LG Corp. and Subsidiaries
Consolidated Financial Statements and Internal Control over Financial Reporting for Consolidation Purposes

December 31, 2023 and 2022

LG Corp. and Subsidiaries
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December 31, 2023 and 2022

Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
LG Corp.

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.

Samil PricewaterhouseCoopers

Seoul, Korea
March 19, 2024

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

(in millions of Korean won)	Notes		2023		2022
Assets					
Current assets					
Cash and cash equivalents	5,6,27,34	₩	778,904	₩	1,050,726
Financial institution deposits	5,27,31,34		1,927,810		1,884,365
Current derivative assets	5,27,34		4,858		11,442
Trade receivables, net	5,7,27,30,34		1,564,483		1,413,798
Other receivables, net	5,7,27,30,34		109,221		108,615
Current tax assets	28		3,331		4,484
Other current assets	9,18		740,682		551,758
Inventories, net	8		70,181		58,204
			5,199,470		5,083,392
Non-current assets					
Non-current financial institution deposits	5,27,31,34		175,483		348,904
Derivative assets	5,27		-		9,878
Other financial assets	5,27,34		439,164		280,872
Non-current trade receivables, net	5,7,27,30,34		12,333		13,058
Non-current other receivables, net	5,7,27,30,31,34		16,892		17,355
Investments in associates	13		21,206,337		20,687,663
Deferred tax assets, net	28		200,149		171,746
Non-current other assets	9,16		13,412		15,454
Property, plant and equipment, net	10,30,37		1,525,029		1,524,353
Investment property, net	11		1,284,824		1,292,194
Intangible assets	12		142,729		151,088
Right-of-use assets	32		37,263		37,720
			25,053,615		24,550,285
Total assets		₩	30,253,085	₩	29,633,677
Liabilities					
Current liabilities					
Current derivative liabilities	5,27,34	₩	3,252	₩	1,810
Trade payables	5,27,30,34		772,816		753,442
Other payables	5,27,30,34		524,807		457,535
Short-term borrowings	5,14,27,34,38		2,565		289,303
Current portion of long-term borrowings	5,14,27,34,38		413		371,439
Current tax liabilities	28		116,557		182,437
Current provisions	15		49,679		42,860
Other current liabilities	17,18		451,885		412,329
Current lease liabilities	5,27,32,34,38		15,133		13,230
			1,937,107		2,524,385
Non-current liabilities					
Other non-current payables	5,27,30,34		29,641		27,730
Long-term borrowings	5,14,27,34,38		548,750		150,094
Net defined benefit liability	16		2,325		2,298
Deferred tax liability	28		643,027		623,097
Provisions	15		15,504		14,762
Other non-current liabilities	17		27,376		22,473
Non-current lease liabilities	5,27,32,34,38		32,866		34,652
			1,299,489		875,106
Total liabilities			3,236,596		3,399,491
Equity					
Issued capital	19		801,613		801,613
Capital surplus	20		2,967,691		2,967,691
Other capital items	19		(1,913,659)		(1,733,103)
Accumulated other comprehensive income	21		2,972,166		2,795,606
Retained earnings	22		21,301,106		20,620,548
Equity attributable to owners of the Parent			26,128,917		25,452,355
Non-controlling interests			887,572		781,831
Total equity			27,016,489		26,234,186
Total equity and liabilities		₩	30,253,085	₩	29,633,677

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

LG Corp. and Subsidiaries
Consolidated Statements of Profit or Loss
Years Ended December 31, 2023 and 2022

(in millions of Korean won)	Notes		2023		2022
Revenue and gain on valuation by equity method	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	13		899,203		1,302,911
Other revenue			595,060		598,337
			7,445,336		7,185,987
Cost of sales	23,24		5,438,970		4,853,189
Gross profit			2,006,366		2,332,798
Selling and administrative expenses	23,24		417,353		391,418
Operating income			1,589,013		1,941,380
Financial income	25,27		128,197		125,305
Financial expenses	25,27		57,963		28,021
Other non-operating income	26,27		49,540		89,116
Other non-operating expenses	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	28		204,110		527,083
Profit from continuing operations			1,414,258		1,518,535
Profit from discontinued operations	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):	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

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

LG Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2023 and 2022

(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

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

LG Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

Years Ended December 31, 2023 and 2022

(in millions of Korean won)

	Attributable to owners of the Parent						
	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

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

LG Corp. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

(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
Deduction of items not involving cash inflows:		
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)
Movements in working capital:		
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)

LG Corp. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

(in millions of Korean won)	2023	2022
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)
Net cash provided by operating activities	882,694	641,024
Cash flows from investing activities		
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
Cash outflows for investing activities:		
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)
Net cash used in investing activities	(179,302)	(175,064)
Cash flows from financing activities		
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)
Net cash used in financing activities	(976,051)	(653,033)
Net decrease in cash and cash equivalents	(272,659)	(187,073)
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)
Cash and cash equivalents at the end of year	₩ 778,904	₩ 1,050,726

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

1. General Information

In accordance with Korean International Financial Reporting Standards ("Korean IFRS") 1110 (Consolidated Financial Statements), LG Corp. (the "Company" or "Parent Company") is the parent company and an investment holding company. To become a global competitor through effective management and to confront changes in domestic and international business environments, the Company acquired LG Electronics Investment Ltd. ("LGEI"), an investment company, and the real estate lease and investment business of D&O Corp. (formerly, Serveone Co., Ltd.) on March 1, 2003.

The Company has been listed on the Korea Stock Exchange market since February 1970. After numerous paid-up capital increases, spin-offs and mergers, the outstanding issued capital amounted to ₩ 801,613 million, including preferred shares of ₩ 15,108 million as at December 31, 2023.

As at December 31, 2023, the Company's related parties and major shareholders are as follows:

Names of shareholders	Number of shares	Percentage of shares (%) [1]
Koo, Kwang Mo	25,096,717	15.65
Koo, Bon Sik	7,045,306	4.39
Kim, Yeong Sik	6,611,838	4.12
Koo, Bon Neung	4,790,423	2.99
Koo, Yeon Kyung and others	15,821,784	9.89
LG Yonam Education Foundation	3,350,761	2.09
LG Yonam Foundation	1,761,906	1.10
LG Evergreen Foundation	760,000	0.47
LG Welfare Foundation	360,000	0.22
Others	94,723,878	59.08
Total	160,322,613	100.00

[1] Includes preferred shares.

2. Basis of Preparation and Material Accounting Policies

The consolidated financial statements have been approved for issuance at the Board of Directors' meeting held on February 7, 2024, and will be finalized at the shareholders' meeting on March 27, 2024.

Management has, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, management adopted the going-concern basis of accounting in preparing the consolidated financial statements.

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 financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The Company and its subsidiaries (the "Group") have prepared the consolidated financial statements in accordance with the Korean IFRS.

The material accounting policies under Korean IFRS followed by the Group in the preparation of its consolidated financial statements are summarized below. Unless stated otherwise, these accounting policies have been applied consistently to the Group's consolidated financial statements for the current period and the comparative prior period.

The consolidated financial statements were prepared on a historical cost basis, except for certain non-current assets and financial assets measured at revalued amounts or fair values at the end of each reporting period as described in the accounting policies below. Historical costs are generally measured at the fair value of the consideration paid to acquire the asset.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Korean IFRS 1102 *Share-Based Payment*; leasing transactions that are within the scope of Korean IFRS 1116 *Leases*; and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in Korean IFRS 1002 *Inventories* or value in use in Korean IFRS 1036 *Impairment of Assets*.

(1) New and amended standards

1) The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2023.

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

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policy information (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements). The amendments do not have a significant impact on the consolidated financial statements.

- Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments do not have a significant impact on the consolidated financial statements.

- Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments do not have a significant impact on the consolidated financial statements.

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

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments do not have a significant impact on the consolidated financial statements.

- New Standard: Korean IFRS 1117 Insurance Contract

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. This Standard estimate future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This standard does not have a significant impact on the consolidated financial statements.

- Korean IFRS 1012 Income Taxes – International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc. The amendments do not have a significant impact on the consolidated financial statements. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Since the Pillar Two legislation is scheduled to be effective from January 1, 2024, the Group has no current tax expense related to Pillar Two.

2) The following new accounting standards and amendments have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group.

- 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. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

- Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group does not expect that the application of the amendments will have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS 1116 Leases – Lease Liability in a Sale and Leaseback

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group does not expect that the application of the amendments will have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS 1001 Presentation of Financial Statements – Disclosure of Cryptographic Assets

The amendments require an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group does not expect that the application of the amendments will have a significant impact on the consolidated financial statements.

(2) Basis of Preparation of Financial Statements

1) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except otherwise stated below, such as financial instruments. Historical costs are generally measured at the fair value of the consideration paid to acquire the asset.

2) Functional and reporting currencies

The consolidated financial statements of the Group are presented in the currency of the primary economic environment in which the Group's entities operate (its functional currency). The Group's functional currency and the reporting currency for the consolidated financial statements is in Korean won.

3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Group. Control is achieved where the Group 1) has the power over the investee; 2) is exposed, or has rights, to variable returns from its involvement with the investee and 3) has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Company has, or does not have,

the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

The consolidation of subsidiaries begins when the Parent Company acquires control of the subsidiary and ceases when the parent loses control of the subsidiary. Especially, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Group actually acquires the subsidiaries to the date when the Group disposes the subsidiary. Each component of Profit or loss and other comprehensive income is attributed to the owners of the Group and to the non-controlling interests, even if the non-controlling interests have a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

All intragroup transactions, assets and liabilities, income and expenses and others relating to these, are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity. Those interests of non-controlling shareholders that present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at 1) fair value or 2) at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition, plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable Korean IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under Korean IFRS 1109 *Financial Instruments,* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

4) The Group's investments in subsidiaries as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Name of subsidiary	Location	Main business activities	Closing date	Percentage of ownership held by the Group 2023	Percentage of ownership held by the Group 2022	2023 (Based on separate financial statements)[1] Assets	Liabilities	Revenue	Profit (loss) for the year
D&O Corp.	South Korea	Real estate rental business and others	12/31	100.00%	100.00%	₩ 1,569,891	₩ 151,919	₩ 210,821	₩ 57,952
Mirae M	South Korea	Hotel business	12/31	100.00%	100.00%	5,838	39,007	19,700	568
D&O CM	South Korea	Construction management business	12/31	100.00%	100.00%	59,101	9,791	47,526	9,343
D&O CM NANJING	China	Construction management business	12/31	100.00%	100.00%	6,043	1,158	5,284	304
D&O CM POLAND SP. Z o. o	Poland	Construction management business	12/31	100.00%	100.00%	1,492	186	2,492	153
D&O CM VIETNAM CO., LTD	Vietnam	Construction management business	12/31	100.00%	100.00%	5,149	2,108	9,976	656
D&O CM AMERICA, INC.[5]	USA	Construction management business	12/31	100.00%	-	1,230	-	-	(61)
LG CNS Co., Ltd.[2]	South Korea	IT system integrated management, consulting service	12/31	49.95%	49.95%	3,689,411	2,001,846	5,112,688	273,841
BizTech I Co.,Ltd.[3]	South Korea	Development, design, sales of computer software and provision of related services	12/31	96.09%	96.09%	68,964	38,633	231,277	5,526
LG CNS Philippines, Inc.[4]	Philippines	IT system integrated management, consulting service	12/31	-	100.00%	-	-	-	-
LG CNS Europe B.V.	Europe	IT system integrated management, consulting service	12/31	100.00%	100.00%	75,080	46,353	102,525	9,127
LG CNS America, Inc.	USA	IT system integrated management, consulting service	12/31	100.00%	100.00%	122,191	95,546	286,670	14,754
PT. LG CNS Indonesia	Indonesia	IT system integrated management, consulting service	12/31	100.00%	100.00%	52,531	49,834	88,591	5,313
LG CNS Brasil Servicos de T.I. Ltda.	Brazil	IT system integrated management, consulting service	12/31	100.00%	100.00%	2,390	669	4,823	368
LG CNS China Inc.	China	IT system integrated management, consulting service	12/31	100.00%	100.00%	116,681	69,692	245,930	20,106
LG CNS India Pvt. Ltd.	India	IT system integrated management, consulting service	12/31	100.00%	100.00%	6,931	6,296	17,739	490
LG CNS COLOMBIA SAS	Colombia	IT system integrated management, consulting service	12/31	100.00%	100.00%	23,319	8,394	21,205	2,364
LG CNS MALAYSIA SDN BHD	Malaysia	IT system integrated management, consulting service	12/31	100.00%	100.00%	4,888	4,640	7,698	1,130
LG CNS JAPAN Co., Ltd.	Japan	IT system integrated management, consulting service	12/31	100.00%	100.00%	4,055	1,716	7,232	(349)
LG CNS Uzbekistan, LLC	Uzbekistan	IT system integrated management, consulting service	12/31	51.00%	51.00%	34	707	41	(439)
Haengbokmaru Co., Ltd.	South Korea	Building general cleaning business, non-alcoholic beverage shop business	12/31	100.00%	100.00%	2,691	825	3,767	354

(in millions of Korean won)

Name of subsidiary	Location	Main business activities	Closing date	Percentage of ownership held by the Group 2023	Percentage of ownership held by the Group 2022	2023 (Based on separate financial statements)[1] Assets	Liabilities	Revenue	Profit (loss) for the year
		and coffee shop operation business							
LG CNS VIETNAM CO., LTD	Vietnam	IT system integrated management, consulting service	12/31	100.00%	100.00%	33,279	24,221	68,353	4,948
LG CNS FUND I LLC	USA	Investment fund	12/31	100.00%	100.00%	31,187	47	-	(640)
Open Source Consulting Inc.	South Korea	Software development and supply business	12/31	73.06%	73.06%	18,938	8,317	31,854	(225)
RightBrain Co., Ltd.	South Korea	Software development and supply business	12/31	61.91%	61.91%	12,875	5,510	10,262	63
Biztech On Co., Ltd.[3]	South Korea	HR and salary welfare services, management operation and support consulting, etc.	12/31	96.09%	96.09%	13,727	6,085	27,088	1,907
LG CNS FUND II LLC[5]	USA	Investment fund	12/31	100.00%	-	6,244	1	-	(207)
LG Sports Ltd.	South Korea	Sports Professional Service Industry	12/31	100.00%	100.00%	110,574	26,461	82,055	(1,476)
LG Management Development Institute	South Korea	Management advisory, training, e-commerce, ecommerce business	12/31	100.00%	100.00%	132,273	76,315	230,432	8,417
LG Holdings Japan Co.,Ltd.	Japan	Real estate rental business and others	12/31	100.00%	100.00%	239,175	9,094	8,144	(3,740)

[1] The amount presented is before the intercompany elimination.

[2] Although it holds less than 50% of its shares, it is judged that it holds control in consideration of its power and exposure to variable returns or rights to the investment company.

[3] It was divided during the prior period, and the surviving corporation is BizTech I Co., Ltd. and the new corporation is BizTech On Co., Ltd.

[4] It was liquidated during the current period.

[5] It was established during the current period.

5) As at December 31, 2023 and 2022, consolidated financial position of subsidiaries with material non-controlling interests is as follows:

(in millions of Korean won)	LG CNS Co., Ltd.			
		2023		**2022**
Current assets	₩	3,037,232	₩	2,847,939
Non-current assets		1,003,448		1,017,196
Total assets		4,040,680		3,865,135
Current liabilities		1,543,113		2,005,335
Non-current liabilities		629,311		229,012
Total liabilities		2,172,424		2,234,347
Equity attributable to owners of the Company		1,863,305		1,625,965
Equity attributable to non-controlling interests		4,951		4,823
Total equity	₩	1,868,256	₩	1,630,788

6) For the years ended December 31, 2023 and 2022, the consolidated comprehensive income items of subsidiaries with material non-controlling interests are as follows:

(in millions of Korean won)	LG CNS Co., Ltd.			
		2023		**2022**
Revenue	₩	5,605,300	₩	4,969,651
Operating income		464,048		385,395
Profit for the year		332,352		264,968
Other comprehensive income		8,880		(27)
Total comprehensive income for the year	₩	341,232	₩	264,941

7) For the years ended December 31, 2023 and 2022, the consolidated cash flow details of subsidiaries with material non-controlling interests are as follows:

(in millions of Korean won)	LG CNS Co., Ltd.			
		2023		**2022**
Cash flows from operating activities	₩	143,562	₩	161,613
Cash flows from investing activities		(113,741)		(96,559)
Cash flows from financing activities		(254,728)		54,668
Net change in cash and cash equivalents		(224,907)		119,722
Cash and cash equivalents at the beginning of year		728,349		607,941
Effects of exchange rate changes on the balance of cash held in foreign currencies		1,126		686
Cash and cash equivalents at the end of year	₩	504,568	₩	728,349

8) As at December 31, 2023 and 2022, details of non-controlling interests of subsidiaries with material non-controlling interests are as follows:

(in millions of Korean won)	LG CNS Co., Ltd.			
		2023		2022
Ownership interest held by non-controlling interests		50.05%		50.05%
Cumulative non-controlling interests	₩	887,572	₩	781,831
Net income vested in non-controlling interests		153,039		136,172
Comprehensive income vested in non-controlling interests		157,755		132,434
Dividends paid to non-controlling interests	₩	51,932	₩	47,568

(3) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, liabilities assumed and contingent liabilities are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with Korean IFRS 1012 *Income Taxes* and Korean IFRS 1019 *Employee Benefits*, respectively.

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered in to replace share-based payment arrangements of the acquiree are measured in accordance with Korean IFRS 1102 *Share-Based Payment*, at the acquisition date.

- Assets (or disposal groups) that are classified as held for sale in accordance with Korean IFRS 1105 *Non-Current Assets Held for Sale and Discontinued Operations*, are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held interest in the acquiree (if any); the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Korean IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement-period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement-period adjustments are adjustments that arise from additional information obtained during the ‘measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement-period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity is remeasured to its acquisition-date (i.e., the date when the Group obtains control) fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date, that have previously been recognized in other comprehensive income, are reclassified to profit or loss where such treatment would be appropriate if that interest was disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(4) Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results of operations and financial position of each group entity are expressed in Korean won, which is the functional currency of the entity and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (“foreign currencies”) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise, except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Korean won using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests, as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation or partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the accumulated exchange differences in respect of that operation attributable to the owners of the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognized, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e., no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests in equity and are not recognized in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

(5) Cash and cash equivalents

Cash and cash equivalents include cash, savings and checking accounts and highly liquid short-term investments (maturities of three months or less from the date of acquisition). Bank overdraft is accounted for as short-term borrowings.

(6) Financial instruments

Financial assets and financial liabilities are recognized in the Group's consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

(7) Financial assets

All regular-way purchases or sales of financial assets are recognized and derecognized on a trade-date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

All financial assets within the scope of Korean IFRS 1109 are classified as financial assets at amortized cost, at fair value through other comprehensive income (FVTOCI) and at fair value through profit and loss (FVTPL) at the time of initial recognition based on the business model for managing the financial assets and contractual terms of cash flow.

1) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model, whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model, whose objective is achieved by both collecting contractual cash flows and selling the financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in the fair value of an equity investment in other comprehensive income if certain criteria are met (see (1-3) below).
- The Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (1-4) below).

1-1) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e., assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses (ECLs), through the expected life of the debt instrument to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including ECLs, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognized in profit or loss and is included in the "financial income" line item (see Note 25).

1-2) Debt instruments classified as at FVTOCI

Fair value is determined in the manner described in Note 34. The corporate bonds are initially measured at fair value, plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses and interest income calculated using the effective interest method are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these corporate bonds had been measured at amortized cost. All other changes in the carrying amount of these corporate bonds are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

1-3) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking.
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value, plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with Korean IFRS 1109, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the ‘financial income' line item (Note 25) in profit or loss.

The Group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

1-4) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (1-3) above).

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see (1-1) and (1-2) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognizing inconsistency (so called ‘accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the ‘other non-operating income and expenses' item (see Note 26). Meanwhile, interest income from FVTPL is accounted for as a 'financial income' item (see Note 25). Fair value is determined in the manner described in Note 34.

2) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- For financial assets at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the ‘other non-operating income and expenses' line item (see Note 26).

- For debt instruments at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the ‘other non-operating income and expenses' line item (see Note 26). As the foreign currency element recognized in profit or loss is the same as if it was measured at amortized cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognized in other comprehensive income in the investments revaluation reserve.

- For financial assets at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other non-operating income and expenses' line item as part of the fair value gain or loss (see Note 26).

- For equity instruments at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

3) Impairment of financial assets

The Group recognizes a loss allowance for ECLs on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current, as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3-1) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost
- An actual or expected significant deterioration in the operating results of the debtor
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- Significant increases in credit risk on other financial instruments of the same debtor
- An actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has a reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default.

(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term.

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of ‘investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of ‘performing’. Performing means that the counterparty has a strong financial position and there are no past-due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment.

In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3-2) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due, unless the Group has a reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3-3) Credit-impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) Significant financial difficulty of the issuer or the borrower

(b) A breach of contract, such as a default or past-due event (see 3-2) above)

(c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider

(d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization

(e) The disappearance of an active market for that financial asset because of financial difficulties

3-4) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice, where appropriate.

3-5) Measurement and recognition of ECLs

The measurement of ECLs is a function of the probability of default, loss-given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECLs is consistent with the cash flows used in measuring the lease receivable in accordance with Korean IFRS 1116 *Leases*.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs, less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statements of financial position.

4) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and, substantially, all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument, which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(8) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories, except for those in in-transit measured using specific identification of their individual costs, are measured under the weighted-average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense (cost of sales) in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(9) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not control or has joint control over those policies.

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results of operations and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case, it is accounted for in accordance with Korean IFRS 1105, *Non-Current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses in an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

If there is objective evidence that the Group's net investment in an associate or joint venture is impaired, the requirements of Korean IFRS 1036 *Impairment of Assets* are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Korean IFRS 1036 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value, less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with Korean IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Korean IFRS 1109. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture, but continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, the Group applies Korean IFRS 1105 to a portion of investment in an associate or a joint venture that meets the criteria to be classified as held for sale.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group transacts with an associate or a joint venture, the gains and losses arising from transactions with the associate and the joint venture are recognized only to the extent corresponding to the equity in the associate or joint venture that is not related to the Group.

(10) Interests in joint operations

A joint operation is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement that exists only when decisions about the relevant activities require unanimous consent of the parties' sharing control.

When a group entity undertakes its activities under joint operations, the Group, as a joint operator, recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the Korean IFRS applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

(11) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any (see Note 2.(3)).

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or, more frequently, when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statements of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(12) Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized at the carrying amount of an asset or as an asset if it is probable that future economic benefits associated with the assets will flow to the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

The Group does not depreciate land and some other tangible assets. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Useful lives
Buildings	10 - 50 years
Structures	5 - 50
Machinery	4 - 15
Other property	2 - 25

The Group reviews the depreciation method; the estimated useful lives; and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(13) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are reported at cost, less accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of an asset or as a separate asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

While land is not depreciated, all other investment property is depreciated based on the respective assets estimated useful lives ranging from 5-50 years using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(14) Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives (useful lives: 2-20 years, residual value is zero (“0”)). The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost, less accumulated impairment losses.

2) Internally generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Expenditure arising from development (or from the development phase of an internal project) is recognized as an intangible asset if, and only if, the development project is designed to produce new or substantially improved products, and the Group can demonstrate the technical and economic feasibility and measure reliably the resources attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses on the same basis as intangible assets that are acquired separately.

3) Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

5) Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortized on a straight-line basis over their estimated useful lives.

(15) Impairment of tangible and intangible assets other than goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, regardless of there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value, less costs to sell or value in use. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount and the reduced amount is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(16) Financial liabilities and equity instruments

1) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liability and an equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group are measured in accordance with the specific accounting policies set out below.

4) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing in the near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking.
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

- It forms part of a contract containing one or more embedded derivatives, and Korean IFRS 1109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the ‘other non-operating income and expenses' line item (see Note 26) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that is recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognized in profit or loss.

Fair value is determined in the manner described in Note 34.

5) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortized cost of a financial liability.

6) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of debt instruments.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with Korean IFRS 1109 (see financial assets above)
- The amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with Korean IFRS 1115

7) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the ‘other non-operating income and expenses' line item in profit or loss (Note 26) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

8) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid, net of any fees received and discounted using the original effective rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between (1) the carrying amount of the liability before the modification and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other non-operating income and expenses.

(17) Leases

The Group has chosen the cumulative catch-up approach at the date of initial application of Korean IFRS 1116. The detailed accounting policies applied by the Group to accounting for leases are below.

1-1) The Group as lessee

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs, including the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the consolidated statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case, the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case, a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case, the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost, less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under Korean IFRS 1037. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statements of financial position.

The Group applies Korean IFRS 1036 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment' policy (Note 2.(15)).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, Korean IFRS 1116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

1-2) The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the underlying asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of Korean IFRS 1109, recognizing an allowance for ECLs on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e., after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies Korean IFRS 1115 to allocate the consideration under the contract to each component.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed-rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(19) Derivative instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross-currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements, unless the Group has both legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

1) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host - with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of Korean IFRS 1109 are not separated. The entire hybrid contract is classified and subsequently measured as either amortized cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of Korean IFRS 1109 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months.

2) Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e., including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Group designates only the intrinsic value of the option as a hedging instrument when it used the option contract to hedge the expected transaction. In Korean IFRS 1039, changes in the fair value of an option (i.e., unspecified factors) are immediately recognized in profit or loss. In Korean IFRS 1109, changes in the time value of the option associated with the hedged item in other comprehensive income and the accumulated amount of equity are reclassified to profit or loss during the period when the hedged item affects profit or loss or is removed from equity and included directly in the carrying amount of non-financial items.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e., excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognized in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis - the Group applies straight-line amortization. Those reclassified amounts are recognized in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognized non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Note 34 sets out details of the fair values of the derivative instruments used for hedging purposes.

3) Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss, except when the hedging instrument hedges an equity instrument designated at FVTOCI; in which case, it is recognized in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognized in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

4) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the ‘other non-operating income and expenses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

5) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the foreign currency forward contracts relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the ‘other non-operating income and expenses' line item.

Gains and losses on the hedging instrument accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

(20) Employee benefits

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognized immediately in the consolidated statements of financial position with a charge or credit to the consolidated statements of comprehensive income in the period in which they occur. Remeasurements recognized in the consolidated statements of comprehensive income are not reclassified. Past service cost is recognized in profit or loss when the plan amendment or curtailment occurs, or when the Group recognizes related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognized when the settlement occurs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are composed of service cost (including current service cost and past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income) and remeasurement.

The Group presents the service cost expenses, cost of sales and selling and administrative expenses, and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(21) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive); as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as borrowing cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

1) Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract, under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2) Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

(22) Government grants

Government grants are not recognized until there is a reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants related to assets are presented in the consolidated statements of financial position by deducting the grant from the carrying amount of the asset (including property, plant and equipment). The related grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants received as compensation for costs or losses already incurred or as immediate financial support provided to the Group without incurring related costs in the future are recognized in profit or loss in the period in which the right to receive them arises.

Government grants toward staff retraining costs are recognized as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

(23) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

1) Sale of goods

The Group recognizes revenue from sale of goods when the control of goods has been transferred to the customers. Therefore, the Group recognizes revenue for the manufactured goods at acceptance and merchandises at delivery. Revenue is recognized, net of discounts, and returns derived from previous experience and provision are set for estimated return amounts, and if the past experience reveals that the return amounts or the return policy is immaterial, the gross sales amount will be recognized as revenue.

2) Rendering of service

The Group recognizes revenue from rendering service by the progress standards. The Group estimates the percentage of completion using surveys of work performed, services performed to date as a percentage of total services to be performed and the proportion of costs incurred to date in order to reliably measure the rendered services.

3) Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenues and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and their receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent it is probable that contract costs incurred will be recoverable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Where contract costs incurred to date, plus recognized profits, less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date, plus recognized profits, less recognized losses, the surplus is shown as the amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as contract liabilities. Amounts billed for work performed, but not yet paid by the customer, are included in the consolidated statements of financial position under trade and other receivables.

4) Royalty revenue

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement.

5) Rental income

Rental income from the provision of real estate rental services is recognized over the period. The Group's policy for recognition of revenue from operating leases is summarized in Note 2.(17).

(24) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if, and only if, the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(25) Treasury share

When the Group repurchases its equity instruments (treasury share), the incremental costs that increase in relation to capital transactions, net of tax effect, are deducted from equity and recognized as other capital items deducted from the total equity in the consolidated statements of financial position. In addition, profits or losses from purchase, sale or retirement of treasury shares are directly recognized in equity and not in current profit or loss.

(26) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value, less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must commit to a plan to sell the assets and is expected to meet the requirements within one year's time.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment or the portion of the investment in the associate that will be disposed of is classified as held for sale when the criteria described above are met, and the Group ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

(27) Fair value

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Korean IFRS 1102 *Share-based payment*, leasing transactions that are within the scope of Korean IFRS 1116 *Leases*, and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in Korean IFRS 1002 *Inventories* or value in use in Korean IFRS 1036 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable

for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(1) Deferred income tax assets

Future feasibility for deferred tax assets depends on a number of factors, including our ability to generate taxable income during the period in which the temporary difference is realized, the overall economic environment and industry outlook. The Company reviews these items periodically and recognizes deferred tax assets for temporary differences that it deems feasible as at the end of the reporting period.

(2) Uncertainty of total contract revenue estimates

Total contract revenue is measured initially at the contracted amount, but can be increased or decreased as a result of changes in the terms of the contract in the course of performing the contract so that the measurement of contract revenue is subject to various uncertainties related to the outcome of future events. The Group includes in the contract revenue when it is more likely that the customer will approve the change in the amount of revenue due to changes in the terms of the contract or if it is more likely than not that the performance criteria will be met and the amount can be reliably measured.

(3) Estimated total contract cost

The amount of the construction revenues is affected by the progress based on the cumulative incurred contract costs and the total contract costs are estimated based on future expectations, such as material costs, labor costs, project duration, etc. The Group estimates that the significant changes are reviewed periodically and the changes are reflected in the calculation of progress as at the end of the reporting period.

(4) Impairment testing

The recoverable amount of the cash-generating unit to be reviewed for impairment is determined based on the value in use or the fair value, less costs to sell and is estimated based on future estimates.

(5) Defined benefit retirement benefit system

The Group operates a defined benefit retirement benefit system. Defined benefit obligations are calculated by performing actuarial valuations at the end of each reporting period, and to apply these actuarial valuations, it is necessary to estimate assumptions about discount rates, expected wage increases and mortality. The retirement benefit system contains important uncertainties in this estimation due to its long-term nature. As at and for the year ended December 31, 2023, the defined benefit retirement benefit obligation is ₩ 134,805 million (As at and for the year ended December 31, 2022: ₩ 121,480 million), and the details are described in Note 16.

(6) Fair value assessment of financial instruments

The fair value of a financial instrument that is not traded in an active market is determined principally using valuation techniques. The Group makes judgments on the selection of various valuation techniques and assumptions based on important market conditions as at the end of the reporting period.

(7) Income tax

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 28).

If certain portion of the taxable income is not used for investments or increase in wages or dividends for a certain period, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects for such period. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

4. Segment Information

(1) The Group divides its business into four business segments based on the types of goods sold and/or services rendered information reported to the chief operating decision maker. The four business segments are LG Corp., D&O Corp., LG CNS Co., Ltd., and others. Each segment serves as the basis for reporting the primary segment information of the Group, and the accounting policies for each business segment are the same as those described in the summary of significant accounting policies.

(2) Revenue and gain (loss) on valuation by equity method and profit before income tax from continuing operations for each business segment of the Group for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		Revenue and gain (loss) on valuation by equity method[1]		Profit before income tax from continuing operations[2]	
Reporting sector	**Business sector**	**2023**	**2022**	**2023**	**2022**
LG Corp.	LG Corp.	₩ 1,030,586	₩ 1,067,525	₩ 804,257	₩ 908,041
D&O Corp.	D&O Corp.	210,821	193,236	55,362	646
	Konjiam Yewon Co., Ltd.[3]	-	-	-	89
	Mirae M	19,700	14,426	575	(1,010)
	D&O CM	47,526	42,102	11,722	9,420
	D&O CM NANJING	5,284	7,308	406	351
	D&O CM POLAND SP. Z o. o	2,492	5,638	159	311
	D&O CM VIETNAM CO., LTD	9,976	9,247	856	1,284
	D&O CM AMERICA, INC.[5]	-	-	(61)	-
LG CNS Co., Ltd.	LG CNS Co., Ltd.	5,112,688	4,590,453	364,325	320,252
	LG CNS China Inc.	245,930	204,044	28,481	20,236
	LG CNS Europe B.V.	102,525	116,822	8,290	10,224
	LG CNS America, Inc.	286,670	185,045	20,572	18,720
	LG CNS India Pvt. Ltd.	17,739	14,168	769	696
	PT. LG CNS Indonesia	88,591	18,815	7,096	742
	LG CNS Brasil Servicos de T.I. Ltda.	4,823	4,223	590	296
	BizTech I Co.,Ltd.[4]	231,277	189,663	6,569	5,996
	LG CNS COLOMBIA SAS	21,205	22,646	3,677	6,893
	LG CNS MALAYSIA SDN BHD	7,698	7,183	1,384	1,148
	LG CNS JAPAN Co., Ltd.	7,232	7,857	(347)	(535)
	LG CNS Uzbekistan, LLC	41	207	(439)	(162)
	Haengbokmaru Co., Ltd.	3,767	3,111	394	213
	LG CNS VIETNAM Co., LTD.	68,353	43,299	5,195	3,170
	LG CNS FUND I LLC	-	-	(640)	(886)
	Open Source Consulting Inc.	31,854	21,686	(308)	(1,210)
	RightBrain Co., Ltd.	10,262	8,467	244	(583)

(in millions of Korean won)		Revenue and gain (loss) on valuation by equity method[1]		Profit before income tax from continuing operations[2]	
Reporting sector	**Business sector**	**2023**	**2022**	**2023**	**2022**
	Biztech On Co., Ltd.[4]	27,088	11,672	2,165	414
	LG CNS FUND II LLC[5]	-	-	(207)	-
Others	LG Sports Ltd.	82,055	55,671	(1,662)	4,097
	LG Holdings Japan Co., Ltd.	8,144	7,282	(3,348)	(3,893)
	LG Management Development Institute	230,432	204,613	10,831	8,161
Segment total		7,914,759	7,056,409	1,326,907	1,313,121
Consolidation adjustments[6]		(469,423)	129,578	291,461	732,497
Total		₩ 7,445,336	₩ 7,185,987	₩ 1,618,368	₩ 2,045,618

[1] Revenue by reporting segment is based on the amount before eliminating intercompany profit and loss.

[2] Profit before income tax from continuing operations by reportable segment is the profit or loss of each segment that does not allocate revenue and expenses to the common segment.

[3] Sold during the prior period.

[4] It was divided during the prior period, and the surviving corporation is BizTech I Co., Ltd. And the new corporation is BizTech On Co., Ltd.

[5] Established during the current period.

[6] Amount of elimination of internal transactions and amount of equity method valuation.

(3) Assets for each business segment of the Group as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	**2023**	**2022**
LG Corp.	₩ 10,000,583	₩ 9,903,973
D&O Corp.	1,648,744	1,837,455
LG CNS Co., Ltd.	4,285,418	4,048,689
Others	482,022	469,067
Segment total	16,416,767	16,259,184
Consolidation adjustments[1]	13,836,318	13,374,493
Total	₩ 30,253,085	₩ 29,633,677

[1] Amount of elimination of internal transactions and amount of equity method valuation.

(4) Inventories sold and services rendered for each business segment of the Group for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Business sector	**Inventories sold and services rendered**	**2023**	**2022**
LG Corp.	Others	₩ 1,030,586	₩ 1,067,525
D&O Corp.	Merchandise	1,994	1,424
	Service	238,584	209,682
	Construction	796	1,148
	Others	54,425	59,703
LG CNS Co., Ltd.	Merchandise	1,219,790	1,165,502
	Service	2,321,295	2,053,492
	Construction	2,726,658	2,230,367
Others	Service	230,432	204,613
	Others	90,199	62,953
Segment total		7,914,759	7,056,409
Consolidation adjustments[1]		(469,423)	129,578
Total		₩ 7,445,336	₩ 7,185,987

[1] Amount of elimination of internal transactions and amount of equity method valuation.

(5) Operating income for each business segment of the Group for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	**2023**	**2022**
LG Corp.	₩ 751,375	₩ 821,445
D&O Corp.	12,438	10,356
LG CNS Co., Ltd.	463,282	385,056
Others	3,754	(7,359)
Segment total	1,230,849	1,209,498
Consolidation adjustments	358,164	731,882
Total	₩ 1,589,013	₩ 1,941,380

(6) Depreciation and amortization for each business segment of the Group for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
LG Corp.	₩	26,861	₩	25,859
D&O Corp.		54,986		56,074
LG CNS Co., Ltd.		97,834		89,660
Others		27,433		24,889
Segment Total		207,114		196,482
Consolidation adjustments		(19,248)		(17,951)
Total	₩	187,866	₩	178,531

(7) Regional revenue of the Group before consolidation adjustments for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)		**2023**		**2022**
Korea	₩	7,037,715	₩	6,402,321
China		251,555		211,656
Other Asia		207,774		108,059
America		312,697		211,913
Europe		105,018		122,460
Total	₩	7,914,759	₩	7,056,409

(8) Regional non-current assets of the Group before consolidation adjustments for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Korea	₩	9,985,109	₩	9,987,140
China		7,333		3,362
Other Asia		222,568		235,139
America		7,230		7,791
Europe		1,233		1,537
Total	₩	10,223,473	₩	10,234,969

(9) Revenues of approximately ₩ 2,955,820 million (2022: ₩ 2,692,917 million) are driven from major customers, over 10% of the Group’s revenue.

5. Classification of Financial Instruments and Fair Value

(1) The carrying amount and fair value of financial assets as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		2023		2022	
Financial assets	Account	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at FVTPL	Derivative assets for trading purposes	₩ 4,858	₩ 4,858	₩ 11,442	₩ 11,442
	Other derivative asset	-	-	9,878	9,878
	Contributions and others[1]	221,473	221,473	77,753	77,753
	Subtotal	226,331	226,331	99,073	99,073
Financial assets at FVTOCI	Marketable equity securities	50,520	50,520	40,522	40,522
	Unmarketable equity securities	167,171	167,171	162,597	162,597
	Subtotal	217,691	217,691	203,119	203,119
Financial assets at amortized cost	Cash and cash equivalents	778,904	778,904	1,050,726	1,050,726
	Financial institution deposits	2,103,293	2,103,293	2,233,269	2,233,269
	Trade receivables	1,576,816	1,576,816	1,426,856	1,426,856
	Loans	11,982	11,982	11,818	11,818
	Other accounts receivable	70,073	70,073	74,452	74,452
	Accrued income	29,300	29,300	24,388	24,388
	Deposits	14,758	14,758	15,312	15,312
	Subtotal	4,585,126	4,585,126	4,836,821	4,836,821
	Total	₩ 5,029,148	₩ 5,029,148	₩ 5,139,013	₩ 5,139,013

[1] The investment is included over which the Group can exercise significant influence through shareholders' agreement.

(2) The carrying amount and fair value of financial liabilities as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		2023		2022	
Financial liabilities	**Account**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities at FVTPL	Derivative liabilities for trading purposes	₩ 3,252	₩ 3,252	₩ 1,810	₩ 1,810
	Subtotal	3,252	3,252	1,810	1,810
Financial liabilities at amortized cost	Trade payables	772,816	772,816	753,442	753,442
	Borrowings	2,978	2,978	291,368	291,368
	Other accounts payable[1]	160,681	160,681	106,018	106,018
	Accrued expenses[1]	17,428	17,428	20,577	20,577
	Accrued dividends	331	331	429	429
	Deposits received	122,338	122,204	127,052	126,601
	Debentures	548,750	547,154	519,468	492,075
	Subtotal	1,625,322	1,623,592	1,818,354	1,790,510
Lease liabilities	Lease liabilities	47,999	47,999	47,882	47,882
	Total	₩ 1,676,573	₩ 1,674,843	₩ 1,868,046	₩ 1,840,202

[1] Payables and others not classified as financial liabilities are excluded.

6. Cash and Cash Equivalents

Cash and cash equivalents as at December 31, 2023 and 2022, consist of:

(in millions of Korean won)	2023	2022
Cash	₩ 684	₩ 940
Bank deposits	431,221	413,530
Other cash equivalents	346,999	636,256
Total cash and cash equivalents in the consolidated statements of financial position	₩ 778,904	₩ 1,050,726

7. Trade and Other Receivables

(1) Details of trade and other receivables before deducting accumulated impairment losses as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023											
	Receivables neither impaired nor overdue		Receivables overdue but not impaired		Impaired receivables (Individually assessed		Total		Consolidation adjustment		Consolidated amount	
Trade receivables	₩	1,498,579	₩	295,107	₩	13,282	₩	1,806,968	₩	(217,617)	₩	1,589,351
Other receivables		145,555		740		617		146,912		(20,245)		126,667
Total	₩	1,644,134	₩	295,847	₩	13,899	₩	1,953,880	₩	(237,862)	₩	1,716,018

(in millions of Korean won)	2022											
	Receivables neither impaired nor overdue		Receivables overdue but not impaired		Impaired receivables (Individually assessed		Total		Consolidation adjustment		Consolidated amount	
Trade receivables	₩	1,403,641	₩	173,337	₩	10,584	₩	1,587,562	₩	(150,686)	₩	1,436,876
Other receivables		144,231		692		3,134		148,057		(21,909)		126,148
Total	₩	1,547,872	₩	174,029	₩	13,718	₩	1,735,619	₩	(172,595)	₩	1,563,024

(2) Aging of trade and other receivables that are overdue, but not impaired as of December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023		2022	
1–29 days	₩	187,481	₩	128,295
30–60 days		41,283		15,719
61–90 days		6,945		7,084
91–120 days		2,672		3,030
More than 120 days		57,466		19,901
Total	₩	295,847	₩	174,029

Since the experience of past credit losses of the Group shows significant loss of different customer segments, the provisioning rate based on past delinquency days is divided into different customer groups.

The Group measures the allowance for losses on trade receivables at an amount equal to the expected total ECLs. The ECLs on trade receivables are estimated using the default experience of the borrower and the provisional setup table based on the borrower's experience of the default and the current state of the borrower and are based on the specific factors of the borrower, and the general economic situation of the industry to which the borrower belongs and forecast directions. There are no estimating techniques or significant assumptions during the current period.

(3) Changes in allowance for losses on trade and other receivables for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023		2022	
	Trade receivables	**Other receivables**	**Trade receivables**	**Other receivables**
Beginning balance	₩ 10,020	₩ 178	₩ 13,968	₩ 3,071
Impairment loss	2,598	451	529	149
Amounts written off	(15)	(74)	(69)	(615)
Amounts recovered	18	-	31	-
Reversal of allowance for doubtful accounts	(87)	-	(4,538)	(2,427)
Effect of foreign currency translation	1	(1)	99	-
Ending balance	₩ 12,535	₩ 554	₩ 10,020	₩ 178

(4) Aging of impaired trade and other receivables as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023	2022
Within six months	₩ 2,880	₩ 2,621
More than six months – within one year	1,940	130
More than one year	9,079	10,967
	₩ 13,899	₩ 13,718

8. Inventories

(1) Details of inventories as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023			2022		
	Acquisition cost	Carrying amount	Valuation allowance	Acquisition cost	Carrying amount	Valuation allowance
Merchandise	₩ 66,461	₩ 66,400	₩ (61)	₩ 54,973	₩ 54,908	₩ (65)
Raw materials	2,360	2,360	-	1,836	1,836	-
Stored goods	518	518	-	499	499	-
Other inventories	903	903	-	961	961	-
	₩ 70,242	₩ 70,181	₩ (61)	₩ 58,269	₩ 58,204	₩ (65)

(2) Inventories recognized as a cost of sales during the year ended December 31, 2023, amounted to ₩ 1,457,839 million (2022: ₩ 1,290,024 million).

9. Other Assets

(1) Details of current other assets as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023	2022
Advance payments	₩ 30,464	₩ 37,170
Prepaid expenses	86,265	81,916
Prepaid value-added tax (“VAT”)	4,715	8,286
Contract assets	619,228	424,313
Others	10	73
	₩ 740,682	₩ 551,758

(2) Details of non-current other assets as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023	2022
Non-current advance payments	₩ 1,957	₩ 2,199
Non-current prepaid expenses	639	1,145
Invested asset for post-employment benefit contract account	10,816	12,110
	₩ 13,412	₩ 15,454

10. Property, Plant and Equipment

(1) Composition of the Group's property, plant and equipment as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023									
	Land	**Buildings**	**Structures**	**Machinery**	**Vehicles**	**Tools and equipment**	**Furniture and fixtures**	**Construction in progress**	**Other property**	**Total**
Acquisition cost	₩ 433,566	₩ 1,173,684	₩ 284,081	₩ 112,773	₩ 28,332	₩ 237	₩ 192,590	₩ 46,201	₩ 480,562	₩ 2,752,026
Accumulated depreciation	-	(511,610)	(160,692)	(108,639)	(19,108)	(177)	(113,373)	-	(302,647)	(1,216,246)
Accumulated impairment	-	-	(2,975)	-	-	(7)	(6,730)	-	(4)	(9,716)
Government grants	(14)	(973)	-	-	-	-	(48)	-	-	(1,035)
Carrying amounts	₩ 433,552	₩ 661,101	₩ 120,414	₩ 4,134	₩ 9,224	₩ 53	₩ 72,439	₩ 46,201	₩ 177,911	₩ 1,525,029

(in millions of Korean won)	2022									
	Land	**Buildings**	**Structures**	**Machinery**	**Vehicles**	**Tools and equipment**	**Furniture and fixtures**	**Construction in progress**	**Other property**	**Total**
Acquisition cost	₩ 429,835	₩ 1,158,168	₩ 271,738	₩ 112,415	₩ 27,761	₩ 329	₩ 185,777	₩ 18,954	₩ 501,389	₩ 2,706,366
Accumulated depreciation	-	(469,344)	(150,226)	(104,779)	(16,996)	(279)	(112,394)	-	(318,909)	(1,172,927)
Accumulated impairment	-	-	(708)	-	-	(7)	(6,183)	(922)	(152)	(7,972)
Government grants	-	(1,012)	-	-	(23)	-	(79)	-	-	(1,114)
Carrying amounts	₩ 429,835	₩ 687,812	₩ 120,804	₩ 7,636	₩ 10,742	₩ 43	₩ 67,121	₩ 18,032	₩ 182,328	₩ 1,524,353

(2) Changes in property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	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)
Others	(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

(in millions of Korean won)	2022									
	Land	**Buildings**	**Structures**	**Machinery**	**Vehicles**	**Tools and equipment**	**Furniture and fixtures**	**Construction in progress**	**Other property**	**Total**
Beginning balance	₩ 368,018	₩ 743,473	₩ 130,654	₩ 13,551	₩ 12,152	₩ 75	₩ 60,560	₩ 6,588	₩ 173,749	₩ 1,508,820
Acquisitions	76,938	5,167	250	800	771	6	15,674	29,572	39,202	168,380
Disposals	(913)	-	(23)	-	(15)	-	(34)	-	(140)	(1,125)
Depreciation	-	(32,459)	(11,387)	(6,714)	(2,174)	(38)	(15,781)	-	(30,652)	(99,205)
Transfers	(14,208)	(28,369)	1,560	-	8	-	6,860	(16,657)	86	(50,720)
Impairment loss	-	-	(250)	-	-	-	(139)	(889)	-	(1,278)
Others	-	-	-	-	-	-	-	(582)	(17)	(599)
Effect of foreign currency translation	-	-	-	(1)	-	-	(19)	-	100	80
Ending balance	₩ 429,835	₩ 687,812	₩ 120,804	₩ 7,636	₩ 10,742	₩ 43	₩ 67,121	₩ 18,032	₩ 182,328	₩ 1,524,353

(3) Changes in government grants and others for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023				
	Land	**Buildings**	**Vehicles**	**Furniture and fixtures**	**Total**
Beginning balance	₩ -	₩ 1,012	₩ 23	₩ 79	₩ 1,114
Transferred to government grants	14	48	-	-	62
Offsetting depreciation	-	(87)	(23)	(31)	(141)
Ending balance	₩ 14	₩ 973	₩ -	₩ 48	₩ 1,035

(in millions of Korean won)	2022			
	Buildings	**Vehicles**	**Furniture and fixtures**	**Total**
Beginning balance	₩ 1,100	₩ 63	₩ 110	₩ 1,273
Offsetting depreciation	(88)	(40)	(31)	(159)
Ending balance	₩ 1,012	₩ 23	₩ 79	₩ 1,114

11. Investment Properties

(1) Composition of investment properties as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023				
	Land	**Buildings**	**Structures**	**Construction in progress**	**Total**
Acquisition cost	₩ 646,366	₩ 863,682	₩ 9,027	₩ 29,772	₩ 1,548,847
Accumulated depreciation	-	(254,317)	(5,353)	-	(259,670)
Government grants	(979)	(3,374)	-	-	(4,353)
Carrying amounts	₩ 645,387	₩ 605,991	₩ 3,674	₩ 29,772	₩ 1,284,824

(in millions of Korean won)	2022				
	Land	**Buildings**	**Structures**	**Construction in progress**	**Total**
Acquisition cost	₩ 652,232	₩ 872,607	₩ 9,142	₩ 1,244	₩ 1,535,225
Accumulated depreciation	-	(233,268)	(5,077)	-	(238,345)
Government grants	(1,037)	(3,649)	-	-	(4,686)
Carrying amounts	₩ 651,195	₩ 635,690	₩ 4,065	₩ 1,244	₩ 1,292,194

(2) Changes in investment property for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	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

(in millions of Korean won)	2022				
	Land	**Buildings**	**Structures**	**Construction in progress**	**Total**
Beginning balance	₩ 641,352	₩ 650,637	₩ 3,975	₩ 3	₩ 1,295,967
Acquisitions	843	4,545	-	1,313	6,701
Depreciation	-	(35,641)	(915)	-	(36,556)
Transfers	14,208	35,579	1,005	(72)	50,720
Disposals	(557)	-	-	-	(557)
Government grants	(1,071)	(3,853)	-	-	(4,924)
Others	(3,580)	(15,577)	-	-	(19,157)
Ending balance	₩ 651,195	₩ 635,690	₩ 4,065	₩ 1,244	₩ 1,292,194

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

(in millions of Korean won)		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
				₩ 3,592,330

[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.

Fair value assessment was performed by an independent third party, Nara Appraisal Co., Ltd., Samchang Appraisal Co., Ltd. and Daeil Appraisal Board.

The fair value of investment property is classified as Level 3 based on the input variables that are used in the valuation method.

The valuation method for measurement of fair value is the method of discounted cash flow, so the fair value of investment property is measured by the discounted present value that the net cash flow from the investment property is discounted by the discount rate of risk adjustment by reflecting the cost in relation to rental promotion, such as estimated success rate of rental market, vacant period, rental rate, free rental period and other costs that the lessee does not pay. Main input variables that are significant for measuring the fair value, but not observable, are estimated success rate of rental market, vacant rate, free rental period and discount rate of risk adjustment.

(4) Changes in government grants and others for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023					
	Land		**Buildings**		**Total**	
Beginning balance	₩	1,037	₩	3,649	₩	4,686
Transfer		(14)		(48)		(62)
Offsetting depreciation		-		(73)		(73)
Others		(44)		(154)		(198)
Ending balance	₩	979	₩	3,374	₩	4,353

(in millions of Korean won)	2022					
	Land		**Buildings**		**Total**	
Beginning balance	₩	-	₩	-	₩	-
Receipt		1,071		3,853		4,924
Offsetting depreciation		-		(83)		(83)
Others		(34)		(121)		(155)
Ending balance	₩	1,037	₩	3,649	₩	4,686

Meanwhile, the Group recognized the amount of ₩ 161,483 million and ₩ 161,853 million as rental income related to investment property for the years ended December 31, 2023 and 2022, respectively.

12. Intangible Assets

(1) Composition of the Group's intangible assets as of December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023						
	Development costs	**Intellectual property rights**	**Memberships**	**Goodwill**	**Construction in progress**	**Computer software and other assets**	**Total**
Acquisition cost	₩ 113,868	₩ 30,722	₩ 33,478	₩ 9,959	₩ 9,699	₩ 174,095	₩ 371,821
Accumulated amortization	(50,241)	(19,410)	-	-	-	(133,570)	(203,221)
Accumulated impairment	(20,059)	(5)	(2,798)	(2,612)	-	(397)	(25,871)
Carrying amounts	₩ 43,568	₩ 11,307	₩ 30,680	₩ 7,347	₩ 9,699	₩ 40,128	₩ 142,729

(in millions of Korean won)	2022						
	Development costs	**Intellectual property rights**	**Memberships**	**Goodwill**	**Construction in progress**	**Computer software and other assets**	**Total**
Acquisition cost	₩ 116,529	₩ 27,641	₩ 27,809	₩ 9,959	₩ 3,383	₩ 173,071	₩ 358,392
Accumulated amortization	(38,746)	(17,421)	-	-	-	(129,609)	(185,776)
Accumulated impairment	(15,790)	(5)	(2,724)	(2,612)	-	(397)	(21,528)
Carrying amounts	₩ 61,993	₩ 10,215	₩ 25,085	₩ 7,347	₩ 3,383	₩ 43,065	₩ 151,088

(2) Changes in intangible assets for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023						
	Development costs	**Intellectual property rights**	**Memberships**	**Goodwill**	**Construction in progress**	**Computer software and other assets**	**Total**
Beginning balance	₩ 61,993	₩ 10,215	₩ 25,085	₩ 7,347	₩ 3,383	₩ 43,065	₩ 151,088
Acquisitions	-	164	7,856	-	13,120	5,444	26,584
Increase due to internal development	-	-	-	-	6,250	-	6,250
Disposals	-	-	(2,187)	-	-	(3)	(2,190)
Transfers	3,048	220	-	-	(12,060)	8,792	-
Impairment loss	(7,014)	-	(74)	-	-	-	(7,088)
Reversal of an impairment loss	-	-	-	-	-	-	-
Amortization	(14,459)	(1,990)	-	-	-	(16,247)	(32,696)
Others	-	2,698	-	-	(994)	(1,057)	647
Effect of foreign currency translation	-	-	-	-	-	134	134
Ending balance	₩ 43,568	₩ 11,307	₩ 30,680	₩ 7,347	₩ 9,699	₩ 40,128	₩ 142,729

(in millions of Korean won)	2022						
	Development costs	**Intellectual property rights**	**Memberships**	**Goodwill**	**Construction in progress**	**Computer software and other assets**	**Total**
Beginning balance	₩ 29,627	₩ 9,686	₩ 23,942	₩ 7,821	₩ 36,051	₩ 52,564	₩ 159,691
Acquisitions	-	247	1,484	-	5,024	5,551	12,306
Increase due to internal development	-	-	-	-	19,076	-	19,076
Disposals	-	(68)	(668)	-	-	(68)	(804)
Transfers	52,759	19	-	-	(55,148)	2,370	-
Impairment loss	(8,930)	-	-	-	(1,441)	-	(10,371)
Reversal of an impairment loss	-	-	329	-	-	-	329
Amortization	(11,125)	(1,771)	-	-	-	(16,129)	(29,025)
Others	(332)	2,102	-	(474)	(182)	(1,234)	(120)
Effect of foreign currency translation	(6)	-	(2)	-	3	11	6
Ending balance	₩ 61,993	₩ 10,215	₩ 25,085	₩ 7,347	₩ 3,383	₩ 43,065	₩ 151,088

(3) Details of book value of goodwill that is allocated to cash-generating unit as of December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023			2022		
	Acquisition cost	**Accumulated impairment loss**	**Book value**	**Acquisition cost**	**Accumulated impairment loss**	**Book value**
BizTech I Co.,Ltd.	₩ 1,665	₩ -	₩ 1,665	₩ 1,665	₩ -	₩ 1,665
Open Source Consulting Inc.	5,248	(2,612)	2,636	5,248	(2,612)	2,636
RightBrain Co., Ltd.	3,046	-	3,046	3,046	-	3,046
Total	₩ 9,959	₩ (2,612)	₩ 7,347	₩ 9,959	₩ (2,612)	₩ 7,347

Recoverable amount of cash-generating unit is determined based on the calculation of value in use, which is calculated using the estimation of cash flow from business plan of five years approved by management. Cash flow that exceeds five years is estimated in the range that does not exceed the long-term average growth rate of the industry that the cash-generating unit involved.

Management determined the estimated pre-tax cash flow projections based on past performance and its expectations of market development. Value in use is measured by applying discount rates reflecting specific risks relating to the cash-generating unit. Significant assumptions used for calculating the value in use are as follows:

	Discount rate	**Nominal terminal growth rate**
BizTech I Co., Ltd.	17.41%	0.0%
Open Source Consulting Inc.	19.24%	1.0%
RightBrain Co., Ltd.	17.41%	1.0%

(4) There are no changes in government grants for the years ended December 31, 2023 and 2022.

(5) The costs related to research and development, accounted for as expenses, for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	**2023**	**2022**
Selling and administration expenses	₩ 48,304	₩ 47,841

13. Interests in Associates and Joint Ventures

(1) Composition of the Group's investments in associates and joint ventures as at December 31, 2023, is as follows:

(in shares)

Companies	Location of incorporation	Major business activities	Closing date	Number of shares held and investments in capital: Common share	Number of shares held and investments in capital: Preferred share	Number of shares issued: Common share	Number of shares issued: Preferred share	Percentage of ownership	Percentage of ownership (Common share)
LG Chem Ltd.	South Korea	Manufacturing of basic petrochemicals	12-31	23,534,211	-	70,592,343	7,688,800	30.06%	33.34%
LG Household & Health Care Ltd.	South Korea	Manufacturing of toothpastes, soap and detergents	12-31	5,315,500	-	15,618,197	2,099,697	30.00%	34.03%
LG Electronics Inc.	South Korea	Manufacturing of electronic components, computers, image, acoustic and communication equipment	12-31	55,094,582	-	163,647,814	17,185,992	30.47%	33.67%
LG Uplus Corp.	South Korea	Telecommunications	12-31	164,422,375	-	436,611,361	-	37.66%	37.66%
HS Ad Inc. (formerly, GIIR Corporation)[4]	South Korea	Advertisement production, agency and others	12-31	5,798,593	-	16,567,409	-	35.00%	35.00%
ZKW Holding GmbH[1]	Austria	Vehicle headlamp manufacturing	12-31	-	-	-	-	30.00%	30.00%
ZKW Austria Immobilien Holding GmbH[1]	Austria	Real estate management	12-31	-	-	-	-	30.00%	30.00%
Tmoney Co., Ltd.	South Korea	System software development and supply	12-31	3,927,167	-	11,934,085	-	32.91%	32.91%
Songdo U-Life LLC[2]	South Korea	Health care, integrated wireless environment, integrated smart cards and building management	12-31	5,880	-	35,880	-	16.39%	16.39%
RECAUDO BOGOTA S.A.S	Colombia	Public system development and service	12-31	2,126	-	10,630	-	20.00%	20.00%
Hellas SmarTicket Societe Anonyme	Greece	Public system development and service	12-31	22,500	-	75,000	-	30.00%	30.00%
Dongnam Solar Energy Co., Ltd.	South Korea	Solar energy generation business	12-31	174,608	-	672,000	-	25.98%	25.98%
Daegu Clean Energy Co., Ltd.	South Korea	Energy supply business	12-31	25,000	-	100,000	-	25.00%	25.00%
Serveone Co., Ltd.	South Korea	Wholesale and retail business and others	12-31	468,027	-	1,173,000	-	39.90%	39.90%
CloudGram Corp.	South Korea	Hosting and related services and others	12-31	1,075,000	-	3,075,000	-	34.96%	34.96%
Korea DRD Corp.[2]	South Korea	Information service and blockchain technology-related service	12-31	119,400	-	600,000	-	19.90%	19.90%
Hempking Corp.[3]	South Korea	System software development and supply service	12-31	-	25,000	100,000	25,000	20.00%	-
Danbee Inc.	South Korea	System software development and supply service	12-31	50,000	-	250,000	-	20.00%	20.00%
Bithumb META Co., Ltd.[2]	South Korea	Other information services	12-31	600,000	-	5,800,000	-	10.34%	10.34%
SEJONG SMART CITY CO., LTD.[2]	South Korea	Development and supply of residential/non-residential buildings	12-31	1,201,000	255,200	6,750,000	2,250,000	16.18%	17.79%
XI C&A Co., Ltd.	South Korea	Building Construction Business	12-31	1,600,000	-	4,000,000	-	40.00%	40.00%
S&I Corp.	South Korea	Real estate management and others	12-31	1,600,000	-	4,000,000	-	40.00%	40.00%

[1] These entities do not issue real shares; the number of shares is not shown.

[2] Although the Group owns less than 20% of its shares, the Group has significant influence over the contractual right to appoint one member of the board of directors.

[3] Although the Group has significant influence by contract between shareholders, it is classified as financial assets measured at FVTPL since it is redeemable convertible preferred share.

[4] It merged HS Ad Inc. and LBEST INC., its subsidiaries, and changed its name during the current period.

Fair values of marketable equity securities for investments in associates as of December 31, 2023, are as follows:

(in millions of Korean won)	2023				
	LG Chem Ltd.	**LG Household & Health Care Ltd.**	**LG Electronics Inc.**	**LG Uplus Corp.**	**HS Ad Inc. (formerly, GIIR Corporation)**
Fair values of equity securities	₩ 11,743,571	₩ 1,887,003	₩ 5,608,628	₩ 1,682,041	₩ 36,125

(2) Changes in investments in associates and joint ventures for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023					
	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, GIIR 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]	-	-	-	-	-	-

(in millions of Korean won)	2023					
	Beginning balance	Dividend received and others	Equity method gains and losses	Other capital changes and others	Disposal and others	Ending balance
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
Total	₩ 20,687,663	₩ (452,174)	₩ 899,203	₩ 76,600	₩ (4,955)	₩ 21,206,337

[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.

(in millions of Korean won)	2022						
	Beginning balance	Acquisitions	Dividend received	Equity method gains and losses	Other capital changes and others	Disposal and others	Ending balance
LG Chem Ltd.	₩ 6,355,279	₩ -	₩ (282,411)	₩ 569,028	₩ 2,628,120	₩ -	₩ 9,270,016
LG Household & Health Care Ltd.	1,701,531	-	(63,786)	75,294	(26,686)	-	1,686,353
LG Electronics Inc.	5,160,642	-	(46,830)	362,033	219,970	-	5,695,815
LG Uplus Corp.	2,867,800	-	(98,653)	247,954	33,216	-	3,050,317
LG Hitachi Co., Ltd.[4]	7,550	-	-	(208)	249	(7,591)	-
GIIR Corporation	52,349	-	(2,030)	5,062	2,509	-	57,890
ZKW Holding GmbH	140,359	-	-	(22,794)	2,253	-	119,818
ZKW Austria Immobilien Holding GmbH	8,936	-	-	1,214	51	-	10,201
Tmoney Co., Ltd.	53,553	-	-	7,163	(488)	-	60,228
Songdo U-Life LLC	579	-	-	184	185	-	948
RECAUDO BOGOTA S.A.S	1,397	-	-	252	(253)	-	1,396
Hellas SmarTicket Societe Anonyme	4,543	-	(735)	1,054	30	-	4,892
Dongnam Solar Energy Co., Ltd.	686	-	-	314	(1)	-	999
Daegu Clean Energy Co., Ltd.[1]	-	-	-	-	-	-	-
Serveone Co., Ltd.	310,076	-	-	34,026	2,135	-	346,237
CloudGram Corp.[5]	15,793	-	-	(724)	(70)	(6,606)	8,393
Korea DRD Corp.	624	-	-	56	-	-	680
Danbee Inc.[1]	-	-	-	-	-	-	-
Bithumb META Co., Ltd.[2]	-	3,000	-	(443)	-	-	2,557
SEJONG SMART CITY CO., LTD.[2]	-	14,562	-	(2,085)	-	-	12,477
XI C&A Co., Ltd.[3]	-	167,189	-	17,991	1,142	-	186,322
S&I Corp.[3]	-	162,339	-	7,540	2,245	-	172,124
Total	₩ 16,681,697	₩ 347,090	₩ (494,445)	₩ 1,302,911	₩ 2,864,607	₩ (14,197)	₩ 20,687,663

[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 ₩ 77 million.

[2] Significant influence was acquired during the prior period.

[3] It was classified as an associate due to the sale of shares during the prior period.

[4] It was sold after ₩ 3,269 million of impairment loss was recognized during the prior period.

[5] ₩ 6,606 million of impairment loss was recognized during the prior period.

(3) Adjustments to the book value of investments in associates and joint ventures from the net asset value of associates and joint ventures as of December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023					
	Net assets (A)	**Ownership rate of the Group (B)[1]**	**Controlling interest of net assets (A x B)**	**(+) Goodwill and others**	**(-) Elimination of Intercompany transactions and others**	**Ending balance**
LG Chem Ltd.	₩ 32,192,605	30.07%	₩ 9,679,029	₩ 6,023	₩ (213,184)	₩ 9,471,868
LG Household & Health Care Ltd.	5,433,451	31.72%	1,723,643	-	(6,205)	1,717,438
LG Electronics Inc.	19,664,754	30.60%	6,016,785	-	(121,010)	5,895,775
LG Uplus Corp.	8,472,202	38.25%	3,240,871	-	(96,326)	3,144,545
HS Ad Inc. (formerly, GIIR Corporation)	182,747	35.78%	65,381	2,352	(7,908)	59,825
ZKW Holding GmbH	418,244	30.00%	125,473	(37,359)	-	88,114
ZKW Austria Immobilien Holding GmbH	35,839	30.00%	10,752	1,445	-	12,197
Tmoney Co., Ltd.	192,295	32.91%	63,279	8,776	1,816	73,871
Songdo U-Life LLC	28,436	16.39%	4,660	(3,245)	-	1,415
RECAUDO BOGOTA S.A.S	28,836	20.00%	5,767	(695)	-	5,072
Hellas SmarTicket Societe Anonyme	19,242	30.00%	5,773	-	-	5,773
Dongnam Solar Energy Co., Ltd.	4,457	25.98%	1,158	1	-	1,159
Daegu Clean Energy Co., Ltd.	44	25.00%	11	-	(11)	-
Serveone Co., Ltd.	676,518	39.90%	269,931	83,047	(8,753)	344,225
CloudGram Corp.	11,257	34.96%	3,935	(973)	-	2,962
Korea DRD Corp.	3,279	19.90%	653	-	-	653
Danbee Inc.	(287)	20.00%	(57)	-	57	-
Bithumb META Co., Ltd.	325	10.34%	34	55	-	89
SEJONG SMART CITY CO., LTD.	84,149	16.18%	13,615	-	(1,065)	12,550
XI C&A Co., Ltd.	333,131	40.00%	133,252	81,423	(18,890)	195,785
S&I Corp.	111,239	40.00%	44,496	130,415	(1,890)	173,021

[1] The equity ratio reflects the effect of treasury share and may be a different from ownership percentage.

(in millions of Korean won)	2022					
	Net assets (A)	Ownership rate of the Group (B)[1]	Controlling interest of net assets (A x B)	(+) Goodwill and others	(-) Elimination of Intercompany transactions and others	Ending balance
LG Chem Ltd.	₩ 31,450,572	30.07%	₩ 9,455,937	₩ 6,023	₩ (191,944)	₩ 9,270,016
LG Household & Health Care Ltd.	5,339,283	31.72%	1,693,770	-	(7,417)	1,686,353
LG Electronics Inc.	18,992,108	30.60%	5,810,977	-	(115,162)	5,695,815
LG Uplus Corp.	8,165,135	38.25%	3,123,409	-	(73,092)	3,050,317
GIIR Corporation	176,535	35.78%	63,159	2,352	(7,621)	57,890
ZKW Holding GmbH	517,862	30.00%	155,359	(35,541)	-	119,818
ZKW Austria Immobilien Holding GmbH	29,285	30.00%	8,786	1,415	-	10,201
Tmoney Co., Ltd.	156,368	32.91%	51,456	8,778	(6)	60,228
Songdo U-Life LLC	25,581	16.39%	4,192	(3,244)	-	948
RECAUDO BOGOTA S.A.S	10,455	20.00%	2,091	(695)	-	1,396
Hellas SmarTicket Societe Anonyme	16,303	30.00%	4,891	-	1	4,892
Dongnam Solar Energy Co., Ltd.	3,840	25.98%	998	1	-	999
Daegu Clean Energy Co., Ltd.	44	25.00%	11	-	(11)	-
Serveone Co., Ltd.	669,534	39.90%	267,144	84,571	(5,478)	346,237
CloudGram Corp.	12,619	34.96%	4,413	3,980	-	8,393
Korea DRD Corp.	3,418	19.90%	680	-	-	680
Bithumb META Co., Ltd.	24,206	10.34%	2,504	56	(3)	2,557
SEJONG SMART CITY CO., LTD.	87,633	16.18%	14,179	-	(1,702)	12,477
XI C&A Co., Ltd.	266,205	40.00%	106,482	88,943	(9,103)	186,322
S&I Corp.	102,811	40.00%	41,124	132,208	(1,208)	172,124

[1] The equity ratio reflects the effect of treasury share and may be a different from ownership percentage.

(4) Summary of financial position for associates as of December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023								
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Equity attributable to the owners of the parent company	Non-controlling interests	Total equity
LG Chem Ltd.[1]	₩ 28,859,296	₩ 48,607,398	₩ 77,466,694	₩ 18,390,839	₩ 18,137,670	₩ 36,528,509	₩ 32,192,605	₩ 8,745,580	₩ 40,938,185
LG Household & Health Care Ltd.	2,429,584	4,790,702	7,220,286	1,089,659	581,701	1,671,360	5,433,451	115,475	5,548,926
LG Electronics Inc.[1]	30,341,209	29,899,584	60,240,793	24,160,380	12,581,877	36,742,257	19,664,754	3,833,782	23,498,536
LG Uplus Corp.	4,964,157	15,136,447	20,100,604	5,606,861	5,736,959	11,343,820	8,472,202	284,582	8,756,784

[1] LG Chem Ltd. and LG Electronics Inc. each recorded ₩ 195,106 million, ₩ 4,155 million,

respectively, of assets (liabilities) held for sale as of December 31, 2023.

(in millions of Korean won)	2022								
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Equity attributable to the owners of the parent company	Non-controlling interests	Total equity
LG Chem Ltd.[1]	₩ 29,674,369	₩ 38,299,454	₩ 67,973,823	₩ 16,459,563	₩ 14,033,133	₩ 30,492,696	₩ 31,450,572	₩ 6,030,555	₩ 37,481,127
LG Household & Health Care Ltd.	2,284,389	5,018,541	7,302,930	1,162,758	671,336	1,834,094	5,339,283	129,553	5,468,836
LG Electronics Inc.[1]	27,488,228	27,667,913	55,156,141	22,332,549	10,331,595	32,664,144	18,992,108	3,499,889	22,491,997
LG Uplus Corp.	5,043,422	14,731,378	19,774,800	4,817,824	6,507,309	11,325,133	8,165,135	284,532	8,449,667

[1] LG Chem Ltd. and LG Electronics Inc. each recorded ₩ 27,480 million, ₩ 12,915 million, respectively, of assets (liabilities) held for sale as of December 31, 2022.

(5) Summary of profit and loss for associates for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023					
	Revenue	Operating income	Income tax expense	Profit (loss) from discontinued operations after tax	Other comprehensive income (loss)	Total comprehensive income
LG Chem Ltd.	₩ 55,249,785	₩ 2,529,196	₩ 432,501	₩ (12,214)	₩ 264,930	₩ 2,318,356
LG Household & Health Care Ltd.	6,804,839	486,981	112,859	-	(27,459)	136,065
LG Electronics Inc.	84,227,765	3,549,074	720,212	944	94,502	1,245,113
LG Uplus Corp.	14,372,626	998,031	140,706	-	(39,088)	591,153

(in millions of Korean won)	2022					
	Revenue	Operating income	Income tax expense	Profit (loss) from discontinued operations after tax	Other comprehensive income (loss)	Total comprehensive income
LG Chem Ltd.	₩ 50,983,251	₩ 2,979,354	₩ 637,124	₩ 54,350	₩ (60,934)	₩ 2,134,584
LG Household & Health Care Ltd.	7,185,759	711,123	159,429	-	7,015	265,355
LG Electronics Inc.	83,467,318	3,550,972	532,307	(144,381)	746,333	2,609,456
LG Uplus Corp.	13,905,990	1,081,260	194,224	-	90,678	753,266

14. Debentures and Borrowings

(1) Details of short-term borrowings as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Description	Creditor	Annual interest rate (%) as at December 31, 2023	2023		2022	
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
	Total		₩	2,565	₩	289,303

(2) Details of long-term borrowings as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Description	Creditor	Annual interest rate (%) as at December 31, 2023	2023				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)
	Total		₩	413	₩	548,750	₩	371,439	₩	150,094

(3) The Group's debentures as of December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

Company	Description	Issuance date	Maturity date	Annual interest rate as at December 31, 2023	2023		2022	
LG CNS Co., Ltd.	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
	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
Discount on debentures						(1,250)		(532)
Current debentures[1]						-		(369,787)
		Total			₩	548,750	₩	149,681

[1] Amount of discount on debentures is deducted.

15. Provisions

(1) Changes in provisions for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023					
	Beginning balance	**Increase**	**Usage and others**	**Reversal**	**Effect of foreign currency translation**	**Ending balance**
Provision for construction (product) warranties	₩ 20,026	₩ 12,761	₩ (8,861)	₩ (4,646)	₩ 420	₩ 19,700
Restoration liabilities[1]	5,763	1,085	(145)	(45)	(6)	6,652
Others	31,833	39,154	(23,330)	(8,754)	(72)	38,831
Total	₩ 57,622	₩ 53,000	₩ (32,336)	₩ (13,445)	₩ 342	₩ 65,183

(in millions of Korean won)	2022					
	Beginning balance	**Increase**	**Usage and others**	**Reversal**	**Effect of foreign currency translation**	**Ending balance**
Provision for construction (product) warranties	₩ 19,168	₩ 14,096	₩ (9,198)	₩ (3,843)	₩ (197)	₩ 20,026
Restoration liabilities[1]	2,327	3,638	(45)	(152)	(5)	5,763
Others	12,037	41,045	(18,765)	(2,497)	13	31,833
Total	₩ 33,532	₩ 58,779	₩ (28,008)	₩ (6,492)	₩ (189)	₩ 57,622

[1] The increase due to the valuation of the present value is included.

(2) The expected timing of outflows of economic benefits by nature of provisions as at December 31, 2023, is as follows:

(in millions of Korean won)	**Within 1 year**	**Over 1 year**	**Total**
Provision for construction (product) warranties	₩ 19,700	₩ -	₩ 19,700
Restoration liabilities	819	5,833	6,652
Others	29,160	9,671	38,831
Total	₩ 49,679	₩ 15,504	₩ 65,183

16. Retirement Benefit Plan

(1) Defined Contribution Plan

The Group partially operates a defined contribution plan for its employees. Obligation of the Group is to make payments to third-party funds, and the benefits for employees are determined by the payments made to the funds and the investment earnings from the funds. Plan asset is managed by the third party and is segregated from the Group's assets.

Contributions to defined contribution plan for the years ended December 31, 2023 and 2022, are ₩ 61,200 million and ₩ 55,919 million, respectively, and payable amounts related to defined contribution plans as of December 31, 2023 and 2022, are ₩ 9,863 million and ₩ 9,372 million, respectively.

(2) Defined Benefit Plan

The Group partially operates a defined benefit plan for its employees and, according to the plan, employees will be paid his or her average salary of the final three months multiplied by the number of years vested, adjusted for payment rate and other. The actuarial valuation of plan assets and the defined benefit liabilities are performed by a reputable actuary using the projected unit credit method.

1) As at December 31, 2023 and 2022, amounts recognized in the consolidated statements of financial position related net defined benefit liabilities are as follows:

(in millions of Korean won)		**2023**		**2022**
Present value of defined benefit obligations	₩	134,805	₩	121,480
Fair value of plan assets		(143,296)		(131,292)
Net defined benefit liabilities (assets)	₩	(8,491)	₩	(9,812)

2) Movements in the defined benefit obligations for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Beginning balance	₩	121,480	₩	131,994
Current service cost		17,644		18,953
Interest cost		6,030		3,401
Actuarial loss (gain)		1,252		(11,924)
Effect of foreign currency translation		12		(14)
Benefits paid		(12,739)		(20,978)
Others		1,126		48
Ending balance	₩	134,805	₩	121,480

3) Income and loss related to defined benefit plan for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Service cost	₩	17,644	₩	18,953
Current service cost		17,644		18,953
Net interest on the net defined benefit liability		(510)		161
Interest cost on defined benefit obligation		6,030		3,401
Comprising interest on plan assets		(6,540)		(3,240)
Others		237		248
Total	₩	17,371	₩	19,362

Total costs for the years ended December 31, 2023 and 2022, are included in cost of sales for ₩ 12,798 million and ₩ 13,452 million, respectively, in selling and administrative expenses for ₩ 4,573 million and ₩ 5,910 million, respectively.

4) Changes in fair value of plan assets for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Beginning balance	₩	131,292	₩	125,631
Comprising interest on plan assets		6,540		3,240
Remeasurements – return on plan assets		612		(964)
Contributions from the employer		17,340		23,903
Benefits paid		(12,251)		(20,716)
Others		(237)		198
Ending balance	₩	143,296	₩	131,292

5) All of the plan assets are invested in financial instruments that guarantee principal and interest rate as at December 31, 2023 and 2022.

6) Actuarial assumptions used as at December 31, 2023 and 2022, are as follows:

(in percentage)	**2023**	**2022**
Discount rate	3.90%~7.27%	5.10%~7.45%
Expected rate of salary increase	2.95%~9.79%	3.00%~9.79%

7) The sensitivity analysis of the defined benefit obligation as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023		
	Defined benefit obligation	**+1%**	**-1%**
Change in discount rate	₩ 134,805	₩ 126,445	₩ 143,483
Change in rate of salary increase	134,805	143,494	126,292

The above sensitivity is estimated based on the assumption that all the other assumptions held constant.

(in millions of Korean won)	2022		
	Defined benefit obligation	**+1%**	**-1%**
Change in discount rate	₩ 121,480	₩ 114,245	₩ 129,637
Change in rate of salary increase	121,480	129,530	114,196

The above sensitivity is estimated based on the assumption that all the other assumptions held constant.

8) Remeasurement related to net defined benefit liabilities (assets) for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	**2023**	**2022**
Actuarial gains arising from changes in demographic assumptions	₩ (153)	₩ (31)
Actuarial gains (losses) arising from changes in financial assumptions	1,371	(20,493)
Actuarial gains arising from experience	312	8,919
Return on plan assets, excluding amounts included in interest income	(612)	964
Actuarial losses arising from transfer in/out adjustments	(278)	(319)
Total	₩ 640	₩ (10,960)

9) The weighted average duration of the defined benefit obligation is 7 years (2022: 7 years). The expected maturity analysis of undiscounted pension benefits as of December 31, 2023, is as follows:

(in millions of Korean won)		**2023**
Less than 1 year	₩	11,340
Between 1-2 years		12,886
Between 2-3 years		26,510
Between 3-4 years		8,703
Between 4-5 years		10,296
Over 5 years		113,366
Total	₩	183,101

10) The Group reviews the funding level on an annual basis and has a policy of eliminating deficit from the fund. Expected contributions to post-employment benefit plans for the year ending December 31, 2024, are ₩ 15,314 million (2023: ₩ 12,635 million).

17. Other Liabilities

Details of other liabilities as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	**2023**		**2022**	
	Current	**Non-current**	**Current**	**Non-current**
Advance receipts	₩ 6,920	₩ -	₩ 8,156	₩ -
Advances from lease revenue	-	1,626	-	1,867
VAT withheld	80,627	-	94,387	-
Withholdings	97,638	-	63,051	-
Unearned income	406	291	426	536
Contract liability	266,293	-	246,307	-
Liability related to government grants	1	-	2	-
Other long-term employee benefits	-	25,459	-	20,070
Total	₩ 451,885	₩ 27,376	₩ 412,329	₩ 22,473

18. Contract Assets and Contract Liabilities

(1) Contract assets and contract liabilities as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		2023		2022
Construction contracts and others	₩	630,695	₩	430,850
Deductions: Allowance for losses		(11,467)		(6,537)
Total	₩	619,228	₩	424,313

Management estimates the allowance for contract assets as the ECL for the whole period in accordance with the practical expedient of Korean IFRS 1109. There are no overdue receivables as of December 31, 2023.

No changes in estimates or assumptions in assessing the allowance for contract assets in construction contracts during the current period.

(2) Changes in ECLs of contractual assets for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		2023		2022
Beginning balance	₩	6,537	₩	6,023
Increase of allowance for loss		4,930		514
Ending balance	₩	11,467	₩	6,537

(3) Contract liabilities as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		2023		2022
Construction-type contract	₩	152,156	₩	151,632
Equipment supply and maintenance		63,518		61,333
Others		50,619		33,342
Total	₩	266,293	₩	246,307

(4) Revenue recognized in respect of the contract liabilities carried forward for the years ended December 31, 2023 and 2022, is as follows. No revenue related to performance obligations carried out in prior fiscal year is recognized for the years ended December 31, 2023 and 2022:

(in millions of Korean won)		2023		2022
D&O Corp.	₩	20,688	₩	12,608
LG CNS Co., Ltd.		194,933		155,481
Others		7,186		2,161
Consolidation adjustments		(3,499)		(6,507)
Total	₩	219,308	₩	163,743

(5) The changes in estimates for total contract amount and contract costs relating to contracts recognized in profit or loss over the period by applying the cost-based input method in Korean IFRS 1115 have the following effects on current and future profit or loss, contract assets and contract liabilities:

(in millions of Korean won)		**Changes in estimated total contract amount**		**Changes in estimated total contract costs**		**Effect on current profit or loss**		**Effect on future profit or loss**		**Changes in contract assets (liabilities)**
LG CNS Co., Ltd.	₩	69,928	₩	144,075	₩	(65,506)	₩	(8,641)	₩	(65,552)

Changes to the above estimates exclude contracts that started in the current period and include contracts that are in progress in the previous period and ended in the current period.

(6) None of the contracts that recognize progress-based revenue made by applying the cost-based input method during current period exceeded 5% of previous sales.

(7) Aggregated amount of the transaction price allocated to performance obligation that are partially or fully unsatisfied as at December 31, 2023 is ₩ 1,265,426 million.

As a practical expedient, the Group excluded performance obligation which was a part of contract that had an original expected duration of one year or less.

19. Issued Capital and Other Capital Items

(1) Details of issued capital and other capital items as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won and in shares)	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 share	700,000,000	157,300,993	65,598,735	₩ 5,000	₩ 786,505
Preferred share[1]	-	3,021,620	-	5,000	15,108

[1] Preferred shares are shares without voting rights that are eligible for an additional 1%, based on the face value of the share compared to common shares 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.

(2) Changes in other capital items for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023	2022
Beginning balance	₩ (1,733,103)	₩ (1,565,341)
Acquisitions of treasury shares	(180,556)	(167,762)
Ending balance	₩ (1,913,659)	₩ (1,733,103)

The Group has 4,316,521 shares of common share and 10,421 shares of preferred share as of December 31, 2023, and the carrying amounts of common shares are ₩ 353,724 million (preferred share: ₩ 754 million). The Group has 2,180,794 shares of common share and 10,421 shares of preferred share as of December 31, 2022, and the carrying amounts of common shares are ₩ 173,168 million (preferred share: ₩ 754 million).

20. Capital Surplus

(1) Composition of capital surplus as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023	2022
Paid-up capital in excess of par value	₩ 898,266	₩ 898,266
Asset revaluation reserve	338,100	338,100
Other capital surplus	1,731,325	1,731,325
Total	₩ 2,967,691	₩ 2,967,691

(2) Changes in capital surplus for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		2023		2022
Beginning balance	₩	2,967,691	₩	2,969,304
Changes in the shares of subsidiaries		-		(788)
Others		-		(825)
Ending balance	₩	2,967,691	₩	2,967,691

21. Accumulated Other Comprehensive Income

(1) Details of accumulated other comprehensive income (loss) as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		2023		2022
Changes of investment valuation using equity method	₩	2,942,840	₩	2,768,657
Gain on valuation of other financial assets		54,371		43,869
Loss on valuation of other financial assets		(1,817)		(2,101)
Overseas operations translation		(23,251)		(14,746)
Loss on valuation of derivatives instruments entered for cash flow hedge		59		59
Others		(36)		(132)
Total	₩	2,972,166	₩	2,795,606

(2) Changes in investment valuation using equity method for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		2023		2022
Beginning balance	₩	2,768,657	₩	117,586
Changes in capital of associates and joint ventures		182,209		2,646,184
Effect on income taxes		(8,026)		4,887
Ending balance	₩	2,942,840	₩	2,768,657

(3) Changes in gain on valuation of other financial assets for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Beginning balance	₩	43,869	₩	35,453
Changes in gain on valuation of other financial assets		15,429		11,158
Effect on income taxes		(3,586)		(2,742)
Transfer due to the disposal of other financial assets		(1,838)		-
Others		497		-
Ending balance	₩	54,371	₩	43,869

(4) Changes in loss on valuation of other financial assets for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Beginning balance	₩	(2,101)	₩	(11,696)
Changes in loss on valuation of other financial assets		(9)		410
Transfer due to the disposal of other financial assets		291		9,284
Effect on income taxes		2		(99)
Ending balance	₩	(1,817)	₩	(2,101)

(5) Changes in overseas operations translation for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Beginning balance	₩	(14,746)	₩	8,287
Changes in overseas operations translation		(8,505)		(19,235)
Changes of consolidation scope		-		(3,798)
Ending balance	₩	(23,251)	₩	(14,746)

(6) There is no change in the valuation loss of cash flow hedge derivatives during the current and prior periods.

22. Retained Earnings and Dividends

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

(in millions of Korean won)		**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[1]		(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:

(in millions of Korean won and in shares)	**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

(in millions of Korean won and in shares)	**2022**						
	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	49,828	157,251,165	₩	2,800	₩	440,303
Preferred share	3,021,620	10,421	3,011,199		2,850		8,582

23. Profit (Loss) from Operations

(1) Details of profit (loss) from operations for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Revenue and gain (loss) valuation by equity method				
Sales of goods	₩	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		899,203		1,302,911
Other revenue		595,060		598,337
Subtotal		7,445,336		7,185,987
Cost of sales				
Cost of sales of goods		897,641		879,221
Cost of sales of service		2,138,015		1,757,602
Cost of sales of construction		2,040,167		1,738,925
Cost of sales of others		363,147		477,441
Subtotal		5,438,970		4,853,189
Gross profit		2,006,366		2,332,798
Selling and administrative expenses				
Salaries and wages		180,018		166,357
Retirement benefits		13,335		14,120
Welfare		39,142		30,476
Amusement expenses		8,284		4,922
Depreciation		16,489		18,078
Amortization of intangible assets		7,295		9,728
Taxes and dues		7,555		8,659
Advertising expenses		8,304		7,110
Usual development expenses		48,304		47,841
Commission		23,121		24,646
Insurance premium		824		469
Transportation expenses		38		61
Travel expenses		5,524		2,899
Service contract expenses		36,533		33,939
Rental expenses		4,078		3,872
Allowance (reversal) of bad debt		2,511		(4,009)
Allowance (reversal) for accrual of provision		(7,683)		3,790
Others		23,681		18,460
Subtotal		417,353		391,418
Operating income	₩	1,589,013	₩	1,941,380

(2) Information about the sources and recognition timing of the revenue for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023	2022
Revenue from contracts with customers		
Transferred at a point in time	₩ 1,110,367	₩ 1,086,640
Transferred over time	5,274,283	4,634,355
	₩ 6,384,650	₩ 5,720,995
Revenue from other sources	₩ 1,060,686	₩ 1,464,992

24. Classification of Expenses by Nature

Details of expenses by nature for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023			
	Changes in inventories	Selling and administrative expenses	Manufacturing (sales) cost	Nature of expenses
Changes in inventories	₩ (11,453)	₩ -	₩ 1,457,757	₩ 1,446,304
Merchandise	(11,492)	-	909,133	897,641
Other inventories	39	-	548,624	548,663
Used raw material	-	-	11,535	11,535
Employee benefits	-	232,495	1,002,595	1,235,090
Depreciation and amortization	-	23,785	164,081	187,866
Commission expenses	-	23,121	210,365	233,486
Lease expenses	-	4,078	307,619	311,697
Professional fees	-	36,533	1,730,389	1,766,922
Other expenses and consolidation adjustments	-	97,341	566,082	663,423
Total	₩ (11,453)	₩ 417,353	₩ 5,450,423	₩ 5,856,323

(in millions of Korean won)	2022			
	Changes in inventories	**Selling and administrative expenses**	**Manufacturing (sales) cost**	**Nature of expenses**
Changes in inventories	₩ (4,169)	₩ -	₩ 1,286,450	₩ 1,282,281
Merchandise	(4,008)	-	885,765	881,757
Other inventories	(161)	-	400,685	400,524
Used raw material	-	-	7,743	7,743
Employee benefits	-	210,953	898,338	1,109,291
Depreciation and amortization	-	27,806	150,725	178,531
Commission expenses	-	24,646	221,442	246,088
Lease expenses	-	3,872	231,359	235,231
Professional fees	-	33,939	1,472,700	1,506,639
Other expenses and consolidation adjustments	-	90,202	588,601	678,803
Total	₩ (4,169)	₩ 391,418	₩ 4,857,358	₩ 5,244,607

25. Financial Income and Financial Expenses

(1) Financial income for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	**2023**	**2022**
Interest income	₩ 121,394	₩ 70,074
Dividend income	917	843
Gain on foreign currency transaction	5,386	4,729
Gain on foreign currency translation	310	522
Gain on valuation of other financial assets	190	277
Gain on valuation of derivatives	-	48,860
Total	₩ 128,197	₩ 125,305

(2) Interest income included in financial income for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	**2023**	**2022**
Financial institution deposits and others	₩ 118,149	₩ 66,289
Other loans and receivables	3,245	3,785
Total	₩ 121,394	₩ 70,074

(3) Financial expenses for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Interest expenses	₩	39,701	₩	20,422
Loss on foreign currency transaction		2,028		4,024
Loss on foreign currency translation		651		1,671
Loss on valuation and transactions of derivatives		10,318		511
Loss on valuation of other financial assets		5,238		1,322
Loss on disposals of other financial assets		27		71
Total	₩	57,963	₩	28,021

(4) Interest expenses included in financial expenses for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Bank overdrafts and loan interest	₩	14,872	₩	3,830
Interest expenses related to debentures		21,135		14,695
Interest expenses of lease liabilities		2,172		1,497
Other interest expenses		1,672		1,141
Less: Capitalized interest expenses included in qualified assets[1]		(150)		(741)
Total	₩	39,701	₩	20,422

[1] Capitalization interest rates used for the years ended December 31, 2023 and 2022, are 1.73%~4.25% and 1.73%~2.99%, respectively.

26. Other Non-operating Income and Expenses

Other non-operating income and expenses for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		2023		2022
Other non-operating income				
Rental income	₩	3,018	₩	3,268
Commission income		639		615
Gain on insurance settlement		330		-
Gain on foreign currency transaction		17,008		17,395
Gain on foreign currency translation		7,163		4,077
Gain on disposals of property, plant and equipment		381		15,778
Gain on disposals of intangible assets		367		791
Gain on transactions of derivatives		11,830		10,251
Gain on valuation of derivatives		4,858		11,442
Gain on disposals of investments in subsidiaries		1,267		-
Gain on disposals of investments in associates		-		19,118
Miscellaneous income		2,459		3,332
Reversal of impairment losses on intangible assets		-		329
Reversal of bad debt for other accounts receivable		-		2,427
Others		220		293
Total	₩	49,540	₩	89,116

(in millions of Korean won)		2023		2022
Other non-operating expenses				
Loss on foreign currency transaction	₩	14,541	₩	15,429
Loss on foreign currency translation		4,838		9,916
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 transactions of derivatives		31,944		27,398
Loss on valuation of derivatives		3,252		1,346
Loss on disposals of investments in associates		-		2,240
Impairment losses of investments in associates		4,955		9,875
Loss on disposals of investments in subsidiaries		-		18
Donations and contributions		1,900		2,042
Other bad debt expenses		451		149
Disaster loss		-		62
Impairment losses of intangible assets		7,088		10,370
Impairment losses of property, plant and equipment		5,862		1,278
Miscellaneous income		8,138		874
Others		568		631
Total	₩	90,419	₩	82,162

27. Net Gains (Losses) from Financial Instruments

Net gains (losses) from financial instruments for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023						
	Financial assets at amortized cost	**Financial assets at FVTPL**	**Financial assets at FVTOCI**	**Financial liabilities at amortized cost**	**Financial liabilities at FVTPL**	**Other financial liabilities**	**Total**
Bad debt expenses	₩ (2,962)	₩ -	₩ -	₩ -	₩ -	₩ -	₩ (2,962)
Gain (loss) on valuation of derivatives	-	(5,020)	-	-	(3,252)	-	(8,272)
Gain (loss) on transaction of derivatives	-	11,830	-	-	(32,384)	-	(20,554)
Interest income	121,394	-	-	-	-	-	121,394
Interest expenses	-	-	-	(37,434)	-	(2,172)	(39,606)
Dividend income	-	23	894	-	-	-	917
Gain (loss) on valuation of other financial assets	-	(5,048)	17,569	-	-	-	12,521
Gain (loss) on disposal of other financial assets	-	(17)	(27)	-	-	-	(44)
Gain (loss) on foreign currency exchange	7,684	-	-	(123)	-	-	7,561
	₩ 126,116	₩ 1,768	₩ 18,436	₩ (37,557)	₩ (35,636)	₩ (2,172)	₩ 70,955

(in millions of Korean won)	2022						
	Financial assets at amortized cost	**Financial assets at FVTPL**	**Financial assets at FVTOCI**	**Financial liabilities at amortized cost**	**Financial liabilities at FVTPL**	**Other financial liabilities**	**Total**
Reversal of allowance for bad debt	₩ 6,287	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 6,287
Gain (loss) on valuation of derivatives	-	60,302	-	-	(1,810)	-	58,492
Gain (loss) on transaction of derivatives	-	9,583	-	-	(26,777)	-	(17,194)
Interest income	70,074	-	-	-	-	-	70,074
Interest expenses	-	-	-	(18,513)	(37)	(1,497)	(20,047)
Dividend income	-	18	825	-	-	-	843
Gain (loss) on valuation of other financial assets	-	(1,045)	11,018	-	-	-	9,973
Gain (loss) on disposal of other financial assets	-	-	(71)	-	-	-	(71)
Gain (loss) on foreign currency exchange	1,157	-	-	(4,404)	-	-	(3,247)
	₩ 77,518	₩ 68,858	₩ 11,772	₩ (22,917)	₩ (28,624)	₩ (1,497)	₩ 105,110

28. Income Tax

(1) Composition of income tax expense for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)		2023		2022
Current income tax	₩	223,314	₩	194,906
Adjustment related to prior income tax expense		(1,713)		709
Income tax expense due to changes in temporary differences related to profit and loss		(20,318)		339,570
Foreign currency translation effects of the beginning deferred tax		(80)		(231)
Beginning deferred tax liabilities due to temporary differences		(451,351)		(111,300)
Ending deferred tax liabilities due to temporary differences		(442,878)		(451,351)
Deferred tax directly reflected in equity		(11,765)		(250)
Others and consolidation adjustments		2,827		(8,102)
Income tax expense for continuing operations	₩	204,110	₩	527,083

(2) Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)		2023		2022
Profit before income tax expense	₩	1,618,368	₩	2,045,618
Income tax based on statutory tax rate		323,566		472,724
Add (deduct):		(119,456)		54,359
Non-taxable income		(122,274)		(124,324)
Non-deductible expense		4,260		8,185
Effect of tax credit and exemption		(5,175)		(17,630)
Re-measurement of deferred tax – change in the Korean tax law		-		287,508
Others and consolidation adjustments		3,733		(99,380)
Income tax expense	₩	204,110	₩	527,083

(3) Changes in deferred tax assets (liabilities) for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023		
	Beginning balance	**Net changes**	**Ending balance**
Temporary differences:			
Cash flow hedging derivatives	₩ (2,342)	₩ 1,954	₩ (388)
Investments in subsidiaries, associates and joint ventures	(131,921)	569	(131,352)
Property, plant and equipment	38,296	6,361	44,657
Intangible assets	(307)	249	(58)
Other financial assets	(12,619)	(1,795)	(14,414)
Provisions	23,022	5,528	28,550
Doubtful receivables	825	35	860
Other financial liabilities	3,759	124	3,883
Others	6,059	8,647	14,706
Tax deficit and tax credits:			
Tax deficit	1,469	643	2,112
Others	2,583	(389)	2,194
Deferred tax assets (liabilities)	(71,176)	21,926	(49,250)
Others and consolidation adjustment	(380,175)	(13,453)	(393,628)
Consolidated balance	₩ (451,351)	₩ 8,473	₩ (442,878)

(in millions of Korean won)	2022		
	Beginning balance	**Net changes**	**Ending balance**
Temporary differences:			
Cash flow hedging derivatives	₩ 228	₩ (2,570)	₩ (2,342)
Investments in subsidiaries, associates and joint ventures	(20,316)	(111,605)	(131,921)
Property, plant and equipment	33,667	4,629	38,296
Intangible assets	102	(409)	(307)
Other financial assets	(2,411)	(10,208)	(12,619)
Provisions	26,286	(3,264)	23,022
Doubtful receivables	960	(135)	825
Other financial liabilities	4,942	(1,183)	3,759
Others	(20,102)	26,161	6,059
Tax deficit and tax credits:			
Tax deficit	-	1,469	1,469
Others	3,606	(1,023)	2,583
Deferred tax assets (liabilities)	26,962	(98,138)	(71,176)
Others and consolidation adjustment	(138,262)	(241,913)	(380,175)
Consolidated balance	₩ (111,300)	₩ (340,051)	₩ (451,351)

(4) Details of income tax that are directly reflected to the capital for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Valuation gain (loss) of other financial assets	₩	(3,607)	₩	(2,838)
Remeasurement of defined benefit plans		(132)		(2,299)
Change of capital from equity method		(8,026)		4,887
	₩	(11,765)	₩	(250)

(5) As at December 31, 2023 and 2022, the details of deductible temporary differences (except for investment assets and equity-related assets), tax deficit and tax credits unused that were not recognized as deferred tax assets are as follows:

(in millions of Korean won)		**2023**		**2022**
Temporary differences	₩	2,973	₩	1,357
Tax deficit		19,647		19,605
Tax credits unused	₩	553	₩	194

(6) As at December 31, 2023 and 2022, temporary differences related to investment assets in subsidiaries and associates unrecognized as deferred tax assets (liabilities) are as follows:

(in millions of Korean won)		**2023**		**2022**
Investments in subsidiaries	₩	(1,768,901)	₩	(1,712,553)
Investments in associates		(1,059,508)		(1,083,037)
	₩	(2,828,409)	₩	(2,795,590)

(7) The analysis of deferred tax assets and liabilities as of December 31, 2023, is as follows:

(in millions of Korean won)		**2023**
Deferred tax assets	₩	279,815
Deferred tax asset to be recovered within 12 months		82,311
Deferred tax asset to be recovered after more than 12 months		197,504
Deferred tax liabilities		722,693
Deferred tax asset to be recovered within 12 months		28,654
Deferred tax asset to be recovered after more than 12 months		694,039
Deferred tax assets	₩	200,149
Deferred tax liabilities	₩	643,027

29. Earnings per Share

(1) Basic earnings per share for the years ended December 31, 2023 and 2022, is as follows:

(in Korean won)		2023		2022
Basic earnings per share of common share				
Continuing operation	₩	8,032	₩	8,674
Discontinued operation		-		3,748
Total basic earnings per share of common share	₩	8,032	₩	12,422
Basic earnings per share of Pre-1996 Commercial Law Amendment preferred share[1]				
Continuing operation	₩	8,082	₩	8,724
Discontinued operation		-		3,748
Total basic earnings per share of Pre-1996 Commercial Law Amendment preferred share	₩	8,082	₩	12,472

[1] Basic earnings per share are calculated for preferred share, which Korean IFRS 1033 *Earnings Per Share,* clarifies as common share, such as having no priority rights for dividend of profit and distribution of residual property.

(2) Net income and weighted-average number of shares used to calculate earnings per share of common share for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		2023		2022
Profit for the year attributable to owners of the Company	₩	1,261,219	₩	1,979,569
Less: Dividends for Pre-1996 Commercial Law Amendment preferred share		(9,184)		(8,582)
Less: Pre-1996 Commercial Law Amendment preferred share portion of residual profit		(15,153)		(28,973)
Net income used to calculate basic earnings per share of common share	₩	1,236,882	₩	1,942,014
Profit from continuing operations used for continuing operations' basic earnings per share of common share	₩	1,236,882	₩	1,356,084
Discontinued operations' profit used for discontinued operations' basic earnings per share of common share		-		585,930
Weighted-average number of common shares (in shares)		153,991,001 shares		156,340,171 shares

(3) Weighted-average number of common shares to calculate the earnings per share for the years ended December 31, 2023 and 2022, are calculated as follows:

(in shares)		**2023**		**2022**
Beginning number of common shares issued	₩	157,300,993	₩	157,300,993
Beginning treasury shares		(2,180,794)		(49,828)
Weighted-average of treasury shares acquired		(1,129,198)		(910,994)
Ending weighted-average number of common shares	₩	153,991,001	₩	156,340,171

(4) Net income and weighted-average number of shares used to calculate earnings per share of Pre-1996 Commercial Law Amendment preferred share for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Dividends for Pre-1996 Commercial Law Amendment preferred share and Pre-1996 Commercial Law Amendment preferred stock portion of residual profit	₩	24,337	₩	37,555
Net income used to calculate basic earnings per share of Pre-1996 Commercial Law Amendment preferred share		24,337		37,555
Profit from continuing operations used for continuing operations' Pre-1996 Commercial Law Amendment preferred earnings per share of preferred share		24,337		26,270
Discontinued operations' profit used for discontinued operations' Pre-1996 Commercial Law Amendment preferred earnings per share of preferred share		-		11,285
Weighted-average number of Pre-1996 Commercial Law Amendment preferred shares (in shares)		3,011,199 shares		3,011,199 shares

(5) Weighted-average number of Pre-1996 Commercial Law Amendment preferred shares to calculate the earnings per share for the years ended December 31, 2023 and 2022, are calculated as follows:

(in shares)	**2023**	**2022**
Beginning number of Pre-1996 Commercial Law Amendment preferred shares issued	3,021,620	3,021,620
Beginning treasury shares	(10,421)	(10,421)
Weighted-average of treasury shares acquired	-	-
Ending weighted-average number of Pre-1996 Commercial Law Amendment preferred shares	3,011,199	3,011,199

(6) As there are no potential common shares of the Group, diluted earnings per share of common shares and Pre-1996 Commercial Law Amendment preferred shares are equal to basic earnings per share.

30. Related Party

(1) Details of related parties as at December 31, 2023 and 2022, are as follows:

2023		
Entities with direct ownership	**Subsidiaries of entities with direct ownership (domestic)[1]**	**Subsidiaries of entities with direct ownership (overseas)[1]**
Associates		
Tmoney Co., Ltd.	Tmoney CS Partners	Ulaanbaatar Smart card Co, LLC
	SMDev.Co., Ltd.	
Songdo U-Life LLC	U-Life Solutions	
Daegu Clean Energy Co., Ltd.		
CloudGram Corp.		
Korea DRD Corp.		
Hempking Corp.		
Danbee Inc.		
Bithumb META Co., Ltd.		
SEJONG SMART CITY CO., LTD.		
RECAUDO BOGOTA S.A.S.		
Hellas SmarTicket Societe Anonyme		
Dongnam Solar Energy Co., Ltd.		
Serveone Co., Ltd.	Officedepo Korea Co., Ltd.	SERVEONE(Nanjing).Co., LTD. and others
	Via Davinci Co., Ltd.[2]	
	Medi Master Co., Ltd.[2]	
	Daol Logistic Co., Ltd.[2]	
	MSC Networks Co., Ltd.[2]	
XI C&A Co., Ltd.		Zeit C&A Vietnam construction Co.,Ltd and others
S&I Corp.	Dreamnuri Co.Ltd	
LG Electronics Inc.	Hi Plaza Inc.	LG Electronics Mexico S.A.DE C.V. and others
	Hi-M Solutec Co., Ltd.	
	HITeleservice Co., Ltd.	
	ACE R&A Co., Ltd.	
	LG Innotek Co., Ltd.	
	Innowith	
	Hanuri	
	ZKW Lighting Systems Korea Co., Ltd.	
	Hi-Caresolution Corp.	
	LG Magna e-Powertrain Co., Ltd.	
	HIEVCHARGER CO., LTD. (formerly, APPLEMANGO CO.,LTD.)[3]	
LG Chem Ltd.	Haengboknuri Co., Ltd.	LG Chem America, Inc. and others
	LG-HY BCM Co., Ltd. (formerly, LGBCM)[3]	
	FarmHannong Co., Ltd.	

2023		
Entities with direct ownership	**Subsidiaries of entities with direct ownership (domestic)[1]**	**Subsidiaries of entities with direct ownership (overseas)[1]**
LG Uplus Corp.	LG Energy Solution, Ltd. Aremnuri. Co. Ltd TW Biomassenergy Co., Ltd[4] CS Leader Ain Teleservice CS One Partner Medialog Corp. With U Co., Ltd. LG HelloVision Corp. UPLUS HOMESERVICE CV Partners Co,. Ltd. Murex Wave Active Senior Venture Fund	DACOM America Inc. and others
LG Household & Health Care Ltd.	Coca-Cola Beverage Co. Hankook Beverage Co., Ltd. HAITAI HTB CO., LTD. Balkeunnuri Co., Ltd. Fmji Co., Ltd. LG Farouk Co. Taegeuk Pharmaceutical Co., Ltd. Ulleung Spring Water Co., Ltd. RUCIPELLO KOREA INC. MiGenstory Co. Ltd Gowoonnuri F&I Agricultural Co., Ltd. (formerly, Konjiam Yewon Co., Ltd.)[3]	Beijing LG Household Chemical Co., Ltd. and others
HS Ad Inc. (formerly, GIIR Corporation)[5]		GIIR America Inc. and others
ZKW Holdings GmbH	ZKW Lighting Systems Korea Co., Ltd.	ZKW Group GmbH. and others
ZKW Austria Immobilien Holding GmbH		ZKW Austria Immobilien GmbH
Other related parties' affiliates by the Act[6]		
LG Display Co., Ltd.	Nanumnuri Co., Ltd.	LG Display Nanjing Co., Ltd. and others
Robostar Co., Ltd.		ROBOSTAR(SHANGHAI) CO., LTD.
SEETEC Co., Ltd.		
DACOM Crossing Corporation		
FITNESSCANDY CO.,LTD		

[1] Joint ventures of associates are excluded.

[2] It was newly acquired during the current year.

[3] It changed its name during the current year.

[4] It was established during the current year.

[5] It merged HS Ad Inc. and LBEST INC., its subsidiaries, and changed its name during the current year.

[6] These companies are not related parties as defined in paragraph 9 of Korean IFRS 1024. However, the companies are designated by the Fair Trade Commission as related parties in accordance with the resolution of the Securities and Futures Commission in accordance with the substantive relationship stipulated in paragraph 10 of Korean IFRS 1024.

2022		
Entities with direct ownership	**Subsidiaries of entities with direct ownership (domestic)[1]**	**Subsidiaries of entities with direct ownership (overseas)[1]**
Associates		
Tmoney Co., Ltd.	Tmoney CS Partners	T money Asia sdn bhd and others
	SMDev.Co., Ltd.	
Songdo U-Life LLC	U-Life Solutions	
	Songdo International Sports Club LLC[2]	
Daegu Clean Energy Co., Ltd.		
CloudGram Corp.		
Korea DRD Corp.		
Hempking Corp.		
Danbee Inc.		
Bithumb META Co., Ltd.[3]		
SEJONG SMART CITY CO., LTD.[3]		
RECAUDO BOGOTA S.A.S.		
Hellas SmarTicket Societe Anonyme		
Dongnam Solar Energy Co., Ltd.		
Serveone Co., Ltd.	Officedepo Korea Co., Ltd.[5]	SERVEONE(Nanjing).Co.,LTD and others
XI C&A Co., Ltd. (formerly, S&I Engineering & Construction Co., Ltd.)[4]		Zeit C&A Vietnam construction Co.,Ltd and others[7]
S&I Corp.(formerly, S&I Atxpert)[4]	Dreamnuri Co., Ltd.[6]	
LG Electronics Inc.	Hi Plaza Inc.	LG Electronics Mexico S.A.DE C.V. and others
	Hi-M Solutec Co., Ltd.	
	HITeleservice Co., Ltd.	
	ACE R&A Co., Ltd.	
	LG Innotek Co., Ltd.	
	Innowith	
	Hanuri	
	ZKW Lighting Systems Korea Co., Ltd.	
	Hi-Caresolution Corp.	
	LG Magna e-Powertrain Co., Ltd.	
	APPLEMANGO CO., LTD.[8]	

2022		
Entities with direct ownership	**Subsidiaries of entities with direct ownership (domestic)[1]**	**Subsidiaries of entities with direct ownership (overseas)[1]**
LG Chem Ltd.	Haengboknuri Co., Ltd.	LG Chem America, Inc. and others
	LGBCM	
	FarmHannong Co., Ltd.	
	LG Energy Solution, Ltd.	
	Aremnuri. Co. Ltd	
LG Uplus Corp.	CS Leader	DACOM America Inc. and others
	Ain Teleservice	
	CS One Partner	
	Medialog Corp.	
	With U Co., Ltd.	
	LG HelloVision Corp.	
	UPLUS HOMESERVICE	
	CV Partners Co., Ltd.	
	Murex Wave Active Senior Venture Fund	
LG Household & Health Care Ltd.	Coca-Cola Beverage Co.	Beijing LG Household Chemical Co., Ltd. and others
	Hankook Beverage Co., Ltd.	
	HAITAI HTB CO., LTD.	
	Balkeunnuri Co., Ltd.	
	Fmji Co., Ltd.	
	LG Farouk Co.	
	Taegeuk Pharmaceutical Co., Ltd.	
	Ulleung Spring Water Co., Ltd.	
	RUCIPELLO KOREA INC.	
	MiGenstory Co. Ltd	
	Gowoonnuri	
	Konjiam Yewon Co., Ltd.[9]	
HS Ad Inc. (formerly, GIIR Corporation)[5]	HS Ad Co., Ltd.[10]	GIIR America Inc. and others
	L. Best[10]	
ZKW Holdings GmbH	ZKW Lighting Systems Korea Co., Ltd.	ZKW Group GmbH. and others
ZKW Austria Immobilien Holding GmbH		ZKW Austria Immobilien GmbH
Other related parties' affiliates by the Act[11]		
LG Display Co., Ltd.	Nanumnuri Co., Ltd.	LG Display Nanjing Co., Ltd. and others
Robostar Co., Ltd.		ROBOSTAR(SHANGHAI) CO., LTD.
SEETEC Co., Ltd.		
DACOM Crossing Corporation		
FITNESSCANDY CO.,LTD[12]		

[1] Joint ventures of associates are excluded.

[2] It was liquidated during the current year.

[3] It was classified as affiliate due to the acquisition of shares during the prior year.

[4] It was classified as affiliate due to the disposal of shares during the prior year.

[5] It was classified as a subsidiary of Serveone Co., Ltd. due to the acquisition of shares during the prior year.

[6] It is a subsidiary of S&I Corp. classified as an associate due to the disposal of shares during the prior year.

[7] It is a subsidiary of XI C&A Co., Ltd. classified as an associate due to the disposal of shares during the prior year.

[8] It was classified as subsidiary of LG Electronics Inc. due to the acquisition of shares during the prior year.

[9] It was classified as subsidiary of LG Household & Health Care Ltd. due to the disposal of shares during the prior year.

[10] It was merged with HS Ad Inc. (formerly, GIIR Corporation) during the current year.

[11] These companies are not related parties as defined in paragraph 9 of Korean IFRS 1024. However, the companies are designated by the Fair Trade Commission as related parties in accordance with the resolution of the Securities and Futures Commission in accordance with the substantive relationship stipulated in paragraph 10 of Korean IFRS 1024.

[12] It was incorporated as related parties during the prior year.

(2) Transactions between the parent company and subsidiaries are eliminated before consolidation, and the details of other transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

1) Sale and purchase of goods and services for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023			
	Revenue and others[1,3]	**Purchase of raw material**	**Acquisitions of property, plant and equipment and intangible assets**	**Other purchase[4]**
Associates and their subsidiaries				
Tmoney Co., Ltd.	₩ 60,103	₩ -	₩ -	₩ 1,702
LG Chem Ltd.[2]	1,435,422	24,554	-	12,658
LG Household & Health Care Ltd.[2]	78,074	208	-	4,682
LG Electronics Inc[2]	1,525,326	23	2	129,004
LG Uplus Corp.[2]	464,282	-	-	30,119
LG Hitachi Co., Ltd.	-	-	-	-
HS Ad Inc.[2]	8,188	-	1,663	22,413
Dongnam Solar Energy Co., Ltd.	477	-	-	-
Serveone Co., Ltd.[2]	26,757	-	362	2,419
CloudGram Corp.	7	-	-	3,137
Korea DRD Corp.	-	-	-	2
Hempking Corp.	-	-	-	260
Hellas SmarTicket Societe Anonyme	1,313	-	-	-
RECAUDO BOGOTA S.A.S.	21,235	-	-	-
XI C&A Co., Ltd.[2]	16,318	-	63,015	1,928
S&I Corp.[2]	21,531	-	6,886	105,027
Bithumb META Co., Ltd.	316	-	-	-
SEJONG SMART CITY CO., LTD.	12,804	-	-	11
Other related parties' affiliates by the Act[5]				
LG Display Co., Ltd. and others[2]	418,401	-	1,891	265
Robostar Co., Ltd.	4	-	-	-
SEETEC Co., Ltd.	11	-	-	-
DACOM Crossing Corporation	1	-	-	-
LX Holdings Corp. and others	-	-	-	-
Total	₩ 4,090,570	₩ 24,785	₩ 73,819	₩ 313,627

(in millions of Korean won)	2022			
	Revenue and others[1,3]	**Purchase of raw material**	**Acquisitions of property, plant and equipment and intangible assets**	**Other purchase[4]**
Associates and their subsidiaries				
Tmoney Co., Ltd.	₩ 22,846	₩ -	₩ -	₩ 1,137
LG Chem Ltd.[2]	1,279,410	11,676	-	8,902
LG Household & Health Care Ltd.[2]	74,247	165	4	3,957
LG Electronics Inc[2]	1,416,410	595	175	144,784
LG Uplus Corp.[2]	579,078	-	12	28,635
LG Hitachi Co., Ltd.	245	-	-	507
HS Ad Inc.[2]	11,265	-	1,267	17,078
Dongnam Solar Energy Co., Ltd.	480	-	-	-
Serveone Co., Ltd.[2]	20,966	10,190	391	3,813
CloudGram Corp.	-	-	-	3,729
Korea DRD Corp.	620	-	-	587
Hempking Corp.	-	-	-	137
Hellas SmarTicket Societe Anonyme	783	-	-	-
RECAUDO BOGOTA S.A.S.	21,008	-	-	-
XI C&A Co., Ltd.[2]	11,090	-	8,157	1,130
S&I Corp.[2]	19,593	-	5,844	86,554
Bithumb META Co., Ltd.	6,711	-	-	-
SEJONG SMART CITY CO., LTD.	1,926	-	-	-
Other related parties' affiliates by the Act[5]				
LG Display Co., Ltd. and others[2]	527,914	-	-	319
Robostar Co., Ltd.	4	-	-	-
SEETEC Co., Ltd.	2	-	-	-
DACOM Crossing Corporation	-	-	-	-
LX Holdings Corp. and others	97,896	-	-	1,038
Total	₩ 4,092,494	₩ 22,626	₩ 15,850	₩ 302,307

[1] Dividends received from associates are disclosed in Note 13.

[2] Includes transactions with their subsidiaries.

[3] The net increase or decrease in contract assets and contract liabilities for LG Electronics Inc. in addition to the above transaction details during the current period increased by ₩ 77,490 million, and contract assets of ₩ 247,103 million and contract liabilities of ₩ 117,040 million are recorded as at December 31, 2023.

[4] In addition to the transaction details above, right-of-use assets of ₩ 4,941 million and lease liabilities of ₩ 5,157 million for LG Electronics Co., Ltd. and others are recorded as at December 31, 2023.

[5] These companies are not related parties defined in paragraph 9 of Korean IFRS 1024. However, the companies are designated by the Fair Trade Commission as related parties in accordance with the resolution of the Securities and Futures Commission in accordance with the substantive relationship stipulated in paragraph 10 of Korean IFRS 1024.

2) Outstanding receivables and payables from sale and purchase of goods and services as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023		
	Account receivables and others[1]	**Loans**	**Account payables and others[2]**
Associates and their subsidiaries			
Tmoney Co., Ltd.	₩ 26,708	₩ -	₩ 212
LG Chem Ltd.[3]	504,000	-	25,754
LG Household & Health Care Ltd.[3]	9,885	-	7,916
LG Electronics Inc[3]	473,348	-	77,274
LG Uplus Corp.[3]	123,021	-	13,620
HS Ad Inc.[3]	4,428	-	24,494
Dongnam Solar Energy Co., Ltd.	-	538	-
Serveone Co., Ltd.[3]	8,241	-	928
CloudGram Corp.	-	-	92
Hellas SmarTicket Societe Anonyme	231	-	-
RECAUDO BOGOTA S.A.S.[4]	20,844	-	-
XI C&A Co., Ltd.[3]	2,946	-	13,388
S&I Corp.[3]	3,232	-	6,083
SEJONG SMART CITY CO., LTD.	13,233	-	12
Other related parties' affiliates by the Act[5]			
LG Display Co., Ltd. and others[3]	132,133	-	16,267
Robostar Co., Ltd.	-	-	-
	₩ 1,322,250	₩ 538	₩ 186,040

(in millions of Korean won)	2022		
	Account receivables and others[1]	Loans	Account payables and others[2]
Associates and their subsidiaries			
Tmoney Co., Ltd.	₩ 2,372	₩ -	₩ 163
LG Chem Ltd.[3]	532,772	-	16,429
LG Household & Health Care Ltd.[3]	5,190	-	8,145
LG Electronics Inc[3]	363,587	-	62,153
LG Uplus Corp.[3]	132,718	-	16,546
HS Ad Inc.[3]	6,476	-	21,812
Dongnam Solar Energy Co., Ltd.	22	538	-
Serveone Co., Ltd.[3]	7,223	-	961
CloudGram Corp.	-	-	49
Hellas SmarTicket Societe Anonyme	121	-	-
RECAUDO BOGOTA S.A.S.[4]	20,384	-	-
XI C&A Co., Ltd.[3]	2,393	-	5,827
S&I Corp.[3]	3,700	-	6,680
SEJONG SMART CITY CO., LTD.	1,257	-	-
Other related parties' affiliates by the Act[5]			
LG Display Co., Ltd. and others[3]	105,817	-	14,998
Robostar Co., Ltd.	1	-	-
	₩ 1,184,033	₩ 538	₩ 153,763

[1] Receivables from related parties are composed of mainly trade receivables and other receivables arising from sales transactions.

[2] Payables to related parties are composed of mainly trade payables and other payables arising from purchase transactions.

[3] Includes transactions with their subsidiaries.

[4] Provision for bad debts of ₩ 1 million and ₩ 180 million are recognized as at December 31, 2023 and 2022, respectively.

[5] These companies are not related parties defined in paragraph 9 of Korean IFRS 1024. However, the companies are designated by the Fair Trade Commission as related parties in accordance with the resolution of the Securities and Futures Commission in accordance with the substantive relationship stipulated in paragraph 10 of Korean IFRS 1024.

3) Fund transactions with the related parties for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023				
	Reduction of capital with consideration	Loans		Borrowings	
		Loans	Payback	Borrowings	Repayments
Associates					
Serveone Co., Ltd.	₩ 31,920	₩ -	₩ -	₩ -	₩ -
	₩ 31,920	₩ -	₩ -	₩ -	₩ -

(in millions of Korean won)	2022					
	Contribution in cash	Sales of interests	Loans		Borrowings	
			Loans	Payback	Borrowings	Repayments
Associates						
Dongnam Solar Energy Co., Ltd.	₩ -	₩ -	₩ 153	₩ -	₩ -	₩ -
Bithumb META Co., Ltd.	3,000	-	-	-	-	-
SEJONG SMART CITY CO., LTD.	14,562	-	-	-	-	-
LG Household & Health Care Ltd.[1]	-	1,312	-	-	-	-
	₩ 17,562	₩ 1,312	₩ 153	₩ -	₩ -	₩ -

[1] During the prior period, all shares (90%) of Konjiam Yewon Co., Ltd. were disposed.

(3) The compensation and benefits for the Group's key managements (registered executives, including non-permanent and non-registered executives) who have significant control and responsibility on planning, operating and controlling the activities of the Group for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023	2022
Short-term employee benefits	₩ 75,855	₩ 76,791
Severance benefits	8,169	9,203
Other long-term employee benefits	8	8
	₩ 84,032	₩ 86,002

(4) Details of payment guarantees provided to related parties as at December 31, 2023, are as follows:

(in millions of Korean won and EUR)

Company provided	Details	Insurance company	Limit amount	Limit amount (Korean won)	Guarantee period
Hellas SmarTicket Societe Anonyme	Payment guarantees	The Export-Import Bank of Korea	EUR 28,000,000	₩ 39,945	2016.03.04 ~ 2027.03.04

31. Commitments and Pledging

(1) As of December 31, 2023 and 2022, commitments related to the Group's funding are as follows:

(in millions of Korean won)	2023	
	Limit	**Used**
Import and export comprehensive	₩ 36,103	₩ -
Import	6,447	-
Overdraft	28,000	-
Credit line	24,000	21
Corporate facility fund borrowings	548	413
Working capital borrowings	88,005	2,567
Forwards	135,129	31,524
Receivable-backed borrowings	84,000	-
Other borrowing agreements	109,000	10,401

(in millions of Korean won)	2022	
	Limit	**Used**
Import and export comprehensive	₩ 35,484	₩ 10,766
Import	6,337	-
Overdraft	28,000	-
Credit line	5,000	-
Corporate facility fund borrowings	29,209	10,065
Working capital borrowings	337,196	281,344
Forwards	122,640	28,914
Receivable-backed borrowings	106,000	28
Other borrowing agreements	109,000	4,098

(2) Restricted financial assets as of December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	**2023**	**Remark**
Long-term financial institution deposits	₩ 175,483	Win-Win cooperation fund, treasury share acquisition trust and others
Long-term deposits	18	Deposits for overdraft accounts and others

(in millions of Korean won)	**2022**	**Remark**
Short-term financial institution deposits	₩ 105	Deposit related to guarantee insurance
Long-term financial institution deposits	348,898	Win-Win cooperation fund, shared-growth cooperation fund, treasury share acquisition trust and others
Long-term deposits	22	Deposits for overdraft accounts and others

(3) Details of pledging as of December 31, 2023, are as follows:

Provider	Recipient	Details
D&O Corp.	NongHyup Bank	₩ 873 million of associate stock (Dongnam Solar Energy Co., Ltd.) provided as pledged to project financing.
LG CNS Co., Ltd.	Korea Software Financial Cooperative	₩ 1,342 million of capital stock investment provided as mortgage.
	Engineering Guarantee Insurance	₩ 775 million of capital stock investment provided as mortgage.
LG Sports Co., Ltd.	KB Bank	Provide land and building as collateral (book value: ₩ 83,823 million and ₩ 86,780 million and maximum pledge amount: ₩ 24,000 million and ₩ 48,000 million, in 2023 and 2022, respectively).

(4) The Group provides the following performance guarantees to customers by insuring guarantee insurance against fulfillment of a contract and warranty as at December 31, 2023 and 2022:

(in millions of Korean won)	2023			
	Provider	**Amounts of guarantees**		**Insurance company**
Guarantee of contract and warranties, etc.	LG CORP., D&O Corp., LG CNS Co., Ltd., and others	₩	93,593	Seoul Guarantee Insurance Company
			470,264	Korea Software Financial Cooperative
			26,729	Construction Guarantee Cooperative
			4,387	The Export-Import Bank of Korea
			40,373	Shinhan Bank and others
Total		₩	635,346	

(in millions of Korean won)	2022			
	Provider	**Amounts of guarantees**		**Insurance company**
Guarantee of contract and warranties, etc.	D&O Corp., LG CNS Co., Ltd. and others	₩	75,071	Seoul Guarantee Insurance Company
			464,689	Korea Software Financial Cooperative
			148,765	Construction Guarantee Cooperative
			4,311	The Export-Import Bank of Korea
			36,134	Shinhan Bank and others
Total		₩	728,970	

(5) Other terms and conditions

1) As at December 31, 2023, the Group has entered into an agreement jointly with Gwangmyeong Electric Co., Ltd. and Daekyung Enertech Co., Ltd. to pay the shortfall to the sales reserve account when the annual photovoltaic power generation revenue is less than certain amount regarding Nonghyup Bank's borrowings (₩ 4,700 million and ₩ 6,400 million as at December 31, 2023 and 2022, respectively) of Dongnam Solar Energy Co., Ltd., an associate.

2) As at December 31, 2023, the Group has an agreement to pay to the ClearLink Business Services Limited by applying certain percentage to the shortfall if the average annual gross profit from transactions within the mutually agreed scope does not reach the agreed standard when selling for shares in SERVEONE Co., Ltd.

3) As at December 31, 2023, when trading with Crystal Korea Limited (investor) for some of LG CNS Co., Ltd.'s shares (35% of the total number of shares generated), the Group has an agreement to propose a recovery plan for the shortfall if it does not meet the investor's certain return.

4) As at December 31, 2023, when selling shares of S&I Corp. (formerly, S&I Atxpert), the Group has an agreement to compensate the buyer's damages incurred for a specific reason for three years from the closing date of the transaction by multiplying the target stock ratio.

5) As at December 31, 2023, when selling shares of XI C&A Co., Ltd. (formerly, S&I Engineering & Construction Co., Ltd.), the Group has an agreement to compensate the buyer for damages caused by a construction site accident in 2021 by multiplying the target stock ratio.

6) As at December 31, 2023, the Group has an investment agreement of ₩ 33,000 million and USD 215 million (2022: ₩ 28,000 million and USD 137 million) for the acquisition of other financial assets. As at December 31, 2023, the amount invested by the Group is ₩ 27,515 million and USD 113 million (2022: ₩ 18,765 million and USD 24 million).

7) As at December 31, 2023, the Group has a joint guarantee agreement when Hi Plaza Co., Ltd., a tenant of its building (Sangdo-dong), fails to pay electricity bills to KOREA ELECTRIC POWER CORPORATION, and the maximum guarantee debt is ₩ 19 million (2022: ₩ 19 million).

8) As at December 31, 2023, the Group has a cash deficiency support agreement to provide additional fund in the event of vacancy in the target area of Changwon-Sangnam Complex Commercial Facility.

9) As at December 31, 2023, the Group has a transaction agreement up to ₩ 34,228 million with Construction Guarantee Cooperative in relation to subcontracting payment guarantee.

10) As at December 31, 2023, the Group has a joint and several liability to repay for the obligations of D&O Corp. (formerly, S&I Corp.) before spin-off. Therefore, the Group and the newly established companies, XI C&A Co., Ltd. (formerly, S&I Engineering & Construction Co., Ltd.) and S&I Corp. (formerly, S&I Atxpert), are jointly and severally liable for the obligations outstanding as of October 1, 2021, the spin-off date.

32. Leases

(1) The Group as lessee

1) The book value of right-of-use assets as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023							
	Buildings		Vehicles		Furniture, fixtures and others		Total	
Acquisition cost	₩	49,619	₩	10,534	₩	4,068	₩	64,221
Accumulated depreciation		(20,981)		(4,774)		(877)		(26,632)
Accumulated impairment loss		-		-		(326)		(326)
Book value	₩	28,638	₩	5,760	₩	2,865	₩	37,263

(in millions of Korean won)	2022							
	Buildings		Vehicles		Furniture, fixtures and others		Total	
Acquisition cost	₩	45,482	₩	10,236	₩	3,044	₩	58,762
Accumulated depreciation		(14,767)		(5,040)		(1,209)		(21,016)
Accumulated impairment loss		-		-		(26)		(26)
Book value	₩	30,715	₩	5,196	₩	1,809	₩	37,720

2) Changes in book value of right-of-use assets for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023							
	Buildings		Vehicles		Furniture, fixtures and others		Total	
Beginning balance	₩	30,715	₩	5,196	₩	1,809	₩	37,720
Acquisitions		21,538		4,896		2,003		28,437
Depreciation		(10,899)		(3,514)		(963)		(15,376)
Termination of contract, etc.		(12,716)		(818)		16		(13,518)
Ending balance	₩	28,638	₩	5,760	₩	2,865	₩	37,263

(in millions of Korean won)	2022			
	Buildings	**Vehicles**	**Furniture, fixtures and others**	**Total**
Beginning balance	₩ 17,418	₩ 5,109	₩ 2,050	₩ 24,577
Acquisitions	38,366	4,744	806	43,916
Depreciation	(9,461)	(3,228)	(1,056)	(13,745)
Termination of contract, etc.	(15,608)	(1,429)	9	(17,028)
Ending balance	₩ 30,715	₩ 5,196	₩ 1,809	₩ 37,720

3) The amounts recognized in profit or loss for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	**2023**	**2022**
Depreciation of right-of-use assets	₩ 15,376	₩ 13,746
Interest expenses on lease liabilities	2,172	1,489
Short-term and low-value asset lease related expenses	14,935	6,380
Contract termination costs, etc.	98	(161)

As of December 31, 2023, the Group's short-term lease commitment is ₩ 285 million (2022: ₩ 825 million), and the total cash outflow of the lease for the year ended December 31, 2023, including short-term leases, is ₩ 27,827 million (2022: ₩ 20,961 million).

4) The details of the liquidity classification of lease liabilities as of December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	**2023**	**2022**
Current liabilities	₩ 15,133	₩ 13,230
Non-current liabilities	32,866	34,652
Total	₩ 47,999	₩ 47,882

5) The maturity analysis of lease liabilities as of December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023		2022	
	Minimum lease payments	**Present value of minimum lease payments**	**Minimum lease payments**	**Present value of minimum lease payments**
Within 1 year	₩ 15,634	₩ 15,133	₩ 13,521	₩ 13,230
More than 1 year ~ within 5 years	29,942	27,128	28,595	26,409
More than 5 years	7,208	5,738	12,325	8,243
Total	₩ 52,784	₩ 47,999	₩ 54,441	₩ 47,882

(2) The Group as lessor

1) The companies included in the Group have operating lease contracts, such as real estate rental.

2) The schedule for receiving lease payment related to operating lease contracts as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

2023						
Within 1 year	**1 year ~ 2 years**	**2 years ~ 3 years**	**3 years ~ 4 years**	**4 years ~ 5 years**	**More than 5 years**	**Total**
₩ 146,233	₩ 26,006	₩ 19,244	₩ 11,664	₩ 8,402	₩ 2,494	₩ 214,043

(in millions of Korean won)

2022						
Within 1 year	**1 year ~ 2 years**	**2 years ~ 3 years**	**3 years ~ 4 years**	**4 years ~ 5 years**	**More than 5 years**	**Total**
₩ 140,140	₩ 21,199	₩ 14,003	₩ 11,135	₩ 10,568	₩ 10,456	₩ 207,501

3) The Group recognized rental profit related to operating lease contracts for the years ended December 31, 2023 and 2022, in the amounts of ₩ 161,483 million and ₩ 162,081 million, respectively.

33. Pending Litigations

There are five pending litigations as at December 31, 2023, the Group as a plaintiff, including claims for return of other receivables (Defendant: Asan Social Welfare Foundation and the amount of litigation: ₩ 10,000 million) and the total amount of litigations is ₩ 10,254 million. There are 13 pending litigations as at December 31, 2023, the Group as a defendant, including the claims for compensation for damages on delivery equipment (Plaintiff: Korea Customs Service and the amount of litigation: ₩ 15,170 million) and the total amount of litigations is ₩ 63,471 million. Meanwhile, the results of litigations and the impact on the consolidated financial statements cannot be reasonably predicted at the end of the reporting period.

34. Risk Management

(1) Capital risk management

The Group performs capital risk management to maintain the ability to continuously provide profits to shareholders and interested parties and to maintain optimum capital structure to reduce capital expenses. In order to maintain or adjust capital structure, the Group applies policy, such as adjustment of dividend payments.

The Group's capital structure consists of net liability, which is borrowings, less cash and cash equivalents and equity. The overall capital risk management policy of the Group is unchanged from the prior period. In addition, items managed as capital by the Group as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Total borrowings	₩	551,728	₩	810,836
Less: Cash and cash equivalents		(778,904)		(1,050,726)
Borrowings, net		(227,176)		(239,890)
Total equity		27,016,489		26,234,186
Debt-to-equity ratio[1]	₩	-	₩	-

[1] As at December 31, 2023 and 2022, equity to net borrowings ratio was not calculated because net borrowings were negative.

(2) Financial risk management

The Group is exposed to various financial risks, such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk related to financial instruments. The purpose of risk management of the Group is to identify potential risks of financial performance and reduce, eliminate and evade those risks to a degree acceptable to the Group. The Group makes use of derivative financial instruments to hedge certain risks, such as foreign exchange risks. Overall financial risk management policy of the Group is the same as one of the prior periods.

1) Foreign exchange risk

The Group is exposed to foreign exchange risk since it makes transactions in foreign currencies. The book value of the Group's monetary assets and liabilities denominated in foreign currency that is not the functional currency as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023		2022	
	Assets	Liabilities	Assets	Liabilities
USD	₩ 215,180	₩ 71,668	₩ 173,765	₩ 49,892
EUR	51,818	15,477	32,748	3,142
JPY	832	342	391	924
CNY	743	422	1,091	242
Others	162,599	25,410	100,719	21,176
Total	₩ 431,172	₩ 113,319	₩ 308,714	₩ 75,376

The Group internally assesses the foreign currency risk from changes in exchange rates on a regular basis. The Group’s sensitivity analysis to a 10% increase and decrease in the Korean won (functional currency of the Group) against major foreign currencies as of December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023		2022	
	10% increase against foreign currency	10% decrease against foreign currency	10% increase against foreign currency	10% decrease against foreign currency
USD	₩ 11,079	₩ (11,079)	₩ 9,391	₩ (9,391)
EUR	2,795	(2,795)	2,244	(2,244)
JPY	38	(38)	(40)	40
CNY	25	(25)	64	(64)
Others	10,488	(10,488)	5,997	(5,997)
Total	₩ 24,425	₩ (24,425)	₩ 17,656	₩ (17,656)

Sensitivity analysis above is conducted for monetary assets and liabilities denominated in foreign currencies other than the functional currency as at December 31, 2023.

Meanwhile, the Group entered into cross-currency forward contracts and currency swap contracts to avoid foreign exchange risk related to foreign currency payables and foreign currency receivables.

The details of unsettled currency forward contracts as at December 31, 2023, are as follows:

(in millions of Korean won)		Valuation gain and loss		Fair value	
	Nominal amount	Gain	Loss	Assets	Liabilities
Currency forward	₩ 416,151	₩ 4,858	₩ 3,252	₩ 4,858	₩ 3,252

2) Interest rate risk

Due to borrowings issued by a floating interest rate, the Group is exposed to cash flow risk arising from interest rate changes. In addition, because of debt securities out of other financial assets that are measured at fair value, the Group is exposed to fair value interest rate risk.

None of the assets is exposed to interest rate risk and the book value of liabilities exposed to interest rate risk as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	**2023**	**2022**
Borrowings[1]	₩ 1,358	₩ 24,304

[1] Of the loans under variable interest rate conditions, ₩ 150,000 million of interest rate products fixed by interest rate swaps was excluded, and interest rates fixed by interest rate swaps were 6.4% to 6.8%, and if all other variables were constant and interest rates changed by 1%, there was no significant effect on after-tax profits.

The Group internally assesses the interest risk from changes in interest rates on a regular basis. Effect of changes in interest rates of 1% to net income and net assets as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	**2023**		**2022**	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
Borrowings	₩ (11)	₩ 11	₩ (183)	₩ 183

3) Price risk

The Group is exposed to price risks from equity instruments. As at December 31, 2023, the fair value of equity instruments is ₩ 50,520 million (2022: ₩ 40,522 million), and when all the other variables are constant and when the price of equity instrument changes by 10%, the effect of after tax to equity will be ₩ 3,885 million (2022: ₩ 3,112 million).

4) Credit risk

Credit risk refers to risk of financial losses to the Group when the counterparty defaults on the obligations of the contract.

The maximum amount of the financial loss that the Group will incur due to the non-fulfillment of obligations of the counterparty in the event that collateral or other credit enhancement is not taken into consideration is the carrying amount of each financial asset in the consolidated financial statements. Regardless of the likelihood of an event, the maximum amount that the Group will be required to pay for guarantees due to the financial guarantees provided by the Group is the amount of ₩ 39,945 million (the financial guarantee limit is described in Note 30 (4)).

To minimize credit risk, the Group uses independent external credit rating agencies' credit rating information to classify exposure based on the extent of default. If information from credit rating agencies is not available, the Group uses officially available financial information to determine the ratings of key customers and other debtors. Our total exposure and the counterparty's credit rating are constantly reviewed, and the total amount of these transactions is evenly distributed among the authorized accounts.

Meanwhile, maximum exposure amount of credit risk of the Group for the loss of unconsolidated structured entity that is explained in Note 35 is ₩ 3,797 million.

5) Liquidity risk

The Group establishes short-term and long-term fund management plans to manage liquidity risk. The Group analyzes and reviews actual cash outflow and its budget to correspond to the maturity of financial liabilities and financial assets. Management of the Group believes that the financial liability may be redeemed by cash flow arising from operating activities and financial assets.

Maturity analysis of non-derivative financial liabilities according to their remaining maturity as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023			
	Within 1 year	**1 year ~ 5 years**	**More than 5 years**	**Total**
Trade and other payables	₩ 1,043,951	₩ 26,730	₩ 5,116	₩ 1,075,797
Floating-rate borrowings	1,449	-	-	1,449
Fixed-rate borrowings	22,203	577,802	-	600,005
Lease liabilities	15,634	29,942	7,208	52,784
Payment guarantee[1]	39,945	-	-	39,945
Total	₩ 1,123,182	₩ 634,474	₩ 12,324	₩ 1,769,980

[1] The limit of payment guarantee (EUR 28,000,000) provided to financial institutions for the credit of Hellas SmarTicket Societe Anonyme, an overseas associate, as described in Note 30. (4). This is the maximum amount that the Group will pay by contract when the warrantee claims the whole guaranteed amount. Based on the forecast as of the end of the reporting period, the Group judges that there is a higher probability of not paying the guaranteed amount than the possibility of paying it in accordance with the guarantee of payment. However, the above estimates may fluctuate because the probability that the warrantee may claim payment to the Group under the guarantee contract due to the possibility of credit loss in the financial bond held by the warrantee.

(in millions of Korean won)	2022			
	Within 1 year	1 year ~ 5 years	More than 5 years	Total
Trade and other payables	₩ 979,827	₩ 23,677	₩ 6,741	₩ 1,010,245
Floating-rate borrowings	182,970	-	-	182,970
Fixed-rate borrowings	501,710	158,694	-	660,404
Lease liabilities	13,521	28,595	12,325	54,441
Payment guarantee[1]	37,834	-	-	37,834
Total	₩ 1,715,862	₩ 210,966	₩ 19,066	₩ 1,945,894

[1] The limit of payment guarantee (EUR 28,000,000) provided to financial institutions for the credit of Hellas SmarTicket Societe Anonyme, an overseas associate, as described in Note 30. (4). This is the maximum amount that the Group will pay by contract when the warrantee claims the whole guaranteed amount. Based on the forecast as of the end of the reporting period, the Group judges that there is a higher probability of not paying the guaranteed amount than the possibility of paying it in accordance with the guarantee of payment. However, the above estimates may fluctuate because the probability that the warrantee may claim payment to the Group under the guarantee contract due to the possibility of credit loss in the financial bond held by the warrantee.

Maturity analysis above is made based on the earliest maturity date by which the payments should be made based on the undiscounted cash flow. It includes cash flows of the principal and interest.

Maturity analysis of derivative assets and liabilities according to their remaining maturity as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)		2023			
	Flow	Within 1 year	1 year ~ 5 years	More than 5 years	Total
Derivatives for trading					
Foreign currency derivatives[1]	Outflow	₩ (414,061)	₩ -	₩ -	₩ (414,061)
	Inflow	415,667	-	-	415,667
Interest rate derivatives	Outflow	-	-	-	-
Subtotal		1,606	-	-	1,606
Other derivatives					
Other derivatives[2]	Inflow	-	-	-	-
Subtotal		-	-	-	-
Total		₩ 1,606	₩ -	₩ -	₩ 1,606

[1] As the foreign currency derivatives contracts are under the gross settlement condition, cash flows are presented by dividing into inflow and outflow.

[2] Derivatives related to the arrangements described in Note 31 (5) 3).

(in millions of Korean won)		2022			
	Flow	**Within 1 year**	**1 year ~ 5 years**	**More than 5 years**	**Total**
Derivatives for trading					
Foreign currency derivatives[1]	Outflow	₩ (326,515)	₩ -	₩ -	₩ (326,515)
	Inflow	336,611	-	-	336,611
Interest rate derivatives	Outflow	(464)	-	-	(464)
Subtotal		9,632	-	-	9,632
Other derivatives					
Other derivatives[2]	Inflow	-	9,878	-	9,878
Subtotal		-	9,878	-	9,878
Total		₩ 9,632	₩ 9,878	₩ -	₩ 19,510

[1] As the foreign currency derivatives contracts are under the gross settlement condition, cash flows are presented by dividing into inflow and outflow.

[2] Derivatives related to the arrangements described in Note 31 (5) 3).

The Group manages liquidity through cash inflows from financial assets and financing arrangements with financial institutions.

(3) Estimation of fair value

The fair values of financial instruments traded in active markets are determined with reference to quoted market prices. The Group uses the current bid price as the quoted market price for its financial assets.

The fair values of financial instruments not traded in an active market (i.e., over-the-counter derivatives) are determined using a valuation technique. The Group uses various valuation techniques using assumptions based on current market conditions. The fair values of long-term liabilities and financial liabilities available for settlement are determined using prices from observable current market transactions and dealer quotes for similar instruments. Where such prices are not available, a discounted cash flow analysis or other valuation technique is performed to measure their fair values.

The fair values of financial assets at amortized cost are approximated at their carrying value, less impairment loss. The Group estimates the fair values of financial liabilities as the present value of future contractual cash flows discounted based on current market rates applied to similar financial instruments.

Financial instruments that are measured subsequently to initial recognition at fair value are grouped into Levels 1 to 3, based on the degree to which the fair value is observable, as described below:

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Measured fair value of the Group according to the above hierarchy is as follows.

1) Financial instruments that are measured subsequent to initial recognition at fair value by fair value hierarchy levels as of December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		2023			
		Level 1	**Level 2**	**Level 3**	**Total**
Other derivative assets	Financial assets at FVTPL	₩ -	₩ -	₩ -	₩ -
Derivative assets for trading	Financial assets at FVTPL	-	4,858	-	4,858
Other financial assets	Financial assets at FVTPL	-	-	221,473	221,473
	Financial assets at FVTOCI	50,520	-	167,171	217,691
Total		₩ 50,520	₩ 4,858	₩ 388,644	₩ 444,022
Derivative liabilities for trading	Financial liabilities at FVTPL	₩ -	₩ 3,252	₩ -	₩ 3,252
Total		₩ -	₩ 3,252	₩ -	₩ 3,252

(in millions of Korean won)		2022			
		Level 1	**Level 2**	**Level 3**	**Total**
Other derivative assets	Financial assets at FVTPL	₩ -	₩ -	₩ 9,878	₩ 9,878
Derivative assets for trading	Financial assets at FVTPL	-	11,442	-	11,442
Other financial assets	Financial assets at FVTPL	-	-	77,753	77,753
	Financial assets at FVTOCI	40,522	-	162,597	203,119
Total		₩ 40,522	₩ 11,442	₩ 250,228	₩ 302,192
Derivative liabilities for trading	Financial liabilities at FVTPL	₩ -	₩ 1,810	₩ -	₩ 1,810
Total		₩ -	₩ 1,810	₩ -	₩ 1,810

There is no significant transfer among levels during the current period and the prior period.

2) Financial instruments that are not measured subsequent to initial recognition at fair value by fair value hierarchy levels as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023				
	Level 1	**Level 2**	**Level 3**	**Total**	**Book value**
Financial assets at amortized cost					
Cash and cash equivalents	₩ -	₩ -	₩ 778,904	₩ 778,904	₩ 778,904
Financial institution deposits	-	-	2,103,293	2,103,293	2,103,293
Trade receivables[1]	-	-	1,576,816	1,576,816	1,576,816
Loans[1]	-	-	11,982	11,982	11,982
Other accounts receivable[1]	-	-	70,073	70,073	70,073
Accrued income[1]	-	-	29,300	29,300	29,300
Deposits[1]	-	-	14,758	14,758	14,758
	₩ -	₩ -	₩ 4,585,126	₩ 4,585,126	₩ 4,585,126
Financial liabilities at amortized cost					
Trade payables[1]	₩ -	₩ -	₩ 772,816	₩ 772,816	₩ 772,816
Borrowings	-	-	2,978	2,978	2,978
Other accounts payable[1,2]	-	-	160,681	160,681	160,681
Accrued expenses[1,2]	-	-	17,428	17,428	17,428
Accrued dividends[1]	-	-	331	331	331
Deposits received	-	122,204	-	122,204	122,338
Debentures	-	547,154	-	547,154	548,750
	₩ -	₩ 669,358	₩ 954,234	₩ 1,623,592	₩ 1,625,322
Other financial liabilities					
Lease liabilities	₩ -	₩ -	₩ 47,999	₩ 47,999	₩ 47,999
	₩ -	₩ -	₩ 47,999	₩ 47,999	₩ 47,999

[1] Short-term receivables and payables classified with level 3 are measured at the original invoice amount since the effect of discounting is immaterial.

[2] Other accounts payable and accrued expenses that are not included in financial liabilities were excluded.

(in millions of Korean won)	2022				
	Level 1	**Level 2**	**Level 3**	**Total**	**Book value**
Financial assets at amortized cost					
Cash and cash equivalents	₩ -	₩ -	₩ 1,050,726	₩ 1,050,726	₩ 1,050,726
Financial institution deposits	-	-	2,233,269	2,233,269	2,233,269
Trade receivables[1]	-	-	1,426,856	1,426,856	1,426,856
Loans[1]	-	-	11,818	11,818	11,818
Other accounts receivable[1]	-	-	74,452	74,452	74,452
Accrued income[1]	-	-	24,388	24,388	24,388
Deposits[1]	-	-	15,312	15,312	15,312
	₩ -	₩ -	₩ 4,836,821	₩ 4,836,821	₩ 4,836,821
Financial liabilities at amortized cost					
Trade payables[1]	₩ -	₩ -	₩ 753,442	₩ 753,442	₩ 753,442
Borrowings	-	-	291,368	291,368	291,368
Other accounts payable[1,2]	-	-	106,018	106,018	106,018
Accrued expenses[1,2]	-	-	20,577	20,577	20,577
Accrued dividends[1]	-	-	429	429	429
Deposits received	-	126,601	-	126,601	127,052
Debentures	-	492,075	-	492,075	519,468
	₩ -	₩ 618,676	₩ 1,171,834	₩ 1,790,510	₩ 1,818,354
Other financial liabilities					
Lease liabilities	₩ -	₩ -	₩ 47,882	₩ 47,882	₩ 47,882
	₩ -	₩ -	₩ 47,882	₩ 47,882	₩ 47,882

[1] Short-term receivables and payables classified with level 3 are measured at the original invoice amount since the effect of discounting is immaterial.

[2] Other accounts payable and accrued expenses that are not included in financial liabilities were excluded.

3) Valuation method and input variables that are classified as Level 2 from the financial instruments that are subsequently measured as fair values are as follows:

(in millions of Korean won)	**Fair values as of December 31, 2023**	**Valuation technique**	**Input variables**
Financial assets			
Derivative assets for trading	₩ 4,858	Decision model for future prices	Discount rate and exchange rate
Financial liabilities			
Derivative liabilities for trading	3,252	Decision model for future prices and others	Discount rate and exchange rate

4) The Group judges that the carrying amount of financial assets and financial liabilities measured at amortized cost in the consolidated statements of financial position is similar to fair value.

5) Changes in Level 3 financial assets and financial liabilities out of financial instruments measured at fair value repeatedly in the consolidated statements of financial position for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023							
		Total comprehensive income						
	Beginning balance	Profit (loss) for the year	Other comprehensive income	Purchases (issuance)	Disposals (settlement)	Transfer	Others	Ending balance
Other financial assets	₩ 240,349	₩ (5,048)	₩ 1,652	₩ 152,052	₩ (748)	₩ -	₩ 385	₩ 388,642
Other derivative assets	9,878	(9,878)	-	-	-	-	-	-
	₩ 250,227	₩ (14,926)	₩ 1,652	₩ 152,052	₩ (748)	₩ -	₩ 385	₩ 388,642

(in millions of Korean won)	2022							
		Total comprehensive income						
	Beginning balance	Profit (loss) for the year	Other comprehensive income	Purchases (issuance)	Disposals (settlement)	Transfer	Others	Ending balance
Other financial assets	₩ 202,045	₩ (1,047)	₩ 10,515	₩ 39,596	₩ (10,617)	₩ (1,607)	₩ 1,464	₩ 240,349
Other derivative assets	-	9,878	-	-	-	-	-	9,878
	₩ 202,045	₩ 8,831	₩ 10,515	₩ 39,596	₩ (10,617)	₩ (1,607)	₩ 1,464	₩ 250,227
Other derivative liabilities	₩ 38,982	₩ (38,982)	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
	₩ 38,982	₩ (38,982)	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -

6) A description of the valuation techniques and the inputs used in the fair value measurement of financial instruments classified as Level 2 and Level 3 is as follows:

- Currency forward and interest rate swap

In principle, the fair value of currency forward was measured based on forward currency rates whose period is coincident with the residual period of the currency forward, and they are advertised on the market at the end of the reporting period. If forward currency rates whose periods are coincident with the residual period are not advertised on the market, the fair value of currency forward was measured by estimating the forward currency rates whose period is similar to the residual period of the currency forward. The estimation of the forward currency was performed using interpolation to advertised periodical forward currency rates. Discount rates used to measure the fair value of currency forward were determined based on yield curve from yields advertised on the market.

Discount rates and forward rates used to measure the fair value of interest rate swaps were determined based on the applicable yield curves derived from interest rates that are advertised on the market at the end of the reporting period. The fair value of interest rate swaps measured on the amount of money that discounted at an appropriate discount rate to future cash flows of interest rate swaps was estimated based on the forward rate that is obtained by the method described above.

Since the input variables that are used to measure the fair value of currency forward and interest rate swaps for the end of the reporting period are derived via the forward exchange rate and the yield curve in the market, the fair values of currency forward and interest rate swap were classified as Level 2 fair value measurement.

- Corporate bonds

The fair value of corporate bonds was measured by discounted cash flow ("DCF") method. The discount rates used in DCF method were determined based on market swap rates and credit spreads of the bonds that are advertised and whose credit rating and period were similar to those of corporate bonds. The discount rates that influence the fair value of corporate bonds significantly are resulted in observable information in the market so that fair value measurement of corporate bonds is classified as Level 2 in the fair value hierarchy.

- Non-listed shares

The fair value of non-listed shares is measured using a discounted cash flow model where some of the assumptions, such as sales growth rate, pretax operating profit margin and the weighted-average cost of capital, are not based on observable market prices or rates. Capital asset pricing model ("CAPM") was used to calculate the weighted-average cost of capital used to discount future cash flow. The key assumptions of estimation listed above are determined to have a significant impact on the fair value of non-listed shares and the Group has classified the fair value measurement of non-listed shares as Level 3 in the fair value hierarchy.

7) There is no change in the valuation technique used in the fair value measurement of financial instruments classified as Level 2 and Level 3.

8) The table below explains the quantitative information of fair value measurement (Level 3) that uses the input variables that are significant, but unobservable and the relationship between unobservable input variables and the fair value measurements:

(in millions of Korean won)		**Fair value as of December 31, 2023**	**Valuation technique**	**Unobservable inputs**	**Range**	**Disposals**
Other financial assets	₩	144,879	Discounted cash flow method	Growth rate	0% ~ 2%	Increase (decrease) in fair values due to increase (decrease) in growth rate
				Discount rate	8.18% ~ 11.40%	Decrease (increase) in fair values due to increase (decrease) in discount rate

9) A description of the valuation processes in the fair value measurement for Level 2 and Level 3 that the Group is carrying out is as follows:

The Group measures fair value of assets and liabilities for financial reporting purposes and reports the result of fair value measurements to chief financial officer directly.

Unobservable inputs that are used to estimate Level 3 fair value measurement are derived in a manner that is described below:

- The share price volatility and share price correlation used to measure the fair value of financial instruments associated with shares, such as investment convertible bonds, share price associations and conversion rights, are estimated based on observed stock price fluctuations in the market over a period prior to the end of the reporting period.

- Pretax profit margin and sales growth rate, which are used to measure the fair value of non-listed shares, are estimated based on the average value of pretax operating margin and sales growth rate of comparable listed companies.

- Weighted-average cost of capital used as discount rate to measure the fair value of non-listed shares is estimated by the weighted-average, after-tax and outside capital cost; capital cost estimates of the share value data reflected for the purpose of the issuer of the shares; and capital structure based on the equity data of comparable public companies, which has been derived based on the CAPM.

10) Impact on profit for the year and other comprehensive income (loss) due to the change in reasonably available and unobservable input variables under the conditions that other input variables are constant is as follows:

(in millions of Korean won)		Changes in reasonably possible	Profit for the year		Other comprehensive income (loss)	
	Unobservable inputs	**unobservable input**	**Favorable change**	**Unfavorable change**	**Favorable change**	**Unfavorable change**
Other financial assets	Growth rate	+/-1%	₩ -	₩ -	₩ 7,952	₩ (6,394)
	Discount rate	+/-1%	-	-	10,853	(8,690)

11) The Group has judged that unobservable changes in inputs to reflect alternative assumptions would not change the fair value measurement significantly.

12) There is no significant change in business and economic environment affecting the fair value of the financial assets and liabilities during the current year.

35. Unconsolidated Structured Entities

As at December 31, 2023, information about the nature and risks associated with interests in unconsolidated structured entities held by the Group is as follows:

(in millions of Korean won)	**Names of structured entities**	**Accounting title of interests on structured entities and providing financial supports**	**Book value of assets related to structured entities' interest**	**Maximum exposure to the loss of structured entities[3]**
Interests accounted in accordance with Korean IFRS 1109 (except interests on subsidiaries)	Changwon-Sangnam Complex Commercial Facility[1]	Other financial assets	₩ 2,190	₩ -
		Cash deficiency support agreement	-	3,797
	Hanam IDC[2]	Other financial assets	5,424	-
	Total	Other financial assets	₩ 7,614	₩ -
		Cash deficiency support agreement	₩ -	₩ 3,797

[1] The Group provides additional fund in the event of vacancy in the target area by cash deficiency support agreement for the relevant building. The amount of cash deficiency support agreement is the maximum amount to be paid by the Group.

[2] None of the cash deficiency support agreement exists for the relevant building.

[3] The Group is liable for agreed obligation only for the operating period and estimates that it is not likely to be exposed to the risk.

36. Disposal of Subsidiaries

(1) The Group disposed of 60% of its shares in XI C&A Co., Ltd. (formerly, S&I Engineering & Construction Co., Ltd.) and S&I Corp. (formerly, S&I Atxpert), for the year ended December 31, 2022.

1) Fair value for the compensation of disposal is as follows:

(in millions of Korean won)	**Fair value for the compensation**
Compensation received as cash and cash equivalents	₩ 664,754

2) The book value of assets and liabilities of the subsidiary at the date of losing the controlling power for subsidiary during the prior period is as follows:

(in millions of Korean won)		**Book value**
Current assets	₩	763,501
Cash and cash equivalents		115,186
Financial institution deposits		26,465
Trade receivables		519,961
Other receivables		15,515
Other current assets		83,890
Current finance lease receivables		459
Current tax assets		735
Inventories		1,290
Non-current assets		69,387
Other financial assets		19,084
Non-current financial institution deposits		365
Non-current other receivables		348
Deferred tax assets		4,196
Finance lease receivables		877
Property, plant and equipment		10,951
Intangible assets		25,503
Right-of-use assets		8,063
Total assets		832,888
Current liabilities		479,673
Trade payables		385,009
Other payables		22,358
Current tax liabilities		10,280
Current provisions		286
Other current liabilities		56,944
Current lease liabilities		4,796
Non-current liabilities		119,379
Long-term borrowings		99,899
Other non-current payables		224
Net defined benefit liability		8,402
Other non-current liabilities		1,500
Deferred tax liability		1,529
Provisions		3,231
Lease liabilities		4,594
Total liabilities		599,052
Total value of disposed net assets	₩	233,836

3) Gain on disposal of subsidiaries for the year ended December 31, 2022, is as follows:

(in millions of Korean won)		**2022**
Compensation of disposal	₩	664,754
Fair value of compensation of disposal		664,754
Less : Value of disposed net assets		233,836
Less : Incidental expenses for disposal		43,822
Add : Consolidation adjustments		335,590
Total value of disposed net assets	₩	722,686

4) Net cash flow due to the disposal of subsidiaries for the year ended December 31, 2022, is as follows:

(in millions of Korean won)		**2022**
Compensation received as cash and cash equivalents	₩	664,754
Less: Disposal of cash and cash equivalents and incidental expenses for disposal		150,007
Net cash flows	₩	514,747

(2) The Group disposed of all shares (90%) of Konjiam Yewon Co., Ltd., for the year ended December 31, 2022.

1) Fair value for the compensation of disposal is as follows:

(in millions of Korean won)		**Fair value for the compensation**
Compensation received as cash and cash equivalents	₩	1,312

2) The book value of assets and liabilities of the subsidiary at the date of losing the controlling power for subsidiary during the prior period is as follows:

(in millions of Korean won)		**Book value**
Current assets	₩	1,454
Cash and cash equivalents		1,448
Other receivables		3
Other current assets		3
Non-current assets		539
Investment properties		539
Total assets		1,993
Current liabilities		13
Other payables		1
Other current liabilities		12
Non-current liabilities		528
Other non-current payables		324
Other non-current liabilities		204
Total liabilities		541
Total value of disposed net assets	₩	1,452
Book value of net asset for controlling interests	₩	1,307
Non-controlling interests		145

3) Gain on disposal of subsidiaries for the year ended December 31, 2022, is as follows:

(in millions of Korean won)		**2022**
Compensation of disposal	₩	1,312
Fair value of compensation of disposal		1,312
Less : Value of disposed net assets		1,307
Less : Incidental expenses for disposal		10
Gain on disposal of investments in subsidiaries	₩	(5)

4) Net cash flow due to the disposal of subsidiaries for the year ended December 31, 2022, is as follows:

(in millions of Korean won)		**2022**
Compensation received as cash and cash equivalents	₩	1,312
Less: Disposal of cash and cash equivalents and incidental expenses for disposal		1,458
Net cash flows	₩	(146)

37. Discontinued Operations

Aggregate information of discontinued operations included in the consolidated statements of comprehensive income are as follows.

(1) Consolidated statements of profit or loss

Performance of discontinued operations included in the consolidated statements of profit or loss is as follows:

(in millions of Korean won)		**2022**
		D&O Corp.
Sales	₩	263,616
Cost of sales		239,974
Selling and administrative expenses		10,385
Operating income (loss)		13,257
Other operating income		7,291
Other operating expenses		741
Profit or loss before tax		19,807
Income tax expenses		4,374
Subtotal		15,433
Profit from discontinued operation sales		722,686
Income tax expense		140,904
Subtotal	₩	581,782
Gain or loss from discontinued operations	₩	597,215
Owners of the parent company[1]		597,215
Non-controlling interests		-

[1] Includes the effect of deferred income tax on stock held by the investee and others.

(2) Cash flow from discontinued operations

(in millions of Korean won)		**2022**
		D&O Corp.
Cash flows from operating activities[1]	₩	10,984
Cash flows from investing activities[1]		(1,487)
Cash flows from financing activities		(877)
Effects of exchange rate changes		(64)
Net cash flows	₩	8,556

[1] Excludes operating and investing activities related to disposal of shares of XI C&A Co., Ltd. (formerly, S&I Engineering & Construction Co., Ltd.) amounting to ₩ (81,050) million and ₩ 168,072 million, respectively, and operating and investing activities related to disposal of shares of S&I Corp. (formerly, S&I Atxpert) amounting to ₩ (510) million and ₩ 304,808 million, respectively, during the prior period.

38. Notes to the Consolidated Statements of Cash Flows

(1) Significant non-cash investing and financing activities for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)		**2023**		**2022**
Transfer of construction in progress	₩	42,627	₩	71,875
Increase (decrease) of payables related to acquisition of property, plant and equipment and investment property		10,353		10,636
Transfer between property, plant and equipment and investment property		6,472		50,720
Transfer of long-term borrowings and debentures to current portion		413		371,286
Recognition of right-of-use assets		28,437		43,916

(2) Changes in liabilities arising from financing activities for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)				**2023**				
		Beginning balance		**Financing activities**		**Others**		**Ending balance**
Borrowings	₩	810,836	₩	(256,034)	₩	(3,074)	₩	551,728
Lease liabilities		47,882		(12,892)		13,010		48,000

(in millions of Korean won)				**2022**				
		Beginning balance		**Financing activities**		**Others**		**Ending balance**
Borrowings	₩	883,917	₩	25,900	₩	(98,981)	₩	810,836
Lease liabilities		45,357		(14,581)		17,106		47,882

39. Events After the Reporting Period

The Group has entered into a contract to acquire 55% shares of GT INNOVISION CO., LTD. with ₩ 5.94 billion of consideration transferred on February 14, 2024.

Independent Auditor's Report on
Internal Control over Financial Reporting for Consolidation Purposes

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
LG Corp.

Opinion on Internal Control over Financial Reporting for Consolidation Purposes
We have audited Internal Control over Financial Reporting (ICFR) of LG Corp. and its subsidiaries (collectively referred to as the "Group") for consolidation purposes as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Group maintained, in all material respects, effective ICFR for consolidation purposes as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements including material accounting policy information, and our report dated March 19, 2024 expressed an unqualified opinion.

Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes
We conducted our audit in accordance with Korean Standards on Auditing. Our responsibility under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for consolidation purposes* 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 ICFR for consolidation purposes 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.

Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting for Consolidation Purposes
Management is responsible for designing, implementing and maintaining effective ICFR for consolidation purposes, and for its assessment about the effectiveness of ICFR for consolidation purposes, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purposes.

Those charged with governance have the responsibilities for overseeing ICFR for consolidation purposes.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for Consolidation Purposes
Our responsibility is to express an opinion on ICFR for consolidation purposes of the Group based on our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR for consolidation purposes was maintained in all material respects.

An audit of ICFR for consolidation purposes involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of ICFR for consolidation purposes and testing and evaluating the design and operating effectiveness of ICFR for consolidation purposes based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting for Consolidation Purposes

An entity's ICFR for consolidation purposes is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. An entity's ICFR for consolidation purposes includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR for consolidation purposes may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Samil PricewaterhouseCoopers

Seoul, Korea

March 19, 2024

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 Group's ICFR for consolidation purposes 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.

Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purposes

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Audit Committee of
LG Corp.

We, as the Chief Executive Officer (CEO) and the Internal Control over Financial Reporting Officer of LG Corp. (the Company), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting (ICFR) for consolidation purposes for the year ended December 31, 2023.

The Company's management, including ourselves, is responsible for designing and operating ICFR for consolidation purposes. We assessed the design and operating effectiveness of ICFR for consolidation purposes in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable consolidated financial statements. We designed and operated ICFR for consolidation purposes in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee). And, we conducted an evaluation of ICFR for consolidation purposes based on *Best Practice Guidance for Evaluating and Reporting Internal Control over Financial Reporting* established by the ICFR Committee.

Based on the assessment results, we believe that the Company's ICFR for consolidation purposes, as at December 31, 2023, is designed and operating effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

February 7, 2024

Kwon, Bong Seok

Chief Executive Officer

Ha, Beom Jong

Internal Control over Financial Reporting Officer