

# LG Annual Report

2023

Innovation  
*for a* Better Life



# LG Annual Report 2023

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# Message From the CEO

Dear our valued shareholders and customers,

Thank you for your unwavering support and encouragement in LG's journey to become the best customer-oriented company.

As the world was stuck in a low growth trap in 2023, uncertainties in global politics and economy led to business difficulties, including instability of the supply chain and a rise in costs.

Amid the situation, LG has continued to achieve qualitative growth while focusing on stable business operations and enhancing base competitiveness, as well as continuing our investment to strengthen the basis of future preparations in technology, human resources, and the global supply chain.

In our electronics business sector, the home appliance business continues to secure its no.1 position based on product competitiveness and differentiated customer experience and is expanding its cooling and heating B2B business area using eco-friendly and high efficiency technology. In addition to delivering unmatched customer experiences with LG OLEDs, the TV sector is focusing on providing differentiated contents and services based on webOS.

Furthermore, with the accelerated growth of the automobile parts business, which established itself as a new growth engine, we solidified the foundation for growth in the fields of next generation display, optical solutions and semiconductor substrates.

In our chemical business sector, the energy solution business continues to dominate our potential for future growth based on global manufacturing capabilities and customer base, while concentrating on next generation product development as well as tightening our supply chain to properly respond to the rapid changes in the electric vehicle market environment.

In addition, LG Chem is accelerating to foster battery materials and innovative new pharmaceuticals as next-generation growth engines, furthermore, transitioning its petrochemical business portfolio in line with the future trend, which focuses on eco-friendly materials.

In our telecommunications and services sector, LG Uplus is making every effort to evolve and improve the quality of wired/wireless networks which allow various connections between people and objects, as well as accumulating capacity to provide innovative services such as contents and platforms that can refresh customers' daily lives.

LG CNS continues to ramp up its professional capabilities in the cloud, data, and AI sectors in addition to

establishing itself as a company leading digital transformation in the domestic finance and logistics sector.

Owing to these efforts, LG Corp. posted consolidated revenue of KRW 7.45 trillion and operating profit of KRW 1.59 trillion in 2023.

Amid the economic slowdown and geopolitical risks, uncertainties in the global business environment are expected to increase in the year 2024 as inflection points in the industry such as the generalization and routinization of AI and transition to decarbonization become noticeable.

LG will move beyond the crisis caused by low growth and uncertainties, and intensify our efforts to seize future opportunities.

With the belief that the solution to this can only be achieved by providing LG's unmatched value, we will strive for 'differentiated customer value' and 'strengthen the fundamental competitiveness of our businesses' throughout this year.

In our core business, we will create a solid business structure that achieves results under any circumstances by thoroughly monitoring changes in the industry and reinforcing the fundamental competitiveness of the overall business.

In our growing business, we will secure core competitiveness required by customers and the market in the early stages, nurture them into core business, and further advance our business portfolio by moving forward with our future business focusing on AI, Bio, and Clean Tech.

The foundation of LG's presence and the starting point of our businesses are customers and society.

We will continue our efforts to closely monitor and think of suitable ways to ensure all management activities contribute to the future lives of customers and be of use to society and the environment.

To this end, LG will consider and carry out preemptive measures to increase shareholder value for the shareholders who have been with LG so far.

We will appreciate your continued support and encouragement.

Thank you.

CEO & Chairman **Koo, Kwang Mo**

## Board of Directors



**Koo, Kwang Mo**  
Director



**Lee, Soo Young**  
Director



**Han, Jong Soo**  
Director



**Kwon, Bong Seok**  
Director



**Ha, Beom Jong**  
Director



**Cho, Sung Wook**  
Director



**Park, Jong Soo**  
Director

# Holding Structure



## Electronics

**LG Electronics Inc.**

33.7%

- LG Display Co., Ltd. (37.9%)  
Nanumnuri (100%)
- LG Innotek Co., Ltd. (40.8%)  
Innowith (100%)
- Hiplaza co., Ltd (100%)
- Hi-M. Solutek (100%)
- Hi-Caresolution Corp (100%)
- Hiteleservice co, Ltd (100%)
- Ace R&A Co., Ltd. (100%)
- Hanuri (100%)
- Robostar Co., Ltd. (33.4%)
- LG Magna e-Powertrain Co., Ltd. (51.0%)
- Fitnesscandy Co., Ltd. (51.0%)
- Hievcharger Co, Ltd (60.0%)
- ZKW Lighting Systems Korea Co., Ltd.\* (100%)

\* Owned 100% by ZKW Group GmbH  
(Overseas Affiliate)



## Chemicals

**LG Chem Ltd**

33.3%

- LG Energy Solution, Ltd. (81.8%)  
Aremnuri. Co. Ltd (100%)
- Seetec Co., Ltd. (50.0%)
- Haengboknuri (100%)
- Farm Hannong Co., Ltd (100%)
- LG-HY BCM Co., Ltd. (51%)
- TW Biomassenergy Co., Ltd (60.0%)

**LG Household & Health Care Co., Ltd.**

34.0%

- Coca-Cola Beverage Co. (90.0%)  
Hankook Beverage Co., Ltd. (100%)  
Gwoonnuri (100%)
- Hai Tai HTB Co., Ltd. (100%)
- Fmg Co., Ltd. (100%)
- Balkeunnuri. Co., Ltd. (100%)
- LG Farouk Co. (50.0%)
- MiGenstory Co. Ltd. (100%)
- Ulleung Water Co., Ltd (87.4%)
- Tai Guk Pharm. Co., Ltd (99.3%)
- Rucipello Korea Inc. (100%)
- F&I Agricultural Co., Ltd. (90.0%)
- Vivawave Co., Ltd. (75.0%)



## Telecommunications & Services

**LG Uplus Corp.**

37.7%

- LG HelloVision Corp. (50.0%)  
CV Partners Co., Ltd. (100%)
- CS Leader (100%)
- AIN TeleService, LTD. (100%)
- Medialog Corp. (99.6%)
- Dacom Crossing Corporation (51.0%)
- CS One Partner Corpoation (100%)
- WithU Corporation (100%)
- Uplus Home Service Corp. (100%)

**HS Ad Inc.**

35.0%

**LG CNS Co., Ltd.**

50.0%

- BizTechi Co., Ltd. (96.1%)
- Biztech On Co., Ltd. (96.1%)
- Haengbokmaru (100%)
- Rightbrain Co., Ltd. (61.9%)

**D&O Corp.**

100%

- miraeM Co., Ltd (100%)
- D&O CM Corp (100%)
- XI C&A Co., Ltd. (40%)
- S&I Corp. (40%)  
Dreamnuri Co., Ltd (100%)

**LG Management Development Institute**

100%

**LG Sports Ltd.**

100%

As of 31st Dec. 2023

Total of 63 companies  
(Based on fair trade law of South Korea)

- Holding Company : 1
- No. of 1st. tier subsidiaries : 9
- No. of 2nd. tier subsidiaries : 45
- No. of 3rd. tier subsidiaries : 7
- Others : 1

# Management's Discussion & Analysis

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LG has continued to achieve qualitative growth while focusing on stable business operations and enhancing base competitiveness, as well as continuing our investment to strengthen the basis of future preparations in technology, human resources, and the global supply chain.

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LG CNS continues to ramp up its professional capabilities in the cloud, data, and AI sectors in addition to establishing itself as a company leading digital transformation in the domestic finance and logistics sector.

Owing to these efforts, LG Corp posted consolidated revenue of KRW 7.45 trillion and operating profit of KRW 1.59 trillion in 2023.

## 1. Revenue and operating profit for main business segments

(Unit : KRW billion)

Company	Revenue			Operating Profit	
	2023	2022	YoY	2023	2022
LG Corp.	1,031	1,068	-3%	751	821
LG CNS Co., Ltd.	5,605	4,970	13%	464	385
D&O Corp.	282	258	9%	9	7
LG Management Development Institute	230	205	13%	9	7
LG Sports Ltd.	82	56	47%	-2	-11

(\*) All Companies' figures are based on consolidated income statements except for LG Corp.  
LG Corp.'s figures are based on separate income statement.

### IT Services Segment

Traditionally, LG CNS mainly provided IT services such as SI/SM to the market, whereas they showed a lot of effort in new tech areas such as DX(digital transformation), cloud, and smart factory solutions in the recent 5 years. LG CNS showed great performance in 2023, with 13% increase in the revenue and 20% increase in the operating profit owing to their expertise in both captive & non-captive business.

## 2. Gain & Loss on Valuation of Equity Method Securities

(Unit : KRW million)

Company	2023	2022	YoY
LG Chem Ltd.	380,955	569,028	-33%
LG Household & Healthcare Ltd.	46,464	75,294	-38%
LG Electronics Inc.	212,013	362,033	-41%
LG Uplus Corp.	214,995	247,954	-13%
HSAd	4,563	5,062	-10%
Others	40,213	43,540	-8%
<b>Total</b>	<b>899,203</b>	<b>1,302,911</b>	<b>-31%</b>

### 3. Operating Income

(Unit : KRW million)

Account	2023	2022	YoY
Dividend Income	538,891	566,697	-5%
Brand Royalty Income	357,233	365,543	-2%
Rental Revenues	134,462	135,285	-1%
<b>Total</b>	<b>1,030,586</b>	<b>1,067,525</b>	<b>-3%</b>

#### 1) Dividend Income (Details)

(Unit : KRW million)

Company	2023	2022	YoY
LG Chem Ltd.	235,342	282,411	-17%
LG Household & Health Care Ltd.	21,262	63,786	-67%
LG Electronics Inc.	38,566	46,830	-18%
LG Uplus Corp.	106,875	98,653	8%
HSAAd	2,319	2,030	14%
Others	134,527	72,987	84%
<b>Total</b>	<b>538,891</b>	<b>566,697</b>	<b>-5%</b>

#### 2) Brand Royalty Income

LG Corp. reserves the legal rights over the brand "LG". Value of a brand is determined separately from intellectual property rights such as patent rights and a brand constitutes an important competitiveness-enhancing factor that contributes to increasing a company's cash flows in the future. Brand value has a material impact on sales by working as a factor to add image and credibility to the fundamental competitiveness of a company's products.

As such, LG Corp. set the vision and core values of the "LG" brand, charged royalty from 2005 to users of the brand for enhancing the brand value through systematic brand management and strategic action plan. The company plans to reinvest part of the brand royalty income with the aim of elevating it into the global No. 1 brand, thereby, creating a virtuous circle of positive contribution to the brand users.

Basic terms of the brand license agreements are as provided in the following :

- License fee = (Consolidated sales - Consolidated advertising expenses) X 0.2%
- Payable monthly
- 1-year term
- Adjustment factors applicable depending upon the specific form of usage of the brand (whether used by a joint venture, whether logos are used, etc.)

Brand license fees are calculated and charged monthly based on the amount of consolidated sales and consolidated advertising expenses as reported on the user's financial statements for the prior period. When the user's performance for the relevant period is fixed in the following year, then the fees are finally reconciled based on the relevant year's actual figures.

As of the end of 2023, LG Corp. posted brand royalty income of KRW 357,233 million from the companies in the brand contract.

#### 3) Rental Revenue

LG Corp. recorded rental revenue of KRW 134,462 million in 2023, which is similar level as the previous year.

### 4. Changes in investments in associates and joint ventures for the years ended December 31, 2023

(Unit : KRW million)

Companies	Beginning balance	Dividend received and others	Equity method gains and losses	Other capital changes and others	Disposal and others	Ending balance
LG Chem Ltd.	9,270,016	(235,342)	380,955	56,239	-	9,471,868
LG Household & Health Care Ltd.	1,686,353	(21,262)	46,464	5,883	-	1,717,438
LG Electronics Inc.	5,695,815	(38,566)	212,013	26,513	-	5,895,775
LG Uplus Corp.	3,050,317	(106,875)	214,995	(13,892)	-	3,144,545
HS Ad Inc. (formerly, GILR Corporation)	57,890	(2,319)	4,563	(309)	-	59,825
ZKW Holding GmbH	119,818	-	(33,647)	1,943	-	88,114
ZKW Austria Immobilien Holding GmbH	10,201	-	1,417	579	-	12,197
Tmoney Co., Ltd.	60,228	-	13,343	300	-	73,871
Songdo U-Life LLC	948	-	381	86	-	1,415
RECAUDO BOGOTA S.A.S	1,396	-	2,861	815	-	5,072
Hellas Smarticket Societe Anonyme	4,892	(674)	1,267	288	-	5,773
Dongnam Solar Energy Co., Ltd.	999	(96)	256	-	-	1,159
Daegu Clean Energy Co., Ltd. (*1)	-	-	-	-	-	-
Serveone Co., Ltd.	346,237	(31,920)	30,030	(122)	-	344,225
CloudGram Corp. (*2)	8,393	-	(593)	117	(4,955)	2,962
Korea DRD Corp.	680	-	(28)	1	-	653
Danbee Inc. (*1)	-	-	-	-	-	-
Bithumb META Co., Ltd.	2,557	-	(2,467)	(1)	-	89
SEJONG SMART CITY CO., LTD.	12,477	-	74	(1)	-	12,550
XI C&A Co., Ltd.	186,322	(5,120)	15,140	(557)	-	195,785
S&I Corp.	172,124	(10,000)	12,179	(1,282)	-	173,021
<b>Total</b>	<b>20,687,663</b>	<b>(452,174)</b>	<b>899,203</b>	<b>76,600</b>	<b>(4,955)</b>	<b>21,206,337</b>

(\*1) The equity method was discontinued due to the accumulated equity method loss before the previous year, and the unrecognized cumulative equity method loss is ₩ 33 million.

(\*2) ₩ 4,955 million of impairment loss was recognized during the current period.

### 5. Changes in property, plant and equipment for the years ended December 31, 2023

(Unit : KRW million)

Description	Year ended December 31, 2023									
	Land	Buildings	Structures	Machinery	Vehicles	Tools and equipment	Furniture and fixtures	Construction in progress	Other property	Total
Beginning balance	429,835	687,812	120,804	7,636	10,742	43	67,121	18,032	182,328	1,524,353
Acquisitions	72	2,044	759	135	712	30	20,386	56,290	29,982	110,410
Disposals	-	(290)	-	(2)	(27)	-	(3,326)	-	(3,476)	(7,121)
Depreciation	-	(31,705)	(12,418)	(4,002)	(2,206)	(19)	(19,500)	-	(33,029)	(102,879)
Transfers	3,776	3,289	13,536	365	-	-	11,489	(28,121)	2,138	6,472
Government grants	(14)	(48)	-	-	-	-	-	-	-	(62)
Impairment loss	-	-	(1,008)	-	-	-	(3,894)	(336)	(625)	(5,863)
Other	(117)	(1)	(1,259)	-	-	-	185	336	(6)	(862)
Effect of foreign currency translation	-	-	-	2	3	(1)	(22)	-	599	581
Ending balance	433,552	661,101	120,414	4,134	9,224	53	72,439	46,201	177,911	1,525,029

### 6. Changes in investment property for the years ended December 31, 2023

(Unit : KRW million)

Description	Year ended December 31, 2023				
	Land	Buildings	Structures	Construction in progress	Total
Beginning balance	651,195	635,690	4,065	1,244	1,292,194
Acquisitions	-	3,854	-	46,383	50,237
Depreciation	-	(36,318)	(596)	-	(36,914)
Transfers	(3,776)	14,954	205	(17,855)	(6,472)
Disposals	-	(4,422)	-	-	(4,422)
Government grants	14	48	-	-	62
Others	(2,046)	(7,815)	-	-	(9,861)
Ending balance	645,387	605,991	3,674	29,772	1,284,824

(Unit : KRW million)

Details of the fair value of investment property as at December 31, 2023, are as follows :

Description	31-Dec-2023			
	Date of revaluation	Land	Buildings, structures and construction in progress	Total
Book value of investment property :				
Book value (*1)		710,322	733,015	1,443,337
Results of valuation :				
Twin Tower	2023-09-15	1,032,406	294,594	1,327,000
Gasandong building	2023-09-15	164,022	102,680	266,702
Gwanghwamun building	2023-09-15	380,640	99,360	480,000
Seoul Station building	2023-09-15	389,340	125,660	515,000
Sangdodong Hi Plaza (*2)	2017-06-30	5,445	1,760	7,205
Dogokdong Gangnam building (*3)	2023-11-30	220,732	69,698	290,430
Flagone 2(*4)	-	-	12,140	12,140
Gangseo building	2023-12-31	75,440	52,846	128,286
CNS Sangam DDMC (*5)	2020-01-10	-	343,000	343,000
Japan Corporation (*2)	-	41,291	175,831	217,122
LG Art Center, LG Discovery Lab (*4)	-	-	5,445	5,445
<b>Total</b>				<b>3,592,330</b>

(\*1) Includes the value of investment property (Book value that is subject to valuation : ₩ 158,513 million) occupied by the owner.

(\*2) Carrying amount is considered as fair value.

(\*3) The fair value for land is determined considering the recent changes in official land prices and timing, and the fair value for building is determined based on replacement cost that considers the changes in the standard unit price (provided by Korea Real Estate Board) after the time of acquisition.

(\*4) The carrying amount of right-of-use assets is considered as fair value.

(\*5) It is the whole valuation amount of Sangam DDMC. Sangam DDMC is an appraisal value of the entire real estate, including land, buildings and structures. The Group owns 32.8% of the property.

## 7. Debentures and Borrowings

### 1) Short-term borrowings as of December 31, 2023 and 2022

(Unit : KRW one in million)

Description	Creditor	December 31, 2023		December 31, 2022
		Annual interest rate (%)	Amount	Amount
Korean currency short-term borrowings	Kookmin bank and others	-	-	278,000
Foreign currency short-term borrowings	Shinhan Bank and others	5.90 ~ 9.10	2,565	11,303
<b>Total</b>			<b>2,565</b>	<b>289,303</b>

### 2) Long-term borrowings as of December 31, 2023 and 2022

(Unit : KRW one in million)

Description	Creditor	Annual interest rate (%)	December 31, 2023		December 31, 2022	
			Current	Non-current	Current	Non-current
Korean currency long-term borrowings	Shinhan bank and others	2.94	413	-	1,652	413
Debentures in Korean won	Public offering bonds and others	1.75 ~ 4.44	-	550,000	370,000	150,000
	Discount on debentures		-	(1,250)	(213)	(319)
<b>Total</b>			<b>413</b>	<b>548,750</b>	<b>371,439</b>	<b>150,094</b>

### 3) Debentures as of December 31, 2023 and 2022

(Unit : KRW one in million)

Company	Description	Issuance date	Maturity date	Annual interest rate	December 31, 2023	December 31, 2022
	11-2nd public offering	2018-04-11	2023-04-11	-	-	110,000
	12-1st public offering	2020-05-14	2023-05-12	-	-	150,000
	12-2nd public offering	2020-05-14	2025-05-14	1.75%	50,000	50,000
LG CNS Co, Ltd.	12-3rd public offering	2020-05-14	2027-05-14	1.99%	100,000	100,000
	13-1st public offering	2023-03-10	2025-03-10	4.39%	110,000	-
	13-2nd public offering	2023-03-10	2026-03-10	4.44%	230,000	-
	13-3rd public offering	2023-03-10	2028-03-10	4.32%	60,000	-
D&O Corp.	4th non-guaranteed offering	2020-10-23	2023-10-23	-	-	110,000
	Subtotal				550,000	520,000
					(1,250)	(532)
					-	(369,787)
	<b>Total</b>				<b>548,750</b>	<b>149,681</b>

## 8. Issued Capital

Details of issued capital as of December 31, 2023, are as follows.

(Unit : KRW millions)

Type of stock	Number of authorized shares	Number of issued shares	Number of shares owned by related party	Par value (in Korean won)	Amount of issued capital
Common stock	700,000,000	157,300,993	65,598,735	5,000	786,505
Preferred stock (*1)	-	3,021,620	-	5,000	15,108

(\*1) Preferred stocks are stocks without voting rights that are eligible for an additional 1%, based on the face value of the stock compared to common stocks when receiving cash dividends. In case of no dividend payout, they are granted voting rights for the period from the shareholders' meeting following the meeting of shareholders that resolved not to pay dividends to the date of shareholders' meeting that resolved to pay dividends.

## 9. Retained Earnings and Dividends

Changes in retained earnings for the years ended December 31, 2023 and 2022 are as follows.

(Unit : KRW one in millions)

Description	2023	2022
Beginning balance	20,620,548	18,891,414
Profit for the year attributable to the owners of the Company	1,261,219	1,979,569
Dividends (*)	(474,545)	(448,885)
Remeasurement of net defined benefit liability	(1,156)	8,131
Changes in retained earnings by equity method	(106,412)	199,603
Transfer due to the disposal of other financial assets	1,452	(9,284)
Ending balance	21,301,106	20,620,548

(\*1) Details of dividends for the years ended December 31, 2023 and 2022, are as follows. (Unit : in millions of Korean won and in shares)

(Unit : in millions of Korean won and in shares)

Type of stock	2023				
	Number of issued shares	Number of treasury shares	Number of dividend shares	Dividend per share (in Korean won)	Total dividends
Common share	157,300,993	2,180,794	155,120,199	₩ 3,000	₩ 465,361
Preferred share	3,021,620	10,421	3,011,199	3,050	9,184

(Unit : in millions of Korean won and in shares)

Type of stock	2022				
	Number of issued shares	Number of treasury shares	Number of dividend shares	Dividend per share (in Korean won)	Total dividends
Common stock	157,300,993	49,828	157,251,165	₩ 2,800	₩ 440,303
Preferred stock	3,021,620	10,421	3,011,199	2,850	8,582

# Audit Report

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# Independent Auditor's Report

English Translation of a Report  
Originally Issued in Korean

To the Board of Directors and  
Shareholders of LG Corp.

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## Report on the Audited Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of LG Corp. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Company's Internal Control over Financial Reporting for consolidation purposes as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 19, 2024 expressed an unqualified opinion.

### Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Estimation of total contract costs for construction contracts

#### *Reason why the matter was determined to be a Key Audit Matter*

As described in Note 18 to the consolidated financial statements, the Group recognizes revenue over time using the cost-based input method for construction contracts. The Group measures the percentage of completion based on total costs incurred relative to total estimated contract costs by project. As total contract costs are estimated based on future forecasting of labor costs, outsourcing costs and others, changes in the estimate of the total contract costs may affect profit or loss of the current and future periods as well as the calculation of contract assets and contract liabilities. Since the Group's construction contract revenues and costs are material to the consolidated financial statements and there are inherent uncertainties for construction contracts that the estimated total contract costs may change in the future depending on the significant judgement of the Group's management, we identified the estimation of total contract costs for

construction contracts as a key audit matter.

#### *How our audit addressed the Key Audit Matter*

We have performed the following audit procedures, including the use of subsidiaries' component auditors, to address the Key Audit Matter

- Obtained an understanding and assessed the Group's revenue recognition accounting policies and internal controls
- Performed tests on design and operating effectiveness of internal controls such as management's review and approval for the estimation and changes in total contract costs
- Verified the accuracy of reflection of total contract costs when calculating percentage of completion
- Recalculated the percentage of completion
- Performed retrospective review of projects of which total contract costs were significantly changed during the current period
- Performed review of projects of which total contract costs were significantly changed subsequent to the reporting date

(2) Impairment assessment of the investment in associate (LG Uplus Corp.)

#### *Reason why the matter was determined to be a Key Audit Matter*

The Group performs impairment assessment for investments in associates if there is any indication of impairment. We focused on this area because the estimation of future cash flow to determine recoverable amount involves management's assumption and judgement about future business forecast, discount rate and other factors, as well as the significance of the carrying amount of investments in associates (₩ 21,206,337 million as at December 31, 2023). Details are described in Note 13 to the consolidated financial statements.

In particular, we focused our audit procedures on the impairment assessment of the investment in LG Uplus Corp. (₩ 3,144,545 million as at December 31, 2023) where the Group management determined that there is an indication of impairment as the share price was less than the net asset value per share as at December 31, 2023. While the Group management determined that there was sufficient headroom between the recoverable amount and the carrying amount of this investment, we identified this matter as a key audit matter due to the significant size of this investment in associate and considering the measurement of recoverable amount involves management's significant assumption and judgement.

#### *How our audit addressed the Key Audit Matter*

We have performed the following audit procedures to address the Key Audit Matter. We also involved our valuation specialists when performing such audit procedures.

- Obtained an understanding and assessed the Group's accounting policies and internal controls related to impairment assessment
- Reviewed management's assessment for the impairment indications on investments in associates
- Performed tests on the design and operating effectiveness of relevant internal controls including management review and approval of future cash flow forecast and significant assumptions related to impairment assessment
- Evaluated the competence and objectivity of external experts used by management
- Obtained an understanding of valuation model, assumptions applied, and underlying data used by

management in estimating the value-in-use

- Assessed the appropriateness of valuation model used by management in estimating the value-in-use
- Assessed the reasonableness of the key assumptions used in estimating the value-in-use
  - Compared the current year actual results of relevant cash generating units with the prior year forecasts to assess the reasonableness of management's forecasts
  - Compared the long-term growth rate with economic and industry forecasts
  - Compared the discount rate used by management with the discount rate independently calculated using observable information
- Compared future cash flow forecasts used for impairment assessment with the business plan approved by management
- Assessed the sensitivity analysis performed by management on the discount rate and terminal growth rate

#### Other Matters

The consolidated financial statements of the Group for the year ended December 31, 2022, were audited by another auditor who expressed an unqualified opinion on those statements on March 21, 2023.

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

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kibok Lee, Certified Public Accountant.



Seoul, Korea  
March 19, 2024

**Notice to Readers** This report is effective as at March 19, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

LG CORP. AND SUBSIDIARIES  
**Consolidated Statements of Financial Position**

December 31,  
2023 and 2022

(Unit : in millions of Korean won)

ASSETS	2023	2022
<b>Assets Current assets</b>		
Cash and cash equivalents (Notes 5, 6, 27, 34)	₩778,904	₩1,050,726
Financial institution deposits (Notes 5, 27, 31, 34)	1,927,810	1,884,365
Current derivative assets (Notes 5, 27, 34)	4,858	11,442
Trade receivables, net (Notes 5, 7, 27, 30, 34)	1,564,483	1,413,798
Other receivables, net (Notes 5, 7, 27, 30, 34)	109,221	108,615
Current tax assets (Notes 28)	3,331	4,484
Other current assets (Notes 9, 18)	740,682	551,758
Inventories, net (Notes 8)	70,181	58,204
<b>Total current assets</b>	<b>5,199,470</b>	<b>5,083,392</b>
<b>Non-current assets</b>		
Non-current financial institution deposits (Notes 5, 27, 31, 34)	175,483	348,904
Derivative assets (Notes 5, 27)	-	9,878
Other financial assets (Notes 5, 27, 34)	439,164	280,872
Non-current trade receivables, net (Notes 5, 7, 27, 30, 34)	12,333	13,058
Non-current other receivables, net (Notes 5, 7, 27, 30, 31, 34)	16,892	17,355
Investments in associates (Notes 13)	21,206,337	20,687,663
Deferred tax assets, net (Notes 28)	200,149	171,746
Non-current other assets (Notes 9, 16)	13,412	15,454
Property, plant and equipment, net (Notes 10, 30, 37)	1,525,029	1,524,353
Investment property, net (Notes 11)	1,284,824	1,292,194
Intangible assets (Notes 12)	142,729	151,088
Right-of-use assets (Notes 32)	37,263	37,720
<b>Total non-current assets</b>	<b>25,053,615</b>	<b>24,550,285</b>
<b>Total assets</b>	<b>₩30,253,085</b>	<b>₩29,633,677</b>

- Continued

LG CORP. AND ITS SUBSIDIARIES  
**Consolidated Statements of Financial Position (Continued)**

December 31,  
2023 and 2022

(Unit : in millions of Korean won)

LIABILITIES	2023	2022
<b>Current liabilities</b>		
Current derivative liabilities (Notes 5, 27, 34)	₩3,252	₩1,810
Trade payables (Notes 5, 27, 30, 34)	772,816	753,442
Other payables (Notes 5, 27, 30, 34)	524,807	457,535
Short-term borrowings (Notes 5, 14, 27, 34, 38)	2,565	289,303
Current portion of long-term borrowings (Notes 5, 14, 27, 34, 38)	413	371,439
Current tax liabilities (Notes 28)	116,557	182,437
Current provisions (Notes 15)	49,679	42,860
Other current liabilities (Notes 17, 18)	451,885	412,329
Current lease liabilities (Notes 5, 27, 32, 34, 38)	15,133	13,230
<b>Total current liabilities</b>	<b>1,937,107</b>	<b>2,524,385</b>
<b>Non-current liabilities</b>		
Other non-current payables (Notes 5, 27, 30, 34)	29,641	27,730
Long-term borrowings (Notes 5, 14, 27, 34, 38)	548,750	150,094
Net defined benefit liability (Notes 16)	2,325	2,298
Deferred tax liability (Notes 28)	643,027	623,097
Provisions (Notes 15)	15,504	14,762
Other non-current liabilities (Notes 17)	27,376	22,473
Non-current lease liabilities (Notes 5, 27, 32, 34, 38)	32,866	34,652
<b>Total non-current liabilities</b>	<b>1,299,489</b>	<b>875,106</b>
<b>Total liabilities</b>	<b>3,236,596</b>	<b>3,399,491</b>
<b>Equity</b>		
Issued capital (Notes 19)	801,613	801,613
Capital surplus (Notes 20)	2,967,691	2,967,691
Other capital items (Notes 19)	(1,913,659)	(1,733,103)
Accumulated other comprehensive income (Notes 21)	2,972,166	2,795,606
Retained earnings (Notes 22)	21,301,106	20,620,548
<b>Equity attributable to owners of the Parent</b>	<b>26,128,917</b>	<b>25,452,355</b>
<b>Non-controlling interests</b>	<b>887,572</b>	<b>781,831</b>
<b>Total equity</b>	<b>27,016,489</b>	<b>26,234,186</b>
<b>Total equity and liabilities</b>	<b>₩30,253,085</b>	<b>₩29,633,677</b>

- Concluded

LG CORP. AND SUBSIDIARIES  
**Consolidated Statements of Profit or Loss**

Years ended December 31,  
2023 and 2022

(Unit : in millions of Korean won)

	2023	2022
Revenue and gain on valuation by equity method (Notes 4, 23)		
Sales of finished goods and merchandise	₩1,022,195	₩1,005,453
Service revenue	2,507,360	2,238,380
Construction revenue	2,421,518	2,040,906
Gain on valuation by equity method (Notes 13)	899,203	1,302,911
Other revenue	595,060	598,337
	7,445,336	7,185,987
Cost of sales (Notes 23, 24)	5,438,970	4,853,189
Gross profit	2,006,366	2,332,798
Selling and administrative expenses (Notes 23, 24)	417,353	391,418
Operating income	1,589,013	1,941,380
Financial income (Notes 25, 27)	128,197	125,305
Financial expenses (Notes 25, 27)	57,963	28,021
Other non-operating income (Notes 26, 27)	49,540	89,116
Other non-operating expenses (Notes 26, 27)	90,419	82,162
Profit before income tax expense from continuing operations	1,618,368	2,045,618
Income tax expense for continuing operations (Note 28)	204,110	527,083
Profit from continuing operations	1,414,258	1,518,535
Profit from discontinued operations (Note 36, 37)	-	597,215
Profit for the year	₩1,414,258	₩2,115,750
Profit for the year attributable to :		
Owners of the parent company	₩1,261,219	₩1,979,569
Non-controlling interests	153,039	136,181
Earnings per share (in Korean won) : (Note 29)		
Continuing and discontinued operations :		
Common share - basic/diluted	₩8,032	₩12,422
Pre-1996 Commercial Law Amendment Preferred Share - basic/diluted	8,082	12,472
Continuing operations :		
Common share - basic/diluted	₩8,032	₩8,674
Pre-1996 Commercial Law Amendment Preferred Share - basic/diluted	8,082	8,724

LG CORP. AND SUBSIDIARIES  
**Consolidated Statements of Comprehensive Income**

Years ended December 31,  
2023 and 2022

(Unit : in millions of Korean won)

	2023	2022
Profit for the year	₩1,414,258	₩2,115,750
Other comprehensive income (loss) :		
Items that may be reclassified subsequently to profit or loss :		
Net gain on changes in valuation of investments using equity method	174,873	2,650,077
Overseas operations translation	(6,606)	(18,690)
Items that will not be reclassified subsequently to profit or loss		
Net gain on other financial assets	13,963	8,056
Remeasurement of net defined benefit liability	(772)	8,568
Increase (decrease) in retained earnings of equity method investments	(106,298)	200,299
Total comprehensive income for the year	₩1,489,418	₩4,964,060
Total comprehensive income attributable to :		
Owners of the Parent	₩1,331,663	₩4,827,867
Non-controlling interests	157,755	136,193

LG CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

Years ended December 31,  
2023 and 2022

(Unit : in millions of Korean won)

	Issued capital	Capital surplus	Other capital items	Accumulated other comprehensive income	Retained earnings	Non-controlling interests	Total
Balance at January 1, 2022	₩801,613	₩2,969,304	₩(1,565,341)	₩149,557	₩18,891,414	₩693,674	₩21,940,221
Total comprehensive income for the year :							
Profit for the year	-	-	-	-	1,979,569	136,181	2,115,750
Net gain (loss) on other financial assets	-	-	-	18,010	(9,284)	(670)	8,056
Valuation through equity method	-	-	-	2,651,071	199,603	(298)	2,850,376
Remeasurements of the net defined benefit liability	-	-	-	-	8,131	437	8,568
Overseas operations translation	-	-	-	(19,234)	-	544	(18,690)
Transactions with owners directly reflected in capital, etc.							
Annual dividends	-	-	-	-	(448,885)	(47,568)	(496,453)
Acquisitions of treasury shares	-	-	(167,762)	-	-	-	(167,762)
Changes in the shares of subsidiaries	-	(788)	-	(3,798)	-	(110)	(4,696)
Others	-	(825)	-	-	-	(359)	(1,184)
Balance at December 31, 2022	₩801,613	₩2,967,691	₩(1,733,103)	₩2,795,606	₩20,620,548	₩781,831	₩26,234,186
Balance at January 1, 2023	₩801,613	₩2,967,691	₩(1,733,103)	₩2,795,606	₩20,620,548	₩781,831	₩26,234,186
Total comprehensive income for the year :							
Profit for the year	-	-	-	-	1,261,219	153,039	1,414,258
Net gain on other financial assets	-	-	-	10,882	1,452	1,629	13,963
Valuation through equity method	-	-	-	174,183	(106,412)	804	68,575
Remeasurements of the net defined benefit liability	-	-	-	-	(1,156)	384	(772)
Overseas operations translation	-	-	-	(8,505)	-	1,899	(6,606)
Transactions with owners directly reflected in capital, etc.							
Annual dividends	-	-	-	-	(474,545)	(51,932)	(526,477)
Acquisitions of treasury shares	-	-	(180,556)	-	-	-	(180,556)
Changes in the shares of subsidiaries	-	-	-	-	-	(82)	(82)
Balance at December 31, 2023	₩801,613	₩2,967,691	₩(1,913,659)	₩2,972,166	₩21,301,106	₩887,572	₩27,016,489

LG CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31,  
2023 and 2022

(Unit : in millions of Korean won)

	2023	2022
Cash flows from operating activities		
Profit for the year	₩1,414,258	₩2,115,750
Additions of expenses not involving cash outflows :		
Salaries and bonuses	7,306	2,829
Retirement benefits	17,343	22,983
Depreciation	155,170	149,506
Amortization of intangible assets	32,696	29,025
Bad debt expenses	3,049	678
Accrual of provisions	51,916	46,182
Impairment loss on property, plant and equipment	5,862	1,278
Impairment loss on intangible assets	7,088	10,370
Loss on foreign currency translation	5,489	11,610
Loss on disposals of property, plant and equipment	2,391	272
Loss on disposals of investment property	4,346	-
Loss on disposals of intangible assets	145	262
Loss on disposals of right-of-use assets	17	81
Loss on transactions of derivatives	32,384	27,445
Loss on valuation of derivatives	13,130	1,810
Disaster loss	-	62
Interest expenses	39,701	20,941
Loss on valuation of other financial assets	5,237	1,322
Loss on disposals of investments in subsidiaries	-	18
Loss on disposals of investments in associates	-	2,240
Impairment loss on investments in associates	4,955	9,875
Impairment loss on right-of-use assets	300	-
Income tax expense	204,110	672,361
Others	5,415	1,673
	598,050	1,012,823

- Continued

LG CORP. AND SUBSIDIARIES

**Consolidated Statements of Cash Flows** (Continued)

Years ended December 31,  
2023 and 2022

(Unit : in millions of Korean won)

	2023	2022
<b>Deduction of items not involving cash inflows :</b>		
Reversal of loss on valuation of inventories	8	1
Reversal of allowance for bad debts	87	6,965
Reversal of provisions	13,445	6,493
Reversal of impairment losses on intangible assets	-	329
Gain on foreign currency translation	7,473	4,774
Gain on disposals of property, plant and equipment	381	15,778
Gain on disposals of right-of-use assets	218	242
Gain on disposals of intangible assets	367	3,324
Gain on transactions of derivatives	11,830	10,251
Gain on valuation of derivatives	4,858	60,302
Interest income	121,394	70,222
Dividend income	917	843
Gain on valuation of other financial assets	190	277
Gain on disposals of investments in subsidiaries	1,267	722,686
Gain on disposals of investments in associates	-	19,118
Gain on valuation by equity method	899,203	1,302,911
Others	1,539	446
	(1,063,177)	(2,224,962)
<b>Movements in working capital :</b>		
Trade receivables	(144,302)	(257,929)
Other receivables	3,709	(7,557)
Inventories	(11,795)	(4,454)
Non-current trade receivables	(223)	3,597
Non-current other receivables	14	(141)
Defined benefit pension plan assets	-	(542)
Trade payables	25,427	20,891
Other payables	40,757	(111,015)
Provisions	(32,190)	(27,316)
Net defined benefit liability	(16,681)	(24,114)
Others	(159,751)	(44,588)
	(295,035)	(453,168)
Interest income received	105,363	45,916
Dividend income received	453,091	495,251
Income tax received	2,597	155
Interest expenses paid	(42,413)	(18,625)
Income taxes paid	(290,040)	(332,116)
<b>Net cash provided by operating activities</b>	<b>882,694</b>	<b>641,024</b>

- Continued

LG CORP. AND SUBSIDIARIES

**Consolidated Statements of Cash Flows** (Continued)

Years ended December 31,  
2023 and 2022

(Unit : in millions of Korean won)

	2023	2022
<b>Cash flows from investing activities</b>		
Cash inflows from investing activities :		
Decrease in financial institution deposits	3,930,663	3,197,664
Disposals of other financial assets	6,613	10,546
Disposals of derivative instruments	11,830	10,251
Decrease in other receivables	6,376	7,107
Decrease in non-current other receivables	1,415	1,139
Disposals of investments in subsidiaries	-	469,618
Disposals of investments in associates	-	3,699
Disposals of property, plant and equipment	5,144	19,679
Disposals of investment property	76	18
Increase in government grants	-	492
Disposals of intangible assets	2,412	3,865
Others	258	554
	3,964,787	3,724,632
<b>Cash outflows for investing activities :</b>		
Increase in financial institution deposits	3,793,544	3,599,390
Acquisitions of other financial assets	134,523	39,595
Acquisitions of derivative instruments	22,752	27,672
Increase in other receivables	6,614	4,284
Increase in other current assets	857	621
Increase in non-current other receivables	2,671	7,754
Disposals of investments in subsidiaries	-	146
Acquisitions of investments in associates	-	17,562
Acquisitions of property, plant and equipment	111,431	160,323
Acquisitions of investment property	43,247	6,701
Acquisitions of intangible assets	28,450	35,648
	(4,144,089)	(3,899,696)
<b>Net cash used in investing activities</b>	<b>(179,302)</b>	<b>(175,064)</b>

- Continued

LG CORP. AND SUBSIDIARIES

**Consolidated Statements of Cash Flows** (Continued)

Years ended December 31,  
2023 and 2022

(Unit : in millions of Korean won)

	2023	2022
<b>Cash flows from financing activities</b>		
Cash inflows from financing activities :		
Proceeds from short-term borrowings	28,966	298,959
Issuance of debentures	400,000	-
	428,966	298,959
Cash outflows for financing activities :		
Redemptions of short-term borrowings	313,348	51,407
Redemptions of debentures	370,000	220,000
Redemptions of lease liabilities	12,892	14,581
Redemptions of current portion of long-term borrowings	1,652	1,652
Decrease in common shares	-	100
Payments of dividends	526,569	496,430
Acquisitions of treasury shares	180,556	167,762
Others	-	60
	(1,405,017)	(951,992)
<b>Net cash used in financing activities</b>	<b>(976,051)</b>	<b>(653,033)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(272,659)</b>	<b>(187,073)</b>
Cash and cash equivalents at the beginning of year	1,050,726	1,238,971
Effects of exchange rate changes on cash and cash equivalents	837	(1,172)
<b>Cash and cash equivalents at the end of year</b>	<b>₩778,904</b>	<b>₩1,050,726</b>

- Concluded

LG CORP.

**Separate Statements of Financial Position**

December 31,  
2023 and 2022

(Unit : in millions of Korean won)

ASSETS	2023	2022
<b>Current assets</b>		
Cash and cash equivalents (Notes 5, 6, 19, 26)	₩183,009	₩191,771
Financial institution deposits (Notes 5, 19, 26)	1,500,000	1,400,000
Non-trade receivables and other receivables, net (Notes 5, 7, 19, 22, 26)	64,734	76,770
Other current assets (Notes 8)	792	1,734
	1,748,535	1,670,275
<b>Non-current assets</b>		
Non-current financial institution deposits (Notes 5, 19, 23, 26)	163,483	336,898
Other financial assets (Notes 5, 19, 23, 26)	371,275	221,856
Derivative assets (Notes 5, 19, 26)	-	9,878
Non-trade receivables and other receivables, net (Notes 5, 7, 19, 23, 26)	1,005	1,605
Investments in subsidiaries (Notes 11)	758,789	758,789
Investments in associates (Notes 11)	6,027,921	6,027,921
Other non-current assets (Notes 8, 12)	3,960	5,223
Property, plant and equipment, net (Notes 9)	55,793	40,200
Investment property, net (Notes 9, 24)	838,852	811,329
Intangible assets (Notes 10)	29,770	19,004
Right-of-use assets (Notes 24)	1,200	995
	8,252,048	8,233,698
<b>Total assets</b>	<b>₩10,000,583</b>	<b>₩9,903,973</b>

- Continued

LG CORP.  
**Separate Statements of Financial Position** (Continued)

December 31,  
2023 and 2022

(Unit : in millions of Korean won)

LIABILITIES	2023	2022
<b>Current liabilities</b>		
Non-trade payables and other payables, net (Notes 5, 19, 22, 26)	168,507	129,081
Current tax liabilities (Notes 20)	41,106	52,190
Other current liabilities (Notes 13)	8,812	9,875
Current lease liabilities (Notes 5, 19, 24, 26, 27)	622	531
	219,047	191,677
<b>Non-current liabilities</b>		
Non-trade payables and other payables, net (Notes 5, 19, 22, 26)	13,832	12,995
Net defined benefit liability (Notes 12)	-	-
Deferred tax liability (Notes 20)	147,285	154,809
Other non-current liabilities (Notes 13)	3,137	3,603
Non-current lease liabilities (Notes 5, 19, 24, 26, 27)	599	475
	164,853	171,882
<b>Total liabilities</b>	<b>383,900</b>	<b>363,559</b>
<b>Equity</b>		
Issued capital (Notes 14)	801,613	801,613
Capital surplus (Notes 15)	2,413,576	2,413,576
Other capital items (Notes 14)	(1,917,833)	(1,737,277)
Accumulated other comprehensive income (Notes 16)	53,352	42,645
Retained earnings (Notes 17)	8,265,975	8,019,857
<b>Total equity</b>	<b>9,616,683</b>	<b>9,540,414</b>
<b>Total equity and liabilities</b>	<b>₩10,000,583</b>	<b>₩9,903,973</b>

LG CORP.  
**Separate Statements of Profit or Loss**

Years ended December 31,  
2023 and 2022

(Unit : in millions of Korean won)

	2023	2022
<b>Operating income</b>		
Dividend income (Notes 4, 18, 22)	₩538,891	₩566,697
Royalty revenue (Notes 4, 18, 22)	357,233	365,543
Rental income (Notes 4, 9, 18, 22, 24)	134,462	135,285
	1,030,586	1,067,525
<b>Operating Expenses</b>		
Labor cost (Notes 18, 22)	59,993	59,245
Depreciation (Notes 9, 18, 24)	24,136	23,613
Other operating income (Notes 18, 22, 24)	195,082	163,222
	279,211	246,080
<b>Net operating income (Notes 18)</b>	<b>751,375</b>	<b>821,445</b>
<b>Non-operating income and expenses</b>		
Financial income (Notes 19, 22)	72,600	91,727
Financial expenses (Notes 19)	15,502	1,827
Other non-operating income	908	1,777
Other non-operating expenses	5,124	5,081
	52,882	86,596
<b>Profit before income tax expense</b>	<b>804,257</b>	<b>908,041</b>
Income tax expense (Notes 20)	85,883	170,680
<b>Profit for the year</b>	<b>₩718,374</b>	<b>₩737,361</b>
<b>Earnings per share (in Korean won) :</b>		
Common share - basic/diluted (Notes 21)	₩4,575	₩4,626
Pre-1996 Commercial Law Amendment Preferred Share - basic/diluted (Notes 21)	4,625	4,676

- Concluded

LG CORP.  
**Separate Statements of Comprehensive Income**

Years ended December 31,  
2023 and 20133

(Unit : in millions of Korean won)

	2023	2022
Profit for the year	₩718,374	₩737,361
Other comprehensive income (loss) :		
Items that will not be reclassified subsequently to profit or loss		
Net gain on other financial assets	10,707	9,396
Remeasurement of net defined benefit liability	2,289	47
<b>Total comprehensive income for the year</b>	<b>₩731,370</b>	<b>₩746,804</b>

LG CORP.  
**Separate Statements of Changes in Equity**

Years ended December 31,  
2023 and 20133

(Unit : in millions of Korean won)

	Issued capital	Capital surplus	Other capital items	Accumulated other comprehensive income	Retained earnings	Total
Balance at January 1, 2022	₩801,613	₩2,413,576	₩(1,569,515)	₩23,965	₩7,740,618	₩9,410,257
<b>Total comprehensive income for the year :</b>						
Profit for the year	-	-	-	-	737,361	737,361
Net gain (loss) on other financial assets	-	-	-	18,680	(9,284)	9,396
Remeasurements of the net defined benefit liability	-	-	-	-	47	47
<b>Transactions with owners directly reflected in capital, etc.</b>						
Annual dividends	-	-	-	-	(448,885)	(448,885)
Acquisitions of treasury shares	-	-	(167,762)	-	-	(167,762)
<b>Balance at December 31, 2022</b>	<b>₩801,613</b>	<b>₩2,413,576</b>	<b>₩(1,737,277)</b>	<b>₩42,645</b>	<b>₩8,019,857</b>	<b>₩9,540,414</b>
Balance at January 1, 2023	₩801,613	₩2,413,576	₩(1,737,277)	₩42,645	₩8,019,857	₩9,540,414
<b>Total comprehensive income for the year:</b>						
Profit for the year	-	-	-	-	718,374	718,374
Net gain on other financial assets	-	-	-	10,707	-	10,707
Remeasurements of the net defined benefit liability	-	-	-	-	2,289	2,289
<b>Transactions with owners directly reflected in capital, etc.</b>						
Annual dividends	-	-	-	-	(474,545)	(474,545)
Acquisitions of treasury shares	-	-	(180,556)	-	-	(180,556)
<b>Balance at December 31, 2023</b>	<b>₩801,613</b>	<b>₩2,413,576</b>	<b>₩(1,917,833)</b>	<b>₩53,352</b>	<b>₩8,265,975</b>	<b>₩9,616,683</b>

LG CORP.  
**Separate Statements of Cash Flows**

Years ended December 31,  
2023 and 2022

(Unit : in millions of Korean won)

	2023	2022
<b>Cash flows from operating activities</b>		
Profit for the year	₩718,374	₩737,361
<b>Additions of expenses not involving cash outflows :</b>		
Depreciation	24,136	23,613
Amortization of intangible assets	2,724	2,246
Retirement benefits	4,668	5,225
Interest expenses	520	466
Income tax expense	85,883	170,680
Loss on disposals of property, plant and equipment	284	6
Loss on disposals of investment property	4,346	-
Loss on disposals of other financial assets	-	71
Loss on valuation of other financial assets	5,012	1,231
Loss on disposals of intangible assets	22	117
Impairment loss on investments in associates	-	2,632
Loss on disposals of investments in associates	-	2,240
Loss on valuation of derivatives	9,878	-
Other selling and administrative expenses	229	127
	137,702	208,654
<b>Deduction of items not involving cash inflows :</b>		
Interest income	70,825	42,720
Dividend income	538,891	566,697
Other operating income	470	440
Other non-operating income	849	-
Gain on disposals of property, plant and equipment	7	2
Gain on disposals of intangible assets	-	740
Reversal of impairment losses on intangible assets	-	329
Gain on valuation of derivatives	-	48,860
	(611,042)	(659,788)
<b>Movements in working capital :</b>		
Non-trade receivables and other receivables	19,273	6,789
Other current assets	(56)	(918)
Other non-current assets	(1,757)	(1,439)
Non-trade payables and other payables	14,735	(9,984)
Other current liabilities	(1,062)	4,040
Net defined benefit liability	(383)	(8,588)
	30,750	(10,100)

- Continued

LG CORP.  
**Separate Statements of Cash Flows (Continued)**

Years ended December 31,  
2023 and 2022

(Unit : in millions of Korean won)

	2023	2022
Interest income received	55,325	24,534
Dividend income received	538,891	566,697
Interest expenses paid	(49)	-
Income taxes paid	(106,573)	(66,770)
<b>Net cash provided by operating activities</b>	763,378	800,588
<b>Cash flows from investing activities</b>		
<b>Cash inflows from investing activities :</b>		
Decrease in financial institution deposits	2,750,000	2,300,000
Decrease in non-current financial institution deposits	180,556	167,762
Decrease in long-term deposits	600	-
Disposals of investments in associates	-	3,699
Disposals of other financial assets	284	10,546
Disposals of property, plant and equipment	36	16
Disposals of investment property	76	-
Disposals of intangible assets	1,000	4,697
	2,932,552	2,486,720
<b>Cash outflows for investing activities :</b>		
Increase in financial institution deposits	2,850,000	2,150,000
Increase in non-current financial institution deposits	-	500,000
Increase in deposits	-	1,100
Acquisitions of other financial assets	123,949	32,156
Acquisitions of property, plant and equipment	19,682	674
Acquisitions of investment property	43,147	2,942
Acquisitions of intangible assets	12,018	2,111
	(3,048,796)	(2,688,983)
<b>Net cash used in investing activities</b>	(116,244)	(202,263)

- Continued

LG CORP.  
**Separate Statements of Cash Flows** (Continued)

Years ended December 31,  
2023 and 2022

(Unit : in millions of Korean won)

	2023	2022
Cash flows from financing activities		
Cash inflows from financing activities :	-	-
.....	-	-
Cash outflows for financing activities :		
Payments of dividends	474,637	448,862
Redemptions of lease liabilities	703	686
Acquisitions of treasury shares	180,556	167,762
.....	(655,896)	(617,310)
Net cash used in financing activities	(655,896)	(617,310)
Net decrease in cash and cash equivalents	(8,762)	(18,985)
Cash and cash equivalents at the beginning of year	191,771	210,756
Cash and cash equivalents at the end of year	₩183,009	₩191,771

This LG Annual Report 2023("Report") has been prepared as a reference for investors. The specific facts and figures stated herein must be separately verified with objective data beyond this Report. LG Corp. does not assume legal responsibility for contents stated in this Report. LG Corp. is a holding company. As such it owns the number of shares commensurate with its managerial authority as the holding company of the LG Group. However, each Group affiliate is a legal entity that is independent of LG Corp. Therefore, LG Corp. is not responsible for the acts of the LG Group affiliates. Thus, the contents of this Report may not be construed as LG Corp's assuming joint responsibility for obligations that belong to the LG Group affiliates.

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