

LG Electronics

**Consolidated Interim Financial Statements
September 30, 2021 and 2020**

LG Electronics

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September 30, 2021 and 2020

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Report on Review of Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

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

Reviewed Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Conclusion

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

Emphasis of Matter

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

Other Matters

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

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

November 15, 2021
Seoul, Korea

This report is effective as of November 15, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

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Consolidated Interim Statements of Financial Position
September 30, 2021 and December 31, 2020

<i>(in millions of Korean won)</i>	Notes	September 30, 2021 (Unaudited)	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents	5,32	6,619,803	5,896,309
Deposits held by financial institutions	5,32	146,418	82,018
Trade receivables	5,6,32	8,672,666	7,154,932
Other receivables	5,6,32	502,882	446,426
Other financial assets	5,7,32	14,378	4,292
Inventories	8	9,958,141	7,447,157
Current tax assets		104,925	137,324
Contract assets	9	633,015	642,171
Other current assets		1,354,026	1,038,976
Assets held for sale	34	92,966	389,815
		<u>28,099,220</u>	<u>23,239,420</u>
Non-current assets			
Deposits held by financial institutions	5,32	59,806	58,903
Other receivables	5,6,32	446,726	458,171
Other financial assets	5,7,32	182,968	156,491
Property, plant and equipment	10	14,802,106	13,973,998
Intangible assets	10	2,756,884	3,139,080
Deferred tax assets		2,258,572	1,915,928
Investments in associates and joint ventures	11	5,107,069	4,471,590
Investment properties		372	379
Net defined benefit assets	14	-	10,716
Contract assets	9	269,836	230,511
Other non-current assets		576,239	549,040
		<u>26,460,578</u>	<u>24,964,807</u>
Total assets		<u>54,559,798</u>	<u>48,204,227</u>
Liabilities			
Current liabilities			
Trade payables	5,32	10,194,566	8,728,159
Borrowings	5,12,32	1,878,961	1,450,135
Lease liabilities	5,13,32	264,355	276,632
Other payables	5,32	3,260,187	3,555,968
Other financial liabilities	5,7,32	2,335	19,961
Current tax liabilities		448,875	202,887
Provisions	15	1,888,861	911,009
Contract liabilities	9	1,693,360	1,645,323
Other current liabilities		4,035,860	3,417,418
Liabilities held for sale	34	2,028	-
		<u>23,669,388</u>	<u>20,207,492</u>
Non-current liabilities			
Borrowings	5,12,32	8,584,947	8,469,620
Lease liabilities	5,13,32	610,652	585,428
Other payables	5,32	66,560	63,136
Other financial liabilities	5,7,32	66,282	177,471
Deferred tax liabilities		124,843	131,809
Net defined benefit liabilities	14	418,863	499,133
Provisions	15	461,032	284,770
Contract liabilities	9	39,396	29,042
Other non-current liabilities		212,711	214,201
		<u>10,585,286</u>	<u>10,454,610</u>
Total liabilities		<u>34,254,674</u>	<u>30,662,102</u>

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Consolidated Interim Statements of Financial Position
September 30, 2021 and December 31, 2020

<i>(in millions of Korean won)</i>	Notes	September 30, 2021 (Unaudited)	December 31, 2020
Equity			
Paid-in capital:	16		
Share capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	17	14,539,535	13,652,837
Accumulated other comprehensive loss	18	(1,065,500)	(1,994,842)
Accumulated other comprehensive loss from assets held for sale	34	5,101	(3,079)
Other components of equity	19	(76,014)	(209,764)
Equity attributable to owners of the Parent Company		<u>17,395,470</u>	<u>15,437,500</u>
Non-controlling interests		<u>2,909,654</u>	<u>2,104,625</u>
Total equity		<u>20,305,124</u>	<u>17,542,125</u>
Total liabilities and equity		<u>54,559,798</u>	<u>48,204,227</u>

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Consolidated Interim Statements of Profit or Loss
Three-month and Nine-month Periods Ended September 30, 2021 and 2020

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

	Notes	2021 (Unaudited)		2020 (Unaudited)	
		Three months	Nine months	Three months	Nine months
Continuing operations					
Net sales	20	18,786,651	53,712,951	15,398,581	40,658,788
Cost of sales	21	13,999,774	39,574,622	11,128,094	29,444,855
Gross profit		4,786,877	14,138,329	4,270,487	11,213,933
Selling and marketing expenses	21,22	2,428,078	6,612,040	1,893,554	4,968,472
Administrative expenses	21,22	361,880	998,499	321,426	887,746
Research and development expenses	21,22	529,740	1,447,784	468,290	1,322,005
Service costs	21,22	926,480	1,893,889	513,370	993,270
Operating profit		540,699	3,186,117	1,073,847	3,042,440
Financial income	23	158,299	432,207	169,176	486,770
Financial expenses	24	181,382	489,236	226,927	684,355
Gain (loss) from equity method valuation	11	158,331	384,238	14,598	(238,180)
Other non-operating income	25	482,832	1,261,364	306,720	1,694,524
Other non-operating expenses	26	527,927	1,278,204	408,938	1,349,484
Profit before income tax		630,852	3,496,486	928,476	2,951,715
Income tax expense		155,791	839,230	135,597	647,221
Profit(loss) for the period from continuing operations		475,061	2,657,256	792,879	2,304,494
Discontinued operations					
Profit (loss) for the period from discontinued operation:	35	41,416	(1,263,599)	(143,654)	(502,988)
Profit(loss) for the period		516,477	1,393,657	649,225	1,801,506
Profit (loss) for the period attributable to:					
Owners of the Parent Company					
Profit(loss) from continuing operations		340,616	2,250,049	731,885	2,176,084
Profit (loss) from discontinued operations		44,325	(1,256,954)	(105,804)	(468,088)
		384,941	993,095	626,081	1,707,996
Non-controlling interests					
Profit(loss) from continuing operations		134,445	407,207	60,994	128,410
Profit(loss) from discontinued operations		(2,909)	(6,645)	(37,850)	(34,900)
		131,536	400,562	23,144	93,510
Earnings per share attributable to the owners of the Parent Company during the period (in Korean won) :					
	27				
Earnings (losses) per ordinary share					
From continuing operations		1,890	12,492	4,064	12,082
From discontinued operations		246	(6,981)	(588)	(2,600)
		2,136	5,511	3,476	9,482
Earnings (losses) per preferred share					
From continuing operations		1,903	12,530	4,076	12,119
From discontinued operations		247	(6,980)	(588)	(2,600)
		2,150	5,550	3,488	9,519

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Consolidated Interim Statements of Comprehensive Income
Three-month and Nine-month Periods Ended September 30, 2021 and 2020

(in millions of Korean won)

	Notes	Period Ended September 30			
		2021 (Unaudited)		2020 (Unaudited)	
		Three months	Nine months	Three months	Nine months
Profit for the period		516,477	1,393,657	649,225	1,801,506
Other comprehensive income (loss), net of tax					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Remeasurements of the net defined benefit liability	14	32,332	122,872	(18,307)	(55,752)
Share of remeasurements of associates	11	(823)	(3,208)	(294)	(1,341)
Financial assets at fair value through other comprehensive income	7	(2,065)	(17,500)	23,631	24,413
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	11	122,013	225,458	13,519	79,216
Cash flow hedges	32	11,835	50,479	15,489	(32,954)
Exchange differences on translation of foreign operations		400,011	749,070	(209,871)	(247,585)
Other comprehensive income (loss) for the period, net of tax		563,303	1,127,171	(175,833)	(234,003)
Total comprehensive income for the period, net of tax		1,079,780	2,520,828	473,392	1,567,503
Comprehensive income (loss) for the period, net of tax, attributable to:					
Owners of the Parent Company		906,316	2,041,158	443,624	1,443,704
Non-controlling interests		173,464	479,670	29,768	123,799
Total comprehensive income for the period, net of tax		1,079,780	2,520,828	473,392	1,567,503

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Consolidated Interim Statements of Changes in Equity
Nine-month Periods Ended September 30, 2021 and 2020

		Attributable to Owners of the Parent Company								
		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Accumulated Other Comprehensive Loss from Assets Held for Sale	Other Components of Equity	Total	Non-controlling Interests	Total Equity	
Notes										
<i>(in millions of Korean won)</i>										
Balance at January 1, 2020		3,992,348	11,857,302	(1,314,419)	4,618	(209,764)	14,330,085	2,095,053	16,425,138	
Total comprehensive income:										
Profit for the period		-	1,707,996	-	-	-	1,707,996	93,510	1,801,506	
Remeasurements of the net defined benefit liability		14	(53,222)	-	-	-	(53,222)	(2,530)	(55,752)	
Share of remeasurements of associates		11	(1,341)	-	-	-	(1,341)	-	(1,341)	
Financial assets at fair value through other comprehensive income		7	-	24,648	-	-	24,648	(235)	24,413	
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures		11	-	79,216	-	-	79,216	-	79,216	
Cash flow hedges		32	-	(32,542)	-	-	(32,542)	(412)	(32,954)	
Exchange differences on translation of foreign operations			-	(281,212)	161	-	(281,051)	33,466	(247,585)	
Total comprehensive income (loss)			1,653,433	(209,890)	161	-	1,443,704	123,799	1,567,503	
Transactions with owners:										
Dividends		17	(135,909)	-	-	-	(135,909)	(84,738)	(220,647)	
Total transactions with owners			(135,909)	-	-	-	(135,909)	(84,738)	(220,647)	
Balance at September 30, 2020 (Unaudited)		3,992,348	13,374,826	(1,524,309)	4,779	(209,764)	15,637,880	2,134,114	17,771,994	
Balance at January 1, 2021		3,992,348	13,652,837	(1,994,842)	(3,079)	(209,764)	15,437,500	2,104,625	17,542,125	
Total comprehensive income (loss):										
Profit for the period		-	993,095	-	-	-	993,095	400,562	1,393,657	
Remeasurements of the net defined benefit liability		14	(113,830)	-	-	-	(113,830)	9,042	(122,872)	
Share of remeasurements of associates		11	(3,208)	-	-	-	(3,208)	-	(3,208)	
Financial assets at fair value through other comprehensive income		7	(81)	(17,461)	-	-	(17,542)	42	(17,500)	
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures		11	-	225,458	-	-	225,458	-	225,458	
Cash flow hedges		32	-	50,795	-	-	50,795	(316)	50,479	
Exchange differences on translation of foreign operations			-	670,550	8,180	-	678,730	70,340	749,070	
Total comprehensive income			1,103,636	929,342	8,180	-	2,041,158	479,670	2,520,828	
Transactions with owners:										
Dividends		17	(216,938)	-	-	-	(216,938)	(51,139)	(268,077)	
Changes in controlling interests in subsidiaries			-	-	-	133,750	133,750	376,498	510,248	
Total transactions with owners			(216,938)	-	-	133,750	(83,188)	325,359	242,171	
Balance at September 30, 2021 (Unaudited)		3,992,348	14,539,535	(1,065,500)	5,101	(76,014)	17,395,470	2,909,654	20,305,124	

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Consolidated Interim Statements of Cash Flows

Nine-month Periods Ended September 30, 2021 and 2020

(in millions of Korean won)

	Note	Nine-month Period Ended September 30	
		2021 (Unaudited)	2020 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	28	2,919,629	3,794,064
Interest received		54,913	70,844
Interest paid		(239,759)	(282,286)
Dividend received		3,948	701
Income tax paid		(503,090)	(484,244)
Net cash inflow from operating activities		<u>2,235,641</u>	<u>3,099,079</u>
Cash flows from investing activities			
Decrease in deposits held by financial institutions		4,014	4,475
Decrease in other receivables		65,945	68,537
Proceeds from redemption and disposal of other financial assets		57,803	72,842
Proceeds from disposal of property, plant and equipment		234,696	94,482
Proceeds from disposal of intangible assets		7,237	1,315
Proceeds from redemption and disposal of investment in associates and joint ventures		-	728,776
Proceeds from disposal of assets held for sale		97,152	4,387
Increase in deposits held by financial institutions		(2,319)	(21,877)
Increase in other receivables		(94,128)	(95,879)
Acquisition of other financial assets		(86,537)	(64,851)
Acquisition of property, plant and equipment		(1,965,292)	(1,545,303)
Acquisition of intangible assets		(359,045)	(373,523)
Acquisition of investments in associates and joint ventures		(33,309)	(12,803)
Net cash outflow from investing activities		<u>(2,073,783)</u>	<u>(1,139,422)</u>
Cash flows from financing activities			
Proceeds from borrowings		1,472,221	1,281,637
Increase in non-controlling interests		454,974	-
Repayments of borrowings		(1,110,291)	(1,073,986)
Repayments of lease liabilities		(222,207)	(221,273)
Dividends paid and others		(280,927)	(165,627)
Net cash inflow (outflow) from financing activities		<u>313,770</u>	<u>(179,249)</u>
Effects of exchange rate changes on cash and cash equivalents		<u>261,588</u>	<u>18,813</u>
Net increase in cash and cash equivalents		<u>737,216</u>	<u>1,799,221</u>
Cash and cash equivalents included in assets held for sale at the beginning of the period		53,586	-
Cash and cash equivalents at the beginning of the period		5,896,309	4,777,368
Cash and cash equivalents included in assets held for sale at the end of the period		(67,308)	-
Cash and cash equivalents at the end of the period		<u>6,619,803</u>	<u>6,576,589</u>

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Notes to the Consolidated Interim Financial Statements

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

1. General Information

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

As at September 30, 2021, LG Corp. owns 33.7% of the Parent Company’s total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

The Parent Company and its subsidiaries (collectively referred to as the “Group”) operate following five 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 component Solutions segment designs and manufactures automobile parts; Business Solutions segment manufactures and sells monitors, PCs, information displays, solar panels and others; and LG Innotek Co., Ltd. operates optics solutions, substrate materials and automotive components businesses. As at September 30, 2021, the Parent Company has 135 subsidiaries (Note 1 (a)), 18 associates and joint ventures (Note 11).

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Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

(a) Consolidated subsidiaries as at September 30, 2021 and December 31, 2020, are as follows:

Territory	Location	Subsidiary	September 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
The Republic of Korea	Korea	Hiplaza Co., Ltd.	100.0%	-	100.0%	-	December	Wholesales and retails of electronic products	More than half of voting rights
	Korea	ACE R&A Co., Ltd.	100.0%	-	100.0%	-	December	Production and sales of air conditioner	More than half of voting rights
	Korea	Hi M Solutek Co., Ltd.	100.0%	-	100.0%	-	December	Maintenance	More than half of voting rights
	Korea	Hi-Caresolution Corp.	100.0%	-	-	-	December	Services	More than half of voting rights
	Korea	Hi Teleservice Co., Ltd.	100.0%	-	100.0%	-	December	Marketing services	More than half of voting rights
	Korea	LG Innotek Co., Ltd. ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	Korea	Innowith Co., Ltd. ¹	40.8%	59.2%	40.8%	59.2%	December	Services	De-facto control
	Korea	Hanuri Co., Ltd.	100.0%	-	100.0%	-	December	Business facility maintenance	More than half of voting rights
	Korea	ZKW Lighting Systems Korea Co., Ltd.	70.0%	30.0%	70.0%	30.0%	December	R&D	More than half of voting rights
	Korea	LG Magna e-Powertrain Co., Ltd.	51.0%	49.0%	-	-	December	Production and sales of vehicle components	More than half of voting rights
China	China	Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics (China) Co., Ltd(LGECH)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	China	LG Electronics (China) Research and Development Center Co., Ltd.(LGERD)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights

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Territory	Location	Subsidiary	September 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	China	LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	China	LG ELECTRONICS HK LIMITED(LGEHK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	China	LG Electronics (Huizhou) Inc.(LGEHZ)	80.0%	20.0%	80.0%	20.0%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics Nanjing Battery Pack Co.,Ltd.(LGENB) ²	50.0%	50.0%	50.0%	50.0%	December	Production of electronic products	De-facto control
	China	LG Electronics Nanjing New Technology Co.,LTD(LGENT)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics Nanjing Vehicle Components Co.,Ltd.(LGENV)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	China	LG Electronics (Qinhuangdao) Co.,LTD(LGEQH)	100.0%	-	100.0%	-	December	Production of casting	More than half of voting rights
	China	LG Electronics (Shenyang) Inc(LGESY)	78.9%	21.1%	78.9%	21.1%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	80.0%	20.0%	80.0%	20.0%	December	Production of electronic products	More than half of voting rights
	China	Nanjing LG Panda Appliances Co., Ltd(LGEPN)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	China	QINGGONGLIAN ELECTRICAL	80.0%	20.0%	80.0%	20.0%	December	Installation and sales of air conditioners	More than half of voting rights

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Notes to the Consolidated Interim Financial Statements

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

Territory	Location	Subsidiary	September 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
		INSTALLATION ENGINEERING CO.,LTD.							
	China	LG Innotek Yantai Co.,Ltd.(LGITYT) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	China	LG Innotek Huizhou Co.,Ltd.(LGITHZ) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	China	LG Innotek Trading (Shanghai) Co.,Ltd.(LGITSH) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic materials	De-facto control
	China	ZKW Lighting Systems (Dalian) Co. Ltd.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	China	LG Magna Nanjing e-Powertrain Vehicle Components Co., Ltd.	51.0%	49.0%	-	-	December	Production and sales of vehicle components	More than half of voting rights
Asia	Australia	LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	India	LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL) ⁴	100.0%	-	100.0%	-	March	Production and sales of electronic products	More than half of voting rights
	Japan	LG Japan Lab. Inc.(LGJL)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Japan	LG Electronics Japan, Inc.(LGEJP)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Malaysia	LG Electronics (M) Sdn. Bhd(LGEML)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Philippines	LG Electronics Philippines Inc.(LGEPH)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Singapore	LG Electronics Singapore Pte.Ltd.(LGESL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Taiwan	LG Electronics Taiwan Taipei Co., Ltd.(LGETT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	September 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Thailand	LG Electronics (Thailand) Company Limited(LGETH)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	India	LG Soft India Private Limited.(LGS1) ⁴	100.0%	-	100.0%	-	March	R&D	More than half of voting rights
	Indonesia	P.T. LG Electronics Indonesia(LGEIN)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Philippines	LG Electronics Pasig Inc. ³	38.0%	62.0%	38.0%	62.0%	December	Real estates	De-facto control
	Indonesia	PT. LG Innotek Indonesia(LGITIN) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	Taiwan	LG Innotek (Taiwan) Co., Ltd.(LGITTW) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic materials	De-facto control
	Vietnam	LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	Vietnam	LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Indonesia	PT. LG Electronics Service Indonesia(LGEID)	99.8%	0.2%	99.8%	0.2%	December	Services	More than half of voting rights
	Philippines	HI-M SOLUTEK PHILIPPINES INC.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Vietnam	HI-M SOLUTEK VIETNAM CO., LTD.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	India	Alphonso Labs Private Limited ⁴	58.2%	41.8%	56.4%	43.6%	March	R&D	More than half of voting rights
Europe	Netherlands	LG Electronics Benelux Sales B.V.(LGEBN)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Germany	LG Electronics Deutschland GmbH(LGEDG)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	September 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Spain	LG Electronics Espana S.A.(LGEES)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Netherlands	LG Electronics European Holding B.V.(LGEEH)	100.0%	-	100.0%	-	December	European holding	More than half of voting rights
	Netherlands	LG Electronics European Shared Service Center B.V.(LGESC)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	France	LG Electronics France S.A.S(LGEFS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Greece	LG ELECTRONICS HELLAS SINGLE MEMBER SA (LGEHS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Italy	LG Electronics Italia S.P.A.(LGEIS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Latvia	LG Electronics Latvia LTD(LGELA)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Hungary	LG Electronics Magyar K.F.T.(LGEMK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Mlawa Sp. z.O.O.(LGEMA)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Sweden	LG Electronics Nordic AB(LGESW)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Polska Sp. Z.O.O(LGEPL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Portugal	LG Electronics Portugal S.A.(LGEPT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UK	LG Electronics U.K. LTD(LGEUK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	September 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Finland	LG Electronics Finland Lab Oy(LGEFL)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Poland	LG Innotek Poland Sp. z.o.o.(LGITPO) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	Austria	ZKW Holding GmbH	70.0%	30.0%	70.0%	30.0%	December	Holding company	More than half of voting rights
	Austria	ZKW Group GmbH	70.0%	30.0%	70.0%	30.0%	December	Services	More than half of voting rights
	Austria	ZKW Elektronik GmbH	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	Austria	ZKW Lichtsysteme GmbH	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	Austria	ZKW Austria Immobilien Holding GmbH	70.0%	30.0%	70.0%	30.0%	December	Holding company	More than half of voting rights
	Austria	ZKW Austria Immobilien GmbH	70.0%	30.0%	70.0%	30.0%	December	Real estates	More than half of voting rights
	Slovakia	ZKW Slovakia s.r.o.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	Czech	KES - kabelove a elektricke systemy spol. s.r.o.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	Czech	ZKW Automotive Engineering CZ s.r.o.	70.0%	30.0%	-	-	December	R&D	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Poland	KES Poland Sp.z o.o.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	Poland	HI-M SOLUTEK POLAND Sp. z o.o.	100.0%	-	-	-	December	Services	More than half of voting rights
North America	USA	LG Electronics Miami Inc.(LGEMI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	USA	LG Electronics Alabama Inc.(LGEAI)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Canada	LG Electronics Canada, Inc.(LGECI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Mexico	LG Electronics Mexico S.A. DE C.V.(LGEMS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	USA	LG Electronics Mobile Research U.S.A., L.L.C.(LGEMR)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Mexico	LG Electronics Reynosa, S.A. De C.V.(LGERS)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	USA	LG Electronics U.S.A., Inc.(LGEUS)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	USA	Zenith Electronics Corporation of Pennsylvania	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	USA	Zenith Electronics LLC(Zenith)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	USA	LG Innotek USA, Inc.(LGITUS) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic materials	De-facto control
Mexico	LG Innotek Mexico SA DE CV(LGITMX) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control	

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	USA	LG Electronics Vehicle Components U.S.A., LLC.(LGEVU)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	USA	LGEUS Power, LLC	100.0%	-	100.0%	-	December	Investment of solar power plant	More than half of voting rights
	USA	LG Electronics Fund I LLC	100.0%	-	100.0%	-	December	Investment in technology start ups	More than half of voting rights
	USA	LG Technology Ventures LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	USA	LG CORP. U.S.A.	100.0%	-	100.0%	-	December	Real estates	More than half of voting rights
	USA	ZKW Lighting Systems USA, Inc.	70.0%	30.0%	70.0%	30.0%	December	Sales of vehicle components	More than half of voting rights
	Mexico	ZKW Mexico Inmobiliaria, S.A. de C.V.	70.0%	30.0%	70.0%	30.0%	December	Real estates	More than half of voting rights
	Mexico	ZKW Mexico, S.A. de C.V.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	Mexico	ZKW Mexico Servicios, S.A. de C.V.	70.0%	30.0%	70.0%	30.0%	December	Services	More than half of voting rights
	USA	LG Magna e-Powertrain USA Inc.	51.0%	49.0%	-	-	December	Sales of vehicle components	More than half of voting rights
	USA	Alphonso Inc.	58.2%	41.8%	56.4%	43.6%	December	Advertisement	More than half of voting rights
	USA	LG Innotek Fund I LLC ¹	40.8%	59.2%	-	-	December	Investment in technology start ups	De-facto control
South America	Argentina	LG Electronics Argentina S.A.(LGEAR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Colombia	LG Electronics Colombia Limitada(LGECB)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Brazil	LG Electronics do Brasil Ltda.(LGEBR)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	September 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Honduras	LG Electronics Honduras S.de R.L. ²	20.0%	80.0%	20.0%	80.0%	December	Sales of electronic products	De-facto control
	Chile	LG Electronics Inc Chile Limitada(LGECL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Panama	LG Electronics Panama, S.A.(LGEPS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Peru	LG Electronics Peru S.A.(LGEPR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Venezuela	LG Electronics Venezuela, S.A.(LGEVZ)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Panama	LG Consulting Corp.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Guatemala	LG Electronics Guatemala, S.A.	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
Middle East and Africa	Angola	LG Electronics Angola Limitada(LGEAO)	100.0%	-	100.0%	-	December	Sales and services of electronic products	More than half of voting rights
	Jordan	LG Electronics Levant - Jordan(LGELF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Africa Logistics FZE(LGEAF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Algeria	LG Electronics Algeria SARL(LGEAS)	70.0%	30.0%	70.0%	30.0%	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Dubai FZE(LGEDF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Egypt	LG Electronics Egypt S.A.E(LGEEG)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	UAE	LG Electronics Gulf FZE(LGEGF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Middle East Co., Ltd.(LGEME)	100.0%	-	100.0%	-	December	Services	More than half of voting rights

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Territory	Location	Subsidiary	September 30, 2021		December 31, 2020		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Morocco	LG Electronics Morocco S.A.R.L.(LGEMC)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Nigeria	LG Electronics Nigeria Limited(LGENI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Tunisia	LGENAF Service Company SARL	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Overseas Trading FZE(LGEOT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	South Africa	LG Electronics S.A. (Pty) Ltd.(LGESA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Turkey	LG Electronics Ticaret A.S.(LGETK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Saudi Arabia	LG-Shaker Co.Ltd.(LGESR)	51.0%	49.0%	51.0%	49.0%	December	Production of electronic products	More than half of voting rights
	Saudi Arabia	LG Electronics Saudi Arabia LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	UAE	HI M SOLUTEK HVAC SERVICE AND MAINTENANCE LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Egypt	HI-M.SOLUTEK LLC	100.0%	-	-	-	December	Services	More than half of voting rights
Other	Kazakhstan	LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Russia	LG Electronics RUS, LLC(LGERA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Ukraine	LG Electronics Ukraine(LGEUR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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- ¹ Although the Group owns less than half of the voting rights of LG Innotek Co., Ltd., which is an intermediate parent company of its subsidiaries, the Group is deemed to have control over LG Innotek Co., Ltd. due to the size and dispersion of holdings of the other shareholders and their voting patterns at previous shareholders' meetings (Note 3).
- ² Although the Group owns less than a majority of the effective percentage of ownership of the entity, the Group has concluded that the Group controls the entity. This is because the Group has a right to appoint or dismiss the majority of its Board of Directors by virtue of an agreement with the other investors.
- ³ Although the Group owns less than a majority of the effective percentage of ownership of the entity, the Group has concluded that the Group controls the entity. This is because the Group has the substantial power to direct the relevant activities and is exposed to variable returns.
- ⁴ In the preparation of the consolidated interim financial statements, the financial statements for the nine-month period ended September 30, 2021 were used for those subsidiaries with different fiscal year ends.

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(b) Financial information of major subsidiaries as at September 30, 2021 and December 31, 2020, and for the three-month and nine-month periods ended September 30, 2021 and 2020, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	September 30, 2021			2021			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales ¹	Profit (loss) for the period	Sales ¹	Profit (loss) for the period
LG Innotek Co., Ltd.	7,413,230	4,640,127	2,773,103	3,720,395	219,868	8,996,417	607,083
LG Electronics U.S.A., Inc.(LGEUS)	6,220,583	4,383,434	1,837,149	4,907,202	135,731	11,578,078	648,685
LG Electronics European Shared Service Center B.V.(LGESC)	1,702,133	1,659,197	42,936	136,525	(3,217)	370,882	7,123
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,845,071	722,591	1,122,480	749,631	66,713	1,990,691	159,948
LG Electronics Vietnam Hai Phong Co., Ltd(LGEVH)	1,449,107	609,002	840,105	1,296,600	(4,960)	3,221,637	93,601
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,585,489	933,871	651,618	1,118,758	63,308	3,351,202	99,481
Zenith Electronics LLC(Zenith)	1,318,844	113,094	1,205,750	46,111	13,012	111,341	26,075
LG Electronics do Brasil Ltda.(LGEBR)	1,155,383	405,617	749,766	688,705	20,109	1,460,739	117,982
LG Electronics RUS, LLC(LGERA)	1,120,265	506,999	613,266	480,282	18,975	1,265,710	77,357
Hiplaza Co., Ltd.	1,070,952	902,660	168,292	744,694	8,934	2,268,262	(7,703)
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	1,449,841	1,053,319	396,522	923,062	41,784	1,769,446	71,403
ZKW Lichtsysteme GmbH	818,708	413,651	405,057	141,389	(5,653)	515,777	4,441
LG Electronics (China) Co., Ltd(LGECH)	765,866	780,667	(14,801)	88,814	9,381	239,496	46,547
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	788,798	456,156	332,642	341,905	2,025	1,179,498	(4,808)
ZKW Group GmbH	1,029,753	698,460	331,293	34,195	7,541	102,382	18,209
LG Electronics Deutschland GmbH(LGEDG)	1,122,580	977,631	144,949	912,728	(10,175)	2,897,873	1,353
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	813,279	553,104	260,175	383,941	25,718	1,233,154	8,516
LG Electronics (Thailand) Company Limited(LGETH)	621,290	222,730	398,560	272,980	19,113	1,108,788	63,666
P.T. LG Electronics Indonesia(LGEIN)	964,205	475,698	488,507	752,051	35,369	2,100,908	82,159
LG Electronics Nanjing New Technology co.,LTD(LGENT)	719,513	474,335	245,178	539,237	32,186	1,653,961	54,878
Nanjing LG Panda Appliances Co., Ltd.(LGEPN)	530,887	348,926	181,961	254,976	(1,630)	750,889	14,678

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<i>(in millions of Korean won)</i>	December 31, 2020			2020			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales ¹	Profit (loss) for the period	Sales ¹	Profit (loss) for the period
LG Innotek Co., Ltd.	5,492,250	3,324,321	2,167,929	2,149,333	15,034	5,588,968	110,463
LG Electronics U.S.A., Inc.(LGEUS)	4,696,966	3,628,900	1,068,066	3,117,854	95,370	7,385,213	286,058
LG Electronics European Shared Service Center B.V.(LGESC)	1,794,505	1,759,706	34,799	123,360	(875)	365,423	16,847
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,412,013	520,509	891,504	692,277	109,105	1,606,199	202,863
LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	1,576,031	907,399	668,632	932,394	59,602	2,281,946	110,280
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,366,972	822,907	544,065	806,776	9,902	1,963,410	38,123
Zenith Electronics LLC(Zenith)	1,177,664	95,257	1,082,407	31,052	12,235	91,912	13,709
LG Electronics do Brasil Ltda.(LGEBR)	1,086,969	487,296	599,673	397,449	78,051	1,006,204	187,408
LG Electronics RUS, LLC(LGERA)	932,506	383,556	548,950	453,476	37,474	1,035,984	75,937
Hiplaza Co., Ltd.	1,013,618	842,298	171,320	784,170	13,385	2,243,249	14,519
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	792,107	495,851	296,256	361,298	16,263	1,149,178	38,946
ZKW Lichtsysteme GmbH	792,131	402,098	390,033	187,329	7,748	517,048	(3,026)
LG Electronics (China) Co., Ltd(LGECH)	917,289	975,625	(58,336)	77,619	12,657	185,728	26,308
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	727,807	420,514	307,293	320,689	8,521	927,813	35,276
ZKW Group GmbH	783,685	479,713	303,972	33,113	3,864	81,777	1,676
LG Electronics Deutschland GmbH(LGEDG)	1,047,022	907,564	139,458	761,074	(3,906)	1,815,009	25,873
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	771,380	543,273	228,107	364,586	7,134	855,615	29,829
LG Electronics (Thailand) Company Limited(LGETH)	662,949	289,198	373,751	292,070	22,882	963,164	47,453
P.T. LG Electronics Indonesia(LGEIN)	765,136	396,357	368,779	379,947	(5,851)	959,057	19,525
LG Electronics Nanjing New Technology co.,LTD(LGENT)	659,139	445,672	213,467	475,776	3,026	1,286,777	40,340
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	508,103	340,848	167,255	259,702	7,361	555,620	18,014

¹ MC business was classified as discontinued operations and the sales related to the discontinued operations were excluded.

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

- LG Innotek Co., Ltd. and its subsidiaries

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

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Percentage of ownership in non-controlling interests	59.2%	59.2%
Accumulated non-controlling interests	1,881,201	1,466,760

ii) Profit and dividends attributable to non-controlling interests for the three-month and nine-month periods ended September 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Nine months	Three months	Nine months
Profit to non-controlling interests	138,469	383,509	18,916	77,963
Dividends to non-controlling interests	-	9,808	-	4,209

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

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Current assets	4,729,049	3,161,800
Non-current assets	3,569,509	2,876,800
Total assets	8,298,558	6,038,600
Current liabilities	3,936,791	2,284,222
Non-current liabilities	1,256,037	1,326,690
Total liabilities	5,192,828	3,610,912
Equity attributable to the owners of LG Innotek Co., Ltd.	3,105,730	2,427,688
Non-controlling interests	-	-
Total equity	3,105,730	2,427,688

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- iv) Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the three-month and nine-month periods ended September 30, 2021 and 2020, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Nine months	Three months	Nine months
Net sales	3,798,455	9,225,943	2,229,814	5,780,557
Profit for the period	227,104	625,804	26,911	115,075
Other comprehensive income (loss), net of tax	34,361	68,804	(405)	7,426
Total comprehensive income, net of tax	261,465	694,608	26,506	122,501

- v) Summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for the nine-month periods ended September 30, 2021 and 2020, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2021	2020
Cash flows from operating activities	645,374	295,313
Cash flows from investing activities	(700,150)	(516,882)
Cash flows from financing activities	107,525	85,611
Effects of exchange rate changes on cash and cash equivalents	15,138	320
Net increase (decrease) in cash and cash equivalents	67,887	(135,638)
Cash and cash equivalents included in assets held for sale at the beginning of the period	53,586	-
Cash and cash equivalents at the beginning of the period	694,607	799,575
Cash and cash equivalents included in assets held for sale at the end of the period	(58,653)	-
Cash and cash equivalents at the end of the period	757,427	663,937

(d) Significant restrictions on subsidiaries

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

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

- ii) The protective rights of non-controlling interests which can restrict the use of the assets and settlement of the liabilities of the Group exist in certain subsidiaries.

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

During the nine-month period ended September 30, 2021, non-controlling interests decreased by ₩2,793 million due to the effect of changes in the percentage of ownership resulting from the stock options exercised and the tender offer agreement for non-controlling interests in relation to Alphonso Inc.

(f) Subsidiaries newly included in the scope of the preparation of the consolidated interim financial statements for the nine-month period ended September 30, 2021, are:

Subsidiary	Reason	Country	Percentage of ownership	Closing month	Major business
Hi-Caresolution Corp.	Newly established	Korea	100.0%	December	Services
ZKW Automotive Engineering CZ s.r.o.	Newly established	Czech	70.0%	December	R&D
LG Magna e-Powertrain USA Inc.	Newly established	USA	51.0%	December	Sales of vehicle components
HI-M SOLUTEK POLAND Sp. z o.o.	Newly established	Poland	100.0%	December	Services
HI-M.SOLUTEK LLC	Newly established	Egypt	100.0%	December	Services
LG Magna Nanjing e-Powertrain Vehicle Components Co., Ltd.	Newly established	China	51.0%	December	Productions and sales of vehicle components
LG Innotek Fund I LLC	Newly established	USA	40.8%	December	Investment in technology start ups
LG Magna e-Powertrain Co., Ltd.	Newly established	Korea	51.0%	December	Productions and sales of vehicle components

(g) A subsidiary excluded from the scope of preparation of the consolidated interim financial statements for the nine-month period ended September 30, 2021, is:

Subsidiary	Reason	Country
V-ENS (M) Sdn. Bhd.	Liquidation	Malaysia
LG Innotek Alliance Fund	Liquidation	Korea
LG Electronics (Shanghai) Research and Development Center Co., Ltd.	Liquidation	China
LG Electronics Mexicali, S.A. de C.V.	Merger	Mexico
LG Electronics Monterrey Mexico S.A.de C.V.	Merger	Mexico
Servicios Integrales LG S.A DE C.V	Merger	Mexico
Servicios LG Monterrey Mexico S.A. de C.V.	Merger	Mexico

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

During the nine-month period ended September 30, 2021, the Group liquidated V-ENS (M) Sdn. Bhd., LG Electronics (Shanghai) Research and Development Center Co., Ltd. and LG Innotek Alliance Fund and recognized loss of ₩710 million, loss of ₩178 million and gain of ₩4 million from the loss of control, respectively.

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2. Significant Accounting Policies

Basis of Preparation

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

The Group's consolidated interim financial statements for the nine-month period ended September 30, 2021, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as at September 30, 2021.

Changes in Accounting Policies and Disclosures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Annual improvements to Korean IFRS 2018-2020

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

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

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

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

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

Application of Accounting Policies

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

Income Tax Expense

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

Assets Held for Sale and Discontinued Operations

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

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

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3. Critical Accounting Estimates and Judgements

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

Critical Accounting Estimates and Assumptions

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

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

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

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

(a) Revenue Recognition

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

(b) Impairment of Goodwill

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

(c) Income Taxes

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

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(d) Fair Value of Financial Instruments

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

(e) Provisions

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

(f) Net Defined Benefit Liabilities

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

(g) Development Costs

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

(h) Lease

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

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

Significant Judgment on Accounting Policies Adopted by the Group

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

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4. Segment Information

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

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

(a) The segment information for sales and operating profit (loss) for the three-month and nine-month periods ended September 30, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	Three-month period ended September 30, 2021							Total
	H&A	HE	VS	BS	Innotek	Other segments ¹	Inter-segment transactions ²	
Sales	7,061,130	4,181,548	1,735,429	1,689,901	3,798,454	562,103	(241,914)	18,786,651
External sales	7,053,333	4,179,840	1,735,249	1,688,871	3,670,144	459,214	-	18,786,651
Internal sales	7,797	1,708	180	1,030	128,310	102,889	(241,914)	-
Operating profit (loss) ³	505,475	208,245	(537,599)	(12,339)	335,139	41,778	-	540,699
Depreciation and amortization	186,314	94,564	132,309	60,289	198,107	46,409	-	717,992

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Nine-month period ended September 30, 2021

<i>(in millions of Korean won)</i>	H&A	HE	VS	BS	Innotek	Other segments¹	Inter- segment transactions²	Total
Sales	20,584,890	12,232,813	5,513,809	5,239,907	9,225,943	1,678,570	(762,981)	53,712,951
External sales	20,555,076	12,225,697	5,513,629	5,237,860	8,811,125	1,369,564	-	53,712,951
Internal sales	29,814	7,116	180	2,047	414,818	309,006	(762,981)	-
Operating profit (loss) ³	2,065,236	937,093	(879,262)	179,369	831,479	52,202	-	3,186,117
Depreciation and amortization	561,286	266,651	396,080	183,519	552,722	113,617	-	2,073,875

Three-month period ended September 30, 2020

<i>(in millions of Korean won)</i>	H&A	HE	VS	BS	Innotek	Other segments¹	Inter- segment transactions²	Total
Sales	6,157,654	3,670,510	1,655,872	1,484,303	2,229,814	464,118	(263,690)	15,398,581
External sales	6,143,836	3,669,049	1,655,872	1,483,832	2,056,513	389,479	-	15,398,581
Internal sales	13,818	1,461	-	471	173,301	74,639	(263,690)	-
Operating profit (loss) ³	655,488	316,604	(69,721)	53,267	89,415	28,794	-	1,073,847
Depreciation and amortization	174,594	67,958	126,788	53,087	171,429	36,156	-	630,012

Nine-month period ended September 30, 2020

<i>(in millions of Korean won)</i>	H&A	HE	VS	BS	Innotek	Other segments¹	Inter- segment transactions²	Total
Sales	16,733,715	8,899,418	3,887,816	4,501,617	5,780,557	1,482,541	(626,876)	40,658,788
External sales	16,690,549	8,894,191	3,887,816	4,500,243	5,385,723	1,300,266	-	40,658,788
Internal sales	43,166	5,227	-	1,374	394,834	182,275	(626,876)	-
Operating profit (loss) ³	2,005,933	739,152	(373,985)	314,753	270,313	86,274	-	3,042,440
Depreciation and amortization	515,046	208,089	371,605	172,553	491,820	100,002	-	1,859,115

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

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

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

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(b) Segment assets and liabilities as at September 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
H&A	24,160,625	13,009,008	20,963,845	11,711,590
HE	14,134,481	10,199,534	11,824,138	8,755,478
VS	7,531,950	8,905,998	6,509,025	7,671,125
BS	6,272,318	4,789,613	5,443,429	4,166,338
Innotek	8,298,558	5,192,828	6,038,600	3,610,912
Subtotal¹	60,397,932	42,096,981	50,779,037	35,915,443
Other segments and inter-segment transactions	(5,838,134)	(7,842,307)	(2,574,810)	(5,253,341)
Total	54,559,798	34,254,674	48,204,227	30,662,102

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

(c) Non-current assets by geographic area as at September 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	Non-current assets ¹	
	September 30, 2021	December 31, 2020
Geographic areas		
Korea	12,139,959	12,150,444
China	961,945	899,453
Asia	1,164,452	935,727
North America	1,557,979	1,450,716
Europe	1,361,412	1,327,801
South America	100,203	98,476
Middle East & Africa	111,864	106,761
Russia and others	161,548	144,079
Total	17,559,362	17,113,457

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

(d) Details of net sales from a major external customer for the nine-month periods ended September 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020	Related segment
Major customer A	6,478,922	3,534,775	Innotek and others

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5. Financial Instruments by Category

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

<i>(in millions of Korean won)</i>	September 30, 2021				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	6,619,803	-	-	-	6,619,803
Deposits held by financial institutions	206,224	-	-	-	206,224
Trade receivables	7,359,699	1,312,967	-	-	8,672,666
Other receivables	949,608	-	-	-	949,608
Other financial assets	-	85,253	82,789	29,304	197,346
Total	15,135,334	1,398,220	82,789	29,304	16,645,647

<i>(in millions of Korean won)</i>	September 30, 2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	10,194,566	-	-	10,194,566
Borrowings	10,463,908	-	-	10,463,908
Lease liabilities	-	-	875,007	875,007
Other payables	3,326,747	-	-	3,326,747
Other financial liabilities	-	7,957	60,660	68,617
Total	23,985,221	7,957	935,667	24,928,845

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

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

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

<i>(in millions of Korean won)</i>	2021				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	59,635	-	-	-	59,635
Exchange differences	527,345	65,734	-	-	593,079
Reversal of bad debt expenses	24,212	-	-	-	24,212
Loss on disposal of trade receivables	(1,264)	(3,214)	-	-	(4,478)
Dividend income	-	236	3,437	-	3,673
Gain on valuation of financial assets at fair value through profit or loss	-	-	17,263	-	17,263
Gain on derivatives (through profit or loss)	-	-	39,452	-	39,452
Profit (loss) for the period from discontinued operations	24,754	-	3,407	-	28,161
Fair value loss, net of tax (through other comprehensive income)	-	(17,500)	-	-	(17,500)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	-	18,897	18,897

<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	(132,317)	-	(49,149)	(181,466)
Exchange differences	(677,204)	-	69,641	(607,563)
Loss on derivatives (through profit or loss)	-	(38,652)	-	(38,652)
Profit (loss) for the period from discontinued operations	(107,268)	(2,659)	(465)	(110,392)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	34,618	34,618
Others	(2,359)	-	-	(2,359)

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<i>(in millions of Korean won)</i>	2020				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	65,354	-	-	-	65,354
Exchange differences	48,141	(6,449)	-	-	41,692
Bad debt expenses	(9,918)	-	-	-	(9,918)
Loss on disposal of trade receivables	(2,933)	(4,503)	-	-	(7,436)
Dividend income	-	151	-	-	151
Gain on valuation of financial assets at fair value through profit or loss	-	-	184	-	184
Gain on derivatives (through profit or loss)	-	-	68,076	-	68,076
Profit (loss) for the period from discontinued operations	(7,914)	-	12,630	-	4,716
Fair value gain, net of tax (through other comprehensive income)	-	24,413	-	-	24,413
Gain on derivatives, net of tax (through other comprehensive income)	-	-	-	2,266	2,266

<i>(in millions of Korean won)</i>	2020			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(138,952)	-	(40,406)	(179,358)
Exchange differences	(276,764)	-	9,050	(267,714)
Loss on derivatives (through profit or loss)	-	(26,188)	-	(26,188)
Profit (loss) for the period from discontinued operations	(137,322)	(3,909)	(1,225)	(142,456)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(37,929)	(37,929)
Others	(3,356)	-	-	(3,356)

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6. Trade Receivables and Other Receivables

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

<i>(in millions of Korean won)</i>	September 30, 2021			December 31, 2020		
	Original amount	Allowance for doubtful accounts	Carrying amount	Original amount	Allowance for doubtful accounts	Carrying amount
Trade receivables	8,763,440	(90,774)	8,672,666	7,267,448	(112,516)	7,154,932
Other receivables						
Current	518,268	(15,386)	502,882	465,655	(19,229)	446,426
Non-current	446,814	(88)	446,726	458,206	(35)	458,171

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

<i>(in millions of Korean won)</i>	2021				
	At January 1	Addition (Reversal)	Write-off	Other	At September 30
Trade receivables	112,516	(23,896)	(738)	2,892	90,774
Other receivables					
Current	19,229	(244)	(46)	(3,553)	15,386
Non-current	35	50	-	3	88

<i>(in millions of Korean won)</i>	2020				
	At January 1	Addition (Reversal)	Write-off	Other	At September 30
Trade receivables	111,300	4,802	(3,940)	2,089	114,251
Other receivables					
Current	16,523	5,666	-	(3,710)	18,479
Non-current	588	(533)	-	(3)	52

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

<i>(in millions of Korean won)</i>	September 30, 2021				December 31, 2020			
	Trade receivables	Other receivables		Total	Trade receivables	Other receivables		Total
		Current	Non-current			Current	Non-current	
Receivables not past due	8,093,848	479,981	440,529	9,014,358	6,561,201	433,690	454,787	7,449,678
Past due but not impaired								
Up to 6 months	463,205	14,945	1,657	479,807	466,159	10,202	1,526	477,887
7 to 12 months	14,062	1,955	3,239	19,256	20,397	1,087	1,863	23,347
Over 1 year	21,785	5,483	1,389	28,657	32,328	5,306	30	37,664
Subtotal	499,052	22,383	6,285	527,720	518,884	16,595	3,419	538,898
Impaired	170,540	15,904	-	186,444	187,363	15,370	-	202,733
Total	8,763,440	518,268	446,814	9,728,522	7,267,448	465,655	458,206	8,191,309

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

7. Other Financial Assets and Liabilities

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

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Other financial assets		
Derivatives	38,047	4,292
Financial assets at fair value through other comprehensive income	85,253	117,420
Financial assets at fair value through profit or loss	74,046	37,459
Financial assets at amortized cost	-	1,612
Total	197,346	160,783
Current	14,378	4,292
Non-current	182,968	156,491
Other financial liabilities		
Derivatives	68,606	197,318
Financial guarantee liability	11	114
Total	68,617	197,432
Current	2,335	19,961
Non-current	66,282	177,471

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

<i>(in millions of Korean won)</i>	September 30, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Current				
Currency forward	8,744	2,324	2,542	19,847
Cross-currency swap	2,605	-	1,750	-
Subtotal	11,349	2,324	4,292	19,847
Non-current				
Cross-currency swap	26,698	2,089	-	65,581
Interest rate swap	-	64,193	-	111,890
Subtotal	26,698	66,282	-	177,471
Total	38,047	68,606	4,292	197,318

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

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

<i>(in millions of Korean won)</i>	2021						At September 30
	At January 1	Acquisition	Disposal	Transfer	Valuation	Other	
Listed equity securities	58,103	-	(13,883)	-	(12,576)	1,274	32,918
Unlisted equity securities	59,317	7,409	-	(8,629)	(8,392)	2,630	52,335
Total	117,420	7,409	(13,883)	(8,629)	(20,968)	3,904	85,253

<i>(in millions of Korean won)</i>	2020						At September 30
	At January 1	Acquisition	Disposal	Transfer	Valuation	Other	
Listed equity securities	18,638	-	-	6,976	30,858	143	56,615
Unlisted equity securities	51,124	16,090	(180)	(6,976)	(587)	229	59,700
Total	69,762	16,090	(180)	-	30,271	372	116,315

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

<i>(in millions of Korean won)</i>	2021						At September 30
	At January 1	Acquisition	Disposal	Transfer	Valuation	Other	
Listed equity securities	-	-	(816)	645	2,376	824	3,029
Unlisted equity securities ¹	29,844	13,242	(8,320)	13,424	14,887	339	63,416
Debt securities	7,615	5,232	-	(5,440)	-	194	7,601
Total	37,459	18,474	(9,136)	8,629	17,263	1,357	74,046

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<i>(in millions of Korean won)</i>	2020					At
	At January 1	Acquisition	Disposal	Valuation	Other	September 30
Unlisted equity securities ¹	21,572	7,945	(3,054)	486	-	26,949
Debt securities	1,752	8,252	(1,556)	(302)	68	8,214
Total	23,324	16,197	(4,610)	184	68	35,163

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

(e) Financial assets at amortized cost

- i) Maturity analysis of financial assets at amortized cost as at September 30, 2021 and December 31, 2020, is as follows:

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Within one year	-	-
One to five years	-	1,612
Total	-	1,612

- ii) The amount recognized as interest income in relation to financial assets at amortized cost for the nine-month period ended September 30, 2021, was ₩10 million (September 30, 2020: ₩21 million). No impairment losses were recognized in relation to financial assets at amortized cost for the nine-month periods ended September 30, 2021 and 2020.

8. Inventories

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

<i>(in millions of Korean won)</i>	September 30, 2021			December 31, 2020		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	5,756,716	(115,398)	5,641,318	4,344,610	(101,164)	4,243,446
Work-in-process	614,555	(11,577)	602,978	528,004	(6,433)	521,571
Raw materials and supplies	3,460,219	(82,255)	3,377,964	2,522,056	(79,136)	2,442,920
Other	366,793	(30,912)	335,881	269,576	(30,356)	239,220
Total	10,198,283	(240,142)	9,958,141	7,664,246	(217,089)	7,447,157

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9. Contract Assets and Contract Liabilities

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

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Due from customers	519,162	568,881
(Less: allowance for doubtful accounts)	(4,834)	(6,828)
Right to collect returned products	125,294	92,789
Costs to fulfill contracts and others	263,229	217,840
Total	902,851	872,682
Current	633,015	642,171
Non-current	269,836	230,511

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

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Expected promotional incentives for customers	1,032,660	1,072,912
Expected returns from customers	202,753	145,287
Customer loyalty program	112,010	97,185
Rendering of warranty services	89,542	81,297
Due to customers and others	295,791	277,684
Total	1,732,756	1,674,365
Current	1,693,360	1,645,323
Non-current	39,396	29,042

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

<i>(in millions of Korean won)</i>	2021	2020
Revenue recognized that was included in the contract liability amount at the beginning of the period:		
Due to customers and others	139,101	117,126
Customer loyalty program	67,926	54,777
Rendering of warranty services	33,725	22,192
Total	240,752	194,095
Revenue recognized from performance obligations satisfied in previous periods	14,863	9,871

(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 ₩998,117 million which were expected to be satisfied by 2025, at the latest. Also, as a practical expedient, the Group excluded performance obligation which was a contract that had an original expected duration of one year or less.

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- (e) For the nine-month period ended September 30, 2021, the Group recognized a reversal of impairment loss amounting to ₩2,465 million (September 30, 2020: reversal of impairment loss of ₩1,960 million) in relation to due from customers, and amortization and other costs of ₩46,982 million (September 30, 2020: ₩49,343 million) in relation to costs to fulfil contracts.

10. Property, Plant and Equipment, and Intangible Assets

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

<i>(in millions of Korean won)</i>	2021	2020
At January 1	13,973,998	14,505,419
Acquisitions	2,272,085	1,715,133
Reclassification from assets held for sale	293,913	-
Reclassification to assets held for sale	(22,875)	(32,864)
Disposals and others	(232,140)	(114,660)
Depreciation	(1,741,232)	(1,639,717)
Impairment losses ¹	(63,339)	(22,107)
Exchange differences	321,696	(10,835)
At September 30	14,802,106	14,400,369

¹ Impairment loss on property, plant and equipment from discontinued operations of MC business amounting to ₩44,134 million is recognized during the nine-month period ended September 30, 2021.

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

<i>(in millions of Korean won)</i>	2021	2020
Continuing operations:		
Cost of sales	1,342,601	1,233,053
Selling and marketing expenses	177,118	167,697
Administrative expenses	105,799	95,746
Research and development expenses	54,647	57,837
Service costs	22,600	21,510
Other non-operating expenses	8,153	10,178
Subtotal	1,710,918	1,586,021
Discontinued operations:	30,314	53,696
Total	1,741,232	1,639,717

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

<i>(in millions of Korean won)</i>	2021	2020
At January 1	966,210	875,491
Acquisitions	230,123	298,309
Reclassification to assets held for sale	(579)	-
Disposals and others	(18,898)	(21,229)
Depreciation	(257,419)	(240,307)
Exchange differences	35,704	(1,357)
At September 30	955,141	910,907

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, 2021, was ₩6,871 million (September 30, 2020: ₩6,142 million).

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

<i>(in millions of Korean won)</i>	2021	2020
At January 1	3,139,080	2,691,972
Acquisitions	288,286	223,901
Acquisitions by internal development	153,853	343,875
Reclassification from assets held for sale	410	-
Reclassification to assets held for sale	(2,373)	(19)
Disposals and others	(58,378)	(41,654)
Amortization	(462,316)	(326,766)
Impairment losses ¹	(321,856)	(67,642)
Exchange differences	20,178	20,625
At September 30	2,756,884	2,844,292

¹ Impairment loss on intangible assets from discontinued operations of MC business amounting to ₩295,701 million is included.

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

<i>(in millions of Korean won)</i>	2021	2020
Continuing operations:		
Cost of sales	279,613	189,760
Selling and marketing expenses	16,214	15,691
Administrative expenses	40,037	41,504
Research and development expenses	33,446	35,455
Service costs	1,793	856

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<i>(in millions of Korean won)</i>	2021	2020
Other non-operating expenses	9	1
Subtotal	371,112	283,267
Discontinued operations:	91,204	43,499
Total	462,316	326,766

11. Investments in Associates and Joint Ventures

(a) Investments in associates and joint ventures

- i) Carrying amounts of investments in associates and joint ventures, as at September 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Associates	5,044,088	4,416,616
Joint ventures	62,981	54,974
Total	5,107,069	4,471,590

- ii) Investments in associates as at September 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2021				December 31, 2020			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Display Co., Ltd.	679,218	4,926,508	(102,534)	4,823,974	679,218	4,321,404	(107,316)	4,214,088
Ericsson-LG Co., Ltd.	12,649	54,617	-	54,617	12,649	55,468	-	55,468
Hitachi-LG Data Storage Inc.(HLDS)	101,961	52,318	(1,256)	51,062	101,961	50,025	(1,203)	48,822
CCP-LGE OWNER, LLC ¹	11,652	9,761	-	9,761	11,652	9,723	-	9,723
ROBOTIS Co., Ltd. ¹	9,000	8,757	-	8,757	9,000	8,396	-	8,396
Acryl Inc. ¹	2,000	1,103	-	1,103	2,000	1,376	-	1,376
Robostar Co., Ltd.	88,112	78,860	(1,698)	77,162	88,112	79,007	(1,064)	77,943
AiM Future, Inc.	800	937	-	937	800	800	-	800
Mirae Asset-LG Electronics New Growth Fund I	10,000	9,685	-	9,685	-	-	-	-
RINSE, INC.	7,030	7,030	-	7,030	-	-	-	-
Total	922,422	5,149,576	(105,488)	5,044,088	905,392	4,526,199	(109,583)	4,416,616

¹ The financial statements as at August 31, 2021 were used due to a different closing date.

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iii) Investments in joint ventures as at September 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2021				December 31, 2020			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	14,718	35,661	(204)	35,457	14,718	31,731	(429)	31,302
EIC PROPERTIES PTE LTD.	9,636	16,344	-	16,344	9,636	15,207	-	15,207
LG-MRI LLC	516	1,236	-	1,236	516	1,118	-	1,118
Neolite ZKW Lightings PVT Ltd.	-	-	-	-	-	-	-	-
LG-LHT Aircraft Solutions GmbH	20,555	5,096	-	5,096	12,039	2,724	-	2,724
LG-LHT Passenger Solutions GmbH	18,098	2,544	-	2,544	10,637	2,011	-	2,011
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	1,193	1,385	-	1,385	891	939	-	939
Alluto LLC	2,095	919	-	919	2,095	1,673	-	1,673
Total	66,811	63,185	(204)	62,981	50,532	55,403	(429)	54,974

(b) Associates and joint ventures

i) Associates as at September 30, 2021, are as follows:

Name of associate	Location	Closing month	Percentage of ownership (%)	Nature of relationships with the Group
LG Display Co., Ltd.	Korea	December	37.9	Production and supply of display products
Ericsson-LG Co., Ltd.	Korea	December	25.0	Supply of communication devices and network solution products
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0	Production and supply of data storages
CCP-LGE OWNER, LLC ¹	USA	December	70.2	Solar power plant
ROBOTIS Co., Ltd. ²	Korea	December	8.5	Production and sales of personal robot
Acryl Inc. ²	Korea	December	14.5	Development and sales of software
Robostar Co., Ltd.	Korea	December	33.4	Production and sales of industrial robot
AiM Future, Inc. ²	Korea	December	15.6	A.I. solution
Mirae Asset-LG Electronics New Growth Fund I	Korea	December	50.0	Investment in technology start ups
RINSE, INC. ²	USA	December	11.9	Laundry service

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

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

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ii) Joint ventures as at September 30, 2021, are as follows:

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

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

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

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

(c) Changes in investments in associates and joint ventures

i) Changes in the carrying amounts of investments in associates for the nine-month periods ended September 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
At January 1	4,416,616	4,405,567
Acquisition	17,030	-
Gain (loss) from equity method valuation	389,173	(238,293)
Share of other comprehensive income of associates	225,512	93,228
Withdrawal of investments by dividend / capital reduction / liquidation and others	(5,250)	(17,570)
Disposal	-	(5,550)
Changes in percentage of ownership	176	-
Exchange differences	831	176
At September 30	5,044,088	4,237,558

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- ii) Changes in the carrying amounts of investments in joint ventures for the nine-month periods ended September 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
At January 1	54,974	138,954
Acquisition	16,279	12,803
Gain (loss) from equity method valuation	(4,935)	113
Share of other comprehensive loss of joint ventures	(3,262)	(7,760)
Withdrawal of investments by dividend / capital reduction / liquidation and others	(274)	(349)
Disposal ¹	-	(87,413)
Exchange differences	199	8
At September 30	62,981	56,356

¹ The Group disposed all shares of LG HOLDINGS (HK) LIMITED for ₩722,086 million during the nine-month period ended September 30, 2020, and recognized gain on disposal of ₩640,124 million, net of related costs, in 'other non-operating income' (Note 25). The amount reclassified from accumulated other comprehensive income and included in gain on disposal was ₩7,593 million during the three-month period ended March 31, 2020.

- (d) Summarized financial information of the associates that are material to the reporting entity as at September 30, 2021 and December 31, 2020, and for the three-month and nine-month periods ended September 30, 2021 and 2020, is as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Current assets	13,046,542	11,099,470
Non-current assets	24,559,641	23,972,053
Total assets	37,606,183	35,071,523
Current liabilities	13,666,407	11,006,948
Non-current liabilities	9,328,139	11,327,637
Total liabilities	22,994,546	22,334,585
Equity attributable to the owners of LG Display Co., Ltd.	12,997,472	11,401,042
Non-controlling interests	1,614,165	1,335,896
Total equity	14,611,637	12,736,938

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Nine months	Three months	Nine months
Net sales	7,223,196	21,071,527	6,737,646	16,768,916
Profit (loss) for the period Attributable to the owners of LG Display Co., Ltd.	463,470	1,153,115	11,121	(691,606)
Profit (loss) for the period	419,527	1,010,580	30,377	(657,735)
Other comprehensive income, net of tax	316,210	585,849	46,092	247,679
Total comprehensive income (loss), net of tax	735,737	1,596,429	76,469	(410,056)

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There are no dividends received from LG Display Co., Ltd. for the nine-month period ended September 30, 2021 (September 30, 2020: nil).

- (e) Reconciliations of the summarized financial information of associates that are material to the reporting entity to the carrying amount of the Group's interest for the nine-month periods ended September 30, 2021 and 2020, are as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2021	2020
Opening equity attributable to owners of LG Display Co., Ltd.	11,401,043	11,340,483
Profit (loss) for the period	1,010,580	(657,735)
Other comprehensive income, net of tax	585,849	247,679
Dividends	-	417
Closing equity attributable to owners of LG Display Co., Ltd.	12,997,472	10,930,844
Group ownership (%)	37.9%	37.9%
The Group's share at the end of the reporting period	4,926,508	4,143,182
Unrealized gain	(102,534)	(105,010)
Carrying amount at the end of the reporting period	4,823,974	4,038,172

- (f) The Group's share in the operating results of the individually insignificant associates and joint ventures for the three-month and nine-month periods ended September 30, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	2021			
	Associates		Joint ventures	
	Three months	Nine months	Three months	Nine months
Profit (loss) for the period	1,533	2,097	(3,387)	(5,158)
Other comprehensive income (loss), net of tax	850	3,456	491	(3,264)
Total comprehensive income (loss), net of tax	2,383	5,553	(2,896)	(8,422)

<i>(in millions of Korean won)</i>	2020			
	Associates		Joint ventures	
	Three months	Nine months	Three months	Nine months
Profit for the period	(473)	(6)	(656)	481
Other comprehensive loss, net of tax	900	(809)	(5,150)	(15,361)
Total comprehensive income (loss), net of tax	427	(815)	(5,806)	(14,880)

- (g) There are no accumulated unrecognized changes in equity due to discontinued use of the equity method as at September 30, 2021 and December 31, 2020.

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

September 30, 2021					
	Type	Shares held (Unit: shares)	Price per share (in Korean won)	Fair value (in millions of Korean won)	Book amount
LG Display Co., Ltd.	Associate	135,625,000	18,950	2,570,094	4,823,974
Robostar Co., Ltd.	Associate	3,256,500	22,000	71,643	77,162
ROBOTIS Co., Ltd.	Associate	961,550	13,500	12,981	8,757

December 31, 2020					
	Type	Shares held (Unit: shares)	Price per share (in Korean won)	Fair value (in millions of Korean won)	Book amount
LG Display Co., Ltd.	Associate	135,625,000	18,550	2,515,844	4,214,088
Robostar Co., Ltd.	Associate	3,256,500	19,250	62,688	77,943
ROBOTIS Co., Ltd.	Associate	961,550	13,750	13,221	8,396

12. Borrowings

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

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Current		
Short-term borrowings	431,335	196,774
Current portion of long-term borrowings	839,506	553,515
Current portion of debentures	608,120	699,846
Subtotal	1,878,961	1,450,135
Non-current		
Long-term borrowings	3,559,872	3,528,600
Debentures	5,025,075	4,941,020
Subtotal	8,584,947	8,469,620
Total	10,463,908	9,919,755

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

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at September 30, 2021(%)	Carrying amount	
			September 30, 2021	December 31, 2020
Short-term borrowings in local currency				
Nonghyup Bank and others	-	0.98 ~ 3.53	51,349	-
Short-term borrowings in foreign currency				
Citibank and others	-	0.50 ~ 6.17	379,986	196,774
Long-term borrowings in local currency				
Korea Development Bank and others	2035. 1. 9	1.86 ~ 3.50	2,555,889	2,671,263
Long-term borrowings in foreign currency				
Hana Bank and others	2031. 7. 28	0.41 ~ 4.15	1,843,489	1,410,852
Local currency debentures				
Public, non-guaranteed bonds	2036. 5. 4	1.33 ~ 4.44	3,880,000	4,050,000
Private, non-guaranteed bonds	2041. 2. 9	1.99 ~ 4.21	1,110,000	990,000
Foreign currency debentures				
Private, non-guaranteed bonds	2028. 6. 8	0.94 ~ 1.74	459,515	425,191
Private, guaranteed bonds	2026. 10. 26	0.21 ~ 1.23	196,676	188,224
Less: discount on debentures			(12,996)	(12,549)
Total			10,463,908	9,919,755

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

13. Lease Liabilities

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

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Lease liabilities		
Current	264,355	276,632
Non-current	610,652	585,428
Total	875,007	862,060

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

<i>(in millions of Korean won)</i>	2021	2020
Continuing operations:		
Interest expense relating on lease liabilities	23,363	21,046
Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	43,307	38,522
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)	19,653	25,986
Expense relating to variable lease payments not included in the measurement of lease liabilities (included in selling and marketing expenses, administrative expenses, and others)	83,106	70,303
Subtotal	169,429	155,857
Discontinued operations:	7,779	7,135
Total	177,208	162,992

- (c) Total expenses for leases including short-term leases and leases of low-value assets for the nine-month period ended September 30, 2021, are ₩395,932 million (September 30, 2020: ₩381,807 million).

14. Post-employment Benefits

Defined Benefit Plan

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

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Present value of funded obligations	3,985,205	3,980,162
Present value of unfunded obligations	52,499	48,985
Subtotal	4,037,704	4,029,147
Fair value of plan assets	(3,618,841)	(3,540,730)
Net defined benefit liabilities¹	418,863	488,417

¹ Net defined benefit assets are included.

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

<i>(in millions of Korean won)</i>	2021	2020
Current service cost	311,892	295,008
Past service cost	(37)	-
Net interest cost	8,520	9,692
Operating management cost	2,112	1,903
Total	322,487	306,603

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

<i>(in millions of Korean won)</i>	2021	2020
Continuing operations:		
Cost of sales	155,217	142,989
Selling and marketing expenses	50,432	44,471
Administrative expenses	19,903	20,966
Research and development expenses	52,804	48,081
Service costs	20,969	18,972
Subtotal	299,325	275,479
Discontinued operations:	23,162	31,124
Total	322,487	306,603

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

<i>(in millions of Korean won)</i>	2021	2020
At January 1	4,029,147	3,628,727
Current service cost	311,892	295,008
Past service cost	(37)	-
Interest expense	71,718	61,038
Remeasurements for:		
- Actuarial loss (gain) arising from changes in financial assumptions	(185,326)	72,121
- Actuarial loss from experience adjustments	1,969	-
Benefits paid	(196,414)	(128,341)
Others ¹	4,755	(1,505)
At September 30	4,037,704	3,927,048

¹ Others include effects of exchange rate changes.

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

<i>(in millions of Korean won)</i>	2021	2020
At January 1	3,540,730	3,035,798
Interest income	63,198	51,346
Remeasurements of plan assets	(16,534)	(2,900)
Employer contributions	165,115	11,987
Benefits paid	(132,545)	(94,367)
Operating management cost	(2,112)	(1,903)
Others ¹	989	(110)
At September 30	3,618,841	2,999,851

¹ Others include effects of exchange rate changes.

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

	September 30, 2021	December 31, 2020
Weighted average discount rate of the Group	2.8%	2.4%
Weighted average expected salary growth rate of the Group	4.9%	4.9%

As at September 30, 2021, the discount rates applied to the Parent Company and subsidiaries are between 0.2%~7.8% (December 31, 2020: 0.2%~9.8%), and the expected salary growth rates are between 1.0%~10.0% (December 31, 2020: 1.0%~10.0%).

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

<i>(in millions of Korean won)</i>	1%p increase	1%p decrease
Discount rate	(369,788)	431,374
Expected salary growth rate	405,994	(368,262)

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

Defined Contribution Plan

The expense recognized for the nine-month period ended September 30, 2021 in relation to the defined contribution plan was ₩11,873 million (September 30, 2020: ₩12,075 million).

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15. Provisions

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

	2021			
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	966,233	47,038	182,508	1,195,779
Additional provisions, net ¹	1,727,063	4,825	16,568	1,748,456
Utilizations	(600,936)	(2,146)	(18,024)	(621,106)
Exchange differences	19,734	441	6,589	26,764
At September 30	2,112,094	50,158	187,641	2,349,893
Current	1,857,152	21,612	10,097	1,888,861
Non-current	254,942	28,546	177,544	461,032

	2020			
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	878,555	38,444	166,001	1,083,000
Additional provisions, net ¹	658,936	8,801	24,906	692,643
Utilizations	(618,619)	(964)	(27,342)	(646,925)
Exchange differences	(2,106)	95	(8,660)	(10,671)
At September 30	916,766	46,376	154,905	1,118,047
Current	835,697	4,981	6,000	846,678
Non-current	81,069	41,395	148,905	271,369

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

16. Paid-in Capital

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

		September 30, 2021		December 31, 2020	
	Par value per share	Number of shares issued	Amount (in millions of Korean won)	Number of shares issued	Amount (in millions of Korean won)
Ordinary shares	5,000	163,647,814	818,239	163,647,814	818,239
Preferred shares	5,000	17,185,992	85,930	17,185,992	85,930
Total		180,833,806	904,169	180,833,806	904,169

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

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

17. Retained Earnings

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

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Legal reserve ¹	231,220	209,524
Discretionary reserve	5,569,860	4,660,573
Unappropriated retained earnings ²	8,738,455	8,782,740
Total	14,539,535	13,652,837

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

² Dividend for the year ended December 31, 2020 of ₩216,938 million was approved at the annual general meeting held on March 24, 2021, and paid in April 2021 (2020 payments: ₩135,909 million).

18. Accumulated Other Comprehensive Loss

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

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Share of accumulated other comprehensive loss of associates and joint ventures	57,023	(168,435)
Cash flow hedge	(50,961)	(101,756)
Financial assets at fair value through other comprehensive income	5,021	22,482
Exchange difference on translation of foreign operations	(1,076,583)	(1,747,133)
Total	(1,065,500)	(1,994,842)

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19. Other Components of Equity

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

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Treasury shares ¹	(44,893)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
Capital transactions within the Group and others	(43,195)	(176,945)
Total	(76,014)	(209,764)

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

20. Net Sales

(a) Details of net sales for the three-month and nine-month periods ended September 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Revenue from contracts with customers:				
Sales of goods	18,291,174	52,289,177	14,956,843	39,426,033
Rendering of services	304,794	854,580	243,902	719,105
Royalty income	24,627	80,154	34,835	66,118
Subtotal	18,620,595	53,223,911	15,235,580	40,211,256
Revenue from other sources:				
Rental income and others	166,056	489,040	163,001	447,532
Subtotal	18,786,651	53,712,951	15,398,581	40,658,788
Discontinued operations:	144,180	1,708,644	1,520,978	3,822,401
Total	18,930,831	55,421,595	16,919,559	44,481,189

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

<i>(in millions of Korean won)</i>	2021	2020
By type of products:		
Refrigerator/ washing machine/ air conditioner and others	20,103,206	16,293,400
TV/AV and others	12,220,293	8,889,407
In-vehicle infotainment and others	5,512,184	3,878,017
Monitor/PC and others	5,235,710	4,497,222
Camera module and others	9,225,571	5,779,931
Others	1,677,959	1,487,954
Inter-segment transactions	(751,012)	(614,675)
By major geographical market ¹ :		
Korea	18,502,921	14,617,086
North America	12,889,458	8,803,698
Asia	5,045,990	4,419,725
Europe	8,863,955	6,149,528
South America	2,486,671	1,816,389
Middle East & Africa	2,129,483	1,710,726
China	1,917,999	1,565,438
Russia and others	1,387,434	1,128,666
Timing of transfer:		
Transferred at a point in time	51,606,659	38,830,582
Transferred over time	1,617,252	1,380,674
Total	53,223,911	40,211,256

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

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

Due to the factors causing the changes in the costs of VS and other segments during the nine-month period ended September 30, 2021, the estimated total contract revenue and costs for contracts in progress have changed. Details of changes in estimated total contract revenue and costs and the impact on profit or loss for the nine-month period ended September 30, 2021 and the succeeding periods are as follows:

<i>(in millions of Korean won)</i>	Changes in estimated total contract revenue	Changes in estimated total contract cost	Impact on profit or loss for the period ended September 30, 2021	Impact on profit or loss for the succeeding periods
VS	23,977	20,710	2,456	811
Other segments	88,012	56,385	21,853	9,774
Total	111,989	77,095	24,309	10,585

21. Expenses by Nature

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

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Changes in finished goods and work-in-process	(1,180,170)	(1,748,470)	(683,881)	(674,021)
Raw materials and merchandise used	12,512,341	33,531,789	9,807,152	23,504,077
Employee benefit expense	2,141,253	6,148,469	1,696,349	5,401,730
Depreciation and amortization	717,992	2,073,875	630,012	1,859,115
Advertising expense	381,433	964,803	306,119	625,131
Promotion expense	132,296	376,532	133,212	339,782
Freight expense	843,725	2,306,681	527,249	1,308,123
Commission expense	1,014,912	2,892,871	838,831	2,454,477
Other expenses	1,682,170	3,980,284	1,069,691	2,797,934
Subtotal¹	18,245,952	50,526,834	14,324,734	37,616,348
Discontinued operations:	79,565	2,973,427	1,635,844	4,320,019
Total	18,325,517	53,500,261	15,960,578	41,936,367

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

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

Details of general operating expenses for the three-month and nine-month periods ended September 30, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Salaries	843,804	2,369,001	710,916	2,044,455
Post-employment benefits	55,447	151,793	52,583	151,164
Employee welfare benefits	180,898	522,020	160,919	460,621
Freight expense	839,295	2,294,165	522,864	1,297,604
Rental expense	19,398	56,514	18,769	60,170
Commission expense	697,431	1,955,383	599,075	1,710,121
Depreciation	124,963	360,171	116,236	342,796
Amortization	36,399	91,490	31,356	93,506
Taxes and dues	25,335	9,726	28,079	66,421
Advertising expense	381,433	964,803	306,119	625,131
Promotional expense	132,296	376,532	133,212	339,782
R&D expense	80,228	220,142	81,699	214,624
Direct service costs	694,123	1,243,879	325,682	438,054
Bad debts expense	3,296	(26,485)	344	2,813
Others	131,832	363,078	108,787	324,231
Subtotal	4,246,178	10,952,212	3,196,640	8,171,493
Discontinued operations:	19,475	1,234,476	422,979	1,126,817
Total	4,265,653	12,186,688	3,619,619	9,298,310

23. Financial Income

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

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Interest income	22,782	59,635	16,078	65,354
Exchange differences	122,685	346,446	150,002	397,892
Gain on derivatives	12,832	26,126	3,096	23,524
Subtotal	158,299	432,207	169,176	486,770
Discontinued operations:	-	25,459	14,281	51,458
Total	158,299	457,666	183,457	538,228

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24. Financial Expenses

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

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Interest expense	81,850	181,466	54,596	179,358
Exchange differences	86,560	276,806	167,552	480,470
Loss on derivatives	10,297	24,127	2,359	13,735
Loss on disposal of trade receivables	1,510	4,478	1,318	7,436
Others	1,165	2,359	1,102	3,356
Subtotal	181,382	489,236	226,927	684,355
Discontinued operations:	-	81,892	60,526	171,064
Total	181,382	571,128	287,453	855,419

25. Other Non-operating Income

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

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Dividend income	3,433	3,673	-	151
Exchange differences	393,354	1,011,337	276,170	961,778
Gain on derivatives	13,534	31,632	13,688	51,005
Gain on disposal of property, plant and equipment	24,652	28,427	5,507	11,365
Gain on disposal of intangible assets	16	1,878	-	22
Reversal of impairment loss on assets held for sale	-	40,324	-	-
Gain on disposal of assets held for sale	11,273	37,668	494	494
Gain on valuation of financial assets at fair value through profit or loss	1,143	25,667	24	510
Gain on disposal of investments in associates and joint ventures	87	176	299	647,023
Others	35,340	80,582	10,538	22,176
Subtotal	482,832	1,261,364	306,720	1,694,524
Discontinued operations:	17,300	59,509	45,448	135,925
Total	500,132	1,320,873	352,168	1,830,449

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26. Other Non-operating Expenses

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

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Exchange differences	463,960	1,081,335	318,727	1,100,762
Loss on derivatives	4,594	32,831	5,921	18,906
Loss on disposal of property, plant and equipment	4,599	19,756	10,327	32,273
Impairment loss on property, plant and equipment	9,239	19,484	9,049	22,193
Loss on disposal of intangible assets	6,937	21,642	8,582	24,821
Impairment loss on intangible assets	627	26,118	35,893	67,642
Loss on disposal of assets held for sale	5,865	5,865	-	-
Impairment loss on assets held for sale	20	1,471	-	-
Loss on valuation of financial assets at fair value through profit or loss	3,290	8,404	2	326
Loss on disposal of investments in associates and joint ventures	-	-	-	1,369
Impairment loss on investments in associates and joint ventures	-	-	-	6,859
Others	28,796	61,298	20,437	74,333
Subtotal	527,927	1,278,204	408,938	1,349,484
Discontinued operations:	25,497	447,422	41,168	161,487
Total	553,424	1,725,626	450,106	1,510,971

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27. Earnings per Share

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

- (a) Basic earnings per ordinary share for the three-month and nine-month periods ended September 30, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Nine months	Three months	Nine months
Profit (loss) attributable to ordinary shares <i>(in millions of Korean won)</i>				
	348,016	897,754	566,148	1,544,442
Continuing operations	307,921	2,034,774	661,857	1,967,867
Discontinued operations	40,095	(1,137,020)	(95,709)	(423,425)
Weighted average number of ordinary shares outstanding <i>(unit: shares)</i>	162,884,638	162,884,638	162,884,640	162,884,640
Basic earnings per ordinary share <i>(in Korean won)</i>				
	2,136	5,511	3,476	9,482
Continuing operations	1,890	12,492	4,064	12,082
Discontinued operations	246	(6,981)	(588)	(2,600)

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

<i>(in millions of Korean won)</i>	2021		2020	
	Three months	Nine months	Three months	Nine months
Profit (loss) attributable to preferred shares <i>(in millions of Korean won)</i>				
	36,925	95,341	59,933	163,554
Continuing operations	32,695	215,275	70,028	208,217
Discontinued operations	4,230	(119,934)	(10,095)	(44,663)
Weighted average number of preferred shares outstanding <i>(unit: shares)</i>	17,181,299	17,181,299	17,181,300	17,181,300
Basic earnings per preferred share <i>(in Korean won)</i>				
	2,150	5,550	3,488	9,519
Continuing operations	1,903	12,530	4,076	12,119
Discontinued operations	247	(6,980)	(588)	(2,600)

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28. Cash Flow Information

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

(a) Cash generated from operations

<i>(in millions of Korean won)</i>	2021	2020
Profit for the period	1,393,657	1,801,506
Adjustments:		
Interest expense, net	121,831	114,004
Exchange differences, net	43,041	91,116
Loss (gain) on derivatives, net	(800)	(41,888)
Depreciation	1,710,918	1,586,021
Amortization	371,112	283,267
Loss (gain) on disposal of property, plant and equipment and intangible assets, net	11,093	45,707
Provisions for severance benefits	311,198	287,554
Additional provisions, net	1,343,266	661,834
Income tax expense	839,230	647,221
Loss (gain) from equity method valuation	(384,238)	238,180
Loss (gain) on disposal of investments in associates and joint ventures	(176)	(645,654)
Impairment loss on associates and joint ventures	-	6,859
Other	93,654	198,552
Discontinued operations	592,759	75,974
	<u>5,052,888</u>	<u>3,548,747</u>
Changes in operating assets and liabilities		
Decrease (increase) in trade receivables	(801,272)	(1,801,879)
Decrease (increase) in other receivables	46,638	125,451
Decrease (increase) in inventories	(2,355,440)	(1,597,749)
Decrease (increase) in contract assets	(5,323)	45,598
Decrease (increase) in other assets	(391,006)	(296,836)
Increase (decrease) in trade payables	761,357	2,619,536
Increase (decrease) in other payables	(440,252)	(348,519)
Decrease in provisions	(621,106)	(646,925)
Increase (decrease) in contract liabilities	(15,244)	255,685
Increase (decrease) in other liabilities	580,141	194,028
Payment of defined benefit liability	(75,742)	(46,049)
Deposit in plan assets, net	(209,667)	(58,530)
	<u>(3,526,916)</u>	<u>(1,556,189)</u>
Cash generated from operations	<u>2,919,629</u>	<u>3,794,064</u>

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(b) Changes in liabilities from financing activities

<i>(in millions of Korean won)</i>	2021						
	At January 1	Net cash flows from financing activities	Non-cash transactions				At September 30
			Additions and others	Exchange differences	Amortization and others	Effects of exchange rate changes	
Short-term borrowings	196,774	206,321	-	3,409	-	24,831	431,335
Long-term borrowings	4,082,115	208,129	-	49,373	55	59,706	4,399,378
Debentures	5,640,866	(52,520)	-	42,640	2,209	-	5,633,195
Lease liabilities	862,060	(222,207)	201,000	135	3,483	30,536	875,007
Total	10,781,815	139,723	201,000	95,557	5,747	115,073	11,338,915

<i>(in millions of Korean won)</i>	2020						
	At January 1	Net cash flows from financing activities	Non-cash transactions				At September 30
			Additions and others	Exchange differences	Amortization and others	Effects of exchange rate changes	
Short-term borrowings	271,541	(9,677)	-	25,322	-	(34,917)	252,269
Long-term borrowings	4,318,854	230,004	-	27,353	53	(967)	4,575,297
Debentures	5,896,943	(12,676)	-	12,560	2,290	-	5,899,117
Lease liabilities	771,424	(221,273)	258,431	1,168	2,458	(3,134)	809,074
Total	11,258,762	(13,622)	258,431	66,403	4,801	(39,018)	11,535,757

(c) Significant non-cash transactions

<i>(in millions of Korean won)</i>	2021	2020
Reclassification of construction-in-progress to property, plant and equipment	1,086,431	1,016,078
Reclassification of construction-in-progress to intangible assets	250,359	390,873
Reclassification of current portion of borrowings and debentures	1,091,224	1,165,051
Other payables to acquire property, plant and equipment	316,383	302,400
Other payables to acquire intangible assets	17,455	8,604
Acquisition of right-of-use assets	230,123	298,309

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29. Contingencies

(a) At the end of the reporting period, borrowings are collateralized by a certain portion of property, plant and equipment (land, buildings) with the pledged amount of ₩164,335 million (December 31, 2020: ₩157,608 million) and the book amount of pledged assets is ₩233,977 million (December 31, 2020: ₩197,738 million). In addition, the Group provided buildings as collateral to Shinhan Bank, the mortgagee, in order to guarantee obligations of landlords, who leased the land to the Group, with the pledged amount of ₩14,040 million (December 31, 2020: ₩14,040 million), and the book amount of pledged assets is ₩6,120 million (December 31, 2020: ₩6,709 million).

(b) At the end of the reporting period, the Parent Company and domestic subsidiaries are provided with performance guarantees of ₩280,518 million (December 31, 2020: ₩262,808 million) from Seoul Guarantee Insurance and others relating to the performance guarantees. The Parent Company and LG Innotek Co., Ltd. are provided with guarantee of principal amounting to EUR 100 million and USD 50 million (December 31, 2020: EUR 100 million, USD 50 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

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

(d) In relation to the Bolt electric vehicle consumers' class action lawsuit filed against General Motors (GM) in November 2020, the Group and others were additionally included as defendants in September 2021, and the ultimate outcome of these case cannot be determined at the reporting date.

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

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

30. Commitments

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

In addition, LG Innotek Co., Ltd. has overdraft facility agreements with various banks, including

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Shinhan Bank, with a limit of ₩27,000 million (December 31, 2020: ₩27,000 million). The total limit of overdrafts and comprehensive limits provided by financial institutions to the overseas subsidiaries of LG Innotek Co., Ltd. is ₩454,693 million (December 31, 2020: ₩363,709 million).

Other subsidiaries have overdraft facility agreements with a limit of ₩1,878,946 million (December 31, 2020: ₩1,797,670 million) with Citibank and others.

(b) At the end of the reporting period, the Parent Company has sales agreements for export trade receivables with Hana Bank and 18 other banks amounting to ₩2,070,216 million (December 31, 2020: ₩1,910,416 million) and has sales agreements for domestic trade receivables with MUFG Bank and two other banks amounting to ₩410,000 million (December 31, 2020: ₩1,050,000 million).

In addition, LG Innotek Co., Ltd. has trade receivables transfer agreements with various banks, including ING Bank, amounting to ₩1,208,598 million (December 31, 2020: ₩1,343,680 million) at the end of the reporting period.

In addition, other subsidiaries transfer their trade receivable to Societe Generale Bank on a revolving basis, for up to USD 687 million (December 31, 2020: USD 724 million), and have sales agreements for trade receivables with a limit of USD 500 million (December 31, 2020: USD 500 million) with Credit Agricole. In addition, other subsidiaries have entered into corporate electronic settlement services contracts and discount note agreements with Hana Bank with a limit of ₩1,000 million (December 31, 2020: ₩1,000 million) in connection with the collection of the trade receivables.

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

In addition, LG Innotek Co., Ltd., a subsidiary, has corporate electronic settlement services contracts and vendor prepayment services contracts with Shinhan Bank and others for up to ₩199,000 million (December 31, 2020: ₩204,000 million) in connection with the payment of trade payables, where under the contracts the vendors of LG Innotek Co., Ltd. can transfer their receivables to these banks.

In addition, other subsidiaries have contract arrangements such as corporate electronic settlement services contracts and note discount agreements with Shinhan Bank and other banks for up to ₩42,100 million limit (December 31, 2020: ₩42,400 million) in connection with the payment of trade payables.

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

(e) At the end of the reporting period, the Group has other trade financing agreements and loan commitments with financial institutions, including Shinhan Bank, of up to ₩3,704,345 million

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(December 31, 2020: ₩3,219,817 million).

(f) Contractual commitments for the acquisition of assets

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

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Property, plant and equipment	722,177	197,365
Intangible assets	67,319	99,967
Investments in associates and joint ventures	105,250	78,651
Total	894,746	375,983

Other than the above commitments, Zenith Electronics LLC(Zenith), a subsidiary, agreed to the tender offer based on fair value at certain time in relation to the shares held by non-controlling shareholders of Alphonso Inc. and the shares to be issued by the exercise of stock options. At the end of the reporting period, the Group recognized this commitment as 'other payables' (Note 33). In addition, the Company decided to acquire 69.6% shares of Cybellum Technologies Ltd. for USD 94 million.

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

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

<i>(in millions of Korean won)</i>	September 30, 2021				Total lease payments
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	
Healthcare rental	486,232	298,697	156,171	29,389	970,489
Real estate rental	21	-	-	-	21
Total	486,253	298,697	156,171	29,389	970,510

- ii) The Group recognized ₩459,736 million (September 30, 2020: ₩427,504 million) in lease income for the nine-month period ended September 30, 2021.

(h) License agreements including patent and trademark

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

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

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31. Related Party

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

i) Major income and expense transactions with related parties

(in millions of Korean won)

Classification	Name	2021					
		Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁴	Total
Significantly influencing the Group	LG Corp.	416	-	416	-	118,796	118,796
Associates	LG Display Co., Ltd. and its subsidiaries	446,583	62,926	509,509	3,576,370	191	3,576,561
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	650	-	650	43,873	192	44,065
	Acryl Inc.	-	-	-	-	1,027	1,027
	ROBOTIS Co., Ltd.	-	-	-	-	6	6
	Robostar Co., Ltd. and its subsidiaries	70	-	70	26,036	2,953	28,989
	Subtotal	447,303	62,926	510,229	3,646,279	4,369	3,650,648
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	42,436	-	42,436	113,892	3	113,895
	EIC PROPERTIES PTE LTD.	-	-	-	-	218	218
	LG-MRI LLC	21,407	-	21,407	28,615	-	28,615
	Subtotal	63,843	-	63,843	142,507	221	142,728
Other related parties	LG CNS Co., Ltd. and its subsidiaries	113,291	139	113,430	108,114	431,796	539,910
	S&I Corp. and its subsidiaries	19,165	-	19,165	8,137	187,155	195,292
	LG Management Development Institute	1,108	21	1,129	67	37,917	37,984
	LG SPORTS Ltd.	12	17	29	-	10,882	10,882
	LG MMA Ltd. ²	-	-	-	-	19	19
	LG Holdings Japan Co., Ltd.	14	-	14	-	853	853
	Subtotal	133,590	177	133,767	116,318	668,622	784,940
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	962,610	2,789	965,399	1,059,573	116,175	1,175,748
	LX INTERNATIONAL CORP. and its subsidiaries and associates ³	10,630	739	11,369	3,425,553	2,150,758	5,576,311
	LG Uplus Corp and its subsidiaries	41,614	5	41,619	51,187	8,456	59,643
	LX HAUSYS, LTD. and its subsidiaries and associates ⁴	2,063	914	2,977	1,076	542	1,618
	LX Semicon Co., Ltd. ⁵	65,599	2,457	68,056	12,302	411	12,713
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	5,386	1	5,387	163	202	365
	G IIR Inc. and its subsidiaries	4,886	943	5,829	213	304,141	304,354
	LX Holdings Corp.	99	-	99	-	-	-
	LX MMA Corporation ²	8	-	8	-	-	-

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		2021					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁴	Total
	Subtotal	1,092,895	7,848	1,100,743	4,550,067	2,580,685	7,130,752
	Total	1,738,047	70,951	1,808,998	8,455,171	3,372,693	11,827,864

(in millions of Korean won)

		2020					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others	Total
Significantly influencing the Group	LG Corp.	279	-	279	-	116,489	116,489
Associates	LG Display Co., Ltd. and its subsidiaries	307,736	74,267	382,003	2,429,246	672	2,429,918
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	1,673	-	1,673	40,978	80	41,058
	Korea Information Certificate Authority Inc. ⁶	1	-	1	-	39	39
	Acryl Inc.	-	-	-	-	468	468
	ROBOTIS Co., Ltd.	-	-	-	-	27	27
	Robostar Co., Ltd.	12	-	12	38,601	2,604	41,205
	Subtotal	309,422	74,267	383,689	2,508,825	3,890	2,512,715
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	44,242	-	44,242	92,301	-	92,301
	LG HOLDINGS (HK) LIMITED and its subsidiaries ⁷	-	-	-	-	472	472
	EIC PROPERTIES PTE LTD.	-	-	-	-	426	426
	LG-MRI LLC	5,196	-	5,196	26,943	-	26,943
	Subtotal	49,438	-	49,438	119,244	898	120,142
Other related parties	LG CNS Co., Ltd. and its subsidiaries	106,225	30	106,255	108,301	330,603	438,904
	S&I Corp. and its subsidiaries	19,622	-	19,622	32,562	131,650	164,212
	LG Management Development Institute	8	-	8	37	21,750	21,787
	LG SPORTS Ltd.	11	19	30	-	9,036	9,036
	LG MMA Ltd.	243	-	243	34	245	279
	LG Holdings Japan Co., Ltd.	15	-	15	-	2,840	2,840
	Subtotal	126,124	49	126,173	140,934	496,124	637,058
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	881,439	5,632	887,071	805,007	516	805,523
	LG INTERNATIONAL CORP and its subsidiaries ³	19,744	635	20,379	2,484,007	1,303,185	3,787,192
	LG Uplus Corp and its subsidiaries	183,225	49	183,274	31,451	3,818	35,269
	LG HAUSYS,LTD., its subsidiaries and associates ⁴	4,610	471	5,081	5,525	48	5,573
	Silicon Works Co., Ltd. ⁵	35,582	1,396	36,978	9,367	337	9,704
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	46,622	1	46,623	261	372	633
	G I R Inc. and its subsidiaries	4,217	-	4,217	125	241,763	241,888
	Subtotal	1,175,439	8,184	1,183,623	3,335,743	1,550,039	4,885,782
	Total	1,660,702	82,500	1,743,202	6,104,746	2,167,440	8,272,186

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

² The entity changed its name from LG MMA Ltd. to LX MMA Corporation on July 1, 2021. And, it was classified as others due to changes in corporate governance.

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

⁴ The entity changed its name from LG HAUSYS,LTD. to LX HAUSYS, LTD. on July 1, 2021.

⁵ The entity changed its name from Silicon Works Co., Ltd. to LX Semicon Co., Ltd. on July 1, 2021.

⁶ All shares of Korea Information Certificate Authority Inc. were disposed during the year ended December 31, 2020.

⁷ All shares of LG HOLDINGS (HK) LIMITED were disposed to RECO CHANGAN PRIVATE LIMITED on March 20, 2020.

⁸ Others include interest expense of lease liabilities.

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

(in millions of Korean won)

		September 30, 2021							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ²	Total
Significantly influencing the Group	LG Corp.	45	-	25,537	25,582	-	-	23,423	23,423
Associates	LG Display Co., Ltd. and its subsidiaries	131,660	-	74,299	205,959	724,866	-	64,639	789,505
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	73	-	-	73	33,287	-	229	33,516
	Acryl Inc.	-	-	-	-	-	-	357	357
	Ericsson-LG Co., Ltd.	-	-	5,250	5,250	-	-	-	-
	Robostar Co., Ltd. and its subsidiaries	41	-	-	41	202	-	15,793	15,995
	Subtotal	131,774	-	79,549	211,323	758,355	-	81,018	839,373
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	7,363	-	-	7,363	15,016	-	3	15,019
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	70	70
	LG-MRI LLC	9,060	-	1,165	10,225	9,657	-	48	9,705
	Subtotal	16,423	-	1,165	17,588	24,673	-	121	24,794
Other related parties	LG CNS Co., Ltd. and its subsidiaries	44,779	-	342	45,121	24,407	-	180,313	204,720
	S&I Corp. and its subsidiaries	6,674	-	24,802	31,476	6,832	-	53,052	59,884
	LG Management Development Institute	199	-	15,544	15,743	-	-	2,147	2,147
	LG SPORTS Ltd.	1	-	-	1	-	-	552	552
	Subtotal	51,653	-	40,688	92,341	31,239	-	236,064	267,303

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September 30, 2021

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ²	Total
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	267,339	-	96,640	363,979	395,360	-	27,857	423,217
	LX INTERNATIONAL CORP. and its subsidiaries and associates ²	33,120	-	11,214	44,334	395,162	-	305,453	700,615
	LG Uplus Corp and its subsidiaries	3,340	-	-	3,340	1,426	-	1,031	2,457
	LX HAUSYS, LTD. and its subsidiaries and associates ³	369	-	13	382	484	-	767	1,251
	LX Semicon Co., Ltd. ⁴	13,416	-	176	13,592	5,473	-	2,171	7,644
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	17,820	-	7,865	25,685	55	-	207	262
	G II R Inc. and its subsidiaries	31	-	570	601	1,570	-	199,362	200,932
	Subtotal	335,435	-	116,478	451,913	799,530	-	536,848	1,336,378
	Total	535,330	-	263,417	798,747	1,613,797	-	877,474	2,491,271

(in millions of Korean won)

December 31, 2020

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁵	Total
Significantly influencing the Group	LG Corp.	5	-	25,666	25,671	-	-	30,542	30,542
Associates	LG Display Co., Ltd. and its subsidiaries	107,463	-	67,211	174,674	461,630	-	65,495	527,125
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	473	-	-	473	32,686	-	243	32,929
	Acryl Inc.	-	-	-	-	-	-	229	229
	Robostar Co., Ltd. and its subsidiaries	-	-	-	-	242	-	19,122	19,364
	Subtotal	107,936	-	67,211	175,147	494,558	-	85,089	579,647
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	5,655	-	-	5,655	7,839	-	1	7,840
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	65	65
	LG-MRI LLC	2,107	-	545	2,652	4,859	-	42	4,901
	Subtotal	7,762	-	545	8,307	12,698	-	108	12,806
Other related parties	LG CNS Co., Ltd. and its subsidiaries	29,814	-	1,033	30,847	15,340	-	271,135	286,475
	S&I Corp. and its subsidiaries	8,520	-	24,802	33,322	6,785	-	66,661	73,446
	LG Management Development Institute	1	-	17,864	17,865	-	-	1,455	1,455
	LG SPORTS Ltd.	1	-	-	1	-	-	1,883	1,883
	LG MMA Ltd.	-	-	-	-	-	-	19	19

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		December 31, 2020							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁵	Total
	LG Holdings Japan Co., Ltd.	-	-	3,870	3,870	-	-	-	-
	Subtotal	38,336	-	47,569	85,905	22,125	-	341,153	363,278
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	387,830	-	186,292	574,122	355,634	-	14,811	370,445
	LG INTERNATIONAL CORP and its subsidiaries ²	15,506	-	524	16,030	291,948	-	373,049	664,997
	LG Uplus Corp and its subsidiaries	45,102	-	1	45,103	2,022	-	1,401	3,423
	LG HAUSYS,LTD., its subsidiaries and associates ³	1,714	-	12	1,726	311	-	124	435
	Silicon Works Co., Ltd ⁴ .	16,772	-	148	16,920	3,003	-	1,237	4,240
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	11,577	-	22,069	33,646	31	-	1,210	1,241
	G II R Inc. and its subsidiaries	17	-	282	299	1,067	-	203,573	204,640
	Subtotal	478,518	-	209,328	687,846	654,016	-	595,405	1,249,421
	Total	632,557	-	350,319	982,876	1,183,397	-	1,052,297	2,235,694

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

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

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

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

⁵ Other payables include lease liabilities.

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

(in millions of Korean won)

		2021						
		Dividend income	Dividend paid ¹	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments ²
Significantly influencing the Group	LG Corp.	-	66,113	-	-	-	-	20,645
Associates	Ericsson-LG Co., Ltd.	5,250	-	-	-	-	-	-
	LG-MRI LLC	274	-	-	-	-	-	-
	LG-LHT Aircraft Solutions GmbH	-	-	8,516	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	7,461	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY CO.,	-	-	303	-	-	-	-

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(in millions of Korean won)

		2021						
		Dividend income	Dividend paid ¹	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments ²
LTD								
Subtotal		5,524	-	16,280	-	-	-	
Other related parties	S&I Corp.	-	-	-	-	-	271	
Total		5,524	66,113	16,280	-	-	20,916	

(in millions of Korean won)

		2020						
		Dividend income	Dividend paid ¹	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments ²
Significantly influencing the Group	LG Corp.	-	41,321	-	-	-	20,707	
Associates	Ericsson-LG Co., Ltd.	8,250	-	-	-	-	-	
	Korea Information Certificate Authority Inc. ³	201	-	-	-	-	-	
	LG-MRI LLC	349	-	-	-	-	-	
	LG-LHT Aircraft Solutions GmbH	-	-	5,639	-	-	-	
	LG-LHT Aircraft Passenger GmbH	-	-	4,769	-	-	-	
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD	-	-	300	-	-	-	
Subtotal		8,800	-	10,708	-	-	-	
Other related parties	S&I Corp.	-	-	-	-	-	262	
Total		8,800	41,321	10,708	-	-	20,969	

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

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

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

(in millions of Korean won)	2021	2020
Salaries and other short-term benefits	11,474	10,041
Post-employment benefits	1,464	1,825
Other long-term benefits	44	77
Total	12,982	11,943

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

(c) There is no collateral provided by the Group for the financial support of related parties at the end of the reporting period.

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- (d) The Group has not recognized any bad debt expense or allowance for trade receivables from related parties at the end of the reporting period.
- (e) The Group decided to transfer CEM (Chemical Electronic Material) business to LG Chem Ltd., in accordance with resolution of the Board of Directors on July 28, 2021.

32. Risk Management

Financial Risk Management

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

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

The Group anticipatively and systematically manages the financial risks over global business activities through its four overseas treasury centers in New Jersey (United States), Amsterdam (Netherlands), Beijing (China), and Singapore in coordination with Finance Division in the Parent Company. And it also helps to improve overseas subsidiaries' business competitiveness by performing integration of their finance functions.

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

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

(a) Market risk

i) Foreign exchange risk

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

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

The Group's foreign exchange risk management is implemented under its own foreign exchange policy through which the Group can minimize the exposure to foreign exchange risk by preferentially making equal amount of foreign exchange assets and liabilities from general operating activities. And the Group continuously considers efficient foreign exchange risk

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

<i>(in millions of Korean won)</i>	September 30, 2021		December 31, 2020	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	(22,155)	22,155	(21,571)	21,571
EUR/KRW	(4,145)	4,145	1,300	(1,300)

ii) Interest rate risk

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

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

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

<i>(in millions of Korean won)</i>	2021		2020	
	1%p increase	1%p decrease	1%p increase	1%p decrease
Interest income	48,767	(48,767)	48,971	(48,971)
Interest expenses	3,722	(3,722)	4,567	(4,567)

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iii) Details of derivative contracts are as follows:

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

Details of hedging instruments are as follows:

	Contractor	Contracted amount (in millions)	Contracted currency rate	Interest rate (paid) (%)	Starting date	Expiration date	Book amount (in millions of Korean won)	
							Assets	Liabilities
Currency forward	Commerzbank	CZK 33 (EUR/CZK)	25.4	-	2021. 9.22	2021. 10. 1	-	6
	DZ Bank AG and others	MXN 146 (USD/MXN)	20.2 ~ 21.7	-	2021. 3.10 ~ 2021. 9.24	2021. 10.4 ~ 2021.12. 2	-	4
Cross-currency swap	MUFG Bank and others	USD 735 (USD/KRW)	1,067.9 ~ 1,233.7	1.88 ~ 3.64	2017. 2. 2 ~ 2021. 7.26	2022. 2. 2 ~ 2031. 7.28	26,439	2,089
	DBS	SGD 140 (SGD/KRW)	859.3	1.21	2020. 7. 9	2024. 1. 9	2,864	-
Interest rate swap	Woori Bank and others	KRW 1,045,536 / EUR 100 / USD 235	-	1.00 ~ 4.53	2014. 1. 3 ~ 2018. 5.24	2023. 2.24 ~ 2030. 7. 7	-	58,549

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

Details of hedged items are as follows:

(in millions of Korean won)	Hedged items	Book amount	Changes in fair value (net of tax)
Currency forward	Forecast transactions	-	(758)
Cross-currency swap	Borrowings	990,507	(63,190)
Interest rate swap	Borrowings	1,460,903	(22,609)

The results of hedge accounting are as follows:

(in millions of Korean won)	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 (loss)
Currency forward	758	Exchange differences	(647)	111	(449)
Cross-currency swap	63,190	Interest expense and exchange differences	(46,235)	16,955	(8,813)
Interest rate swap	22,609	Interest expense	13,841	36,450	(40,388)

Non-derivative for hedging purposes

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

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risk of the future expected sales.

Details of hedging instruments are as follows:

<i>(in millions of Korean won)</i>	Contracted amount (in millions)	Starting date	Expiration date	Book amount	Expected time to be realized	
					Within 1 year	1 to 2 years
Contract liabilities	USD 21	2019.12	2021.12	25,475	25,475	-

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

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

The results of hedge accounting are as follows:

<i>(in millions of Korean won)</i>	Line items in profit or loss	Reclassified to profit or loss (net of tax)	Other comprehensive loss (net of tax)	Accumulated other comprehensive loss
Foreign exchange risk hedge for sales	Sales	12	(3,037)	(1,093)

Trading purposes

The Group entered into the currency forward contracts, the cross-currency swap contracts and the interest rate swap contracts to manage the risk against possible future changes in foreign exchange rates and interest rates. The subsidiaries' currency forward contracts, the cross-currency swap contracts and the interest rate swap contracts as at September 30, 2021, and related profit or loss for the nine-month period ended September 30, 2021, are as follows:

<i>(in millions of Korean won)</i>	Purchase	Sale	Gain (loss) on valuation	Gain on transaction
Currency forward	653,363	651,570	11,247	(10,471)
Cross-currency swap	-	-	(1,750)	-
Interest rate swap	-	-	1,774	-

iv) Price risk

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

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

The effect of price index's fluctuation related to the listed securities on the equity (before

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

<i>(in millions of Korean won)</i>	September 30, 2021		December 31, 2020	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	6,661	(6,661)	12,742	(12,742)
NASDAQ	1,908	(1,908)	9,236	(9,236)
Austrian Traded Index	166	(166)	129	(129)

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

(b) Credit risk

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

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

At the end of the reporting period, trade receivable balance of the Group is ₩8,763,440 million (December 31, 2020: ₩7,267,448 million) and its risk is managed appropriately within insurer's credit limit of ₩23,325,294 million (December 31, 2020: ₩22,304,932 million). Therefore, the Group determined that credit risk exposed to the Group is limited.

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

(c) Liquidity risk

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

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

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

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Moody's at the end of the reporting period.

- i) Cash flow information on maturity of financial liabilities as at September 30, 2021, is as follows:

<i>(in millions of Korean won)</i>	Total	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Trade payables	10,194,566	10,194,566	-	-	-
Borrowings	11,808,426	2,129,080	1,537,013	3,684,300	4,458,033
Lease liabilities	947,571	277,035	193,855	314,053	162,628
Other payables	3,326,772	3,260,209	340	66,223	-
Other financial liabilities	7,933	4,343	1,891	1,699	-
Total	26,285,268	15,865,233	1,733,099	4,066,275	4,620,661

The above cash flows are calculated at nominal value based on the earliest maturity dates and include cash flows of principal and interests. The Group's trading portfolio derivative within other financial liabilities that are not qualified for hedge accounting have been included at their fair value of ₩2,314 million within the less than 1-year time bucket. This is because the contractual maturities are not essential for an understanding of the timing of the cash flows. These contracts are managed on a net-fair value basis rather than by maturity date. Derivatives for cash flow hedges from changes in interest rate and exchange rate are reflected in the cash flows of related borrowings.

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

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

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

Capital Risk Management

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

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

<i>(in millions of Korean won, except for ratios)</i>	September 30, 2021	December 31, 2020
Liability (A)	34,254,674	30,662,102
Equity (B)	20,305,124	17,542,125
Cash and cash equivalents (C)	6,619,803	5,896,309
Borrowings and lease liabilities (D)	11,338,915	10,781,815
Debt-to-equity ratio (A/B)	168.7%	174.8%
Net borrowings ratio ((D-C)/B)	23.2%	27.9%

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Fair Value Estimation

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

<i>(in millions of Korean won)</i>	September 30, 2021			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Assets at fair value				
Financial assets at fair value through profit or loss				
Other financial assets	11,772	11,772	71,017	71,017
Financial assets at fair value through other comprehensive income				
Trade receivables	1,312,967	1	-	-
Other financial assets	-	-	85,253	85,253
Derivatives for hedging purposes				
Other financial assets	2,606	2,606	26,698	26,698
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	6,619,803	1	-	-
Deposits held by financial institutions	146,418	1	59,806	59,806
Trade receivables	7,359,699	1	-	-
Other receivables	502,882	1	446,726	430,081
Total	15,956,147		689,500	

<i>(in millions of Korean won)</i>	September 30, 2021			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Liabilities at fair value				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	2,314	2,314	5,644	5,644
Derivatives for hedging purposes				
Other financial liabilities	10	10	60,638	60,638
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	10,194,566	1	-	-
Borrowings	1,878,961	1	8,584,947	8,627,394
Other payables	3,260,187	1	66,560	66,556
Other liabilities				
Lease liabilities	264,355	2	610,652	2
Other financial liabilities	11	3	-	-
Total	15,600,404		9,328,441	

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<i>(in millions of Korean won)</i>	December 31, 2020			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Assets at fair value				
Financial assets at fair value through profit or loss				
Other financial assets	4,292	4,292	37,459	37,459
Financial assets at fair value through other comprehensive income				
Trade receivables	802,917	¹	-	-
Other financial assets	-	-	117,420	117,420
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	5,896,309	¹	-	-
Deposits held by financial institutions	82,018	¹	58,903	58,903
Trade receivables	6,352,015	¹	-	-
Other receivables	446,426	¹	458,171	429,727
Other financial assets	-	-	1,612	¹
Total	13,583,977		673,565	

<i>(in millions of Korean won)</i>	December 31, 2020			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Liabilities at fair value				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	19,669	19,669	7,244	7,244
Derivatives for hedging purposes				
Other financial liabilities	178	178	170,227	170,227
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	8,728,159	¹	-	-
Borrowings	1,450,135	¹	8,469,620	8,719,840
Other payables	3,555,968	¹	63,136	63,135
Other liabilities				
Lease liabilities	276,632	²	585,428	²
Other financial liabilities	114	³	-	-
Total	14,030,855		9,295,655	

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

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

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

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(b) Fair value measurements of assets and liabilities

i) Fair value hierarchy and measurement method

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

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

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

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

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

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

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

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

ii) Financial instruments measured at fair value

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

<i>(in millions of Korean won)</i>	September 30, 2021			Total
	Level 1	Level 2	Level 3	
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	32,918	-	52,335	85,253
Financial assets at fair value through profit or loss	3,029	8,743	71,017	82,789
Derivatives for hedging purposes	-	29,304	-	29,304
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	7,958	-	7,958
Derivatives for hedging purposes	-	60,648	-	60,648
December 31, 2020				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	58,103	-	59,317	117,420
Financial assets at fair value through profit or loss	-	4,292	37,459	41,751
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	26,913	-	26,913
Derivatives for hedging purposes	-	170,405	-	170,405

The above fair value amounts are recurring fair value measurements.

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

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

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	September 30, 2021	December 31, 2020		
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	8,743	4,292	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	29,304	-	Discounted cash flow	Discount rate and exchange rate
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	7,958	26,913	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	60,648	170,405	Discounted cash flow	Discount rate and exchange rate

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

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

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

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

<i>(in millions of Korean won)</i>	September 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	59,806	59,806
Non-current other receivables	-	-	430,081	430,081
Liabilities				
Non-current borrowings	-	-	8,627,394	8,627,394
Non-current other payables	-	-	66,556	66,556

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

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

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

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

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

<i>(in millions of Korean won)</i>	September 30, 2021		December 31, 2020		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Carrying amount	Fair value	Carrying amount	Fair value				
Assets								
Non-current deposits held by financial institutions	59,806	59,806	58,903	58,903	Discounted cash flow	Discount rate and exchange rate	Discount rate	0.1% ~ 1.0%
Non-current other receivables	446,726	430,081	458,171	429,727	Discounted cash flow	Discount rate and exchange rate	Discount rate	2.8% ~ 2.9%
Liabilities								
Non-current borrowings	8,584,947	8,627,394	8,469,620	8,719,840	Discounted cash flow	Discount rate and exchange rate	Discount rate	1.2% ~ 3.7%
Non-current other payables	66,560	66,556	63,136	63,135	Discounted cash flow	Discount rate and exchange rate	Discount rate	1.6% ~ 1.7%

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33. Business Combinations

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

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

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

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

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

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

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

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

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34. Assets and Liabilities Classified as Held for Sale

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

<i>(in millions of Korean won)</i>	September 30, 2021¹	December 31, 2020¹
Assets held for sale		
Cash and cash equivalents	67,308	53,586
Land	3,445	89,319
Building	12,444	188,929
Machinery	8,646	11,834
Other property, plant and equipment	881	1,192
Intangible assets	15	33,811
Other assets	227	11,144
Total	92,966	389,815
Liabilities held for sale		
Accrued expenses	307	-
Others	1,721	-
Total	2,028	-

¹ The assets amounting to ₩67,709 (December 31, 2020: ₩369,840 million) belonging to LED business which LG Innotek Co., Ltd., a subsidiary, decided to sell under the approval of management on October 28, 2020, are included above, and related impairment loss on property, plant and equipment amounting to ₩43,780 million was recognized during the year ended in December 31, 2020.

- (b) Assets held for sale increased by ₩5,862 million due to changes in the assets of subsidiaries of LG Innotek Co., Ltd., a subsidiary of the Company. Due to the changes in sale plan of LED business during the nine-month period ended September 30, 2021, assets held for sale of ₩291,486 million were reclassified to property, plant and equipment and related impairment loss of ₩40,324 was reversed, and impairment loss of ₩1,435 million was recognized. A gain on disposal of ₩26,865 million for the assets amounting to ₩53,217 million of which the sale was completed was recognized in profit or loss.
- (c) Assets held for sale were measured at fair value less costs to sell before the reclassification, and the Group recognized impairment loss on property, plant and equipment amounting to ₩11,790 million during the nine-month period ended September 30, 2021.
- (d) Details of other components of equity classified as held for sale as at September 30, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2021	December 31, 2020
Exchange differences on translation of foreign operations	5,101	(3,079)

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35. Discontinued Operations

At the end of the reporting period, the Group discontinued the operation of MC business in order to focus on the Group's core business through firmwide resource efficiency and to secure financial resources for preparing new business for future growth by improving its financial structure.

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

<i>(in millions of Korean won)</i>	2021	2020
Net sales	1,708,644	3,822,401
Operating loss	(1,264,783)	(497,618)
Loss before income tax ¹	(1,709,128)	(642,786)
Income tax expense ¹	(445,529)	(139,798)
Loss for the period, net of tax	(1,263,599)	(502,988)

¹ It includes an impairment loss and loss on disposal of property, plant and equipment and intangible assets amounting to ₩356,696 million due to discontinued operations of MC business, and income tax benefits of ₩95,117 million for the related profit or loss during the nine-month period ended September 30, 2021.

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

<i>(in millions of Korean won)</i>	2021	2020
Net cash outflow from operating activities	(1,564,968)	(76,973)
Net cash inflow (outflow) from investing activities	114,265	(141,615)
Net cash inflow from financing activities	1,450,703	218,588