loss)                         | -                                       | (21,297)   | -        | (21,297)  |
| Gain(Loss) from discontinued operations                                    | (18,782)                                | -  | (19)     | (18,801)  |
| Gain(Loss) on derivatives, net of tax (through other comprehensive income) | -                                       | -  | 2,045    | 2,045     |
| Others   | -                                       | -  | (320)    | (320)     |

| <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  | 4,678                              | -   | -   | -     | 4,678   |
| Exchange differences   | 157,174                            | -   | -   | -     | 157,174 |
| Bad debt expenses  | 30,054                             | -   | -   | -     | 30,054  |
| Loss on disposal of trade receivables                                      | (663)                              | (26)  | -   | -     | (689)   |
| Dividend income  | -                                  | 189   | 4   | -     | 193     |
| Gain(Loss) from discontinued operations                                    | 21,222                             | -   | -   | -     | 21,222  |
| Fair value gain(loss), net of tax (through other comprehensive income)     | -                                  | (9,031)   | -   | -     | (9,031) |
| Gain(Loss) on derivatives, net of tax (through other comprehensive income) | -                                  | -   | -   | 822   | 822     |
| Others   | (696)                              | -   | -   | -     | (696)   |

| <i>(in millions of Korean won)</i>   | 2021                                    |  |          |           |
|--|---|--|----------|-----------|
|  | Financial liabilities at amortized cost | Financial liabilities at fair value through profit or loss | Other    | Total     |
| Interest expenses  | (31,935)                                | -  | (17,378) | (49,313)  |
| Exchange differences   | (183,480)                               | -  | 22,243   | (161,237) |
| Gain(Loss) on derivatives (through profit or loss)                         | -                                       | (5,534)  | -        | (5,534)   |
| Gain(Loss) from discontinued operations                                    | (93,495)                                | -  | (108)    | (93,603)  |
| Gain(Loss) on derivatives, net of tax (through other comprehensive income) | -                                       | -  | 29,631   | 29,631    |
| Others   | -                                       | -  | (172)    | (172)     |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

**5. Trade Receivables and Other Receivables**

(a) Trade receivables and other receivables, net of allowance for doubtful accounts, as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i> | June 30, 2022   |                                 |                 | December 31, 2021 |                                 |                 |
|------------------------------------|-----------------|---------------------------------|-----------------|-------------------|---------------------------------|-----------------|
|                                    | Original amount | Allowance for doubtful accounts | Carrying amount | Original amount   | Allowance for doubtful accounts | Carrying amount |
| Trade receivables                  | 4,839,104       | (40,056)                        | 4,799,048       | 5,052,038         | (35,656)                        | 5,016,382       |
| Non-current trade receivables      | 78,720          | -                               | 78,720          | 22,040            | -                               | 22,040          |
| Other receivables                  |                 |                                 |                 |                   |                                 |                 |
| Current                            | 515,935         | (7,942)                         | 507,993         | 424,639           | (9,308)                         | 415,331         |
| Non-current                        | 173,927         | (12)                            | 173,915         | 180,493           | (12)                            | 180,481         |

(b) Movements in allowance for doubtful accounts for the six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i> | 2022         |                     |                     |            |
|------------------------------------|--------------|---------------------|---------------------|------------|
|                                    | At January 1 | Addition (Reversal) | Write-off and other | At June 30 |
| Trade receivables                  | 35,656       | 4,400               | -                   | 40,056     |
| Other receivables                  |              |                     |                     |            |
| Current                            | 9,308        | (1,366)             | -                   | 7,942      |
| Non-current                        | 12           | -                   | -                   | 12         |
| <i>(in millions of Korean won)</i> | 2021         |                     |                     |            |
|                                    | At January 1 | Addition (Reversal) | Write-off and other | At June 30 |
| Trade receivables                  | 65,176       | (29,883)            | -                   | 35,293     |
| Other receivables                  |              |                     |                     |            |
| Current                            | 12,092       | (162)               | 6                   | 11,936     |
| Non-current                        | 11           | 2                   | -                   | 13         |

(c) The aging analysis of trade receivables and other receivables as at June 30, 2022 and December 31, 2021, is as follows:

| <i>(in millions of Korean won)</i> | June 30, 2022     |                               |                   |             |           |
|------------------------------------|-------------------|-------------------------------|-------------------|-------------|-----------|
|                                    | Trade receivables | Non-current trade receivables | Other receivables |             | Total     |
|                                    |                   |                               | Current           | Non-current |           |
| <b>Receivables not past due</b>    | 4,250,693         | 78,720                        | 453,746           | 172,896     | 4,956,055 |
| <b>Past due but not impaired</b>   |                   |                               |                   |             |           |
| Up to 6 months                     | 206,917           | -                             | 4,217             | 1,015       | 212,149   |
| 7 to 12 months                     | 57,547            | -                             | 3,978             | 1           | 61,526    |
| Over 1 year                        | 242,998           | -                             | 46,348            | 15          | 289,361   |
| <b>Subtotal</b>                    | 507,462           | -                             | 54,543            | 1,031       | 563,036   |
| <b>Impaired</b>                    | 80,949            | -                             | 7,646             | -           | 88,595    |
| <b>Total</b>                       | 4,839,104         | 78,720                        | 515,935           | 173,927     | 5,607,686 |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(in millions of Korean won)

|                                  | December 31, 2021 |                               |                   |             |           |
|----------------------------------|-------------------|-------------------------------|-------------------|-------------|-----------|
|                                  | Trade receivables | Non-current trade receivables | Other receivables |             | Total     |
|                                  |                   |                               | Current           | Non-current |           |
| <b>Receivables not past due</b>  | 4,388,281         | 22,040                        | 351,257           | 176,635     | 4,938,213 |
| <b>Past due but not impaired</b> |                   |                               |                   |             |           |
| Up to 6 months                   | 232,768           | -                             | 19,423            | 3,198       | 255,389   |
| 7 to 12 months                   | 102,574           | -                             | 111               | 656         | 103,341   |
| Over 1 year                      | 252,049           | -                             | 42,206            | 4           | 294,259   |
| <b>Subtotal</b>                  | 587,391           | -                             | 61,740            | 3,858       | 652,989   |
| <b>Impaired</b>                  | 76,366            | -                             | 11,642            | -           | 88,008    |
| <b>Total</b>                     | 5,052,038         | 22,040                        | 424,639           | 180,493     | 5,679,210 |

- (d) Trade receivables have been discounted through collateralized borrowing agreements with banks for the six-month period ended June 30, 2022. In case the customers default, the Company 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 June 30, 2022 amount to ₩64,572 million (December 31, 2021: ₩51,577 million).

**6. Other Financial Assets and Liabilities**

- (a) Details of other financial assets and liabilities as at June 30, 2022 and December 31, 2021, are as follows:

(in millions of Korean won)

|   | June 30, 2022 | December 31, 2021 |
|---|---------------|-------------------|
| <b>Other financial assets</b>                                     |               |                   |
| Derivatives   | 170,151       | 38,683            |
| Financial assets at fair value through other comprehensive income | 70,015        | 76,535            |
| Financial assets at fair value through profit or loss             | 73,495        | 72,285            |
| <b>Total</b>  | 313,661       | 187,503           |
| Current   | 17,321        | 9,747             |
| Non-current   | 296,340       | 177,756           |

(in millions of Korean won)

|                                    | June 30, 2022 | December 31, 2021 |
|------------------------------------|---------------|-------------------|
| <b>Other financial liabilities</b> |               |                   |
| Derivatives                        | 25,081        | 51,961            |
| Financial guarantee liability      | 12,231        | 11,702            |
| <b>Total</b>                       | 37,312        | 63,663            |
| Current                            | 6,787         | 7,045             |
| Non-current                        | 30,525        | 56,618            |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(b) Details of derivatives as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i> | June 30, 2022  |               | December 31, 2021 |               |
|------------------------------------|----------------|---------------|-------------------|---------------|
|                                    | Assets         | Liabilities   | Assets            | Liabilities   |
| <b>Current</b>                     |                |               |                   |               |
| Currency forward                   | 712            | -             | 100               | 946           |
| Cross-currency swap                | 16,565         | -             | 9,647             | -             |
| Interest rate swap                 | 44             | -             | -                 | -             |
| <b>Subtotal</b>                    | <b>17,321</b>  | <b>-</b>      | <b>9,747</b>      | <b>946</b>    |
| <b>Non-current</b>                 |                |               |                   |               |
| Cross-currency swap                | 128,076        | 575           | 28,936            | -             |
| Interest rate swap                 | 24,754         | 1,006         | -                 | 27,411        |
| Put option                         | -              | 23,500        | -                 | 23,604        |
| <b>Subtotal</b>                    | <b>152,830</b> | <b>25,081</b> | <b>28,936</b>     | <b>51,015</b> |
| <b>Total</b>                       | <b>170,151</b> | <b>25,081</b> | <b>38,683</b>     | <b>51,961</b> |

The details of major derivative contracts at the end of the reporting period are presented in Note 31.

(c) Changes in carrying amount of financial assets at fair value through other comprehensive income for the six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i> | 2022          |               |           |              |                 |               |
|------------------------------------|---------------|---------------|-----------|--------------|-----------------|---------------|
|                                    | At January 1  | Acquisition   | Disposals | Transfer     | Valuation       | At June 30    |
| Listed equity securities           | 48,150        | -             | -         | -            | (21,395)        | 26,755        |
| Unlisted equity securities         | 28,385        | 13,275        | -         | 1,600        | -               | 43,260        |
| <b>Total</b>                       | <b>76,535</b> | <b>13,275</b> | <b>-</b>  | <b>1,600</b> | <b>(21,395)</b> | <b>70,015</b> |

| <i>(in millions of Korean won)</i> | 2021          |             |              |          |                 |               |
|------------------------------------|---------------|-------------|--------------|----------|-----------------|---------------|
|                                    | At January 1  | Acquisition | Disposals    | Transfer | Valuation       | At June 30    |
| Listed equity securities           | 38,934        | -           | (212)        | -        | (6,187)         | 32,535        |
| Unlisted equity securities         | 25,916        | -           | -            | -        | (6,172)         | 19,744        |
| <b>Total</b>                       | <b>64,850</b> | <b>-</b>    | <b>(212)</b> | <b>-</b> | <b>(12,359)</b> | <b>52,279</b> |

(d) Changes in carrying amount of financial assets at fair value through profit or loss for the six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i> | 2022          |              |              |                |              |               |
|------------------------------------|---------------|--------------|--------------|----------------|--------------|---------------|
|                                    | At January 1  | Acquisition  | Disposals    | Transfer       | Valuation    | At June 30    |
| Unlisted equity securities         | 72,285        | 2,623        | (196)        | (24,992)       | (250)        | 49,470        |
| Debt securities                    | -             | 633          | -            | 23,392         | -            | 24,025        |
| <b>Total</b>                       | <b>72,285</b> | <b>3,256</b> | <b>(196)</b> | <b>(1,600)</b> | <b>(250)</b> | <b>73,495</b> |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

| <i>(in millions of Korean won)</i> | 2021          |               |                |          |           | At June 30    |
|------------------------------------|---------------|---------------|----------------|----------|-----------|---------------|
|                                    | At January 1  | Acquisition   | Disposals      | Transfer | Valuation |               |
| Unlisted equity securities         | 29,554        | 7,464         | (3,000)        | -        | -         | 34,018        |
| Debt securities                    | -             | 5,232         | -              | -        | -         | 5,232         |
| <b>Total</b>                       | <b>29,554</b> | <b>12,696</b> | <b>(3,000)</b> | <b>-</b> | <b>-</b>  | <b>39,250</b> |

**7. Inventories**

Inventories as at June 30, 2022 and December 31, 2021, consist of:

| <i>(in millions of Korean won)</i> | June 30, 2022    |                     |                  | December 31, 2021 |                     |                  |
|------------------------------------|------------------|---------------------|------------------|-------------------|---------------------|------------------|
|                                    | Cost             | Valuation allowance | Carrying amount  | Cost              | Valuation allowance | Carrying amount  |
| Finished products and merchandise  | 833,692          | (23,650)            | 810,042          | 827,273           | (26,910)            | 800,363          |
| Work-in-process                    | 49,443           | (1,779)             | 47,664           | 52,569            | (1,081)             | 51,488           |
| Raw materials and supplies         | 661,843          | (51,483)            | 610,360          | 695,456           | (55,412)            | 640,044          |
| Other                              | 195,690          | (42,119)            | 153,571          | 180,823           | (23,708)            | 157,115          |
| <b>Total</b>                       | <b>1,740,668</b> | <b>(119,031)</b>    | <b>1,621,637</b> | <b>1,756,121</b>  | <b>(107,111)</b>    | <b>1,649,010</b> |

**8. Contract Assets and Contract Liabilities**

(a) Contract assets as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>      | June 30, 2022  | December 31, 2021 |
|---|----------------|-------------------|
| Due from customers                      | 397,638        | 309,509           |
| (Less: allowance for doubtful accounts) | (5)            | (4)               |
| Right to recover returned products      | 1,538          | 855               |
| Costs to fulfill contracts and others   | 76,954         | 88,229            |
| <b>Total</b>                            | <b>476,125</b> | <b>398,589</b>    |
| Current                                 | 409,038        | 318,367           |
| Non-current                             | 67,087         | 80,222            |

(b) Contract liabilities as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>            | June 30, 2022  | December 31, 2021 |
|---|----------------|-------------------|
| Expected promotional incentives for customers | 87,795         | 65,932            |
| Expected returns from customers               | 9,915          | 3,320             |
| Customer loyalty program                      | 53,796         | 50,610            |
| Rendering of warranty services                | 23,614         | 11,862            |
| Due to customers and others                   | 399,725        | 348,088           |
| <b>Total</b>                                  | <b>574,845</b> | <b>479,812</b>    |
| Current                                       | 569,273        | 474,065           |
| Non-current                                   | 5,572          | 5,747             |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

(c) Revenue recognized in relation to contract liabilities for the six-month periods ended June 30, 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   | 280,230        | 143,528        |
| Customer loyalty program  | 23,791         | 21,766         |
| Rendering of warranty services  | 3,056          | 7,146          |
| <b>Total</b>  | <b>307,077</b> | <b>172,440</b> |
| Revenue recognized from performance obligations satisfied in previous periods                         | 1,024          | 4,002          |

(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 ₩1,336,312 million which were expected to be satisfied by 2031, at the latest. Also, as a practical expedient, the Company excluded performance obligation which was a part of contract that had an original expected duration of one year or less.

(e) For the six-month period ended June 30, 2022, the Company recognized impairment loss amounting to ₩1 million (June 30, 2021: nil) in relation to due from customers, and amortization and other costs of ₩20,603 million (June 30, 2021: ₩10,391 million) in relation to costs to fulfill contracts.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

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

(a) Changes in property, plant and equipment for the six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>       | <b>2022</b>      | <b>2021</b>      |
|--|------------------|------------------|
| <b>At January 1</b>                      | 6,424,785        | 7,318,557        |
| Acquisitions                             | 265,588          | 348,867          |
| Reclassification to assets held for sale | (44,167)         | (794)            |
| Disposals and others                     | (297,864)        | (16,274)         |
| Depreciation                             | (339,177)        | (389,003)        |
| Impairment losses <sup>1,2</sup>         | (88,229)         | (21,506)         |
| <b>At June 30</b>                        | <b>5,920,936</b> | <b>7,239,847</b> |

<sup>1</sup> For the six-month period ended June 30, 2022, impairment loss on property, plant and equipment from discontinued operations of energy business amounting to ₩75,255 million (June 30, 2021: ₩14 million) is included.

<sup>2</sup> For the six-month period ended June 30, 2022, impairment loss on property, plant and equipment from discontinued operations of MC business amounting to ₩825 million (June 30, 2021: ₩18,629 million) is included.

(b) Line items including depreciation in the separate interim statements of profit or loss for the six-month periods ended June 30, 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                      | 250,274        | 251,650        |
| Selling and marketing expenses     | 19,209         | 18,821         |
| Administrative expenses            | 25,842         | 22,818         |
| Research and development expenses  | 22,053         | 20,391         |
| Service costs                      | 9,264          | 7,864          |
| Other non-operating expenses       | 787            | 1,738          |
| <b>Subtotal</b>                    | <b>327,429</b> | <b>323,282</b> |
| <b>Discontinued operations</b>     | <b>11,748</b>  | <b>65,721</b>  |
| <b>Total</b>                       | <b>339,177</b> | <b>389,003</b> |

(c) Changes in right-of-use assets included in property, plant and equipment for the six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i> | <b>2022</b>    | <b>2021</b>    |
|------------------------------------|----------------|----------------|
| <b>At January 1</b>                | 121,844        | 125,762        |
| Acquisitions                       | 27,116         | 17,286         |
| Disposals and others               | (1,512)        | (1,987)        |
| Depreciation                       | (42,262)       | (39,995)       |
| <b>At June 30</b>                  | <b>105,186</b> | <b>101,066</b> |



**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

The amount recognized as lease income in relation to sublease of the above right-of-use assets for the six-month period ended June 30, 2022, was ₩4,288 million (June 30, 2021: ₩5,776 million).

(d) Changes in intangible assets for the six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>       | <b>2022</b>      | <b>2021</b>      |
|--|------------------|------------------|
| <b>At January 1</b>                      | 1,758,718        | 2,053,815        |
| Acquisitions                             | 171,435          | 157,139          |
| Acquisitions by internal development     | 63,020           | 81,382           |
| Reclassification to assets held for sale | (33)             | -                |
| Disposals and others                     | (32,458)         | (42,069)         |
| Amortization                             | (207,150)        | (279,178)        |
| Impairment losses <sup>1,2</sup>         | (23,409)         | (318,557)        |
| <b>At June 30</b>                        | <b>1,730,123</b> | <b>1,652,532</b> |

<sup>1</sup> For the six-month period ended June 30, 2022, impairment loss on intangible assets from discontinued operations of energy business amounting to ₩209 million is included.

<sup>2</sup> For the six-month period ended June 30, 2021, impairment loss on intangible assets from discontinued operations of MC business amounting to ₩294,044 million is included.

(e) Line items including amortization of intangible assets in the separate interim statements of profit or loss for the six-month periods ended June 30, 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                      | 159,989        | 157,123        |
| Selling and marketing expenses     | 4,480          | 2,396          |
| Administrative expenses            | 13,633         | 14,336         |
| Research and development expenses  | 26,951         | 12,832         |
| Service costs                      | 1,165          | 655            |
| Other non-operating expenses       | 1              | -              |
| <b>Subtotal</b>                    | <b>206,219</b> | <b>187,342</b> |
| <b>Discontinued operations</b>     | <b>931</b>     | <b>91,836</b>  |
| <b>Total</b>                       | <b>207,150</b> | <b>279,178</b> |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

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

(a) Investments in subsidiaries, associates and joint ventures as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>                        | Location    | Closing month | Percentage of ownership at June 30, 2022 (%) | Carrying amount |                   |
|---|-------------|---------------|--|-----------------|-------------------|
|   |             |               |  | June 30, 2022   | December 31, 2021 |
| <b>Subsidiaries</b>                                       |             |               |  |                 |                   |
| LG Electronics U.S.A., Inc.(LGEUS)                        | USA         | December      | 100.0  | 955,542         | 955,542           |
| LG Innotek Co., Ltd.                                      | Korea       | December      | 40.8   | 541,538         | 541,538           |
| LG Magna e-Powertrain Co., Ltd.                           | Korea       | December      | 51.0   | 388,661         | 388,661           |
| ZKW Holding GmbH  | Austria     | December      | 70.0   | 349,482         | 349,482           |
| LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)               | Indonesia   | March         | 100.0  | 311,746         | 311,746           |
| LG Electronics do Brasil Ltda.(LGEBR)                     | Brazil      | December      | 100.0  | 270,631         | 270,631           |
| LG Electronics Mlawa Sp. z.O.O.(LGEMA)                    | Poland      | December      | 100.0  | 214,091         | 214,091           |
| LG Electronics Nanjing Vehicle Components Co.,Ltd.(LGENV) | China       | December      | 100.0  | 180,349         | 180,349           |
| LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)      | China       | December      | 70.0   | 161,331         | 161,331           |
| LG Electronics European Holding B.V.(LGEEH)               | Netherlands | December      | 100.0  | 148,551         | 148,551           |
| Hiplaza Co., Ltd.   | Korea       | December      | 100.0  | 136,459         | 136,459           |
| Cybellum Technologies Ltd.                                | Israel      | December      | 69.6   | 133,162         | 133,162           |
| LG Electronics Egypt S.A.E(LGEEG)                         | Egypt       | December      | 100.0  | 110,245         | 110,245           |
| Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)     | China       | December      | 88.4   | 97,608          | 97,608            |
| P.T. LG Electronics Indonesia(LGEIN)                      | Indonesia   | December      | 100.0  | 94,118          | 94,118            |
| LG Electronics Vietnam Hai Phong Co., Ltd(LGEVH)          | Vietnam     | December      | 100.0  | 84,784          | 84,784            |
| LG Electronics Wroclaw Sp. z.O.O.(LGEWR)                  | Poland      | December      | 100.0  | 70,014          | 70,014            |
| LG Electronics Mexico S.A. DE C.V.(LGEMS)                 | Mexico      | December      | 100.0  | 68,721          | 68,721            |
| LG Electronics (Shenyang) Inc(LGESY)                      | China       | December      | 56.3   | 62,033          | 62,033            |
| LG Electronics (Thailand) Company Limited(LGETH)          | Thailand    | December      | 100.0  | 55,578          | 55,578            |
| LG Electronics Fund I LLC <sup>1</sup>                    | USA         | December      | 100.0  | 55,413          | 54,618            |
| LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)               | Australia   | December      | 100.0  | 50,664          | 50,664            |
| LG Electronics Ticaret A.S.(LGETK)                        | Turkey      | December      | 100.0  | 47,320          | 47,320            |
| LG Electronics RUS, LLC(LGERA)                            | Russia      | December      | 100.0  | 43,645          | 43,645            |
| LG Electronics (Huizhou) Inc.(LGEHZ)                      | China       | December      | 45.0   | 41,984          | 41,984            |
| LG Electronics Nanjing New Technology co.,LTD(LGENT)      | China       | December      | 45.0   | 38,744          | 38,744            |
| LG Electronics Panama, S.A.(LGEPS)                        | Panama      | December      | 100.0  | 36,492          | 36,492            |
| ZKW Austria Immobilien Holding GmbH                       | Austria     | December      | 70.0   | 35,640          | 35,640            |
| PT.LGE Indonesia Research and Development Center (LGEIC)  | Indonesia   | December      | 100.0  | 35,436          | 35,436            |
| LG Electronics S.A. (Pty) Ltd.(LGESA)                     | Republic of | December      | 100.0  | 30,175          | 30,175            |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

| <i>(in millions of Korean won)</i>                         | Location     | Closing month | Percentage of ownership at June 30, 2022 (%) | Carrying amount  |                   |
|--|--------------|---------------|--|------------------|-------------------|
|  |              |               |  | June 30, 2022    | December 31, 2021 |
|  | South Africa |               |  |                  |                   |
| Nanjing LG Panda Appliances Co., Ltd.(LGEPN)               | China        | December      | 50.0   | 26,614           | 26,614            |
| LG Electronics Peru S.A.(LGEPR)                            | Peru         | December      | 100.0  | 25,043           | 25,043            |
| LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA) | China        | December      | 100.0  | 20,615           | 20,615            |
| LG Soft India Private Limited.(LGSi)                       | India        | March         | 100.0  | 20,105           | 20,105            |
| LG Electronics Fund II LLC <sup>2</sup>                    | USA          | December      | 100.0  | 4,098            | -                 |
| Others   |              |               |  | 191,225          | 191,225           |
| <b>Associates</b>  |              |               |  |                  |                   |
| LG Display Co., Ltd.                                       | Korea        | December      | 37.9   | 3,480,623        | 3,480,623         |
| Robostar Co.,Ltd.  | Korea        | December      | 33.4   | 88,112           | 88,112            |
| Hitachi-LG Data Storage Inc.(HLDS)                         | Japan        | December      | 49.0   | 52,124           | 52,124            |
| Ericsson-LG Co., Ltd.                                      | Korea        | December      | 25.0   | 38,834           | 38,834            |
| Mirae Asset-LG Electronics New Growth Fund I <sup>1</sup>  | Korea        | December      | 50.0   | 30,000           | 10,000            |
| ROBOTIS Co., Ltd. <sup>3</sup>                             | Korea        | December      | 8.1  | 9,000            | 9,000             |
| RINSE, INC. <sup>3</sup>                                   | USA          | December      | 11.5   | 7,030            | 7,030             |
| Acryl Inc. <sup>3</sup>                                    | Korea        | December      | 13.6   | 2,000            | 2,000             |
| AiM Future, Inc. <sup>3</sup>                              | Korea        | December      | 15.6   | 800              | 800               |
| <b>Joint ventures</b>                                      |              |               |  |                  |                   |
| Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)             | Turkey       | December      | 50.0   | 40,844           | 40,844            |
| LG-LHT Aircraft Solutions GmbH <sup>1</sup>                | Germany      | December      | 49.0   | 28,725           | 22,983            |
| LG-LHT Passenger Solutions GmbH <sup>1</sup>               | Germany      | December      | 49.0   | 26,268           | 20,528            |
| EIC PROPERTIES PTE LTD.                                    | Singapore    | December      | 38.2   | 7,881            | 7,881             |
| GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.                  | China        | December      | 35.0   | 1,194            | 1,194             |
| FITNESSCANDY Co.,Ltd <sup>2</sup>                          | Korea        | December      | 51.0   | 2,550            | -                 |
| <b>Total</b>   |              |               |  | <b>8,953,842</b> | <b>8,914,917</b>  |

<sup>1</sup> It was additionally acquired during the six-month period ended June 30, 2022.

<sup>2</sup> It was newly acquired during the six-month period ended June 30, 2022.

<sup>3</sup> Classified as an associate although the percentage of ownership is less than 20% because the Company can exercise a significant influence in the Board of Directors of the investee.

(b) Changes in investments in subsidiaries, associates and joint ventures for the six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i> | 2022             | 2021             |
|------------------------------------|------------------|------------------|
| <b>At January 1</b>                | 8,914,917        | 8,881,286        |
| Acquisitions                       | 38,925           | 43,256           |
| Disposal <sup>1</sup>              | -                | (28,674)         |
| Impairment                         | -                | (18,312)         |
| <b>At June 30</b>                  | <b>8,953,842</b> | <b>8,877,556</b> |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

<sup>1</sup> It includes the amount retrieved by the capital reduction with consideration on the Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT) and Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD), which are subsidiaries of the Company, during the six-month period ended June 30, 2021.

(c) Details of marketable investments in subsidiaries and associates as at June 30, 2022 and December 31, 2021, are as follows:

| <b>June 30, 2022</b>     |             |                                       |  |   |                    |
|--------------------------|-------------|---------------------------------------|--|---|--------------------|
|                          | <b>Type</b> | <b>Shares held<br/>(Unit: shares)</b> | <b>Price per share<br/>(in Korean won)</b> | <b>Fair value<br/>(in millions of Korean won)</b> | <b>Book amount</b> |
| LG Display Co., Ltd.     | Associate   | 135,625,000                           | 14,550                                     | 1,973,344   | 3,480,623          |
| LG Innotek Co., Ltd.     | Subsidiary  | 9,653,181                             | 342,500                                    | 3,306,214   | 541,538            |
| Robostar Co.,Ltd.        | Associate   | 3,256,500                             | 18,200                                     | 59,268  | 88,112             |
| ROBOTIS Co.,Ltd.         | Associate   | 961,550                               | 18,100                                     | 17,404  | 9,000              |
| <b>December 31, 2021</b> |             |                                       |  |   |                    |
|                          | <b>Type</b> | <b>Shares held<br/>(Unit: shares)</b> | <b>Price per share<br/>(in Korean won)</b> | <b>Fair value<br/>(in millions of Korean won)</b> | <b>Book amount</b> |
| LG Display Co., Ltd.     | Associate   | 135,625,000                           | 24,600                                     | 3,336,375   | 3,480,623          |
| LG Innotek Co., Ltd.     | Subsidiary  | 9,653,181                             | 364,000                                    | 3,513,758   | 541,538            |
| Robostar Co.,Ltd.        | Associate   | 3,256,500                             | 26,550                                     | 86,460  | 88,112             |
| ROBOTIS Co.,Ltd.         | Associate   | 961,550                               | 24,700                                     | 23,750  | 9,000              |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

**11. Borrowings**

(a) Carrying amounts of borrowings as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>      | <b>June 30, 2022</b> | <b>December 31, 2021</b> |
|---|----------------------|--------------------------|
| <b>Current</b>                          |                      |                          |
| Short-term borrowings                   | 334,582              | 51,577                   |
| Current portion of long-term borrowings | 187,714              | 456,183                  |
| Current portion of debentures           | 464,426              | 608,877                  |
| <b>Subtotal</b>                         | <b>986,722</b>       | <b>1,116,637</b>         |
| <b>Non-current</b>                      |                      |                          |
| Long-term borrowings                    | 2,357,334            | 2,071,342                |
| Debentures                              | 4,100,069            | 4,435,282                |
| <b>Subtotal</b>                         | <b>6,457,403</b>     | <b>6,506,624</b>         |
| <b>Total</b>                            | <b>7,444,125</b>     | <b>7,623,261</b>         |

(b) Details of borrowings as at June 30, 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 June 30, 2022 (%)</b> | <b>Carrying amount</b> |                          |
|---|-----------------------------|--|------------------------|--------------------------|
|   |                             |  | <b>June 30, 2022</b>   | <b>December 31, 2021</b> |
| <b>Short-term borrowings in foreign currency</b>                                  |                             |  |                        |                          |
| LG Electronics European Shared Service Center B.V.(LGESC) and others <sup>1</sup> | 2023. 5. 2                  | 0.67 ~ 7.96                                      | 334,582                | 51,577                   |
| <b>Long-term borrowings in local currency</b>                                     |                             |  |                        |                          |
| Woori Bank and others   | 2035. 1. 9                  | 2.21 ~ 4.20                                      | 1,809,750              | 1,733,607                |
| <b>Long-term borrowings in foreign currency</b>                                   |                             |  |                        |                          |
| The Export-Import Bank of Korea and others  | 2031. 7.28                  | 1.54 ~ 3.88                                      | 735,298                | 793,917                  |
| <b>Local currency debentures</b>  |                             |  |                        |                          |
| Public, non-guaranteed bonds  | 2036. 5. 4                  | 1.62 ~ 4.44                                      | 3,090,000              | 3,480,000                |
| Private, non-guaranteed bonds   | 2041. 2. 9                  | 2.66 ~ 4.21                                      | 980,000                | 980,000                  |
| <b>Foreign currency debentures</b>  |                             |  |                        |                          |
| Private, non-guaranteed bonds   | 2028. 6. 8                  | 2.57 ~ 3.89                                      | 369,102                | 460,667                  |
| Private, guaranteed bonds   | 2023. 2.24                  | 3M<br>EURIBOR+0.75                               | 135,005                | 134,234                  |
| Less: discount on debentures  |                             |  | (9,612)                | (10,741)                 |
| <b>Total</b>  |                             |  | <b>7,444,125</b>       | <b>7,623,261</b>         |

<sup>1</sup> The above short-term borrowings in foreign currency include the short-term borrowings collateralized by trade receivables amounting to ₩64,572 million (December 31, 2021: ₩51,577 million) as at June 30, 2022.

The Company 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 31).

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

The principal and interests of private guaranteed bonds are guaranteed by Shinhan Bank (Note 28).

**12. Lease Liabilities**

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

| <i>(in millions of Korean won)</i> | <b>June 30, 2022</b> | <b>December 31, 2021</b> |
|------------------------------------|----------------------|--------------------------|
| <b>Lease liabilities</b>           |                      |                          |
| Current                            | 56,676               | 73,297                   |
| Non-current                        | 46,290               | 46,323                   |
| <b>Total</b>                       | <b>102,966</b>       | <b>119,620</b>           |

(b) The amounts, relating to leases, recognized in the separate interim statements of profit or loss for the six-month periods ended June 30, 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  | 1,811         | 1,745         |
| Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)  | 14,008        | 14,540        |
| 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) | 7,496         | 6,030         |
| <b>Subtotal</b>   | <b>23,315</b> | <b>22,315</b> |
| <b>Discontinued operations</b>  | <b>883</b>    | <b>2,994</b>  |
| <b>Total</b>  | <b>24,198</b> | <b>25,309</b> |

Depreciation of right-of-use assets is stated in 'Note 9'.

(c) Total expenses for leases including short-term leases and leases of low-value assets for the six-month period ended June 30, 2022, are ₩64,882 million (June 30, 2021: ₩62,711 million).

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

**13. Post-employment Benefits**

**Defined Benefit Plan**

(a) The amounts of net defined benefit liabilities (assets) as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>              | <b>June 30, 2022</b> | <b>December 31, 2021</b> |
|---|----------------------|--------------------------|
| Present value of funded obligations             | 2,747,793            | 3,268,721                |
| Fair value of plan assets                       | (2,917,741)          | (3,168,810)              |
| <b>Net defined benefit liabilities (assets)</b> | <b>(169,948)</b>     | <b>99,911</b>            |

(b) The amounts recognized in the separate interim statements of profit or loss for the six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i> | <b>2022</b>    | <b>2021</b>    |
|------------------------------------|----------------|----------------|
| Current service cost               | 155,338        | 162,540        |
| Net interest cost                  | 1,434          | 4,742          |
| Operating management cost          | 1,114          | 1,082          |
| <b>Total</b>                       | <b>157,886</b> | <b>168,364</b> |

(c) Line items in which expenses are included for the six-month periods ended June 30, 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                      | 73,699         | 78,521         |
| Selling and marketing expenses     | 21,119         | 17,664         |
| Administrative expenses            | 12,826         | 8,867          |
| Research and development expenses  | 30,762         | 27,703         |
| Service costs                      | 13,047         | 11,020         |
| <b>Subtotal</b>                    | <b>151,453</b> | <b>143,775</b> |
| <b>Discontinued operations</b>     | <b>6,433</b>   | <b>24,589</b>  |
| <b>Total</b>                       | <b>157,886</b> | <b>168,364</b> |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(d) Movements in the present value of defined benefit obligations for the six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>                                   | <b>2022</b>      | <b>2021</b>      |
|--|------------------|------------------|
| <b>At January 1</b>  | 3,268,721        | 3,278,480        |
| Current service cost   | 155,338          | 162,540          |
| Interest expense   | 45,870           | 37,993           |
| Remeasurements for:  |                  |                  |
| - Actuarial loss(gain) arising from changes in financial assumptions | (439,038)        | (114,326)        |
| - Actuarial loss(gain) arising from experience adjustments           | -                | 1,329            |
| Benefits paid  | (283,098)        | (125,912)        |
| <b>At June 30</b>  | <b>2,747,793</b> | <b>3,240,104</b> |

(e) Movements in the fair value of plan assets for the six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i> | <b>2022</b>      | <b>2021</b>      |
|------------------------------------|------------------|------------------|
| <b>At January 1</b>                | 3,168,810        | 2,876,580        |
| Interest income                    | 44,436           | 33,251           |
| Remeasurements of plan assets      | (15,242)         | (8,724)          |
| Employer contributions             | -                | 15,000           |
| Benefits paid                      | (279,149)        | (78,975)         |
| Operating management cost          | (1,114)          | (1,082)          |
| <b>At June 30</b>                  | <b>2,917,741</b> | <b>2,836,050</b> |

(f) The significant actuarial assumptions used as at June 30, 2022 and December 31, 2021, are as follows:

|                             | <b>June 30, 2022</b> | <b>December 31, 2021</b> |
|-----------------------------|----------------------|--------------------------|
| Discount rate               | 4.4%                 | 2.9%                     |
| Expected salary growth rate | 5.0%                 | 5.0%                     |

(g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as at June 30, 2022, is as follows:

| <i>(in millions of Korean won)</i> | <b>1%p increase</b> | <b>1%p decrease</b> |
|------------------------------------|---------------------|---------------------|
| Discount rate                      | (247,421)           | 286,832             |
| Expected salary growth rate        | 278,358             | (245,415)           |

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.



**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

**Defined Contribution Plan**

The expense recognized for the six-month period ended June 30, 2022 in relation to the defined contribution plan was ₩4,731 million (June 30, 2021: ₩3,907 million).

**14. Provisions**

Changes in provisions for the six-month periods ended June 30, 2022 and 2021, are as follows:

|                                    |                  | <b>2022</b>        |                              |                  |
|------------------------------------|------------------|--------------------|------------------------------|------------------|
| <i>(in millions of Korean won)</i> | <b>Warranty</b>  | <b>Restoration</b> | <b>Litigation and others</b> | <b>Total</b>     |
| <b>At January 1</b>                | 2,279,025        | 10,460             | 62,899                       | 2,352,384        |
| Additions <sup>1</sup>             | 193,011          | 338                | 4,603                        | 197,952          |
| Utilizations                       | (919,780)        | (374)              | (19,765)                     | (939,919)        |
| <b>At June 30</b>                  | <b>1,552,256</b> | <b>10,424</b>      | <b>47,737</b>                | <b>1,610,417</b> |
| Current                            | 1,479,371        | 8,473              | 496                          | 1,488,340        |
| Non-current                        | 72,885           | 1,951              | 47,241                       | 122,077          |
|                                    |                  | <b>2021</b>        |                              |                  |
| <i>(in millions of Korean won)</i> | <b>Warranty</b>  | <b>Restoration</b> | <b>Litigation and others</b> | <b>Total</b>     |
| <b>At January 1</b>                | 615,998          | 10,233             | 100,632                      | 726,863          |
| Additions <sup>1</sup>             | 743,064          | 678                | 12,932                       | 756,674          |
| Utilizations                       | (181,636)        | (198)              | (8,352)                      | (190,186)        |
| <b>At June 30</b>                  | <b>1,177,426</b> | <b>10,713</b>      | <b>105,212</b>               | <b>1,293,351</b> |
| Current                            | 973,114          | 7,788              | -                            | 980,902          |
| Non-current                        | 204,312          | 2,925              | 105,212                      | 312,449          |

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

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

**15. Paid-in Capital**

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

|                  | Par value<br>per share | June 30, 2022                 |  | December 31, 2021             |  |
|------------------|------------------------|-------------------------------|--|-------------------------------|--|
|                  |                        | Number of<br>shares<br>issued | Amount<br>(in millions of<br>Korean won) | Number of<br>shares<br>issued | Amount<br>(in millions of<br>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 June 30, 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 Company's capital of ₩783,961 million and less the 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.

**16. Retained Earnings**

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

| (in millions of Korean won)   | June 30, 2022    | December 31, 2021 |
|---|------------------|-------------------|
| Legal reserve <sup>1</sup>  | 246,609          | 231,218           |
| Discretionary reserve   | 4,539,499        | 5,569,863         |
| Unappropriated retained earnings (Undisposed<br>accumulated deficit) <sup>2</sup> | 1,274,468        | (860,959)         |
| <b>Total</b>  | <b>6,060,576</b> | <b>4,940,122</b>  |

<sup>1</sup> The Commercial Code of the Republic of Korea requires the 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).

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

**17. Accumulated Other Comprehensive Income(Loss)**

Accumulated other comprehensive income(loss) as at June 30, 2022 and December 31, 2021, consists of:

| <i>(in millions of Korean won)</i>                                | <b>June 30, 2022</b> | <b>December 31, 2021</b> |
|---|----------------------|--------------------------|
| Cash flow hedge   | 42,645               | (21,967)                 |
| Financial assets at fair value through other comprehensive income | (3,047)              | 12,571                   |
| <b>Total</b>  | <b>39,598</b>        | <b>(9,396)</b>           |

**18. Other Components of Equity**

Other components of equity as at June 30, 2022 and December 31, 2021, consist of:

| <i>(in millions of Korean won)</i>  | <b>June 30, 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                    |
| <b>Total</b>                        | <b>(32,819)</b>      | <b>(32,819)</b>          |

<sup>1</sup> The 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 Company intends to either grant these treasury shares to employees and directors as compensation or to sell them in the future.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

**19. Net Sales**

(a) Details of net sales for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>     | 2022             |                   | 2021             |                   |
|--|------------------|-------------------|------------------|-------------------|
|  | Three months     | Six months        | Three months     | Six months        |
| <b>Continuing operations</b>           |                  |                   |                  |                   |
| Revenue from contracts with customers: |                  |                   |                  |                   |
| Sales of goods                         | 6,578,188        | 13,185,399        | 6,413,962        | 12,372,923        |
| Rendering of services and others       | 329,098          | 1,628,638         | 227,395          | 485,750           |
| <b>Subtotal</b>                        | <b>6,907,286</b> | <b>14,814,037</b> | <b>6,641,357</b> | <b>12,858,673</b> |
| Revenue from other sources:            |                  |                   |                  |                   |
| Rental income and others               | 191,315          | 377,209           | 158,904          | 313,591           |
| <b>Subtotal</b>                        | <b>7,098,601</b> | <b>15,191,246</b> | <b>6,800,261</b> | <b>13,172,264</b> |
| <b>Discontinued operations</b>         | <b>29,860</b>    | <b>128,850</b>    | <b>520,914</b>   | <b>1,238,642</b>  |
| <b>Total</b>                           | <b>7,128,461</b> | <b>15,320,096</b> | <b>7,321,175</b> | <b>14,410,906</b> |

(b) Details of revenue from contracts with customers for the six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>                      | 2022              | 2021              |
|---|-------------------|-------------------|
| By type of products:                                    |                   |                   |
| Refrigerator/washing machine/air conditioner and others | 7,834,551         | 6,887,975         |
| TV/AV and others  | 2,091,729         | 2,033,977         |
| In-vehicle infotainment and others                      | 1,595,249         | 1,638,324         |
| Monitor/PC and others                                   | 1,511,138         | 1,361,071         |
| Others <sup>1</sup>                                     | 1,781,370         | 937,326           |
| Domestic/Export:  |                   |                   |
| Domestic  | 5,294,320         | 5,368,206         |
| Export  | 9,519,717         | 7,490,467         |
| Timing of transfer:                                     |                   |                   |
| Transferred at a point in time                          | 13,325,445        | 11,773,946        |
| Transferred over time                                   | 1,488,592         | 1,084,727         |
| <b>Total</b>  | <b>14,814,037</b> | <b>12,858,673</b> |

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

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

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

Due to the factors causing the changes in the costs of other segments during the six-month period ended June 30, 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 six-month period ended June 30, 2022 and the succeeding periods are as follows:

| <i>(in millions of Korean won)</i> | <b>Changes in<br/>estimated total<br/>contract revenue</b> | <b>Changes in<br/>estimated total<br/>contract cost</b> | <b>Impact on profit<br/>or loss for the<br/>period ended<br/>June 30, 2022</b> | <b>Impact on profit<br/>or loss for the<br/>succeeding<br/>periods</b> |
|------------------------------------|--|---|--|--|
| Other segments                     | 112,078  | 91,894  | 6,302  | 13,882   |

**20. Expenses by Nature**

Expenses that are recorded by nature for the three-month and six-month periods ended June 30, 2022 and 2021, consist of:

| <i>(in millions of Korean won)</i>            | <b>2022</b>         |                   | <b>2021</b>         |                   |
|---|---------------------|-------------------|---------------------|-------------------|
|   | <b>Three months</b> | <b>Six months</b> | <b>Three months</b> | <b>Six months</b> |
| <b>Continuing operations</b>                  |                     |                   |                     |                   |
| Changes in finished goods and work-in-process | (40,500)            | (10,799)          | (51,898)            | (76,998)          |
| Raw materials and merchandise used            | 3,675,051           | 7,261,387         | 3,669,704           | 7,169,481         |
| Employee benefit expense                      | 1,096,002           | 2,608,648         | 1,020,938           | 2,009,281         |
| Depreciation and amortization                 | 265,601             | 532,860           | 257,722             | 508,886           |
| Advertising expense                           | 169,433             | 285,570           | 158,531             | 245,422           |
| Promotion expense                             | 39,643              | 73,946            | 52,381              | 93,320            |
| Freight expense                               | 413,653             | 820,684           | 287,409             | 527,132           |
| Commission expense                            | 542,789             | 1,034,604         | 449,401             | 868,402           |
| Other expenses                                | 677,870             | 1,536,700         | 865,805             | 1,390,764         |
| <b>Subtotal<sup>1</sup></b>                   | <b>6,839,542</b>    | <b>14,143,600</b> | <b>6,709,993</b>    | <b>12,735,690</b> |
| <b>Discontinued operations</b>                | <b>113,450</b>      | <b>300,441</b>    | <b>1,549,971</b>    | <b>2,573,905</b>  |
| <b>Total</b>                                  | <b>6,952,992</b>    | <b>14,444,041</b> | <b>8,259,964</b>    | <b>15,309,595</b> |

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

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

**21. General Operating Expenses (Selling and Marketing Expenses, Administrative Expenses, Research and Development Expenses and Service Costs)**

Details of general operating expenses for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i> | 2022             |                  | 2021             |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | Three months     | Six months       | Three months     | Six months       |
| <b>Continuing operations</b>       |                  |                  |                  |                  |
| Salaries                           | 407,591          | 810,400          | 364,174          | 702,408          |
| Post-employment benefits           | 44,862           | 203,918          | 32,393           | 68,484           |
| Employee welfare benefits          | 80,888           | 189,251          | 55,491           | 112,915          |
| Freight expense                    | 406,854          | 809,911          | 285,038          | 522,661          |
| Rental expense                     | 8,838            | 16,110           | 7,071            | 14,542           |
| Commission expense                 | 407,728          | 776,082          | 320,619          | 619,128          |
| Depreciation                       | 38,912           | 76,368           | 35,009           | 69,894           |
| Amortization                       | 23,218           | 46,229           | 15,226           | 30,219           |
| Taxes and dues                     | 4,127            | 8,624            | 3,368            | 7,271            |
| Advertising expense                | 169,433          | 285,570          | 158,531          | 245,422          |
| Promotional expense                | 39,643           | 73,946           | 52,381           | 93,320           |
| R&D expense                        | 65,575           | 109,694          | 72,700           | 116,683          |
| Direct service costs               | 47,372           | 79,872           | 299,200          | 321,175          |
| (Reversal of) bad debts expense    | 451              | 1,658            | (30,367)         | (29,902)         |
| Others                             | 70,204           | 123,359          | 49,318           | 91,638           |
| <b>Subtotal</b>                    | <b>1,815,696</b> | <b>3,610,992</b> | <b>1,720,152</b> | <b>2,985,858</b> |
| <b>Discontinued operations</b>     | <b>102,200</b>   | <b>127,955</b>   | <b>796,920</b>   | <b>1,060,188</b> |
| <b>Total</b>                       | <b>1,917,896</b> | <b>3,738,947</b> | <b>2,517,072</b> | <b>4,046,046</b> |

**22. Financial Income**

Financial income for the three-month and six-month periods ended June 30, 2022 and 2021, consists of:

| <i>(in millions of Korean won)</i> | 2022           |                | 2021          |                |
|------------------------------------|----------------|----------------|---------------|----------------|
|                                    | Three months   | Six months     | Three months  | Six months     |
| <b>Continuing operations</b>       |                |                |               |                |
| Interest income                    | 6,219          | 11,715         | 2,261         | 4,678          |
| Exchange differences               | 93,462         | 180,154        | 52,698        | 119,354        |
| Others                             | 691            | 931            | 335           | 551            |
| <b>Subtotal</b>                    | <b>100,372</b> | <b>192,800</b> | <b>55,294</b> | <b>124,583</b> |
| <b>Discontinued operations</b>     | <b>978</b>     | <b>1,921</b>   | <b>6,822</b>  | <b>21,560</b>  |
| <b>Total</b>                       | <b>101,350</b> | <b>194,721</b> | <b>62,116</b> | <b>146,143</b> |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

**23. Financial Expenses**

Financial expenses for the three-month and six-month periods ended June 30, 2022 and 2021, consist of:

| <i>(in millions of Korean won)</i>    | 2022           |                | 2021           |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | Three months   | Six months     | Three months   | Six months     |
| <b>Continuing operations</b>          |                |                |                |                |
| Interest expense                      | 47,280         | 94,194         | 24,231         | 49,313         |
| Exchange differences                  | 65,019         | 140,204        | 56,731         | 95,183         |
| Loss on disposal of trade receivables | 301            | 619            | 292            | 689            |
| Others                                | 614            | 1,229          | 915            | 1,418          |
| <b>Subtotal</b>                       | <b>113,214</b> | <b>236,246</b> | <b>82,169</b>  | <b>146,603</b> |
| <b>Discontinued operations</b>        | <b>6,961</b>   | <b>15,208</b>  | <b>41,949</b>  | <b>79,103</b>  |
| <b>Total</b>                          | <b>120,175</b> | <b>251,454</b> | <b>124,118</b> | <b>225,706</b> |

**24. Other Non-operating Income**

Other non-operating income for the three-month and six-month periods ended June 30, 2022 and 2021, consists of:

| <i>(in millions of Korean won)</i>                | 2022           |                  | 2021           |                |
|---|----------------|------------------|----------------|----------------|
|   | Three months   | Six months       | Three months   | Six months     |
| <b>Continuing operations</b>                      |                |                  |                |                |
| Dividend income                                   | 107,596        | 390,124          | 126,639        | 138,834        |
| Exchange differences                              | 351,487        | 573,577          | 88,011         | 284,377        |
| Gain on disposal of property, plant and equipment | 1,822          | 4,045            | 431            | 2,240          |
| Gain on disposal of intangible assets             | 17,021         | 17,021           | 55             | 56             |
| Gain on disposal of assets held for sale          | -              | 182,423          | -              | -              |
| Gain on valuation of derivatives                  | 712            | 13,841           | -              | -              |
| Others  | (1,294)        | 19               | 28,371         | 29,797         |
| <b>Subtotal</b>                                   | <b>477,344</b> | <b>1,181,050</b> | <b>243,507</b> | <b>455,304</b> |
| <b>Discontinued operations</b>                    | <b>9,634</b>   | <b>14,473</b>    | <b>51,188</b>  | <b>71,024</b>  |
| <b>Total</b>                                      | <b>486,978</b> | <b>1,195,523</b> | <b>294,695</b> | <b>526,328</b> |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

**25. Other Non-operating Expenses**

Other non-operating expenses for the three-month and six-month periods ended June 30, 2022 and 2021, consist of:

| <i>(in millions of Korean won)</i>   | 2022           |                | 2021           |                |
|--|----------------|----------------|----------------|----------------|
|  | Three months   | Six months     | Three months   | Six months     |
| <b>Continuing operations</b>   |                |                |                |                |
| Exchange differences   | 339,746        | 563,276        | 83,237         | 304,853        |
| Loss on disposal of property, plant and equipment                              | 365            | 2,041          | 4,993          | 11,693         |
| Impairment loss on property, plant and equipment                               | 8,452          | 12,148         | 2,443          | 2,863          |
| Loss on disposal of intangible assets  | 5,830          | 11,004         | 5,541          | 14,371         |
| Impairment loss on intangible assets   | 1,250          | 23,199         | 2,182          | 24,499         |
| Loss on disposal of assets held for sale                                       | -              | 106            | -              | -              |
| Loss on valuation of derivatives   | 10,977         | 35,138         | 5,500          | 5,534          |
| Loss on valuation of financial assets at fair value through profit or loss     | 250            | 250            | -              | -              |
| Loss on disposal of investments in subsidiaries, associates and joint ventures | -              | -              | 5,390          | 5,390          |
| Impairment loss on investments in subsidiaries, associates and joint ventures  | -              | -              | 18,312         | 18,312         |
| Others   | 9,038          | 12,706         | 5,949          | 8,797          |
| <b>Subtotal</b>  | <b>375,908</b> | <b>659,868</b> | <b>133,547</b> | <b>396,312</b> |
| <b>Discontinued operations</b>   | <b>27,356</b>  | <b>98,003</b>  | <b>341,589</b> | <b>383,734</b> |
| <b>Total</b>   | <b>403,264</b> | <b>757,871</b> | <b>475,136</b> | <b>780,046</b> |



**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

**26. Earnings (Losses) per Share**

The Company has no potential dilutive ordinary shares. Accordingly, basic earnings (losses) per share is identical to diluted earnings (losses) per share.

- (a) Basic earnings (losses) per ordinary share for the three-month and six-month periods ended June 30, 2022 and 2021, is as follows:

| <i>(in millions of Korean won)</i>   | 2022         |             | 2021         |             |
|--|--------------|-------------|--------------|-------------|
|  | Three months | Six months  | Three months | Six months  |
| Profit (loss) attributable to ordinary shares <i>(in millions of Korean won)</i> |              |             |              |             |
| Continuing operations  | 166,885      | 872,533     | (805,256)    | (828,001)   |
| Discontinued operations  | 237,736      | 1,049,775   | 90,541       | 299,755     |
|  | (70,851)     | (177,242)   | (895,797)    | (1,127,756) |
| Weighted average number of ordinary shares outstanding <i>(unit: shares)</i>     | 162,884,638  | 162,884,638 | 162,884,638  | 162,884,638 |
| Basic earnings (losses) per ordinary share <i>(in Korean won)</i>                |              |             |              |             |
| Continuing operations  | 1,025        | 5,357       | (4,944)      | (5,083)     |
| Discontinued operations  | 1,460        | 6,445       | 556          | 1,840       |
|  | (435)        | (1,088)     | (5,500)      | (6,923)     |

- (b) Basic earnings (losses) per preferred share for the three-month and six-month periods ended June 30, 2022 and 2021, is as follows:

| <i>(in millions of Korean won)</i>  | 2022         |            | 2021         |            |
|---|--------------|------------|--------------|------------|
|   | Three months | Six months | Three months | Six months |
| Profit (loss) attributable to preferred shares <i>(in millions of Korean won)</i> |              |            |              |            |
| Continuing operations   | 17,818       | 92,465     | (84,725)     | (86,909)   |
| Discontinued operations   | 25,292       | 111,161    | 9,765        | 32,048     |
|   | (7,474)      | (18,696)   | (94,490)     | (118,957)  |
| Weighted average number of ordinary shares outstanding <i>(unit: shares)</i>      | 17,181,299   | 17,181,299 | 17,181,299   | 17,181,299 |
| Basic earnings (losses) per ordinary share <i>(in Korean won)</i>                 |              |            |              |            |
| Continuing operations   | 1,037        | 5,382      | (4,931)      | (5,058)    |
| Discontinued operations   | 1,472        | 6,470      | 569          | 1,865      |
|   | (435)        | (1,088)    | (5,500)      | (6,923)    |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

**27. Cash Flow Information**

Cash flows from operating activities are presented using the indirect method. Details of cash generated from operations for the six-month periods ended June 30, 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 (loss) for the period  | 964,998            | (914,910)        |
| Adjustments:  |                    |                  |
| Interest expense, net   | 82,479             | 44,635           |
| Exchange differences, net   | 7,932              | 1,701            |
| Depreciation  | 327,429            | 323,282          |
| Amortization  | 206,219            | 187,342          |
| Loss (gain) on disposal of property, plant and equipment and intangible assets, net | (8,021)            | 23,768           |
| Provisions for severance benefits   | 156,185            | 147,682          |
| Additional provisions, net  | 130,720            | 323,844          |
| Dividend income   | (390,124)          | (138,834)        |
| Income tax expense  | 364,446            | 141,743          |
| Other   | (60,272)           | 43,362           |
| Discontinued operations   | 113,789            | 568,966          |
|   | <u>930,782</u>     | <u>1,667,491</u> |
| Changes in operating assets and liabilities   |                    |                  |
| Decrease (increase) in trade receivables  | 217,728            | (107,456)        |
| Decrease (increase) in other receivables  | 210,637            | 220,082          |
| Decrease (increase) in inventories  | (51,317)           | (255,016)        |
| Decrease (increase) in contract assets  | (63,325)           | 34,228           |
| Decrease (increase) in other assets   | (84,639)           | (55,505)         |
| Increase (decrease) in trade payables   | (284,208)          | (126,546)        |
| Increase (decrease) in other payables   | (433,620)          | (203,022)        |
| Increase (decrease) in provisions   | (740,743)          | (190,187)        |
| Increase (decrease) in contract liabilities   | 95,402             | 9,340            |
| Increase (decrease) in other liabilities  | (332,495)          | 417,634          |
| Payment of defined benefit liability  | (8,680)            | (50,844)         |
| Deposit in plan assets, net   | (43,322)           | (38,445)         |
|   | <u>(1,518,582)</u> | <u>(345,737)</u> |
| <b>Cash generated from operations</b>   | <u>377,198</u>     | <u>406,844</u>   |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(b) Changes in liabilities from financing activities

|                                    |                     | <b>2022</b>   |                                 |   |                                    |                   |
|------------------------------------|---------------------|---|---------------------------------|---|------------------------------------|-------------------|
|                                    |                     | <b>Net cash<br/>flows from<br/>financing<br/>activities</b> | <b>Effects of other changes</b> |   |                                    | <b>At June 30</b> |
| <i>(in millions of Korean won)</i> | <b>At January 1</b> |   | <b>Additions</b>                | <b>Exchange<br/>differences<br/>(profit/loss)</b> | <b>Amortization<br/>and others</b> |                   |
| Borrowings                         | 2,579,101           | 247,111   | -                               | 53,418  | -                                  | 2,879,630         |
| Debentures                         | 5,044,160           | (510,541)   | -                               | 29,656  | 1,220                              | 4,564,495         |
| Lease liabilities                  | 119,620             | (40,849)  | 23,800                          | 230   | 165                                | 102,966           |
| <b>Total</b>                       | <b>7,742,881</b>    | <b>(304,279)</b>  | <b>23,800</b>                   | <b>83,304</b>                                     | <b>1,385</b>                       | <b>7,547,091</b>  |

  

|                                    |                     | <b>2021</b>   |                                 |   |                                    |                   |
|------------------------------------|---------------------|---|---------------------------------|---|------------------------------------|-------------------|
|                                    |                     | <b>Net cash<br/>flows from<br/>financing<br/>activities</b> | <b>Effects of other changes</b> |   |                                    | <b>At June 30</b> |
| <i>(in millions of Korean won)</i> | <b>At January 1</b> |   | <b>Additions</b>                | <b>Exchange<br/>Differences<br/>(profit/loss)</b> | <b>Amortization<br/>and others</b> |                   |
| Borrowings                         | 2,886,129           | (266,049)   | -                               | 10,313  | -                                  | 2,630,393         |
| Debentures                         | 4,938,569           | 157,480   | -                               | 15,014  | 1,151                              | 5,112,214         |
| Lease liabilities                  | 121,870             | (37,463)  | 14,517                          | 19  | 62                                 | 99,005            |
| <b>Total</b>                       | <b>7,946,568</b>    | <b>(146,032)</b>  | <b>14,517</b>                   | <b>25,346</b>                                     | <b>1,213</b>                       | <b>7,841,612</b>  |

(c) Significant non-cash transactions

| <i>(in millions of Korean won)</i>  | <b>2022</b> | <b>2021</b> |
|---|-------------|-------------|
| Reclassification of construction-in-progress to property, plant and equipment | 29,526      | 234,179     |
| Reclassification of construction-in-progress to intangible assets             | 159,042     | 119,717     |
| Reclassification of current portion of borrowings and debentures              | 468,425     | 900,440     |
| Other payables to acquire property, plant and equipment                       | 43,932      | 36,652      |
| Other payables to acquire intangible assets                                   | 31,094      | 20,819      |
| Acquisition of right-of-use assets  | 27,116      | 17,286      |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

(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 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                | 440,494       |
| Other receivables                        | 25,813        |
| Other payables                           | (1,123)       |
| Assets of the transferred business:      |               |
| Trade receivables                        | 112,194       |
| Other receivables                        | 4,566         |
| Inventories                              | 28,467        |
| Property, plant and equipment            | 133,093       |
| Intangible assets                        | 511           |
| Contract assets                          | 17            |
| Other assets                             | 1,104         |
| Liabilities of the transferred business: |               |
| Trade payables                           | 55,477        |
| Lease liabilities                        | 94            |
| Other payables                           | 5,067         |
| Provisions                               | 1,386         |
| Contract liabilities                     | 19            |
| Other liabilities                        | 4,758         |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

**28. Contingencies**

(a) At the end of the reporting period, the Company is provided with performance guarantees of ₩337,616 million (December 31, 2021: ₩252,462 million) from Seoul Guarantee Insurance and others relating to the performance guarantees. The Company is also provided with guarantee of principal amounting to EUR 100 million (December 31, 2021: EUR 100 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

(b) At the end of the reporting period, the financial guarantees provided by the Company to related parties amount to ₩3,654,649 million (December 31, 2021: ₩3,262,858 million) on the indebtedness of its subsidiaries. Details are as follows:

| <i>(in millions of Korean won)</i>                                    | <b>Beneficiaries</b>           | <b>June 30,<br/>2022</b> | <b>December<br/>31, 2021</b> |
|---|--------------------------------|--------------------------|------------------------------|
| LG Electronics European Shared Service Center B.V.(LGESC)             | Citibank and others            | 1,002,073                | 989,849                      |
| LG Electronics U.S.A., Inc.(LGEUS)                                    | Citibank and others            | 614,128                  | 565,010                      |
| LG Electronics do Brasil Ltda.(LGEBR)                                 | Chubb and others               | 522,035                  | 461,808                      |
| LG Electronics (China) Co., Ltd(LGECH)                                | Citibank and others            | 307,658                  | 287,718                      |
| LG Electronics Peru S.A.(LGEPR)                                       | Scotiabank and others          | 202,179                  | 178,273                      |
| LG Electronics Mexico S.A. DE C.V.(LGEMS)                             | HSBC and others                | 167,187                  | 35,565                       |
| LG Electronics Algeria SARL(LGEAS)                                    | Citibank and others            | 112,384                  | 109,233                      |
| LG Electronics Morocco S.A.R.L.(LGEMC)                                | CAG-Credit du Maroc and others | 107,258                  | 104,537                      |
| LG Electronics Inc Chile Limitada(LGECL)                              | Scotiabank and others          | 100,075                  | 98,182                       |
| LG Electronics Ticaret A.S.(LGETK)                                    | HSBC and others                | 77,597                   | 77,489                       |
| LG Electronics Colombia Limitada(LGECB)                               | Citibank and others            | 77,423                   | 72,428                       |
| LG Electronics Reynosa S.A. DE C.V.(LGERS)                            | BBVA                           | 64,645                   | -                            |
| LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK) | Citibank                       | 51,716                   | 47,420                       |
| LG Electronics RUS, LLC(LGERA)  | Citibank                       | 51,716                   | -                            |
| LG Electronics Egypt S.A.E(LGEEG)                                     | Credit Agricole and others     | 51,578                   | 55,840                       |
| LG Electronics (M) Sdn. Bhd(LGEML)                                    | Citibank                       | 38,846                   | 35,622                       |
| LG Electronics S.A. (Pty) Ltd.(LGESA)                                 | Standard and others            | 28,310                   | 13,006                       |
| LG Electronics Italia S.P.A.(LGEIS)                                   | Intesa                         | 27,001                   | 26,847                       |
| LG ELECTRONICS HELLAS SINGLE MEMBER SA (LGEHS)                        | Citibank                       | 13,501                   | 13,423                       |
| LG Electronics Japan, Inc.(LGEJP)                                     | Woori                          | 9,465                    | 10,302                       |
| LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)                           | Citibank                       | 9,271                    | 8,952                        |
| LG-Shaker Co.Ltd.(LGESR)  | SABB                           | 8,787                    | 8,052                        |
| Others  | HSBC and others                | 9,816                    | 63,302                       |
| <b>Total</b>  |                                | <b>3,654,649</b>         | <b>3,262,858</b>             |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

- (c) At the end of the reporting period, the Company is providing KEB Hana Bank with a subrogation payment obligation for customers up to ₩46,000 million (December 31, 2021: ₩46,000 million).
- (d) The Company has a joint guarantee obligation for the debt amount as of July 1, 2021, the date of split-off of LG Magna e-Powertrain Co.,Ltd., a newly established company.
- (e) In relation to the Bolt electric vehicle consumers' class action lawsuit filed against General Motors (GM) in November 2020, the Company and others were additionally included as defendants in September 2021, and the ultimate outcome of these case cannot be determined at the reporting date.
- (f) 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 Company cannot reflect a reasonable expectation. Management does not expect the outcome of the litigations will have a material effect on the Company's financial position.

**29. Commitments**

- (a) At the end of the reporting period, the Company has borrowing agreements, such as overdraft facility agreements, trade financing and others, with various banks, including Shinhan Bank, with a limit of ₩943,474 million (December 31, 2021: ₩1,244,093 million).
- (b) At the end of the reporting period, the Company has sales agreements for receivables with various banks including KEB Hana Bank amounting to ₩2,737,117 million (December 31, 2021: ₩2,481,320 million).
- (c) At the end of the reporting period, the Company has corporate electronic settlement services contracts and vendor prepayment services contracts with various banks including Shinhan Bank for up to ₩1,160,000 million (December 31, 2021: ₩1,160,000 million) in connection with the payment of trade payables.
- (d) 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>June 30, 2022</b> | <b>December 31, 2021</b> |
|---|----------------------|--------------------------|
| Property, plant and equipment                                 | 288,392              | 323,323                  |
| Intangible assets   | 12,988               | 36,754                   |
| Investments in subsidiaries, associates<br>and joint ventures | 111,506              | 105,140                  |
| <b>Total</b>  | <b>412,886</b>       | <b>465,217</b>           |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

The Company agreed to tender offers based on fair value at a certain time in relation to the shares of Cybellum Technologies Ltd. and the shares to be issued by the exercise of stock options. At the end of the reporting period, the Company recognized this commitment as 'other financial liabilities' (Note 6).

In addition, the Company agreed to acquire 60% shares of AppleMango Co.,Ltd. with the acquisition cost of ₩6,000 million.

(e) Operating lease commitments – the Company as a lessor

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

| <i>(in millions of Korean won)</i> | <b>June 30, 2022</b> |                     |                     |                     |                             |
|------------------------------------|----------------------|---------------------|---------------------|---------------------|-----------------------------|
|                                    | <b>Within 1 year</b> | <b>1 to 2 years</b> | <b>2 to 3 years</b> | <b>3 to 4 years</b> | <b>Total lease payments</b> |
| Home appliance rental              | 376,727              | 233,572             | 102,698             | 15,315              | 728,312                     |

- ii) The Company recognized ₩302,243 million (June 30, 2021: ₩302,867 million) in lease income for the six-month period ended June 30, 2022.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(f) Financial lease commitments – the Company as lessor

i) Gross investment in the lease and present value of the minimum lease payments for the financial lease as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i> | June 30, 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                    | 17,895                                     | 13,438                                      | 4,983                                      | 3,999                                       |
| Between 1 and 2 years              | 18,594                                     | 14,883                                      | 5,015                                      | 4,716                                       |
| Between 2 and 3 years              | 18,595                                     | 15,680                                      | 5,007                                      | 4,531                                       |
| Between 3 and 4 years              | 18,559                                     | 16,485                                      | 5,027                                      | 4,378                                       |
| Later than 4 years                 | 33,152                                     | 31,672                                      | 9,935                                      | 8,166                                       |
| <b>Total</b>                       | <b>106,795</b>                             | <b>92,158</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 June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i> | June 30, 2022 | December 31, 2021 |
|------------------------------------|---------------|-------------------|
| Gross investment in the lease      | 106,795       | 29,967            |
| Net investment in the lease        | 92,158        | 25,790            |
| <b>Unrealized interest income</b>  | <b>14,637</b> | <b>4,177</b>      |

iii) For the six-month period ended June 30, 2022, the Company recognized income amounting to ₩64,884 million (June 30, 2021: nil) in relation to financial lease contract, and financial income net investment in the lease amounting to ₩1,469 million (June 30, 2021: nil) is included.

(g) Trademark license agreements

At the end of the reporting period, the Company 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 for license | All products            | LG Electronics Inc.              | Panasonic Corporation and others |
| Use of trademarks     | All products            | LG Corp.                         | LG Electronics Inc.              |



**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

**30. Related Party**

(a) Major transactions for the six-month periods ended June 30, 2022 and 2021, and balances of receivables and payables from transaction with related parties as at June 30, 2022 and December 31, 2021, are as follows:

i) Major income and expense transactions with related parties

(in millions of Korean won)

| Classification                        | Name  | 2022                |        |           |                      |                     |         |
|---------------------------------------|---|---------------------|--------|-----------|----------------------|---------------------|---------|
|                                       |   | Income transactions |        |           | Expense transactions |                     |         |
|                                       |   | Sales               | Others | Total     | Purchases            | Others <sup>5</sup> | Total   |
| Significantly influencing the Company | LG Corp.  | 258                 | -      | 258       | -                    | 69,708              | 69,708  |
| Subsidiaries                          | LG Innotek Co., Ltd.                                      | 115,102             | 10,010 | 125,112   | 68,082               | 839                 | 68,921  |
|                                       | Hiplaza Co., Ltd.   | 988,365             | 7,829  | 996,194   | 4,163                | 8,081               | 12,244  |
|                                       | LG Electronics U.S.A., Inc.                               | 3,221,309           | 2,105  | 3,223,414 | 3,568                | 40,927              | 44,495  |
|                                       | LG Electronics Vietnam Hai Phong Co., Ltd                 | 715,089             | 477    | 715,566   | 73,763               | 32,924              | 106,687 |
|                                       | LG Electronics Canada, Inc.                               | 390,005             | 4      | 390,009   | -                    | 6,187               | 6,187   |
|                                       | LG Electronics RUS, LLC                                   | 80,145              | 1,147  | 81,292    | -                    | 3,417               | 3,417   |
|                                       | LG Electronics Deutschland GmbH                           | 70,918              | 12,775 | 83,693    | 221                  | 7,804               | 8,025   |
|                                       | LG Electronis Reynosa, S.A. De C.V.                       | 167,667             | 548    | 168,215   | 272                  | 43                  | 315     |
|                                       | LG Electronics Mlawa Sp. z.O.O.                           | 383,107             | 2,774  | 385,881   | 1,331                | 1,245               | 2,576   |
|                                       | LG Electronics Nanjing New Technology co.,LTD             | 197,208             | -      | 197,208   | 366,867              | 1,176               | 368,043 |
|                                       | LG Electronics Panama, S.A. P.T. LG Electronics Indonesia | 65,428              | 189    | 65,617    | -                    | 567                 | 567     |
|                                       | LG Electronics Colombia Ltda.                             | 133,526             | 478    | 134,004   | 276,001              | 7                   | 276,008 |
|                                       | LG Electronics Colombia Ltda.                             | 33,622              | 6      | 33,628    | -                    | 520                 | 520     |
|                                       | LG Electronics Vehicle Components U.S.A., LLC.            | 71,114              | 1,049  | 72,163    | 786                  | 14,214              | 15,000  |
|                                       | LG Electronics Mexico S.A. DE C.V.                        | 86,703              | -      | 86,703    | -                    | 593                 | 593     |
|                                       | LG Electronics Peru S.A.                                  | 47,115              | 7      | 47,122    | -                    | -                   | -       |
|                                       | LG Electronics European Shared Service Center B.V.        | 218,576             | -      | 218,576   | 222                  | 15,553              | 15,775  |
|                                       | Taizhou LG Electronics Refrigeration Co., Ltd.            | 45,917              | 3,549  | 49,466    | 95,805               | 1                   | 95,806  |
|                                       | LG Electronics United Kingdom Ltd.                        | 94,926              | 5      | 94,931    | 1,112                | 9,031               | 10,143  |
|                                       | LG ELECTRONICS AUSTRALIA PTY LIMITED                      | 166,325             | -      | 166,325   | -                    | 2,311               | 2,311   |
|                                       | LG ELECTRONICS INDIA PRIVATE LIMITED                      | 135,434             | 11,518 | 146,952   | 474                  | 2,469               | 2,943   |
|                                       | LG Electronics (Tianjin) Appliances Co., Ltd.             | 58,248              | 217    | 58,465    | 253,118              | 1                   | 253,119 |
|                                       | LG Electronics Nanjing Vehicle Components Co.,Ltd.        | 141,267             | -      | 141,267   | 3,120                | 389                 | 3,509   |
|                                       | LG Electronics Thailand Co., Ltd.                         | 49,135              | 175    | 49,310    | 23,261               | 495                 | 23,756  |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(in millions of Korean won)

|                       |  | 2022                |                |                   |                      |                     |                  |
|-----------------------|--|---------------------|----------------|-------------------|----------------------|---------------------|------------------|
| Classification        | Name   | Income transactions |                |                   | Expense transactions |                     |                  |
|                       |  | Sales               | Others         | Total             | Purchases            | Others <sup>5</sup> | Total            |
|                       | Hi-Caresolution Corp   | 29,253              | 152            | 29,405            | 131,943              | 19,433              | 151,376          |
|                       | Others   | 1,516,669           | 68,254         | 1,584,923         | 94,958               | 322,339             | 417,297          |
|                       | <b>Subtotal</b>  | <b>9,222,173</b>    | <b>123,268</b> | <b>9,345,441</b>  | <b>1,399,067</b>     | <b>490,566</b>      | <b>1,889,633</b> |
| Associates            | LG Display Co., Ltd. and its subsidiaries                    | 347,114             | 33,415         | 380,529           | 107,222              | 155                 | 107,377          |
|                       | Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries      | 149                 | -              | 149               | 19,417               | 13,990              | 33,407           |
|                       | Robostar Co.,Ltd. and its subsidiaries                       | 15                  | -              | 15                | 9,376                | 397                 | 9,773            |
|                       | Acryl Inc.   | -                   | -              | -                 | -                    | 702                 | 702              |
|                       | <b>Subtotal</b>  | <b>347,278</b>      | <b>33,415</b>  | <b>380,693</b>    | <b>136,015</b>       | <b>15,244</b>       | <b>151,259</b>   |
| Other related parties | LG CNS Co., Ltd. and its subsidiaries                        | 62,835              | 343            | 63,178            | 57,894               | 191,644             | 249,538          |
|                       | D&O Corp., Ltd. and its subsidiaries <sup>2</sup>            | 940                 | 166            | 1,106             | 1,470                | 23,020              | 24,490           |
|                       | LG Management Development Institute                          | 14                  | -              | 14                | 41                   | 25,582              | 25,623           |
|                       | LG SPORTS Ltd.   | 3                   | 21             | 24                | 280                  | 6,758               | 7,038            |
|                       | <b>Subtotal</b>  | <b>63,792</b>       | <b>530</b>     | <b>64,322</b>     | <b>59,685</b>        | <b>247,004</b>      | <b>306,689</b>   |
| Others <sup>1</sup>   | LG Chem Ltd., its subsidiaries and joint ventures            | 222,543             | 1,005          | 223,548           | 171,792              | 66                  | 171,858          |
|                       | LX INTERNATIONAL CORP and its subsidiaries <sup>3</sup>      | 4,993               | 1,179          | 6,172             | 165,921              | 975,005             | 1,140,926        |
|                       | LG Uplus Corp and its subsidiaries                           | 1,443               | 7              | 1,450             | 1,357                | 228                 | 1,585            |
|                       | LX HAUSYS,LTD., its subsidiaries and associates <sup>3</sup> | 2,077               | 77             | 2,154             | 1,670                | 385                 | 2,055            |
|                       | LX Semicon Co., Ltd. <sup>3</sup>                            | 1,410               | 2,012          | 3,422             | 6,490                | 19                  | 6,509            |
|                       | LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries          | 1,057               | 1              | 1,058             | 12                   | 7                   | 19               |
|                       | G II R Inc. and its subsidiaries                             | 1,158               | -              | 1,158             | -                    | 102,551             | 102,551          |
|                       | LX MMA Corporation <sup>3</sup>                              | 5                   | -              | 5                 | -                    | -                   | -                |
|                       | XI C&A Co., Ltd. <sup>4</sup>                                | 1,728               | 20             | 1,748             | -                    | 15,566              | 15,566           |
|                       | S&I Corp. <sup>4</sup>                                       | 1,484               | -              | 1,484             | 125                  | 21,343              | 21,468           |
|                       | <b>Subtotal</b>  | <b>237,898</b>      | <b>4,301</b>   | <b>242,199</b>    | <b>347,367</b>       | <b>1,115,170</b>    | <b>1,462,537</b> |
|                       | <b>Total</b>   | <b>9,871,399</b>    | <b>161,514</b> | <b>10,032,913</b> | <b>1,942,134</b>     | <b>1,937,692</b>    | <b>3,879,826</b> |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(in millions of Korean won)

|                                       |   | 2021                |               |                  |                      |                     |                  |
|---------------------------------------|---|---------------------|---------------|------------------|----------------------|---------------------|------------------|
| Classification                        | Name  | Income transactions |               |                  | Expense transactions |                     |                  |
|                                       |   | Sales               | Others        | Total            | Purchases            | Others <sup>5</sup> | Total            |
| Significantly influencing the Company | LG Corp.  | 291                 | -             | 291              | -                    | 67,277              | 67,277           |
| Subsidiaries                          | LG Innotek Co., Ltd.                                      | 96,948              | 11,237        | 108,185          | 139,839              | 8,992               | 148,831          |
|                                       | Hiplaza Co., Ltd.   | 1,108,738           | 6,032         | 1,114,770        | 7,485                | 8,413               | 15,898           |
|                                       | LG Electronics U.S.A., Inc.                               | 2,572,575           | 309           | 2,572,884        | 2,251                | 17,243              | 19,494           |
|                                       | LG Electronics Vietnam Hai Phong Co., Ltd                 | 783,464             | 475           | 783,939          | 155,048              | 24,768              | 179,816          |
|                                       | LG Electronics Canada, Inc.                               | 225,486             | 18            | 225,504          | -                    | 4,034               | 4,034            |
|                                       | LG Electronics RUS, LLC                                   | 147,082             | 360           | 147,442          | -                    | 1,498               | 1,498            |
|                                       | LG Electronics Deutschland GmbH                           | 145,938             | 8,461         | 154,399          | 1,935                | 32,046              | 33,981           |
|                                       | LG Electronis Reynosa, S.A. De C.V.                       | 177,899             | 56            | 177,955          | 175                  | 16                  | 191              |
|                                       | LG Electronics Mlawa Sp. z.O.O.                           | 456,689             | 399           | 457,088          | 2,546                | 2,431               | 4,977            |
|                                       | LG Electronics Nanjing New Technology co.,LTD             | 177,482             | 141           | 177,623          | 324,948              | 1,004               | 325,952          |
|                                       | LG Electronics Panama, S.A. P.T. LG Electronics Indonesia | 70,251              | 158           | 70,409           | -                    | 388                 | 388              |
|                                       | 93,424  | 1,106               | 94,530        | 271,757          | 35                   | 271,792             |                  |
|                                       | LG Electronics Colombia Ltda.                             | 7,088               | 19            | 7,107            | -                    | 302                 | 302              |
|                                       | LG Electronics Vehicle Components U.S.A., LLC.            | 73,170              | 7,008         | 80,178           | 1,126                | 11,512              | 12,638           |
|                                       | LG Electronics Mexico S.A. DE C.V.                        | 122,470             | 22            | 122,492          | -                    | 371                 | 371              |
|                                       | LG Electronics Peru S.A.                                  | 30,897              | 10            | 30,907           | -                    | -                   | -                |
|                                       | LG Electronics European Shared Service Center B.V.        | 224,269             | 14            | 224,283          | -                    | 10,094              | 10,094           |
|                                       | Taizhou LG Electronics Refrigeration Co., Ltd.            | 54,507              | 112           | 54,619           | 112,060              | 141                 | 112,201          |
|                                       | LG Electronics United Kingdom Ltd.                        | 82,472              | 8             | 82,480           | 676                  | 8,793               | 9,469            |
|                                       | LG ELECTRONICS AUSTRALIA PTY LIMITED                      | 193,859             | 18            | 193,877          | -                    | 2,637               | 2,637            |
|                                       | LG ELECTRONICS INDIA PRIVATE LIMITED                      | 95,915              | -             | 95,915           | 20,186               | 1,681               | 21,867           |
|                                       | LG Electronics (Tianjin) Appliances Co., Ltd.             | 38,185              | 70            | 38,255           | 167,374              | 100                 | 167,474          |
|                                       | LG Electronics Nanjing Vehicle Components Co.,Ltd.        | 101,609             | 12            | 101,621          | 6,209                | 2,051               | 8,260            |
|                                       | LG Electronics Thailand Co., Ltd.                         | 60,858              | 394           | 61,252           | 20,691               | 394                 | 21,085           |
|                                       | Hi-Caresolution Corp                                      | 27,524              | 42            | 27,566           | 122,794              | 16,463              | 139,257          |
|                                       | Others  | 1,737,495           | 3,303         | 1,740,798        | 127,248              | 204,575             | 331,823          |
|                                       | <b>Subtotal</b>   | <b>8,906,294</b>    | <b>39,784</b> | <b>8,946,078</b> | <b>1,484,348</b>     | <b>359,982</b>      | <b>1,844,330</b> |
| Associates                            | LG Display Co., Ltd. and its subsidiaries                 | 260,056             | 44,021        | 304,077          | 148,457              | 190                 | 148,647          |
|                                       | Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries   | 391                 | -             | 391              | 14,784               | 142                 | 14,926           |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(in millions of Korean won)

|                       |  | 2021                |               |                  |                      |                     |                  |
|-----------------------|--|---------------------|---------------|------------------|----------------------|---------------------|------------------|
| Classification        | Name   | Income transactions |               |                  | Expense transactions |                     |                  |
|                       |  | Sales               | Others        | Total            | Purchases            | Others <sup>5</sup> | Total            |
|                       | Robostar Co.,Ltd. and its subsidiaries                       | 23                  | -             | 23               | 14,423               | 2,073               | 16,496           |
|                       | ROBOTIS Co., Ltd.  | -                   | -             | -                | -                    | 3                   | 3                |
|                       | Acryl Inc.   | -                   | -             | -                | -                    | 661                 | 661              |
|                       | <b>Subtotal</b>  | <b>260,470</b>      | <b>44,021</b> | <b>304,491</b>   | <b>177,664</b>       | <b>3,069</b>        | <b>180,733</b>   |
| Joint ventures        | LG-MRI LLC   | 11,091              | -             | 11,091           | -                    | -                   | -                |
| Other related parties | LG CNS Co., Ltd. and its subsidiaries                        | 73,270              | 1             | 73,271           | 58,129               | 162,722             | 220,851          |
|                       | D&O Corp., Ltd. and its subsidiaries                         | 6,442               | -             | 6,442            | 3,515                | 89,569              | 93,084           |
|                       | LG Management Development Institute                          | 12                  | 1             | 13               | 8                    | 19,703              | 19,711           |
|                       | LG SPORTS Ltd.   | 3                   | 17            | 20               | -                    | 6,879               | 6,879            |
|                       | <b>Subtotal</b>  | <b>79,727</b>       | <b>19</b>     | <b>79,746</b>    | <b>61,652</b>        | <b>278,873</b>      | <b>340,525</b>   |
| Others <sup>1</sup>   | LG Chem Ltd., its subsidiaries and joint ventures            | 421,558             | 1,115         | 422,673          | 305,092              | 934                 | 306,026          |
|                       | LX INTERNATIONAL CORP and its subsidiaries <sup>3</sup>      | 4,187               | 360           | 4,547            | 167,761              | 631,752             | 799,513          |
|                       | LG Uplus Corp and its subsidiaries                           | 9,645               | 3             | 9,648            | 18,242               | 3,995               | 22,237           |
|                       | LX HAUSYS,LTD., its subsidiaries and associates <sup>3</sup> | 1,319               | 34            | 1,353            | 567                  | 240                 | 807              |
|                       | LX Semicon Co., Ltd. <sup>3</sup>                            | 1,310               | 1,592         | 2,902            | 7,084                | 411                 | 7,495            |
|                       | LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries          | 2,384               | 1             | 2,385            | 38                   | 51                  | 89               |
|                       | G IIR Inc. and its subsidiaries                              | 18                  | -             | 18               | 24                   | 87,126              | 87,150           |
|                       | LX Holdings Corp. <sup>3</sup>                               | 99                  | -             | 99               | -                    | -                   | -                |
|                       | LX MMA Corporation <sup>3</sup>                              | 1                   | -             | 1                | -                    | -                   | -                |
|                       | <b>Subtotal</b>  | <b>440,521</b>      | <b>3,105</b>  | <b>443,626</b>   | <b>498,808</b>       | <b>724,509</b>      | <b>1,223,317</b> |
|                       | <b>Total</b>   | <b>9,698,394</b>    | <b>86,929</b> | <b>9,785,323</b> | <b>2,222,472</b>     | <b>1,433,710</b>    | <b>3,656,182</b> |

<sup>1</sup> Although the entities are not the related parties of the Company in accordance with Korean IFRS 1024, the entities belong to the Large Enterprise Group to which the Company also belongs 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> LX Holdings Corp. and its affiliates are separated from the corporate group based on their independent management on June 21, 2022.

<sup>4</sup> Transactions with entities which were excluded from consolidation due to sales of shares in subsidiaries of D&O Corp. during the three-month period ended March 31, 2022 are included.

<sup>5</sup> Others include acquisition amount of right-of-use asset and interest expense of lease liabilities.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

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

(in millions of Korean won)

|                                       |  | June 30, 2022     |       |                   |         |                |            |                             |         |
|---------------------------------------|--|-------------------|-------|-------------------|---------|----------------|------------|-----------------------------|---------|
| Classification                        | Name   | Receivables       |       |                   |         | Payables       |            |                             |         |
|                                       |  | Trade receivables | Loans | Other receivables | Total   | Trade payables | Borrowings | Other payables <sup>5</sup> | Total   |
| Significantly influencing the Company | LG Corp.   | 47                | -     | 25,597            | 25,644  | -              | -          | 18,545                      | 18,545  |
| Subsidiaries                          | LG Innotek Co., Ltd.                               | 79,950            | -     | 13,345            | 93,295  | 22,556         | -          | 32,747                      | 55,303  |
|                                       | Hiplaza Co., Ltd.                                  | 221,876           | -     | 27,406            | 249,282 | -              | -          | 908                         | 908     |
|                                       | LG Electronics U.S.A., Inc.                        | 531,478           | -     | 175               | 531,653 | -              | -          | 9,936                       | 9,936   |
|                                       | LG Electronics Vietnam Hai Phong Co., Ltd          | 152,515           | -     | 47                | 152,562 | 387,720        | -          | 4,687                       | 392,407 |
|                                       | LG Electronics Canada, Inc.                        | 122,224           | -     | 4                 | 122,228 | -              | -          | 1,097                       | 1,097   |
|                                       | LG Electronics RUS, LLC                            | 22,766            | -     | 111,085           | 133,851 | -              | -          | 488                         | 488     |
|                                       | LG Electronics Deutschland GmbH                    | 71,792            | -     | -                 | 71,792  | -              | -          | 1,852                       | 1,852   |
|                                       | LG Electronis Reynosa, S.A. De C.V.                | 38,529            | -     | 8                 | 38,537  | 166,335        | -          | -                           | 166,335 |
|                                       | LG Electronics Mlawa Sp. z.O.O.                    | 122,658           | -     | -                 | 122,658 | 598,555        | -          | 169                         | 598,724 |
|                                       | LG Electronics Nanjing New Technology co.,LTD      | 37,983            | -     | -                 | 37,983  | 370,797        | -          | 190                         | 370,987 |
|                                       | LG Electronics Panama, S.A.                        | 103,475           | -     | 189               | 103,664 | -              | -          | 71                          | 71      |
|                                       | P.T. LG Electronics Indonesia                      | 22,930            | -     | 114               | 23,044  | 533,773        | -          | 44                          | 533,817 |
|                                       | LG Electronics Colombia Ltda.                      | 74,139            | -     | 6                 | 74,145  | -              | -          | 102                         | 102     |
|                                       | LG Electronics Vehicle Components U.S.A., LLC.     | 117,457           | -     | 1,038             | 118,495 | -              | -          | 2,337                       | 2,337   |
|                                       | LG Electronics Mexico S.A. DE C.V.                 | 112,086           | -     | -                 | 112,086 | -              | -          | 164                         | 164     |
|                                       | LG Electronics Peru S.A.                           | 73,527            | -     | 6                 | 73,533  | -              | -          | -                           | -       |
|                                       | LG Electronics European Shared Service Center B.V. | 26,713            | -     | -                 | 26,713  | -              | 270,010    | 307                         | 270,317 |
|                                       | Taizhou LG Electronics Refrigeration Co., Ltd.     | 17,688            | -     | 1,839             | 19,527  | 209,889        | -          | 19                          | 209,908 |
|                                       | LG Electronics United Kingdom Ltd.                 | 45,217            | -     | 5                 | 45,222  | -              | -          | 1,394                       | 1,394   |
|                                       | LG ELECTRONICS AUSTRALIA PTY LIMITED               | 62,871            | -     | -                 | 62,871  | -              | -          | 409                         | 409     |
|                                       | LG ELECTRONICS INDIA PRIVATE LIMITED               | 53,260            | -     | 5,012             | 58,272  | 376            | -          | 352                         | 728     |
|                                       | LG Electronics (Tianjin) Appliances Co., Ltd.      | 22,062            | -     | 310               | 22,372  | 236,107        | -          | -                           | 236,107 |
|                                       | LG Electronics Nanjing Vehicle Components Co.,Ltd. | 73,616            | -     | 50,066            | 123,682 | 16,679         | -          | 1,153                       | 17,832  |
|                                       | LG Electronics Thailand Co., Ltd.                  | 21,948            | -     | 28                | 21,976  | 272,524        | -          | 117                         | 272,641 |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(in millions of Korean won)

|                       |   | June 30, 2022     |          |                   |                  |                  |                |                             |                  |
|-----------------------|---|-------------------|----------|-------------------|------------------|------------------|----------------|-----------------------------|------------------|
| Classification        | Name  | Receivables       |          |                   |                  | Payables         |                |                             |                  |
|                       |   | Trade receivables | Loans    | Other receivables | Total            | Trade payables   | Borrowings     | Other payables <sup>6</sup> | Total            |
|                       | Hi-Caresolution Corp  | 10,440            | -        | -                 | 10,440           | -                | -              | 28,325                      | 28,325           |
|                       | Others  | 1,448,248         | -        | 101,011           | 1,549,259        | 599,766          | -              | 119,425                     | 719,191          |
|                       | <b>Subtotal</b>   | <b>3,687,448</b>  | <b>-</b> | <b>311,694</b>    | <b>3,999,142</b> | <b>3,415,077</b> | <b>270,010</b> | <b>206,293</b>              | <b>3,891,380</b> |
| Associates            | LG Display Co., Ltd. and its subsidiaries                         | 148,100           | -        | 98,256            | 246,356          | 52,933           | -              | 87,573                      | 140,506          |
|                       | Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries           | -                 | -        | -                 | -                | 35,576           | -              | 147                         | 35,723           |
|                       | Robostar Co.,Ltd. and its subsidiaries                            | 11                | -        | -                 | 11               | 448              | -              | 9,010                       | 9,458            |
|                       | Acryl Inc.  | -                 | -        | -                 | -                | -                | -              | 154                         | 154              |
|                       | <b>Subtotal</b>   | <b>148,111</b>    | <b>-</b> | <b>98,256</b>     | <b>246,367</b>   | <b>88,957</b>    | <b>-</b>       | <b>96,884</b>               | <b>185,841</b>   |
| Other related parties | LG CNS Co., Ltd. and its subsidiaries                             | 31,402            | -        | 1                 | 31,403           | 2,168            | -              | 85,208                      | 87,376           |
|                       | D&O Corp., Ltd. and its subsidiaries <sup>2</sup>                 | 215               | -        | -                 | 215              | -                | -              | 2,818                       | 2,818            |
|                       | LG Management Development Institute                               | 3                 | -        | -                 | 3                | -                | -              | 994                         | 994              |
|                       | LG SPORTS Ltd.  | -                 | -        | -                 | -                | -                | -              | 976                         | 976              |
|                       | <b>Subtotal</b>   | <b>31,620</b>     | <b>-</b> | <b>1</b>          | <b>31,621</b>    | <b>2,168</b>     | <b>-</b>       | <b>89,996</b>               | <b>92,164</b>    |
| Others <sup>1</sup>   | LG Chem Ltd. and its subsidiaries and joint ventures <sup>3</sup> | 102,262           | -        | 246,716           | 348,978          | 153,262          | -              | 24,519                      | 177,781          |
|                       | LG Uplus Corp and its subsidiaries                                | 434               | -        | -                 | 434              | 103              | -              | 214                         | 317              |
|                       | LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries               | 25                | -        | 254               | 279              | -                | -              | 122                         | 122              |
|                       | G IIR Inc. and its subsidiaries                                   | 20                | -        | -                 | 20               | -                | -              | 132,155                     | 132,155          |
|                       | XI C&A Co., Ltd. <sup>5</sup>                                     | 1,920             | -        | -                 | 1,920            | -                | -              | 18,410                      | 18,410           |
|                       | S&I Corp. <sup>5</sup>  | 1,131             | -        | -                 | 1,131            | 467              | -              | 8,679                       | 9,146            |
|                       | <b>Subtotal</b>   | <b>105,792</b>    | <b>-</b> | <b>246,970</b>    | <b>352,762</b>   | <b>153,832</b>   | <b>-</b>       | <b>184,099</b>              | <b>337,931</b>   |
|                       | <b>Total</b>  | <b>3,973,018</b>  | <b>-</b> | <b>682,518</b>    | <b>4,655,536</b> | <b>3,660,034</b> | <b>270,010</b> | <b>595,817</b>              | <b>4,525,861</b> |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(in millions of Korean won)

|                                       |  | December 31, 2021 |       |                   |         |                |            |                             |         |
|---------------------------------------|--|-------------------|-------|-------------------|---------|----------------|------------|-----------------------------|---------|
|                                       |  | Receivables       |       |                   |         | Payables       |            |                             |         |
| Classification                        | Name   | Trade receivables | Loans | Other receivables | Total   | Trade payables | Borrowings | Other payables <sup>5</sup> | Total   |
| Significantly influencing the Company | LG Corp.   | 45                | -     | 25,386            | 25,431  | -              | -          | 42,812                      | 42,812  |
| Subsidiaries                          | LG Innotek Co., Ltd.                               | 143,326           | -     | 5,155             | 148,481 | 47,683         | -          | 50,823                      | 98,506  |
|                                       | Hiplaza Co., Ltd.                                  | 219,564           | -     | 28,719            | 248,283 | -              | -          | 7,226                       | 7,226   |
|                                       | LG Electronics U.S.A., Inc.                        | 783,450           | -     | 266               | 783,716 | -              | -          | 10,478                      | 10,478  |
|                                       | LG Electronics Vietnam Hai Phong Co., Ltd          | 222,709           | -     | 189               | 222,898 | 374,755        | -          | 6,905                       | 381,660 |
|                                       | LG Electronics Canada, Inc.                        | 62,560            | -     | -                 | 62,560  | -              | -          | 1,336                       | 1,336   |
|                                       | LG Electronics RUS, LLC                            | 113,312           | -     | 110,437           | 223,749 | 927            | -          | 247                         | 1,174   |
|                                       | LG Electronics Deutschland GmbH                    | 381,001           | -     | 77,045            | 458,046 | -              | -          | 14,935                      | 14,935  |
|                                       | LG Electronis Reynosa, S.A. De C.V.                | 24,913            | -     | -                 | 24,913  | 95,718         | -          | -                           | 95,718  |
|                                       | LG Electronics Mlawa Sp. z.O.O.                    | 97,807            | -     | 707               | 98,514  | 831,975        | -          | 339                         | 832,314 |
|                                       | LG Electronics Nanjing New Technology co.,LTD      | 58,251            | -     | 192               | 58,443  | 446,159        | -          | 227                         | 446,386 |
|                                       | LG Electronics Panama, S.A.                        | 63,063            | -     | -                 | 63,063  | -              | -          | 32                          | 32      |
|                                       | P.T. LG Electronics Indonesia                      | 15,598            | -     | 616               | 16,214  | 587,591        | -          | -                           | 587,591 |
|                                       | LG Electronics Colombia Ltda.                      | 96,312            | -     | -                 | 96,312  | -              | -          | 72                          | 72      |
|                                       | LG Electronics Vehicle Components U.S.A., LLC.     | 159,526           | -     | 732               | 160,258 | -              | -          | 1,731                       | 1,731   |
|                                       | LG Electronics Mexico S.A. DE C.V.                 | 114,059           | -     | -                 | 114,059 | -              | -          | 57                          | 57      |
|                                       | LG Electronics Peru S.A.                           | 64,285            | -     | 3                 | 64,288  | -              | -          | -                           | -       |
|                                       | LG Electronics European Shared Service Center B.V. | 24,389            | -     | 3,573             | 27,962  | -              | 268,468    | 250                         | 268,718 |
|                                       | Taizhou LG Electronics Refrigeration Co., Ltd.     | 20,507            | -     | 6,925             | 27,432  | 274,083        | -          | -                           | 274,083 |
|                                       | LG Electronics United Kingdom Ltd.                 | 59,411            | -     | -                 | 59,411  | -              | -          | 389                         | 389     |
|                                       | LG ELECTRONICS AUSTRALIA PTY LIMITED               | 68,286            | -     | -                 | 68,286  | -              | -          | 258                         | 258     |
|                                       | LG ELECTRONICS INDIA PRIVATE LIMITED               | 41,406            | -     | 4,633             | 46,039  | 804            | -          | 5,199                       | 6,003   |
|                                       | LG Electronics (Tianjin) Appliances Co., Ltd.      | 21,349            | -     | 3,492             | 24,841  | 177,674        | -          | -                           | 177,674 |
|                                       | LG Electronics Nanjing Vehicle Components          | 60,316            | -     | 4,179             | 64,495  | 17,136         | -          | 453                         | 17,589  |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(in millions of Korean won)

|                       |  | December 31, 2021 |          |                   |                  |                  |                |                             |                  |
|-----------------------|--|-------------------|----------|-------------------|------------------|------------------|----------------|-----------------------------|------------------|
|                       |  | Receivables       |          |                   |                  | Payables         |                |                             |                  |
| Classification        | Name   | Trade receivables | Loans    | Other receivables | Total            | Trade payables   | Borrowings     | Other payables <sup>5</sup> | Total            |
|                       | Co.,Ltd.   |                   |          |                   |                  |                  |                |                             |                  |
|                       | LG Electronics Thailand Co., Ltd.                              | 30,360            | -        | -                 | 30,360           | 177,785          | -              | 104                         | 177,889          |
|                       | Hi-Caresolution Corp   | 8,096             | -        | 1,504             | 9,600            | 1,810            | -              | 27,844                      | 29,654           |
|                       | Others   | 1,022,940         | -        | 101,945           | 1,124,885        | 504,436          | -              | 130,694                     | 635,130          |
|                       | <b>Subtotal</b>  | <b>3,976,796</b>  | <b>-</b> | <b>350,312</b>    | <b>4,327,108</b> | <b>3,538,536</b> | <b>268,468</b> | <b>259,599</b>              | <b>4,066,603</b> |
| Associates            | LG Display Co., Ltd. and its subsidiaries                      | 99,163            | -        | 56,299            | 155,462          | 63,354           | -              | 74,620                      | 137,974          |
|                       | Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries        | 110               | -        | -                 | 110              | 30,538           | -              | 543                         | 31,081           |
|                       | Robostar Co.,Ltd. and its subsidiaries                         | 85                | -        | -                 | 85               | 343              | -              | 10,336                      | 10,679           |
|                       | Acryl Inc.   | -                 | -        | -                 | -                | -                | -              | 120                         | 120              |
|                       | <b>Subtotal</b>  | <b>99,358</b>     | <b>-</b> | <b>56,299</b>     | <b>155,657</b>   | <b>94,235</b>    | <b>-</b>       | <b>85,619</b>               | <b>179,854</b>   |
| Joint ventures        | LG-MRI LLC   | 8,753             | -        | -                 | 8,753            | -                | -              | -                           | -                |
| Other related parties | LG CNS Co., Ltd. and its subsidiaries                          | 31,379            | -        | -                 | 31,379           | 1,733            | -              | 218,177                     | 219,910          |
|                       | S&I Corp. and its subsidiaries <sup>2</sup>                    | 5,154             | -        | 21,872            | 27,026           | -                | -              | 30,942                      | 30,942           |
|                       | LG Management Development Institute                            | 3                 | -        | 13,340            | 13,343           | -                | -              | 1,272                       | 1,272            |
|                       | LG SPORTS Ltd.   | -                 | -        | -                 | -                | -                | -              | 699                         | 699              |
|                       | <b>Subtotal</b>  | <b>36,536</b>     | <b>-</b> | <b>35,212</b>     | <b>71,748</b>    | <b>1,733</b>     | <b>-</b>       | <b>251,090</b>              | <b>252,823</b>   |
| Others <sup>1</sup>   | LG Chem Ltd., its subsidiaries and joint ventures <sup>3</sup> | 110,353           | -        | 894,887           | 1,005,240        | 160,590          | -              | 15,560                      | 176,150          |
|                       | LX INTERNATIONAL CORP and its subsidiaries <sup>4</sup>        | 17,257            | -        | 2,679             | 19,936           | 18,345           | -              | 203,412                     | 221,757          |
|                       | LG Uplus Corp and its subsidiaries                             | 372               | -        | -                 | 372              | 104              | -              | 511                         | 615              |
|                       | LX HAUSYS,LTD., its subsidiaries and associates <sup>4</sup>   | 668               | -        | 12                | 680              | 486              | -              | 919                         | 1,405            |
|                       | LX Semicon Co., Ltd. <sup>4</sup>                              | -                 | -        | -                 | -                | 6,046            | -              | 2                           | 6,048            |
|                       | LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries            | 1,127             | -        | 2,818             | 3,945            | -                | -              | 88                          | 88               |
|                       | G IIR Inc. and its subsidiaries                                | 20                | -        | -                 | 20               | -                | -              | 148,261                     | 148,261          |
|                       | <b>Subtotal</b>  | <b>129,797</b>    | <b>-</b> | <b>900,396</b>    | <b>1,030,193</b> | <b>185,571</b>   | <b>-</b>       | <b>368,753</b>              | <b>554,324</b>   |
|                       | <b>Total</b>   | <b>4,251,285</b>  | <b>-</b> | <b>1,367,605</b>  | <b>5,618,890</b> | <b>3,820,075</b> | <b>268,468</b> | <b>1,007,873</b>            | <b>5,096,416</b> |

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



**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

<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 Company to a third party is included.

<sup>4</sup> LX Holdings Corp. and its affiliates are separated from the corporate group in accordance with independent management on June 21, 2022.

<sup>5</sup> Transactions with entities which were excluded from consolidation due to sales of shares in subsidiaries of D&O Corp. during the three-month period ended March 31, 2022 are included.

<sup>6</sup> Other payables include lease liabilities.

iii) Significant capital transactions and others with related parties for the six-month periods ended June 30, 2022 and 2021, are as follows:

(in millions of Korean won)

| Classification                        | Name   | Dividend income | Dividend paid | Cash distribution | 2022                        |             |                                  |                         |
|---------------------------------------|--|-----------------|---------------|-------------------|-----------------------------|-------------|----------------------------------|-------------------------|
|                                       |  |                 |               |                   | Financing loan transactions |             | Financing borrowing transactions |                         |
|                                       |  |                 |               |                   | Loans                       | Collections | Borrowings                       | Repayments <sup>1</sup> |
| Significantly influencing the Company | LG Corp.   | -               | 46,830        | -                 | -                           | -           | -                                | 13,755                  |
| Subsidiaries                          | LG Innotek Co., Ltd.                               | 28,960          | -             | -                 | -                           | -           | -                                | -                       |
|                                       | LG Electronics Fund I LLC                          | -               | -             | 795               | -                           | -           | -                                | -                       |
|                                       | LG Electronics Fund II LLC                         | -               | -             | 3,974             | -                           | -           | -                                | -                       |
|                                       | LG Electronics RUS, LLC                            | 156,663         | -             | -                 | -                           | -           | -                                | -                       |
|                                       | LG Magna e-Powertrain Co., Ltd.                    | -               | -             | -                 | -                           | -           | -                                | 2,869                   |
|                                       | LG Electronics Nanjing New Technology co., LTD     | 24,252          | -             | -                 | -                           | -           | -                                | -                       |
|                                       | NanJing LG-Panda Appliances Co., Ltd.              | 18,574          | -             | -                 | -                           | -           | -                                | -                       |
|                                       | LG Electronics Thailand Co., Ltd.                  | 34,104          | -             | -                 | -                           | -           | -                                | -                       |
|                                       | LG Electronics Huizhou Ltd.                        | 5,650           | -             | -                 | -                           | -           | -                                | -                       |
|                                       | LG ELECTRONICS AUSTRALIA PTY LIMITED               | 26,757          | -             | -                 | -                           | -           | -                                | -                       |
|                                       | LG Electronics European Shared Service Center B.V. | -               | -             | -                 | -                           | -           | 266,948                          | 266,948                 |
|                                       | <b>Subtotal</b>                                    | <b>294,960</b>  | <b>-</b>      | <b>4,769</b>      | <b>-</b>                    | <b>-</b>    | <b>266,948</b>                   | <b>269,817</b>          |
| Associates                            | LG Display Co., Ltd.                               | 88,156          | -             | -                 | -                           | -           | -                                | -                       |
|                                       | Ericsson-LG Co., Ltd.                              | 8,250           | -             | -                 | -                           | -           | -                                | -                       |
|                                       | Mirae Asset-LG Electronics New Growth Fund I       | -               | -             | 20,000            | -                           | -           | -                                | -                       |
|                                       | <b>Subtotal</b>                                    | <b>96,406</b>   | <b>-</b>      | <b>20,000</b>     | <b>-</b>                    | <b>-</b>    | <b>-</b>                         | <b>-</b>                |
| Joint ventures                        | LG-LHT Aircraft Solutions GmbH                     | -               | -             | 5,741             | -                           | -           | -                                | -                       |
|                                       | LG-LHT Passenger Solutions GmbH                    | -               | -             | 5,741             | -                           | -           | -                                | -                       |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

(in millions of Korean won)

| Classification        | Name                                  | Dividend income | Dividend paid | Cash distribution | 2022                        |             |                                  |                         |
|-----------------------|---------------------------------------|-----------------|---------------|-------------------|-----------------------------|-------------|----------------------------------|-------------------------|
|                       |                                       |                 |               |                   | Financing loan transactions |             | Financing borrowing transactions |                         |
|                       |                                       |                 |               |                   | Loans                       | Collections | Borrowings                       | Repayments <sup>1</sup> |
|                       | <b>Subtotal</b>                       | -               | -             | 11,482            | -                           | -           | -                                | -                       |
| Other related parties | LG CNS Co., Ltd. and its subsidiaries | -               | -             | -                 | -                           | -           | -                                | 24                      |
|                       | <b>Total</b>                          | <b>391,366</b>  | <b>46,830</b> | <b>36,251</b>     | <b>-</b>                    | <b>-</b>    | <b>266,948</b>                   | <b>283,596</b>          |

(in millions of Korean won)

| Classification                        | Name   | Dividend income | Dividend paid | Cash distribution | 2021                        |             |                                  |                         |
|---------------------------------------|--|-----------------|---------------|-------------------|-----------------------------|-------------|----------------------------------|-------------------------|
|                                       |  |                 |               |                   | Financing loan transactions |             | Financing borrowing transactions |                         |
|                                       |  |                 |               |                   | Loans                       | Collections | Borrowings                       | Repayments <sup>1</sup> |
| Significantly influencing the Company | LG Corp.   | -               | 66,113        | -                 | -                           | -           | -                                | 13,710                  |
| Subsidiaries                          | LG Innotek Co., Ltd.                               | 6,757           | -             | -                 | -                           | -           | -                                | -                       |
|                                       | LG Electronics Fund I LLC                          | -               | -             | 3,993             | -                           | -           | -                                | -                       |
|                                       | LG Electronics RUS, LLC                            | 71,324          | -             | -                 | -                           | -           | -                                | -                       |
|                                       | LG Electronics (Hangzhou) Co., Ltd                 | 22,216          | -             | -                 | -                           | -           | -                                | -                       |
|                                       | Inspur LG Digital Mobile Communications Co., Ltd.  | 23,328          | -             | (16,871)          | -                           | -           | -                                | -                       |
|                                       | Qingdao LG Inspur Digital Communication Co., Ltd.  | 19,384          | -             | (6,908)           | -                           | -           | -                                | -                       |
|                                       | LG Electronics Nanjing New Technology co.,LTD      | 18,407          | -             | -                 | -                           | -           | -                                | -                       |
|                                       | NanJing LG-Panda Appliances Co., Ltd.              | 8,058           | -             | -                 | -                           | -           | -                                | -                       |
|                                       | LG Electronics Huizhou Ltd.                        | 4,788           | -             | -                 | -                           | -           | -                                | -                       |
|                                       | LG Electronics Thailand Co., Ltd.                  | 1,840           | -             | -                 | -                           | -           | -                                | -                       |
|                                       | LG Electronics European Shared Service Center B.V. | -               | -             | -                 | -                           | -           | -                                | 199,817                 |
|                                       | <b>Subtotal</b>                                    | <b>176,102</b>  | <b>-</b>      | <b>(19,786)</b>   | <b>-</b>                    | <b>-</b>    | <b>-</b>                         | <b>199,817</b>          |
| Associates                            | Ericsson-LG Co., Ltd.                              | 5,250           | -             | -                 | -                           | -           | -                                | -                       |
| Joint ventures                        | LG-LHT Aircraft Solutions GmbH                     | -               | -             | 5,296             | -                           | -           | -                                | -                       |
|                                       | LG-LHT Passenger Solutions GmbH                    | -               | -             | 4,241             | -                           | -           | -                                | -                       |
|                                       | GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.          | -               | -             | 303               | -                           | -           | -                                | -                       |
|                                       | <b>Subtotal</b>                                    | <b>-</b>        | <b>-</b>      | <b>9,840</b>      | <b>-</b>                    | <b>-</b>    | <b>-</b>                         | <b>-</b>                |
|                                       | <b>Total</b>                                       | <b>181,352</b>  | <b>66,113</b> | <b>(9,946)</b>    | <b>-</b>                    | <b>-</b>    | <b>-</b>                         | <b>213,527</b>          |

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

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

- (b) The compensation paid or payable to key management personnel for the six-month periods ended June 30, 2022 and 2021, consists of:

| <i>(in millions of Korean won)</i>     | <b>2022</b>  | <b>2021</b>   |
|--|--------------|---------------|
| Salaries and other short-term benefits | 7,559        | 9,076         |
| Post-employment benefits               | 773          | 978           |
| Other long-term benefits               | 1            | 43            |
| <b>Total</b>                           | <b>8,333</b> | <b>10,097</b> |

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

- (c) The payment guarantees for the financial support of related parties at the end of the reporting period are presented in Note 28.
- (d) There is no collateral provided by the Company for the financial support of related parties at the end of the reporting period.
- (e) The Company has not recognized any bad debt expense or allowance for trade receivables from related parties at the end of the reporting period.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

**31. Risk Management**

**Financial Risk Management**

The Company'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 Company 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 Company mainly implements FRM. This involves setting-up risk management policies and recognizing, evaluating and hedging risks from a global point of view.

The Company 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 4 and Note 11, respectively.

(a) Market risk

i) Foreign exchange risk

Due to its multinational business operations, the Company 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 Company's foreign exchange risk management is implemented under its own foreign exchange policy through which the Company 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 Company 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 June 30, 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>June 30, 2022</b> |                     | <b>December 31, 2021</b> |                     |
|------------------------------------|----------------------|---------------------|--------------------------|---------------------|
|                                    | <b>10% increase</b>  | <b>10% decrease</b> | <b>10% increase</b>      | <b>10% decrease</b> |
| USD/KRW                            | (3,257)              | 3,257               | (5,592)                  | 5,592               |
| EUR/KRW                            | 1,123                | (1,123)             | 2,443                    | (2,443)             |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

ii) Interest rate risk

The Company 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 Company minimizes its borrowings from others and optimizes its deposits. The Company periodically monitors both domestic and foreign interest rate trends to establish countermeasures against changes in interest rates.

If interest rates fluctuate by 1%p with all other variables held constant, the effects on income and expenses related to borrowings and deposits held by financial institutions with variable interest rates for the six-month periods ended June 30, 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                    | 10,793       | (10,793)     | 7,839        | (7,839)      |
| Interest expenses                  | 1,673        | (1,673)      | 1,344        | (1,344)      |

iii) Details of derivative contracts are as follows:

*Derivatives for hedging purposes*

The Company entered into the 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<br><i>(in millions)</i> | Contracted currency rate | Interest rate (paid) (%) | Starting date              | Expiration date            | Book amount<br><i>(in millions of Korean won)</i> |             |
|---------------------|-----------------------|---|--------------------------|--------------------------|----------------------------|----------------------------|---|-------------|
|                     |                       |   |                          |                          |                            |                            | Assets  | Liabilities |
| Cross-currency swap | MUFG Bank and others  | USD 649                                   | 1,067.9 ~ 1,277          | 1.88 ~ 3.64              | 2017. 10. 23 ~ 2022. 5. 12 | 2022. 11. 22 ~ 2031. 7. 28 | 129,673   | 575         |
|                     | DBS                   | SGD 140                                   | 859.3                    | 1.21                     | 2020. 7. 9                 | 2024. 1. 9                 | 14,968  | -           |
| Interest rate swap  | Woori Bank and others | KRW 941,178<br>EUR 100                    | -                        | 1.00 ~ 4.53              | 2014. 1. 3 ~ 2017. 8. 24   | 2023. 2. 24 ~ 2030. 7. 7   | 24,798  | 1,006       |

Interest rates received for the above swap contracts are equal to annual interest rates of borrowings (Note 11).

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

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> |
|------------------------------------|---------------------|--------------------|---|
| Cross-currency swap                | Borrowings          | 968,081            | (74,158)                                  |
| Interest rate swap                 | Borrowings          | 1,075,959          | (32,171)                                  |

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 income (net of tax)</b> | <b>Accumulated other comprehensive income</b> |
|------------------------------------|--|---|--|--|---|
| Cross-currency swap                | 74,158   | Interest expense and exchange differences | (46,012)   | 28,146   | 23,966  |
| Interest rate swap                 | 32,171   | Interest expense                          | 4,295  | 36,466   | 18,679  |

*Trading purposes*

Currency forward and interest rate swap contracts

The Company entered into the currency forward contracts to manage the risk against possible future changes in foreign exchange rates. The Company's currency forward contracts as at June 30, 2022, and related profit or loss for the six-month period ended June 30, 2022, are as follows:

| <i>(in millions of Korean won)</i> | <b>Purchase</b> | <b>Sale</b> | <b>Gain(Loss) on valuation</b> | <b>Gain(Loss) on transaction</b> |
|------------------------------------|-----------------|-------------|--------------------------------|----------------------------------|
| Currency forward                   | 25,575          | 25,196      | 484                            | (21,884)                         |

Stock purchase contracts

According to the put options granted to Cybellum Technologies Ltd.'s shareholders and employees to whom stock options were granted, the Company recognized ₩23,500 million of derivative liabilities and ₩103 million of gain on derivatives transaction during the six-month period ended June 30, 2022.

iv) Price risk

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

The listed securities owned by the Company are traded in the open market, and related to KOSDAQ, NASDAQ, NYSE 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 Company have correlation with the relevant past index.

## LG Electronics Inc.

### Notes to the Separate Interim Financial Statements

June 30, 2022 and 2021 (Unaudited), and December 31, 2021

---

| <i>(in millions of Korean won)</i> | June 30, 2022 |              | December 31, 2021 |              |
|------------------------------------|---------------|--------------|-------------------|--------------|
|                                    | 30% increase  | 30% decrease | 30% increase      | 30% decrease |
| KOSDAQ                             | 4,627         | (4,627)      | 6,789             | (6,789)      |
| NASDAQ                             | 1,670         | (1,670)      | 1,957             | (1,957)      |
| NYSE                               | 3,048         | (3,048)      | 3,343             | (3,343)      |

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 6.

#### (b) Credit risk

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

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

At the end of the reporting period, trade receivable balance of the Company, excluding the trade receivables from the subsidiaries, is ₩1,230,376 million (December 31, 2021: ₩1,097,282 million) and its risk is managed appropriately within insurer's credit limit of ₩2,710,384 million (December 31, 2021: ₩2,598,367 million). Therefore, the Company determined that credit risk exposed to the Company is limited.

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

#### (c) Liquidity risk

The Company forecasts its cash flow and liquidity status and sets action plans on a regular basis to manage liquidity risk proactively. The Company 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 Company maintains adequate amount of cash and committed credit facilities in Kookmin Bank, Shinhan Bank and Standard Chartered Bank to cope with potential liquidity risk arising from financial distress.

In addition, the Company 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.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

i) Cash flow information on maturity of financial liabilities as at June 30, 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                     | 5,432,163         | 5,432,163            | -                   | -                   | -                   |
| Borrowings                         | 8,459,733         | 1,177,388            | 1,317,353           | 2,680,747           | 3,284,245           |
| Lease liabilities                  | 108,223           | 59,534               | 18,662              | 21,514              | 8,513               |
| Other payables                     | 1,701,841         | 1,701,741            | 100                 | -                   | -                   |
| Other financial liabilities        | 23,500            | -                    | -                   | 21,150              | 2,350               |
| <b>Total</b>                       | <b>15,725,460</b> | <b>8,370,826</b>     | <b>1,336,115</b>    | <b>2,723,411</b>    | <b>3,295,108</b>    |

The above cash flows are calculated at nominal value based on the earliest maturity dates, and include cash flows of principal and interests.

ii) The maturity analysis of financial guarantee contracts provided by the Company to subsidiaries and 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      | 3,700,649    | 2,937,881            | 458,373             | 563                 | 303,832             |

The financial guarantee contracts provided to the subsidiaries are analyzed by their maturities according to the residual periods. And, the financial guarantee contracts provided to the third party companies are analyzed at the maximum amount of guarantees allocated to earliest period in which the Company can be required to make the payments.



**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

**Capital Risk Management**

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

Debt-to-equity ratio and net borrowing ratio as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won, except for ratios)</i> | <b>June 30, 2022</b> | <b>December 31, 2021</b> |
|---|----------------------|--------------------------|
| Liability (A)   | 18,948,464           | 20,703,269               |
| Equity (B)  | 10,059,703           | 8,890,255                |
| Cash and cash equivalents (C)                         | 2,158,642            | 2,012,229                |
| Borrowings and lease liabilities (D)                  | 7,547,091            | 7,742,881                |
| Debt-to-equity ratio (A/B)                            | 188.4%               | 232.9%                   |
| Net borrowings ratio ((D-C)/B)                        | 53.6%                | 64.5%                    |

**Fair Value Estimation**

(a) The book amount and fair value of the Company's financial assets and liabilities as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>                                | <b>June 30, 2022</b> |                   |                    |                   |
|---|----------------------|-------------------|--------------------|-------------------|
|   | <b>Current</b>       |                   | <b>Non-current</b> |                   |
|   | <b>Book amount</b>   | <b>Fair value</b> | <b>Book amount</b> | <b>Fair value</b> |
| <b>Assets at fair value</b>                                       |                      |                   |                    |                   |
| Financial assets at fair value through profit or loss             |                      |                   |                    |                   |
| Other financial assets  | 712                  | 712               | 73,495             | 73,495            |
| Financial assets at fair value through other comprehensive income |                      |                   |                    |                   |
| Trade receivables   | 289,626              | <sup>1</sup>      | -                  | -                 |
| Other financial assets  | -                    | -                 | 70,015             | 70,015            |
| Derivatives for hedging purposes                                  |                      |                   |                    |                   |
| Other financial assets  | 16,609               | 16,609            | 152,830            | 152,830           |
| <b>Assets at amortized cost</b>                                   |                      |                   |                    |                   |
| Financial assets at amortized cost                                |                      |                   |                    |                   |
| Cash and cash equivalents   | 2,158,642            | <sup>1</sup>      | -                  | -                 |
| Deposits held by financial institutions                           | 152,402              | <sup>1</sup>      | 399                | 399               |
| Trade receivables   | 4,495,987            | <sup>1</sup>      | -                  | -                 |
| Other receivables   | 507,993              | <sup>1</sup>      | 173,915            | 166,290           |
| <b>Other assets</b>   |                      |                   |                    |                   |
| Trade receivables   | 13,435               | <sup>1</sup>      | 78,720             | 78,720            |
| <b>Total</b>  | <b>7,635,406</b>     |                   | <b>549,374</b>     |                   |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

| <i>(in millions of Korean won)</i>                         | June 30, 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                                | -                | -          | 23,500           | 23,500     |
| Derivatives for hedging purposes                           |                  |            |                  |            |
| Other financial liabilities                                | -                | -          | 1,581            | 1,581      |
| <b>Liabilities at amortized cost</b>                       |                  |            |                  |            |
| Financial liabilities at amortized cost                    |                  |            |                  |            |
| Trade payables   | 5,432,163        | 1          | -                | -          |
| Borrowings   | 986,722          | 1          | 6,457,403        | 5,909,068  |
| Other payables   | 1,701,741        | 1          | 100              | 92         |
| <b>Other liabilities</b>                                   |                  |            |                  |            |
| Lease liabilities  | 56,676           | 2          | 46,290           | 2          |
| Other financial liabilities                                | 6,787            | 3          | 5,444            | 3          |
| <b>Total</b>   | <b>8,184,089</b> |            | <b>6,534,318</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  | 100               | 100        | 72,285         | 72,285     |
| Financial assets at fair value through other comprehensive income |                   |            |                |            |
| Trade receivables   | 284,333           | 1          | -              | -          |
| Other financial assets  | -                 | -          | 76,535         | 76,535     |
| Derivatives for hedging purposes                                  |                   |            |                |            |
| Other financial assets  | 9,647             | 9,647      | 28,936         | 28,936     |
| <b>Assets at amortized cost</b>                                   |                   |            |                |            |
| Financial assets at amortized cost                                |                   |            |                |            |
| Cash and cash equivalents   | 2,012,229         | 1          | -              | -          |
| Deposits held by financial institutions                           | 146,388           | 1          | 730            | 730        |
| Trade receivables   | 4,728,290         | 1          | -              | -          |
| Other receivables   | 415,331           | 1          | 180,481        | 178,848    |
| <b>Other assets</b>   |                   |            |                |            |
| Trade receivables   | 3,759             | 1          | 22,040         | 22,040     |
| <b>Total</b>  | <b>7,600,077</b>  |            | <b>381,007</b> |            |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

| <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                                | 946               | 946          | 23,604           | 23,604       |
| Derivatives for hedging purposes                           |                   |              |                  |              |
| Other financial liabilities                                | -                 | -            | 27,411           | 27,411       |
| <b>Liabilities at amortized cost</b>                       |                   |              |                  |              |
| Financial liabilities at amortized cost                    |                   |              |                  |              |
| Trade payables   | 5,638,618         | <sup>1</sup> | -                | -            |
| Borrowings   | 1,116,637         | <sup>1</sup> | 6,506,624        | 6,531,699    |
| Other payables   | 1,936,752         | <sup>1</sup> | 100              | 98           |
| <b>Other liabilities</b>                                   |                   |              |                  |              |
| Lease liabilities  | 73,297            | <sup>2</sup> | 46,323           | <sup>2</sup> |
| Other financial liabilities                                | 6,099             | <sup>3</sup> | 5,603            | <sup>3</sup> |
| <b>Total</b>   | <b>8,772,349</b>  |              | <b>6,609,665</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 Company maximizes the use of market information and minimizes the use of unobservable inputs.

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

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

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

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

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'. The assets or liabilities categorized within 'level 3' are unlisted equity securities and debt securities.

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses various valuation techniques that the Company 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 June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>                                | <b>June 30, 2022</b> |                |                |              |
|---|----------------------|----------------|----------------|--------------|
|   | <b>Level 1</b>       | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| <b>Assets</b>   |                      |                |                |              |
| Other financial assets  |                      |                |                |              |
| Financial assets at fair value through other comprehensive income | 26,755               | -              | 43,260         | 70,015       |
| Financial assets at fair value through profit or loss             | -                    | 712            | 73,495         | 74,207       |
| Derivatives for hedging purposes                                  | -                    | 169,439        | -              | 169,439      |
| <b>Liabilities</b>  |                      |                |                |              |
| Other financial liabilities                                       |                      |                |                |              |
| Financial liabilities at fair value through profit or loss        | -                    | 23,500         | -              | 23,500       |
| Derivatives for hedging purposes                                  | -                    | 1,581          | -              | 1,581        |

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

| <i>(in millions of Korean won)</i>                                | December 31, 2021 |         |         |        |
|---|-------------------|---------|---------|--------|
|   | Level 1           | Level 2 | Level 3 | Total  |
| <b>Assets</b>   |                   |         |         |        |
| Other financial assets  |                   |         |         |        |
| Financial assets at fair value through other comprehensive income | 48,150            | -       | 28,385  | 76,535 |
| Financial assets at fair value through profit or loss             | -                 | 100     | 72,285  | 72,385 |
| Derivatives for hedging purposes                                  | -                 | 38,583  | -       | 38,583 |
| <b>Liabilities</b>  |                   |         |         |        |
| Other financial liabilities                                       |                   |         |         |        |
| Financial liabilities at fair value through profit or loss        | -                 | 24,550  | -       | 24,550 |
| Derivatives for hedging purposes                                  | -                 | 27,411  | -       | 27,411 |

The above fair value amounts are recurring fair value measurements.

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

Valuation technique and inputs for fair value measurements categorized within 'level 2' as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>                         | Fair value    |                   | Valuation techniques                    | Inputs   |
|--|---------------|-------------------|---|--|
|  | June 30, 2022 | December 31, 2021 |   |  |
| <b>Assets</b>  |               |                   |   |  |
| Other financial assets                                     |               |                   |   |  |
| Financial assets at fair value through profit or loss      | 712           | 100               | Discounted cash flow                    | Discount rate and exchange rate                          |
| Derivatives for hedging purposes                           | 169,439       | 38,583            | Discounted cash flow                    | Discount rate and exchange rate                          |
| <b>Liabilities</b>   |               |                   |   |  |
| Other financial liabilities                                |               |                   |   |  |
| Financial liabilities at fair value through profit or loss | 23,500        | 24,550            | Discounted cash flow and binomial model | Discount rate, exchange rate, share price and volatility |
| Derivatives for hedging purposes                           | 1,581         | 27,411            | Discounted cash flow                    | Discount rate and exchange rate                          |

- Valuation technique and inputs of 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.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

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

Financial instruments not measured at fair value but for which the fair value is disclosed as at June 30, 2022 and December 31, 2021, are as follows:

| <b>June 30, 2022</b>                                |                |                |                |              |
|---|----------------|----------------|----------------|--------------|
| <i>(in millions of Korean won)</i>                  | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| <b>Assets</b>                                       |                |                |                |              |
| Non-current deposits held by financial institutions | -              | -              | 399            | 399          |
| Non-current trade receivables                       | -              | -              | 78,720         | 78,720       |
| Non-current other receivables                       | -              | -              | 166,290        | 166,290      |
| <b>Liabilities</b>                                  |                |                |                |              |
| Non-current borrowings                              | -              | -              | 5,909,068      | 5,909,068    |
| Non-current other payables                          | -              | -              | 92             | 92           |
| <b>December 31, 2021</b>                            |                |                |                |              |
| <i>(in millions of Korean won)</i>                  | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| <b>Assets</b>                                       |                |                |                |              |
| Non-current deposits held by financial institutions | -              | -              | 730            | 730          |
| Non-current trade receivables                       | -              | -              | 22,040         | 22,040       |
| Non-current other receivables                       | -              | -              | 178,848        | 178,848      |
| <b>Liabilities</b>                                  |                |                |                |              |
| Non-current borrowings                              | -              | -              | 6,531,699      | 6,531,699    |
| Non-current other payables                          | -              | -              | 98             | 98           |

- 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'.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

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

Valuation technique, inputs and unobservable inputs of financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within 'level 3' as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>                  | June 30, 2022   |            | December 31, 2021 |            | Valuation techniques | Inputs                          | Significant but unobservable inputs | Range of significant but unobservable inputs |
|---|-----------------|------------|-------------------|------------|----------------------|---------------------------------|-------------------------------------|--|
|   | Carrying amount | Fair value | Carrying amount   | Fair value |                      |                                 |                                     |  |
| <b>Assets</b>                                       |                 |            |                   |            |                      |                                 |                                     |  |
| Non-current deposits held by financial institutions | 399             | 399        | 730               | 730        | Discounted cash flow | Discount rate                   | Discount rate                       | 0.1%   |
| Non-current trade receivables                       | 78,720          | 78,720     | 22,040            | 22,040     | Discounted cash flow | Discount rate                   | Discount rate                       | 3.74%~4.53%                                  |
| Non-current other receivables                       | 173,915         | 166,290    | 180,481           | 178,848    | Discounted cash flow | Discount rate and exchange rate | Discount rate                       | 3.5%~4.0%                                    |
| <b>Liabilities</b>                                  |                 |            |                   |            |                      |                                 |                                     |  |
| Non-current borrowings                              | 6,457,403       | 5,909,068  | 6,506,624         | 6,531,699  | Discounted cash flow | Discount rate and exchange rate | Discount rate                       | 3.9%~5.2%                                    |
| Non-current other payables                          | 100             | 92         | 100               | 98         | Discounted cash flow | Discount rate                   | Discount rate                       | 4.3%   |

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

(a) Details of assets classified as held for sale as at June 30, 2022 and December 31, 2021, are as follows:

| <i>(in millions of Korean won)</i>  | June 30, 2022 <sup>1</sup> | December 31, 2021 |
|-------------------------------------|----------------------------|-------------------|
| Assets classified as held for sale  |                            |                   |
| Land                                | 28,769                     | 32,255            |
| Building                            | 15,089                     | 48,730            |
| Structures                          | 55                         | -                 |
| Other property, plant and equipment | 253                        | 3,803             |
| Intangible assets                   | 34                         | -                 |
| <b>Total</b>                        | <b>44,200</b>              | <b>84,788</b>     |

<sup>1</sup> At the end of the reporting period, procedure to sell the above assets is in progress and the selling procedure is expected to be completed by 2022.

(b) Assets held for sale are measured at fair value less costs to sell before the reclassification, and there is no impairment loss recognized.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

**33. Discontinued Operation**

In 2022 and 2021, the Company discontinued the operations of energy business and MC business, respectively, in order to focus on the Company's core business through firmwide resource efficiency and to secure financial resources for preparing new business for future growth by improving its financial structure.

Profit and loss from discontinued operation for the six-month periods ended June 30, 2022 and 2021, are as follows:

| <i>(in millions of Korean won)</i>  | <b>2022</b> | <b>2021</b> |
|-------------------------------------|-------------|-------------|
| Net sales                           | 128,850     | 1,238,642   |
| Operating loss                      | (171,591)   | (1,335,264) |
| Loss before income tax <sup>1</sup> | (268,408)   | (1,705,515) |
| Income tax benefit <sup>1</sup>     | (72,470)    | (458,802)   |
| Loss for the period, net of tax     | (195,938)   | (1,246,713) |

<sup>1</sup> It includes an impairment loss and loss on disposal of property, plant and equipment and intangible assets amounting to ₩77,192 million due to discontinued operations of MC and energy business, and income tax benefits of ₩20,842 million for the related profit or loss during the six-month period ended June 30, 2022.

Cash flows from discontinued operations for the six-month periods ended June 30, 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 | (256,514)   | (1,068,911) |
| Net cash inflow(outflow) from investing activities | 174,925     | 64,187      |
| Net cash inflow(outflow) from financing activities | 81,589      | 1,004,724   |



**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2022 and 2021 (Unaudited), and December 31, 2021**

---

**34. Split-off**

- (a) The Company split off the business related to the electric vehicle parts in 2021. On July 28, 2021, the Company sold 49% of shares of LG Magna e-Powertrain Co.,Ltd., a newly established company, to Magna Metalforming GmbH in Austria, an affiliate of Magna International Inc. in Canada. The progress of split-off is as follows:

|                            |   |
|----------------------------|---|
| Type of restructuring      | Split-off   |
| Subject companies          | LG Electronics Inc. (Existing company)<br>LG Magna e-Powertrain Co., Ltd. (Newly established company) |
| Approval from shareholders | March 24, 2021  |
| Date of split-off          | July 1, 2021  |

The Company determined the acquisition cost of investments in subsidiaries based on the carrying amount of net assets decreased due to the split-off. The carrying amount of net assets transferred due to the split-off and the acquisition cost of investments in subsidiaries are as follows.

| <i>(in millions of Korean won)</i>                          | <b>Amount</b>  |
|---|----------------|
| <b>Assets</b>   |                |
| Current assets  |                |
| Cash and cash equivalents                                   | 91,500         |
| Trade receivables and other receivables                     | 117,000        |
| Inventories   | 76,152         |
| Other current assets  | 6,456          |
|   | <u>291,108</u> |
| Non-current assets  |                |
| Non-current trade receivables and other receivables         | 10,022         |
| Investments in subsidiaries                                 | 20,385         |
| Property, plant and equipment                               | 516,685        |
| Intangible assets   | 53,882         |
| Other non-current assets                                    | 1,335          |
|   | <u>602,309</u> |
| Total assets  | <u>893,417</u> |
| <b>Liabilities</b>  |                |
| Current liabilities   |                |
| Trade payables and other current payables                   | 76,684         |
| Other current liabilities                                   | 50,914         |
|   | <u>127,598</u> |
| Non-current liabilities                                     | 3,739          |
| Total liabilities   | <u>131,337</u> |
| <b>Transferred net assets (Investments in subsidiaries)</b> | <u>762,080</u> |