

LG Electronics Inc.

**Condensed Separate Interim Financial Statements
June 30, 2023 and 2022**

LG Electronics Inc.
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June 30, 2023 and 2022

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Report on Review of Condensed Separate 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 condensed separate interim financial statements of LG Electronics Inc. (referred to as the "Company"). These financial statements consist of the condensed separate interim statement of financial position of the Company as of June 30, 2023, and the related separate interim statements of profit or loss, comprehensive income for the three-month and six-month periods ended June 30, 2023 and 2022, and the related separate interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2023 and 2022, and material accounting policy information and other selected explanatory notes, expressed in Korean won.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these condensed 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 condensed separate interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a report on these condensed 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 condensed separate interim financial statements are not prepared, 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 of December 31, 2022, and the related separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, not presented herein, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements in our audit report dated March 17, 2023. The separate statement of financial position as of December 31, 2022, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as of December 31, 2022.

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 11, 2023
Seoul, Korea

<p>This report is effective as of August 11, 2023, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed 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.</p>
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LG Electronics Inc.
Separate Interim Statements of Financial Position
June 30, 2023 and December 31, 2022

<i>(in millions of Korean won)</i>	Notes	June 30, 2023 (Unaudited)	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	4,31	1,967,578	1,941,615
Deposits held by financial institutions	4,31	173,517	170,969
Trade receivables	4,5,31	5,246,954	3,971,617
Other receivables	4,5,31	391,977	495,175
Other financial assets	4,6,31	20,380	840
Inventories	7	1,455,074	1,523,327
Current tax assets		9,645	2,102
Contract assets	8	630,928	430,444
Other current assets		764,423	583,534
		<u>10,660,476</u>	<u>9,119,623</u>
Non-current assets			
Deposits held by financial institutions	4,31	476	490
Trade receivables	4,5,31	277,473	138,712
Other receivables	4,5,31	1,169,475	163,543
Other financial assets	4,6,31	340,017	314,992
Property, plant and equipment	9	5,871,504	6,007,599
Intangible assets	9	1,789,402	1,715,271
Deferred tax assets		1,387,384	1,490,211
Investments in subsidiaries, associates and joint ventures	10	9,099,568	9,004,775
Investment properties		82,693	86,792
Net defined benefit assets	13	442,385	517,329
Contract assets	8	98,801	78,752
Other non-current assets		77,384	74,725
		<u>20,636,562</u>	<u>19,593,191</u>
		<u>31,297,038</u>	<u>28,712,814</u>
Total assets			
Liabilities			
Current liabilities			
Trade payables	4,31	5,759,790	5,428,176
Borrowings	4,11,31	1,884,440	1,073,908
Lease liabilities	4,12,31	44,737	65,979
Other payables	4,31	1,669,291	2,055,049
Other financial liabilities	4,6,31	6,039	6,581
Current tax liabilities		14,515	14,515
Provisions	14	1,223,249	1,061,515
Contract liabilities	8	574,858	497,668
Other current liabilities		1,999,693	1,857,183
		<u>13,176,612</u>	<u>12,060,574</u>
Non-current liabilities			
Borrowings	4,11,31	6,912,150	6,472,122
Lease liabilities	4,12,31	45,276	50,530
Other payables	4,31	7,723	7,723
Other financial liabilities	4,6,31	44,231	36,358
Provisions	14	81,888	85,455
Contract liabilities	8	6,197	4,695
Other non-current liabilities		104,258	106,328
		<u>7,201,723</u>	<u>6,763,211</u>
		<u>20,378,335</u>	<u>18,823,785</u>
Total liabilities			
Equity			
Paid-in capital:	15		
Share capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	16	6,925,229	5,890,737
Accumulated other comprehensive income (loss)	17	33,945	38,763
Other components of equity	18	(32,819)	(32,819)
		<u>10,918,703</u>	<u>9,889,029</u>
Total equity		<u>10,918,703</u>	<u>9,889,029</u>
Total liabilities and equity		<u>31,297,038</u>	<u>28,712,814</u>

LG Electronics Inc.
Separate Interim Statements of Profit or Loss
Three-Month and Six-Month Periods Ended June 30, 2023 and 2022

	Notes	Period Ended June 30			
		2023 (Unaudited)		2022 (Unaudited)	
		Three Months	Six Months	Three Months	Six Months
<i>(in millions of Korean won, except per share amounts)</i>					
Continuing operations					
Net sales	19	7,507,657	14,702,465	7,098,601	15,191,246
Cost of sales	20	5,336,391	10,662,187	5,023,846	10,532,608
Gross profit		2,171,266	4,040,278	2,074,755	4,658,638
Selling and marketing expenses	20,21	932,940	1,750,835	1,061,807	2,054,394
Administrative expenses	20,21	192,586	383,971	160,606	363,184
Research and development expenses	20,21	436,688	829,497	411,241	800,952
Service costs	20,21	315,253	463,690	182,042	392,462
Operating profit (loss)		293,799	612,285	259,059	1,047,646
Financial income	22	168,368	363,163	100,372	192,800
Financial expenses	23	225,705	468,832	113,214	236,246
Other non-operating income	24	559,495	1,562,595	477,344	1,181,050
Other non-operating expenses	25	250,367	642,354	375,908	659,868
Profit (Loss) before income tax		545,590	1,426,857	347,653	1,525,382
Income tax expense (benefit)		67,514	231,970	84,625	364,446
Profit (Loss) from continuing operations		478,076	1,194,887	263,028	1,160,936
Discontinued operations					
Profit (Loss) from discontinued operations	32	666	525	(78,325)	(195,938)
Profit (Loss) for the period		478,742	1,195,412	184,703	964,998
Earnings (Losses) per share during the period					
<i>(in Korean won) :</i>					
Earnings (Losses) per ordinary share	26	2,657	6,636	1,025	5,357
From continuing operations		2,653	6,633	1,460	6,445
From discontinued operations		4	3	(435)	(1,088)
Earnings (Losses) per preferred share		2,670	6,661	1,037	5,382
From continuing operations		2,666	6,658	1,472	6,470
From discontinued operations		4	3	(435)	(1,088)

LG Electronics Inc.
Separate Interim Statements of Comprehensive Income
Three-Month and Six-Month Periods Ended June 30, 2023 and 2022

(in millions of Korean won)	Notes	Period Ended June 30			
		2023 (Unaudited)		2022 (Unaudited)	
		Three Months	Six Months	Three Months	Six Months
Profit (Loss) for the period		478,742	1,195,412	184,703	964,998
Other comprehensive income (loss), net of tax					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Remeasurements of the net defined benefit liability	13	49,350	(34,015)	160,210	309,371
Financial assets at fair value through other comprehensive income	6	1,257	4,200	(11,616)	(15,618)
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Cash flow hedges	31	8,450	(9,018)	26,535	64,612
Other comprehensive income(loss) for the period, net of tax		59,057	(38,833)	175,129	358,365
Total comprehensive income (loss) for the period, net of tax		537,799	1,156,579	359,832	1,323,363

LG Electronics Inc.
Separate Interim Statements of Changes in Equity
Six-month Periods Ended June 30, 2023 and 2022

<i>(in millions of Korean won)</i>	Notes	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Other Components of Equity	Total Equity
Balance at January 1, 2022		3,992,348	4,940,122	(9,396)	(32,819)	8,890,255
Total comprehensive income (loss):						
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 other comprehensive income	6	-	-	(15,618)	-	(15,618)
Cash flow hedges	31	-	-	64,612	-	64,612
Total comprehensive income (loss)		-	1,274,369	48,994	-	1,323,363
Transactions with owners:						
Dividends	16	-	(153,915)	-	-	(153,915)
Total transactions with owners		-	(153,915)	-	-	(153,915)
Balance at June 30, 2022 (Unaudited)		3,992,348	6,060,576	39,598	(32,819)	10,059,703
Balance at January 1, 2023		3,992,348	5,890,737	38,763	(32,819)	9,889,029
Total comprehensive income (loss):						
Profit (Loss) for the period		-	1,195,412	-	-	1,195,412
Remeasurements of the net defined benefit liability	13	-	(34,015)	-	-	(34,015)
Financial assets at fair value through other comprehensive income	6	-	-	4,200	-	4,200
Cash flow hedges	31	-	-	(9,018)	-	(9,018)
Total comprehensive income (loss)		-	1,161,397	(4,818)	-	1,156,579
Transactions with owners:						
Dividends	16	-	(126,905)	-	-	(126,905)
Total transactions with owners		-	(126,905)	-	-	(126,905)
Balance at June 30, 2023 (Unaudited)		3,992,348	6,925,229	33,945	(32,819)	10,918,703

LG Electronics Inc.
Separate Interim Statements of Cash Flows
Six-month Periods Ended June 30, 2023 and 2022

<i>(in millions of Korean won)</i>	Notes	Six-month Period Ended June 30	
		2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities			
Cash generated from (used in) operations	27	(138,221)	377,198
Interest received		43,217	10,486
Interest paid		(131,823)	(110,633)
Dividend received		1,031,037	410,953
Income tax paid		(131,500)	(207,490)
Net cash inflow (outflow) from operating activities		<u>672,710</u>	<u>480,514</u>
Cash flows from investing activities			
Decrease in deposits held by financial institutions		14	332
Decrease in other receivables		32,938	44,900
Proceeds from withdrawal and disposal of other financial assets		1,992	13,325
Proceeds from disposal of property, plant and equipment		6,243	293,772
Proceeds from disposal of intangible assets		212	37,779
Proceeds from disposal of assets held for sale		-	263,441
Transfer of business		-	38,360
Increase in other receivables		(1,037,228)	(49,284)
Acquisition of other financial assets		(6,272)	(51,544)
Acquisition of property, plant and equipment		(229,069)	(207,584)
Acquisition of intangible assets		(316,047)	(218,495)
Acquisition of investments in subsidiaries, associates and joint ventures		(92,793)	(38,925)
Net cash inflow (outflow) from investing activities		<u>(1,640,010)</u>	<u>126,077</u>
Cash flows from financing activities			
Proceeds from borrowings		2,008,189	1,217,917
Repayments of borrowings		(850,486)	(1,481,347)
Dividend paid		(126,905)	(153,915)
Repayments of lease liabilities		(37,535)	(40,849)
Net cash inflow (outflow) from financing activities		<u>993,263</u>	<u>(458,194)</u>
Effects of exchange rate changes on cash and cash equivalents		-	(1,984)
Net increase (decrease) in cash and cash equivalents		<u>25,963</u>	<u>146,413</u>
Cash and cash equivalents at the beginning of the period		<u>1,941,615</u>	<u>2,012,229</u>
Cash and cash equivalents at the end of the period		<u>1,967,578</u>	<u>2,158,642</u>

LG Electronics Inc.

Notes to the Condensed Separate Interim Financial Statements

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

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 of June 30, 2023, 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 of June 30, 2023, the Company operates manufacturing facilities mainly in Changwon, Pyeongtaek and Gumi in the Republic of Korea.

2. Material Accounting Policies

2.1 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 Company’s separate interim financial statements for the six-month period ended June 30, 2023, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These condensed separate interim financial statements do not include all of the information presented in the annual separate financial statements. Therefore, these separate interim financial statements should be read in conjunction with the annual separate financial statements as of December 31, 2022.

2.1.1 Changes in Accounting Policies and Disclosures

- (a) New and amended standards and interpretations effective for the financial year beginning January 1, 2023.

- 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 do not have a significant impact on the condensed separate interim financial statements.

LG Electronics Inc.
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June 30, 2023 and 2022 (Unaudited), and December 31, 2022

- Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments do not have a significant impact on the condensed separate 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 do not have a significant impact on the condensed separate 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 do not have a significant impact on the condensed separate interim financial statements.

(b) New, enacted and amended standards issued, but not effective for June 30, 2023, and not early adopted by the Company.

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

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. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting period. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months after the reporting period as non-current at the end of the reporting period, the entity shall disclose information in the notes to explain the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024. The Company does not expect that these amendments have a significant impact on the condensed separate interim financial statements.

LG Electronics Inc.
Notes to the Condensed Separate Interim Financial Statements
June 30, 2023 and 2022 (Unaudited), and December 31, 2022

2.2 Income Tax Expense

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

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.

3.1 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 Russia - Ukraine armed conflict and continuous international sanctions on Russia 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 2023.

Significant accounting estimates and assumptions applied in the preparation of the condensed separate interim financial statements can be adjusted depending on changes in the uncertainty from Russia - Ukraine armed conflict. Also, the ultimate effect of 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.

(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-

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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) Leases

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).

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

<i>(in millions of Korean won)</i>	June 30, 2023				
	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	1,967,578	-	-	-	1,967,578
Deposits held by financial institutions	173,993	-	-	-	173,993
Trade receivables	4,947,751	246,908	-	329,768	5,524,427
Other receivables	1,561,452	-	-	-	1,561,452
Other financial assets	-	67,095	94,580	198,722	360,397
Total	8,650,774	314,003	94,580	528,490	9,587,847

<i>(in millions of Korean won)</i>	June 30, 2023				
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss		Other	Total
Trade payables	5,759,790	-	-	-	5,759,790
Borrowings	8,796,590	-	-	-	8,796,590
Lease liabilities	-	-	90,013	-	90,013
Other payables	1,677,014	-	-	-	1,677,014
Other financial liabilities	-	24,953	25,317	-	50,270
Total	16,233,394	24,953	115,330	16,373,677	

<i>(in millions of Korean won)</i>	December 31, 2022				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	1,941,615	-	-	-	1,941,615
Deposits held by financial institutions	171,459	-	-	-	171,459
Trade receivables	3,655,793	290,274	-	164,262	4,110,329
Other receivables	658,718	-	-	-	658,718
Other financial assets	-	61,531	95,151	159,150	315,832
Total	6,427,585	351,805	95,151	323,412	7,197,953

LG Electronics Inc.
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<i>(in millions of Korean won)</i>	December 31, 2022			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	5,428,176	-	-	5,428,176
Borrowings	7,546,030	-	-	7,546,030
Lease liabilities	-	-	116,509	116,509
Other payables	2,062,772	-	-	2,062,772
Other financial liabilities	-	24,641	18,298	42,939
Total	15,036,978	24,641	134,807	15,196,426

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

<i>(in millions of Korean won)</i>	2023				
	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	44,616	-	-	-	44,616
Exchange differences	222,466	-	-	-	222,466
Bad debt expenses	(532)	-	-	-	(532)
Gain (Loss) on disposal of trade receivables	-	(371)	-	-	(371)
Dividend income	-	189	969	-	1,158
Gain (Loss) on valuation of financial assets at fair value through profit or loss	-	-	(17)	-	(17)
Gain (Loss) for the period from discontinued operations	(53)	-	-	-	(53)
Fair value gain (loss), net of tax (through other comprehensive income)	-	4,200	-	-	4,200
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	(4,633)	(4,633)
Others	(9,885)	-	-	-	(9,885)

<i>(in millions of Korean won)</i>	2023			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(165,780)	-	24,036	(141,744)
Exchange differences	(259,354)	-	37,684	(221,670)
Gain (Loss) on derivatives (through profit or loss)	-	(3,072)	-	(3,072)
Gain (Loss) from discontinued operations	21	-	-	21
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	(4,385)	(4,385)
Others	(3,002)	-	112	(2,890)

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<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)
Gain (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

<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)

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5. Trade Receivables and Other Receivables

(a) Trade receivables and other receivables, net of allowance for doubtful accounts, as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2023			December 31, 2022		
	Original amount	Allowance for doubtful accounts	Carrying amount	Original amount	Allowance for doubtful accounts	Carrying amount
Trade receivables	5,285,935	(38,981)	5,246,954	4,007,881	(36,264)	3,971,617
Non-current trade receivables	277,473	-	277,473	138,712	-	138,712
Other receivables						
Current	397,410	(5,433)	391,977	502,754	(7,579)	495,175
Non-current	1,169,488	(13)	1,169,475	163,555	(12)	163,543

(b) Movements in allowance for doubtful accounts for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023			
	At January 1	Addition	Write-off and other	At June 30
Trade receivables	36,264	2,717	-	38,981
Other receivables				
Current	7,579	(2,146)	-	5,433
Non-current	12	1	-	13
<i>(in millions of Korean won)</i>	2022			
	At January 1	Addition	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

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

<i>(in millions of Korean won)</i>	June 30, 2023				
	Trade receivables	Non-current trade receivables	Other receivables		Total
			Current	Non-current	
Receivables not past due	4,588,288	277,473	365,723	1,161,983	6,393,467
Past due but not impaired					
Up to 6 months	317,269	-	24,266	7,496	349,031
7 to 12 months	35,077	-	327	5	35,409
Over 1 year	272,672	-	1,579	4	274,255
Subtotal	625,018	-	26,172	7,505	658,695
Impaired	72,629	-	5,515	-	78,144
Total	5,285,935	277,473	397,410	1,169,488	7,130,306

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	December 31, 2022				
	Trade	Non-current	Other receivables		Total
	receivables	trade receivables	Current	Non-current	
Receivables not past due	3,451,748	138,712	489,228	162,480	4,242,168
Past due but not impaired					
Up to 6 months	220,774	-	4,267	1,071	226,112
7 to 12 months	25,030	-	220	3	25,253
Over 1 year	239,510	-	1,432	1	240,943
Subtotal	485,314	-	5,919	1,075	492,308
Impaired	70,819	-	7,607	-	78,426
Total	4,007,881	138,712	502,754	163,555	4,812,902

- (d) Trade receivables have been discounted through collateralized borrowing agreements with banks for the six-month period ended June 30, 2023. 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 of June 30, 2023 amount to ₩ 43,080 million (December 31, 2022: ₩41,026 million).

6. Other Financial Assets and Liabilities

- (a) Details of other financial assets and liabilities as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2023	December 31, 2022
Other financial assets		
Derivatives	198,722	159,435
Financial assets at fair value through other comprehensive income	67,095	61,531
Financial assets at fair value through profit or loss	94,580	94,866
Total	360,397	315,832
Current	20,380	840
Non-current	340,017	314,992

<i>(in millions of Korean won)</i>	June 30, 2023	December 31, 2022
Other financial liabilities		
Derivatives	40,378	31,804
Financial guarantee liability	9,892	11,135
Total	50,270	42,939
Current	6,039	6,581
Non-current	44,231	36,358

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(b) Details of derivatives as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Current				
Currency forward	-	447	285	135
Cross-currency swap	20,230	-	-	-
Interest rate swap	150	-	555	-
Subtotal	20,380	447	840	135
Non-current				
Cross-currency swap	155,484	13,147	129,781	6,357
Interest rate swap	22,858	2,278	28,814	806
Put option	-	24,506	-	24,506
Subtotal	178,342	39,931	158,595	31,669
Total	198,722	40,378	159,435	31,804

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, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023					
	At January 1	Acquisition	Disposals	Transfer	Valuation	At June 30
Listed equity securities	18,271	-	(747)	-	5,641	23,165
Unlisted equity securities	43,260	670	-	-	-	43,930
Total	61,531	670	(747)	-	5,641	67,095

<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
Total	76,535	13,275	-	1,600	(21,395)	70,015

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(d) Changes in carrying amount of financial assets at fair value through profit or loss for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023					
	At January 1	Acquisition	Disposals	Transfer	Valuation	At June 30
Unlisted equity securities	70,841	2,106	(875)	(2,000)	(17)	70,055
Debt securities	24,025	500	-	-	-	24,525
Total	94,866	2,606	(875)	(2,000)	(17)	94,580

<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
Total	72,285	3,256	(196)	(1,600)	(250)	73,495

7. Inventories

Inventories as of June 30, 2023 and December 31, 2022, consist of:

<i>(in millions of Korean won)</i>	June 30, 2023			December 31, 2022		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	781,360	(26,571)	754,789	804,526	(34,844)	769,682
Work-in-process	54,007	(1,286)	52,721	46,453	(893)	45,560
Raw materials and supplies	568,198	(47,341)	520,857	654,016	(56,763)	597,253
Other	181,729	(55,022)	126,707	176,381	(65,549)	110,832
Total	1,585,294	(130,220)	1,455,074	1,681,376	(158,049)	1,523,327

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8. Contract Assets and Contract Liabilities

(a) Contract assets as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2023	December 31, 2022
Due from customers	619,094	419,764
(Less: allowance for doubtful accounts)	(5)	(4)
Right to recover returned products	1,259	987
Costs to fulfill contracts and others	109,381	88,449
Total	729,729	509,196
Current	630,928	430,444
Non-current	98,801	78,752

(b) Contract liabilities as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2023	December 31, 2022
Expected promotional incentives for customers	68,009	68,205
Expected returns from customers	27,541	14,614
Customer loyalty program	56,702	56,474
Rendering of warranty services	16,856	20,909
Due to customers and others	411,947	342,161
Total	581,055	502,363
Current	574,858	497,668
Non-current	6,197	4,695

(c) Revenue recognized in relation to contract liabilities for the six-month periods ended June 30, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Revenue recognized that was included in the contract liability amount at the beginning of the period:		
Due to customers and others	270,244	280,230
Customer loyalty program	26,077	23,791
Rendering of warranty services	4,217	3,056
Total	300,538	307,077
Revenue recognized from performance obligations satisfied in previous periods	2,532	1,024

(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 ₩1,230,124 million (December 31, 2022: ₩1,356,919 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.

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- (e) For the six-month period ended June 30, 2023, the Company recognized an impairment loss amounting to ₩2 million (June 30, 2022: ₩1 million) in relation to due from customers, and amortization and other costs of ₩65,589 million (June 30, 2022: ₩ 20,603 million) in relation to costs to fulfill contracts.

9. Property, Plant and Equipment, and Intangible Assets

- (a) Changes in property, plant and equipment for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	6,007,599	6,424,785
Acquisitions	211,479	265,588
Reclassification to assets held for sale	-	(44,167)
Disposals and others	(9,985)	(297,864)
Depreciation	(326,533)	(339,177)
Impairment losses ¹	(11,056)	(88,229)
At June 30	5,871,504	5,920,936

¹ 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 is included.

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

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Cost of sales	245,181	250,274
Selling and marketing expenses	18,976	19,209
Administrative expenses	30,744	25,842
Research and development expenses	18,666	22,053
Service costs	9,416	9,264
Other non-operating expenses	3,544	787
Subtotal	326,527	327,429
Discontinued operations	6	11,748
Total	326,533	339,177

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(c) Changes in right-of-use assets included in property, plant and equipment for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	115,297	121,844
Acquisitions	19,679	27,116
Disposals and others	(5,606)	(1,512)
Depreciation	(38,817)	(42,262)
At June 30	90,553	105,186

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, 2023, was ₩ 3,166 million (June 30, 2022: ₩ 4,288 million).

(d) Changes in intangible assets for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	1,715,271	1,758,718
Acquisitions	189,235	171,435
Acquisitions by internal development	131,757	63,020
Reclassification to assets held for sale	-	(33)
Disposals and others	(22,959)	(32,458)
Amortization	(222,740)	(207,150)
Impairment losses ¹	(1,162)	(23,409)
At June 30	1,789,402	1,730,123

¹ 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.

(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, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Cost of sales	172,394	159,989
Selling and marketing expenses	5,288	4,480
Administrative expenses	16,492	13,633
Research and development expenses	26,988	26,951
Service costs	1,551	1,165
Other non-operating expenses	5	1
Subtotal	222,718	206,219
Discontinued operations	22	931
Total	222,740	207,150

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10. Investments in Subsidiaries, Associates and Joint Ventures

(a) Investments in subsidiaries, associates and joint ventures as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	Location	Closing month	Percentage of ownership at June 30, 2023 (%)	Carrying amount	
				June 30, 2023	December 31, 2022
Subsidiaries					
LG Electronics U.S.A., Inc.(LGEUS)	USA	December	100.0	955,542	955,542
LG Innotek Co., Ltd. ⁴	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)	India	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	69.2	133,162	133,162
PT LGE Indonesia Research and Development Center(LGERC) ¹	Indonesia	December	100.0	121,467	63,237
LG Electronics Egypt S.A.E(LGEEG)	Egypt	December	100.0	110,245	110,245
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	China	December	90.0	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 Fund I LLC ¹	USA	December	100.0	56,948	56,264
LG Electronics (Thailand) Company Limited(LGETH)	Thailand	December	100.0	55,578	55,578
LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)	Australia	December	100.0	50,664	50,664
LG Electronics Ticaret A.S.(LGETK)	Türkiye	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) ⁵	China	December	45.0	41,984	41,984
LG Electronics Nanjing New Technology co.,LTD(LGENT) ⁵	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
LG Electronics S.A. (Pty) Ltd.(LGESA)	Republic of South	December	100.0	30,175	30,175

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(in millions of Korean won)	Location	Closing month	Percentage of ownership at June 30, 2023 (%)	Carrying amount	
				June 30, 2023	December 31, 2022
	Africa				
HIEVCHARGER CO.,LTD. ⁶	Korea	December	60.0	27,840	27,840
Nanjing LG Panda Appliances Co., Ltd.(LGEPN) ⁵	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 ¹	USA	December	100.0	13,111	9,669
NOVA Prime Fund I, LP ¹	USA	December	100.0	11,305	2,802
LG Electronics Development Vietnam Company Limited (LGEDV) ²	Vietnam	December	100.0	1,868	-
Others				167,058	167,058
Associates					
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	Korea	December	50.0	28,023	28,023
RINSE, INC.	USA	December	23.3	18,184	18,184
ROBOTIS Co., Ltd. ³	Korea	December	7.7	9,000	9,000
SideChef Group Limited ^{2,3}	Hong Kong	December	15.4	7,702	-
TheWaveTalk Co., Ltd. ³	Korea	December	3.9	2,000	-
Acryl Inc. ³	Korea	December	13.6	2,000	2,000
AiM Future, Inc. ³	Korea	December	13.0	800	800
Joint ventures					
LG-LHT Aircraft Solutions GmbH ¹	Germany	December	49.0	40,365	34,343
LG-LHT Passenger Solutions GmbH ¹	Germany	December	49.0	38,839	32,817
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Türkiye	December	50.0	27,711	27,711
EIC PROPERTIES PTE LTD.	Singapore	December	38.2	7,881	7,881
FITNESSCANDY Co., Ltd.	Korea	December	51.0	4,233	4,233
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD. ¹	China	December	35.0	1,855	1,535
Total				9,099,568	9,004,775

¹ It was additionally acquired during the six-month period ended June 30, 2023.

² It was newly acquired during the six-month period ended June 30, 2023.

³ 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.

⁴ Although the Company owns less than half of the percentage of ownership of LG Innotek Co., Ltd., the Company is deemed to have control over LG Innotek Co., Ltd. due to the size and dispersion of holdings of the other shareholders and their voting patterns at previous shareholders' meetings.

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⁵ Although the Company owns less than half of the percentage of ownership of the investees, the investees are classified as subsidiaries because the Company can exercise control over the investees considering the shares held by the subsidiary.

⁶ The entity changed its name from APPELMANGO CO., LTD. to HIEVCHARGER CO.,LTD. for the six-month period ended June 30, 2023.

(b) Changes in investments in subsidiaries, associates and joint ventures for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	9,004,775	8,914,917
Acquisitions	92,793	38,925
Transfer	2,000	-
Disposal	-	-
At June 30	9,099,568	8,953,842

(c) Details of marketable investments in subsidiaries and associates as of June 30, 2023 and December 31, 2022, are as follows:

	June 30, 2023				
	Type	Shares held (Unit: shares)	Price per share (in Korean won)	Fair value (in millions of Korean won)	Book amount
LG Display Co., Ltd.	Associate	135,625,000	15,760	2,137,450	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	309,500	2,987,660	541,538
Robostar Co.,Ltd.	Associate	3,256,500	29,500	96,067	88,112
ROBOTIS Co.,Ltd.	Associate	961,550	28,350	27,260	9,000

	December 31, 2022				
	Type	Shares held (Unit: shares)	Price per share (in Korean won)	Fair value (in millions of Korean won)	Book amount
LG Display Co., Ltd.	Associate	135,625,000	12,450	1,688,531	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	252,500	2,437,428	541,538
Robostar Co.,Ltd.	Associate	3,256,500	18,650	60,734	88,112
ROBOTIS Co.,Ltd.	Associate	961,550	22,500	21,635	9,000

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11. Borrowings

(a) Carrying amounts of borrowings as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2023	December 31, 2022
Current		
Short-term borrowings	765,120	311,266
Current portion of long-term borrowings	254,143	187,715
Current portion of debentures	865,177	574,927
Subtotal	1,884,440	1,073,908
Non-current		
Long-term borrowings	2,710,394	2,591,454
Debentures	4,201,756	3,880,668
Subtotal	6,912,150	6,472,122
Total	8,796,590	7,546,030

(b) Details of borrowings as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at June 30, 2023(%)	Carrying amount June 30, 2023	December 31, 2022
Short-term borrowings in foreign currency				
LG Electronics U.S.A., Inc. and others ¹	2024. 4. 19	4.37 ~ 13.47	765,120	311,266
Long-term borrowings in local currency				
The Export-Import Bank of Korea and others	2035. 1. 9	2.49 ~ 4.89	1,872,036	1,825,893
Long-term borrowings in foreign currency				
The Export-Import Bank of Korea and others	2031. 7. 28	0.67 ~ 7.13	1,092,501	953,276
Local currency debentures				
Public, non-guaranteed bonds	2036. 5. 4	1.62 ~ 4.44	2,950,000	3,090,000
Private, non-guaranteed bonds	2041. 2. 9	2.66 ~ 5.15	1,730,000	980,000
Foreign currency debentures				
Private, non-guaranteed bonds	2028. 6. 8	5.16 ~ 7.14	398,074	258,765
Private, guaranteed bonds	2023. 2. 24	3M EURIBOR+0.75	-	135,120
Less: discount on debentures			(11,141)	(8,290)
Total			8,796,590	7,546,030

¹ The above short-term borrowings in foreign currency include the short-term borrowings collateralized by trade receivables amounting to ₩43,080 million (December 31, 2022: ₩41,026 million) as of June 30, 2023.

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The Company entered into interest rate swap and cross-currency swap contracts to hedge cash flow risks related to floating interest rates and foreign exchange rates of certain portion of borrowings (Note 31).

12. Lease Liabilities

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

<i>(in millions of Korean won)</i>	June 30, 2023	December 31, 2022
Lease liabilities		
Current	44,737	65,979
Non-current	45,276	50,530
Total	90,013	116,509

(b) The amounts, relating to leases, recognized in the separate interim statements of profit or loss for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Interest expense relating on lease liabilities	1,782	1,811
Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	14,118	14,008
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)	7,759	7,496
Subtotal	23,659	23,315
Discontinued operations	8	883
Total	23,667	24,198

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, 2023, are ₩ 60,978 million (June 30, 2022: ₩ 64,882 million).

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13. Post-employment Benefits

13.1 Defined Benefit Plan

(a) The amounts of net defined benefit liabilities (assets) as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2023	December 31, 2022
Present value of funded obligations	3,025,546	2,937,364
Fair value of plan assets	(3,467,931)	(3,454,693)
Net defined benefit liabilities (assets)	(442,385)	(517,329)

(b) The amounts recognized in the separate interim statements of profit or loss for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Current service cost	137,326	155,338
Net interest cost	(13,709)	1,434
Operating management cost	1,222	1,114
Total	124,839	157,886

(c) Line items in which expenses are included for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Cost of sales	58,555	73,699
Selling and marketing expenses	17,354	21,119
Administrative expenses	11,706	12,826
Research and development expenses	24,272	30,762
Service costs	11,327	13,047
Other non-operating expenses	1,620	-
Subtotal	124,834	151,453
Discontinued operations	5	6,433
Total	124,839	157,886

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(d) Movements in the present value of defined benefit obligations for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	2,937,364	3,268,721
Current service cost	137,326	155,338
Interest expense	75,872	45,870
Remeasurements for:		
- Actuarial loss (gain) arising from changes in financial assumptions	45,531	(439,038)
Benefits paid	(170,547)	(283,098)
At June 30	3,025,546	2,747,793

(e) Movements in the fair value of plan assets for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	3,454,693	3,168,810
Interest income	89,581	44,436
Remeasurements of plan assets	(258)	(15,242)
Employer contributions	100,000	-
Benefits paid	(174,863)	(279,149)
Operating management cost	(1,222)	(1,114)
At June 30	3,467,931	2,917,741

(f) The significant actuarial assumptions used as of June 30, 2023 and December 31, 2022, are as follows:

	June 30, 2023	December 31, 2022
Discount rate	5.1%	5.3%
Expected salary growth rate	6.0%	6.0%

(g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as of June 30, 2023, is as follows:

<i>(in millions of Korean won)</i>	1%p increase	1%p decrease
Discount rate	(251,832)	288,915
Expected salary growth rate	302,637	(267,141)

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.

13.2 Defined Contribution Plan

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The expense recognized for the six-month period ended June 30, 2023 in relation to the defined contribution plan was ₩ 5,222 million (June 30, 2022: ₩ 4,731 million).

14. Provisions

Changes in provisions for the six-month periods ended June 30, 2023 and 2022, are as follows:

2023				
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	1,079,839	9,360	57,771	1,146,970
Additions ¹	398,444	130	(4,380)	394,194
Utilizations	(230,962)	(621)	(4,444)	(236,027)
At June 30	1,247,321	8,869	48,947	1,305,137
Current	1,202,987	6,580	13,682	1,223,249
Non-current	44,334	2,289	35,265	81,888

2022				
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	2,279,025	10,460	62,899	2,352,384
Additions ¹	193,011	338	4,603	197,952
Utilizations	(919,780)	(374)	(19,765)	(939,919)
At June 30	1,552,256	10,424	47,737	1,610,417
Current	1,479,371	8,473	496	1,488,340
Non-current	72,885	1,951	47,241	122,077

¹ Net amount of additional provisions equals to additional provisions less reversed amounts.

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15. Paid-in Capital

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

	Par value per share	June 30, 2023		December 31, 2022	
		Number of shares issued	Amount (in millions of Korean won)	Number of shares issued	Amount (in millions of Korean won)
Ordinary shares	5,000	163,647,814	818,239	163,647,814	818,239
Preferred shares	5,000	17,185,992	85,930	17,185,992	85,930
Total		180,833,806	904,169	180,833,806	904,169

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 of June 30, 2023, 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 options 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 of June 30, 2023 and December 31, 2022, consist of:

(in millions of Korean won)	June 30, 2023	December 31, 2022
Legal reserve ¹	259,302	246,609
Discretionary reserve	5,504,430	4,539,499
Unappropriated retained earnings (Undisposed accumulated deficit) ²	1,161,497	1,104,629
Total	6,925,229	5,890,737

¹ 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.

² Dividend for the year ended December 31, 2022 of ₩126,905 million was approved at the annual general meeting held on March 27, 2023, and paid in April 2023 (2022 payments: ₩153,915 million).

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17. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) as of June 30, 2023 and December 31, 2022, consists of:

<i>(in millions of Korean won)</i>	June 30, 2023	December 31, 2022
Cash flow hedge	39,793	48,811
Financial assets at fair value through other comprehensive income (loss)	(5,848)	(10,048)
Total	33,945	38,763

18. Other Components of Equity

Other components of equity as of June 30, 2023 and December 31, 2022, consist of:

<i>(in millions of Korean won)</i>	June 30, 2023	December 31, 2022
Treasury shares ¹	(44,893)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
Total	(32,819)	(32,819)

¹ The Company has treasury shares consisting of 763,176 ordinary shares (December 31, 2022: 763,176 shares) and 4,693 preferred shares (December 31, 2022: 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.

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19. Net Sales

(a) Details of net sales for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Six months	Three months	Six months
Continuing operations				
Revenue from contracts with customers:				
Sales of goods	6,943,078	13,600,355	6,578,188	13,185,399
Rendering of services and others	332,204	668,924	329,098	1,628,638
Subtotal	7,275,282	14,269,279	6,907,286	14,814,037
Revenue from other sources:				
Rental income and others	232,375	433,186	191,315	377,209
Subtotal	7,507,657	14,702,465	7,098,601	15,191,246
Discontinued operations	317	382	29,860	128,850
Total	7,507,974	14,702,847	7,128,461	15,320,096

(b) Details of revenue from contracts with customers for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
By type of products:		
Refrigerator/ washing machine/ air conditioner and others	8,184,344	7,834,551
TV/AV and others	1,654,193	2,091,729
In-vehicle infotainment and others	1,978,909	1,595,249
Monitor/PC and others	1,327,024	1,511,138
Others ¹	1,124,809	1,781,370
Domestic/Export:		
Domestic	5,221,599	5,294,320
Export	9,047,680	9,519,717
Timing of transfer:		
Transferred at a point in time	12,519,703	13,325,445
Transferred over time	1,749,576	1,488,592
Total	14,269,279	14,814,037

¹ Others include equipment production, inter-segment transactions and others.

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

Due to the factors causing the changes in the costs of other segments during the six-month period ended June 30, 2023, 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, 2023 and the succeeding periods are as follows:

<i>(in millions of Korean won)</i>	Changes in estimated total contract revenue	Changes in estimated total contract cost	Impact on profit or loss for the period ended June 30, 2023	Impact on profit or loss for the succeeding periods
Other segments	45,095	62,994	(12,320)	(5,579)

20. Expenses by Nature

Expenses that are recorded by nature for the three-month and six-month periods ended June 30, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Six months	Three months	Six months
Continuing operations				
Changes in finished goods and work-in-process	98,100	54,884	(40,500)	(10,799)
Raw materials and merchandise used	3,694,785	7,730,712	3,675,051	7,261,387
Employee benefit expense	1,198,563	2,320,150	1,096,002	2,608,648
Depreciation and amortization	281,135	547,922	265,601	532,860
Advertising expense	191,829	310,681	169,433	285,570
Promotion expense	46,476	73,109	39,643	73,946
Freight expense	218,117	434,724	413,653	820,684
Commission expense	596,482	1,143,069	542,789	1,034,604
Other expenses	888,371	1,474,929	677,870	1,536,700
Subtotal¹	7,213,858	14,090,180	6,839,542	14,143,600
Discontinued operations	(548)	(273)	113,450	300,441
Total	7,213,310	14,089,907	6,952,992	14,444,041

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

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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, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Six months	Three months	Six months
Continuing operations				
Salaries	437,160	840,527	407,591	810,400
Post-employment benefits	35,382	109,312	44,862	203,918
Employee welfare benefits	81,125	158,586	80,888	189,251
Freight expense	215,096	429,089	406,854	809,911
Rental expense	8,888	17,009	8,838	16,110
Commission expense	458,624	872,903	407,728	776,082
Depreciation	40,000	80,028	38,912	76,368
Amortization	25,155	50,319	23,218	46,229
Advertising expense	191,829	310,681	169,433	285,570
Promotional expense	46,476	73,109	39,643	73,946
R&D expense	78,224	129,216	65,575	109,694
Direct service costs	188,710	209,194	47,372	79,872
Bad debts expense	1,702	2,687	451	1,658
Others	69,096	145,333	74,331	131,983
Subtotal	1,877,467	3,427,993	1,815,696	3,610,992
Discontinued operations	467	746	102,200	127,955
Total	1,877,934	3,428,739	1,917,896	3,738,947

22. Financial Income

Financial income for the three-month and six-month periods ended June 30, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Six months	Three months	Six months
Continuing operations				
Interest income	29,744	44,616	6,219	11,715
Exchange differences	138,157	317,641	93,462	180,154
Others	467	906	691	931
Subtotal	168,368	363,163	100,372	192,800
Discontinued operations	-	-	978	1,921
Total	168,368	363,163	101,350	194,721

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23. Financial Expenses

Financial expenses for the three-month and six-month periods ended June 30, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Six months	Three months	Six months
Continuing operations				
Interest expense	75,985	141,744	47,280	94,194
Exchange differences	143,653	313,036	65,019	140,204
Loss on disposal of trade receivables	202	371	301	619
Others	5,865	13,681	614	1,229
Subtotal	225,705	468,832	113,214	236,246
Discontinued operations	-	-	6,961	15,208
Total	225,705	468,832	120,175	251,454

24. Other Non-operating Income

Other non-operating income for the three-month and six-month periods ended June 30, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Six months	Three months	Six months
Continuing operations				
Dividend income	315,898	977,130	107,596	390,124
Exchange differences	235,994	565,646	351,487	573,577
Gain on disposal of property, plant and equipment	748	2,299	1,822	4,045
Gain on disposal of intangible assets	-	-	17,021	17,021
Gain on disposal of assets held for sale	-	-	-	182,423
Gain on valuation of derivatives	22	371	712	13,841
Others	6,833	17,149	(1,294)	19
Subtotal	559,495	1,562,595	477,344	1,181,050
Discontinued operations	45	81	9,634	14,473
Total	559,540	1,562,676	486,978	1,195,523

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25. Other Non-operating Expenses

Other non-operating expenses for the three-month and six-month periods ended June 30, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Six months	Three months	Six months
Continuing operations				
Exchange differences	220,973	560,976	339,746	563,276
Loss on disposal of property, plant and equipment	367	912	365	2,041
Impairment loss on property, plant and equipment	4,722	10,075	8,452	12,148
Loss on disposal of intangible assets	13,139	22,803	5,830	11,004
Impairment loss on intangible assets	389	1,162	1,250	23,199
Loss on disposal of assets held for sale	-	-	-	106
Loss on valuation of derivatives	1,342	3,443	10,977	35,138
Loss on valuation of financial assets at fair value through profit or loss	-	17	250	250
Others	9,435	42,966	9,038	12,706
Subtotal	250,367	642,354	375,908	659,868
Discontinued operations	13	32	27,356	98,003
Total	250,380	642,386	403,264	757,871

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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, 2023 and 2022, is as follows:

	2023		2022	
	Three months	Six months	Three months	Six months
Profit (loss) attributable to ordinary shares <i>(in millions of Korean won)</i>				
Continuing operations	432,867	1,080,960	166,885	872,533
Discontinued operations	432,265	1,080,485	237,736	1,049,775
Weighted average number of ordinary shares outstanding <i>(unit: shares)</i>	602	475	(70,851)	(177,242)
Basic earnings (losses) per ordinary share <i>(in Korean won)</i>	162,884,638	162,884,638	162,884,638	162,884,638
Continuing operations	2,657	6,636	1,025	5,357
Discontinued operations	2,653	6,633	1,460	6,445
	4	3	(435)	(1,088)

(b) Basic earnings (losses) per preferred share for the three-month and six-month periods ended June 30, 2023 and 2022, is as follows

	2023		2022	
	Three months	Six months	Three months	Six months
Profit (loss) attributable to preferred shares <i>(in millions of Korean won)</i>				
Continuing operations	45,875	114,452	17,818	92,465
Discontinued operations	45,811	114,402	25,292	111,161
Weighted average number of preferred shares outstanding <i>(unit: shares)</i>	64	50	(7,474)	(18,696)
Basic earnings (losses) per preferred share <i>(in Korean won)</i>	17,181,299	17,181,299	17,181,299	17,181,299
Continuing operations	2,670	6,661	1,037	5,382
Discontinued operations	2,666	6,658	1,472	6,470
	4	3	(435)	(1,088)

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27. Cash Flow Information

Cash flows from operating activities are presented using the indirect method. Details of cash generated from (used in) operations for the six-month periods ended June 30, 2023 and 2022, are as follows:

(a) Cash generated from (used in) operations

<i>(in millions of Korean won)</i>	2023	2022
Profit (Loss) for the period	1,195,412	964,998
Adjustments:		
Interest expense, net	97,128	82,479
Exchange differences, net	(327)	7,932
Depreciation	326,527	327,429
Amortization	222,718	206,219
Loss (Gain) on disposal of property, plant and equipment and intangible assets, net	21,416	(8,021)
Provisions for severance benefits	130,056	156,185
Additional provisions, net	394,001	130,720
Dividend income	(977,130)	(390,124)
Income tax expense	231,970	364,446
Others	8,204	(60,272)
Discontinued operations	(536)	113,789
	<u>454,027</u>	<u>930,782</u>
Changes in operating assets and liabilities		
Decrease (Increase) in trade receivables	(1,398,576)	217,728
Decrease (Increase) in other receivables	(66,947)	210,637
Decrease (Increase) in inventories	45,833	(51,317)
Decrease (Increase) in contract assets	(208,998)	(63,325)
Decrease (Increase) in other assets	(57,244)	(84,639)
Increase (Decrease) in trade payables	359,082	(284,208)
Increase (Decrease) in other payables	(343,008)	(433,620)
Increase (Decrease) in provisions	(236,027)	(740,743)
Increase (Decrease) in contract liabilities	78,691	95,402
Increase (Decrease) in other liabilities	140,440	(332,495)
Payment of defined benefit liability	(8,354)	(8,680)
Deposit in plan assets, net	(92,552)	(43,322)
	<u>(1,787,660)</u>	<u>(1,518,582)</u>
Cash generated from (used in) operations	<u>(138,221)</u>	<u>377,198</u>

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(b) Changes in liabilities from financing activities

<i>(in millions of Korean won)</i>	2023					
	At January 1	Net cash flows from financing activities	Effects of other changes			At June 30
			Additions	Exchange differences (profit/loss)	Amortization and others	
Borrowings	3,090,435	567,419	-	71,803	-	3,729,657
Debentures	4,455,595	590,284	-	20,519	535	5,066,933
Lease liabilities	116,509	(37,535)	10,691	124	224	90,013
Total	7,662,539	1,120,168	10,691	92,446	759	8,886,603

<i>(in millions of Korean won)</i>	2022					
	At January 1	Net cash flows from financing activities	Effects of other changes			At June 30
			Additions	Exchange differences (profit/loss)	Amortization and others	
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
Total	7,742,881	(304,279)	23,800	83,304	1,385	7,547,091

(c) Significant non-cash transactions

<i>(in millions of Korean won)</i>	2023	2022
Reclassification of construction-in-progress to property, plant and equipment	77,274	29,526
Reclassification of construction-in-progress to intangible assets	119,889	159,042
Reclassification of current portion of borrowings	917,136	468,425
Other payables to acquire property, plant and equipment	29,223	43,932
Other payables to acquire intangible assets	10,823	31,094
Acquisition of right-of-use assets	19,679	27,116

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

- Transfer of in-vehicle wireless charging business

i) On October 4, 2022, in-vehicle wireless charging business was transferred to BH EVS CO.,LTD.

ii) Total consideration received and the assets and liabilities of the transferred business are as follows:

<i>(in millions of Korean won)</i>	Amount
Total consideration:	
Cash and cash equivalents	116,696
Deposits held by financial institutions	20,000
Other payables	(18,745)
Other liabilities	(10,000)
Subtotal	107,951
Assets of the transferred business:	
Property, plant and equipment	57
Intangible assets	12,207
Contract assets	1,677
Subtotal	13,941

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28. Contingencies

(a) At the end of the reporting period, the Company is provided with performance guarantees of ₩351,970 million (December 31, 2022: ₩321,191 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 and interests from Shinhan Bank for the guaranteed private placement bonds, and it has been terminated as of June 30, 2023.

(b) At the end of the reporting period, the financial guarantees provided by the Company to related parties amount to ₩3,980,177 million (December 31, 2022: ₩3,885,483 million) on the indebtedness of its subsidiaries. Details are as follows:

<i>(in millions of Korean won)</i>	Beneficiaries	June 30, 2023 ¹	December 31, 2022 ¹
LG Electronics European Shared Service Center B.V.(LGEESC)	Citibank and others	877,067	899,851
LG Electronics U.S.A., Inc.(LGEUS)	Citibank and others	623,580	601,968
LG Electronics do Brasil Ltda.(LGEBR)	Chubb and others	453,178	515,655
LG Electronics (China) Co., Ltd(LGECH)	Citibank and others	303,740	297,145
LG Electronics Mexico S.A. DE C.V.(LGEMS)	Scotiabank and others	289,056	252,479
ZKW Group GmbH	The Export-Import Bank of Korea	285,310	270,240
LG Electronics Peru S.A.(LGEPR)	Scotiabank and others	211,869	197,674
LG Electronics Mlawa Sp. z.O.O.(LGEMA), LG Electronics Polska Sp. Z.O.O.(LGEPL), LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	Citibank and others	180,284	165,718
LG Electronics Inc Chile Limitada(LGECL)	Scotiabank and others	114,206	104,600
LG Electronics Morocco S.A.R.L.(LGEMC)	Citibank and others	102,202	93,262
LG Electronics Algeria SARL(LGEAS)	Citibank and others	92,848	89,026
LG Electronics Colombia Limitada(LGECB)	Citibank and others	77,423	64,935
LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK)	Citibank	52,512	50,692
LG Electronics Saudi Arabia LLC(LGESJ)	JPM and others	52,505	-
LG Electronics (M) Sdn. Bhd(LGEML)	Citibank	39,440	38,076
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	ING	35,664	33,780
LG Electronics Vehicle Components Europe GmbH(LGEVG)	Credit Agricole	35,664	-
LG Electronics Egypt S.A.E(LGEEG)	Credit Agricole and others	32,080	38,648
LG Electronics Ticaret A.S.(LGETK)	Citibank and others	31,298	32,118
LG Electronics Italia S.P.A.(LGEIS)	Intesa	28,531	27,024
LG Electronics S.A. (Pty) Ltd.(LGESA)	Citibank and others	24,955	26,692
LG ELECTRONICS HELLAS SINGLE MEMBER SA(LGEHS)	Citibank	14,266	13,512
Others	BBVA and others	22,499	72,388
Total		3,980,177	3,885,483

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¹ This is the amount for which a payment guarantee is provided, and in some cases, an agreement is made to pay including incidental expenses incurred in the performance of guarantee obligations.

- (c) At the end of the reporting period, the Company is providing Hana Bank with a subrogation payment obligation for customers up to ₩46,000 million (December 31, 2022: ₩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 ₩855,856 million (December 31, 2022: ₩849,259 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 ₩2,853,396 million (December 31, 2022: ₩2,777,572 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, 2022: ₩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>	June 30, 2023	December 31, 2022
Property, plant and equipment	245,436	248,722
Intangible assets	27,906	27,255
Investments in subsidiaries, associates and joint ventures	87,343	108,816
Total	360,685	384,793

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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).

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

- i) The Company has non-cancellable operating lease agreements regarding home appliance rental business and real estate rental business. The future aggregate lease receipts under operating leases at the end of the reporting period, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2023					Total lease payments
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	
Home appliance rental	268,339	143,642	55,523	8,590	-	476,094
Real estate rental	4,699	4,699	4,699	4,698	2,327	21,122
Total	273,038	148,341	60,222	13,288	2,327	497,216

- ii) The Company recognized ₩250,310 million (June 30, 2022: ₩302,243 million) in lease income for the six-month period ended June 30, 2023.

(f) Financial lease commitments – the Company as a lessor

- i) Gross investment in the lease and present value of the minimum lease payments for the financial lease as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2023		December 31, 2022	
	Gross investment in the lease ¹	Net investment in the lease	Gross investment in the lease ¹	Net investment in the lease
Within one year	72,408	52,295	34,637	25,550
Between 1 and 2 years	72,216	55,581	35,114	27,598
Between 2 and 3 years	69,573	56,644	34,604	28,766
Between 3 and 4 years	70,581	61,483	33,999	29,881
Later than 4 years	109,810	103,765	55,174	52,466
Total	394,588	329,768	193,528	164,261

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

- ii) Unrealized interest income of financial lease as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2023	December 31, 2022
Gross investment in the lease	394,588	193,528
Net investment in the lease	329,768	164,261
Unrealized interest income	64,820	29,267

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iii) For the six-month period ended June 30, 2023, the Company recognized income amounting to ₩175,885 million (June 30, 2022: ₩64,884 million) in relation to financial lease contract, and financial income net investment in the lease amounting to ₩ 7,369 million (June 30, 2022: ₩ 1,469 million) is included.

(g) License agreements including patent and trademark

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.

30. Related Party

(a) Major transactions for the six-month periods ended June 30, 2023 and 2022, and balances of receivables and payables from transaction with related parties as of June 30, 2023 and December 31, 2022, are as follows:

i) Major income and expense transactions with related parties

(in millions of Korean won)

<u>Classification</u>	<u>Name</u>	<u>2023</u>					
		<u>Income transactions</u>			<u>Expense transactions</u>		
		<u>Sales</u>	<u>Others</u>	<u>Total</u>	<u>Purchases</u>	<u>Others³</u>	<u>Total</u>
Significantly influencing the Company	LG Corp.	1,120	-	1,120	-	65,427	65,427
Subsidiaries	LG Innotek Co., Ltd.	154,327	7,198	161,525	42,127	578	42,705
	Hiplaza Co., Ltd.	846,310	7,614	853,924	7,779	9,333	17,112
	LG Electronics U.S.A., Inc.	2,774,337	5,673	2,780,010	3,984	41,935	45,919
	LG Electronics Vietnam Hai Phong Co., Ltd	1,063,442	82	1,063,524	70,636	12,774	83,410
	LG Electronics Mlawa Sp. z.O.O.	424,393	5	424,398	1,577	3,376	4,953
	LG Electronics Canada, Inc.	304,010	3	304,013	-	8,288	8,288
	LG Electronics European Shared Service Center B.V.	241,655	1,601	243,256	-	18,385	18,385
	LG Electronics Nanjing New Technology co.,LTD	196,198	203	196,401	354,471	301	354,772
	LG Electronis Reynosa, S.A. De C.V.	113,983	25	114,008	863	1,604	2,467
	LG Electronics Vehicle Components Europe GmbH	32,100	7,635	39,735	85,814	49,859	135,673
	LG ELECTRONICS INDIA PRIVATE LIMITED	147,758	22,509	170,267	4,373	2,517	6,890
	LG ELECTRONICS AUSTRALIA PTY LIMITED	152,002	40	152,042	1	2,311	2,312

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		2023					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ³	Total
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	101,397	-	101,397	4,985	1,684	6,669
	LG Electronics do Brasil Ltda.	96,629	92	96,721	1,555	1,496	3,051
	P.T. LG Electronics Indonesia	124,089	1,968	126,057	240,422	603	241,025
	LG Electronics Vehicle Components U.S.A., LLC.	120,040	11,235	131,275	3,935	37,981	41,916
	LG Electronics Mexico S.A. DE C.V.	133,858	41	133,899	-	1,306	1,306
	LG Electronics RUS, LLC	33,396	1,240	34,636	305	2,172	2,477
	LG Electronics (Tianjin) Appliances Co., Ltd.	85,417	30	85,447	319,835	318	320,153
	LG Electronics U.K. Ltd	77,029	38	77,067	3,933	8,089	12,022
	Taizhou LG Electronics Refrigeration Co., Ltd.	41,084	1,840	42,924	144,479	249	144,728
	LG Electronics Almaty Kazakhstan	69,377	60	69,437	-	318	318
	LG Electronics Colombia Ltda.	20,385	11	20,396	-	333	333
	Hi-Caresolution Corp	24,511	-	24,511	132,360	28,062	160,422
	Others	1,732,703	55,808	1,788,511	183,369	348,051	531,420
	Subtotal	9,110,430	124,951	9,235,381	1,606,803	581,923	2,188,726
Associates	LG Display Co., Ltd. and its subsidiaries	210,427	59,047	269,474	109,923	2,647	112,570
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	85	-	85	24,319	180	24,499
	Robostar Co., Ltd. and its subsidiaries	5	-	5	10,391	816	11,207
	ROBOTIS Co., Ltd.	-	-	-	-	7	7
	Acryl Inc.	-	-	-	-	1,040	1,040
	SideChef Group Limited	-	-	-	-	924	924
	Subtotal	210,517	59,047	269,564	144,633	5,614	150,247
Joint ventures	LG-MRI LLC	12,341	-	12,341	-	-	-
	LG-LHT Passenger Solution GmbH	495	-	495	-	-	-
	Subtotal	12,836	-	12,836	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	59,794	1,620	61,414	46,729	158,754	205,483
	D&O Corp. and its subsidiaries	19	-	19	-	8,399	8,399
	LG Management Development Institute	22	-	22	133	32,897	33,030
	LG SPORTS Ltd.	3	16	19	-	7,529	7,529
	Subtotal	59,838	1,636	61,474	46,862	207,579	254,441
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	617,599	25,372	642,971	158,629	13	158,642
	LG Uplus Corp and its subsidiaries	716	1,255	1,971	2,660	1,858	4,518
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	357	1,138	1,495	-	23	23
	G IIR Inc. and its subsidiaries	71	-	71	53	125,454	125,507
	XI C&A Co., Ltd. and its	10,013	-	10,013	-	4,912	4,912

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		2023					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ³	Total
	subsidiaries						
	S&I Corp. and its subsidiaries	1,316	-	1,316	311	48,275	48,586
	Subtotal	630,072	27,765	657,837	161,653	180,535	342,188
	Total	10,024,813	213,399	10,238,212	1,959,951	1,041,078	3,001,029

(in millions of Korean won)

		2022					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ³	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 Mlawa Sp. z.O.O.	383,107	2,774	385,881	1,331	1,245	2,576
	LG Electronics Canada, Inc.	390,005	4	390,009	-	6,187	6,187
	LG Electronics European Shared Service Center B.V.	218,576	-	218,576	222	15,553	15,775
	LG Electronics Nanjing New Technology co.,LTD	197,208	-	197,208	366,867	1,176	368,043
	LG Electronis Reynosa, S.A. De C.V.	167,667	548	168,215	272	43	315
	LG Electronics Vehicle Components Europe GmbH	52,885	52,967	105,852	1,787	40,086	41,873
	LG ELECTRONICS INDIA PRIVATE LIMITED	135,434	11,518	146,952	474	2,469	2,943
	LG ELECTRONICS AUSTRALIA PTY LIMITED	166,325	-	166,325	-	2,311	2,311
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	141,267	-	141,267	3,120	389	3,509
	LG Electronics do Brasil Ltda.	113,756	1,478	115,234	497	1,501	1,998
	P.T. LG Electronics Indonesia	133,526	478	134,004	276,001	7	276,008
	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 RUS, LLC	80,145	1,147	81,292	-	3,417	3,417
	LG Electronics (Tianjin) Appliances Co., Ltd.	58,248	217	58,465	253,118	1	253,119
	LG Electronics U.K. Ltd	94,926	5	94,931	1,112	9,031	10,143
	Taizhou LG Electronics Refrigeration Co., Ltd.	45,917	3,549	49,466	95,805	1	95,806
	LG Electronics Almaty Kazakhstan	26,114	21	26,135	-	109	109
	LG Electronics Colombia Ltda.	33,622	6	33,628	-	520	520

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		2022					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others ³	Total
	Hi-Caresolution Corp	29,253	152	29,405	131,943	19,433	151,376
	Others	1,556,510	26,934	1,583,444	116,156	289,509	405,665
	Subtotal	9,222,173	123,268	9,345,441	1,399,067	490,566	1,889,633
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
	Subtotal	347,278	33,415	380,693	136,015	15,244	151,259
Other related parties	LG CNS Co., Ltd. And its subsidiaries	62,835	343	63,178	57,894	191,644	249,538
	D&O Corp. and its subsidiaries	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
	Subtotal	63,792	530	64,322	59,685	247,004	306,689
Others ¹	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 ²	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 ²	2,077	77	2,154	1,670	385	2,055
	LX Semicon Co., Ltd. ²	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
	GIIR Inc. and its subsidiaries	1,158	-	1,158	-	102,551	102,551
	LX MMA Corporation ²	5	-	5	-	-	-
	XI C&A Co., Ltd.	1,728	20	1,748	-	15,566	15,566
	S&I Corp.	1,484	-	1,484	125	21,343	21,468
	Subtotal	237,898	4,301	242,199	347,367	1,115,170	1,462,537
	Total	9,871,399	161,514	10,032,913	1,942,134	1,937,692	3,879,826

¹ 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.

² LX Holdings Corp. and its affiliates are separated from the corporate group in accordance with independent management on June 21, 2022.

³ Others include acquisition amount of right-of-use assets and interest expense of lease liabilities.

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

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		June 30, 2023							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ²	Total
Significantly influencing the Company	LG Corp.	411	-	25,502	25,913	-	-	13,973	13,973
Subsidiaries	LG Innotek Co., Ltd.	101,602	-	35,596	137,198	22,996	-	25,437	48,433
	Hiplaza Co., Ltd.	184,805	-	34,048	218,853	-	-	2,277	2,277
	LG Electronics U.S.A., Inc.	434,385	-	69	434,454	-	722,040	14,471	736,511
	LG Electronics Vietnam Hai Phong Co., Ltd	401,163	-	55	401,218	689,924	-	2,153	692,077
	LG Electronics Mlawa Sp. z.O.O.	91,205	-	-	91,205	718,802	-	767	719,569
	LG Electronics Canada, Inc.	71,142	-	3	71,145	-	-	1,675	1,675
	LG Electronics European Shared Service Center B.V.	12,299	-	-	12,299	-	-	8	8
	LG Electronics Nanjing New Technology co.,LTD	25,127	-	110	25,237	278,995	-	145	279,140
	LG Electronis Reynosa, S.A. De C.V.	26,580	-	25	26,605	134,379	-	139	134,518
	LG Electronics Vehicle Components Europe GmbH	543,610	-	13,098	556,708	-	-	9,863	9,863
	LG ELECTRONICS INDIA PRIVATE LIMITED	64,348	-	218	64,566	1,696	-	670	2,366
	LG ELECTRONICS AUSTRALIA PTY LIMITED	42,037	-	6	42,043	-	-	519	519
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	30,593	-	11,913	42,506	22,637	-	344	22,981
	LG Electronics do Brasil Ltda.	51,909	-	92	52,001	72	-	1,775	1,847
	P.T. LG Electronics Indonesia	25,971	-	1,570	27,541	452,233	-	90	452,323
	LG Electronics Vehicle Components U.S.A., LLC.	203,774	-	1,955	205,729	-	-	3,671	3,671
	LG Electronics Mexico S.A. DE C.V.	136,366	-	4	136,370	-	-	264	264
	LG Electronics RUS, LLC	48,484	-	94,808	143,292	-	-	607	607
	LG Electronics (Tianjin) Appliances Co., Ltd.	36,452	-	30	36,482	314,569	-	107	314,676
	LG Electronics U.K. Ltd	36,976	-	38	37,014	-	-	2,371	2,371
	Taizhou LG Electronics Refrigeration Co., Ltd.	13,118	-	1,019	14,137	223,223	-	69	223,292

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		June 30, 2023							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ²	Total
	LG Electronics Almaty Kazakhstan	67,298	-	137	67,435	-	-	72	72
	LG Electronics Colombia Ltda.	41,791	-	27	41,818	-	-	36	36
	Hi-Caresolution Corp	8,458	-	-	8,458	4,673	-	24,395	29,068
	Others	1,147,305	-	53,343	1,200,648	791,870	-	173,344	965,214
	Subtotal	3,846,798	-	248,164	4,094,962	3,656,069	722,040	265,269	4,643,378
Associates	LG Display Co., Ltd. and its subsidiaries	48,604	1,000,000	86,533	1,135,137	60,620	-	51,357	111,977
	Hitachi-LG Data Storage Inc. and its subsidiaries	-	-	-	-	48,910	-	389	49,299
	Robostar Co., Ltd. and its subsidiaries	-	-	-	-	9	-	11,153	11,162
	Subtotal	48,604	1,000,000	86,533	1,135,137	109,539	-	62,899	172,438
Joint ventures	LG-MRI LLC	3,629	-	-	3,629	-	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	30,727	-	257	30,984	4,681	-	80,400	85,081
	D&O Corp. and its subsidiaries	89	-	-	89	-	-	4,711	4,711
	LG Management Development Institute	4	-	-	4	-	-	1,294	1,294
	LG SPORTS Ltd.	-	-	-	-	-	-	1,436	1,436
	Subtotal	30,820	-	257	31,077	4,681	-	87,841	92,522
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	246,365	-	342,547	588,912	125,122	-	83,311	208,433
	LG Uplus Corp and its subsidiaries	17	-	219	236	433	-	243	676
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	30	-	14	44	-	-	42	42
	GIR Inc. and its subsidiaries	19	-	-	19	-	-	155,002	155,002
	XI C&A Co., Ltd. and its subsidiaries	5,624	-	1,158	6,782	-	-	5,403	5,403
	S&I Corp. and its subsidiaries	442	-	79	521	-	-	14,770	14,770
	Subtotal	252,497	-	344,017	596,514	125,555	-	258,771	384,326
	Total	4,182,759	1,000,000	704,473	5,887,232	3,895,844	722,040	688,753	5,306,637

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		December 31, 2022							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ²	Total
Significantly influencing the Company	LG Corp.	40	-	25,679	25,719	-	-	36,103	36,103
Subsidiaries	LG Innotek Co., Ltd.	68,885	-	2,594	71,479	19,173	-	40,323	59,496
	Hiplaza Co., Ltd.	161,725	-	31,486	193,211	-	-	738	738
	LG Electronics U.S.A., Inc.	186,946	-	391	187,337	-	-	21,403	21,403
	LG Electronics Vietnam Hai Phong Co., Ltd	242,321	-	46	242,367	441,896	-	5,224	447,120
	LG Electronics Mlawa Sp. z.O.O.	122,867	-	2,029	124,896	963,473	-	85	963,558
	LG Electronics Canada, Inc.	19,915	-	-	19,915	-	-	3,295	3,295
	LG Electronics European Shared Service Center B.V.	52,543	-	-	52,543	-	270,240	1,293	271,533
	LG Electronics Nanjing New Technology co.,LTD	59,015	-	1	59,016	251,558	-	267	251,825
	LG Electronis Reynosa, S.A. De C.V.	25,549	-	593	26,142	280,239	-	345	280,584
	LG Electronics Vehicle Components Europe GmbH	450,231	-	50,246	500,477	-	-	14,859	14,859
	LG ELECTRONICS INDIA PRIVATE LIMITED	49,088	-	465	49,553	2,067	-	54	2,121
	LG ELECTRONICS AUSTRALIA PTY LIMITED	37,919	-	-	37,919	-	-	324	324
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	81,831	-	8,622	90,453	12,436	-	788	13,224
	LG Electronics do Brasil Ltda.	55,802	-	45,810	101,612	166	-	175	341
	P.T. LG Electronics Indonesia	18,299	-	42	18,341	600,451	-	313	600,764
	LG Electronics Vehicle Components U.S.A., LLC.	181,025	-	4,005	185,030	-	-	7,370	7,370
	LG Electronics Mexico S.A. DE C.V.	114,261	-	122	114,383	-	-	167	167
	LG Electronics RUS, LLC	56,453	-	96,728	153,181	-	-	2,774	2,774
	LG Electronics (Tianjin) Appliances Co., Ltd.	19,268	-	52	19,320	192,577	-	235	192,812
	LG Electronics U.K. Ltd	49,217	-	3,515	52,732	-	-	693	693
	Taizhou LG Electronics Refrigeration Co., Ltd.	15,562	-	1,108	16,670	235,284	-	47	235,331

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		December 31, 2022							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ²	Total
	LG Electronics Almaty Kazakhstan	102,409	-	1	102,410	-	-	11	11
	LG Electronics Colombia Ltda.	56,730	-	66	56,796	-	-	38	38
	Hi-Caresolution Corp	7,065	-	-	7,065	-	-	27,358	27,358
	Others	805,761	-	46,167	851,928	806,423	-	165,147	971,570
	Subtotal	3,040,687	-	294,089	3,334,776	3,805,743	270,240	293,326	4,369,309
Associates	LG Display Co., Ltd. and its subsidiaries	90,972	-	86,788	177,760	59,550	-	58,078	117,628
	Hitachi-LG Data Storage Inc. and its subsidiaries	-	-	-	-	48,640	-	2,551	51,191
	Robostar Co., Ltd. and its subsidiaries	81	-	-	81	1,968	-	14,411	16,379
	Subtotal	91,053	-	86,788	177,841	110,158	-	75,040	185,198
Other related parties	LG CNS Co., Ltd. and its subsidiaries	29,344	-	275	29,619	4,128	-	215,754	219,882
	D&O Corp. and its subsidiaries	98	-	-	98	-	-	4,879	4,879
	LG Management Development Institute	4	-	-	4	-	-	1,086	1,086
	LG SPORTS Ltd.	-	-	-	-	-	-	1,146	1,146
	Subtotal	29,446	-	275	29,721	4,128	-	222,865	226,993
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	142,886	-	178,691	321,577	97,771	-	105,846	203,617
	LG Uplus Corp and its subsidiaries	173	-	260	433	89	-	266	355
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	483	-	71	554	-	-	226	226
	GIIR Inc. and its subsidiaries	29	-	-	29	-	-	166,136	166,136
	XI C&A Co., Ltd.	7,719	-	-	7,719	-	-	33,396	33,396
	S&I Corp. and its subsidiaries	1,575	-	-	1,575	-	-	16,118	16,118
	Subtotal	152,865	-	179,022	331,887	97,860	-	321,988	419,848
	Total	3,314,091	-	585,853	3,899,944	4,017,889	270,240	949,322	5,237,451

¹ 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.

² Other payables include lease liabilities.

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iii) Significant capital transactions and others with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows:

(in millions of Korean won)

Classification	Name	2023						
		Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments ¹
Significantly influencing the Company	LG Corp.	-	38,566	-	-	-	-	13,777
Subsidiaries	LG Innotek Co., Ltd.	40,061	-	-	-	-	-	-
	LG Electronics Fund I LLC	-	-	684	-	-	-	-
	LG Electronics Fund II LLC	-	-	3,442	-	-	-	-
	NOVA Prime Fund I, LP	-	-	8,503	-	-	-	-
	LG Magna e-Powertrain Co., Ltd.	-	-	-	-	-	-	2,415
	PT.LGE Indonesia Research and Development Center	-	-	58,230	-	-	-	-
	LG Electronics U.S.A., Inc.	-	-	-	-	-	706,790	-
	LG Electronics European Shared Service Center B.V.	-	-	-	-	-	-	266,948
	NanJing LG-Panda Appliances Co., Ltd.	18,868	-	-	-	-	-	-
	LG Electronics Thailand Co., Ltd.	160,680	-	-	-	-	-	-
	LG Electronics Huizhou Ltd.	5,381	-	-	-	-	-	-
	LG Electronics Middle East Co., Ltd.	12,996	-	-	-	-	-	-
	LG Electronics Singapore PTE LTD.	25,359	-	-	-	-	-	-
	LG Soft India Private Limited.	13,014	-	-	-	-	-	-
	LG Electronics Nanjing New Technology co.,LTD	26,982	-	-	-	-	-	-
	LG Electronics (Tianjin) Appliances Co., Ltd.	39,379	-	-	-	-	-	-
	LG ELECTRONICS AUSTRALIA PTY LIMITED	30,174	-	-	-	-	-	-
	LG Electronics Mlawa Sp. z.O.O.	79,167	-	-	-	-	-	-
	P.T. LG Electronics Indonesia	28,698	-	-	-	-	-	-
	LG Electronics Vietnam Hai Phong Co., Ltd	39,047	-	-	-	-	-	-
	LG Electronics Canada, Inc.	66,378	-	-	-	-	-	-
	LG ELECTRONICS INDIA PRIVATE LIMITED	378,551	-	-	-	-	-	-
	Subtotal	964,735	-	70,859	-	-	706,790	269,363
Associates	LG Display Co., Ltd. ²	-	-	-	1,000,000	-	-	-
	Ericsson-LG Co., Ltd.	11,250	-	-	-	-	-	-

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Classification	Name	2023						
		Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments ¹
	Subtotal	11,250	-	-	1,000,000	-	-	-
Joint ventures	LG-LHT Aircraft Solutions GmbH	-	-	6,022	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	6,022	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY	-	-	320	-	-	-	-
	Subtotal	-	-	12,364	-	-	-	-
Other related parties	LG CNS Co., Ltd.	-	-	-	-	-	-	60
	D&O Corp.	-	-	-	-	-	409	538
	Subtotal	-	-	-	-	-	409	598
	Total	975,985	38,566	83,223	1,000,000	-	707,199	283,738

(in millions of Korean won)

Classification	Name	2022						
		Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments ¹
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
	Subtotal	294,960	-	4,769	-	-	266,948	269,817
Associates	LG Display Co., Ltd.	88,156	-	-	-	-	-	-
	Ericsson-LG Co., Ltd.	8,250	-	-	-	-	-	-
	Mirae Asset-LG Electronics New Growth Fund I	-	-	20,000	-	-	-	-

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Classification	Name	2022							
		Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions		
					Loans	Collections	Borrowings	Repayments ¹	
	Subtotal	96,406	-	20,000	-	-	-	-	
Joint ventures	LG-LHT Aircraft Solutions GmbH	-	-	5,741	-	-	-	-	
	LG-LHT Passenger Solutions GmbH	-	-	5,741	-	-	-	-	
	Subtotal	-	-	11,482	-	-	-	-	
Other related parties	LG CNS Co., Ltd.	-	-	-	-	-	-	24	
	Total	391,366	46,830	36,251	-	-	266,948	283,596	

¹ Repayments of financing borrowing transactions include repayment of principal elements of lease liabilities.

² At the end of the reporting period, the Company has entered into a loan agreement with LG Display Co., Ltd. for ₩1,000,000 million, and in relation to this loan, the Company has been provided with collateral. At the end of the reporting period, ₩1,000,000 million has been executed and recorded as long-term loans.

(b) The compensation paid or payable to key management personnel for the six-month periods ended June 30, 2023 and 2022, consists of:

(in millions of Korean won)	2023	2022
Salaries and other short-term benefits	7,518	7,559
Post-employment benefits	1,045	773
Other long-term benefits	1	1
Total	8,564	8,333

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

31. Risk Management

31.1 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.

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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 of June 30, 2023 and December 31, 2022, if the functional currency fluctuate against the U.S. Dollar and Euro by 10% while other variables were fixed, the effects on profit (loss) before tax for monetary assets and liabilities denominated in major foreign currencies other than the functional currency would be as follows

<i>(in millions of Korean won)</i>	June 30, 2023		December 31, 2022	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	31,050	(31,050)	2,095	(2,095)
EUR/KRW	10,857	(10,857)	(18,368)	18,368

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

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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, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
	1%p increase	1%p decrease	1%p increase	1%p decrease
Interest income	9,837	(9,837)	10,793	(10,793)
Interest expenses	1,856	(1,856)	1,673	(1,673)

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 <i>(in millions)</i>	Contracted currency rate	Interest rate (paid) (%)	Starting date	Expiration date	Book amount <i>(in millions of Korean won)</i>	
							Assets	Liabilities
Cross-currency swap	KEB Hana Bank and others	USD 1,044	1,067.9 ~ 1,318.8	1.88 ~ 4.47	2017. 10. 23 ~ 2023. 4. 20	2024. 4. 19 ~ 2031. 7. 28	150,391	2,681
	Citi Bank	EUR 95	1,312	3.84	2022. 7. 15	2028. 1. 14	5,093	-
	Citi Bank	JPY 11,000	10.0	4.06	2023. 4. 4	2029. 4. 4	-	10,466
	DBS	SGD 140	859.3	1.21	2020. 7. 9	2024. 1. 9	20,230	-
Interest rate swap	Woori Bank and others	KRW 1,086,821	-	2.75 ~ 4.53	2014. 1. 3 ~ 2023. 2. 14	2024. 1. 3 ~ 2032. 11. 16	23,008	2,278

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

Details of hedged items are as follows:

<i>(in millions of Korean won)</i>	Hedged items	Book amount	Changes in fair value (net of tax)
Cross-currency swap	Borrowings	1,740,144	(40,179)
Interest rate swap	Borrowings	1,052,036	1,864

The results of hedge accounting are as follows:

<i>(in millions of Korean won)</i>	Changes in fair value of derivatives (net of tax)	Line items in profit or loss	Reclassified to profit or loss (net of tax)	Other comprehensive income (net of tax)	Accumulated other comprehensive income
Cross-currency swap	40,179	Interest expense and exchange differences	(42,231)	(2,052)	25,613

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Interest rate swap	(1,864)	Interest expense	(5,102)	(6,966)	14,179
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Trading purposes

Currency forward 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 of June 30, 2023, and related profit or loss for the six-month period ended June 30, 2023, are as follows:

<i>(in millions of Korean won)</i>	Purchase	Sale	Gain (Loss) on valuation	Gain (Loss) on transaction
Currency forward	19,435	19,770	(447)	(2,625)

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 ₩24,506 million of derivative liabilities and no gain or loss on derivatives transaction was recognized during the six-month period ended June 30, 2023.

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, KOSPI, 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.

<i>(in millions of Korean won)</i>	June 30, 2023		December 31, 2022	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	5,960	(5,960)	4,277	(4,277)
KOSPI	189	(189)	-	-
NASDAQ	192	(192)	456	(456)
NYSE	2,714	(2,714)	1,679	(1,679)

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.

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(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 ₩1,716,610 million (December 31, 2022: ₩1,105,906 million) and its risk is managed appropriately within insurer's credit limit of ₩2,893,332 million (December 31, 2022: ₩2,970,803 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.

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i) Cash flow information on maturity of financial liabilities as of June 30, 2023, is as follows:

<i>(in millions of Korean won)</i>	Total	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Trade payables	5,759,790	5,759,790	-	-	-
Borrowings	10,063,910	2,157,522	905,069	3,648,753	3,352,566
Lease liabilities	96,459	47,567	21,701	19,775	7,416
Other payables	1,677,014	1,669,291	200	7,523	-
Other financial liabilities	24,954	447	-	22,056	2,451
Total	17,622,127	9,634,617	926,970	3,698,107	3,362,433

The above cash flows are calculated at nominal value based on the earliest maturity dates, and include cash flows of principal and interests. The Company's trading portfolio derivative within other financial liabilities that are not qualified for hedge accounting have been included at their fair value of ₩447 million within the less than 1-year time bucket. This is because the contractual maturities are not essential for an understanding of the timing of the cash flows. These contracts are managed on a net-fair value basis rather than by maturity date. Derivatives for cash flow hedges from changes in interest rate and exchange rate are reflected in the cash flows of related borrowings.

ii) 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>	Total	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Financial guarantee contracts	4,026,177	3,239,164	193,195	482,230	111,588

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.

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31.2 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.

Liability to equity ratio and net borrowing ratio as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won, except for ratios)</i>	June 30, 2023	December 31, 2022
Liability (A)	20,378,335	18,823,785
Equity (B)	10,918,703	9,889,029
Cash and cash equivalents (C)	1,967,578	1,941,615
Borrowings and lease liabilities (D)	8,886,603	7,662,539
Liability to equity ratio (A/B)	186.6%	190.4%
Net borrowings ratio ((D-C)/B)	63.4%	57.9%

31.3 Fair Value Estimation

(a) The book amount and fair value of the Company's financial assets and liabilities as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2023			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Assets at fair value				
Financial assets at fair value through profit or loss				
Other financial assets	-	-	94,580	94,580
Financial assets at fair value through other comprehensive income				
Trade receivables	246,908	¹	-	-
Other financial assets	-	-	67,095	67,095
Derivatives for hedging purposes				
Other financial assets	20,380	20,380	178,342	178,342
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	1,967,578	¹	-	-
Deposits held by financial institutions	173,517	¹	476	476
Trade receivables	4,947,751	¹	-	-
Other receivables	391,977	¹	1,169,475	1,038,554
Other assets				
Trade receivables	52,295	52,295	277,473	277,473
Total	7,800,406		1,787,441	

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<i>(in millions of Korean won)</i>	June 30, 2023			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Liabilities at fair value				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	447	447	24,506	24,506
Derivatives for hedging purposes				
Other financial liabilities	-	-	15,425	15,425
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	5,759,790	¹	-	-
Borrowings	1,884,440	¹	6,912,150	6,454,850
Other payables	1,669,291	¹	7,723	6,325
Other liabilities				
Lease liabilities	44,737	²	45,276	²
Other financial liabilities	5,592	³	4,300	³
Total	9,364,297		7,009,380	

<i>(in millions of Korean won)</i>	December 31, 2022			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Assets at fair value				
Financial assets at fair value through profit or loss				
Other financial assets	285	285	94,866	94,866
Financial assets at fair value through other comprehensive income				
Trade receivables	290,274	¹	-	-
Other financial assets	-	-	61,531	61,531
Derivatives for hedging purposes				
Other financial assets	555	555	158,595	158,595
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	1,941,615	¹	-	-
Deposits held by financial institutions	170,969	¹	490	490
Trade receivables	3,655,793	¹	-	-
Other receivables	495,175	¹	163,543	149,780
Other assets				
Trade receivables	25,550	¹	138,712	138,712
Total	6,580,216		617,737	

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<i>(in millions of Korean won)</i>	December 31, 2022			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Liabilities at fair value				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	135	135	24,506	24,506
Derivatives for hedging purposes				
Other financial liabilities	-	-	7,163	7,163
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	5,428,176	¹	-	-
Borrowings	1,073,908	¹	6,472,122	5,638,608
Other payables	2,055,049	¹	7,723	5,955
Other liabilities				
Lease liabilities	65,979	²	50,530	²
Other financial liabilities	6,446	³	4,689	³
Total	8,629,693		6,566,733	

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

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

³ 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.

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

- Level 3: When financial instruments are measured by using a discounted cash flow, if one or more of the significant inputs are unobservable market data, the instrument is included in 'level 3'. 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.

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

<i>(in millions of Korean won)</i>	June 30, 2023			Total
	Level 1	Level 2	Level 3	
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	23,165	-	43,930	67,095
Financial assets at fair value through profit or loss	-	-	94,580	94,580
Derivatives for hedging purposes	-	198,722	-	198,722
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	24,953	-	24,953
Derivatives for hedging purposes	-	15,425	-	15,425

<i>(in millions of Korean won)</i>	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	18,271	-	43,260	61,531
Financial assets at fair value through profit or loss	-	285	94,866	95,151
Derivatives for hedging purposes	-	159,150	-	159,150
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	24,641	-	24,641
Derivatives for hedging purposes	-	7,163	-	7,163

The above fair value amounts are recurring fair value measurements.

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

Valuation technique and inputs for fair value measurements categorized within 'level 2' as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	June 30, 2023	December 31, 2022		
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	-	285	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	198,722	159,150	Discounted cash flow	Discount rate and exchange rate
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	447	135	Discounted cash flow	Discount rate and exchange rate
Financial liabilities at fair value through profit or loss	24,506	24,506	Binomial model	Share price and volatility
Derivatives for hedging purposes	15,424	7,163	Discounted cash flow	Discount rate and exchange rate

- Valuation technique and inputs for fair value measurements categorized within 'level 3'

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

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

Financial instruments not measured at fair value but for which the fair value is disclosed as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	476	476
Non-current trade receivables	-	-	277,473	277,473
Non-current other receivables	-	-	1,038,554	1,038,554
Liabilities				
Non-current borrowings	-	-	6,454,850	6,454,850
Non-current other payables	-	-	6,325	6,325

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<i>(in millions of Korean won)</i>	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	490	490
Non-current trade receivables	-	-	138,712	138,712
Non-current other receivables	-	-	149,780	149,780
Liabilities				
Non-current borrowings	-	-	5,638,608	5,638,608
Non-current other payables	-	-	5,955	5,955

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

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

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

Valuation technique, inputs and unobservable inputs of financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within 'level 3' as of June 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2023		December 31, 2022		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Book amount	Fair value	Book amount	Fair value				
Assets								
Non-current deposits held by financial institutions	476	476	490	490	Discounted cash flow	Discount rate	Discount rate	0.10%
Non-current trade receivables	277,473	277,473	138,712	138,712	Discounted cash flow	Discount rate	Discount rate	5.7%~7.0%
Non-current other receivables	1,169,475	1,038,554	163,543	149,780	Discounted cash flow	Discount rate and exchange rate	Discount rate	4.4%~5.3%
Liabilities								
Non-current borrowings	6,912,150	6,454,850	6,472,122	5,638,608	Discounted cash flow	Discount rate and exchange rate	Discount rate	4.3%~5.9%
Non-current other payables	7,723	6,325	7,723	5,955	Discounted cash flow	Discount rate	Discount rate	4.14%~4.52%

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32. Discontinued Operation

In 2022, the Company discontinued the operations of energy business 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.

(a) Profit and loss from discontinued operation for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Net sales	382	128,850
Operating profit (loss)	655	(171,591)
Profit (Loss) before income tax	703	(268,408)
Income tax expense (benefit)	178	(72,470)
Profit (Loss) for the period, net of tax	525	(195,938)

(b) Cash flows from discontinued operations for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Net cash inflow (outflow) from operating activities	(2,816)	(256,514)
Net cash inflow (outflow) from investing activities	279	174,925
Net cash inflow (outflow) from financing activities	2,537	81,589