

# LG Annual Report

2023

Innovation  
*for a* Better Life



# LG Annual Report 2023

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# Message From the CEO

Dear our valued shareholders and customers,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We will appreciate your continued support and encouragement.

Thank you.

CEO & Chairman **Koo, Kwang Mo**

# Board of Directors



**Koo, Kwang Mo**  
Director



**Lee, Soo Young**  
Director



**Han, Jong Soo**  
Director



**Kwon, Bong Seok**  
Director



**Ha, Beom Jong**  
Director



**Cho, Sung Wook**  
Director



**Park, Jong Soo**  
Director

# Holding Structure



## Electronics

**LG Electronics Inc.**

33.7%

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

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



## Chemicals

**LG Chem Ltd**

33.3%

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

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

34.0%

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



## Telecommunications & Services

**LG Uplus Corp.**

37.7%

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

**HS Ad Inc.**

35.0%

**LG CNS Co., Ltd.**

50.0%

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

**D&O Corp.**

100%

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

**LG Management Development Institute**

100%

**LG Sports Ltd.**

100%

As of 31st Dec. 2023  
Total of 63 companies  
(Based on fair trade law of South Korea)

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

# Management's Discussion & Analysis

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

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

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

1. Revenue and operating profit for main business segments

(Unit : KRW billion)

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

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

IT Services Segment

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

2. Gain & Loss on Valuation of Equity Method Securities

(Unit : KRW million)

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

3. Operating Income

| (Unit : KRW million) |           |           |     |
|----------------------|-----------|-----------|-----|
| Account              | 2023      | 2022      | YoY |
| Dividend Income      | 538,891   | 566,697   | -5% |
| Brand Royalty Income | 357,233   | 365,543   | -2% |
| Rental Revenues      | 134,462   | 135,285   | -1% |
| Total                | 1,030,586 | 1,067,525 | -3% |

1) Dividend Income (Details)

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

2) Brand Royalty Income

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

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

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

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

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

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

3) Rental Revenue

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

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

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



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

(Unit : KRW million)

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

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

(Unit : KRW million)

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

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

(Unit : KRW million)

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

7. Debentures and Borrowings

1) Short-term borrowings as of December 31, 2023 and 2022 (Unit : KRW one in million)

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

2) Long-term borrowings as of December 31, 2023 and 2022 (Unit : KRW one in million)

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

3) Debentures as of December 31, 2023 and 2022 (Unit : KRW one in million)

| Company          | Description                 | Issuance date | Maturity date | Annual interest rate | December 31, 2023 | December 31, 2022 |
|------------------|-----------------------------|---------------|---------------|----------------------|-------------------|-------------------|
| 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           |
|                  |                             |               |               |                      | (1,250)           | (532)             |
|                  |                             |               |               |                      | -                 | (369,787)         |
| Total            |                             |               |               |                      | 548,750           | 149,681           |

8. Issued Capital

Details of issued capital as of December 31, 2023, are as follows. (Unit : KRW millions)

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

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

9. Retained Earnings and Dividends

Changes in retained earnings for the years ended December 31, 2023 and 2022 are as follows. (Unit : KRW one in millions)

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

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

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

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

# Audit Report

LG Annual Report  
2023

2023  
24

Independent  
Auditor’s  
Report

English Translation of a Report  
Originally Issued in Korean

To the Board of Directors and  
Shareholders of LG Corp.

Responsi

Report on the Audited Consolidated Financial Statements

Opinion

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

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

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

Basis for Opinion

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

Key Audit Matters

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

(1) Estimation of total contract costs for construction contracts

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

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

construction contracts as a key audit matter.

How our audit addressed the Key Audit Matter

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

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

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

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

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

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

How our audit addressed the Key Audit Matter

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

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

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

Other Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Samil PricewaterhouseCoopers*  
Seoul, Korea  
March 19, 2024

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

LG CORP. AND SUBSIDIARIES  
Consolidated Statements of Financial Position

December 31,  
2023 and 2022

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

- Continued

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

December 31,  
2023 and 2022

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

- Concluded

LG CORP. AND SUBSIDIARIES  
Consolidated Statements of Profit or Loss

Years ended December 31,  
2023 and 2022

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

LG CORP. AND SUBSIDIARIES  
Consolidated Statements of Comprehensive Income

Years ended December 31,  
2023 and 2022

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



LG CORP. AND SUBSIDIARIES  
Consolidated Statements of Changes in Equity

Years ended December 31,  
2023 and 2022

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

LG CORP. AND SUBSIDIARIES  
Consolidated Statements of Cash Flows

Years ended December 31,  
2023 and 2022

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

- Continued

LG CORP. AND SUBSIDIARIES  
Consolidated Statements of Cash Flows (Continued)

Years ended December 31,  
2023 and 2022

| (Unit : in millions of Korean won)                 |             |             |
|----------------------------------------------------|-------------|-------------|
|                                                    | 2023        | 2022        |
| 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)   |
| 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     |

- Continued

LG CORP. AND SUBSIDIARIES  
Consolidated Statements of Cash Flows (Continued)

Years ended December 31,  
2023 and 2022

| (Unit : in millions of Korean won)            |             |             |
|-----------------------------------------------|-------------|-------------|
|                                               | 2023        | 2022        |
| 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)   |

- Continued

LG CORP. AND SUBSIDIARIES  
Consolidated Statements of Cash Flows (Continued)

Years ended December 31,  
2023 and 2022

| (Unit : in millions of Korean won)                            |             |            |
|---------------------------------------------------------------|-------------|------------|
|                                                               | 2023        | 2022       |
| 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 |

- Concluded

LG CORP.  
Separate Statements of Financial Position

December 31,  
2023 and 2022

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

- Continued

LG CORP.  
Separate Statements of Financial Position (Continued)

December 31,  
2023 and 2022

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

LG CORP.  
Separate Statements of Profit or Loss

Years ended December 31,  
2023 and 2022

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

LG CORP.  
Separate Statements of Comprehensive Income

Years ended December 31,  
2023 and 20133

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

LG CORP.  
Separate Statements of Changes in Equity

Years ended December 31,  
2023 and 20133

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

LG CORP.  
Separate Statements of Cash Flows

Years ended December 31,  
2023 and 2022

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

- Continued

LG CORP.  
Separate Statements of Cash Flows (Continued)

Years ended December 31,  
2023 and 2022

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

- Continued

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

Years ended December 31,  
2023 and 2022

(Unit : in millions of Korean won)

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

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