

LG Electronics Inc.

Separate Interim Financial Statements

September 30, 2022 and 2021

LG Electronics Inc.
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September 30, 2022 and 2021

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Report on Review of Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

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

Reviewed Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Conclusion

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

Other Matters

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

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

November 14, 2022
Seoul, Korea

<p>This report is effective as of November 14, 2022, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>
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LG Electronics Inc.
Separate Interim Statements of Financial Position
September 30, 2022 and December 31, 2021

<i>(in millions of Korean won)</i>	Notes	September 30, 2022 (Unaudited)	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents	4,31	1,856,368	2,012,229
Deposits held by financial institutions	4,31	160,349	146,388
Trade receivables	4,5,31	5,708,498	5,016,382
Other receivables	4,5,31	356,764	415,331
Other financial assets	4,6,31	29,741	9,747
Inventories	7	1,619,110	1,649,010
Current tax assets		2,938	4,115
Contract assets	8	443,554	318,367
Other current assets		550,228	956,849
Assets held for sale	32	44,200	84,788
		<u>10,771,750</u>	<u>10,613,206</u>
Non-current assets			
Deposits held by financial institutions	4,31	397	730
Trade receivables	4,5,31	108,972	22,040
Other receivables	4,5,31	163,478	180,481
Other financial assets	4,6,31	425,498	177,756
Property, plant and equipment	9	5,903,651	6,424,785
Intangible assets	9	1,611,593	1,758,718
Deferred tax assets		1,109,054	1,343,719
Investments in subsidiaries, associates and joint ventures	10	8,991,988	8,914,917
Investment properties		131,319	-
Net defined benefit assets	13	305,974	-
Contract assets	8	77,078	80,222
Other non-current assets		76,310	76,950
		<u>18,905,312</u>	<u>18,980,318</u>
Total assets		<u>29,677,062</u>	<u>29,593,524</u>
Liabilities			
Current liabilities			
Trade payables	4,31	6,110,767	5,638,618
Borrowings	4,11,31	1,182,515	1,116,637
Lease liabilities	4,12,31	45,356	73,297
Other payables	4,31	1,613,856	1,936,752
Other financial liabilities	4,6,31	7,925	7,045
Current tax liabilities		14,515	34,764
Provisions	14	1,133,776	2,167,462
Contract liabilities	8	548,392	474,065
Other current liabilities		2,066,518	2,209,208
		<u>12,723,620</u>	<u>13,657,848</u>
Non-current liabilities			
Borrowings	4,11,31	6,508,906	6,506,624
Lease liabilities	4,12,31	52,865	46,323
Other payables	4,31	70	100
Other financial liabilities	4,6,31	37,709	56,618
Net defined benefit liabilities	13	-	99,911
Provisions	14	103,493	184,922
Contract liabilities	8	5,155	5,747
Other non-current liabilities		145,819	145,176
		<u>6,854,017</u>	<u>7,045,421</u>
Total liabilities		<u>19,577,637</u>	<u>20,703,269</u>

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

(in millions of Korean won)

	Notes	September 30, 2022 (Unaudited)	December 31, 2021
Equity			
Paid-in capital:	15		
Share capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	16	6,088,259	4,940,122
Accumulated other comprehensive income (loss)	17	51,637	(9,396)
Other components of equity	18	(32,819)	(32,819)
Total equity		<u>10,099,425</u>	<u>8,890,255</u>
Total liabilities and equity		<u>29,677,062</u>	<u>29,593,524</u>

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

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

	Notes	Period Ended September 30			
		2022 (Unaudited)		2021 (Unaudited)	
		Three Months	Nine Months	Three Months	Nine Months
Continuing operations					
Net sales	19	6,871,632	22,062,878	6,983,037	20,155,301
Cost of sales	20	5,195,207	15,727,815	4,981,572	14,731,404
Gross profit		1,676,425	6,335,063	2,001,465	5,423,897
Selling and marketing expenses	20,21	1,031,492	3,085,886	901,489	2,435,641
Administrative expenses	20,21	170,876	534,060	136,907	375,752
Research and development expenses	20,21	423,636	1,224,588	397,430	1,084,271
Service costs	20,21	280,852	673,314	696,127	1,222,147
Operating profit (loss)		(230,431)	817,215	(130,488)	306,086
Financial income	22	142,814	335,614	88,154	212,737
Financial expenses	23	126,284	362,530	114,973	261,576
Other non-operating income	24	545,670	1,726,720	420,714	876,018
Other non-operating expenses	25	576,929	1,236,797	288,948	685,260
Profit (Loss) before income tax		(245,160)	1,280,222	(25,541)	448,005
Tax expense (tax income)		(86,616)	277,830	6,440	148,183
Profit (Loss) from continuing operations		<u>(158,544)</u>	<u>1,002,392</u>	<u>(31,981)</u>	<u>299,822</u>
Discontinued operations					
Profit (Loss) from discontinued operations	33	31,833	(164,105)	(21,451)	(1,268,164)
Profit (loss) for the period		<u>(126,711)</u>	<u>838,287</u>	<u>(53,432)</u>	<u>(968,342)</u>
Earnings (losses) per share during the period					
<i>(in Korean won) :</i>					
	26				
Earnings (losses) per ordinary share		(705)	4,652	(298)	(5,382)
From continuing operations		(882)	5,563	(179)	1,661
From discontinued operations		177	(911)	(119)	(7,043)
Earnings (losses) per preferred share		(692)	4,690	(285)	(5,344)
From continuing operations		(869)	5,601	(166)	1,699
From discontinued operations		177	(911)	(119)	(7,043)

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

(in millions of Korean won)	Notes	Period Ended September 30			
		2022 (Unaudited)		2021 (Unaudited)	
		Three Months	Nine Months	Three Months	Nine Months
Profit (loss) for the period		(126,711)	838,287	(53,432)	(968,342)
Other comprehensive income (loss), net of tax					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Remeasurements of the net defined benefit liability	13	154,394	463,765	26,146	102,338
Financial assets at fair value through other comprehensive income	6	(4,405)	(20,023)	(511)	(9,542)
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Cash flow hedges	31	16,444	81,056	10,752	41,205
Other comprehensive income (loss) for the period, net of tax		166,433	524,798	36,387	134,001
Total comprehensive income (loss) for the period, net of tax		39,722	1,363,085	(17,045)	(834,341)

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

<i>(in millions of Korean won)</i>	Notes	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Other Components of Equity	Total Equity
Balance at January 1, 2021		3,992,348	6,018,118	(55,914)	(32,819)	9,921,733
Total comprehensive income (loss):						
Profit (Loss) for the period		-	(968,342)	-	-	(968,342)
Remeasurements of the net defined benefit liability	13	-	102,338	-	-	102,338
Financial assets at fair value through other comprehensive income	6	-	-	(9,542)	-	(9,542)
Cash flow hedges	31	-	-	41,205	-	41,205
Total comprehensive income (loss)		<u>-</u>	<u>(866,004)</u>	<u>31,663</u>	<u>-</u>	<u>(834,341)</u>
Transactions with owners:						
Dividends	16	-	(216,938)	-	-	(216,938)
Total transactions with owners		<u>-</u>	<u>(216,938)</u>	<u>-</u>	<u>-</u>	<u>(216,938)</u>
Balance at September 30, 2021 (Unaudited)		<u>3,992,348</u>	<u>4,935,176</u>	<u>(24,251)</u>	<u>(32,819)</u>	<u>8,870,454</u>
Balance at January 1, 2022		3,992,348	4,940,122	(9,396)	(32,819)	8,890,255
Total comprehensive income (loss):						
Profit (Loss) for the period		-	838,287	-	-	838,287
Remeasurements of the net defined benefit liability	13	-	463,765	-	-	463,765
Financial assets at fair value through other comprehensive income	6	-	-	(20,023)	-	(20,023)
Cash flow hedges	31	-	-	81,056	-	81,056
Total comprehensive income (loss)		<u>-</u>	<u>1,302,052</u>	<u>61,033</u>	<u>-</u>	<u>1,363,085</u>
Transactions with owners:						
Dividends	16	-	(153,915)	-	-	(153,915)
Total transactions with owners		<u>-</u>	<u>(153,915)</u>	<u>-</u>	<u>-</u>	<u>(153,915)</u>
Balance at September 30, 2022 (Unaudited)		<u>3,992,348</u>	<u>6,088,259</u>	<u>51,637</u>	<u>(32,819)</u>	<u>10,099,425</u>

LG Electronics Inc.
Separate Interim Statements of Cash Flows
Nine-month Periods Ended September 30, 2022 and 2021

<i>(in millions of Korean won)</i>	Notes	Nine-month Period Ended September 30	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Cash generated from (used in) operations	27	152,954	297,643
Interest received		19,760	5,378
Interest paid		(167,896)	(167,120)
Dividend received		435,143	232,083
Income tax paid		(198,964)	(74,385)
Net cash inflow (outflow) from operating activities		<u>240,997</u>	<u>293,599</u>
Cash flows from investing activities			
Decrease in deposits held by financial institutions		333	675
Decrease in other receivables		56,997	39,839
Proceeds from redemption and disposal of other financial assets		29,678	17,181
Proceeds from disposal of property, plant and equipment		332,277	90,816
Proceeds from disposal of intangible assets		123,546	1,968
Proceeds from redemption and disposal of investment in subsidiaries, associates and joint ventures		13,540	489,445
Proceeds from disposal of assets held for sale		263,441	13,648
Transfer of business		38,360	-
Increase in other receivables		(54,604)	(49,280)
Acquisition of other financial assets		(62,461)	(27,823)
Acquisition of property, plant and equipment		(327,213)	(392,026)
Acquisition of intangible assets		(354,742)	(282,332)
Acquisition of investments in subsidiaries, associates and joint ventures		(90,330)	(233,670)
Cash outflows for split-off		-	(91,500)
Net cash inflow (outflow) from investing activities		<u>(31,178)</u>	<u>(423,059)</u>
Cash flows from financing activities			
Proceeds from borrowings		1,378,836	1,082,141
Repayments of borrowings		(1,530,397)	(1,164,779)
Dividend paid		(153,915)	(216,938)
Repayments of lease liabilities		(61,657)	(56,169)
Net cash inflow (outflow) from financing activities		<u>(367,133)</u>	<u>(355,745)</u>
Effects of exchange rate changes on cash and cash equivalents		1,453	-
Net increase (decrease) in cash and cash equivalents		<u>(155,861)</u>	<u>(485,205)</u>
Cash and cash equivalents at the beginning of the period		2,012,229	1,916,739
Cash and cash equivalents at the end of the period		<u>1,856,368</u>	<u>1,431,534</u>

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

1. General Information

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

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

The Company operates following major business segments: Home Appliance & Air Solution segment manufactures and sells refrigerators, washing machines, vacuum cleaners, and residential and commercial air conditioners; Home Entertainment segment manufactures and sells TVs and digital media products; Vehicle components Solutions segment designs and manufactures automobile parts; and Business Solutions segment manufactures and sells monitors, PCs, information displays and others. As at September 30, 2022, the Company operates manufacturing facilities mainly in Changwon, Pyeongtaek, Gumi and Incheon in the Republic of Korea.

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

2. Significant Accounting Policies

Basis of Preparation

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

The financial statements of the Company are the separate interim financial statements prepared in accordance with Korean IFRS 1027 *Separate Financial Statements*. The separate interim financial statements for the nine-month period ended September 30, 2022, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These separate interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as at September 30, 2022.

Changes in Accounting Policies and Disclosures

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

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

The amendments update a reference of definition of assets and liabilities to be recognized in a business combination in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendment does not have a significant impact on the interim financial statements.

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

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

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

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

LG Electronics Inc.

Notes to the Separate Interim Financial Statements

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

- Annual improvements to Korean IFRS 2018-2020

The amendment does not have a significant impact on the interim financial statements.

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

(b) New, enacted and amended standards issued, but not effective for September 30, 2022, and not early adopted by the Company.

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

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

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

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

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

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

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

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

LG Electronics Inc.
Notes to the Separate Interim Financial Statements
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Application of Accounting Policies

Significant accounting policies and method of computation used in the preparation of the condensed separate interim financial statements are consistent with those of the separate interim financial statements for the year ended December 31, 2021, except for the changes due to the application of amendment and enactments of standards described in Note 2 and the ones described below.

Income Tax Expense

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

3. Critical Accounting Estimates and Judgements

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

Critical Accounting Estimates and Assumptions

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

The spread of COVID-19 and Russia-Ukraine armed conflict have a material impact on the global economy. It may have a negative impact; such as decrease in productivity, decrease or delay in sales, collection of existing receivables and others. Accordingly, it may have a negative impact on the financial position and financial performance of the Company, and the impact is expected to be continued to the separate annual financial statements in 2022.

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

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

(a) Revenue Recognition

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

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(b) Impairment of Goodwill

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

(c) Income Taxes

The Company recognizes assets and liabilities for anticipated tax audit issues based on the best estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Fair Value of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of the reporting period.

(e) Provisions

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

(f) Net Defined Benefit Liabilities

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

(g) Development Costs

The Company capitalizes development costs when there is a reasonable assurance that projects have technical feasibility and the possibility of generating future economic benefits, and performs periodic impairment test. The recoverable amount of each project has been calculated on a basis of the value-in-use reflecting expected sales quantity and unit price and estimated operating profit.

(h) Lease

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

LG Electronics Inc.

Notes to the Separate Interim Financial Statements

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

The reassessment of the lease term based on a judgment of whether the extension option is reasonably certain to be exercised (or not exercised) is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

4. Financial Instruments by Category

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

<i>(in millions of Korean won)</i>	September 30, 2022				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	1,856,368	-	-	-	1,856,368
Deposits held by financial institutions	160,746	-	-	-	160,746
Trade receivables	5,391,599	297,502	-	128,369	5,817,470
Other receivables	520,242	-	-	-	520,242
Other financial assets	-	63,981	77,684	313,574	455,239
Total	7,928,955	361,483	77,684	441,943	8,810,065

<i>(in millions of Korean won)</i>	September 30, 2022			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	6,110,767	-	-	6,110,767
Borrowings	7,691,421	-	-	7,691,421
Lease liabilities	-	-	98,221	98,221
Other payables	1,613,926	-	-	1,613,926
Other financial liabilities	-	24,415	21,219	45,634
Total	15,416,114	24,415	119,440	15,559,969

LG Electronics Inc.

Notes to the Separate Interim Financial Statements

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

<i>(in millions of Korean won)</i>	December 31, 2021				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	2,012,229	-	-	-	2,012,229
Deposits held by financial institutions	147,118	-	-	-	147,118
Trade receivables	4,728,290	284,333	-	25,799	5,038,422
Other receivables	595,812	-	-	-	595,812
Other financial assets	-	76,535	72,385	38,583	187,503
Total	7,483,449	360,868	72,385	64,382	7,981,084

<i>(in millions of Korean won)</i>	December 31, 2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	5,638,618	-	-	5,638,618
Borrowings	7,623,261	-	-	7,623,261
Lease liabilities	-	-	119,620	119,620
Other payables	1,936,852	-	-	1,936,852
Other financial liabilities	-	24,550	39,113	63,663
Total	15,198,731	24,550	158,733	15,382,014

(b) Net gains or losses on each category of financial instruments for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	21,793	-	-	-	21,793
Exchange differences	926,380	-	-	-	926,380
Bad debt expenses	(1,988)	-	-	-	(1,988)
Loss on disposal of trade receivables	-	(996)	-	-	(996)
Dividend income	-	188	311	-	499
Gain(Loss) on valuation of financial assets at fair value through profit or loss	-	-	11,235	-	11,235
Gain(Loss) from discontinued operations	3,263	-	-	-	3,263
Fair value gain(loss), net of tax (through other comprehensive income)	-	(20,023)	-	-	(20,023)
Gain(Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	93,401	93,401
Others	(265)	-	-	-	(265)

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<i>(in millions of Korean won)</i>	2022			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(138,415)	-	(11,145)	(149,560)
Exchange differences	(1,062,326)	-	177,387	(884,939)
Gain(Loss) on derivatives (through profit or loss)	-	(24,784)	-	(24,784)
Gain(Loss) from discontinued operations	(21,175)	-	(19)	(21,194)
Gain(Loss) on derivatives, net of tax (through other comprehensive income)	-	-	(12,345)	(12,345)
Others	-	-	(432)	(432)

<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	7,515	-	-	-	7,515
Exchange differences	365,317	-	-	-	365,317
Bad debt expenses	28,972	-	-	-	28,972
Loss on disposal of trade receivables	(875)	(124)	-	-	(999)
Dividend income	-	189	1,139	-	1,328
Gain(Loss) from discontinued operations	29,299	-	-	-	29,299
Fair value gain(loss), net of tax (through other comprehensive income)	-	(9,542)	-	-	(9,542)
Gain(Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	13,855	13,855
Others	(941)	-	-	-	(941)

<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	(73,623)	-	(25,677)	(99,300)
Exchange differences	(444,622)	-	57,605	(387,017)
Gain(Loss) on derivatives (through profit or loss)	-	(5,996)	-	(5,996)
Gain(Loss) from discontinued operations	(118,970)	-	(121)	(119,091)
Gain(Loss) on derivatives, net of tax (through other comprehensive income)	-	-	27,350	27,350
Others	-	-	(309)	(309)

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5. Trade Receivables and Other Receivables

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

<i>(in millions of Korean won)</i>	September 30, 2022			December 31, 2021		
	Original amount	Allowance for doubtful accounts	Carrying amount	Original amount	Allowance for doubtful accounts	Carrying amount
Trade receivables	5,747,950	(39,452)	5,708,498	5,052,038	(35,656)	5,016,382
Non-current trade receivables	108,972	-	108,972	22,040	-	22,040
Other receivables						
Current	364,970	(8,206)	356,764	424,639	(9,308)	415,331
Non-current	163,490	(12)	163,478	180,493	(12)	180,481

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

<i>(in millions of Korean won)</i>	2022			
	At January 1	Addition (Reversal)	Write-off and other	At September 30
Trade receivables	35,656	3,796	-	39,452
Other receivables				
Current	9,308	(1,102)	-	8,206
Non-current	12	-	-	12
<i>(in millions of Korean won)</i>	2021			
	At January 1	Addition (Reversal)	Write-off and other	At September 30
Trade receivables	65,176	(28,636)	(18)	36,522
Other receivables				
Current	12,092	(314)	9	11,787
Non-current	11	1	-	12

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

<i>(in millions of Korean won)</i>	September 30, 2022				
	Trade receivables	Non-current trade receivables	Other receivables		Total
			Current	Non-current	
Receivables not past due	5,145,167	108,972	334,246	156,822	5,745,207
Past due but not impaired					
Up to 6 months	181,578	-	5,951	6,651	194,180
7 to 12 months	87,873	-	385	2	88,260
Over 1 year	255,450	-	16,411	15	271,876
Subtotal	524,901	-	22,747	6,668	554,316
Impaired	77,882	-	7,977	-	85,859
Total	5,747,950	108,972	364,970	163,490	6,385,382

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(in millions of Korean won)

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

- (d) Trade receivables have been discounted through collateralized borrowing agreements with banks for the nine-month period ended September 30, 2022. In case the customers default, the Company has an obligation to pay the related amounts to the banks. As a result, this transaction has been accounted for as a collateralized borrowing (Note 11). Discounted trade receivables as at September 30, 2022 amount to ₩105,694 million (December 31, 2021: ₩51,577 million).

6. Other Financial Assets and Liabilities

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

(in millions of Korean won)

	September 30, 2022	December 31, 2021
Other financial assets		
Derivatives	313,581	38,683
Financial assets at fair value through other comprehensive income	63,981	76,535
Financial assets at fair value through profit or loss	77,677	72,285
Total	455,239	187,503
Current	29,741	9,747
Non-current	425,498	177,756

(in millions of Korean won)

	September 30, 2022	December 31, 2021
Other financial liabilities		
Derivatives	33,510	51,961
Financial guarantee liability	12,124	11,702
Total	45,634	63,663
Current	7,925	7,045
Non-current	37,709	56,618

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

<i>(in millions of Korean won)</i>	September 30, 2022		December 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Current				
Currency forward	7	1,472	100	946
Cross-currency swap	28,881	-	9,647	-
Interest rate swap	853	-	-	-
Subtotal	29,741	1,472	9,747	946
Non-current				
Cross-currency swap	244,009	9,095	28,936	-
Interest rate swap	39,831	-	-	27,411
Put option	-	22,943	-	23,604
Subtotal	283,840	32,038	28,936	51,015
Total	313,581	33,510	38,683	51,961

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

<i>(in millions of Korean won)</i>	2022					
	At January 1	Acquisition	Disposals	Transfer	Valuation	At September 30
Listed equity securities	48,150	-	-	-	(27,429)	20,721
Unlisted equity securities	28,385	13,275	-	1,600	-	43,260
Total	76,535	13,275	-	1,600	(27,429)	63,981

<i>(in millions of Korean won)</i>	2021					
	At January 1	Acquisition	Disposals	Transfer	Valuation	At September 30
Listed equity securities	38,934	-	(13,883)	-	(4,666)	20,385
Unlisted equity securities	25,916	7,170	-	-	(8,392)	24,694
Total	64,850	7,170	(13,883)	-	(13,058)	45,079

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

<i>(in millions of Korean won)</i>	2022					
	At January 1	Acquisition	Disposals	Transfer	Valuation	At September 30
Unlisted equity securities	72,285	10,305	(15,181)	(24,992)	11,235	53,652
Debt securities	-	633	-	23,392	-	24,025
Total	72,285	10,938	(15,181)	(1,600)	11,235	77,677

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<i>(in millions of Korean won)</i>	At January 1	Acquisition	Disposals	Transfer	Valuation	At September 30
Unlisted equity securities	29,554	9,851	(3,229)	-	-	36,176
Debt securities	-	5,232	-	-	-	5,232
Total	29,554	15,083	(3,229)	-	-	41,408

7. Inventories

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

<i>(in millions of Korean won)</i>	September 30, 2022			December 31, 2021		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	819,087	(28,909)	790,178	827,273	(26,910)	800,363
Work-in-process	57,172	(710)	56,462	52,569	(1,081)	51,488
Raw materials and supplies	678,674	(52,265)	626,409	695,456	(55,412)	640,044
Other	189,296	(43,235)	146,061	180,823	(23,708)	157,115
Total	1,744,229	(125,119)	1,619,110	1,756,121	(107,111)	1,649,010

8. Contract Assets and Contract Liabilities

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

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Due from customers	431,577	309,509
(Less: allowance for doubtful accounts)	(3)	(4)
Right to recover returned products	1,111	855
Costs to fulfill contracts and others	87,947	88,229
Total	520,632	398,589
Current	443,554	318,367
Non-current	77,078	80,222

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

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Expected promotional incentives for customers	88,478	65,932
Expected returns from customers	12,077	3,320
Customer loyalty program	55,109	50,610
Rendering of warranty services	22,465	11,862
Due to customers and others	375,418	348,088
Total	553,547	479,812
Current	548,392	474,065
Non-current	5,155	5,747

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(c) Revenue recognized in relation to contract liabilities for the nine-month periods ended September 30, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	2022	2021
Revenue recognized that was included in the contract liability amount at the beginning of the period:		
Due to customers and others	302,161	143,528
Customer loyalty program	35,224	21,766
Rendering of warranty services	4,396	7,146
Total	341,781	172,440
Revenue recognized from performance obligations satisfied in previous periods	1,531	4,002

(d) Unsatisfied long-term contracts

At the end of the reporting period, the total amount of transaction price allocated to the unsatisfied or partially unsatisfied performance obligations was ₩1,501,346 million which were expected to be satisfied by 2031, at the latest. Also, as a practical expedient, the Company excluded performance obligation which was a part of contract that had an original expected duration of one year or less.

(e) For the nine-month period ended September 30, 2022, the Company recognized impairment loss amounting to nil (September 30, 2021: nil) in relation to due from customers, and amortization and other costs of ₩25,639 million (September 30, 2021: ₩14,191 million) in relation to costs to fulfill contracts.

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9. Property, Plant and Equipment, and Intangible Assets

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

<i>(in millions of Korean won)</i>	2022	2021
At January 1	6,424,785	7,318,557
Acquisitions	429,033	515,032
Reclassification to assets held for sale	(44,167)	-
Transfer	(3,357)	-
Disposals and others	(303,688)	(588,998)
Depreciation	(507,541)	(568,496)
Impairment losses ^{1,2}	(91,414)	(28,835)
At September 30	5,903,651	6,647,260

¹ For the nine-month period ended September 30, 2022, impairment loss on property, plant and equipment from discontinued operations of energy business amounting to ₩75,629 million (September 30, 2021: ₩14 million) is included.

² For the nine-month period ended September 30, 2022, impairment loss on property, plant and equipment from discontinued operations of MC business amounting to ₩825 million (September 30, 2021: ₩18,655 million) is included.

(b) Line items including depreciation in the separate interim statements of profit or loss for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Continuing operations		
Cost of sales	377,907	362,373
Selling and marketing expenses	29,342	28,188
Administrative expenses	38,743	35,035
Research and development expenses	32,976	31,226
Service costs	14,040	11,983
Other non-operating expenses	1,101	2,325
Subtotal	494,109	471,130
Discontinued operations	13,432	97,366
Total	507,541	568,496

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

<i>(in millions of Korean won)</i>	2022	2021
At January 1	121,844	125,762
Acquisitions	43,903	36,902
Transfer	(3,357)	-
Disposals and others	(2,014)	(2,504)
Depreciation	(63,238)	(59,344)

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At September 30	97,138	100,816
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The amount recognized as lease income in relation to sublease of the above right-of-use assets for the nine-month period ended September 30, 2022, was ₩6,044 million (September 30, 2021: ₩8,602 million).

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

<i>(in millions of Korean won)</i>	2022	2021
At January 1	1,758,718	2,053,815
Acquisitions	243,102	235,875
Acquisitions by internal development	110,805	120,386
Reclassification to assets held for sale	(33)	-
Transfer	(127,962)	-
Disposals and others	(43,640)	(48,130)
Decrease due to split-off	-	(53,882)
Amortization	(304,037)	(379,518)
Impairment losses ¹	(25,360)	(318,909)
At Septembers 30	1,611,593	1,609,637

¹ For the nine-month period ended September 30, 2021, impairment loss on intangible assets from discontinued operations of MC business amounting to ₩294,397 million is included.

(e) Line items including amortization of intangible assets in the separate interim statements of profit or loss for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Continuing operations		
Cost of sales	232,769	233,375
Selling and marketing expenses	7,022	4,290
Administrative expenses	20,803	22,196
Research and development expenses	40,437	25,916
Service costs	1,854	1,130
Other non-operating expenses	2	-
Subtotal	302,887	286,907
Discontinued operations	1,150	92,611
Total	304,037	379,518

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10. Investments in Subsidiaries, Associates and Joint Ventures

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

<i>(in millions of Korean won)</i>	Location	Closing month	Percentage of ownership at September 30, 2022 (%)	Carrying amount	
				September 30, 2022	December 31, 2021
Subsidiaries					
LG Electronics U.S.A., Inc.(LGEUS)	USA	December	100.0	955,542	955,542
LG Innotek Co., Ltd.	Korea	December	40.8	541,538	541,538
LG Magna e-Powertrain Co., Ltd.	Korea	December	51.0	388,661	388,661
ZKW Holding GmbH	Austria	December	70.0	349,482	349,482
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	India	March	100.0	311,746	311,746
LG Electronics do Brasil Ltda.(LGEBR)	Brazil	December	100.0	270,631	270,631
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	Poland	December	100.0	214,091	214,091
LG Electronics Nanjing Vehicle Components Co.,Ltd.(LGENV)	China	December	100.0	180,349	180,349
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	China	December	70.0	161,331	161,331
LG Electronics European Holding B.V.(LGEEH)	Netherlands	December	100.0	148,551	148,551
Hiplaza Co., Ltd.	Korea	December	100.0	136,459	136,459
Cybellum Technologies Ltd.	Israel	December	69.3	133,162	133,162
LG Electronics Egypt S.A.E(LGEEG)	Egypt	December	100.0	110,245	110,245
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	China	December	90.0	97,608	97,608
P.T. LG Electronics Indonesia(LGEIN)	Indonesia	December	100.0	94,118	94,118
LG Electronics Vietnam Hai Phong Co., Ltd(LGEVH)	Vietnam	December	100.0	84,784	84,784
LG Electronics Wrocław Sp. z.O.O.(LGEWR)	Poland	December	100.0	70,014	70,014
LG Electronics Mexico S.A. DE C.V.(LGEMS)	Mexico	December	100.0	68,721	68,721
PT.LGE Indonesia Research and Development Center (LGEIC) ¹	Indonesia	December	100.0	63,237	35,436
LG Electronics (Shenyang) Inc(LGESY)	China	December	56.3	62,033	62,033
LG Electronics Fund I LLC ¹	USA	December	100.0	55,821	54,618
LG Electronics (Thailand) Company Limited(LGETH)	Thailand	December	100.0	55,578	55,578
LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)	Australia	December	100.0	50,664	50,664
LG Electronics Ticaret A.S.(LGETK)	Türkiye	December	100.0	47,320	47,320
LG Electronics RUS, LLC(LGERA)	Russia	December	100.0	43,645	43,645
LG Electronics (Huizhou) Inc.(LGEHZ)	China	December	45.0	41,984	41,984
LG Electronics Nanjing New Technology co.,LTD(LGENT)	China	December	45.0	38,744	38,744
LG Electronics Panama, S.A.(LGEPS)	Panama	December	100.0	36,492	36,492
ZKW Austria Immobilien Holding GmbH	Austria	December	70.0	35,640	35,640
LG Electronics S.A. (Pty) Ltd.(LGESA)	Republic of	December	100.0	30,175	30,175

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(in millions of Korean won)	Location	Closing month	Percentage of ownership at September 30, 2022 (%)	Carrying amount	
				September 30, 2022	December 31, 2021
	South Africa				
Nanjing LG Panda Appliances Co., Ltd.(LGEPN)	China	December	50.0	26,614	26,614
LG Electronics Peru S.A.(LGEPR)	Peru	December	100.0	25,043	25,043
LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	China	December	100.0	20,615	20,615
LG Soft India Private Limited.(LGSi)	India	March	100.0	20,105	20,105
LG Electronics Fund II LLC ²	USA	December	100.0	8,099	-
LG Electronics Saudi Arabia LLC ²	Saudi Arabia	December	100.0	190	-
LG Electronics Nanjing Battery Pack Co.,Ltd.(LGENB) ⁴	China	December	-	-	11,282
Others				179,943	179,943
Associates					
LG Display Co., Ltd.	Korea	December	37.9	3,480,623	3,480,623
Robostar Co.,Ltd.	Korea	December	33.4	88,112	88,112
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0	52,124	52,124
Ericsson-LG Co., Ltd.	Korea	December	25.0	38,834	38,834
Mirae Asset-LG Electronics New Growth Fund I ^{1,5}	Korea	December	50.0	28,023	10,000
RINSE, INC. ¹	USA	December	23.3	18,184	7,030
ROBOTIS Co., Ltd. ³	Korea	December	7.9	9,000	9,000
Acryl Inc. ³	Korea	December	13.6	2,000	2,000
AiM Future, Inc. ³	Korea	December	15.6	800	800
Joint ventures					
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Türkiye	December	50.0	40,844	40,844
LG-LHT Aircraft Solutions GmbH ¹	Germany	December	49.0	32,480	22,983
LG-LHT Passenger Solutions GmbH ¹	Germany	December	49.0	30,023	20,528
EIC PROPERTIES PTE LTD.	Singapore	December	38.2	7,881	7,881
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD. ¹	China	December	35.0	1,535	1,194
FITNESSCANDY Co.,Ltd ²	Korea	December	51.0	2,550	-
Total				8,991,988	8,914,917

¹ It was additionally acquired during the nine-month period ended September 30, 2022.

² It was newly acquired during the nine-month period ended September 30, 2022.

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

⁴ Liquidated during the nine-month period ended September 30, 2022.

⁵ Capital reduction during the nine-month period ended September 30, 2022.

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

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<i>(in millions of Korean won)</i>	2022	2021
At January 1	8,914,917	8,881,286
Acquisitions	90,330	213,286
Increase due to split-off	-	762,080
Disposal and others ¹	(13,259)	(420,984)
Impairment	-	(32,991)
At September 30	8,991,988	9,402,677

¹ It includes the amount retrieved by the capital reduction with consideration on the Mirae Asset-LG Electronics New Growth Fund I, which is associates of the Company, during the nine-month period ended September 30, 2022.

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

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

September 30, 2022					
	Type	Shares held (Unit: shares)	Price per share (in Korean won)	Fair value (in millions of Korean won)	Book amount
LG Display Co., Ltd.	Associate	135,625,000	12,000	1,627,500	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	273,500	2,640,145	541,538
Robostar Co.,Ltd.	Associate	3,256,500	17,100	55,686	88,112
ROBOTIS Co.,Ltd.	Associate	961,550	22,000	21,154	9,000
December 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	24,600	3,336,375	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	364,000	3,513,758	541,538
Robostar Co.,Ltd.	Associate	3,256,500	26,550	86,460	88,112
ROBOTIS Co.,Ltd.	Associate	961,550	24,700	23,750	9,000

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11. Borrowings

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

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Current		
Short-term borrowings	387,460	51,577
Current portion of long-term borrowings	182,715	456,183
Current portion of debentures	612,340	608,877
Subtotal	1,182,515	1,116,637
Non-current		
Long-term borrowings	2,513,864	2,071,342
Debentures	3,995,042	4,435,282
Subtotal	6,508,906	6,506,624
Total	7,691,421	7,623,261

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

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at September 30, 2022 (%)	Carrying amount	
			September 30, 2022	December 31, 2021
Short-term borrowings in foreign currency				
LG Electronics European Shared Service Center B.V.(LGESC) and others ¹	2023. 5. 2	0.67 ~ 10.52	387,460	51,577
Long-term borrowings in local currency				
Woori Bank and others	2035. 1. 9	2.21 ~ 4.38	1,755,679	1,733,607
Long-term borrowings in foreign currency				
The Export-Import Bank of Korea and others	2031. 7.28	2.50 ~ 5.34	940,900	793,917
Local currency debentures				
Public, non-guaranteed bonds	2036. 5. 4	1.62 ~ 4.44	3,090,000	3,480,000
Private, non-guaranteed bonds	2041. 2. 9	2.66 ~ 4.21	980,000	980,000
Foreign currency debentures				
Private, non-guaranteed bonds	2028. 6. 8	3.99 ~ 5.35	405,707	460,667
Private, guaranteed bonds	2023. 2.24	3M EURIBOR+0.75	140,883	134,234
Less: discount on debentures			(9,208)	(10,741)
Total			7,691,421	7,623,261

¹ The above short-term borrowings in foreign currency include the short-term borrowings collateralized by trade receivables amounting to ₩105,694 million (December 31, 2021: ₩51,577 million) as at September 30, 2022.

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

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

12. Lease Liabilities

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

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Lease liabilities		
Current	45,356	73,297
Non-current	52,865	46,323
Total	98,221	119,620

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

<i>(in millions of Korean won)</i>	2022	2021
Continuing operations		
Interest expense relating on lease liabilities	2,649	2,555
Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	19,049	22,468
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)	11,201	9,791
Subtotal	32,899	34,814
Discontinued operations	1,099	3,699
Total	33,998	38,513

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

(c) Total expenses for leases including short-term leases and leases of low-value assets for the nine-month period ended September 30, 2022, are ₩95,435 million (September 30, 2021: ₩94,598 million).

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13. Post-employment Benefits

Defined Benefit Plan

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

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Present value of funded obligations	2,574,530	3,268,721
Fair value of plan assets	(2,880,504)	(3,168,810)
Net defined benefit liabilities (assets)	(305,974)	99,911

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

<i>(in millions of Korean won)</i>	2022	2021
Current service cost	233,007	239,696
Net interest cost	2,151	7,470
Operating management cost	1,659	1,635
Total	236,817	248,801

(c) Line items in which expenses are included for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Continuing operations		
Cost of sales	110,453	115,036
Selling and marketing expenses	31,596	27,850
Administrative expenses	19,874	14,542
Research and development expenses	46,385	44,285
Service costs	19,890	17,071
Subtotal	228,198	218,784
Discontinued operations	8,619	30,017
Total	236,817	248,801

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

<i>(in millions of Korean won)</i>	2022	2021
At January 1	3,268,721	3,278,480
Current service cost	233,007	239,696
Interest expense	68,805	58,905
Remeasurements for:		
- Actuarial loss(gain) arising from changes in financial assumptions	(657,766)	(155,728)
- Actuarial loss(gain) arising from experience adjustments	-	1,329
Decrease due to split-off	-	(76,741)
Benefits paid	(338,237)	(168,604)
At September 30	2,574,530	3,177,337

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

<i>(in millions of Korean won)</i>	2022	2021
At January 1	3,168,810	2,876,580
Interest income	66,654	51,435
Remeasurements of plan assets	(22,469)	(14,344)
Decrease due to split-off	-	(76,741)
Employer contributions	-	15,000
Benefits paid	(330,832)	(110,014)
Operating management cost	(1,659)	(1,635)
At September 30	2,880,504	2,875,281

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

	September 30, 2022	December 31, 2021
Discount rate	5.1%	2.9%
Expected salary growth rate	5.0%	5.0%

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

<i>(in millions of Korean won)</i>	1%p increase	1%p decrease
Discount rate	(231,819)	268,746
Expected salary growth rate	260,806	(229,940)

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.

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Defined Contribution Plan

The expense recognized for the nine-month period ended September 30, 2022 in relation to the defined contribution plan was ₩7,109 million (September 30, 2021: ₩7,006 million).

14. Provisions

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

2022				
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	2,279,025	10,460	62,899	2,352,384
Additions ¹	367,102	427	21,665	389,194
Utilizations	(1,480,764)	(1,364)	(22,181)	(1,504,309)
At September 30	1,165,363	9,523	62,383	1,237,269
Current	1,108,199	8,046	17,531	1,133,776
Non-current	57,164	1,477	44,852	103,493
2021				
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	615,998	10,233	100,632	726,863
Additions ¹	1,379,422	631	(4,429)	1,375,624
Decrease due to split-off	(11,692)	-	-	(11,692)
Utilizations	(336,082)	(257)	(15,473)	(351,812)
At September 30	1,647,646	10,607	80,730	1,738,983
Current	1,480,267	7,845	-	1,488,112
Non-current	167,379	2,762	80,730	250,871

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

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15. Paid-in Capital

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

	Par value per share	September 30, 2022		December 31, 2021	
		Number of shares issued	Amount (in millions of Korean won)	Number of shares issued	Amount (in millions of Korean won)
Ordinary shares	5,000	163,647,814	818,239	163,647,814	818,239
Preferred shares	5,000	17,185,992	85,930	17,185,992	85,930
Total		180,833,806	904,169	180,833,806	904,169

The preferred shareholders have no voting rights and are entitled to preferred dividends at a rate of one percentage point over that of ordinary shares. This preferred dividend rate is not applicable to stock dividends. In addition, the preferred shareholders have same rights on the remaining assets as ordinary shareholders. Repayment and conversion are not applicable to preferred shares.

(b) Share premium balance as at September 30, 2022, is ₩3,088,179 million. The share premium of ₩1,876,153 million was recognized, which is ₩2,815,707 million of the carrying amount of net assets acquired from the entity spin-off back on April 1, 2002, less the Company's capital of ₩783,961 million and less the Company's capital adjustment of ₩155,593 million. In addition, the amount of ₩331,766 million paid in excess of par value due to issuance of ordinary shares (merger with LG IBMPC Co., Ltd.) and the exercise of conversion right and warrants in 2005 and 2006 are included. The excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as the share premium due to the issuance of ordinary shares in 2011.

16. Retained Earnings

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

(in millions of Korean won)	September 30, 2022	December 31, 2021
Legal reserve ¹	246,609	231,218
Discretionary reserve	4,539,499	5,569,863
Unappropriated retained earnings (Undisposed accumulated deficit) ²	1,302,151	(860,959)
Total	6,088,259	4,940,122

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

² Dividend for the year ended December 31, 2021 of ₩153,915 million was approved at the annual general meeting held on March 24, 2022, and paid in April 2022 (2021 payments: ₩216,938 million).

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17. Accumulated Other Comprehensive Income(Loss)

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

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Cash flow hedge	59,089	(21,967)
Financial assets at fair value through other comprehensive income	(7,452)	12,571
Total	51,637	(9,396)

18. Other Components of Equity

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

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Treasury shares ¹	(44,893)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
Total	(32,819)	(32,819)

¹ The Company has treasury shares consisting of 763,176 ordinary shares (December 31, 2021: 763,176 shares) and 4,693 preferred shares (December 31, 2021: 4,693 shares) at the end of the reporting period. The Company intends to either grant these treasury shares to employees and directors as compensation or to sell them in the future.

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19. Net Sales

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

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations				
Revenue from contracts with customers:				
Sales of goods	6,333,393	19,518,792	6,548,179	18,921,102
Rendering of services and others	352,984	1,981,622	270,852	756,602
Subtotal	6,686,377	21,500,414	6,819,031	19,677,704
Revenue from other sources:				
Rental income and others	185,255	562,464	164,006	477,597
Subtotal	6,871,632	22,062,878	6,983,037	20,155,301
Discontinued operations	21,770	150,620	267,815	1,506,457
Total	6,893,402	22,213,498	7,250,852	21,661,758

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

<i>(in millions of Korean won)</i>	2022	2021
By type of products:		
Refrigerator/washing machine/air conditioner and others	11,553,102	10,672,614
TV/AV and others	2,963,681	3,313,615
In-vehicle infotainment and others	2,644,932	2,416,083
Monitor/PC and others	2,091,697	1,925,789
Others ¹	2,247,002	1,349,603
Domestic/Export:		
Domestic	7,940,779	7,848,451
Export	13,559,635	11,829,253
Timing of transfer:		
Transferred at a point in time	19,212,548	18,045,075
Transferred over time	2,287,866	1,632,629
Total	21,500,414	19,677,704

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

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

Due to the factors causing the changes in the costs of other segments during the nine-month period ended September 30, 2022, the estimated total contract revenue and costs for contracts in progress have changed. Details of changes in estimated total contract revenue and costs and the impact on profit or loss for the nine-month period ended September 30, 2022 and the succeeding periods are as follows:

<i>(in millions of Korean won)</i>	Changes in estimated total contract revenue	Changes in estimated total contract cost	Impact on profit or loss for the period ended September 30, 2022	Impact on profit or loss for the succeeding periods
Other segments	171,247	138,610	25,315	7,322

20. Expenses by Nature

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

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations				
Changes in finished goods and work-in-process	18,288	7,489	86,288	9,290
Raw materials and merchandise used	3,795,992	11,057,379	3,573,055	10,742,536
Employee benefit expense	1,085,204	3,693,852	1,054,220	3,063,501
Depreciation and amortization	263,033	795,893	246,826	755,712
Advertising expense	179,076	464,646	172,349	417,771
Promotion expense	33,293	107,239	44,521	137,841
Freight expense	374,444	1,195,128	320,183	847,315
Commission expense	552,283	1,586,887	454,019	1,322,421
Other expenses	800,450	2,337,150	1,162,064	2,552,828
Subtotal¹	7,102,063	21,245,663	7,113,525	19,849,215
Discontinued operations	57,513	357,954	280,727	2,854,632
Total	7,159,576	21,603,617	7,394,252	22,703,847

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

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

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

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations				
Salaries	403,718	1,214,118	383,818	1,086,226
Post-employment benefits	42,010	245,928	40,437	108,921
Employee welfare benefits	74,487	263,738	65,813	178,728
Freight expense	369,254	1,179,165	317,899	840,560
Rental expense	6,349	22,459	7,404	21,946
Commission expense	419,703	1,195,785	332,690	951,818
Depreciation	38,733	115,101	36,537	106,432
Amortization	23,887	70,116	23,313	53,532
Taxes and dues	9,202	17,826	7,900	15,171
Advertising expense	179,076	464,646	172,349	417,771
Promotional expense	33,293	107,239	44,521	137,841
R&D expense	84,711	194,405	64,336	181,019
Direct service costs	159,785	239,657	583,780	904,955
(Reversal of) bad debts expense	1,469	3,127	1,231	(28,671)
Others	61,179	184,538	49,925	141,562
Subtotal	1,906,856	5,517,848	2,131,953	5,117,811
Discontinued operations	17,120	145,075	5,529	1,065,717
Total	1,923,976	5,662,923	2,137,482	6,183,528

22. Financial Income

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

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations				
Interest income	10,078	21,793	2,837	7,515
Exchange differences	131,750	311,904	84,675	204,029
Others	986	1,917	642	1,193
Subtotal	142,814	335,614	88,154	212,737
Discontinued operations	-	1,921	1,907	23,467
Total	142,814	337,535	90,061	236,204

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23. Financial Expenses

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

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations				
Interest expense	55,366	149,560	49,987	99,300
Exchange differences	69,156	209,360	63,650	158,833
Loss on disposal of trade receivables	377	996	310	999
Others	1,385	2,614	1,026	2,444
Subtotal	126,284	362,530	114,973	261,576
Discontinued operations	-	15,208	8,895	87,998
Total	126,284	377,738	123,868	349,574

24. Other Non-operating Income

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

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations				
Dividend income	15,940	406,064	1,135	139,969
Exchange differences	513,919	1,087,496	216,586	500,963
Gain on disposal of property, plant and equipment	1,348	5,393	21,919	24,159
Gain on disposal of intangible assets	120	17,141	11	67
Gain on disposal of assets held for sale	-	182,423	6,773	6,773
Gain on valuation of derivatives	663	14,504	125	125
Gain on disposal of investments in subsidiaries, associates and joint ventures	281	281	152,340	152,340
Gain on valuation of financial assets at fair value through profit or loss	11,485	11,485	-	-
Others	1,914	1,933	21,825	51,622
Subtotal	545,670	1,726,720	420,714	876,018
Discontinued operations	80,263	94,736	12,100	83,124
Total	625,933	1,821,456	432,814	959,142

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25. Other Non-operating Expenses

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

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations				
Exchange differences	548,800	1,112,076	248,886	553,739
Loss on disposal of property, plant and equipment	3,158	5,199	2,992	14,685
Impairment loss on property, plant and equipment	2,812	14,960	7,303	10,166
Loss on disposal of intangible assets	4,903	15,907	5,210	19,581
Impairment loss on intangible assets	2,161	25,360	-	24,499
Loss on disposal of assets held for sale	-	106	4,949	4,949
Loss on valuation of derivatives	4,150	39,288	587	6,121
Loss on valuation of financial assets at fair value through profit or loss	-	250	-	-
Loss on disposal of investments in subsidiaries, associates and joint ventures	-	-	-	5,390
Impairment loss on investments in subsidiaries, associates and joint ventures	-	-	14,679	32,991
Others	10,945	23,651	4,342	13,139
Subtotal	576,929	1,236,797	288,948	685,260
Discontinued operations	915	98,918	22,232	405,966
Total	577,844	1,335,715	311,180	1,091,226

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26. Earnings (Losses) per Share

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

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

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Profit (loss) attributable to ordinary shares <i>(in millions of Korean won)</i>				
Continuing operations	(114,816)	757,717	(48,528)	(876,529)
Discontinued operations	(143,611)	906,164	(29,123)	270,632
	28,795	(148,447)	(19,405)	(1,147,161)
Weighted average number of ordinary shares outstanding <i>(unit: shares)</i>	162,884,638	162,884,638	162,884,638	162,884,638
Basic earnings (losses) per ordinary share <i>(in Korean won)</i>				
Continuing operations	(705)	4,652	(298)	(5,382)
Discontinued operations	(882)	5,563	(179)	1,661
	177	(911)	(119)	(7,043)

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

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Profit (loss) attributable to preferred shares <i>(in millions of Korean won)</i>				
Continuing operations	(11,895)	80,570	(4,904)	(91,813)
Discontinued operations	(14,933)	96,228	(2,858)	29,190
	3,038	(15,658)	(2,046)	(121,003)
Weighted average number of ordinary shares outstanding <i>(unit: shares)</i>	17,181,299	17,181,299	17,181,299	17,181,299
Basic earnings (losses) per ordinary share <i>(in Korean won)</i>				
Continuing operations	(692)	4,690	(285)	(5,344)
Discontinued operations	(869)	5,601	(166)	1,699
	177	(911)	(119)	(7,043)

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27. Cash Flow Information

Cash flows from operating activities are presented using the indirect method. Details of cash generated from operations for the nine-month periods ended September 30, 2022 and 2021, are as follows:

(a) Cash generated from operations

<i>(in millions of Korean won)</i>	2022	2021
Profit (loss) for the period	838,287	(968,342)
Adjustments:		
Interest expense, net	127,767	91,785
Exchange differences, net	35,783	28,843
Depreciation	494,108	471,129
Amortization	302,887	286,908
Loss (gain) on disposal of property, plant and equipment and intangible assets, net	(1,428)	10,040
Provisions for severance benefits	235,307	225,790
Additional provisions, net	321,553	933,167
Dividend income	(406,064)	(139,969)
Income tax expense	277,830	148,183
Gain on disposal of investments in subsidiaries, associates and joint ventures	(281)	(146,950)
Gain on valuation of financial assets at fair value through profit or loss	-	32,991
Other	(95,087)	49,318
Discontinued operations	46,093	613,056
	<u>1,338,468</u>	<u>2,604,291</u>
Changes in operating assets and liabilities		
Decrease(increase) in trade receivables	(578,511)	(323,516)
Decrease(increase) in other receivables	573,562	227,709
Decrease(increase) in inventories	(86,568)	(334,333)
Decrease (increase) in contract assets	(89,876)	45,332
Decrease(increase) in other assets	(107,879)	(90,401)
Increase (decrease) in trade payables	231,458	(446,459)
Increase(decrease) in other payables	(334,591)	(306,510)
Decrease in provisions	(1,504,309)	(351,812)
Increase(decrease) in contract liabilities	74,133	34,068
Increase (decrease) in other liabilities	(186,705)	458,668
Payment of defined benefit liability	(14,515)	(65,596)
Deposit in plan assets, net	-	(185,456)
	<u>(2,023,801)</u>	<u>(1,338,306)</u>
Cash generated from operations	<u>152,954</u>	<u>297,643</u>

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(b) Changes in liabilities from financing activities

<i>(in millions of Korean won)</i>	2022					
	At January 1	Net cash flows from financing activities	Effects of other changes			At September 30
			Additions	Exchange differences (profit/loss)	Amortization and others	
Borrowings	2,579,101	353,959	-	150,978	-	3,084,038
Debentures	5,044,160	(505,520)	-	66,986	1,756	4,607,382
Lease liabilities	119,620	(61,657)	39,701	337	220	98,221
Total	7,742,881	(213,218)	39,701	218,301	1,976	7,789,641

<i>(in millions of Korean won)</i>	2021					
	At January 1	Net cash flows from financing activities	Effects of other changes			At September 30
			Additions	Exchange Differences (profit/loss)	Amortization and others	
Borrowings	2,886,129	(150,118)	-	38,960	-	2,774,971
Debentures	4,938,569	67,480	-	37,796	1,754	5,045,599
Lease liabilities	121,870	(56,169)	32,283	34	84	98,102
Total	7,946,568	(138,807)	32,283	76,790	1,838	7,918,672

(c) Significant non-cash transactions

<i>(in millions of Korean won)</i>	2022	2021
Reclassification of construction-in-progress to property, plant and equipment	82,730	282,453
Reclassification of construction-in-progress to intangible assets	210,610	202,003
Reclassification of current portion of borrowings and debentures	672,655	966,051
Other payables to acquire property, plant and equipment	42,684	27,455
Other payables to acquire intangible assets	15,934	17,455
Acquisition of right-of-use assets	43,852	36,902

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

– Transfer of CEM(Chemical Electronic Material) business

i) On November 1, 2021, CEM business was transferred to LG Chem Ltd.

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

<i>(in millions of Korean won)</i>	Amount
Total consideration	
Cash and cash equivalents	440,494
Other receivables	25,813
Other payables	(1,123)
Assets of the transferred business:	
Trade receivables	112,194
Other receivables	4,566
Inventories	28,467
Property, plant and equipment	133,093
Intangible assets	511
Contract assets	17
Other assets	1,104
Liabilities of the transferred business:	
Trade payables	55,477
Lease liabilities	94
Other payables	5,067
Provisions	1,386
Contract liabilities	19
Other liabilities	4,758

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28. Contingencies

(a) At the end of the reporting period, the Company is provided with performance guarantees of ₩350,764 million (December 31, 2021: ₩252,462 million) from Seoul Guarantee Insurance and others relating to the performance guarantees. The Company is also provided with guarantee of principal amounting to EUR 100 million (December 31, 2021: EUR 100 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

(b) At the end of the reporting period, the financial guarantees provided by the Company to related parties amount to ₩4,321,104 million (December 31, 2021: ₩3,262,858 million) on the indebtedness of its subsidiaries. Details are as follows:

<i>(in millions of Korean won)</i>	Beneficiaries	September 30, 2022	December 31, 2021
LG Electronics European Shared Service Center B.V.(LGESC)	Citibank and others	1,051,266	989,849
LG Electronics U.S.A., Inc.(LGEUS)	Citibank and others	681,530	565,010
LG Electronics do Brasil Ltda.(LGEBR)	Chubb and others	577,691	461,808
LG Electronics (China) Co., Ltd(LGECH)	Citibank and others	333,019	287,718
ZKW Group GmbH	The Export-Import Bank of Korea	281,766	-
LG Electronics Peru S.A.(LGEPR)	Scotiabank and others	216,385	178,273
LG Electronics Mexico S.A. DE C.V.(LGEMS)	HSBC and others	185,444	35,565
LG Electronics Mlawa Sp. z.O.O.(LGEMA)			
LG Electronics Polska Sp. Z.O.O.(LGEPL)	Citibank	118,410	-
LG Electronics Wroclaw Sp. z.O.O.(LGEWR)			
LG Electronics Morocco S.A.R.L.(LGEMC)	CAG-Credit du Maroc and others	113,291	104,537
LG Electronics Inc Chile Limitada(LGECL)	Scotiabank and others	107,214	98,182
LG Electronics Algeria SARL(LGEAS)	Citibank and others	99,591	109,233
LG Electronics Colombia Limitada(LGECB)	Citibank and others	79,920	72,428
LG Electronics Reynosa S.A. DE C.V.(LGERES)	BBVA	71,740	-
LG Electronics RUS, LLC(LGERA)	Citibank	68,870	-
LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK)	Citibank	57,392	47,420
LG Electronics Egypt S.A.E(LGEEG)	Credit Agricole and others	55,073	55,840
LG Electronics (M) Sdn. Bhd(LGEML)	Citibank	43,106	35,622
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	ING	42,265	-
LG Electronics Ticaret A.S.(LGETK)	HSBC and others	36,452	77,489
LG Electronics S.A. (Pty) Ltd.(LGESA)	Citibank and others	28,425	13,006
LG Electronics Italia S.P.A.(LGEIS)	Intesa	28,177	26,847
LG ELECTRONICS HELLAS SINGLE	Citibank	14,088	13,423

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<i>(in millions of Korean won)</i>	Beneficiaries	September 30, 2022	December 31, 2021
MEMBER SA (LGEHS)			
Others	Woori and others	29,989	90,608
Total		4,321,104	3,262,858

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

29. Commitments

- (a) At the end of the reporting period, the Company has borrowing agreements, such as overdraft facility agreements, trade financing and others, with various banks, including Shinhan Bank, with a limit of ₩873,546 million (December 31, 2021: ₩1,244,093 million).
- (b) At the end of the reporting period, the Company has sales agreements for receivables with various banks including KEB Hana Bank amounting to ₩3,105,034 million (December 31, 2021: ₩2,481,320 million).
- (c) At the end of the reporting period, the Company has corporate electronic settlement services contracts and vendor prepayment services contracts with various banks including Shinhan Bank for up to ₩1,160,000 million (December 31, 2021: ₩1,160,000 million) in connection with the payment of trade payables.
- (d) Contractual commitments for the acquisition of assets

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

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<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Property, plant and equipment	300,269	323,323
Intangible assets	26,615	36,754
Investments in subsidiaries, associates and joint ventures	153,595	105,140
Total	480,479	465,217

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

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

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

- i) The Company has non-cancellable operating lease agreements regarding home appliance rental business that lends water purifiers and others to customers, and property rent.

<i>(in millions of Korean won)</i>	September 30, 2022					Total lease payments
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	
Home appliance rental	345,849	213,400	87,159	14,072	-	660,480
Property rent	4,696	4,699	4,699	4,698	4,690	23,482
Total	350,545	218,099	91,858	18,770	4,690	683,962

- ii) The Company recognized ₩446,002 million (September 30, 2021: ₩457,828 million) in lease income for the nine-month period ended September 30, 2022.

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(f) Financial lease commitments – the Company as lessor

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

<i>(in millions of Korean won)</i>	September 30, 2022		December 31, 2021	
	Gross investment in the lease¹	Present value of the minimum lease payments	Gross investment in the lease¹	Present value of the minimum lease payments
Within one year	25,974	19,398	4,983	3,999
Between 1 and 2 years	26,604	21,148	5,015	4,716
Between 2 and 3 years	26,499	22,239	5,007	4,531
Between 3 and 4 years	25,946	22,925	5,027	4,378
Later than 4 years	44,740	42,659	9,935	8,166
Total	149,763	128,369	29,967	25,790

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

ii) Unrealized interest income of financial lease as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Gross investment in the lease	149,763	29,967
Net investment in the lease	128,369	25,790
Unrealized interest income	21,394	4,177

iii) For the nine-month period ended September 30, 2022, the Company recognized income amounting to ₩102,866 million (September 30, 2021: nil) in relation to financial lease contract, and financial income net investment in the lease amounting to ₩2,917 million (September 30, 2021: nil) is included.

(g) Trademark license agreements

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

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

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30. Related Party

(a)

i) Major income and expense transactions with related parties

(in millions of Korean won)

Classification	Name	2022					
		Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁵	Total
Significantly influencing the Company	LG Corp.	386	-	386	-	103,066	103,066
Subsidiaries	LG Innotek Co., Ltd.	176,991	12,557	189,548	83,041	866	83,907
	Hiplaza Co., Ltd.	1,425,944	11,133	1,437,077	6,842	12,245	19,087
	LG Electronics U.S.A., Inc.	4,342,798	10,950	4,353,748	4,571	57,462	62,033
	LG Electronics Vietnam Hai Phong Co., Ltd	1,170,822	712	1,171,534	134,364	47,373	181,737
	LG Electronics Canada, Inc.	608,016	21	608,037	-	10,321	10,321
	LG Electronics RUS, LLC	93,938	1,707	95,645	-	4,798	4,798
	LG Electronics Deutschland GmbH	100,464	12,839	113,303	378	11,942	12,320
	LG Electronis Reynosa, S.A. De C.V.	286,194	603	286,797	1,633	43	1,676
	LG Electronics Mlawa Sp. z.O.O.	574,797	2,818	577,615	2,097	1,515	3,612
	LG Electronics Nanjing New Technology co.,LTD	299,566	-	299,566	531,221	1,261	532,482
	P.T. LG Electronics Indonesia	200,752	529	201,281	442,641	173	442,814
	LG Electronics Colombia Ltda.	43,709	33	43,742	-	713	713
	LG Electronics Vehicle Components U.S.A., LLC.	133,074	2,180	135,254	1,341	23,033	24,374
	LG Electronics Mexico S.A. DE C.V.	121,218	36	121,254	-	1,308	1,308
	LG Electronics European Shared Service Center B.V.	364,629	1,417	366,046	272	23,677	23,949
	Taizhou LG Electronics Refrigeration Co., Ltd.	70,373	7,029	77,402	187,871	1	187,872
	LG ELECTRONICS AUSTRALIA PTY LIMITED	219,264	10	219,274	-	3,319	3,319
	LG Electronics (Tianjin) Appliances Co., Ltd.	91,349	183	91,532	367,389	1	367,390
	LG Electronics Inc Chile Ltda.	(7,158)	64	(7,094)	-	1,739	1,739
	LG Electronics do Brasil Ltda.	179,876	1,309	181,185	528	2,163	2,691
	Hi-Caresolution Corp	42,486	175	42,661	198,328	29,123	227,451
	Others	2,846,750	153,541	3,000,291	209,368	531,263	740,631
	Subtotal	13,385,852	219,846	13,605,698	2,171,885	764,339	2,936,224
Associates	LG Display Co., Ltd. and its subsidiaries	533,771	51,104	584,875	167,674	984	168,658
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	306	-	306	33,550	14,081	47,631

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		2022					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁵	Total
	Robostar Co.,Ltd. and its subsidiaries	55	-	55	14,091	565	14,656
	ROBOTIS Co., Ltd.	-	-	-	-	2	2
	Acryl Inc.	-	-	-	-	1,123	1,123
	Subtotal	534,132	51,104	585,236	215,315	16,755	232,070
Other related parties	LG CNS Co., Ltd. and its subsidiaries	102,508	536	103,044	92,772	282,934	375,706
	D&O Corp., Ltd. and its subsidiaries ²	745	186	931	1,470	25,717	27,187
	LG Management Development Institute	24	-	24	45	37,844	37,889
	LG SPORTS Ltd.	4	21	25	280	9,704	9,984
	Subtotal	103,281	743	104,024	94,567	356,199	450,766
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	345,824	2,352	348,176	237,237	77	237,314
	LX INTERNATIONAL CORP and its subsidiaries ³	4,993	1,179	6,172	165,921	975,005	1,140,926
	LG Uplus Corp and its subsidiaries	2,349	9	2,358	2,552	275	2,827
	LX HAUSYS,LTD., its subsidiaries and associates ³	2,077	77	2,154	1,670	385	2,055
	LX Semicon Co., Ltd. ³	1,410	2,012	3,422	6,490	19	6,509
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	1,924	1	1,925	16	26	42
	G II R Inc. and its subsidiaries	1,193	-	1,193	4	148,500	148,504
	LX MMA Corporation ³	5	-	5	-	-	-
	XI C&A Co., Ltd. ⁴	2,857	20	2,877	-	29,799	29,799
	S&I Corp. ⁴	2,052	-	2,052	255	38,259	38,514
	Subtotal	364,684	5,650	370,334	414,145	1,192,345	1,606,490
	Total	14,388,335	277,343	14,665,678	2,895,912	2,432,704	5,328,616

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		2021					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁵	Total
Significantly influencing the Company	LG Corp.	415	-	415	-	100,114	100,114
Subsidiaries	LG Innotek Co., Ltd.	149,961	17,132	167,093	190,499	8,995	199,494
	Hiplaza Co., Ltd.	1,612,678	12,349	1,625,117	9,743	12,265	22,008
	LG Electronics U.S.A., Inc.	4,150,052	767	4,150,819	2,789	28,790	31,579
	LG Electronics Vietnam Hai Phong Co., Ltd	1,130,700	560	1,131,260	196,395	39,625	236,020
	LG Electronics Canada, Inc.	440,614	18	440,632	-	6,992	6,992
	LG Electronics RUS, LLC	235,102	3389	235,491	-	2,370	2,370
	LG Electronics Deutschland GmbH	207,308	19,735	227,043	2,498	47,189	49,687
	LG Electronis Reynosa, S.A. De C.V.	279,118	56	279,174	254	90	344
	LG Electronics Mlawa Sp. z.O.O.	656,596	399	656,995	4,384	3,115	7,499
	LG Electronics Nanjing New Technology co.,LTD	266,627	161	266,788	457,571	1,430	459,001
	P.T. LG Electronics Indonesia	132,704	967	133,671	474,402	35	474,437
	LG Electronics Colombia Ltda.	49,235	19	49,254	-	442	442
	LG Electronics Vehicle Components U.S.A., LLC.	110,629	7,878	118,507	1,491	16,993	18,484
	LG Electronics Mexico S.A. DE C.V.	206,413	22	206,435	-	640	640
	LG Electronics European Shared Service Center B.V.	355,692	14	355,706	-	16,750	16,750
	Taizhou LG Electronics Refrigeration Co., Ltd.	77,303	163	77,466	180,357	141	180,498
	LG ELECTRONICS AUSTRALIA PTY LIMITED	249,521	18	249,539	-	5,145	5,145
	LG Electronics (Tianjin) Appliances Co., Ltd.	55,330	157	55,487	232,925	112	233,037
	LG Electronics Inc Chile Ltda.	90,431	41	90,472	-	1,414	1,414
	LG Electronics do Brasil Ltda.	279,104	131	279,235	2,724	1,238	3,962
	Hi-Caresolution Corp	39,224	182	39,406	185,701	25,115	210,816
	Others	2,879,555	14,608	2,894,163	232,982	329,878	562,860
	Subtotal	13,653,897	75,856	13,729,753	2,174,715	548,764	2,723,479
Associates	LG Display Co., Ltd. and its subsidiaries	345,927	62,460	408,387	203,247	191	203,438
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	650	-	650	20,746	187	20,933
	Robostar Co.,Ltd. and its subsidiaries	63	-	63	25,313	2,953	28,266
	ROBOTIS Co., Ltd.	-	-	-	-	6	6
	Acryl Inc.	-	-	-	-	1,027	1,027
	Subtotal	346,640	62,460	409,100	249,306	4,364	253,670
Joint ventures	LG-MRI LLC	21,407	-	21,407	-	-	-

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		2021					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁵	Total
Other related parties	LG CNS Co., Ltd. and its subsidiaries	109,571	125	109,696	84,896	283,019	367,915
	D&O Corp., Ltd. and its subsidiaries	8,819	-	8,819	5,348	120,469	125,817
	LG Management Development Institute	20	21	41	46	31,025	31,071
	LG SPORTS Ltd.	4	17	21	-	10,882	10,882
	Subtotal	118,414	163	118,577	90,290	445,395	535,685
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	587,964	2,411	590,375	460,053	973	461,026
	LX INTERNATIONAL CORP and its subsidiaries ³	5,616	737	6,353	333,568	1,015,754	1,349,322
	LG Uplus Corp and its subsidiaries	3,208	5	3,213	18,994	4,344	23,338
	LX HAUSYS,LTD., its subsidiaries and associates ³	1,827	78	1,905	1,075	542	1,617
	LX Semicon Co., Ltd. ³	2,006	2,457	4,463	11,110	411	11,521
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	5,325	1	5,326	54	53	107
	G II R Inc. and its subsidiaries	214	943	1,157	203	143,382	143,585
	LX Holdings Corp. ³	99	-	99	-	-	-
	LX MMA Corporation ³	3	-	3	-	-	-
	Subtotal	606,262	6,632	612,894	825,057	1,165,459	1,990,516
Total	14,747,035	145,111	14,892,146	3,339,368	2,264,096	5,603,464	

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

² The entity changed its name from S&I Corp. to D&O Corp. on April 1, 2022.

³ LX Holdings Corp. and its affiliates are separated from the corporate group based on their independent management on June 21, 2022.

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

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

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

(in millions of Korean won)

		September 30, 2022							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁶	Total
Significantly influencing the Company	LG Corp.	47	-	25,597	25,644	-	-	12,294	12,294
Subsidiaries	LG Innotek Co., Ltd.	87,328	-	10,807	98,135	18,256	-	22,572	40,828
	Hiplaza Co., Ltd.	179,504	-	28,350	207,854	-	-	750	750
	LG Electronics U.S.A., Inc.	441,791	-	208	441,999	-	-	4,698	4,698
	LG Electronics Vietnam Hai Phong Co., Ltd	278,632	-	47	278,679	543,935	-	5,304	549,239
	LG Electronics Canada, Inc.	108,892	-	7	108,899	-	-	1,477	1,477
	LG Electronics RUS, LLC	37,946	-	110,517	148,463	-	-	265	265
	LG Electronics Deutschland GmbH	76,660	-	65	76,725	-	-	1,599	1,599
	LG Electronis Reynosa, S.A. De C.V.	57,003	-	-	57,003	240,886	-	-	240,886
	LG Electronics Mlawa Sp. z.O.O.	111,544	-	-	111,544	732,105	-	123	732,228
	LG Electronics Nanjing New Technology co.,LTD	41,928	-	-	41,928	351,376	-	240	351,616
	P.T. LG Electronics Indonesia	28,856	-	42	28,898	650,134	-	164	650,298
	LG Electronics Colombia Ltda.	94,278	-	33	94,311	-	-	229	229
	LG Electronics Vehicle Components U.S.A., LLC.	192,040	-	239	192,279	-	-	2,531	2,531
	LG Electronics Mexico S.A. DE C.V.	253,094	-	-	253,094	-	-	203	203
	LG Electronics European Shared Service Center B.V.	55,699	-	1,405	57,104	-	281,766	634	282,400
	Taizhou LG Electronics Refrigeration Co., Ltd.	20,537	-	3,725	24,262	203,715	-	620	204,335
	LG ELECTRONICS AUSTRALIA PTY LIMITED	62,787	-	-	62,787	-	-	374	374
	LG Electronics (Tianjin) Appliances Co., Ltd.	18,896	-	112	19,008	193,307	-	16	193,323
	LG Electronics Inc Chile Ltda.	17,306	-	4	17,310	-	-	183	183
	LG Electronics do Brasil Ltda.	92,251	-	-	92,251	169	-	2,030	2,199
	Hi-Caresolution Corp	7,379	-	-	7,379	-	-	27,502	27,502
	Others	2,021,210	-	83,295	2,104,505	851,637	-	168,288	1,019,925
	Subtotal	4,285,561	-	238,856	4,524,417	3,785,520	281,766	239,802	4,307,088
Associates	LG Display Co., Ltd. and its subsidiaries	166,284	-	72,098	238,382	61,965	-	69,020	130,985
	Hitachi-LG Data Storage Inc.(HLDS) and its	-	-	-	-	48,927	-	209	49,136

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		September 30, 2022							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁶	Total
	subsidiaries								
	Robostar Co., Ltd. and its subsidiaries	41	-	-	41	705	-	7,889	8,594
	Subtotal	166,325	-	72,098	238,423	111,597	-	77,118	188,715
Other related parties	LG CNS Co., Ltd. and its subsidiaries	40,982	-	-	40,982	3,448	-	102,357	105,805
	D&O Corp., Ltd. and its subsidiaries ²	74	-	-	74	-	-	5,400	5,400
	LG Management Development Institute	3	-	-	3	-	-	1,222	1,222
	LG SPORTS Ltd.	-	-	-	-	-	-	619	619
	Subtotal	41,059	-	-	41,059	3,448	-	109,598	113,046
Others ¹	LG Chem Ltd. and its subsidiaries and joint ventures ³	111,254	-	198,131	309,385	130,327	-	54,035	184,362
	LG Uplus Corp and its subsidiaries	164	-	18	182	83	-	55	138
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	73	-	340	413	-	-	104	104
	G II R Inc. and its subsidiaries	20	-	-	20	-	-	131,656	131,656
	XI C&A Co., Ltd.	1,795	-	-	1,795	-	-	26,380	26,380
	S&I Corp.	192	-	-	192	-	-	9,039	9,039
	Subtotal	113,498	-	198,489	311,987	130,410	-	221,269	351,679
	Total	4,606,490	-	535,040	5,141,530	4,030,975	281,766	660,081	4,972,822

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		December 31, 2021							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁵	Total
Significantly influencing the Company	LG Corp.	45	-	25,386	25,431	-	-	42,812	42,812
Subsidiaries	LG Innotek Co., Ltd.	143,326	-	5,155	148,481	47,683	-	50,823	98,506
	Hiplaza Co., Ltd.	219,564	-	28,719	248,283	-	-	7,226	7,226
	LG Electronics U.S.A., Inc.	783,450	-	266	783,716	-	-	10,478	10,478
	LG Electronics Vietnam Hai Phong Co., Ltd	222,709	-	189	222,898	374,755	-	6,905	381,660
	LG Electronics Canada, Inc.	62,560	-	-	62,560	-	-	1,336	1,336
	LG Electronics RUS, LLC	113,312	-	110,437	223,749	927	-	247	1,174
	LG Electronics Deutschland GmbH	381,001	-	77,045	458,046	-	-	14,935	14,935
	LG Electronis Reynosa, S.A. De C.V.	24,913	-	-	24,913	95,718	-	-	95,718
	LG Electronics Mlawa Sp. z.O.O.	97,807	-	707	98,514	831,975	-	339	832,314
	LG Electronics Nanjing New Technology co.,LTD	58,251	-	192	58,443	446,159	-	227	446,386
	P.T. LG Electronics Indonesia	15,598	-	616	16,214	587,591	-	-	587,591
	LG Electronics Colombia Ltda.	96,312	-	-	96,312	-	-	72	72
	LG Electronics Vehicle Components U.S.A., LLC.	159,526	-	732	160,258	-	-	1,731	1,731
	LG Electronics Mexico S.A. DE C.V.	114,059	-	-	114,059	-	-	57	57
	LG Electronics European Shared Service Center B.V.	24,389	-	3,573	27,962	-	268,468	250	268,718
	Taizhou LG Electronics Refrigeration Co., Ltd.	20,507	-	6,925	27,432	274,083	-	-	274,083
	LG ELECTRONICS AUSTRALIA PTY LIMITED	68,286	-	-	68,286	-	-	258	258
	LG Electronics (Tianjin) Appliances Co., Ltd.	21,349	-	3,492	24,841	177,674	-	-	177,674
	LG Electronics Inc Chile Ltda.	71,451	-	-	71,451	-	-	244	244
	LG Electronics do Brasil Ltda.	64,341	-	27,146	91,487	76	-	633	709
	Hi-Caresolution Corp	8,096	-	1,504	9,600	1,810	-	27,844	29,654
	Others	1,205,989	-	83,614	1,289,603	700,085	-	135,994	836,079
	Subtotal	3,976,796	-	350,312	4,327,108	3,538,536	268,468	259,599	4,066,603
Associates	LG Display Co., Ltd. and	99,163	-	56,299	155,462	63,354	-	74,620	137,974

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		December 31, 2021							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁵	Total
	its subsidiaries								
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	110	-	-	110	30,538	-	543	31,081
	Robostar Co.,Ltd. and its subsidiaries	85	-	-	85	343	-	10,336	10,679
	Acryl Inc.	-	-	-	-	-	-	120	120
	Subtotal	99,358	-	56,299	155,657	94,235	-	85,619	179,854
Joint ventures	LG-MRI LLC	8,753	-	-	8,753	-	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	31,379	-	-	31,379	1,733	-	218,177	219,910
	S&I Corp. and its subsidiaries ²	5,154	-	21,872	27,026	-	-	30,942	30,942
	LG Management Development Institute	3	-	13,340	13,343	-	-	1,272	1,272
	LG SPORTS Ltd.	-	-	-	-	-	-	699	699
	Subtotal	36,536	-	35,212	71,748	1,733	-	251,090	252,823
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures ³	110,353	-	894,887	1,005,240	160,590	-	15,560	176,150
	LX INTERNATIONAL CORP and its subsidiaries ⁴	17,257	-	2,679	19,936	18,345	-	203,412	221,757
	LG Uplus Corp and its subsidiaries	372	-	-	372	104	-	511	615
	LX HAUSYS,LTD., its subsidiaries and associates ⁴	668	-	12	680	486	-	919	1,405
	LX Semicon Co., Ltd. ⁴	-	-	-	-	6,046	-	2	6,048
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	1,127	-	2,818	3,945	-	-	88	88
	G II R Inc. and its subsidiaries	20	-	-	20	-	-	148,261	148,261
	Subtotal	129,797	-	900,396	1,030,193	185,571	-	368,753	554,324
	Total	4,251,285	-	1,367,605	5,618,890	3,820,075	268,468	1,007,873	5,096,416

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

² The entity changed its name from S&I Corp. to D&O Corp. on April 1, 2022.

³ The amount agreed to be reimbursed by the related party for provisions to be paid by the Company to a third party is included.

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

⁵ Other payables include lease liabilities.

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

(in millions of Korean won)

Classification	Name	Dividend income	Dividend paid	Cash distribution	2022			
					Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments ¹
Significantly influencing the Company	LG Corp.	-	46,830	-	-	-	-	20,760
Subsidiaries	LG Innotek Co., Ltd.	28,960	-	-	-	-	-	-
	LG Electronics Fund I LLC	-	-	1,202	-	-	-	-
	LG Electronics Fund II LLC	-	-	7,975	-	-	-	-
	LG Electronics RUS, LLC	156,663	-	-	-	-	-	-
	LG Magna e-Powertrain Co., Ltd.	-	-	-	-	-	-	4,320
	LG Electronics Nanjing New Technology co.,LTD	24,252	-	-	-	-	-	-
	NanJing LG-Panda Appliances Co., Ltd.	18,574	-	-	-	-	-	-
	LG Electronics Thailand Co., Ltd.	34,104	-	-	-	-	-	-
	LG Electronics Huizhou Ltd.	5,650	-	-	-	-	-	-
	LG ELECTRONICS AUSTRALIA PTY LIMITED	26,757	-	-	-	-	-	-
	LG Electronics European Shared Service Center B.V.	-	-	-	-	-	266,948	266,948
	LG Electronics Japan, Inc.	13,578	-	-	-	-	-	-
	LGE INDONESIA RESEARCH AND DEVELOPMENT CENTER	-	-	27,802	-	-	-	-
	Subtotal	308,538	-	36,979	-	-	266,948	271,268
Associates	LG Display Co., Ltd.	88,156	-	-	-	-	-	-
	Ericsson-LG Co., Ltd.	8,250	-	-	-	-	-	-
	Rinse	-	-	11,154	-	-	-	-
	Mirae Asset-LG Electronics New Growth Fund I	2,362	-	18,023	-	-	-	-
	Subtotal	98,768	-	29,177	-	-	-	-
Joint ventures	LG-LHT Aircraft Solutions GmbH	-	-	9,496	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	9,496	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY	-	-	341	-	-	-	-
	Subtotal	-	-	19,333	-	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	-	-	-	-	-	204	53

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Classification	Name	Dividend income	Dividend paid	Cash distribution	2022			
					Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments ¹
	D&O Corp., Ltd. and its subsidiaries	-	-	-	-	-	3,219	163
	Subtotal	-	-	-	-	-	3,423	216
	Total	407,306	46,830	85,489	-	-	270,371	292,244

(in millions of Korean won)

Classification	Name	Dividend income	Dividend paid	Cash distribution	2021			
					Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments ¹
Significantly influencing the Company	LG Corp.	-	66,113	-	-	-	-	20,645
Subsidiaries	LG Innotek Co., Ltd.	6,757	-	-	-	-	-	-
	LG Electronics Fund I LLC	-	-	4,432	-	-	-	-
	LG Electronics RUS, LLC	71,324	-	-	-	-	-	-
	LG Electronics (Hangzhou) Co., Ltd	22,216	-	-	-	-	-	-
	Inspur LG Digital Mobile Communications Co., Ltd.	23,328	-	(16,871)	-	-	-	-
	Qingdao LG Inspur Digital Communication Co., Ltd.	19,384	-	(6,908)	-	-	-	-
	LG Electronics Nanjing New Technology co.,LTD	18,407	-	-	-	-	-	-
	NanJing LG-Panda Appliances Co., Ltd.	8,058	-	-	-	-	-	-
	LG Electronics Huizhou Ltd.	4,788	-	-	-	-	-	-
	LG Electronics Thailand Co., Ltd.	1,840	-	-	-	-	-	-
	LG Electronics European Shared Service Center B.V.	-	-	-	-	-	-	199,817
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	-	-	176,505	-	-	-	-
	Subtotal	176,102	-	157,158	-	-	-	199,817
Associates	Ericsson-LG Co., Ltd.	5,250	-	-	-	-	-	-
Joint ventures	LG-LHT Aircraft Solutions GmbH	-	-	8,516	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	7,461	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	-	-	303	-	-	-	-
	Subtotal	-	-	16,280	-	-	-	-
	Total	181,352	66,113	173,438	-	-	-	220,462

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

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

<i>(in millions of Korean won)</i>	2022	2021
Salaries and other short-term benefits	10,259	11,474
Post-employment benefits	1,160	1,464
Other long-term benefits	2	44
Total	11,421	12,982

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

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

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31. Risk Management

Financial Risk Management

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

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

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

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

(a) Market risk

i) Foreign exchange risk

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

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

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

As at September 30, 2022 and December 31, 2021, if the foreign exchange rate of the Korean won fluctuated for monetary assets and liabilities denominated in major foreign currency other than functional currency by 10% while other variables were fixed, the effects on profit (loss) before tax would be as follows:

<i>(in millions of Korean won)</i>	September 30, 2022		December 31, 2021	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	(2,474)	2,474	(5,592)	5,592
EUR/KRW	6,296	(6,296)	2,443	(2,443)

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ii) Interest rate risk

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

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

If interest rates fluctuate by 1%p with all other variables held constant, the effects on income and expenses related to borrowings and deposits held by financial institutions with variable interest rates for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
	1%p increase	1%p decrease	1%p increase	1%p decrease
Interest income	13,922	(13,922)	10,736	(10,736)
Interest expenses	2,906	(2,906)	2,061	(2,061)

iii) Details of derivative contracts are as follows:

Derivatives for hedging purposes

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

Details of hedging instruments are as follows:

	Contractor	Contracted amount <i>(in millions)</i>	Contracted currency rate	Interest rate (paid) (%)	Starting date	Expiration date	Book amount <i>(in millions of Korean won)</i>	
							Assets	Liabilities
Cross-currency swap	MUFG Bank and others	USD 649	1,067.9 ~ 1,277	1.88 ~ 3.64	2017. 10. 23 ~ 2022. 5. 12	2022. 11. 22 ~ 2031. 7. 28	241,390	9,095
	CITI Bank	EUR 95	1,312	3.84	2022.7.15	2028.1.14	6,806	-
	DBS	SGD 140	859.3	1.21	2020. 7. 9	2024. 1. 9	24,694	-
Interest rate swap	Woori Bank and others	KRW 941,178 EUR 100	-	1.00 ~ 4.53	2014. 1. 3 ~ 2017. 8. 24	2023. 2. 24 ~ 2030. 7. 7	40,684	-

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

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Details of hedged items are as follows:

<i>(in millions of Korean won)</i>	Hedged items	Book amount	Changes in fair value (net of tax)
Cross-currency swap	Borrowings	1,204,337	(162,097)
Interest rate swap	Borrowings	1,042,097	(42,473)

The results of hedge accounting are as follows:

<i>(in millions of Korean won)</i>	Changes in fair value of derivatives (net of tax)	Line items in profit or loss	Reclassified to profit or loss (net of tax)	Other comprehensive income (net of tax)	Accumulated other comprehensive income
Cross-currency swap	162,097	Interest expense and exchange differences	(128,576)	33,521	29,340
Interest rate swap	42,473	Interest expense	5,062	47,535	29,749

Trading purposes

Currency forward and interest rate swap contracts

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

<i>(in millions of Korean won)</i>	Purchase	Sale	Gain(Loss) on valuation	Gain(Loss) on transaction
Currency forward	32,308	34,018	(1,694)	(23,750)

Stock purchase contracts

According to the put options granted to Cybellum Technologies Ltd.'s shareholders and employees to whom stock options were granted, the Company recognized ₩22,943 million of derivative liabilities and ₩660 million of gain on derivatives transaction during the nine-month period ended September 30, 2022.

iv) Price risk

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

The listed securities owned by the Company are traded in the open market, and related to KOSDAQ, NASDAQ, NYSE Index.

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

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<i>(in millions of Korean won)</i>	September 30, 2022		December 31, 2021	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	4,457	(4,457)	6,789	(6,789)
NASDAQ	1,206	(1,206)	1,957	(1,957)
NYSE	1,753	(1,753)	3,343	(3,343)

The valuation and changes in book amounts of the financial assets at fair value through other comprehensive income related to the market risk above are presented in Note 6.

(b) Credit risk

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

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

At the end of the reporting period, trade receivable balance of the Company, excluding the trade receivables from the subsidiaries, is ₩1,571,361 million (December 31, 2021: ₩1,097,282 million) and its risk is managed appropriately within insurer's credit limit of ₩2,784,106 million (December 31, 2021: ₩2,598,367 million). Therefore, the Company determined that credit risk exposed to the Company is limited.

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

(c) Liquidity risk

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

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

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

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- i) Cash flow information on maturity of financial liabilities as at September 30, 2022, is as follows:

<i>(in millions of Korean won)</i>	Total	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Trade payables	6,110,767	6,110,767	-	-	-
Borrowings	9,859,458	1,352,473	1,184,925	3,982,749	3,339,311
Lease liabilities	104,458	48,202	20,288	24,604	11,364
Other payables	1,613,926	1,613,856	-	70	-
Other financial liabilities	24,415	1,472	-	20,649	2,294
Total	17,713,024	9,126,770	1,205,213	4,028,072	3,352,969

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

- ii) The maturity analysis of financial guarantee contracts provided by the Company to subsidiaries and third party companies is as follows:

<i>(in millions of Korean won)</i>	Total	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Financial guarantee contracts	4,367,104	3,276,845	435,494	317,587	337,178

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

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Capital Risk Management

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

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

<i>(in millions of Korean won, except for ratios)</i>	September 30, 2022	December 31, 2021
Liability (A)	19,577,637	20,703,269
Equity (B)	10,099,425	8,890,255
Cash and cash equivalents (C)	1,856,368	2,012,229
Borrowings and lease liabilities (D)	7,789,642	7,742,881
Debt-to-equity ratio (A/B)	193.8%	232.9%
Net borrowings ratio ((D-C)/B)	58.7%	64.5%

Fair Value Estimation

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

<i>(in millions of Korean won)</i>	September 30, 2022			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Assets at fair value				
Financial assets at fair value through profit or loss				
Other financial assets	7	7	77,677	77,677
Financial assets at fair value through other comprehensive income				
Trade receivables	297,502	1	-	-
Other financial assets	-	-	63,981	63,981
Derivatives for hedging purposes				
Other financial assets	29,734	29,734	283,840	283,840
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	1,856,368	1	-	-
Deposits held by financial institutions	160,349	1	397	397
Trade receivables	5,391,599	1	-	-
Other receivables	356,764	1	163,478	130,681
Other assets				
Trade receivables	19,398	1	108,972	108,972
Total	8,111,721		698,345	

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<i>(in millions of Korean won)</i>	September 30, 2022			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Liabilities at fair value				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	1,472	1,472	22,943	22,943
Derivatives for hedging purposes				
Other financial liabilities	-	-	9,095	9,095
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	6,110,767	1	-	-
Borrowings	1,182,515	1	6,508,906	5,719,724
Other payables	1,613,856	1	70	54
Other liabilities				
Lease liabilities	45,356	2	52,865	2
Other financial liabilities	6,453	3	5,671	3
Total	8,960,419		6,599,550	

<i>(in millions of Korean won)</i>	December 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	100	100	72,285	72,285
Financial assets at fair value through other comprehensive income				
Trade receivables	284,333	1	-	-
Other financial assets	-	-	76,535	76,535
Derivatives for hedging purposes				
Other financial assets	9,647	9,647	28,936	28,936
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	2,012,229	1	-	-
Deposits held by financial Institutions	146,388	1	730	730
Trade receivables	4,728,290	1	-	-
Other receivables	415,331	1	180,481	178,848
Other assets				
Trade receivables	3,759	1	22,040	22,040
Total	7,600,077		381,007	

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<i>(in millions of Korean won)</i>	December 31, 2021			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Liabilities at fair value				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	946	946	23,604	23,604
Derivatives for hedging purposes				
Other financial liabilities	-	-	27,411	27,411
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	5,638,618	¹	-	-
Borrowings	1,116,637	¹	6,506,624	6,531,699
Other payables	1,936,752	¹	100	98
Other liabilities				
Lease liabilities	73,297	²	46,323	²
Other financial liabilities	6,099	³	5,603	³
Total	8,772,349		6,609,665	

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

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

³ Measured at the higher of the amount of the loss allowance determined in accordance with Korean IFRS 1109 *Financial Instruments*, and the amount initially recognized less cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*, and excluded from disclosure as there is no significant difference between the book amount and its fair value.

(b) Fair value measurements of assets and liabilities

i) Fair value hierarchy and measurement method

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

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

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

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

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instruments such as derivative financial instruments.

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

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

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

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

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022			Total
	Level 1	Level 2	Level 3	
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	20,721	-	43,260	63,981
Financial assets at fair value through profit or loss	-	7	77,677	77,684
Derivatives for hedging purposes	-	313,574	-	313,574
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	24,415	-	24,415
Derivatives for hedging purposes	-	9,095	-	9,095

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

The above fair value amounts are recurring fair value measurements.

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

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

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	September 30, 2022	December 31, 2021		
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	7	100	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	313,574	38,583	Discounted cash flow	Discount rate and exchange rate
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	24,415	24,550	Discounted cash flow and binomial model	Discount rate, exchange rate, share price and volatility
Derivatives for hedging purposes	9,095	27,411	Discounted cash flow	Discount rate and exchange rate

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

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

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

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

<i>(in millions of Korean won)</i>	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	397	397
Non-current trade receivables	-	-	108,972	108,972
Non-current other receivables	-	-	130,681	130,681
Liabilities				
Non-current borrowings	-	-	5,719,724	5,719,724
Non-current other payables	-	-	54	54
<i>(in millions of Korean won)</i>	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	730	730
Non-current trade receivables	-	-	22,040	22,040
Non-current other receivables	-	-	178,848	178,848
Liabilities				
Non-current borrowings	-	-	6,531,699	6,531,699
Non-current other payables	-	-	98	98

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

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

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

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

<i>(in millions of Korean won)</i>	September 30, 2022		December 31, 2021		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Carrying amount	Fair value	Carrying amount	Fair value				
Assets								
Non-current deposits held by financial institutions	397	397	730	730	Discounted cash flow	Discount rate	Discount rate	0.1%
Non-current trade receivables	108,972	108,972	22,040	22,040	Discounted cash flow	Discount rate	Discount rate	4.0%~4.8%
Non-current other receivables	163,478	130,681	180,481	178,848	Discounted cash flow	Discount rate and exchange rate	Discount rate	4.1%~4.6%
Liabilities								
Non-current borrowings	6,508,906	5,719,724	6,506,624	6,531,699	Discounted cash flow	Discount rate and exchange rate	Discount rate	4.7%~5.9%
Non-current other payables	70	54	100	98	Discounted cash flow	Discount rate	Discount rate	5.2%

32. Assets Classified as Held for Sale

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

<i>(in millions of Korean won)</i>	September 30, 2022 ¹	December 31, 2021
Assets classified as held for sale		
Land	28,769	32,255
Building	15,089	48,730
Structures	55	-
Other property, plant and equipment	254	3,803
Intangible assets	33	-
Total	44,200	84,788

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

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

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33. Discontinued Operation

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

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

<i>(in millions of Korean won)</i>	2022	2021
Net sales	150,620	1,506,457
Operating loss	(207,334)	(1,348,175)
Loss before income tax ¹	(224,802)	(1,735,547)
Income tax benefit ¹	(60,697)	(467,383)
Loss for the period, net of tax	(164,105)	(1,268,164)

¹ It includes an and gain on disposal of property, plant and equipment and intangible assets amounting to ₩4,557 million due to discontinued operations of MC and energy business, and income tax expense of ₩1,230 million for the related profit or loss during the nine-month period ended September 30, 2022.

Cash flows from discontinued operations for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Net cash inflow(outflow) from operating activities	(296,075)	(1,666,552)
Net cash inflow(outflow) from investing activities	441,090	58,436
Net cash inflow(outflow) from financing activities	(145,015)	1,608,116

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34. Split-off

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

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

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

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