

LG Electronics Inc.

Separate Interim Financial Statements

June 30, 2021 and 2020

LG Electronics Inc.
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June 30, 2021 and 2020

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Report on Review of Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

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

Reviewed Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Conclusion

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

Emphasis of Matter

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

Other Matters

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

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

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

August 17, 2021
Seoul, Korea

<p>This report is effective as of August 17, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying 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, 2021 and December 31, 2020

<i>(in millions of Korean won)</i>	Notes	June 30, 2021 (Unaudited)	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents	4,31	1,567,820	1,916,739
Deposits held by financial institutions	4,31	80,000	80,000
Trade receivables	4,5,31	4,977,568	4,995,299
Other receivables	4,5,31	336,933	425,809
Other financial assets	4,6,31	-	1,750
Inventories	7	1,710,987	1,594,084
Current tax assets		397	1,023
Contract assets	8	345,064	388,350
Other current assets		272,053	253,343
Assets held for sale	32	14,140	13,346
		<u>9,304,962</u>	<u>9,669,743</u>
Non-current assets			
Deposits held by financial institutions	4,31	660	1,371
Other receivables	4,5,31	206,047	191,172
Other financial assets	4,6,31	92,468	94,404
Property, plant and equipment	9	7,239,847	7,318,557
Intangible assets	9	1,652,532	2,053,815
Deferred tax assets		1,460,020	1,151,324
Investments in subsidiaries, associates and joint ventures	10	8,877,556	8,881,286
Contract assets	8	49,411	38,976
Other non-current assets		282,725	299,339
		<u>19,861,266</u>	<u>20,030,244</u>
Total assets		<u>29,166,228</u>	<u>29,699,987</u>
Liabilities			
Current liabilities			
Trade payables	4,31	6,183,376	6,290,494
Borrowings	4,11,31	1,157,795	1,013,345
Lease liabilities	4,12,31	54,933	68,346
Other payables	4,31	1,745,838	1,999,555
Other financial liabilities	4,6,31	12,659	6,215
Current tax liabilities		14,515	39,003
Provisions	14	980,902	588,011
Contract liabilities	8	404,435	396,313
Other current liabilities		2,171,968	1,700,061
		<u>12,726,421</u>	<u>12,101,343</u>
Non-current liabilities			
Borrowings	4,11,31	6,584,812	6,811,353
Lease liabilities	4,12,31	44,072	53,524
Other payables	4,31	400	200
Other financial liabilities	4,6,31	57,959	125,250
Net defined benefit liabilities	13	404,054	401,900
Provisions	14	312,449	138,852
Contract liabilities	8	4,214	3,554
Other non-current liabilities		144,348	142,278
		<u>7,552,308</u>	<u>7,676,911</u>
Total liabilities		<u>20,278,729</u>	<u>19,778,254</u>

LG Electronics Inc.
Separate Interim Statements of Financial Position
June 30, 2021 and December 31, 2020

<i>(in millions of Korean won)</i>	Notes	June 30, 2021 (Unaudited)	December 31, 2020
Equity			
Paid-in capital:	15		
Share capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	16	4,962,462	6,018,118
Accumulated other comprehensive loss	17	(34,492)	(55,914)
Other components of equity	18	(32,819)	(32,819)
Total equity		<u>8,887,499</u>	<u>9,921,733</u>
Total liabilities and equity		<u>29,166,228</u>	<u>29,699,987</u>

LG Electronics Inc.
Separate Interim Statements of Profit or Loss
Three-Month and Six-Month Periods Ended June 30, 2021 and 2020

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

	Notes	Period Ended June 30			
		2021 (Unaudited)		2020 (Unaudited)	
		Three Months	Six Months	Three Months	Six Months
Continuing operations					
Net sales	19	6,974,587	13,504,045	5,373,423	11,437,964
Cost of sales	20	5,173,162	10,093,440	3,921,118	8,410,852
Gross profit		1,801,425	3,410,605	1,452,305	3,027,112
Selling and marketing expenses	20,21	834,762	1,551,545	613,849	1,198,615
Administrative expenses	20,21	125,601	241,049	111,140	215,555
Research and development expenses	20,21	365,796	688,109	347,028	647,154
Service costs	20,21	405,458	566,049	115,883	215,304
Operating profit		69,808	363,853	264,405	750,484
Financial income	22	56,304	127,080	48,760	103,597
Financial expenses	23	89,296	159,955	90,860	219,471
Other non-operating income	24	244,891	458,351	420,738	1,351,055
Other non-operating expenses	25	136,116	402,160	129,105	419,172
Profit before income tax		145,591	387,169	513,938	1,566,493
Income tax expense		65,570	118,481	124,732	371,051
Profit for the period from continuing operations		80,021	268,688	389,206	1,195,442
Discontinued operations					
Loss for the period from discontinued operations	33	(970,002)	(1,183,598)	(138,751)	(288,151)
Profit (loss) for the period		(889,981)	(914,910)	250,455	907,291
Earnings (losses) per share during the period					
<i>(in Korean won) :</i>					
	26				
Earnings (losses) per ordinary share		(4,944)	(5,083)	1,389	5,036
From continuing operations		443	1,490	2,160	6,637
From discontinued operations		(5,387)	(6,573)	(771)	(1,601)
Earnings (losses) per preferred share		(4,931)	(5,058)	1,402	5,061
From continuing operations		456	1,515	2,173	6,662
From discontinued operations		(5,387)	(6,573)	(771)	(1,601)

LG Electronics Inc.
Separate Interim Statements of Comprehensive Income
Three-Month and Six-Month Periods Ended June 30, 2021 and 2020

(in millions of Korean won)	Notes	Period Ended June 30			
		2021 (Unaudited)		2020 (Unaudited)	
		Three Months	Six Months	Three Months	Six Months
Profit (loss) for the period		(889,981)	(914,910)	250,455	907,291
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	2,590	76,192	(32,785)	(33,454)
Financial assets at fair value through other comprehensive income	6	(3,598)	(9,031)	4,638	1,589
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Cash flow hedges	31	10,279	30,453	2,087	(25,480)
Other comprehensive income (loss) for the period, net of tax		9,271	97,614	(26,060)	(57,345)
Total comprehensive income (loss) for the period, net of tax		(880,710)	(817,296)	224,395	849,946

LG Electronics Inc.

Separate Interim Statements of Changes in Equity

Six-month Periods Ended June 30, 2021 and 2020

<i>(in millions of Korean won)</i>	Notes	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Other Components of Equity	Total Equity
Balance at January 1, 2020		3,992,348	5,006,105	(72,304)	(32,819)	8,893,330
Total comprehensive income (loss):						
Profit for the period		-	907,291	-	-	907,291
Remeasurements of the net defined benefit liability	13	-	(33,454)	-	-	(33,454)
Financial assets at fair value through other comprehensive income	6	-	-	1,589	-	1,589
Cash flow hedges	31	-	-	(25,480)	-	(25,480)
Total comprehensive income (loss)		-	873,837	(23,891)	-	849,946
Transactions with owners:						
Dividends	16	-	(135,909)	-	-	(135,909)
Total transactions with owners		-	(135,909)	-	-	(135,909)
Balance at June 30, 2020 (Unaudited)		<u>3,992,348</u>	<u>5,744,033</u>	<u>(96,195)</u>	<u>(32,819)</u>	<u>9,607,367</u>
Balance at January 1, 2021		3,992,348	6,018,118	(55,914)	(32,819)	9,921,733
Total comprehensive income (loss):						
Loss for the period		-	(914,910)	-	-	(914,910)
Remeasurements of the net defined benefit liability	13	-	76,192	-	-	76,192
Financial assets at fair value through other comprehensive income	6	-	-	(9,031)	-	(9,031)
Cash flow hedges	31	-	-	30,453	-	30,453
Total comprehensive income (loss)		-	(838,718)	21,422	-	(817,296)
Transactions with owners:						
Dividends	16	-	(216,938)	-	-	(216,938)
Total transactions with owners		-	(216,938)	-	-	(216,938)
Balance at June 30, 2021 (Unaudited)		<u>3,992,348</u>	<u>4,962,462</u>	<u>(34,492)</u>	<u>(32,819)</u>	<u>8,887,499</u>

LG Electronics Inc.
Separate Interim Statements of Cash Flows
Six-month Periods Ended June 30, 2021 and 2020

<i>(in millions of Korean won)</i>	Notes	Six-month Period Ended June 30	
		2021 (Unaudited)	2020 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	27	406,844	927
Interest received		3,365	4,428
Interest paid		(110,260)	(124,690)
Dividend received		220,732	327,293
Income tax paid		(53,906)	(33,462)
Net cash inflow from operating activities		<u>466,775</u>	<u>174,496</u>
Cash flows from investing activities			
Decrease in deposits held by financial institutions		711	-
Decrease in other receivables		24,403	32,574
Proceeds from redemption and disposal of other financial assets		3,212	2,868
Proceeds from disposal of property, plant and equipment		15,165	12,513
Proceeds from disposal of intangible assets		451	373
Proceeds from redemption and disposal of investment in subsidiaries, associates and joint ventures		23,780	655,616
Transfer of business	27	-	43
Increase in deposits held by financial institutions		-	(14,787)
Increase in other receivables		(37,202)	(59,947)
Acquisition of other financial assets		(14,800)	(6,320)
Acquisition of property, plant and equipment		(274,951)	(322,319)
Acquisition of intangible assets		(150,237)	(284,062)
Acquisition of investments in subsidiaries, associates and joint ventures		(43,256)	(12,606)
Net cash inflow (outflow) from investing activities		<u>(452,724)</u>	<u>3,946</u>
Cash flows from financing activities			
Proceeds from borrowings		704,638	698,031
Repayments of borrowings		(813,207)	(399,571)
Dividend paid		(216,938)	(135,909)
Repayments of lease liabilities		(37,463)	(36,594)
Net cash inflow (outflow) from financing activities		<u>(362,970)</u>	<u>125,957</u>
Effects of exchange rate changes on cash and cash equivalents		-	-
Net increase (decrease) in cash and cash equivalents		<u>(348,919)</u>	<u>304,399</u>
Cash and cash equivalents at the beginning of the period		<u>1,916,739</u>	<u>918,795</u>
Cash and cash equivalents at the end of the period		<u>1,567,820</u>	<u>1,223,194</u>

LG Electronics Inc.
Notes to the Separate Interim Financial Statements
June 30, 2021 and 2020 (Unaudited), and December 31, 2020

1. General Information

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

As at June 30, 2021, 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, solar panels and others. As at June 30, 2021, the Company operates manufacturing facilities mainly in Changwon, Pyeongtaek, Gumi and Incheon in the Republic of Korea.

LG Electronics Inc.
Notes to the Separate Interim Financial Statements
June 30, 2021 and 2020 (Unaudited), and December 31, 2020

2. Significant Accounting Policies

Basis of Preparation

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

The financial statements of the Company are the separate interim financial statements prepared in accordance with Korean IFRS 1027 *Separate Financial Statements*. The separate interim financial statements for the six-month period ended June 30, 2021, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These separate interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as at June 30, 2021.

Changes in Accounting Policies and Disclosures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Annual improvements to Korean IFRS 2018-2020

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

- Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters
- Korean IFRS 1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS 1116 *Leases* – Lease incentives
- Korean IFRS 1041 *Agriculture* – Measuring fair value

LG Electronics Inc.

Notes to the Separate Interim Financial Statements

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

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

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

Application of Accounting Policies

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

Income Tax Expense

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

Assets Held for Sale and Discontinued Operations

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

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

3. Critical Accounting Estimates and Judgements

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

LG Electronics Inc.

Notes to the Separate Interim Financial Statements

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

Critical Accounting Estimates and Assumptions

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

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

Significant accounting estimates and assumptions applied in the preparation of the separate interim financial statements can be adjusted depending on changes in the uncertainty from COVID-19. Also, the ultimate effect of COVID-19 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 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-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 tax assets and liabilities in the period in which such determination is made.

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(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 historical experience and future business plans. These calculations require estimates.

(h) Lease

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

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

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

4. Financial Instruments by Category

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

<i>(in millions of Korean won)</i>	June 30, 2021				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	1,567,820	-	-	-	1,567,820
Deposits held by financial institutions	80,660	-	-	-	80,660
Trade receivables	4,977,568	-	-	-	4,977,568
Other receivables`	542,980	-	-	-	542,980
Other financial assets	-	52,279	39,250	939	92,468
Total	7,169,028	52,279	39,250	939	7,261,496

<i>(in millions of Korean won)</i>	June 30, 2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	6,183,376	-	-	6,183,376
Borrowings	7,742,607	-	-	7,742,607
Lease liabilities	-	-	99,005	99,005
Other payables	1,746,238	-	-	1,746,238
Other financial liabilities	-	3,431	67,187	70,618
Total	15,672,221	3,431	166,192	15,841,844

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<i>(in millions of Korean won)</i>	December 31, 2020				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	1,916,739	-	-	-	1,916,739
Deposits held by financial institutions	81,371	-	-	-	81,371
Trade receivables	4,920,364	74,935	-	-	4,995,299
Other receivables	616,981	-	-	-	616,981
Other financial assets	-	64,850	29,554	1,750	96,154
Total	7,535,455	139,785	29,554	1,750	7,706,544

<i>(in millions of Korean won)</i>	December 31, 2020			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	6,290,494	-	-	6,290,494
Borrowings	7,824,698	-	-	7,824,698
Lease liabilities	-	-	121,870	121,870
Other payables	1,999,755	-	-	1,999,755
Other financial liabilities	-	-	131,465	131,465
Total	16,114,947	-	253,335	16,368,282

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

<i>(in millions of Korean won)</i>	2021				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	4,678	-	-	-	4,678
Exchange differences	158,790	-	-	-	158,790
Reversal of bad debt expenses	30,036	-	-	-	30,036
Loss on disposal of trade receivables	(663)	(26)	-	-	(689)
Dividend income	-	189	4	-	193
Profit for the period from discontinued operations	19,623	-	-	-	19,623
Fair value loss, net of tax (through other comprehensive income)	-	(9,031)	-	-	(9,031)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	-	822	822
Others	(696)	-	-	-	(696)

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<i>(in millions of Korean won)</i>	2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(42,999)	-	(17,407)	(60,406)
Exchange differences	(186,728)	-	22,243	(164,485)
Loss on derivatives (through profit or loss)	-	(5,534)	-	(5,534)
Loss for the period from discontinued operations	(79,183)	-	(79)	(79,262)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	29,631	29,631
Others	-	-	(172)	(172)

<i>(in millions of Korean won)</i>	2020				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	6,035	-	-	-	6,035
Exchange differences	80,701	-	-	-	80,701
Bad debt expense	(2,321)	-	-	-	(2,321)
Loss on disposal of trade receivables	(1,350)	(473)	-	-	(1,823)
Dividend income	-	151	-	-	151
Profit for the period from discontinued operations	6,501	-	-	-	6,501
Fair value gain, net of tax (through other comprehensive income)	-	1,589	-	-	1,589
Loss on derivatives, net of tax (through other comprehensive income)	-	-	-	(1,197)	(1,197)
Others	(3,445)	-	-	-	(3,445)

<i>(in millions of Korean won)</i>	2020			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(64,006)	-	(10,889)	(74,895)
Exchange differences	(177,528)	-	25,075	(152,453)
Loss for the period from discontinued operations	(80,803)	-	(122)	(80,925)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(24,283)	(24,283)
Others	-	-	(3,099)	(3,099)

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5. Trade Receivables and Other Receivables

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

<i>(in millions of Korean won)</i>	June 30, 2021			December 31, 2020		
	Original amount	Allowance for doubtful accounts	Carrying amount	Original amount	Allowance for doubtful accounts	Carrying amount
Trade receivables	5,012,861	(35,293)	4,977,568	5,060,475	(65,176)	4,995,299
Other receivables						
Current	348,869	(11,936)	336,933	437,901	(12,092)	425,809
Non-current	206,060	(13)	206,047	191,183	(11)	191,172

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

<i>(in millions of Korean won)</i>	2021			
	At January 1	Addition (Reversal)	Write-off and other	At June 30
Trade receivables	65,176	(29,883)	-	35,293
Other receivables				
Current	12,092	(162)	6	11,936
Non-current	11	2	-	13
2020				
<i>(in millions of Korean won)</i>	At January 1	Addition	Write-off and other	At June 30
Trade receivables	62,322	1,663	-	63,985
Other receivables				
Current	9,640	11	6	9,657
Non-current	542	516	-	1,058

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

<i>(in millions of Korean won)</i>	June 30, 2021				December 31, 2020			
	Trade receivables	Other receivables		Total	Trade receivables	Other receivables		Total
	Current	Non-current			Current	Non-current		
Receivables not past due	4,526,166	274,361	198,999	4,999,526	4,529,748	339,102	187,852	5,056,702
Past due but not impaired								
Up to 6 months	210,437	2,088	5,384	217,909	305,046	7,363	1,468	313,877
7 to 12 months	86,852	85	137	87,074	50,918	21,796	1,863	74,577
Over 1 year	112,886	60,195	1,540	174,621	67,936	57,113	-	125,049
Subtotal	410,175	62,368	7,061	479,604	423,900	86,272	3,331	513,503
Impaired	76,520	12,140	-	88,660	106,827	12,527	-	119,354
Total	5,012,861	348,869	206,060	5,567,790	5,060,475	437,901	191,183	5,689,559

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- (d) Trade receivables have been discounted through collateralized borrowing agreements with banks for the six-month period ended June 30, 2021. In case the customers default, the Company has an obligation to pay the related amounts to the banks. As a result, this transaction has been accounted for as a collateralized borrowing (Note 11). Discounted trade receivables as at June 30, 2021 amount to ₩58,602 million and there were no discounted trade receivables as at December 31, 2020.

6. Other Financial Assets and Liabilities

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

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
Other financial assets		
Derivatives	939	1,750
Financial assets at fair value through other comprehensive income	52,279	64,850
Financial assets at fair value through profit or loss	39,250	29,554
Total	92,468	96,154
Current	-	1,750
Non-current	92,468	94,404

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
Other financial liabilities		
Derivatives	58,556	118,614
Financial guarantee liability	12,062	12,851
Total	70,618	131,465
Current	12,659	6,215
Non-current	57,959	125,250

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

<i>(in millions of Korean won)</i>	June 30, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Current				
Currency forward	-	3,431	-	-
Cross-currency swap	-	3,295	1,750	-
Subtotal	-	6,726	1,750	-
Non-current				
Cross-currency swap	939	10,377	-	50,171
Interest rate swap	-	41,453	-	68,443
Subtotal	939	51,830	-	118,614
Total	939	58,556	1,750	118,614

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

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

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

<i>(in millions of Korean won)</i>	2020				
	At January 1	Acquisition	Disposal	Valuation	At June 30
Listed equity securities	10,835	-	-	1,881	12,716
Unlisted equity securities	27,679	3,941	-	-	31,620
Total	38,514	3,941	-	1,881	44,336

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

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

<i>(in millions of Korean won)</i>	2020					
	At January 1	Acquisition	Disposal	Valuation	Impairment	At June 30
Unlisted equity securities	21,282	2,384	(2,568)	-	-	21,098

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7. Inventories

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

<i>(in millions of Korean won)</i>	June 30, 2021			December 31, 2020		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	859,756	(30,278)	829,478	876,329	(41,253)	835,076
Work-in-process	104,257	(578)	103,679	98,171	(415)	97,756
Raw materials and supplies	727,432	(97,554)	629,878	611,955	(56,325)	555,630
Other	171,049	(23,097)	147,952	126,892	(21,270)	105,622
Total	1,862,494	(151,507)	1,710,987	1,713,347	(119,263)	1,594,084

8. Contract Assets and Contract Liabilities

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

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
Due from customers	332,385	363,897
(Less: allowance for doubtful accounts)	(2)	(2)
Right to collect returned products	1,106	667
Costs to fulfill contracts and others	60,986	62,764
Total	394,475	427,326
Current	345,064	388,350
Non-current	49,411	38,976

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

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
Expected promotional incentives for customers	101,359	164,418
Expected returns from customers	1,793	1,005
Customer loyalty program	42,392	30,275
Rendering of warranty services	11,877	15,846
Due to customers and others	251,228	188,323
Total	408,649	399,867
Current	404,435	396,313
Non-current	4,214	3,554

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

<i>(in millions of Korean won)</i>	2021	2020
Revenue recognized that was included in the contract liability amount at the beginning of the period:		
Due to customers and others	143,528	153,017
Customer loyalty program	21,766	15,122
Rendering of warranty services	7,146	7
Total	172,440	168,146
Revenue recognized from performance obligations satisfied in previous periods	4,002	2,230

(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 ₩652,345 million which were expected to be satisfied by 2023, at the latest. Also, as a practical expedient, the Company excluded performance obligation which was a part of contract that had an original expected duration of one year or less.

(e) For the six-month period ended June 30, 2021, there is no impairment loss recognized by the Company (June 30, 2020: reversal of impairment loss of ₩2,468 million) in relation to due from customers, and amortization and other costs of ₩10,391 million (June 30, 2020: ₩20,301 million) in relation to costs to fulfill contracts.

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9. Property, Plant and Equipment, and Intangible Assets

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

<i>(in millions of Korean won)</i>	2021	2020
At January 1	7,318,557	7,331,504
Acquisitions	348,867	296,173
Reclassification to assets held for sale	(794)	-
Disposals and others	(16,274)	(19,010)
Depreciation	(389,003)	(383,786)
Impairment losses ¹	(21,506)	(589)
At June 30	7,239,847	7,224,292

¹ Impairment loss on property, plant and equipment from discontinued operations of MC business amounting to ₩18,629 million is included.

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

<i>(in millions of Korean won)</i>	2021	2020
Continuing operations		
Cost of sales	306,421	295,260
Selling and marketing expenses	18,835	18,376
Administrative expenses	23,100	24,256
Research and development expenses	20,405	21,730
Service costs	7,867	7,330
Other non-operating expenses	2,414	2,444
Subtotal	379,042	369,396
Discontinued operations	9,961	14,390
Total	389,003	383,786

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

<i>(in millions of Korean won)</i>	2021	2020
At January 1	125,762	133,533
Acquisitions	17,286	34,860
Disposals and others	(1,987)	(4,065)
Depreciation	(39,995)	(41,303)
At June 30	101,066	123,025

The amount recognized as lease income in relation to sublease of the above right-of-use assets for the six-month period June 30, 2021, was ₩5,776 million (June 30, 2020: ₩6,291 million).

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

<i>(in millions of Korean won)</i>	2021	2020
At January 1	2,053,815	1,440,219
Acquisitions	157,139	92,625
Acquisitions by internal development	81,382	248,924
Disposals and others	(42,069)	(20,987)
Amortization	(279,178)	(157,979)
Impairment losses ¹	(318,557)	(28,179)
At June 30	1,652,532	1,574,623

¹ Impairment loss on intangible assets from discontinued operations of MC business amounting to ₩294,044 million is included.

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

<i>(in millions of Korean won)</i>	2021	2020
Continuing operations		
Cost of sales	158,068	92,428
Selling and marketing expenses	2,427	3,719
Administrative expenses	14,353	17,366
Research and development expenses	13,033	15,597
Service costs	665	156
Subtotal	188,546	129,266
Discontinued operations	90,632	28,713
Total	279,178	157,979

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10. Investments in Subsidiaries, Associates and Joint Ventures

(a) Investments in subsidiaries, associates and joint ventures as at June 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	Location	Closing month	Percentage of ownership at June 30, 2021 (%)	Carrying amount	
				June 30, 2021	December 31, 2020
Subsidiaries					
LG Electronics U.S.A., Inc.(LGEUS)	USA	December	100.0	955,542	955,542
ZKW Holding GmbH	Austria	December	70.0	878,201	878,201
LG Innotek Co., Ltd.	Korea	December	40.8	541,538	541,538
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 (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
LG Electronics Egypt S.A.E(LGEEG)	Egypt	December	100.0	110,245	110,245
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	China	December	88.4	97,608	97,608
P.T. LG Electronics Indonesia(LGEIN)	Indonesia	December	100.0	94,118	94,118
LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	Vietnam	December	100.0	84,784	84,784
LG Electronics Panama, S.A.(LGEPS)	Panama	December	100.0	79,222	79,222
LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	Poland	December	100.0	70,014	70,014
LG Electronics Mexico S.A. DE C.V.(LGEMS)	Mexico	December	100.0	68,721	68,721
LG Electronics (Shenyang) Inc(LGESY)	China	December	56.3	62,033	62,033
LG Electronics (Thailand) Company Limited(LGETH)	Thailand	December	100.0	55,578	55,578
LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)	Australia	December	100.0	50,664	50,664
LG Electronics Fund I LLC ¹	USA	December	100.0	49,038	45,045
LG Electronics Ticaret A.S.(LGETK)	Turkey	December	100.0	47,320	47,320
LG Electronics RUS, LLC(LGERA)	Russia	December	100.0	43,645	43,645
LG Electronics (Huizhou) Inc.(LGEHZ)	China	December	45.0	41,984	41,984
LG Electronics Nanjing New Technology co.,LTD LGENT)	China	December	45.0	38,744	38,744
ZKW Austria Immobilien Holding GmbH	Austria	December	70.0	35,640	35,640
LG Electronics S.A. (Pty) Ltd.(LGESA)	Republic of South Africa	December	100.0	30,175	30,175
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	China	December	50.0	26,614	26,614
LG Electronics Colombia Limitada(LGECB)	Colombia	December	60.7	25,215	25,215
LG Electronics Peru S.A.(LGEPR)	Peru	December	100.0	25,043	25,043

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<i>(in millions of Korean won)</i>	Location	Closing month	Percentage of ownership at June 30, 2021 (%)	Carrying amount	
				June 30, 2021	December 31, 2020
LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	China	December	100.0	20,615	20,615
LG Soft India Private Limited.(LGS)	India	March	100.0	20,105	20,105
LG Magna e-Powertrain USA Inc. ⁷	USA	December	100.0	19,423	-
Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD) ⁴	China	December	60.0	13,474	22,142
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT) ^{4,5}	China	December	60.0	10,306	48,624
Hi-M.Solutek ²	Korea	December	100.0	1,812	3,654
Hi-Caresolution Corp ²	Korea	December	100.0	1,842	-
Others				192,605	192,605
Associates					
LG Display Co., Ltd.	Korea	December	37.9	3,480,623	3,480,623
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0	131,378	131,378
Robostar Co.,Ltd.	Korea	December	33.4	88,112	88,112
Ericsson-LG Co., Ltd.	Korea	December	25.0	38,834	38,834
Mirae Asset-LG Electronics New Growth Fund I ⁶	Korea	December	50.0	10,000	-
ROBOTIS Co., Ltd. ³	Korea	December	8.5	9,000	9,000
Acryl Inc. ³	Korea	December	14.5	2,000	2,000
AiM Future, Inc. ³	Korea	December	17.7	800	800
Joint ventures					
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Turkey	December	50.0	40,844	40,844
LG-LHT Aircraft Solutions GmbH ¹	Germany	December	49.0	17,335	12,039
LG-LHT Passenger Solutions GmbH ¹	Germany	December	49.0	14,878	10,637
EIC PROPERTIES PTE LTD.	Singapore	December	38.2	7,881	7,881
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD. ¹	China	December	35.0	1,194	891
Total				8,877,556	8,881,286

¹ It was additionally acquired during the six-month period ended June 30, 2021.

² Hi-Caresolution Corp was newly established through spin-off of Hi-M Solutek during the six-month period ended June 30, 2021.

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 Capital reduction with consideration was executed during the six-month period ended June 30, 2021.

⁵ Impairment loss was recognized during the six-month period ended June 30, 2021.

⁶ It was newly acquired during the six-month period ended June 30, 2021.

⁷ It was newly established for the purpose of being transferred to LG Magna e-Powertrain (Note 34).

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(b) Changes in investments in subsidiaries, associates and joint ventures for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
At January 1	8,881,286	9,022,290
Acquisitions	43,256	12,606
Disposal ¹	(28,674)	(55,365)
Impairment	(18,312)	(13,243)
At June 30	8,877,556	8,966,288

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

The Company disposed all shares of LG HOLDINGS (HK) LIMITED for ₩722,086 million during the six-month period ended June 30, 2020, and recognized gain on disposal of ₩666,667 million, net of related costs, in 'other non-operating income' (Note 24).

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

June 30, 2021					
	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	24,500	3,322,813	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	223,000	2,152,659	541,538
Robostar Co.,Ltd.	Associate	3,256,500	27,500	89,554	88,112
ROBOTIS Co.,Ltd.	Associate	961,550	16,200	15,577	9,000
December 31, 2020					
	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	18,550	2,515,844	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	182,500	1,761,706	541,538
Robostar Co.,Ltd.	Associate	3,256,500	19,250	62,688	88,112
ROBOTIS Co.,Ltd.	Associate	961,550	13,750	13,221	9,000

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11. Borrowings

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

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
Current		
Short-term borrowings	58,602	200,736
Current portion of long-term borrowings	506,599	232,714
Current portion of debentures	592,594	579,895
Subtotal	1,157,795	1,013,345
Non-current		
Long-term borrowings	2,065,192	2,452,679
Debentures	4,519,620	4,358,674
Subtotal	6,584,812	6,811,353
Total	7,742,607	7,824,698

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

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at June 30, 2021 (%)	Carrying amount	
			June 30, 2021	December 31, 2020
Short-term borrowings in foreign currency				
Citibank ¹	2021. 9.27	1.58 ~ 2.58	58,602	200,736
Long-term borrowings in local currency				
Korea Development Bank and others	2035. 1. 9	1.50 ~ 3.50	1,942,465	2,066,321
Long-term borrowings in foreign currency				
Hana Bank and others	2030. 8. 1	0.56 ~ 2.50	629,326	619,072
Local currency debentures				
Public, non-guaranteed bonds	2036. 5. 4	1.62 ~ 4.44	3,570,000	3,530,000
Private, non-guaranteed bonds	2041. 2. 9	2.66 ~ 4.21	980,000	860,000
Foreign currency debentures				
Private, non-guaranteed bonds	2028. 6. 8	0.96 ~ 1.75	439,644	425,191
Private, guaranteed bonds	2023. 2.24	0.21	134,442	133,824
Less: discount on debentures			(11,872)	(10,446)
Total			7,742,607	7,824,698

¹ The above short-term borrowings in foreign currency are all collateralized by trade receivables and there were no short-term borrowings collateralized by trade receivables as at December 31, 2020.

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

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12. Lease Liabilities

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

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
Lease liabilities		
Current	54,933	68,346
Non-current	44,072	53,524
Total	99,005	121,870

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

<i>(in millions of Korean won)</i>	2021	2020
Continuing operations		
Interest expense relating on lease liabilities	1,775	2,197
Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	14,855	16,371
Payments for leases of low-value assets that are not short-term leases (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	6,161	7,690
Sub total	22,791	26,258
Discontinued operations	2,519	2,736
Total	25,310	28,994

(c) Total expenses for leases including short-term leases and leases of low-value assets for the six-month period ended June 30, 2021, are ₩62,711 million (June 30, 2020: ₩65,421 million).

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13. Post-employment Benefits

Defined Benefit Plan

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

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
Present value of funded obligations	3,240,104	3,278,480
Fair value of plan assets	(2,836,050)	(2,876,580)
Net defined benefit liabilities	404,054	401,900

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

<i>(in millions of Korean won)</i>	2021	2020
Current service cost	162,540	150,994
Net interest cost	4,742	5,572
Operating management cost	1,082	972
Total	168,364	157,538

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

<i>(in millions of Korean won)</i>	2021	2020
Continuing operations		
Cost of sales	83,206	75,180
Selling and marketing expenses	18,017	16,637
Administrative expenses	9,058	8,974
Research and development expenses	27,757	26,555
Service costs	11,058	10,101
Sub total	149,096	137,447
Discontinued operations	19,268	20,091
Total	168,364	157,538

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

<i>(in millions of Korean won)</i>	2021	2020
At January 1	3,278,480	2,961,034
Current service cost	162,540	150,994
Interest expense	37,993	33,156
Remeasurements for:		
- Actuarial loss (gain) arising from changes in financial assumptions	(114,326)	43,874
- Actuarial loss arising from experience adjustments	1,329	-
Benefits paid	(125,912)	(86,006)
At June 30	3,240,104	3,103,052

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

<i>(in millions of Korean won)</i>	2021	2020
At January 1	2,876,580	2,472,308
Interest income	33,251	27,584
Remeasurements of plan assets	(8,724)	(2,012)
Employer contribution	15,000	-
Benefits paid	(78,975)	(60,789)
Operating management cost	(1,082)	(972)
At June 30	2,836,050	2,436,119

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

	June 30, 2021	December 31, 2020
Discount rate	2.7%	2.4%
Expected salary growth rate	5.0%	5.0%

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

<i>(in millions of Korean won)</i>	1%p increase	1%p decrease
Discount rate	(297,696)	345,813
Expected salary growth rate	334,591	(294,530)

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

Defined Contribution Plan

The expense recognized for the six-month period ended June 30, 2021 in relation to the defined contribution plan was ₩3,907 million (June 30, 2020: ₩5,276 million).

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14. Provisions

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

	2021			
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	615,998	10,233	100,632	726,863
Additional provisions, net ¹	743,064	678	12,932	756,674
Utilizations	(181,636)	(198)	(8,352)	(190,186)
At June 30	1,177,426	10,713	105,212	1,293,351
Current	973,114	7,788	-	980,902
Non-current	204,312	2,925	105,212	312,449
	2020			
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	518,383	10,324	77,380	606,087
Additional provisions, net ¹	112,664	291	14,555	127,510
Utilizations	(204,961)	(246)	(11,814)	(217,021)
At June 30	426,086	10,369	80,121	516,576
Current	394,355	2,114	-	396,469
Non-current	31,731	8,255	80,121	120,107

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, 2021		December 31, 2020	
		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 at June 30, 2021, is ₩3,088,179 million. The share premium of ₩1,876,153 million was recognized, which is ₩2,815,707 million of the carrying amount of net assets acquired from the entity spin-off back on April 1, 2002, less the Company's capital of ₩783,961 million and less the Company's capital adjustment of ₩155,593 million. In addition, the amount of ₩331,766 million paid in excess of par value due to issuance of ordinary shares (merger with LG IBMPC Co., Ltd.) and the exercise of conversion right and warrants in 2005 and 2006 are included. The excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as the share premium due to the issuance of ordinary shares in 2011.

16. Retained Earnings

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

(in millions of Korean won)	June 30, 2021	December 31, 2020
Legal reserve ¹	231,220	209,524
Discretionary reserve	5,569,860	4,660,573
Unappropriated retained earnings (undisposed accumulated deficit) ²	(838,618)	1,148,021
Total	4,962,462	6,018,118

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, 2020 of ₩216,938 million was approved at the annual general meeting held on March 24, 2021, and paid in April 2021 (2020 payments: ₩135,909 million).

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17. Accumulated Other Comprehensive Loss

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

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
Cash flow hedge	(42,573)	(73,026)
Financial assets at fair value through other comprehensive income	8,081	17,112
Total	(34,492)	(55,914)

18. Other Components of Equity

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

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
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, 2020: 763,176 shares) and 4,693 preferred shares (December 31, 2020: 4,692 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, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Continuing operations				
Revenue from contracts with customers:				
Sales of goods	6,586,920	12,701,543	5,039,048	10,755,471
Rendering of services	121,069	246,505	120,016	240,221
Royalty income	107,544	242,016	69,953	160,586
Subtotal	6,815,533	13,190,064	5,229,017	11,156,278
Revenue from other sources:				
Rental income and others	159,054	313,981	144,406	281,686
Subtotal	6,974,587	13,504,045	5,373,423	11,437,964
Discontinued operations	346,588	906,861	976,552	1,669,359
Total	7,321,175	14,410,906	6,349,975	13,107,323

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

<i>(in millions of Korean won)</i>	2021	2020
By type of products:		
Refrigerator/washing machine/air conditioner and others	6,887,311	6,062,870
TV/AV and others	2,033,565	1,640,421
In-vehicle infotainment and others	1,638,619	965,549
Monitor/PC and others	2,002,687	1,877,366
Others	720,749	654,382
Inter-company transactions	(92,867)	(44,310)
Domestic/Export:		
Domestic	5,405,679	5,085,888
Export	7,784,385	6,070,390
Timing of transfer:		
Transferred at a point in time	12,102,567	10,189,220
Transferred over time	1,087,497	967,058
Total	13,190,064	11,156,278

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

<i>(in millions of Korean won)</i>	Changes in estimated total contract revenue	Changes in estimated total contract cost	Impact on profit or loss for the period ended June 30, 2021	Impact on profit or loss for the succeeding periods
Other segments	49,656	29,534	13,577	6,545

20. Expenses by Nature

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

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Continuing operations				
Changes in finished goods and work-in-process	(27,026)	(57,738)	20,404	(19,833)
Raw materials and merchandise used	3,745,739	7,333,986	2,694,910	6,059,555
Employee benefit expense	1,052,603	2,068,460	949,193	1,786,510
Depreciation and amortization	244,337	565,174	248,225	496,218
Advertising expense	158,556	245,755	92,756	176,396
Promotion expense	52,447	93,407	42,888	83,749
Freight expense	291,825	535,698	153,641	299,857
Commission expense	460,502	891,227	402,675	810,493
Other expenses	925,796	1,464,223	504,326	994,535
Subtotal¹	6,904,779	13,140,192	5,109,018	10,687,480
Discontinued operations	1,355,186	2,169,403	1,143,589	1,984,914
Total	8,259,965	15,309,595	6,252,607	12,672,394

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, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Continuing operations				
Salaries	367,213	707,521	327,228	595,867
Post-employment benefits	32,688	69,093	32,328	67,228
Employee welfare benefits	55,969	113,866	58,533	114,372
Freight expense	289,421	531,163	151,412	296,107
Rental expense	7,140	14,674	7,895	16,631
Commission expense	322,897	623,345	285,145	569,157
Depreciation	35,166	70,207	35,508	71,692
Amortization	15,357	30,478	17,714	36,838
Taxes and dues	3,385	7,304	2,717	5,606
Advertising expense	158,556	245,755	92,756	176,396
Promotional expense	52,447	93,407	42,888	83,749
R&D expense	72,688	116,720	68,035	124,019
Direct service costs	299,353	360,759	29,503	31,208
Bad debts expense (reversal)	(30,350)	(29,878)	67	(742)
Others	49,687	92,338	36,171	88,500
Subtotal	1,731,617	3,046,752	1,187,900	2,276,628
Discontinued operations	785,455	999,295	256,956	467,768
Total	2,517,072	4,046,047	1,444,856	2,744,396

22. Financial Income

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

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Continuing operations				
Interest income	2,260	4,678	2,423	6,035
Exchange differences	53,708	121,851	46,330	97,138
Others	336	551	7	424
Subtotal	56,304	127,080	48,760	103,597
Discontinued operations	5,812	19,063	11,710	21,895
Total	62,116	146,143	60,470	125,492

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23. Financial Expenses

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

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Continuing operations				
Interest expense	29,827	60,406	36,685	74,895
Exchange differences	58,261	97,441	51,779	135,785
Loss on disposal of trade receivables	292	689	869	1,823
Others	916	1,419	1,527	6,968
Subtotal	89,296	159,955	90,860	219,471
Discontinued operations	34,822	65,751	39,163	84,757
Total	124,118	225,706	130,023	304,228

24. Other Non-operating Income

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

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Continuing operations				
Dividend income	126,639	138,834	328,976	340,474
Exchange differences	89,394	287,425	77,691	314,944
Gain on disposal of property, plant and equipment	432	2,241	1,453	2,585
Gain on disposal of intangible assets	55	56	-	16
Gain on disposal of investments in subsidiaries, associates and joint ventures	-	-	10,136	676,803
Others	28,371	29,795	2,482	16,233
Subtotal	244,891	458,351	420,738	1,351,055
Discontinued operations	49,804	67,977	24,639	61,018
Total	294,695	526,328	445,377	1,412,073

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25. Other Non-operating Expenses

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

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Continuing operations				
Exchange differences	84,950	309,773	68,314	342,143
Loss on valuation of derivatives	5,500	5,534	-	-
Loss on disposal of property, plant and equipment	4,993	11,694	5,594	10,277
Loss on disposal of intangible assets	5,574	14,529	8,757	15,998
Impairment loss on intangible assets	2,196	24,513	27,040	28,177
Loss on disposal of investments in subsidiaries, associates and joint ventures	5,390	5,390	-	-
Impairment loss on investments in subsidiaries, associates and joint ventures	18,312	18,312	13,243	13,243
Others	9,201	12,415	6,157	9,334
Subtotal	136,116	402,160	129,105	419,172
Discontinued operations	339,018	377,885	20,036	76,950
Total	475,134	780,045	149,141	496,122

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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, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Profit (loss) attributable to ordinary shares <i>(in millions of Korean won)</i>				
Continuing operations	(805,256)	(828,001)	226,364	820,332
Discontinued operations	72,191	242,662	351,874	1,080,988
Weighted average number of ordinary shares outstanding <i>(unit: shares)</i>	(877,447)	(1,070,663)	(125,510)	(260,656)
Basic earnings per ordinary share <i>(in Korean won)</i>	162,884,638	162,884,638	162,884,640	162,884,640
Continuing operations	(4,944)	(5,083)	1,389	5,036
Discontinued operations	443	1,490	2,160	6,637
	(5,387)	(6,573)	(771)	(1,601)

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

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Profit (loss) attributable to preferred shares <i>(in millions of Korean won)</i>				
Continuing operations	(84,725)	(86,909)	24,091	86,959
Discontinued operations	7,830	26,026	37,331	114,454
Weighted average number of ordinary shares outstanding <i>(unit: shares)</i>	(92,555)	(112,935)	(13,240)	(27,495)
Basic earnings per ordinary share <i>(in Korean won)</i>	17,181,299	17,181,299	17,181,300	17,181,300
Continuing operations	(4,931)	(5,058)	1,402	5,061
Discontinued operations	456	1,515	2,173	6,662
	(5,387)	(6,573)	(771)	(1,601)

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27. Cash Flow Information

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

(a) Cash generated from operations

<i>(in millions of Korean won)</i>	2021	2020
Profit (loss) for the period	(914,910)	907,291
Adjustments:		
Interest expense, net	55,728	68,860
Exchange differences, net	2,312	10,369
Depreciation	379,042	369,396
Amortization	188,546	129,266
Loss on disposal of property, plant and equipment and intangible assets, net	23,926	23,674
Provisions for severance benefits	152,787	137,045
Additional provisions, net	363,278	114,045
Dividend income	(138,834)	(340,474)
Income tax expense	118,481	371,051
Loss (gain) on disposal of investments in subsidiaries, associates and joint ventures	5,390	(676,803)
Impairment loss on investments in subsidiaries, associates and joint ventures	18,312	13,243
Other	23,388	54,408
Discontinued operations	475,135	(6,828)
	<u>1,667,491</u>	<u>267,252</u>
Changes in operating assets and liabilities		
Increase in trade receivables	(107,456)	(373,536)
Decrease in other receivables	220,082	264,722
Increase in inventories	(255,016)	(94,947)
Decrease in contract assets	34,228	10,097
Decrease (increase) in other assets	(55,505)	68,366
Decrease in trade payables	(126,546)	(433,591)
Decrease in other payables	(203,022)	(355,953)
Decrease in provisions	(190,187)	(217,021)
Increase (decrease) in contract liabilities	9,340	(6,379)
Increase in other liabilities	417,634	14,443
Payment of defined benefit liability	(50,844)	(25,217)
Deposit in plan assets, net	(38,445)	(24,600)
	<u>(345,737)</u>	<u>(1,173,616)</u>
Cash generated from operations	<u>406,844</u>	<u>927</u>

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(b) Changes in liabilities from financing activities

<i>(in millions of Korean won)</i>	2021					
	At January 1	Net cash flows from financing activities	Non-cash transactions			At June 30
			Additions	Exchange differences	Amortization and others	
Short-term borrowings	200,736	(142,192)	-	58	-	58,602
Long-term borrowings	2,685,393	(123,857)	-	10,255	-	2,571,791
Debentures	4,938,569	157,480	-	15,014	1,151	5,112,214
Lease liabilities	121,870	(37,463)	14,517	19	62	99,005
Total	7,946,568	(146,032)	14,517	25,346	1,213	7,841,612

<i>(in millions of Korean won)</i>	2020					
	At January 1	Net cash flows from financing activities	Non-cash transactions			At June 30
			Additions	Exchange differences	Amortization and others	
Short-term borrowings	233,537	199,350	-	12,676	-	445,563
Long-term borrowings	2,865,789	130,429	-	24,407	-	3,020,625
Debentures	5,120,755	(31,319)	-	19,354	1,234	5,110,024
Lease liabilities	128,277	(36,594)	26,206	312	167	118,368
Total	8,348,358	261,866	26,206	56,749	1,401	8,694,580

(c) Significant non-cash transactions

<i>(in millions of Korean won)</i>	2021	2020
Reclassification of construction-in-progress to property, plant and equipment	234,179	89,984
Reclassification of construction-in-progress to intangible assets	119,717	107,911
Reclassification of current portion of borrowings and debentures	900,440	613,619
Other payables to acquire property, plant and equipment	36,652	31,033
Other payables to acquire intangible assets	20,819	14,938
Acquisition of right-of-use assets	17,286	34,860

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28. Contingencies

(a) At the end of the reporting period, the Company is provided with performance guarantees of ₩269,066 million (December 31, 2020: ₩241,647 million) from Seoul Guarantee Insurance and one other financial institution relating to the performance guarantees. The Company is also provided with guarantee of principal amounting to EUR 100 million (December 31, 2020: EUR 100 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

(b) At the end of the reporting period, the financial guarantees provided by the Company to related parties amount to ₩3,378,740 million (December 31, 2020: ₩3,336,055 million) on the indebtedness of its subsidiaries. Details are as follows:

<i>(in millions of Korean won)</i>	Beneficiaries	June 30, 2021	December 31, 2020
LG Electronics European Shared Service Center B.V.(LGESC)	Citibank and others	987,656	980,723
LG Electronics do Brasil Ltda.(LGEBR)	Chubb and others	544,802	541,707
LG Electronics U.S.A., Inc.(LGEUS)	Citibank and others	538,266	518,260
LG Electronics (China) Co., Ltd.(LGECH)	Citibank and others	272,656	261,706
LG Electronics Peru S.A.(LGEPR)	Scotiabank and others	173,054	175,479
LG Electronics Algeria SARL(LGEAS)	Citibank and others	114,905	114,455
LG Electronics Inc Chile Limitada(LGECL)	Scotiabank and others	110,590	114,954
LG Electronics Morocco S.A.R.L.(LGEMC)	Citibank and others	102,151	98,437
LG Electronics Ticaret A.S.(LGETK)	HSBC and others	80,436	80,853
LG Electronics Colombia Limitada(LGECB)	Citibank and others	74,925	79,920
LG Electronics Egypt S.A.E(LGEEG)	Credit Agricole and others	53,361	51,186
LG Electronics RUS, LLC(LGERA)	Citibank	45,200	43,520
LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK)	Citibank	45,200	43,520
LG Electronics (M) Sdn. Bhd(LGEML)	Citibank	34,444	33,179
LG Electronics Mexico S.A. DE C.V. (LGEMS)	BBVA	33,900	32,640
LG Electronics Philippines Inc.(LGEPH)	Citibank and others	30,642	29,591
LG Electronics Italia S.P.A.(LGEIS)	Intesa	26,888	26,765
LG Electronics Japan, Inc.(LGEJP)	Woori and others	20,442	21,085
LG Electronics Singapore Pte.Ltd.(LGESL)	HSBC and others	19,700	21,822
P.T. LG Electronics Indonesia(LGEIN)	HSBC and others	14,690	16,320
Others	Citibank and others	54,832	49,933
Total		3,378,740	3,336,055

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(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, 2020: ₩46,000 million).

(d) There are a number of legal actions, disputes and investigations arising from the normal course of business that remain pending at the end of the reporting period. The ultimate effect of those lawsuits on the financial position of the 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 overdraft facility agreements with various banks, including Shinhan Bank, with a limit of ₩165,500 million (December 31, 2020: ₩165,500 million).

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

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

(d) At the end of the reporting period, the Company has other trade financing agreements and loan commitments with financial institutions, including Shinhan Bank, of up to ₩1,042,950 million (December 31, 2020: ₩720,864 million).

(e) Contractual commitments for the acquisition of assets

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

<i>(in millions of Korean won)</i>	June 30, 2021	December 31, 2020
Property, plant and equipment	301,643	131,764
Intangible assets	59,820	81,436
Investments in subsidiaries, associates and joint ventures	118,909	78,651
Total	480,372	291,851

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

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

<i>(in millions of Korean won)</i>	June 30, 2021				Total lease payments
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	
Healthcare rental	504,729	310,828	160,801	32,953	1,009,311

- ii) The Company recognized ₩302,867 million (June 30, 2020: ₩269,893 million) in lease income for the six-month period ended June 30, 2021.

(g) Trademark license agreements

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

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

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30. Related Party

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

i) Major income and expense transactions with related parties

(in millions of Korean won)

Classification	Name	2021					
		Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁶	Total
Significantly influencing the Company	LG Corp.	291	-	291	-	67,277	67,277
Subsidiaries	LG Innotek Co., Ltd.	96,948	11,237	108,185	139,839	8,992	148,831
	Hiplaza Co., Ltd.	1,108,738	6,032	1,114,770	7,485	8,413	15,898
	LG Electronics U.S.A., Inc.	2,572,575	309	2,572,884	2,251	17,243	19,494
	LG Electronics Vietnam Hai Phong Co., Ltd	783,464	475	783,939	155,048	24,768	179,816
	LG Electronics do Brasil Ltda.	209,537	131	209,668	2,691	857	3,548
	LG Electronics Canada, Inc.	225,486	18	225,504	-	4,034	4,034
	LG ELECTRONICS AUSTRALIA PTY LIMITED	193,859	18	193,877	-	2,637	2,637
	LG Electronics RUS, LLC	147,082	360	147,442	-	1,498	1,498
	LG Electronics Deutschland GmbH	145,938	8,461	154,399	1,935	32,046	33,981
	LG Electronis Reynosa, S.A. De C.V.	177,899	56	177,955	175	16	191
	LG Electronics Mlawa Sp. z.O.O.	456,689	399	457,088	2,546	2,431	4,977
	LG Electronics Egypt S.A.E	51,003	23	51,026	-	339	339
	LG Electronics Nanjing New Technology co.,LTD	177,482	141	177,623	324,948	1,004	325,952
	LG Electronics Polska Sp. Z.O.O	69,108	19	69,127	988	2,591	3,579
	LG Electronics Panama, S.A.	70,251	158	70,409	-	388	388
	P.T. LG Electronics Indonesia	93,424	1,106	94,530	271,757	35	271,792
	LG Electronics Colombia Ltda.	7,088	19	7,107	-	302	302
	LG Electronics (Tianjin) Appliances Co., Ltd.	38,185	70	38,255	167,374	100	167,474
	LG Electronics Vehicle Components U.S.A., LLC.	73,170	7,008	80,178	1,126	11,512	12,638
	LG Electronics Mexico S.A. DE C.V.	122,470	22	122,492	-	371	371
	LG Electronics Peru S.A.	30,897	10	30,907	-	-	-
	LG Electronics European Shared Service Center B.V.	224,269	14	224,283	-	10,094	10,094
	Taizhou LG Electronics Refrigeration Co., Ltd.	54,507	112	54,619	112,060	141	112,201
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	101,609	12	101,621	6,209	2,051	8,260

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		2021					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁶	Total
	LG Electronics Inc Chile Ltda.	38,507	41	38,548	-	860	860
	LG Electronics United Kingdom Ltd.	82,472	8	82,480	676	8,793	9,469
	Hi-M.Solutek	14,282	50	14,332	8,366	19,023	27,389
	Others	1,539,355	3,475	1,542,830	278,874	199,443	478,317
	Subtotal	8,906,294	39,784	8,946,078	1,484,348	359,982	1,844,330
Associates	LG Display Co., Ltd. and its subsidiaries	260,056	44,021	304,077	148,457	190	148,647
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	391	-	391	14,784	142	14,926
	Robostar Co.,Ltd. and its subsidiaries	23	-	23	14,423	2,073	16,496
	ROBOTIS Co., Ltd.	-	-	-	-	3	3
	Acryl Inc.	-	-	-	-	661	661
	Subtotal	260,470	44,021	304,491	177,664	3,069	180,733
Joint ventures	LG-MRI LLC	11,091	-	11,091	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	73,270	1	73,271	58,129	162,722	220,851
	S&I Corp. and its subsidiaries	6,442	-	6,442	3,515	89,569	93,084
	LG Management Development Institute	12	1	13	8	19,703	19,711
	LG SPORTS Ltd.	3	17	20	-	6,879	6,879
	Subtotal	79,727	19	79,746	61,652	278,873	340,525
Others ¹	LG Chem Ltd. and its subsidiaries and joint ventures	421,558	1,115	422,673	305,092	934	306,026
	LX INTERNATIONAL CORP. and its subsidiaries ²	4,187	360	4,547	167,761	631,752	799,513
	LG Uplus Corp and its subsidiaries	9,645	3	9,648	18,242	3,995	22,237
	LX HAUSYS, LTD.and its subsidiaries and associates ³	1,319	34	1,353	567	240	807
	LX Semicon Co., Ltd. ⁴	1,310	1,592	2,902	7,084	411	7,495
	LG HOUSEHOLD & HEALTH CARE LTD. and its subsidiaries	2,384	1	2,385	38	51	89
	GIR Inc. and its subsidiaries	18	-	18	24	87,126	87,150
	LX Holdings Corp.	99	-	99	-	-	-
	LX MMA Corporation ⁵	1	-	1	-	-	-
	Subtotal	440,521	3,105	443,626	498,808	724,509	1,223,317
	Total	9,698,394	86,929	9,785,323	2,222,472	1,433,710	3,656,182

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		2020					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁶	Total
Significantly influencing the Company	LG Corp.	161	-	161	-	68,640	68,640
Subsidiaries	LG Innotek Co., Ltd.	52,964	13,082	66,046	110,232	2,306	112,538
	Hiplaza Co., Ltd.	1,074,939	6,413	1,081,352	-	13,586	13,586
	LG Electronics U.S.A., Inc.	2,088,606	169	2,088,775	2,526	22,393	24,919
	LG Electronics Vietnam Haiphong Co., Ltd.	1,058,105	3,425	1,061,530	213,097	10,670	223,767
	LG Electronics do Brasil Ltda.	198,186	868	199,054	1,211	2,205	3,416
	LG Electronics Canada, Inc.	115,038	-	115,038	3	2,608	2,611
	LG Electronics Australia Pty, Ltd.	142,452	1	142,453	-	1,869	1,869
	LG Electronics RUS, LLC	192,278	61	192,339	500	1,988	2,488
	LG Electronics Deutschland GmbH	19,726	649	20,375	4,434	25,347	29,781
	LG Electronics Reynosa S.A. DE C.V.	111,232	181	111,413	866	-	866
	LG Electronics Mlawa Sp. z.O.O.	156,553	146	156,699	3,245	4,130	7,375
	LG Electronics Egypt S.A.E	49,353	38	49,391	-	319	319
	LG Electronics Nanjing New Technology co.,LTD	155,522	128	155,650	307,122	491	307,613
	LG Electronics Polska Sp. Z.O.O	61,815	1,296	63,111	808	2,302	3,110
	LG Electronics Panama, S.A.	38,749	21	38,770	4	353	357
	P.T. LG Electronics Indonesia	66,107	383	66,490	33,487	28	33,515
	LG Electronics Colombia Limitada	13,627	4	13,631	-	550	550
	LG Electronics Tianjin Appliances Co., Ltd.	30,205	7	30,212	104,712	66	104,778
	LG Electronics Vehicle Components U.S.A, LLC	79,067	-	79,067	904	15,926	16,830
	LG Electronics Mexico S.A. DE C.V	46,518	41	46,559	-	640	640
	LG Electronics Peru S.A.	27,649	8	27,657	-	449	449
	LG Electronics European Shared Service Center B.V.	225,766	22,227	247,993	2	10,066	10,068
	Taizhou LG Electronics Refrigeration Co., Ltd.	38,963	15	38,978	121,072	562	121,634
	LG Electronics Nanjing Vehicle Components Co., Ltd.	69,273	-	69,273	5,838	178	6,016
	LG Electronics Inc Chile Ltda.	4,687	6	4,693	-	125	125
	LG Electronics United Kingdom Ltd.	42,259	-	42,259	37	6,044	6,081
	Hi-M.Solutek	39,158	127	39,285	123,904	40,476	164,380
	Others	1,547,886	5,363	1,553,249	164,824	215,715	380,539
	Subtotal	7,746,683	54,659	7,801,342	1,198,828	381,392	1,580,220

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		2020					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁶	Total
Associates	LG Display Co., Ltd. and its subsidiaries	162,587	47,608	210,195	329,694	578	330,272
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	1,013	-	1,013	11,033	79	11,112
	Robostar Co.,Ltd. and its subsidiaries	3	-	3	27,459	1,226	28,685
	ROBOTIS Co., Ltd.	-	-	-	-	19	19
	Korea Information Certificate Authority Inc. ⁷	1	-	1	-	39	39
	Acryl Inc.	-	-	-	-	312	312
	Subtotal		163,604	47,608	211,212	368,186	2,253
Joint ventures	LG-MRI LLC	4,634	-	4,634	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	68,564	1	68,565	59,915	127,155	187,070
	S&I Corp. and its subsidiaries	8,195	-	8,195	28,264	68,073	96,337
	LG Management Development Institute	5	-	5	1	13,386	13,387
	LG SPORTS Ltd.	2	19	21	-	5,323	5,323
	LG MMA Ltd. ⁵	1	-	1	-	-	-
	Subtotal		76,767	20	76,787	88,180	213,937
Others ¹	LG Chem Ltd. and its subsidiaries and joint ventures	389,725	5,015	394,740	253,546	437	253,983
	LG INTERNATIONAL CORP and its subsidiaries ²	3,983	508	4,491	276,151	406,444	682,595
	LG Uplus Corp and its subsidiaries	100,671	47	100,718	1,456	1,960	3,416
	LG HAUSYS,LTD. and its subsidiaries and associates ³	2,406	85	2,491	4,139	45	4,184
	Silicon Works Co., Ltd. ⁴	1,193	1,396	2,589	5,346	336	5,682
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	34,698	1	34,699	88	6	94
	GIR Inc. and its subsidiaries	19	-	19	121	93,630	93,751
	Subtotal		532,695	7,052	539,747	540,847	502,858
Total		8,524,544	109,339	8,633,883	2,196,041	1,169,080	3,365,121

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 The entity changed its name from LG INTERNATIONAL CORP to LX INTERNATIONAL CORP. on July 1, 2021.

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

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

⁵ The entity changed its name from LG MMA Ltd. to LX MMA Corporation on July 1, 2021. And, it was

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classified as others due to changes in corporate governance.

⁶ Others include interest expense of lease liabilities.

⁷ All shares of Korea Information Certificate Authority Inc. were disposed during the year ended December 31, 2020.

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

(in millions of Korean won)

		June 30, 2021							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁵	Total
Significantly influencing the Company	LG Corp.	44	-	25,476	25,520	-	-	22,234	22,234
Subsidiaries	LG Innotek Co., Ltd.	65,287	-	29,877	95,164	77,695	-	39,713	117,408
	Hiplaza Co., Ltd.	231,088	-	27,464	258,552	-	-	10,192	10,192
	LG Electronics U.S.A., Inc.	485,639	-	136	485,775	189	-	2,900	3,089
	LG Electronics Vietnam Hai Phong Co., Ltd	167,789	-	240	168,029	427,876	-	7,562	435,438
	LG Electronics do Brasil Ltda.	85,674	-	131	85,805	269	-	185	454
	LG Electronics Canada, Inc.	58,773	-	18	58,791	-	-	847	847
	LG ELECTRONICS AUSTRALIA PTY LIMITED	41,477	-	6	41,483	-	-	963	963
	LG Electronics RUS, LLC	195,204	-	321	195,525	447	-	32,817	33,264
	LG Electronics Deutschland GmbH	539,740	-	7,239	546,979	-	-	8,300	8,300
	LG Electronis Reynosa, S.A. De C.V.	26,570	-	56	26,626	151,825	-	-	151,825
	LG Electronics Mlawa Sp. z.O.O.	126,828	-	309	127,137	1,010,171	-	496	1,010,667
	LG Electronics Egypt S.A.E	14,178	-	52,098	66,276	9,603	-	406	10,009
	LG Electronics Nanjing New Technology co.,LTD	39,205	-	-	39,205	301,673	-	18	301,691
	LG Electronics Polska Sp. Z.O.O	59,946	-	10	59,956	-	-	509	509
	LG Electronics Panama, S.A.	67,353	-	117	67,470	-	-	113	113
	P.T. LG Electronics Indonesia	13,369	-	546	13,915	397,215	-	15	397,230
	LG Electronics Colombia Ltda.	62,249	-	13	62,262	-	-	91	91
	LG Electronics (Tianjin) Appliances Co., Ltd.	17,154	-	72	17,226	96,537	-	-	96,537
	LG Electronics Vehicle Components U.S.A., LLC.	138,831	-	48	138,879	-	-	1,748	1,748
	LG Electronics Mexico S.A. DE C.V.	78,093	-	10	78,103	-	-	101	101
	LG Electronics Peru S.A.	65,691	-	5	65,696	-	-	-	-
	LG Electronics European	36,935	-	4	36,939	-	268,884	-	268,884

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		June 30, 2021							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁵	Total
	Shared Service Center B.V.								
	Taizhou LG Electronics Refrigeration Co., Ltd.	26,945	-	114	27,059	191,479	-	4,412	195,891
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	86,138	-	14	86,152	11,441	-	658	12,099
	LG Electronics Inc Chile Ltda.	56,217	-	41	56,258	-	-	91	91
	LG Electronics United Kingdom Ltd.	55,850	-	8	55,858	-	-	2,866	2,866
	Hi-M.Solutek	6,153	-	58	6,211	-	-	12,933	12,933
	Others	938,884	-	17,850	956,734	988,611	-	107,086	1,095,697
	Subtotal	3,787,260	-	136,805	3,924,065	3,665,031	268,884	235,022	4,168,937
Associates	LG Display Co., Ltd. and its subsidiaries	109,974	-	77,926	187,900	84,725	-	50,218	134,943
	Ericsson-LG Co., Ltd.	-	-	5,250	5,250	-	-	-	-
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	110	-	-	110	25,166	-	173	25,339
	Robostar Co.,Ltd.	20	-	-	20	159	-	8,136	8,295
	Acryl Inc.	-	-	-	-	-	-	727	727
	Subtotal	110,104	-	83,176	193,280	110,050	-	59,254	169,304
Joint ventures	LG-MRI LLC.	9,673	-	-	9,673	-	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	34,909	-	85	34,994	3,282	-	89,076	92,358
	S&I Corp. and its subsidiaries	3,407	-	21,872	25,279	-	-	45,295	45,295
	LG Management Development Institute	2	-	13,340	13,342	-	-	787	787
	LG SPORTS Ltd.	-	-	-	-	-	-	620	620
	Subtotal	38,318	-	35,297	73,615	3,282	-	135,778	139,060
Others ¹	LG Chem Ltd. and its subsidiaries and joint ventures	251,795	-	111,843	363,638	200,826	-	29,234	230,060
	LX INTERNATIONAL CORP.and its subsidiaries ²	6,192	-	92	6,284	15,209	-	208,767	223,976
	LG Uplus Corp and its subsidiaries	1,174	-	1	1,175	-	-	6,138	6,138
	LX HAUSYS, LTD.and its subsidiaries and associates ³	327	-	118	445	235	-	214	449
	LX Semicon Co., Ltd. ⁴	46	-	-	46	3,226	-	1,656	4,882
	LG HOUSEHOLD & HEALTH CARE LTD. and its subsidiaries	34	-	21,768	21,802	-	-	137	137
	GIIR Inc. and its subsidiaries	-	-	-	-	-	-	104,597	104,597
	Subtotal	259,568	-	133,822	393,390	219,496	-	350,743	570,239

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		June 30, 2021							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁵	Total
	Total	4,204,967	-	414,576	4,619,543	3,997,859	268,884	803,031	5,069,774

(in millions of Korean won)

		December 31, 2020							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁵	Total
Significantly influencing the Company	LG Corp.	5	-	25,605	25,610	-	-	27,881	27,881
Subsidiaries	LG Innotek Co., Ltd.	45,013	-	3,344	48,357	68,292	-	27,107	95,399
	Hiplaza Co., Ltd.	190,468	-	27,055	217,523	-	-	8,307	8,307
	LG Electronics U.S.A., Inc.	664,087	-	2,213	666,300	-	-	10,711	10,711
	LG Electronics Vietnam Hai Phong Co., Ltd	370,556	-	240	370,796	527,257	-	2,603	529,860
	LG Electronics do Brasil Ltda.	61,209	-	46,560	107,769	205	-	659	864
	LG Electronics Canada, Inc.	47,914	-	-	47,914	-	-	668	668
	LG ELECTRONICS AUSTRALIA PTY LIMITED	33,216	-	-	33,216	-	-	347	347
	LG Electronics RUS, LLC	156,807	-	263	157,070	766	-	259	1,025
	LG Electronics Deutschland GmbH	352,277	-	325	352,602	-	-	9,129	9,129
	LG Electronis Reynosa, S.A. De C.V.	27,987	-	-	27,987	155,249	-	9,977	165,226
	LG Electronics Mlawa Sp. z.O.O.	142,526	-	1,002	143,528	974,406	-	299	974,705
	LG Electronics Egypt S.A.E	17,477	-	52,085	69,562	4,684	-	378	5,062
	LG Electronics Nanjing New Technology co.,LTD	59,619	-	-	59,619	262,788	-	274	263,062
	LG Electronics Polska Sp. Z.O.O	91,031	-	9	91,040	-	-	641	641
	LG Electronics Panama, S.A.	69,134	-	-	69,134	-	-	37	37
	P.T. LG Electronics Indonesia	18,009	-	1,369	19,378	397,444	-	894	398,338
	LG Electronics Colombia Ltda.	90,538	-	-	90,538	-	-	128	128
	LG Electronics (Tianjin) Appliances Co., Ltd.	16,504	-	650	17,154	68,359	-	-	68,359
	LG Electronics Vehicle Components U.S.A., LLC.	140,658	-	6,039	146,697	-	-	2,848	2,848
	LG Electronics Mexico S.A. DE C.V.	97,492	-	-	97,492	-	-	191	191
	LG Electronics Peru S.A.	71,963	-	-	71,963	-	-	31	31
	LG Electronics European Shared Service Center B.V.	41,088	-	-	41,088	-	468,384	-	468,384

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December 31, 2020

Classification	Name	December 31, 2020							
		Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁵	Total
	Taizhou LG Electronics Refrigeration Co., Ltd.	34,074	-	99	34,173	195,638	-	18	195,656
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	89,619	-	578	90,197	24,326	-	4,629	28,955
	LG Electronics Inc Chile Ltda.	71,406	-	-	71,406	-	-	272	272
	LG Electronics United Kingdom Ltd.	128,120	-	75	128,195	-	-	1,019	1,019
	Hi-M.Solutek	10,905	-	81	10,986	-	-	39,915	39,915
	Others	814,519	-	7,534	822,053	715,806	-	60,384	776,190
	Subtotal	3,954,216	-	149,521	4,103,737	3,395,220	468,384	181,725	4,045,329
Associates	LG Display Co., Ltd. and its subsidiaries	74,434	-	66,681	141,115	72,374	-	64,713	137,087
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	473	-	-	473	24,672	-	243	24,915
	Robostar Co.,Ltd. and its subsidiaries	-	-	-	-	214	-	17,884	18,098
	Acryl Inc.	-	-	-	-	-	-	229	229
	Subtotal	74,907	-	66,681	141,588	97,260	-	83,069	180,329
Joint ventures	LG-MRI LLC	2,107	-	-	2,107	-	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	27,712	-	959	28,671	2,104	-	203,692	205,796
	S&I Corp. and its subsidiaries	5,397	-	21,871	27,268	-	-	58,673	58,673
	LG Management Development Institute	1	-	15,660	15,661	-	-	1,315	1,315
	LG SPORTS Ltd.	-	-	-	-	-	-	1,883	1,883
	Subtotal	33,110	-	38,490	71,600	2,104	-	265,563	267,667
Others ¹	LG Chem Ltd. and its subsidiaries and joint ventures	264,920	-	186,263	451,183	186,434	-	14,398	200,832
	LG INTERNATIONAL CORP and its subsidiaries ²	15,060	-	7	15,067	91,789	-	180,879	272,668
	LG Uplus Corp and its subsidiaries	39,914	-	1	39,915	-	-	718	718
	LG HAUSYS,LTD and its subsidiaries and associates ³	1,083	-	12	1,095	311	-	106	417
	Silicon Works Co., Ltd. ⁴	-	-	28	28	2,884	-	1,237	4,121
	LG HOUSEHOLD & HEALTH CARE LTD. and its subsidiaries	11,398	-	22,069	33,467	-	-	1,037	1,037
	GIIR Inc. and its subsidiaries	-	-	140	140	-	-	148,359	148,359
	Subtotal	332,375	-	208,520	540,895	281,418	-	346,734	628,152
	Total	4,396,720	-	488,817	4,885,537	3,776,002	468,384	904,972	5,149,358

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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 to in accordance with the Monopoly Regulation and Fair Trade Act.

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

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

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

⁵ Other payables include lease liabilities.

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

(in millions of Korean won)

Classification	Name	Dividend income	Dividend paid	Cash distribution	2021		2020	
					Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments ¹
Significantly influencing the Company	LG Corp.	-	66,113	-	-	-	-	13,710
Subsidiaries	LG Innotek Co., Ltd.	6,757	-	-	-	-	-	-
	LG Electronics Fund I LLC	-	-	3,993	-	-	-	-
	LG Electronics RUS, LLC	71,324	-	-	-	-	-	-
	LG Electronics (Hangzhou) Co., Ltd	22,216	-	-	-	-	-	-
	Inspur LG Digital Mobile Communications Co., Ltd.	23,328	-	(16,871)	-	-	-	-
	Qingdao LG Inspur Digital Communication Co., Ltd.	19,384	-	(6,908)	-	-	-	-
	LG Electronics Nanjing New Technology co.,LTD	18,407	-	-	-	-	-	-
	NanJing LG-Panda Appliances Co., Ltd.	8,058	-	-	-	-	-	-
	LG Electronics Huizhou Ltd.	4,788	-	-	-	-	-	-
	LG Electronics Thailand Co., Ltd.	1,840	-	-	-	-	-	-
	LG Electronics European Shared Service Center B.V.	-	-	-	-	-	-	199,817
	Subtotal	176,102	-	(19,786)	-	-	-	199,817
Associates	Ericsson-LG Co., Ltd.	5,250	-	-	-	-	-	-
Joint ventures	LG-LHT Aircraft Solutions GmbH	-	-	5,296	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	4,241	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	-	-	303	-	-	-	-
	Subtotal	-	-	9,840	-	-	-	-

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Classification	Name	Dividend income	Dividend paid	Cash distribution	2021			
					Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments ¹
Total		181,352	66,113	(9,946)	-	-	-	213,527

(in millions of Korean won)

Classification	Name	Dividend income	Dividend paid	Cash distribution	2020			
					Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments ¹
Significantly influencing the Company	LG Corp.	-	41,321	-	-	-	-	13,751
Subsidiaries	LG Innotek Co., Ltd.	2,896	-	-	-	-	-	-
	LG ELECTRONICS INDIA PRIVATE LIMITED	211,626	-	-	-	-	-	-
	LG Electronics RUS, LLC	72,738	-	-	-	-	-	-
	LG Electronics Nanjing New Technology co.,LTD	18,210	-	-	-	-	-	-
	NanJing LG-Panda Appliances Co., Ltd.	12,430	-	-	-	-	-	-
	LG Electronics Dubai FZE	12,193	-	-	-	-	-	-
	LG Electronics Huizhou Ltd.	1,779	-	-	-	-	-	-
	LG Electronics European Shared Service Center B.V.	-	-	-	-	-	430,776	230,960
	LG Electronics Fund I LLC	-	-	6,822	-	-	-	-
	Subtotal	331,872	-	6,822	-	-	430,776	230,960
Associates	Ericsson-LG Co., Ltd.	8,250	-	-	-	-	-	-
	Korea Information Certificate Authority Inc. ²	201	-	-	-	-	-	-
	Subtotal	8,451	-	-	-	-	-	-
Joint ventures	LG-LHT Aircraft Solutions GmbH	-	-	3,177	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	2,307	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY	-	-	300	-	-	-	-
	Subtotal	-	-	5,784	-	-	-	-
Total		340,323	41,321	12,606	-	-	430,776	244,711

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

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

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

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

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

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

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31. Risk Management

Financial Risk Management

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

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

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

The carrying amount and profit or loss of each category of financial instruments, and the details of borrowings related to the financial risk management are presented in Note 4 and Note 11, respectively.

(a) Market risk

i) Foreign exchange risk

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

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

The Company's foreign exchange risk management is implemented under its own foreign exchange policy through which the Company can minimize the exposure to foreign exchange risk by preferentially making equal amount of foreign exchange assets and liabilities from general operating activities. And the Company continuously considers efficient foreign exchange risk hedges against its remaining exposure with derivative financial instruments and scrutinizes changes in foreign exchange exposure and the results of hedging activities on a monthly basis. Speculative foreign exchange trading is prohibited in principle.

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

<i>(in millions of Korean won)</i>	June 30, 2021		December 31, 2020	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	(13,391)	13,391	(8,565)	8,565
EUR/KRW	(2,066)	2,066	1,765	(1,765)

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ii) Interest rate risk

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

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

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

<i>(in millions of Korean won)</i>	2021		2020	
	1%p increase	1%p decrease	1%p increase	1%p decrease
Interest income	7,839	(7,839)	6,116	(6,116)
Interest expenses	1,344	(1,344)	2,565	(2,565)

iii) Details of derivative contracts are as follows:

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	MUFG Bank and others	USD 485	1,067.9 ~ 1,155.2	2.17 ~ 3.64	2017. 2. 2 ~ 2018. 6. 8	2022. 2. 2 ~ 2028. 6. 8	939	11,745
	DBS	SGD 140	859.3	1.21	2020. 7. 9	2024. 1. 9	-	1,927
Interest rate swap	Woori Bank and others	KRW 1,080,321 / EUR 100	-	1.00 ~ 4.53	2014. 1. 3 ~ 2017. 8. 24	2023. 2. 24 ~ 2030. 7. 7	-	41,453

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

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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	664,062	(22,738)
Interest rate swap	Borrowings	1,214,323	(12,284)

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 loss
Cross-currency swap	22,738	Interest expense and exchange differences	(12,716)	10,022	(14,958)
Interest rate swap	12,284	Interest expense	8,147	20,431	(27,615)

Trading purposes

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

<i>(in millions of Korean won)</i>	Purchase	Sale	Loss on valuation	Loss on transaction
Currency forward	40,635	44,431	(3,431)	(2,103)

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 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, 2021		December 31, 2020	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	10,748	(10,748)	12,742	(12,742)

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 ₩1,088,796 million (December 31, 2020: ₩1,106,259 million) and its risk is managed appropriately within insurer's credit limit of ₩2,120,984 million (December 31, 2020: ₩2,470,258 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 SC 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 at June 30, 2021, 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	6,183,376	6,183,376	-	-	-
Borrowings	9,000,516	1,374,417	877,398	2,754,903	3,993,798
Lease liabilities	101,952	57,812	27,460	14,294	2,386
Other payables	1,746,238	1,745,838	400	-	-
Other financial liabilities	3,431	3,431	-	-	-
Total	17,035,513	9,364,874	905,258	2,769,197	3,996,184

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 ₩3,431 million within the less than 1-year time bucket. This is because the contractual maturities are not essential for 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	3,424,740	2,755,704	181,497	221,989	265,550

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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Capital Risk Management

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

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

<i>(in millions of Korean won, except for ratios)</i>	June 30, 2021	December 31, 2020
Liability (A)	20,278,729	19,778,254
Equity (B)	8,887,499	9,921,733
Cash and cash equivalents (C)	1,567,820	1,916,739
Borrowings and lease liabilities (D)	7,841,612	7,946,568
Debt-to-equity ratio (A/B)	228.2%	199.3%
Net borrowings ratio ((D-C)/B)	70.6%	60.8%

Fair Value Estimation

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

<i>(in millions of Korean won)</i>	June 30, 2021			
	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	-	-	39,250	39,250
Financial assets at fair value through other comprehensive income				
Trade receivables	-	-	-	-
Other financial assets	-	-	52,279	52,279
Derivatives for hedging purposes				
Other financial assets	-	-	939	939
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	1,567,820	¹	-	-
Deposits held by financial institutions	80,000	¹	660	660
Trade receivables	4,977,568	¹	-	-
Other receivables	336,933	¹	206,047	204,466
Total	6,962,321		299,175	

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<i>(in millions of Korean won)</i>	June 30, 2021			
	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	3,431	3,431	-	-
Derivatives for hedging purposes				
Other financial liabilities	3,295	3,295	51,830	51,830
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	6,183,376	¹	-	-
Borrowings	1,157,795	¹	6,584,812	6,655,663
Other payables	1,745,838	¹	400	393
Other liabilities				
Lease liabilities	54,933	²	44,072	²
Other financial liabilities	5,933	³	6,129	³
Total	9,154,601		6,687,243	

<i>(in millions of Korean won)</i>	December 31, 2020			
	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	-	-	29,554	29,554
Financial assets at fair value through other comprehensive income				
Trade receivables	74,935	¹	-	-
Other financial assets	-	-	64,850	64,850
Derivatives for hedging purposes				
Other financial assets	1,750	1,750	-	-
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	1,916,739	¹	-	-
Deposits held by financial institutions	80,000	¹	1,371	1,371
Trade receivables	4,920,364	¹	-	-
Other receivables	425,809	¹	191,172	181,898
Total	7,419,597		286,947	

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<i>(in millions of Korean won)</i>	December 31, 2020			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Liabilities at fair value				
Derivatives for hedging purposes				
Other financial liabilities	-	-	118,614	118,614
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	6,290,494	¹	-	-
Borrowings	1,013,345	¹	6,811,353	6,999,601
Other payables	1,999,555	¹	200	197
Other liabilities				
Lease liabilities	68,346	²	53,524	²
Other financial liabilities	6,215	³	6,636	³
Total	9,377,955		6,990,327	

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.

- 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.

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- Level 3: When financial instruments are measured by using a discounted cash flow, if one or more of the significant inputs are unobservable market data, the instrument is included in 'level 3'. There are no assets or liabilities categorized within 'level 3'.

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

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

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

ii) Financial instruments measured at fair value

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

<i>(in millions of Korean won)</i>	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	32,535	-	19,744	52,279
Financial assets at fair value through profit or loss	-	-	39,250	39,250
Derivatives for hedging purposes	-	939	-	939
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	3,431	-	3,431
Derivatives for hedging purposes	-	55,125	-	55,125

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<i>(in millions of Korean won)</i>	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	38,934	-	25,916	64,850
Financial assets at fair value through profit or loss	-	-	29,554	29,554
Derivatives for hedging purposes	-	1,750	-	1,750
Liabilities				
Other financial liabilities				
Derivatives for hedging purposes	-	118,614	-	118,614

The above fair value amounts are recurring fair value measurements.

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

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

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	June 30, 2021	December 31, 2020		
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	-	-	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	939	1,750	Discounted cash flow	Discount rate and exchange rate
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	3,431	-	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	55,125	118,614	Discounted cash flow	Discount rate and exchange rate

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

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

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

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

June 30, 2021				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	660	660
Non-current other receivables	-	-	204,466	204,466
Liabilities				
Non-current borrowings	-	-	6,655,663	6,655,663
Non-current other payables	-	-	393	393
December 31, 2020				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	1,371	1,371
Non-current other receivables	-	-	181,898	181,898
Liabilities				
Non-current borrowings	-	-	6,999,601	6,999,601
Non-current other payables	-	-	197	197

- 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'.

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

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

<i>(in millions of Korean won)</i>	June 30, 2021		December 31, 2020		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Carrying amount	Fair value	Carrying amount	Fair value				
Assets								
Non-current deposits held by financial institutions	660	660	1,371	1,371	Discounted cash flow	Discount rate	Discount rate	0.1%
Non-current other receivables	206,047	204,466	191,172	181,898	Discounted cash flow	Discount rate and exchange rate	Discount rate	2.8%~2.9%
Liabilities								
Non-current borrowings	6,584,812	6,655,663	6,811,353	6,999,601	Discounted cash flow	Discount rate and exchange rate	Discount rate	1.5%~3.6%
Non-current other payables	400	393	200	197	Discounted cash flow	Discount rate	Discount rate	1.3%~1.5%

32. Assets Classified as Held for Sale

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

<i>(in millions of Korean won)</i>	June 30, 2021 ¹	December 31, 2020
Assets classified as held for sale		
Land	9,723	9,723
Building	3,552	3,552
Machinery	541	-
Other property, plant and equipment	324	71
Total	14,140	13,346

¹At the end of the reporting period, procedure to sell the above assets is in progress and the selling procedure is expected to be completed by 2021.

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

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33. Discontinued Operations

At the end of the reporting period, the Company discontinued the operation of MC 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.

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

<i>(in millions of Korean won)</i>	2021	2020
Net sales	906,861	1,669,359
Operating loss	(1,262,543)	(315,555)
Loss before income tax ¹	(1,619,139)	(394,349)
Income tax expense ¹	(435,541)	(106,198)
Loss for the period, net of tax	(1,183,598)	(288,151)

¹ It includes an impairment loss and loss on disposal of property, plant and equipment and intangible assets amounting to ₩336,858 million due to discontinued operations of MC business, and income tax benefits of ₩90,716 million for the related profit or loss during the six-month period ended June 30, 2021.

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

<i>(in millions of Korean won)</i>	2021	2020
Net cash outflow from operating activities	(1,028,271)	(454,718)
Net cash inflow from investing activities	88,237	68,587
Net cash inflow from financing activities	940,034	386,131

34. Events After the Reporting Period

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

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