

LG Electronics

Consolidated Interim Financial Statements
March 31, 2021 and 2020

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Report on Review of Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

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

Reviewed Financial Statements

We have reviewed the accompanying consolidated interim financial statements of LG Electronics Inc. and its subsidiaries (collectively referred to as the "Group"). These financial statements consist of the consolidated interim statement of financial position of the Group as at March 31, 2021, and the related consolidated interim statements of profit or loss and comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2021 and 2020, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Conclusion

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

Emphasis of Matter

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

Other Matters

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

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

May 17, 2021
Seoul, Korea

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

LG Electronics
Consolidated Interim Statements of Financial Position
March 31, 2021 and December 31, 2020

<i>(in millions of Korean won)</i>	Notes	March 31, 2021 (Unaudited)	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents	5,32	6,303,286	5,896,309
Deposits held by financial institutions	5,32	80,083	82,018
Trade receivables	5,6,32	8,248,960	7,154,932
Other receivables	5,6,32	487,879	446,426
Other financial assets	5,7,32	15,103	4,292
Inventories	8	7,995,929	7,447,157
Current tax assets		83,587	137,324
Contract assets	9	624,164	642,171
Other current assets		1,073,730	1,038,976
Assets held for sale	34	393,853	389,815
		<u>25,306,574</u>	<u>23,239,420</u>
Non-current assets			
Deposits held by financial institutions	5,32	58,285	58,903
Other receivables	5,6,32	472,904	458,171
Other financial assets	5,7,32	172,532	156,491
Property, plant and equipment	10	14,064,795	13,973,998
Intangible assets	10	3,068,642	3,139,080
Deferred tax assets		1,864,962	1,915,928
Investments in associates and joint ventures	11	4,627,747	4,471,590
Investment properties		376	379
Net defined benefit assets	14	12,753	10,716
Contract assets	9	236,599	230,511
Other non-current assets		572,465	549,040
		<u>25,152,060</u>	<u>24,964,807</u>
Total assets		<u>50,458,634</u>	<u>48,204,227</u>
Liabilities			
Current liabilities			
Trade payables	5,32	9,812,929	8,728,159
Borrowings	5,12,32	1,707,223	1,450,135
Lease liabilities	5,13,32	275,420	276,632
Other payables	5,32	3,445,238	3,555,968
Other financial liabilities	5,7,32	9,717	19,961
Current tax liabilities		369,317	202,887
Provisions	15	920,549	911,009
Contract liabilities	9	1,911,648	1,645,323
Other current liabilities		3,193,681	3,417,418
		<u>21,645,722</u>	<u>20,207,492</u>
Non-current liabilities			
Borrowings	5,12,32	8,056,147	8,469,620
Lease liabilities	5,13,32	609,444	585,428
Other payables	5,32	62,157	63,136
Other financial liabilities	5,7,32	105,841	177,471
Deferred tax liabilities		129,057	131,809
Net defined benefit liabilities	14	475,890	499,133
Provisions	15	269,634	284,770
Contract liabilities	9	31,294	29,042
Other non-current liabilities		222,649	214,201
		<u>9,962,113</u>	<u>10,454,610</u>
Total liabilities		<u>31,607,835</u>	<u>30,662,102</u>

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Consolidated Interim Statements of Financial Position
March 31, 2021 and December 31, 2020

(in millions of Korean won)

	Notes	March 31, 2021 (Unaudited)	December 31, 2020
Equity			
Paid-in capital:	16		
Share capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	17	14,514,560	13,652,837
Accumulated other comprehensive loss	18	(1,739,632)	(1,997,921)
Other components of equity	19	(209,764)	(209,764)
Equity attributable to owners of the Parent Company		<u>16,557,512</u>	<u>15,437,500</u>
Non-controlling interests		<u>2,293,287</u>	<u>2,104,625</u>
Total equity		<u>18,850,799</u>	<u>17,542,125</u>
Total liabilities and equity		<u>50,458,634</u>	<u>48,204,227</u>

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Consolidated Interim Statements of Profit or Loss
Three-month Periods Ended March 31, 2021 and 2020

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

	Notes	Three-month Period Ended March 31	
		2021 (Unaudited)	2020 (Unaudited)
Net sales	20	18,809,481	14,727,803
Cost of sales	21	13,933,446	10,834,056
Gross profit		4,876,035	3,893,747
Selling and marketing expenses	21,22	2,067,618	1,685,336
Administrative expenses	21,22	327,746	290,579
Research and development expenses	21,22	599,621	571,737
Service costs	21,22	364,404	255,691
Operating profit		1,516,646	1,090,404
Financial income	23	195,341	290,445
Financial expenses	24	210,629	405,645
Gain (loss) from equity method valuation	11	83,575	(77,143)
Other non-operating income	25	480,609	1,237,012
Other non-operating expenses	26	571,921	745,700
Profit before income tax		1,493,621	1,389,373
Income tax expense		324,476	302,642
Profit for the period		1,169,145	1,086,731
Profit for the period attributable to:			
Owners of the Parent Company		998,269	1,025,438
Non-controlling interests		170,876	61,293
		1,169,145	1,086,731
Earnings per share attributable to the owners of the Parent Company during the period (in Korean won):	27		
Earnings per ordinary share		5,543	5,694
Earnings per preferred share		5,555	5,706

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Consolidated Interim Statements of Comprehensive Income
Three-month Periods Ended March 31, 2021 and 2020

(in millions of Korean won)

	Notes	Three-month Period Ended March 31	
		2021 (Unaudited)	2020 (Unaudited)
Profit for the period		1,169,145	1,086,731
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	14	87,459	1,835
Share of remeasurements of associates	11	(1,440)	(666)
Financial assets at fair value through other comprehensive income	7	(9,410)	(3,851)
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	11	74,632	76,902
Cash flow hedges	32	27,622	(53,756)
Exchange differences on translation of foreign operations		188,142	(1,549)
Other comprehensive income for the period, net of tax		367,005	18,915
Total comprehensive income for the period, net of tax		1,536,150	1,105,646
Comprehensive income for the period, net of tax, attributable to:			
Owners of the Parent Company		1,336,950	1,009,591
Non-controlling interests		199,200	96,055
Total comprehensive income for the period, net of tax		1,536,150	1,105,646

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Consolidated Interim Statements of Changes in Equity
Three-month Periods Ended March 31, 2021 and 2020

		Attributable to Owners of the Parent Company						
		Accumulated						
		Paid-in	Retained	Other	Other		Total	
		Capital	Earnings	Comprehensive	Components	Total	Non-controlling	
				Loss	of Equity		Interests	
							Equity	
<i>(in millions of Korean won)</i>	Notes							
Balance at January 1, 2020		3,992,348	11,857,302	(1,309,801)	(209,764)	14,330,085	2,095,053	16,425,138
Total comprehensive income:								
Profit for the period		-	1,025,438	-	-	1,025,438	61,293	1,086,731
Remeasurements of the net defined benefit liability	14	-	522	-	-	522	1,313	1,835
Share of remeasurements of associates	11	-	(666)	-	-	(666)	-	(666)
Financial assets at fair value through other comprehensive income	7	-	-	(3,608)	-	(3,608)	(243)	(3,851)
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	11	-	-	76,902	-	76,902	-	76,902
Cash flow hedges	32	-	-	(48,144)	-	(48,144)	(5,612)	(53,756)
Exchange differences on translation of foreign operations		-	-	(40,853)	-	(40,853)	39,304	(1,549)
Total comprehensive income		-	1,025,294	(15,703)	-	1,009,591	96,055	1,105,646
Transactions with owners:								
Dividends	17	-	(135,909)	-	-	(135,909)	(4,204)	(140,113)
Total transactions with owners		-	(135,909)	-	-	(135,909)	(4,204)	(140,113)
Balance at March 31, 2020 (Unaudited)		<u>3,992,348</u>	<u>12,746,687</u>	<u>(1,325,504)</u>	<u>(209,764)</u>	<u>15,203,767</u>	<u>2,186,904</u>	<u>17,390,671</u>
Balance at January 1, 2021		3,992,348	13,652,837	(1,997,921)	(209,764)	15,437,500	2,104,625	17,542,125
Total comprehensive income (loss):								
Profit for the period		-	998,269	-	-	998,269	170,876	1,169,145
Remeasurements of the net defined benefit liability	14	-	81,832	-	-	81,832	5,627	87,459
Share of remeasurements of associates	11	-	(1,440)	-	-	(1,440)	-	(1,440)
Financial assets at fair value through other comprehensive income	7	-	-	(9,448)	-	(9,448)	38	(9,410)
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	11	-	-	74,632	-	74,632	-	74,632
Cash flow hedges	32	-	-	28,352	-	28,352	(730)	27,622
Exchange differences on translation of foreign operations		-	-	164,753	-	164,753	23,389	188,142
Total comprehensive income (loss)		-	1,078,661	258,289	-	1,336,950	199,200	1,536,150
Transactions with owners:								
Dividends	17	-	(216,938)	-	-	(216,938)	(9,808)	(226,746)
Changes in controlling interests in subsidiaries		-	-	-	-	-	(730)	(730)
Total transactions with owners		-	(216,938)	-	-	(216,938)	(10,538)	(227,476)
Balance at March 31, 2021 (Unaudited)		<u>3,992,348</u>	<u>14,514,560</u>	<u>(1,739,632)</u>	<u>(209,764)</u>	<u>16,557,512</u>	<u>2,293,287</u>	<u>18,850,799</u>

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Consolidated Interim Statements of Cash Flows

Three-month Periods Ended March 31, 2021 and 2020

(in millions of Korean won)

	Notes	Three-month Period Ended March 31	
		2021 (Unaudited)	2020 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	28	1,459,213	253,153
Interest received		17,851	31,596
Interest paid		(79,588)	(97,696)
Dividend received		362	393
Income tax paid		(96,970)	(83,476)
Net cash inflow from operating activities		<u>1,300,868</u>	<u>103,970</u>
Cash flows from investing activities			
Decrease in deposits held by financial institutions		2,781	1,605
Decrease in other receivables		20,372	31,988
Proceeds from redemption and disposal of other financial assets		15,185	28,680
Proceeds from disposal of property, plant and equipment		7,518	35,972
Proceeds from disposal of intangible assets		3,385	1,214
Proceeds from redemption and disposal of investment in associates and joint ventures		-	644,821
Increase in deposits held by financial institutions		(266)	(13,513)
Increase in other receivables		(35,526)	(58,425)
Acquisition of other financial assets		(27,865)	(18,502)
Acquisition of property, plant and equipment		(550,311)	(522,102)
Acquisition of intangible assets		(113,654)	(248,977)
Acquisition of investments in associates and joint ventures		(4,567)	(3,463)
Net cash outflow from investing activities		<u>(682,948)</u>	<u>(120,702)</u>
Cash flows from financing activities			
Proceeds from borrowings		305,683	698,755
Repayments of borrowings		(525,137)	(573,631)
Repayments of lease liabilities		(74,334)	(71,372)
Net cash inflow (outflow) from financing activities		<u>(293,788)</u>	<u>53,752</u>
Effects of exchange rate changes on cash and cash equivalents		85,539	48,372
Net increase in cash and cash equivalents		<u>409,671</u>	<u>85,392</u>
Cash and cash equivalents included in assets held for sale at the beginning of the period	34	53,586	-
Cash and cash equivalents at the beginning of the period		5,896,309	4,777,368
Cash and cash equivalents included in Assets held for sale at the end of the period	34	(56,280)	-
Cash and cash equivalents at the end of the period		<u>6,303,286</u>	<u>4,862,760</u>

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Notes to the Consolidated Interim Financial Statements

March 31, 2021 and 2020 (Unaudited), and December 31, 2020

1. General Information

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

As at March 31, 2021, LG Corp. owns 33.7% of the Parent Company’s total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

The Parent Company and its subsidiaries (collectively referred to as the “Group”) operate following six major business segments: Home Appliance & Air Solution segment manufactures and sells refrigerators, washing machines, vacuum cleaners, and residential and commercial air conditioners; Home Entertainment segment manufactures and sells TVs and digital media products; Mobile Communications segment manufactures and sells mobile communications equipment; Vehicle component Solutions segment designs and manufactures automobile parts; Business Solutions segment manufactures and sells monitors, PCs, information displays, solar panels and others; and LG Innotek Co., Ltd. operates optics solutions, substrate materials and automotive components businesses. As at March 31, 2021, the Parent Company has 135 subsidiaries (Note 1 (a)), 16 associates and joint ventures (Note 11).

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Notes to the Consolidated Interim Financial Statements
March 31, 2021 and 2020 (Unaudited), and December 31, 2020

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

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

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Notes to the Consolidated Interim Financial Statements
March 31, 2021 and 2020 (Unaudited), and December 31, 2020

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

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

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Notes to the Consolidated Interim Financial Statements
March 31, 2021 and 2020 (Unaudited), and December 31, 2020

Territory	Location	Subsidiary	March 31, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Taiwan	LG Electronics Taiwan Taipei Co., Ltd.(LGETT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Thailand	LG Electronics (Thailand) Company Limited(LGETH)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	India	LG Soft India Private Limited.(LGS1) ⁴	100.0%	-	100.0%	-	March	R&D	More than half of voting rights
	Indonesia	P.T. LG Electronics Indonesia(LGEIN)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Philippines	LG Electronics Pasig Inc. ³	38.0%	62.0%	38.0%	62.0%	December	Real estates	De-facto control
	Indonesia	PT. LG Innotek Indonesia(LGITIN) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	Taiwan	LG Innotek (Taiwan) Co., Ltd.(LGITTW) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic materials	De-facto control
	Vietnam	LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	Vietnam	LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Indonesia	PT. LG Electronics Service Indonesia(LGEID)	99.8%	0.2%	99.8%	0.2%	December	Services	More than half of voting rights
	Philippines	HI-M SOLUTEK PHILIPPINES INC.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Vietnam	HI-M SOLUTEK VIETNAM CO., LTD.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	India	Alphonso Labs Private Limited ⁴	56.1%	43.9%	56.4%	43.6%	March	R&D	More than half of voting rights
Europe	Netherlands	LG Electronics Benelux Sales B.V.(LGEBN)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	March 31, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Germany	LG Electronics Deutschland GmbH(LGEDG)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Spain	LG Electronics Espana S.A.(LGEES)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Netherlands	LG Electronics European Holding B.V.(LGEEH)	100.0%	-	100.0%	-	December	European holding	More than half of voting rights
	Netherlands	LG Electronics European Shared Service Center B.V.(LGESC)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	France	LG Electronics France S.A.S(LGEFS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Greece	LG ELECTRONICS HELLAS SINGLE MEMBER SA (LGEHS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Italy	LG Electronics Italia S.P.A.(LGEIS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Latvia	LG Electronics Latvia LTD(LGELA)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Hungary	LG Electronics Magyar K.F.T.(LGEMK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Mlawa Sp. z.O.O.(LGEMA)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Sweden	LG Electronics Nordic AB(LGESW)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Polska Sp. Z.O.O(LGEPL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Portugal	LG Electronics Portugal S.A.(LGEPT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UK	LG Electronics U.K. LTD(LGEUK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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

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Territory	Location	Subsidiary	March 31, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Czech	ZKW Automotive Engineering CZ s.r.o.	70.0%	30.0%	-	-	December	R&D	More than half of voting rights
	Poland	KES Poland Sp.z o.o.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
North America	USA	LG Electronics Miami Inc.(LGEMI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	USA	LG Electronics Alabama Inc.(LGEAI)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Canada	LG Electronics Canada, Inc.(LGECI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Mexico	LG Electronics Mexicali, S.A. de C.V.(LGEMX)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Mexico	LG Electronics Mexico S.A. DE C.V.(LGEMS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	USA	LG Electronics Mobile Research U.S.A., L.L.C.(LGEMR)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Mexico	LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Mexico	LG Electronics Reynosa, S.A. De C.V.(LGERS)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	USA	LG Electronics U.S.A., Inc.(LGEUS)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Mexico	Servicios Integrales LG S.A DE C.V	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Mexico	Servicios LG Monterrey Mexico S.A. de C.V.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	USA	Zenith Electronics Corporation of Pennsylvania	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	March 31, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	USA	Zenith Electronics LLC(Zenith)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	USA	LG Innotek USA, Inc.(LGITUS) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic materials	De-facto control
	Mexico	LG Innotek Mexico SA DE CV(LGITMX) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	USA	LG Electronics Vehicle Components U.S.A., LLC.(LGEVU)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	USA	LGEUS Power, LLC	100.0%	-	100.0%	-	December	Investment of solar power plant	More than half of voting rights
	USA	LG Electronics Fund I LLC	100.0%	-	100.0%	-	December	Investment in technology start-ups	More than half of voting rights
	USA	LG Technology Ventures LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	USA	LG CORP. U.S.A.	100.0%	-	100.0%	-	December	Real estates	More than half of voting rights
	USA	ZKW Lighting Systems USA, Inc.	70.0%	30.0%	70.0%	30.0%	December	Sales of vehicle components	More than half of voting rights
	Mexico	ZKW Mexico Inmobiliaria, S.A. de C.V.	70.0%	30.0%	70.0%	30.0%	December	Real estates	More than half of voting rights
	Mexico	ZKW Mexico, S.A. de C.V.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	Mexico	ZKW Mexico Servicios, S.A. de C.V.	70.0%	30.0%	70.0%	30.0%	December	Services	More than half of voting rights
	USA	Alphonso Inc.	56.1%	43.9%	56.4%	43.6%	December	Advertisement	More than half of voting rights
South America	Argentina	LG Electronics Argentina S.A.(LGEAR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	March 31, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Colombia	LG Electronics Colombia Limitada(LGECB)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Brazil	LG Electronics do Brasil Ltda.(LGEBR)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Honduras	LG Electronics Honduras S.de R.L. ²	20.0%	80.0%	20.0%	80.0%	December	Sales of electronic products	De-facto control
	Chile	LG Electronics Inc Chile Limitada(LGECL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Panama	LG Electronics Panama, S.A.(LGEPS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Peru	LG Electronics Peru S.A.(LGEPR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Venezuela	LG Electronics Venezuela, S.A.(LGEVZ)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Panama	LG Consulting Corp.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Guatemala	LG Electronics Guatemala, S.A.	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
Middle East and Africa	Angola	LG Electronics Angola Limitada(LGEAO)	100.0%	-	100.0%	-	December	Sales and services of electronic products	More than half of voting rights
	Jordan	LG Electronics Levant - Jordan(LGELF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Africa Logistics FZE(LGEAF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Algeria	LG Electronics Algeria SARL(LGEAS)	70.0%	30.0%	70.0%	30.0%	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Dubai FZE(LGEDF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Egypt	LG Electronics Egypt S.A.E(LGEEG)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	March 31, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	UAE	LG Electronics Gulf FZE(LGEGF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Middle East Co., Ltd.(LGEME)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Morocco	LG Electronics Morocco S.A.R.L.(LGEMC)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Nigeria	LG Electronics Nigeria Limited(LGENI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Tunisia	LGENAF Service Company SARL	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Overseas Trading FZE(LGEOT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	South Africa	LG Electronics S.A. (Pty) Ltd.(LGESA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Turkey	LG Electronics Ticaret A.S.(LGETK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Saudi Arabia	LG-Shaker Co.Ltd.(LGESR)	51.0%	49.0%	51.0%	49.0%	December	Production of electronic products	More than half of voting rights
	Saudi Arabia	LG Electronics Saudi Arabia LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	UAE	HI M SOLUTEK HVAC SERVICE AND MAINTENANCE LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
Other	Kazakhstan	LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Russia	LG Electronics RUS, LLC(LGERA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Ukraine	LG Electronics Ukraine(LGEUR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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- ¹ Although the Group owns less than half of the voting rights of LG Innotek Co., Ltd., which is an intermediate parent company of its subsidiaries, the Group is deemed to have control over LG Innotek Co., Ltd. due to the size and dispersion of holdings of the other shareholders and their voting patterns at previous shareholders' meetings (Note 3).
- ² Although the Group owns less than a majority of the effective percentage of ownership of the entity, the Group has concluded that the Group controls the entity. This is because the Group has a right to appoint or dismiss the majority of its Board of Directors by virtue of an agreement with the other investors.
- ³ Although the Group owns less than a majority of the effective percentage of ownership of the entity, the Group has concluded that the Group controls the entity. This is because the Group has the substantial power to direct the relevant activities and is exposed to variable returns.
- ⁴ In the preparation of the consolidated interim financial statements, the financial statements for the three-month period ended March 31, 2021 were used for those subsidiaries with different fiscal year ends.

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

<i>(in millions of Korean won)</i>	March 31, 2021			2021	
	Assets	Liabilities	Equity	Sales	Profit (loss) for the period
LG Innotek Co., Ltd.	5,957,144	3,560,640	2,396,504	2,987,837	237,066
LG Electronics U.S.A., Inc.(LGEUS)	5,178,914	3,835,640	1,343,274	3,509,710	218,286
LG Electronics European Shared Service Center B.V.(LGESC)	1,869,009	1,831,149	37,860	101,199	3,371
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,738,455	722,182	1,016,273	828,884	89,634
LG Electronics Vietnam Hai Phong Co., Ltd(LGEVH)	1,473,725	697,216	776,509	1,307,330	78,282
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,373,716	850,886	522,830	1,009,130	(8,980)
Zenith Electronics LLC(Zenith)	1,237,926	104,269	1,133,657	30,449	6,017
LG Electronics do Brasil Ltda.(LGEBR)	1,131,054	523,498	607,556	585,268	47,375
LG Electronics RUS, LLC(LGERA)	1,007,834	422,239	585,595	386,661	24,681
Hiplaza Co., Ltd.	1,112,960	953,365	159,595	757,021	(14,346)
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	891,539	549,869	341,670	492,807	32,325
ZKW Lichtsysteme GmbH	835,293	441,299	393,994	194,949	6,936
LG Electronics (China) Co., Ltd(LGECH)	956,972	1,007,054	(50,082)	67,138	10,046
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	813,531	461,730	351,801	436,996	34,270
ZKW Group GmbH	828,828	520,410	308,418	33,512	6,040
LG Electronics Deutschland GmbH(LGEDG)	1,060,728	893,033	167,695	967,325	29,617
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	845,079	590,938	254,141	453,125	18,602
LG Electronics (Thailand) Company Limited(LGETH)	756,146	350,649	405,497	472,622	33,690
P.T. LG Electronics Indonesia(LGEIN)	812,808	416,252	396,556	608,336	10,306
LG Electronics Nanjing New Technology co.,LTD(LGENT)	697,173	463,388	233,785	581,289	13,389
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	541,433	352,588	188,845	272,259	16,052

<i>(in millions of Korean won)</i>	December 31, 2020			2020	
	Assets	Liabilities	Equity	Sales	Profit (loss) for the period
LG Innotek Co., Ltd.	5,492,250	3,324,321	2,167,929	1,946,866	70,636
LG Electronics U.S.A., Inc.(LGEUS)	4,696,966	3,628,900	1,068,066	2,832,116	114,650
LG Electronics European Shared Service Center B.V.(LGESC)	1,794,505	1,759,706	34,799	110,604	10,934
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,412,013	520,509	891,504	622,834	76,377
LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	1,576,031	907,399	668,632	1,229,906	8,697
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,366,972	822,907	544,065	664,050	15,889
Zenith Electronics LLC(Zenith)	1,177,664	95,257	1,082,407	31,595	1,842
LG Electronics do Brasil Ltda.(LGEBR)	1,086,969	487,296	599,673	484,545	(5,340)

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<i>(in millions of Korean won)</i>	December 31, 2020			2020	
	Assets	Liabilities	Equity	Sales	Profit (loss) for the period
LG Electronics RUS, LLC(LGERA)	932,506	383,556	548,950	352,039	17,513
Hiplaza Co., Ltd.	1,013,618	842,298	171,320	635,762	(16,167)
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	792,107	495,851	296,256	416,470	18,324
ZKW Lichtsysteme GmbH	792,131	402,098	390,033	194,836	1,705
LG Electronics (China) Co., Ltd(LGECH)	917,289	975,625	(58,336)	45,696	1,036
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	727,807	420,514	307,293	281,041	7,776
ZKW Group GmbH	783,685	479,713	303,972	765	2,366
LG Electronics Deutschland GmbH(LGEDG)	1,047,022	907,564	139,458	609,637	29,338
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	771,380	543,273	228,107	236,045	8,791
LG Electronics (Thailand) Company Limited(LGETH)	662,949	289,198	373,751	407,429	27,836
P.T. LG Electronics Indonesia(LGEIN)	765,136	396,357	368,779	325,607	17,161
LG Electronics Nanjing New Technology co.,LTD(LGENT)	659,139	445,672	213,467	357,870	16,254
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	508,103	340,848	167,255	161,358	2,791

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

- LG Innotek Co., Ltd. and its subsidiaries

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

<i>(in millions of Korean won)</i>	March 31, 2021	December 31, 2020
Percentage of ownership in non-controlling interests	59.2%	59.2%
Accumulated non-controlling interests	1,625,115	1,466,760

ii) Profit and dividends attributable to non-controlling interests for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Profit to non-controlling interests	150,686	50,307
Dividends to non-controlling interests	9,808	4,204

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

<i>(in millions of Korean won)</i>	March 31, 2021	December 31, 2020
Current assets	3,745,414	3,161,800
Non-current assets	2,830,524	2,876,800
Total assets	6,575,938	6,038,600
Current liabilities	2,707,392	2,284,222
Non-current liabilities	1,176,488	1,326,690
Total liabilities	3,883,880	3,610,912
Equity attributable to the owners of LG Innotek Co., Ltd.	2,692,058	2,427,688
Non-controlling interests	-	-
Total equity	2,692,058	2,427,688

- iv) Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the three-month periods ended March 31, 2021 and 2020, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2021	2020
Net sales	3,071,813	2,010,875
Profit for the period	251,413	80,572
Other comprehensive income, net of tax	29,522	16,842
Total comprehensive income, net of tax	280,935	97,414

- v) Summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for the three-month periods ended March 31, 2021 and 2020, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2021	2020
Cash flows from operating activities	173,517	143,853
Cash flows from investing activities	(144,032)	(163,969)
Cash flows from financing activities	(2,802)	(199,838)
Effects of exchange rate changes on cash and cash equivalents	5,559	4,234
Net increase (decrease) in cash and cash equivalents	32,242	(215,720)
Cash and cash equivalents included in assets held for sale at the beginning of the period	53,586	-
Cash and cash equivalents at the beginning of the period	694,607	799,575
Cash and cash equivalents included in assets held for sale at the end of the period	(56,280)	-
Cash and cash equivalents at the end of the period	724,155	583,855

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(d) Significant restrictions on subsidiaries

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

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

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

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

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

During the three-month period ended March 31, 2021, non-controlling interests decreased by ₩730 million due to the effect of changes in the percentage of ownership resulting from the stock options exercised and the tender offer agreement for non-controlling interests in relation to Alphonso Inc.

- (f) Subsidiaries newly included in the scope of the preparation of the consolidated interim financial statements for the three-month period ended March 31, 2021, are:

Subsidiary	Reason	Country	Percentage of ownership	Closing month	Major business
Hi-Caresolution Corp.	Newly established	Korea	100%	December	Services
ZKW Automotive Engineering CZ s.r.o.	Newly established	Czech	70%	December	R&D

- (g) A subsidiary excluded from the scope of preparation of the consolidated interim financial statements for the three-month period ended March 31, 2021, is:

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

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

During the three-month period ended March 31, 2021, the Group liquidated V-ENS (M) Sdn. Bhd. and recognized loss of ₩710 million from the loss of control.

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2. Significant Accounting Policies

Basis of Preparation

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

The Group's consolidated interim financial statements for the three-month period ended March 31, 2021, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective as at March 31, 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 apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship.

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

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

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

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

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(b) New, enacted and amended standards issued, but not effective for March 31, 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 Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

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

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

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

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

- Annual improvements to Korean IFRS 2018-2020

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

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

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of financial liabilities

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

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

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

Application of Accounting Policies

Significant accounting policies and method of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2020, except for the changes due to the application of amendment and enactments of standards described in Note 2 and the ones described below.

Income Tax Expense

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

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3. Critical Accounting Estimates and Judgements

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

Critical Accounting Estimates and Assumptions

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

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

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

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

(a) Revenue Recognition

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

(b) Impairment of Goodwill

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

(c) Income Taxes

The Group recognizes assets and liabilities for anticipated tax audit issues based on the best estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current 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 Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of the reporting period.

(e) Provisions

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

(f) Net Defined Benefit Liabilities

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

(g) Development Costs

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

(h) Lease

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

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

Significant Judgment on Accounting Policies Adopted by the Group

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

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4. Segment Information

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

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

(a) The segment information for sales and operating profit (loss) for the three-month periods ended March 31, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	2021								Total
	H&A	HE	MC	VS	BS	Innotek	Other segments ¹	Inter-segment transactions ²	
Sales	6,708,099	4,008,239	998,708	1,893,546	1,864,344	3,071,813	504,198	(239,466)	18,809,481
External sales	6,699,252	4,004,425	998,491	1,893,546	1,863,846	2,930,278	419,643	-	18,809,481
Internal sales	8,847	3,814	217	-	498	141,535	84,555	(239,466)	-
Operating profit (loss) ³	919,876	403,776	(280,058)	(720)	133,984	345,350	(5,562)	-	1,516,646
Depreciation and amortization	200,400	88,884	29,704	142,145	67,581	172,274	30,762	-	731,750
	2020								
<i>(in millions of Korean won)</i>	H&A	HE	MC	VS	BS	Innotek	Other segments ¹	Inter-segment transactions ²	Total
Sales	5,417,963	2,970,721	998,609	1,319,232	1,709,060	2,010,875	478,241	(176,898)	14,727,803
External sales	5,404,702	2,970,394	998,202	1,319,232	1,708,563	1,886,497	440,213	-	14,727,803
Internal sales	13,261	327	407	-	497	124,378	38,028	(176,898)	-
Operating profit (loss) ³	753,504	325,789	(237,790)	(96,780)	193,818	137,960	13,903	-	1,090,404
Depreciation and amortization	167,042	72,750	36,356	122,726	58,116	156,783	29,036	-	642,809

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

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

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

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

<i>(in millions of Korean won)</i>	March 31, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
H&A	22,598,593	12,532,116	20,963,845	11,711,590
HE	12,340,328	9,261,070	11,824,138	8,755,478
MC	3,072,420	7,496,778	3,502,099	7,608,219
VS	6,716,392	7,893,491	6,509,025	7,671,125
BS	5,884,223	4,461,075	5,443,429	4,166,338
Innotek	6,575,938	3,883,880	6,038,600	3,610,912
Subtotal¹	57,187,894	45,528,410	54,281,136	43,523,662
Other segments and inter-segment transactions	(6,729,260)	(13,920,575)	(6,076,909)	(12,861,560)
Total	50,458,634	31,607,835	48,204,227	30,662,102

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

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

<i>(in millions of Korean won)</i>	Non-current assets ¹	
	March 31, 2021	December 31, 2020
Geographic areas		
Korea	12,052,266	12,150,444
China	942,358	899,453
Asia	953,804	935,727
North America	1,515,178	1,450,716
Europe	1,314,153	1,327,801
South America	95,773	98,476
Middle East & Africa	114,640	106,761
Russia and others	145,641	144,079
Total	17,133,813	17,113,457

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

(d) Details of net sales from a major external customer for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020	Related segment
Major customer A	2,240,522	1,302,414	Innotek and others

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5. Financial Instruments by Category

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

<i>(in millions of Korean won)</i>	March 31, 2021				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	6,303,286	-	-	-	6,303,286
Deposits held by financial institutions	138,368	-	-	-	138,368
Trade receivables	7,125,737	1,123,223	-	-	8,248,960
Other receivables	960,783	-	-	-	960,783
Other financial assets	1,612	93,563	91,332	1,128	187,635
Total	14,529,786	1,216,786	91,332	1,128	15,839,032

<i>(in millions of Korean won)</i>	March 31, 2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	9,812,929	-	-	9,812,929
Borrowings	9,763,370	-	-	9,763,370
Lease liabilities	-	-	884,864	884,864
Other payables	3,507,395	-	-	3,507,395
Other financial liabilities	-	12,909	102,649	115,558
Total	23,083,694	12,909	987,513	24,084,116

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

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

(b) Net gains or losses on each category of financial instruments for the three-month periods ended March 31, 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	20,591	-	-	-	20,591
Exchange differences	268,803	29,401	-	-	298,204
Bad debt expenses	(2,020)	-	-	-	(2,020)
Loss on disposal of trade receivables	(740)	(871)	-	-	(1,611)
Dividend income	-	188	-	-	188
Gain on valuation of financial assets at fair value through profit or loss	-	-	17,269	-	17,269
Gain on derivatives (through profit or loss)	-	-	21,368	-	21,368
Fair value loss, net of tax (through other comprehensive income)	-	(9,410)	-	-	(9,410)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	-	283	283

<i>(in millions of Korean won)</i>	2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(63,454)	-	(16,374)	(79,828)
Exchange differences	(361,691)	-	28,749	(332,942)
Loss on derivatives (through profit or loss)	-	(474)	-	(474)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	30,050	30,050
Others	(649)	-	-	(649)

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	2020				
<i>(in millions of Korean won)</i>	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	33,950	-	-	-	33,950
Exchange differences	281,458	19,706	-	-	301,164
Bad debt expenses	(8,102)	-	-	-	(8,102)
Loss on disposal of trade receivables	(1,445)	(1,962)	-	-	(3,407)
Dividend income	-	151	-	-	151
Loss on valuation of financial assets at fair value through profit or loss	-	-	(426)	-	(426)
Gain on derivatives (through profit or loss)	-	-	48,017	-	48,017
Fair value loss, net of tax (through other comprehensive income)	-	(3,851)	-	-	(3,851)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	-	(3,548)	(3,548)

	2020			
<i>(in millions of Korean won)</i>	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(86,326)	-	(11,691)	(98,017)
Exchange differences	(543,924)	-	37,031	(506,893)
Loss on derivatives (through profit or loss)	-	(4,933)	-	(4,933)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(44,294)	(44,294)
Others	(1,032)	-	-	(1,032)

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6. Trade Receivables and Other Receivables

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

<i>(in millions of Korean won)</i>	March 31, 2021			December 31, 2020		
	Original amount	Allowance for doubtful accounts	Carrying amount	Original amount	Allowance for doubtful accounts	Carrying amount
Trade receivables	8,363,127	(114,167)	8,248,960	7,267,448	(112,516)	7,154,932
Other receivables						
Current	508,418	(20,539)	487,879	465,655	(19,229)	446,426
Non-current	472,937	(33)	472,904	458,206	(35)	458,171

(b) Movements in allowance for doubtful accounts for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021				
	At January 1	Addition (Reversal)	Write-off	Other	At March 31
Trade receivables	112,516	1,242	(138)	547	114,167
Other receivables					
Current	19,229	781	(23)	552	20,539
Non-current	35	(3)	-	1	33

<i>(in millions of Korean won)</i>	2020				
	At January 1	Addition	Write-off	Other	At March 31
Trade receivables	111,300	4,259	(832)	(250)	114,477
Other receivables					
Current	16,523	3,268	-	(2,869)	16,922
Non-current	588	575	-	(2)	1,161

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

<i>(in millions of Korean won)</i>	March 31, 2021				December 31, 2020			
	Trade receivables	Other receivables		Total	Trade receivables	Other receivables		Total
		Current	Non-current				Current	
Receivables not past due	7,717,742	475,244	432,811	8,625,797	6,561,201	433,690	454,787	7,449,678
Past due but not impaired								
Up to 6 months	405,985	11,993	38,494	456,472	466,159	10,202	1,526	477,887
7 to 12 months	22,364	1,571	44	23,979	20,397	1,087	1,863	23,347
Over 1 year	27,911	4,722	1,588	34,221	32,328	5,306	30	37,664
Subtotal	456,260	18,286	40,126	514,672	518,884	16,595	3,419	538,898
Impaired	189,125	14,888	-	204,013	187,363	15,370	-	202,733
Total	8,363,127	508,418	472,937	9,344,482	7,267,448	465,655	458,206	8,191,309

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

7. Other Financial Assets and Liabilities

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

<i>(in millions of Korean won)</i>	March 31, 2021	December 31, 2020
Other financial assets		
Derivatives	9,340	4,292
Financial assets at fair value through other comprehensive income	93,563	117,420
Financial assets at fair value through profit or loss	83,120	37,459
Financial assets at amortized cost	1,612	1,612
Total	187,635	160,783
Current	15,103	4,292
Non-current	172,532	156,491
Other financial liabilities		
Derivatives	115,477	197,318
Financial guarantee liability	81	114
Total	115,558	197,432
Current	9,717	19,961
Non-current	105,841	177,471

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

<i>(in millions of Korean won)</i>	March 31, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Current				
Currency forward	8,846	6,225	2,542	19,847
Cross-currency swap	-	3,411	1,750	-
Subtotal	8,846	9,636	4,292	19,847
Non-current				
Cross-currency swap	494	22,388	-	65,581
Interest rate swap	-	83,453	-	111,890
Subtotal	494	105,841	-	177,471
Total	9,340	115,477	4,292	197,318

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

(c) Changes in carrying amount of financial assets at fair value through other comprehensive income for the three-month periods ended March 31, 2021 and 2020, are as follows:

2021

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

2020

<i>(in millions of Korean won)</i>	At January 1	Acquisition	Disposal	Valuation	Other	At March 31
Listed equity securities	18,638	-	-	(5,248)	309	13,699
Unlisted equity securities	51,124	9,947	-	-	1,462	62,533
Total	69,762	9,947	-	(5,248)	1,771	76,232

(d) Changes in carrying amount of financial assets at fair value through profit or loss for the three-month periods ended March 31, 2021 and 2020, are as follows:

2021

<i>(in millions of Korean won)</i>	At January 1	Acquisition	Disposals	Transfer	Valuation	Other	At March 31
Listed equity securities	-	-	-	400	5,912	(55)	6,257
Unlisted equity securities ^{1,2}	29,844	8,711	(102)	13,810	11,357	76	63,696
Debt securities	7,615	5,232	-	-	-	320	13,167
Total	37,459	13,943	(102)	14,210	17,269	341	83,120

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<i>(in millions of Korean won)</i>	2020					At
	At January 1	Acquisition	Disposal	Valuation	Other	March 31
Unlisted equity securities ¹	21,572	1,174	(2,569)	-	-	20,177
Debt securities	1,752	-	-	(426)	66	1,392
Total	23,324	1,174	(2,569)	(426)	66	21,569

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

² Equity securities in EDWO Co., Ltd., which the Group can exercise a significant influence in the Board of Directors of the investee although the percentage of ownership is less than 20%, are included. However, since the equity securities are redeemable convertible preferred shares, they are measured at fair value instead of using the equity method of accounting.

(e) Financial assets at amortized cost

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

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

- ii) The amount recognized as interest income in relation to financial assets at amortized cost for the three-month period ended March 31, 2021, was ₩7 million (March 31, 2020: ₩7 million). No impairment losses were recognized in relation to financial assets at amortized cost for the three-month periods ended March 31, 2021 and 2020.

8. Inventories

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

<i>(in millions of Korean won)</i>	March 31, 2021			December 31, 2020		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	4,393,587	(96,082)	4,297,505	4,344,610	(101,164)	4,243,446
Work-in-process	524,278	(5,472)	518,806	528,004	(6,433)	521,571
Raw materials and supplies	2,997,924	(80,254)	2,917,670	2,522,056	(79,136)	2,442,920
Other	291,956	(30,008)	261,948	269,576	(30,356)	239,220
Total	8,207,745	(211,816)	7,995,929	7,664,246	(217,089)	7,447,157

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9. Contract Assets and Contract Liabilities

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

<i>(in millions of Korean won)</i>	March 31, 2021	December 31, 2020
Due from customers	530,604	568,881
(Less: allowance for doubtful accounts)	(7,113)	(6,828)
Right to recover returned products	103,151	92,789
Costs to fulfill contracts and others	234,121	217,840
Total	860,763	872,682
Current	624,164	642,171
Non-current	236,599	230,511

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

<i>(in millions of Korean won)</i>	March 31, 2021	December 31, 2020
Expected promotional incentives for customers	1,258,522	1,072,912
Expected returns from customers	166,896	145,287
Customer loyalty program	105,208	97,185
Rendering of warranty services	84,190	81,297
Due to customers and others	328,126	277,684
Total	1,942,942	1,674,365
Current	1,911,648	1,645,323
Non-current	31,294	29,042

(c) Revenue recognized in relation to contract liabilities for the three-month periods ended March 31, 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	110,254	80,627
Customer loyalty program	21,658	14,606
Rendering of warranty services	12,082	7,243
Total	143,994	102,476
Revenue recognized from performance obligations satisfied in previous periods	7,003	7,655

(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 ₩860,114 million which were expected to be satisfied by 2025, at the latest. Also, as a practical expedient, the Group excluded performance obligation which was a part of contract that had an original expected duration of one year or less.

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- (e) For the three-month period ended March 31, 2021, the Group recognized an impairment loss amounting to ₩149 million (March 31, 2020: reversal of impairment loss of ₩2,318 million) in relation to due from customers, and amortization and other costs of ₩8,548 million (March 31, 2020: ₩13,770 million) in relation to costs to fulfill contracts.

10. Property, Plant and Equipment, and Intangible Assets

- (a) Changes in property, plant and equipment for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
At January 1	13,973,998	14,505,419
Acquisitions	564,305	441,813
Disposals and others	(15,790)	(23,823)
Depreciation	(563,477)	(540,315)
Impairment losses	(5,251)	(2,417)
Exchange differences	111,010	84,304
At March 31	14,064,795	14,464,981

- (b) Line items including depreciation in the consolidated interim statements of profit or loss for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Cost of sales	436,236	413,778
Selling and marketing expenses	58,068	56,453
Administrative expenses	36,589	32,808
Research and development expenses	22,037	24,154
Service costs	8,563	8,565
Other non-operating expenses	1,984	4,557
Total	563,477	540,315

- (c) Changes in right-of-use assets included in property, plant and equipment for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
At January 1	966,210	875,491
Acquisitions	88,989	95,102
Disposals and others	(3,433)	(7,723)
Depreciation	(91,261)	(77,936)
Exchange differences	13,855	6,283
At March 31	974,360	891,217

The amount recognized as lease income in relation to sublease of the above right-of-use assets for the three-month period ended March 31, 2021, was ₩2,111 million (March 31, 2020: ₩2,038 million).

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(d) Changes in intangible assets for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
At January 1	3,139,080	2,691,972
Acquisitions	77,587	96,298
Acquisitions by internal development	62,244	171,557
Reclassification to assets held for sale	(1,080)	-
Disposals and others	(15,134)	(14,113)
Amortization	(170,254)	(107,050)
Impairment losses	(23,160)	(2,413)
Exchange differences	(641)	15,615
At March 31	3,068,642	2,851,866

(e) Line items including amortization of intangible assets in the consolidated interim statements of profit or loss for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Cost of sales	134,528	66,460
Selling and marketing expenses	5,819	6,074
Administrative expenses	13,443	13,875
Research and development expenses	15,913	20,207
Service costs	551	434
Total	170,254	107,050

11. Investments in Associates and Joint Ventures

(a) Investments in associates and joint ventures

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

<i>(in millions of Korean won)</i>	March 31, 2021	December 31, 2020
Associates	4,572,394	4,416,616
Joint ventures	55,353	54,974
Total	4,627,747	4,471,590

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

<i>(in millions of Korean won)</i>	March 31, 2021				December 31, 2020			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Display Co., Ltd.	679,218	4,480,955	(104,414)	4,376,541	679,218	4,321,404	(107,316)	4,214,088
Ericsson-LG Co., Ltd.	12,649	48,751	-	48,751	12,649	55,468	-	55,468
Hitachi-LG Data Storage Inc.(HLDS)	101,961	49,461	(1,138)	48,323	101,961	50,025	(1,203)	48,822
CCP-LGE OWNER, LLC ¹	11,652	9,783	-	9,783	11,652	9,723	-	9,723
ROBOTIS Co., Ltd. ¹	9,000	8,937	-	8,937	9,000	8,396	-	8,396
Acryl Inc. ¹	2,000	1,318	-	1,318	2,000	1,376	-	1,376
Robostar Co., Ltd.	88,112	79,357	(1,407)	77,950	88,112	79,007	(1,064)	77,943
AiM Future, Inc.	800	791	-	791	800	800	-	800
Total	905,392	4,679,353	(106,959)	4,572,394	905,392	4,526,199	(109,583)	4,416,616

¹ The financial statements as at February 28, 2021 were used due to a different closing date.

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

<i>(in millions of Korean won)</i>	March 31, 2021				December 31, 2020			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	14,718	31,710	(858)	30,852	14,718	31,731	(429)	31,302
EIC PROPERTIES PTE LTD.	9,636	15,580	-	15,580	9,636	15,207	-	15,207
LG-MRI LLC	516	972	-	972	516	1,118	-	1,118
Neolite ZKW Lightings PVT Ltd.	-	-	-	-	-	-	-	-
LG-LHT Aircraft Solutions GmbH	14,171	3,171	-	3,171	12,039	2,724	-	2,724
LG-LHT Passenger Solutions GmbH	12,769	1,984	-	1,984	10,637	2,011	-	2,011
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	1,194	1,287	-	1,287	891	939	-	939
Alluto LLC	2,095	1,507	-	1,507	2,095	1,673	-	1,673
Total	55,099	56,211	(858)	55,353	50,532	55,403	(429)	54,974

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(b) Associates and joint ventures

i) Associates as at March 31, 2021, are as follows:

Name of associate	Location	Closing month	Percentage of ownership (%)	Nature of relationships with the Group
LG Display Co., Ltd.	Korea	December	37.9	Production and supply of display products
Ericsson-LG Co., Ltd.	Korea	December	25.0	Supply of communication devices and network solution products
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0	Production and supply of data storages
CCP-LGE OWNER, LLC ¹	USA	December	70.2	Solar power plant
ROBOTIS Co., Ltd. ²	Korea	December	8.5	Production and sales of personal robot
Acryl Inc. ²	Korea	December	14.5	Development and sales of software
Robostar Co., Ltd.	Korea	December	33.4	Production and sales of industrial robot
AiM Future, Inc. ²	Korea	December	19.9	A.I. solution

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

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

ii) Joint ventures as at March 31, 2021, are as follows:

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

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

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

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

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(c) Changes in investments in associates and joint ventures

- i) Changes in the carrying amounts of investments in associates for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
At January 1	4,416,616	4,405,567
Gain (loss) from equity method valuation	85,440	(75,188)
Share of other comprehensive income of associates	75,278	84,550
Withdrawal of investments by dividend / capital reduction / liquidation and others	(5,250)	(10,711)
Exchange differences	310	628
At March 31	4,572,394	4,404,846

- ii) Changes in the carrying amounts of investments in joint ventures for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
At January 1	54,974	138,954
Acquisition	4,567	3,463
Loss from equity method valuation	(1,865)	(1,955)
Share of other comprehensive income (loss) of joint ventures	(2,086)	(721)
Withdrawal of investments by dividend / capital reduction / liquidation and others	(274)	(349)
Disposal ¹	-	(87,413)
Exchange differences	37	31
At March 31	55,353	52,010

¹ The Group disposed all shares of LG HOLDINGS (HK) LIMITED for ₩722,086 million during the three-month period ended March 31, 2020, and recognized gain on disposal of ₩640,124 million, net of related costs, in 'other non-operating income' (Note 25). The amount reclassified from accumulated other comprehensive income and included in gain on disposal was ₩7,593 million during the three-month period ended March 31, 2020.

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

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	March 31, 2021	December 31, 2020
Current assets	12,163,134	11,099,470
Non-current assets	24,234,417	23,972,053
Total assets	36,397,551	35,071,523
Current liabilities	11,998,080	11,006,948
Non-current liabilities	11,160,370	11,327,637
Total liabilities	23,158,450	22,334,585
Equity attributable to the owners of LG Display Co., Ltd.	11,821,979	11,401,042
Non-controlling interests	1,417,122	1,335,896
Total equity	13,239,101	12,736,938

<i>(in millions of Korean won)</i>	2021	2020
Net sales	6,882,761	4,724,249
Profit (loss) for the period	265,811	(198,897)
Equity attributable to owners of LG Display Co., Ltd.		
Profit (loss) for the period	228,012	(198,991)
Other comprehensive income, net of tax	192,925	227,318
Total comprehensive income, net of tax	420,937	28,327

There are no dividends received from LG Display Co., Ltd. for the three-month period ended March 31, 2021 (March 31, 2020: nil).

- (e) Reconciliations of the summarized financial information of associates that are material to the reporting entity to the carrying amount of the Group's interest for the three-month periods ended March 31, 2021 and 2020, are as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2021	2020
Opening equity attributable to owners of LG Display Co., Ltd.	11,401,042	11,340,483
Profit (loss) for the period	228,012	(198,991)
Other comprehensive income, net of tax	192,925	227,318
Dividends	-	-
Closing equity attributable to owners of LG Display Co., Ltd.	11,821,979	11,368,810
Group ownership (%)	37.9	37.9
The Group's share at the end of the reporting period	4,480,955	4,309,187
Unrealized gain	(104,414)	(113,252)
Carrying amount at the end of the reporting period	4,376,541	4,195,935

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- (f) The Group's share in the operating results of the individually insignificant associates and joint ventures for the three-month periods ended March 31, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	2021		2020	
	Associates	Joint ventures	Associates	Joint ventures
Profit (loss) for the period	(3,670)	(1,421)	(2,773)	(1,067)
Other comprehensive income (loss), net of tax	2,153	(2,101)	(1,622)	(8,329)
Total comprehensive income (loss), net of tax	(1,517)	(3,522)	(4,395)	(9,396)

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

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

March 31, 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	22,750	3,085,469	4,376,541
Robostar Co., Ltd.	Associate	3,256,500	23,700	77,179	77,950
ROBOTIS Co., Ltd.	Associate	961,550	16,350	15,721	8,937

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	4,214,088
Robostar Co., Ltd.	Associate	3,256,500	19,250	62,688	77,943
ROBOTIS Co., Ltd.	Associate	961,550	13,750	13,221	8,396

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12. Borrowings

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

<i>(in millions of Korean won)</i>	March 31, 2021	December 31, 2020
Current		
Short-term borrowings	311,511	196,774
Current portion of long-term borrowings	612,803	553,515
Current portion of debentures	782,909	699,846
Subtotal	1,707,223	1,450,135
Non-current		
Long-term borrowings	3,420,926	3,528,600
Debentures	4,635,221	4,941,020
Subtotal	8,056,147	8,469,620
Total	9,763,370	9,919,755

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

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at March 31, 2021(%)	Carrying amount	
			March 31, 2021	December 31, 2020
Short-term borrowings in foreign currency				
Citibank and others	-	0.50 ~ 6.87	311,511	196,774
Long-term borrowings in local currency				
Korea Development Bank and others	2035. 1. 9	1.57 ~ 3.79	2,614,710	2,671,263
Long-term borrowings in foreign currency				
Hana Bank and others	2030. 8. 1	0.40 ~ 4.15	1,419,019	1,410,852
Local currency debentures				
Public, non-guaranteed bonds	2035. 2.25	1.33 ~ 4.44	3,690,000	4,050,000
Private, non-guaranteed bonds	2041. 2. 9	1.99 ~ 4.21	1,110,000	990,000
Foreign currency debentures				
Private, non-guaranteed bonds	2028. 6. 8	0.98 ~ 1.81	440,784	425,191
Private, guaranteed bonds	2026.10.26	0.21 ~ 1.67	189,504	188,224
Less: discount on debentures			(12,158)	(12,549)
Total			9,763,370	9,919,755

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

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13. Lease Liabilities

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

<i>(in millions of Korean won)</i>	March 31, 2021	December 31, 2020
Lease liabilities		
Current	275,420	276,632
Non-current	609,444	585,428
Total	884,864	862,060

(b) The amounts, relating to leases, recognized in the consolidated interim statements of profit or loss for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Interest expense relating on lease liabilities	8,063	7,642
Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	12,585	16,252
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)	8,916	8,747
Expense relating to variable lease payments not included in the measurement of lease liabilities (included in selling and marketing expenses, administrative expenses, and others)	28,972	18,986

(c) Total expenses for leases including short-term leases and leases of low-value assets for the three-month period ended March 31, 2021, are ₩132,661 million (March 31, 2020: ₩121,494 million).

14. Post-employment Benefits

Defined Benefit Plan

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

<i>(in millions of Korean won)</i>	March 31, 2021	December 31, 2020
Present value of funded obligations	3,936,664	3,980,162
Present value of unfunded obligations	47,674	48,985
Subtotal	3,984,338	4,029,147
Fair value of plan assets	(3,521,201)	(3,540,730)
Net defined benefit liabilities¹	463,137	488,417

¹ Net defined benefit assets are included.

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- (b) The amounts recognized in the consolidated interim statements of profit or loss for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Current service cost	105,822	96,210
Past service cost	(130)	-
Net interest cost	2,701	3,325
Operating management cost	851	790
Total	109,244	100,325

- (c) Line items in which expenses are included for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Cost of sales	56,134	49,542
Selling and marketing expenses	17,172	15,849
Administrative expenses	6,145	6,070
Research and development expenses	21,939	21,663
Service costs	7,854	7,201
Total	109,244	100,325

- (d) Movements in the present value of defined benefit obligations for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
At January 1	4,029,147	3,628,727
Current service cost	105,822	96,210
Past service cost	(130)	-
Interest expense	23,290	20,353
Remeasurements for:		
- Actuarial loss arising from changes in financial assumptions	(124,186)	(4,772)
Benefits paid	(51,096)	(40,605)
Others	1,491	(121)
At March 31	3,984,338	3,699,792

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- (e) Movements in the fair value of plan assets for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
At January 1	3,540,730	3,035,798
Interest income	20,589	17,028
Remeasurements of plan assets	(5,274)	(1,279)
Employer contributions	3,087	2,827
Benefits paid	(37,602)	(34,718)
Operating management cost	(851)	(790)
Others	522	59
At March 31	3,521,201	3,018,925

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

	March 31, 2021	December 31, 2020
Weighted average discount rate of the Group	2.7%	2.4%
Weighted average expected salary growth rate of the Group	4.9%	4.9%

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

- (g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as at March 31, 2021, is as follows:

<i>(in millions of Korean won)</i>	1%p increase	1%p decrease
Discount rate	(372,462)	434,615
Expected salary growth rate	408,967	(371,075)

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

Defined Contribution Plan

The expense recognized for the three-month period ended March 31, 2021 in relation to the defined contribution plan was ₩5,357 million (March 31, 2020: ₩3,861 million).

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15. Provisions

Changes in provisions for the three-month periods ended March 31, 2021 and 2020, are as follows:

2021				
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	966,233	47,038	182,508	1,195,779
Additional provisions, net ¹	193,346	1,169	(675)	193,840
Utilizations	(192,623)	(659)	(10,201)	(203,483)
Exchange differences	4,070	83	(106)	4,047
At March 31	971,026	47,631	171,526	1,190,183
Current	886,917	28,448	5,184	920,549
Non-current	84,109	19,183	166,342	269,634

2020				
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	878,555	38,444	166,001	1,083,000
Additional provisions, net ¹	114,512	701	13,552	128,765
Utilizations	(211,414)	(288)	(8,898)	(220,600)
Exchange differences	1,721	126	(4,443)	(2,596)
At March 31	783,374	38,983	166,212	988,569
Current	702,136	17,948	5,662	725,746
Non-current	81,238	21,035	160,550	262,823

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

16. Paid-in Capital

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

	Par value per share	March 31, 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.

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

17. Retained Earnings

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

<i>(in millions of Korean won)</i>	March 31, 2021	December 31, 2020
Legal reserve ¹	231,220	209,524
Discretionary reserve	5,569,860	4,660,573
Unappropriated retained earnings ²	8,713,480	8,782,740
Total	14,514,560	13,652,837

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

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).

18. Accumulated Other Comprehensive Loss

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

<i>(in millions of Korean won)</i>	March 31, 2021	December 31, 2020
Share of accumulated other comprehensive loss of associates and joint ventures	(93,803)	(168,435)
Cash flow hedge	(73,404)	(101,756)
Financial assets at fair value through other comprehensive income	13,034	22,482
Exchange difference on translation of foreign operations	(1,585,459)	(1,750,212)
Total	(1,739,632)	(1,997,921)

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19. Other Components of Equity

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

<i>(in millions of Korean won)</i>	March 31, 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
Capital transactions within the Group and others	(176,945)	(176,945)
Total	(209,764)	(209,764)

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

20. Net Sales

(a) Details of net sales for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Revenue from contracts with customers:		
Sales of goods	18,304,380	14,307,845
Rendering of services	273,370	255,896
Royalty income	50,677	24,881
Subtotal	18,628,427	14,588,622
Revenue from other sources:		
Rental income and others	181,054	139,181
Total	18,809,481	14,727,803

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(b) Details of revenue from contracts with customers for the three-month periods ended March 31, 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	6,531,277	5,282,521
TV/AV and others	4,004,304	2,967,529
Mobile communications	997,797	997,949
In-vehicle infotainment and others	1,893,276	1,317,642
Monitor/PC and others	1,862,722	1,707,326
Camera module and others	3,071,633	2,010,716
Others	503,001	480,493
Inter-segment transactions	(235,583)	(175,554)
By major geographical market ¹ :		
Korea	6,349,509	5,130,880
North America	4,282,568	3,326,688
Asia	2,035,446	1,724,221
Europe	3,041,224	2,119,434
South America	1,064,165	806,862
Middle East & Africa	789,677	691,243
China	635,478	398,815
Russia and others	430,360	390,479
Timing of transfer:		
Transferred at a point in time	18,089,491	14,043,353
Transferred over time	538,936	545,269
Total	18,628,427	14,588,622

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

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

Due to the factors causing the changes in the costs of VS and other segments during the three-month period ended March 31, 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 three-month period ended March 31, 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 March 31, 2021	Impact on profit or loss for the succeeding periods
VS	(21,234)	(14,500)	(5,217)	(1,517)
Other segments	26,701	5,485	14,994	6,222
Total	5,467	(9,015)	9,777	4,705

21. Expenses by Nature

Expenses that are recorded by nature for the three-month periods ended March 31, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	2020	2019
Changes in finished goods and work-in-process	(133,932)	(184,699)
Raw materials and merchandise used	11,507,203	8,608,710
Employee benefit expense	2,099,375	1,924,168
Depreciation and amortization	731,750	642,809
Advertising expense	198,410	173,855
Promotion expense	131,239	142,197
Freight expense	732,976	423,982
Commission expense	960,439	883,066
Other expenses	1,065,375	1,023,311
Total¹	17,292,835	13,637,399

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

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

Details of general operating expenses for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Salaries	818,707	726,353
Post-employment benefits	63,420	56,538
Employee welfare benefits	191,174	167,888
Freight expense	729,010	414,328
Rental expense	20,395	23,167
Commission expense	649,547	611,252
Depreciation	125,257	121,982
Amortization	35,726	40,590
Taxes and dues	26,776	24,378
Advertising expense	198,410	173,855
Promotional expense	131,239	142,197
R&D expense	107,652	112,611
Direct service costs	140,996	80,158
Bad debts expense	1,391	1,941
Others	119,689	106,105
Total	3,359,389	2,803,343

23. Financial Income

Financial income for the three-month periods ended March 31, 2021 and 2020, consists of:

<i>(in millions of Korean won)</i>	2021	2020
Interest income	20,591	33,950
Exchange differences	165,698	241,771
Gain on derivatives	9,052	14,724
Total	195,341	290,445

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24. Financial Expenses

Financial expenses for the three-month periods ended March 31, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	2021	2020
Interest expense	79,828	98,017
Exchange differences	124,055	299,163
Loss on derivatives	4,486	4,026
Loss on disposal of trade receivables	1,611	3,407
Others	649	1,032
Total	210,629	405,645

25. Other Non-operating Income

Other non-operating income for the three-month periods ended March 31, 2021 and 2020, consists of:

<i>(in millions of Korean won)</i>	2021	2020
Dividend income	188	151
Exchange differences	428,834	550,896
Gain on derivatives	19,141	35,971
Gain on disposal of property, plant and equipment	2,625	4,222
Gain on disposal of intangible assets	1,807	22
Gain on valuation of financial assets at fair value through profit of loss	21,728	-
Gain on disposal of investments in associates and joint ventures	-	640,124
Others	6,286	5,626
Total	480,609	1,237,012

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26. Other Non-operating Expenses

Other non-operating expenses for the three-month periods ended March 31, 2021 and 2020, consist of:

(in millions of Korean won)	2021	2020
Exchange differences	498,812	688,572
Loss on derivatives	2,813	3,585
Loss on disposal of property, plant and equipment	9,065	10,512
Impairment loss on property, plant and equipment	5,286	2,476
Loss on disposal of intangible assets	12,242	9,858
Impairment loss on intangible assets	23,160	2,413
Loss on valuation of financial assets at fair value through profit or loss	4,459	426
Loss on disposal of investments in associates and joint ventures	-	1,369
Others	16,084	26,489
Total	571,921	745,700

27. Earnings per Share

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

(a) Basic earnings per ordinary share for the three-month periods ended March 31, 2021 and 2020, is as follows:

	2021	2020
Profit attributable to ordinary shares (in millions of Korean won)	902,823	927,400
Weighted average number of ordinary shares outstanding (unit: shares)	162,884,638	162,884,641
Basic earnings per ordinary share (in Korean won)	5,543	5,694

(b) Basic earnings per preferred share for the three-month periods ended March 31, 2021 and 2020, is as follows:

	2021	2020
Profit attributable to preferred shares (in millions of Korean won)	95,446	98,038
Weighted average number of preferred shares outstanding (unit: shares)	17,181,299	17,181,300
Basic earnings per preferred share (in Korean won)	5,555	5,706

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28. Cash Flow Information

Cash flows from operating activities are presented using the indirect method. Details of cash generated from operations for the three-month periods ended March 31, 2021 and 2020, are as follows:

(a) Cash generated from operations

<i>(in millions of Korean won)</i>	2021	2020
Profit for the period	1,169,145	1,086,731
Adjustments:		
Interest expense, net	59,237	64,067
Exchange differences, net	29,176	113,643
Gain on derivatives, net	(20,894)	(43,084)
Depreciation	563,477	540,315
Amortization	170,254	107,050
Loss on disposal of property, plant and equipment and intangible assets, net	16,875	16,126
Provisions for severance benefits	114,601	100,325
Additional provisions, net	193,840	128,765
Income tax expense	324,476	302,642
Loss (gain) from equity method valuation	(83,575)	77,143
Gain on disposal of investments in associates and joint ventures	-	(638,755)
Other	43,206	(7,794)
	<u>1,410,673</u>	<u>760,443</u>
Changes in operating assets and liabilities		
Increase in trade receivables	(872,108)	(135,406)
Decrease (increase) in other receivables	(2,802)	88,240
Increase in inventories	(441,447)	(364,589)
Decrease (increase) in contract assets	12,051	(15,378)
Increase in other assets	(84,242)	(21,418)
Increase in trade payables	817,457	145,119
Decrease in other payables	(322,896)	(343,734)
Decrease in provisions	(203,483)	(220,600)
Increase (decrease) in contract liabilities	239,576	(72,173)
Decrease in other liabilities	(226,309)	(630,409)
Payment of defined benefit liability	(18,851)	(5,887)
Deposit in plan assets, net	(17,551)	(17,786)
	<u>(1,120,605)</u>	<u>(1,594,021)</u>
Cash generated from operations	<u>1,459,213</u>	<u>253,153</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 March 31
			Additions	Exchange differences	Amortization and others	Effects of exchange rate changes	
Short-term borrowings	196,774	89,897	-	24,938	-	(98)	311,511
Long-term borrowings	4,082,115	(69,068)	-	(6,860)	18	27,524	4,033,729
Debentures	5,640,866	(240,283)	-	16,816	731	-	5,418,130
Lease liabilities	862,060	(74,334)	83,917	789	209	12,223	884,864
Total	10,781,815	(293,788)	83,917	35,683	958	39,649	10,648,234

<i>(in millions of Korean won)</i>	2020						
	At January 1	Net cash flows from financing activities	Non-cash transactions				At March 31
			Additions	Exchange differences	Amortization and others	Effects of exchange rate changes	
Short-term borrowings	271,541	188,137	-	15,406	-	(14,873)	460,211
Long-term borrowings	4,318,854	108,306	-	36,981	18	38,640	4,502,799
Debentures	5,896,943	(171,319)	-	29,640	768	-	5,756,032
Lease liabilities	771,424	(71,372)	81,644	666	1,505	3,678	787,545
Total	11,258,762	53,752	81,644	82,693	2,291	27,445	11,506,587

(c) Significant non-cash transactions

<i>(in millions of Korean won)</i>	2021	2020
Reclassification of construction-in-progress to property, plant and equipment	433,483	218,781
Reclassification of construction-in-progress to intangible assets	78,933	76,757
Reclassification of current portion of borrowings and debentures	596,400	474,968
Other payables to acquire property, plant and equipment	262,386	248,139
Other payables to acquire intangible assets	4,680	2,781
Acquisition of right-of-use assets	88,989	95,102

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29. Contingencies

(a) At the end of the reporting period, borrowings are collateralized by a certain portion of property, plant and equipment (land, buildings) with the pledged amount of ₩160,451 million (December 31, 2020: ₩157,608 million) and the book amount of pledged assets is ₩206,172 million (December 31, 2020: ₩197,738 million). In addition, the Group provided buildings as collateral to Shinhan Bank, the mortgagee, in order to guarantee obligations of landlords, who leased the land to the Group, with the pledged amount of ₩14,040 million (December 31, 2020: ₩14,040 million), and the book amount of pledged assets is ₩6,513 million (December 31, 2020: ₩6,709 million).

(b) At the end of the reporting period, the Parent Company and domestic subsidiaries are provided with performance guarantees of ₩251,215 million (December 31, 2020: ₩262,808 million) from Seoul Guarantee Insurance and others relating to the performance guarantees. The Parent Company and LG Innotek Co., Ltd. are provided with guarantee of principal amounting to EUR 100 million and USD 50 million (December 31, 2020: EUR 100 million, USD 50 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

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

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

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

30. Commitments

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

In addition, LG Innotek Co., Ltd. has overdraft facility agreements with various banks, including Shinhan Bank, with a limit of ₩27,000 million (December 31, 2020: ₩27,000 million). The total limit of overdrafts and comprehensive limits provided by financial institutions to the overseas subsidiaries of LG Innotek Co., Ltd. is ₩366,582 million (December 31, 2020: ₩363,709 million).

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Other subsidiaries have overdraft facility agreements with a limit of ₩1,818,985 million (December 31, 2020: ₩1,797,670 million) with Citibank and others.

(b) At the end of the reporting period, the Parent Company has sales agreements for export trade receivables with KEB Hana Bank and 18 other banks amounting to ₩2,062,920 million (December 31, 2020: ₩1,910,416 million) and has sales agreements for domestic trade receivables with MUFG Bank and two other banks amounting to ₩1,050,000 million (December 31, 2020: ₩1,050,000 million).

In addition, LG Innotek Co., Ltd. has trade receivables transfer agreements with various banks, including ING Bank, amounting to ₩1,156,170 million (December 31, 2020: ₩1,343,680 million) at the end of the reporting period.

In addition, other subsidiaries transfer their trade receivable to Societe Generale Bank on a revolving basis, for up to USD 696 million (December 31, 2020: USD 724 million), and have sales agreements for trade receivables with a limit of USD 500 million (December 31, 2020: USD 500 million) with Credit Agricole. In addition, other subsidiaries have entered into corporate electronic settlement services contracts and discount note agreements with Hana Bank with a limit of ₩1,000 million (December 31, 2020: ₩1,000 million) in connection with the collection of the trade receivables.

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

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

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

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

(e) At the end of the reporting period, the Group has other trade financing agreements and loan commitments with financial institutions, including Shinhan Bank, of up to ₩3,275,925 million (December 31, 2020: ₩3,219,817 million). In addition, LG Innotek Co., Ltd. agreed to borrow up to ₩100,000 million for a long-term period after the end of the reporting period.

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(f) 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>	March 31, 2021	December 31, 2020
Property, plant and equipment	454,729	197,365
Intangible assets	97,507	99,967
Investments in associates and joint ventures	74,439	78,651
Total	626,675	375,983

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

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

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

<i>(in millions of Korean won)</i>	March 31, 2021				Total lease payments
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	
Healthcare rental	525,978	329,127	162,992	33,436	1,051,533
Real estate rental	64	-	-	-	64
Total	526,042	329,127	162,992	33,436	1,051,597

- ii) The Group recognized ₩170,764 million (March 31, 2020: ₩131,747 million) in lease income for the three-month period ended March 31, 2021.

(h) Trademark license agreements

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

Purpose	Related products	Provided by	Used by
Use of license	Home appliance /Mobile	Qualcomm Incorporated and others	The Group
Provision of license	Home appliance /Mobile	The Group	Panasonic Corporation and others

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31. Related Party

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

i) Major income and expense transactions with related parties

(in millions of Korean won)

		2021					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others⁴	Total
Significantly influencing the Group	LG Corp.	121	-	121	-	40,051	40,051
Associates	LG Display Co., Ltd. and its subsidiaries	145,375	22,196	167,571	1,230,210	-	1,230,210
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	291	-	291	15,807	7	15,814
	ROBOTIS Co., Ltd.	-	-	-	-	3	3
	Robostar Co., Ltd. and its subsidiaries	5	-	5	8,460	1,823	10,283
	Subtotal	145,671	22,196	167,867	1,254,477	1,833	1,256,310
Joint ventures	ArceLIK-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	19,505	-	19,505	40,867	1	40,868
	EIC PROPERTIES PTE LTD.	-	-	-	-	14	14
	LG-MRI LLC	4,242	-	4,242	8,086	-	8,086
	Subtotal	23,747	-	23,747	48,953	15	48,968
Other related parties	LG CNS Co., Ltd. and its subsidiaries	39,612	9	39,621	32,687	115,667	148,354
	S&I Corp. and its subsidiaries	5,427	-	5,427	2,373	61,924	64,297
	LG Management Development Institute	305	21	326	10	11,798	11,808
	LG SPORTS Ltd.	4	-	4	-	2,593	2,593
	LG MMA Ltd.	-	-	-	-	19	19
	LG Holdings Japan Co., Ltd.	5	-	5	-	859	859
	Subtotal	45,353	30	45,383	35,070	192,860	227,930
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	366,623	578	367,201	396,911	55	396,966
	LG INTERNATIONAL CORP and its subsidiaries	2,940	157	3,097	1,088,187	676,731	1,764,918
	LG Uplus Corp and its subsidiaries	23,359	2	23,361	9,337	2,013	11,350
	LG HAUSYS,LTD., its subsidiaries and associates	811	297	1,108	29	240	269
	Silicon Works Co., Ltd.	28,453	816	29,269	3,149	-	3,149
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	2,254	-	2,254	58	64	122
	G IIR Inc. and its subsidiaries	1,965	-	1,965	-	86,768	86,768
	Subtotal	426,405	1,850	428,255	1,497,671	765,871	2,263,542
	Total	641,297	24,076	665,373	2,836,171	1,000,630	3,836,801

(in millions of Korean won)

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Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others	Total
Significantly influencing the Group	LG Corp.	41	-	41	-	38,975	38,975
Associates	LG Display Co., Ltd. and its subsidiaries	134,336	24,383	158,719	740,376	286	740,662
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	296	-	296	13,550	21	13,571
	Korea Information Certificate Authority Inc. ²	1	-	1	-	39	39
	Acryl Inc.	-	-	-	-	156	156
	ROBOTIS Co., Ltd.	-	-	-	-	19	19
	Robostar Co., Ltd.	3	-	3	15,912	15	15,927
	Subtotal	134,636	24,383	159,019	769,838	536	770,374
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	18,053	-	18,053	34,458	-	34,458
	LG HOLDINGS (HK) LIMITED and its subsidiaries ³	-	-	-	-	472	472
	EIC PROPERTIES PTE LTD.	-	-	-	-	205	205
	LG-MRI LLC	3,470	-	3,470	15,980	-	15,980
	Subtotal	21,523	-	21,523	50,438	677	51,115
Other related parties	LG CNS Co., Ltd. and its subsidiaries	35,554	28	35,582	36,774	108,488	145,262
	S&I Corp. and its subsidiaries	4,509	-	4,509	26,506	23,490	49,996
	LG Management Development Institute	2	-	2	1	6,323	6,324
	LG SPORTS Ltd.	4	-	4	-	2,163	2,163
	LG MMA Ltd.	27	-	27	34	-	34
	LG Holdings Japan Co., Ltd.	5	-	5	-	928	928
	Subtotal	40,101	28	40,129	63,315	141,392	204,707
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	295,287	4,694	299,981	253,133	129	253,262
	LG INTERNATIONAL CORP and its subsidiaries	10,726	247	10,973	712,913	411,289	1,124,202
	LG Uplus Corp and its subsidiaries	29,745	45	29,790	10,559	70	10,629
	LG HAUSYS,LTD., its subsidiaries and associates	2,061	148	2,209	2,916	41	2,957
	Silicon Works Co., Ltd.	6,144	685	6,829	3,117	-	3,117
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	18,979	-	18,979	146	233	379
	G IIR Inc. and its subsidiaries	1,526	-	1,526	1	72,400	72,401
	Subtotal	364,468	5,819	370,287	982,785	484,162	1,466,947
	Total	560,769	30,230	590,999	1,866,376	665,742	2,532,118

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

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

³ All shares of LG HOLDINGS (HK) LIMITED were disposed to RECO CHANGAN PRIVATE LIMITED on March 20, 2020.

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⁴ Others include interest expense of lease liabilities.

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

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		March 31, 2021							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ²	Total
Significantly influencing the Group	LG Corp.	44	-	25,666	25,710	-	-	96,484	96,484
Associates	LG Display Co., Ltd. and its subsidiaries	154,663	-	63,245	217,908	791,498	-	89,577	881,075
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	163	-	-	163	39,786	-	192	39,978
	Acryl Inc.	-	-	-	-	-	-	57	57
	Ericsson-LG Co., Ltd.	-	-	5,250	5,250	-	-	-	-
	Robostar Co., Ltd. and its subsidiaries	-	-	-	-	229	-	16,744	16,973
	Subtotal	154,826	-	68,495	223,321	831,513	-	106,570	938,083
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	18,162	-	-	18,162	32,506	-	-	32,506
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	66	66
	LG-MRI LLC	5,301	-	169	5,470	5,171	-	11	5,182
	Subtotal	23,463	-	169	23,632	37,677	-	77	37,754
Other related parties	LG CNS Co., Ltd. and its subsidiaries	40,573	-	175	40,748	9,522	-	134,840	144,362
	S&I Corp. and its subsidiaries	16,716	-	24,802	41,518	5,949	-	64,183	70,132
	LG Management Development Institute	1	-	15,692	15,693	-	-	958	958
	LG SPORTS Ltd.	1	-	-	1	-	-	1,168	1,168
	LG Holdings Japan Co., Ltd.	-	-	2	2	-	-	-	-
	Subtotal	57,291	-	40,671	97,962	15,471	-	201,149	216,620
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	453,779	-	138,675	592,454	437,596	-	19,763	457,359
	LG INTERNATIONAL CORP and its subsidiaries	13,043	-	3,972	17,015	521,680	-	176,089	697,769
	LG Uplus Corp and its subsidiaries	11,525	-	-	11,525	2,606	-	7,646	10,252
	LG HAUSYS,LTD., its subsidiaries and associates	960	-	31	991	290	-	379	669
	Silicon Works Co., Ltd.	17,437	-	127	17,564	2,977	-	-	2,977
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	1,459	-	21,925	23,384	30	-	155	185
	G II R Inc. and its subsidiaries	76	-	408	484	1,459	-	170,751	172,210

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March 31, 2021

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ²	Total
	Subtotal	498,279	-	165,138	663,417	966,638	-	374,783	1,341,421
	Total	733,903	-	300,139	1,034,042	1,851,299	-	779,063	2,630,362

(in millions of Korean won)

December 31, 2020

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁵	Total
Significantly influencing the Group	LG Corp.	5	-	25,666	25,671	-	-	30,542	30,542
Associates	LG Display Co., Ltd. and its subsidiaries	107,463	-	67,211	174,674	461,630	-	65,495	527,125
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	473	-	-	473	32,686	-	243	32,929
	Acryl Inc.	-	-	-	-	-	-	229	229
	Robostar Co., Ltd. and its subsidiaries	-	-	-	-	242	-	19,122	19,364
	Subtotal	107,936	-	67,211	175,147	494,558	-	85,089	579,647
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	5,655	-	-	5,655	7,839	-	1	7,840
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	65	65
	LG-MRI LLC	2,107	-	545	2,652	4,859	-	42	4,901
	Subtotal	7,762	-	545	8,307	12,698	-	108	12,806
Other related parties	LG CNS Co., Ltd. and its subsidiaries	29,814	-	1,033	30,847	15,340	-	271,135	286,475
	S&I Corp. and its subsidiaries	8,520	-	24,802	33,322	6,785	-	66,661	73,446
	LG Management Development Institute	1	-	17,864	17,865	-	-	1,455	1,455
	LG SPORTS Ltd.	1	-	-	1	-	-	1,883	1,883
	LG MMA Ltd.	-	-	-	-	-	-	19	19
	LG Holdings Japan Co., Ltd.	-	-	3,870	3,870	-	-	-	-
	Subtotal	38,336	-	47,569	85,905	22,125	-	341,153	363,278
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	387,830	-	186,292	574,122	355,634	-	14,811	370,445
	LG INTERNATIONAL CORP and its subsidiaries	15,506	-	524	16,030	291,948	-	373,049	664,997
	LG Uplus Corp and its subsidiaries	45,102	-	1	45,103	2,022	-	1,401	3,423
	LG HAUSYS,LTD., its subsidiaries and associates	1,714	-	12	1,726	311	-	124	435
	Silicon Works Co., Ltd.	16,772	-	148	16,920	3,003	-	1,237	4,240
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	11,577	-	22,069	33,646	31	-	1,210	1,241

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		December 31, 2020							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁵	Total
	G II R Inc. and its subsidiaries	17	-	282	299	1,067	-	203,573	204,640
	Subtotal	478,518	-	209,328	687,846	654,016	-	595,405	1,249,421
	Total	632,557	-	350,319	982,876	1,183,397	-	1,052,297	2,235,694

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

² Other payables include lease liabilities.

iii) Significant capital transactions with related parties and others for the three-month periods ended March 31, 2021 and 2020, are as follows:

(in millions of Korean won)

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

(in millions of Korean won)

		2020						
	Name	Dividend income	Dividend paid ¹	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments ²
Significantly influencing the Group	LG Corp.	-	41,321	-	-	-	-	6,849
Associates	Ericsson-LG Co., Ltd.	8,250	-	-	-	-	-	-
	Korea Information Certificate Authority Inc. ³	201	-	-	-	-	-	-
	LG-MRI LLC	349	-	-	-	-	-	-
	LG-LHT Aircraft Solutions GmbH	-	-	2,016	-	-	-	-
	LG-LHT Aircraft Passenger GmbH	-	-	1,147	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD	-	-	300	-	-	-	-

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	Dividend income	Dividend paid ¹	Cash distribution (reduction)	2020		2020	
				Financing loan transactions		Financing borrowing transactions	
				Loans	Collections	Borrowings	Repayments ²
Subtotal	8,800	-	3,463	-	-	-	-
Other related parties	-	-	-	-	-	-	86
Total	8,800	41,321	3,463	-	-	-	6,935

¹ It is based on dividends declared and recognized as 'other payables' as at March 31, 2021.

² Repayments of financing borrowing transactions include repayment of principal elements of lease liabilities.

³ All shares of Korea Information Certificate Authority Inc. were disposed during the year ended December 31, 2020.

- (b) The compensation paid or payable to key management personnel for the three-month periods ended March 31, 2021 and 2020, consists of:

(in millions of Korean won)	2021	2020
Salaries and other short-term benefits	6,732	5,161
Post-employment benefits	584	612
Other long-term benefits	22	9
Total	7,338	5,782

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

- (c) There is no collateral provided by the Group for the financial support of related parties at the end of the reporting period.
- (d) The Group has not recognized any bad debt expense or allowance for trade receivables from related parties at the end of the reporting period.

32. Risk Management

Financial Risk Management

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

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

The Group anticipatively and systematically manages the financial risks over global business activities through its four overseas treasury centers in New Jersey (United States), Amsterdam (Netherlands), Beijing (China), and Singapore in coordination with Finance Division in the Parent

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Company. And it also helps to improve overseas subsidiaries' business competitiveness by performing integration of their finance functions.

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

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

(a) Market risk

i) Foreign exchange risk

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

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

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

As at March 31, 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>	March 31, 2021		December 31, 2020	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	(20,552)	20,552	(21,571)	21,571
EUR/KRW	2,197	(2,197)	1,300	(1,300)

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ii) Interest rate risk

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

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

If interest rates fluctuate by 1%p with all other variables held constant, the effects on income and expenses related to borrowings and deposits held by financial institutions with variable interest rates for the three-month periods ended March 31, 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	15,999	(15,999)	11,930	(11,930)
Interest expenses	1,465	(1,465)	1,993	(1,993)

iii) Details of derivative contracts are as follows:

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

Details of hedging instruments are as follows:

	Contractor	Contracted amount <i>(in millions)</i>	Contracted currency rate	Interest rate (paid) (%)	Starting date	Expiration date	Book amount <i>(in millions of Korean won)</i>	
							Assets	Liabilities
Currency forward	Oberbank AT and others	CZK 140 (EUR/CZK)	26.1	-	2020. 3. 2	2021. 4. 6 ~ 2021. 6. 2	8	-
	RLB OOe	USD 3 (EUR/USD)	1.2	-	2020.12. 3	2021. 4. 6	103	-
	DZ Bank AG	MXN 205 (EUR/MXN)	21.4 ~ 21.8	-	2021. 3. 8 ~ 2021. 3.10	2021. 6. 1 ~ 2021.12. 2	523	-
Cross-currency swap	MUFG Bank and others	USD 605 (USD/KRW)	1,067.9 ~ 1,233.7	2.00 ~ 3.64	2017. 2. 2 ~ 2020. 5.28	2022. 2. 2 ~ 2028. 6. 8	494	23,620
	DBS	SGD 140 (SGD/KRW)	859.3	1.21	2020. 7. 9	2024. 1. 9	-	2,178
Interest rate swap	Woori Bank and others	KRW 1,115,107 / EUR 100 / USD 235	-	1.00 ~ 4.53	2014. 1. 3 ~ 2018. 5.24	2023. 2.24 ~ 2030. 7. 7	-	76,770

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

Details of hedged items are as follows:

<i>(in millions of Korean won)</i>	Hedged items	Book amount	Changes in fair value (net of tax)
Currency forward	Forecast transactions	-	(580)
Cross-currency swap	Borrowings	801,195	(27,881)
Interest rate swap	Borrowings	1,513,703	(17,912)

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 loss (net of tax)	Accumulated other comprehensive loss
Currency forward	580	Exchange differences	31	611	51
Cross-currency swap	27,881	Interest expense and exchange differences	(20,463)	7,418	(18,349)
Interest rate swap	17,912	Interest expense	4,392	22,304	(54,533)

Non-derivative for hedging purposes

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

Details of hedging instruments are as follows:

<i>(in millions of Korean won)</i>	Contracted amount (in millions)	Starting date	Expiration date	Book amount	Expected time to be realized	
					Within 1 year	1 to 2 years
Contract liabilities	USD 64	2019.12	2021.12	73,111	73,111	-

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

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

The results of hedge accounting are as follows:

<i>(in millions of Korean won)</i>	Line items in profit or loss	Reclassified to profit or loss (net of tax)	Other comprehensive income (net of tax)	Accumulated other comprehensive loss
Foreign exchange risk hedge for sales	Sales	(277)	(2,711)	(768)

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Trading purposes

The Group entered into the currency forward contracts, the cross-currency swap contracts and the interest rate swap contracts to manage the risk against possible future changes in foreign exchange rates and interest rates. The subsidiaries' currency forward contracts, the cross-currency swap contracts and the interest rate swap contracts as at March 31, 2021, and related profit or loss for the three-month period ended March 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	Purchase	Sale	Gain (loss) on valuation	Gain on transaction
Currency forward	822,555	815,956	7,683	14,497
Cross-currency swap	-	-	(1,800)	-
Interest rate swap	-	-	514	-

iv) Price risk

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

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

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

<i>(in millions of Korean won)</i>	March 31, 2021		December 31, 2020	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	10,451	(10,451)	12,742	(12,742)
NASDAQ	3,433	(3,433)	9,236	(9,236)
Austrian Traded Index	146	(146)	129	(129)

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

(b) Credit risk

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

In regard to receivables, the Group operates an integrated receivable insurance program with the world top three receivable insurers (Euler Hermes, Atradius and Coface) and Korea Trade Insurance Corporation (K-SURE). In an effort to minimize receivable credit risk, the Group applies the credit rating of the counterparty rated by insurers, when determining the insurance coverage.

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In addition, the Group performs stringent credit risk management based on credit valuation criteria for receivables without insurance coverage or collateral.

At the end of the reporting period, trade receivable balance of the Group is ₩8,363,127 million (December 31, 2020: ₩7,267,448 million) and its risk is managed appropriately within insurer's credit limit of ₩23,525,929 million (December 31, 2020: ₩22,304,932 million). Therefore, the Group determined that credit risk exposed to the Group is limited.

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

(c) Liquidity risk

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

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

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

i) Cash flow information on maturity of financial liabilities as at March 31, 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	9,812,929	9,812,929	-	-	-
Borrowings	11,094,916	1,966,646	1,434,934	3,573,934	4,119,402
Lease liabilities	956,372	286,253	194,791	300,509	174,819
Other payables	3,507,431	3,445,265	858	40,873	20,435
Other financial liabilities	12,801	7,818	1,953	3,030	-
Total	25,384,449	15,518,911	1,632,536	3,918,346	4,314,656

The above cash flows are calculated at nominal value based on the earliest maturity dates and include cash flows of principal and interests. The Group's trading portfolio derivative within other financial liabilities that are not qualified for hedge accounting have been included at their fair value of ₩6,175 million within the less than 1-year time bucket. This is because the contractual maturities are not essential for an understanding of the timing of the cash flows. These contracts are managed on a net-fair value basis rather than by maturity date. Derivatives for cash flow hedges from changes in interest rate and exchange rate are reflected in the cash flows of related borrowings.

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

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

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

Capital Risk Management

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

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

<i>(in millions of Korean won, except for ratios)</i>	March 31, 2021	December 31, 2020
Liability (A)	31,607,835	30,662,102
Equity (B)	18,850,799	17,542,125
Cash and cash equivalents (C)	6,303,286	5,896,309
Borrowings and lease liabilities (D)	10,648,234	10,781,815
Debt-to-equity ratio (A/B)	167.7%	174.8%
Net borrowings ratio ((D-C)/B)	23.0%	27.9%

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Fair Value Estimation

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

<i>(in millions of Korean won)</i>	March 31, 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	14,469	14,469	76,863	76,863
Financial assets at fair value through other comprehensive income				
Trade receivables	1,123,223	1	-	-
Other financial assets	-	-	93,563	93,563
Derivatives for hedging purposes				
Other financial assets	634	634	494	494
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	6,303,286	1	-	-
Deposits held by financial institutions	80,083	1	58,285	58,285
Trade receivables	7,125,737	1	-	-
Other receivables	487,879	1	472,904	444,696
Other financial assets	-	-	1,612	1
Total	15,135,311		703,721	

<i>(in millions of Korean won)</i>	March 31, 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	6,225	6,225	6,684	6,684
Derivatives for hedging purposes				
Other financial liabilities	3,411	3,411	99,157	99,157
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	9,812,929	1	-	-
Borrowings	1,707,223	1	8,056,147	8,449,222
Other payables	3,445,238	1	62,157	62,153
Other liabilities				
Lease liabilities	275,420	2	609,444	2
Other financial liabilities	81	3	-	-
Total	15,250,527		8,833,589	

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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
Assets at fair value				
Financial assets at fair value through profit or loss				
Other financial assets	4,292	4,292	37,459	37,459
Financial assets at fair value through other comprehensive income				
Trade receivables	802,917	¹	-	-
Other financial assets	-	-	117,420	117,420
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	5,896,309	¹	-	-
Deposits held by financial institutions	82,018	¹	58,903	58,903
Trade receivables	6,352,015	¹	-	-
Other receivables	446,426	¹	458,171	429,727
Other financial assets	-	-	1,612	¹
Total	13,583,977		673,565	

<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				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	19,669	19,669	7,244	7,244
Derivatives for hedging purposes				
Other financial liabilities	178	178	170,227	170,227
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	8,728,159	¹	-	-
Borrowings	1,450,135	¹	8,469,620	8,719,840
Other payables	3,555,968	¹	63,136	63,135
Other liabilities				
Lease liabilities	276,632	²	585,428	²
Other financial liabilities	114	³	-	-
Total	14,030,855		9,295,655	

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.

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(b) Fair value measurements of assets and liabilities

i) Fair value hierarchy and measurement method

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

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

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

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

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

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

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

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

ii) Financial instruments measured at fair value

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

March 31, 2021				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	47,106	-	46,457	93,563
Financial assets at fair value through profit or loss	6,257	8,212	76,863	91,332
Derivatives for hedging purposes	-	1,128	-	1,128
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	12,909	-	12,909
Derivatives for hedging purposes	-	102,568	-	102,568
December 31, 2020				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	58,103	-	59,317	117,420
Financial assets at fair value through profit or loss	-	4,292	37,459	41,751
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	26,913	-	26,913
Derivatives for hedging purposes	-	170,405	-	170,405

The above fair value amounts are recurring fair value measurements.

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

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

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	March 31, 2021	December 31, 2020		
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	8,212	4,292	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	1,128	-	Discounted cash flow	Discount rate and exchange rate
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	12,909	26,913	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	102,568	170,405	Discounted cash flow	Discount rate and exchange rate

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

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

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

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

<i>(in millions of Korean won)</i>	March 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	58,285	58,285
Non-current other receivables	-	-	444,696	444,696
Liabilities				
Non-current borrowings	-	-	8,449,222	8,449,222
Non-current other payables	-	-	62,153	62,153

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

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

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

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

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

<i>(in millions of Korean won)</i>	March 31, 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	58,285	58,285	58,903	58,903	Discounted cash flow	Discount rate and exchange rate	Discount rate	0.1% ~ 1.0%
Non-current other receivables	472,904	444,696	458,171	429,727	Discounted cash flow	Discount rate and exchange rate	Discount rate	2.9% ~ 3.1%
Liabilities								
Non-current borrowings	8,056,147	8,449,222	8,469,620	8,719,840	Discounted cash flow	Discount rate and exchange rate	Discount rate	0.9% ~ 3.4%
Non-current other payables	62,157	62,153	63,136	63,135	Discounted cash flow	Discount rate and exchange rate	Discount rate	1.0% ~ 1.2%

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33. Business Combinations

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

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

<i>(in millions of Korean won)</i>	Amount
Consideration	
Cash and cash equivalents	75,422
Other payables ¹	67,285
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	
Cash and cash equivalents	35,081
Trade receivables ²	1,683
Other assets	1,507
Non-current assets	
Property, plant and equipment	126
Intangible assets	29,945
Other assets	54
Current liabilities	
Trade and other payables	1,696
Borrowings	4,352
Other liabilities	11,144
Non-current liabilities	
Borrowings	4,242
Net defined benefit liabilities	140
Deferred tax liabilities	8,224
Fair value of total identifiable net assets	38,598
Non-controlling interests ³	8,813
Goodwill⁴	112,922

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

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

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

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

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

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34. Assets Classified as Held for Sale

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

<i>(in millions of Korean won)</i>	March 31, 2021¹	December 31, 2020²
Assets held for sale		
Cash and cash equivalents	56,280	53,586
Land	89,518	89,319
Building	189,198	188,929
Machinery	11,835	11,834
Other property, plant and equipment	1,195	1,192
Intangible assets	34,891	33,811
Other assets	10,936	11,144
Total	393,853	389,815

¹ LG Innotek Co., Ltd., a subsidiary, decided to sell assets of LED business amounting to ₩373,673 (December 31, 2020: ₩369,840 million) under the approval of management on October 28, 2020, which are included above and the sale is expected to be completed by 2021.

- (b) Assets held for sale were measured at fair value less costs to sell before the reclassification, and the Group recognized impairment loss on property, plant and equipment amounting to ₩43,780 million in 2020.

35. Events After the Reporting Period

The Group decided to discontinue the manufacture and sale of MC business in accordance with resolution of the Board of Directors on April 5, 2021 in order to focus on the Group's core business through firmwide resource efficiency and to secure financial resources for preparing new business for future growth by improving its financial structure.