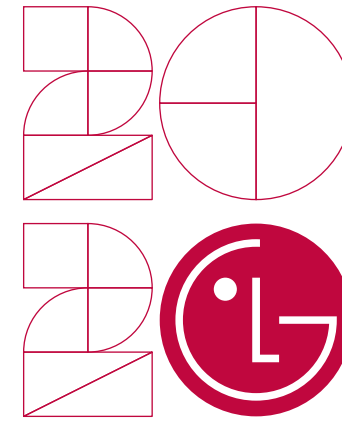


LG Annual Report 2020



LG Annual Report
2020

Innovation
for a Better Life

LG Annual Report 2020

Message from the CEO	04
Board of Directors	06
Holding Structure	08
Management's Discussion & Analysis	12
Audit Report	24

To our valued shareholders,

I would like to express my deepest gratitude for your unwavering trust and support in LG’s efforts to realize customer values.

In the year 2020, LG Corp and our subsidiaries focused on reorganizing non-core businesses based on selection and concentration strategy, and advanced our business portfolio in the direction to strengthen our competitiveness in core and growing businesses.

Furthermore, we launched diverse products and services in response to the changing trends and growing demands in new sectors such as home economy, health and hygiene, and non-face-to-face, remote services.

The electronics business enhanced its global market leadership with outstanding product competitiveness in premium home appliances and large OLED TVs.

In addition, through creating a JV with Magna Magna and JV, the leading automotive components makers, we have strengthened our electric vehicle components business capabilities and solidified the foundation for our future growth in the automotive sector including optical solution, substrate materials and next generation displays.

In the chemicals sector, we are aiming to nurture our core automotive battery business to become the global top business, while the petrochemical sector improved business performance mainly in home appliances and sanitary materials.

LG Household & Health Care laid a foundation to take the leap as a global player by expanding the cosmetics business in China and strengthening the business basis in the North American market.

In the telecommunications sector, LG Uplus improved business performance by enhancing the number of subscribers and profitability through differentiated 5G services and contents.

LG CNS is increasing its competitiveness in the cloud business sector, which serves as the basis of digital innovation, and has solidified its market position in the logistics automation and public sector.

Owing to our efforts, LG Corp posted consolidated revenue of KRW 6.63 trillion and operating profit of KRW 1.7 trillion. LG Corp’s market capitalization has also increased from KRW 12.9 trillion at the end of year 2019 to KRW 15.3 trillion at the end of 2020

It will be difficult to expect a full recovery from Covid-19 in 2021. However, moving forward, LG will continue its challenge to become a customer-oriented company by responding with agility to changes and thoroughly managing risks.

We will strive to move customers through bold and new attempts based on our detailed understanding and empathy for customers and take LG’s customer value to the next level so that the customers can become our fans.

Our core businesses will focus on qualitative growth that enhances business value by building a sustainable customer base, and we will work to visualize performances in our growing businesses by securing core competitiveness advantage in the early stages. We will also continue to discover and nurture growth engines for the future.

In particular, we will further advance our basic business capabilities such as environmental safety and quality, and develop them into LG’s standards.

In addition, through the establishment of ESG management system, we will strive to become a sustainable company loved and trusted by diverse stakeholders including our customers, investors, affiliates and partners.

Lastly, we will maintain our shareholder-friendly dividend policy for our shareholders who trust and support LG Corp, as well as consider and carry out diverse means to increase shareholder value.

We will appreciate your continued support and guidance.

Thank you.

CEO & Chairman **Koo, Kwang Mo**

BOARD OF
DIRECTORS



Koo, Kwang Mo
Director



Lee, Chang Kyu
Director



Cho, Sung Wook
Director



Kwon, Young Soo
Director



Ha, Beom Jong
Director



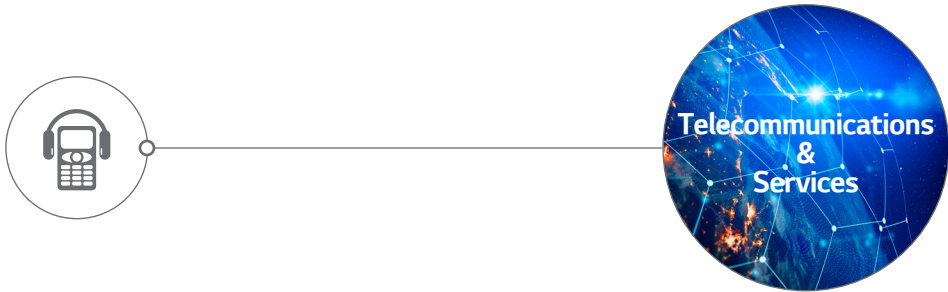
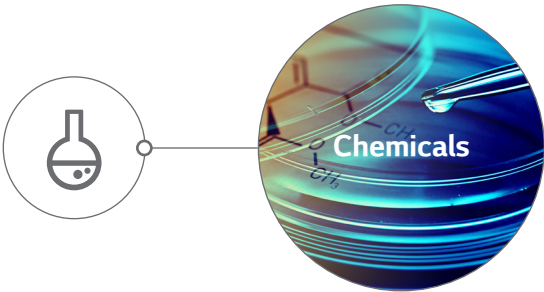
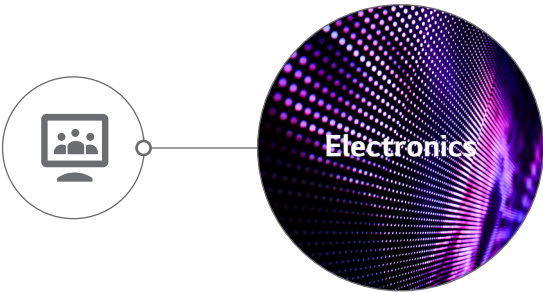
Han, Jong Soo
Director



Kim, Sang Hun
Director

HOLDING STRUCTURE

As of December 31, 2020
Holding Company_1
No. of 1st. tier subsidiaries_13
No. of 2nd. tier subsidiaries_42
No. of 3rd. tier subsidiaries_6
Others_2
(% based on common stocks)



LG Electronics Inc.

33.7%

- LG Display Co., Ltd. (37.9%)
Nanumnuri Co., Ltd. (100%)
- LG Innotek Co., Ltd. (40.8%)
Innowith Co., Ltd. (100%)
- Hi Plaza Inc. (100%)
- Hi-M Solutek Co., Ltd. (100%)
- Hi Teleservice Inc. (100%)
- Ace R&A Co., Ltd. (100%)
- Hanuri Co., Ltd. (100%)
- Robostar Co.,Ltd. (33.4%)
ROBOMEDI Co.,Ltd (100%)
- ZKW Lighting Systems Korea Co., Ltd.(100%)*

Silicon Works Co., Ltd.

33.1%

LG Chem, Ltd.

33.3%

- SEETEC Co., Ltd. (50.0%)
- Haengboknuri Co., Ltd. (100%)
- FarmHannong Co., Ltd. (100%)
- UGIMAG KOREA Co., Ltd. (100%)

LG Household & Health Care, Ltd.

34.0%

- Coca-Cola Beverage Company (90.0%)
Hankook Beverage Co., Ltd. (100%)
- Hai tai HTB Co., Ltd. (100%)
- Clean Soul Ltd. (50.0%)
- FMG Co., Ltd. (77.2%)
- Balkeunnuri. Co., Ltd. (100%)
- LG Farouk Co. (50%)
- MiGenstory Co., Ltd. (100%)
- Ulleung Spring Water Co., Ltd. (87%)
- TaiGuk Pharmaceutical Co., Ltd. (92.7%)
- Rucipello Korea Inc. (76.0%)

LG Hausys, Ltd.

33.5%

LG MMA Corp.

50.0%

LG Uplus Corp.

37.7%

- LG Hello Vision Corp. (50%)
- CS Leader Co., Ltd. (100%)
- AIN Tele Service Co., Ltd. (100%)
- Medialog Corp. (99.6%)
- Dacom Crossing Co., Ltd. (51.0%)
- CS One Partner Co., Ltd. (100%)
- WithU Corporation Co., Ltd. (100%)
- Uplushome Service (100%)

GIIR Inc.

35.0%

- HS Ad Co., Ltd. (100%)
- L Best Co., Ltd. (100%)

LG International Corp.

24.7%

- Dangjin Tank Terminal (100%)
- Pantos Logistics Co., Ltd (51.0%)
Helistar Air Co., Ltd. (100%)
Hanultari Co., Ltd. (100%)
Pantos Busan Newport Logistics Center Co., Ltd. (80%)*

LG CNS Co., Ltd.

50.0%

- BizTech Partners Co., Ltd. (96.1%)
- Sejong Green Power, Co. Ltd. (100%)
- Haengbokmaru Co., Ltd. (100%)

S&I Corporation Co., Ltd.

100%

- Konjiam Yewon Co., Ltd (90.0%)
- miraeM Co., Ltd (100%)
- Dreamnuri Co., Ltd. (100%)
- S&I CM, Co. Ltd. (100%)

LG Management Development Institute

100%

LG Sports Ltd.

100%

* 100% owned by ZKW Group GmbH.(overseas subsidiary)

* 80% owned by Pantos Logistics (China) Co., Ltd.(overseas subsidiary)



Management's Discussion
& Analysis

In the year 2020, LG Corp and our subsidiaries focused on reorganizing non-core businesses based on selection and concentration strategy, and advanced our business portfolio in the direction to strengthen our competitiveness in core and growing businesses.

Furthermore, we launched diverse products and services in response to the changing trends and growing demands in new sectors such as home economy, health and hygiene, and non-face-to-face, remote services.

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Owing to our efforts, LG Corp posted consolidated revenue of KRW 6.63 trillion and operating profit of KRW 1.7 trillion. LG Corp's market capitalization has also increased from KRW 12.9 trillion at the end of year 2019 to KRW 15.3 trillion at the end of 2020.

1. Revenue and equity method profits and profit before income tax for each business segment

(Unit: KRW million)

Company	Revenue and Equity Method Profits			Profit Before Tax		
	2020	2019	YoY	2020	2019	YoY
LG Corp. (*1)	1,016,202	785,255	29.4%	1,591,459	578,308	175.2%
LG CNS Co, Ltd. (*2)	3,360,486	3,283,314	2.4%	231,711	211,979	9.3%
S&I Corporation Co, Ltd. (*2)	1,704,513	2,400,753	-29.0%	78,221	138,227	-43.4%
LG Management Development Institute(*1)	85,414	91,696	-6.8%	(618)	6,807	Turn Red
LG Sports Ltd. (*1)	57,768	66,705	-13.4%	(3,062)	8	Turn Red
LG Holdings Japan Co, Ltd.(*1)	9,441	8,975	5.2%	4,322	3,830	12.8%

(*1) based on the separate statements of income
(*2) based on the consolidated statements of income

IT Services Segment	In 2020 sales revenue of LG CNS increased by 2.4% and profit before tax by 9.3% compared to the previous year, mainly due to its competitiveness in the cloud business sector which serves as the basis of digital innovation and its solid market position in the logistics automation and public sector.
Construction and Real Estate Services Segment	In 2020 sales revenue of S&I Corp. decreased by 29.0% and profit before tax by 43.4% compared to the previous year, mainly due to the CAPEX downsizing in the captive market derived from COVID-19 impact.

2. Gain & Loss Valuation of Equity Method

(Unit: KRW million)

Company	2020	2019	YoY
LG Chem Ltd.	143,842	38,415	274.4%
LG Household & Health Care Ltd.	253,384	247,603	2.3%
LG Electronics Inc.	602,648	(7,206)	Turn Black
LG Uplus Corp.	194,520	151,747	28.2%
GILR Corporation	3,155	(8,033)	Turn Black
LG Hitachi Co., Ltd.	(1,724)	(233)	-
Others	9,113	44,897	-79.7%
Total	1,204,938	467,190	157.9%

3. Operating Income

(Unit: KRW million)

Account	2020	2019	YoY
Brand Royalty Revenue	271,372	260,743	4.1%
Rental Revenue	130,324	127,875	1.9%
Dividend Income	614,506	396,637	54.9%
Total	1,016,202	785,255	29.4%

1) Brand Royalty Revenue

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 2020, LG Corp. posted brand royalty revenue of KRW 271,372 million from the companies in the brand contract.

2) Rental Revenue

LG Corp. recorded rental revenue of KRW 130,324 million in 2020, 1.9% increase from the previous year.

3) Dividend Income (Details)

Company	2020	2019	YoY
LG Chem Ltd.	47,068	141,205	-66.7%
LG Household & Health Care, Ltd.	58,471	49,168	18.9%
LG Electronics Inc.	41,321	41,321	0.0%
LG Uplus Corp.	62,951	62,951	0.0%
GIIR Corporation	1,740	1,450	20.0%
S&I Corp.	317,546	63,999	396.2%
LG CNS Co, Ltd.	84,447	35,557	137.5%
Others	962	986	-2.4%
Total	614,506	396,637	54.9%

* P/L from LG International, LG Hausys, LG MMA, and Silicon Works has been marked as “Profit from discontinued operations” due to the spin-off scheduled on 1 May 2021.

4. Changes in investments in associates and joint ventures for the years ended December 31, 2020

(Unit: KRW million)

Companies	Year ended December 31, 2020							
	Beginning balance	Acquisitions	Dividends received	Equity method gains and losses	Other capital changes and others	Disposal and others	Replacement (*1)	Ending balance
LG Chem Ltd.	5,046,752	-	-47,068	143,842	-18,204	136,824	-	5,262,146
LG Household & Health Care Ltd.	1,309,603	-	-58,471	253,384	-1,573	-	-	1,502,943
LG Electronics Inc.	4,269,612	-	-41,321	602,648	-221,829	-	-	4,609,110
LG Uplus Corp.	2,506,350	90,005	-62,951	194,520	725	-	-	2,728,649
LG International Corp. (*1)	259,861	-	-2,871	79,546	-21,164	-	-315,372	-
LG Hitachi Co., Ltd.	8,610	-	-	-1,724	-264	-	-	6,622
GIIR Corporation	47,443	-	-1,740	3,155	-615	-	-	48,243
LG Hausys, Ltd. (*1)	270,980	-	-752	-23,522	969	-	-247,675	-
LG MMA Corp. (*1)	256,156	-	-27,000	28,658	514	-	-258,328	-
Silicon Works Co, Ltd. (*1)	188,307	-	-4,466	23,928	347	-	-208,116	-
ZKW Holding GmbH (*2)	432,758	-	-	-15,848	10,825	-66,497	-	361,238
ZKW Austria Immobilien Holding GmbH	16,288	-	-	1,132	150	-	-	17,570
Combustion Synthesis Co, Ltd.	1,932	-	-	-199	1	-	-	1,734
Tmoney Co, Ltd.	52,798	-	-	-5,938	157	-	-	47,017
Songdo U-Life LLC	613	-	-	-247	-1	-	-	365
Recaudo Bogota S.A.S.	501	-	-	3,469	-1,233	-	-	2,737
Hellas SmartTicket Societe Anonyme	4,163	-	-1,085	1,322	154	-	-	4,554
Ulleungdo Natural Energy Independent Island Co., Ltd.	4,592	-	-	5	-	-4,558	-	39
Dongnam Solar Energy Co, Ltd.	691	-	-	-14	-	-	-	677
Daegu Clean Energy Co, Ltd. (*3)	-	-	-	-	-	-	-	-
KEPCO-LG CNS Mangilao Holdings LLC(*4)	-	-	-	-	-	-	-	-
Serveone Co, Ltd.	320,363	-	-	26,563	-573	-	-	346,353
CloudGram Corp.	-	19,888	-	-1,129	-1	-	-	18,758
Korea DRD Corp.	-	597	-	-3	-9	-	-	585
Total	14,998,373	110,490	-247,725	1,313,548	-251,624	65,769	-1,029,491	14,959,340

(*1) It has been replaced by an asset to be distributed by owners in the current period, and the associated equity method gains and losses have been marked as discontinued operations.

(*2) The signs of damage to ZKW Holding GmbH were identified in the current period, and the damage loss of ₩66,497 million was recognized as profit or loss after reviewing the recoverable value.

(*3) The equity method was discontinued due to the accumulated equity method loss before the previous year, and the unrecognized cumulative equity method loss is ₩4 million.

(*4) In the current period, the company sold its rights as a shareholder of KEPCO-LG CNS Mangilao Holdings LLC and recognized a cumulative loss of ₩1,304 million before the sale.

5. Changes in property, plant and equipment for the years ended December 31, 2020

(Unit: KRW million)

Description	Year ended December 31, 2019									
	Land	Buildings	Structures	Machinery	Vehicles	Tools and equipment	Furniture and fixtures	Construction in progress	Other property	Total
Beginning balance	380,738	794,427	151,542	41,560	15,499	944	67,396	3,420	184,608	1,640,134
Acquisitions	17	745	799	614	220	95	9,102	22,921	25,573	60,086
Disposals	-3,414	-775	-	-	-116	-	-466	-604	-2,562	-7,937
Depreciation (*1)	-	-34,634	-11,963	-7,819	-2,322	-335	-17,055	-	-32,669	-106,797
Transfers in	17,901	25,470	3,039	-	37	-	2,105	-	502	49,054
Transfers out	-	-83	-	-	-	-	-	-19,180	-	-19,263
Removal due to classification of assets to be sold	-13,437	-943	-	-	-	-	-7	-	-	-14,387
Removal due to classification of assets scheduled for distribution	-	-	-	-	-	-	-4	-	-	-4
Impairment loss	-	-	-	-11,478	-	-	-17	-	-4	-11,499
Others	-	1,127	-	7	-	-	-178	-31	-404	521
Effect of foreign currency translation	-	-	-	1	-5	1	-56	-	-291	-350
Ending balance	381,805	785,334	143,417	22,885	13,313	705	60,820	6,526	174,753	1,589,558

(*1) It contains amounts classified as discontinued operating profit or loss in the income statement for the current period.

6. Changes in investment property for the years ended December 31, 2020

(Unit: KRW million)

Description	Year ended December 31, 2020				
	Land	Buildings	Structures	Construction in progress	Total
Beginning balance	787,218	508,668	5,560	90,516	1,391,962
Acquisitions	-	1,177	43	18,244	19,464
Depreciation	-	(29,263)	(1,147)	-	(30,410)
Transfers	(17,900)	(12,383)	492	-	(29,791)
Disposals	(216)	-	-	-	(216)
Effect of consolidation scope changes	-	-	-	-	-
Others	(6,409)	14,872	(3)	(1,497)	6,903
Ending balance	762,663	483,071	4,945	107,263	1,357,912

Details of the investment property's fair value as of December 31, 2020 are as follows.

Description	December 31, 2020			
	Date of revaluation	Land	Buildings and structures	Total
Book value of investment property:				
Book value (*1)		814,717	668,501	1,483,218
Results of valuation:				
Twin Tower (*1)	2020-10-16	705,683	291,045	996,728
Gasandong building (*1)	2020-10-16	120,316	104,531	224,847
Gwanghwamun building (*1)	2020-10-16	283,745	101,255	385,000
Seoul Station building (*1)	2020-10-16	258,960	131,040	390,000
Sangdodong Hi Plaza (*2)	2017-06-30	5,445	1,760	7,205
Dogokdong Gangnam building (*2)	2017-12-31	167,077	74,788	241,865
Flagone (*2)		-	16,108	16,108
Sangam DDMC (*1), (*3)	2020-01-10	-	343,000	343,000
Kyobashi Trust Tower (*4)	2014-04-01	176,250	138,733	314,983
Others (*2)	2016-02-26	539	-	539
Total				2,920,275

(*1) Includes the value of investment property (Book value that is subject to valuation: ₩125,306 million) occupied by the owner.

(*2) Acquisition cost is considered as fair value.

(*3) 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.

(*4) The sale contract was signed on March 3, 2021, and the sale amount is ¥27,259 million.

7. Debentures and Borrowings

(Unit: KRW million)

1) Short-term borrowings as of December 31, 2020 and 2019

Description	December 31, 2020	December 31, 2019
Korean currency short-term borrowings	23,000	20,975
Overdraft	-	9,952
Foreign currency short-term borrowings	26,665	25,202
Total	49,665	56,129

(Unit: KRW million)

2) Long-term borrowings as of December 31, 2020 and 2019

Description	December 31, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
Korean currency long-term borrowings	1,712	3,907	1,652	5,368
Foreign currency long-term borrowings	-	86,449	-	74,443
Debentures in Korean won	250,000	840,000	300,000	680,000
Discount on debentures	(127)	(2,033)	(152)	(1,405)
Present value discount account	-	(885)	-	(1,021)
Total	251,585	927,438	301,500	757,385

3) Debentures as of December 31, 2020 and 2019

(Unit: KRW million)

Company	Description	Issuance date	Maturity date	Annual Interest Rate	December 31, 2020	December 31, 2019
LG CNS .	9-2 nd public offering	2015-04-16	2020-04-16	-	-	100,000
	9-3 rd public offering	2015-04-16	2022-04-16	2.44%	50,000	50,000
	10-1 st public offering	2017-04-11	2020-04-11	-	-	110,000
	10-2 nd public offering	2017-04-11	2022-04-11	2.45%	40,000	40,000
	11-1 st public offering	2018-04-11	2021-04-11	2.55%	90,000	90,000
	11-2 nd public offering	2018-04-11	2023-04-11	2.83%	110,000	110,000
	12-1 st public offering	2020-05-14	2023-05-12	1.60%	150,000	-
	12-2 nd public offering	2020-05-14	2025-05-14	1.75%	50,000	-
	12-3 rd public offering	2020-05-14	2027-05-14	1.99%	100,000	-
	2-2 nd public offering	2015-05-29	2020-05-29	-	-	20,000
S&I Corp.	1-2 nd public offering	2016-10-27	2021-10-27	2.10%	90,000	90,000
	2-1 st public offering	2017-11-01	2020-11-01	-	-	70,000
	2-2 nd public offering	2017-11-01	2022-11-01	2.99%	130,000	130,000
	3-1 st public offering	2018-05-04	2021-05-04	2.62%	70,000	70,000
	3-2 nd public offering	2018-05-04	2023-05-04	2.98%	100,000	100,000
	4 th public offering	2020-10-23	2020-10-23	1.73%	110,000	-
Subtotal					1,090,000	980,000
Discount on debentures					(2,160)	(1,557)
Current debentures (*1)					(249,873)	(299,848)
Total					837,967	678,595

(*1) This is the amount deducted from the discount on bonds.

8. Issued Capital

Details of issued capital as of December 31, 2020, are as follows. (Unit: KRW million)

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	172,557,131	79,483,774	₩5,000	₩862,786
Preferred stock (*)	-	3,314,677	-	₩5,000	₩16,573

(*) 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 from the date of shareholders’ meeting when it is resolved not to pay dividends to the date of shareholders’ meeting when it is resolved to pay dividends.

9. Retained Earnings and Dividends

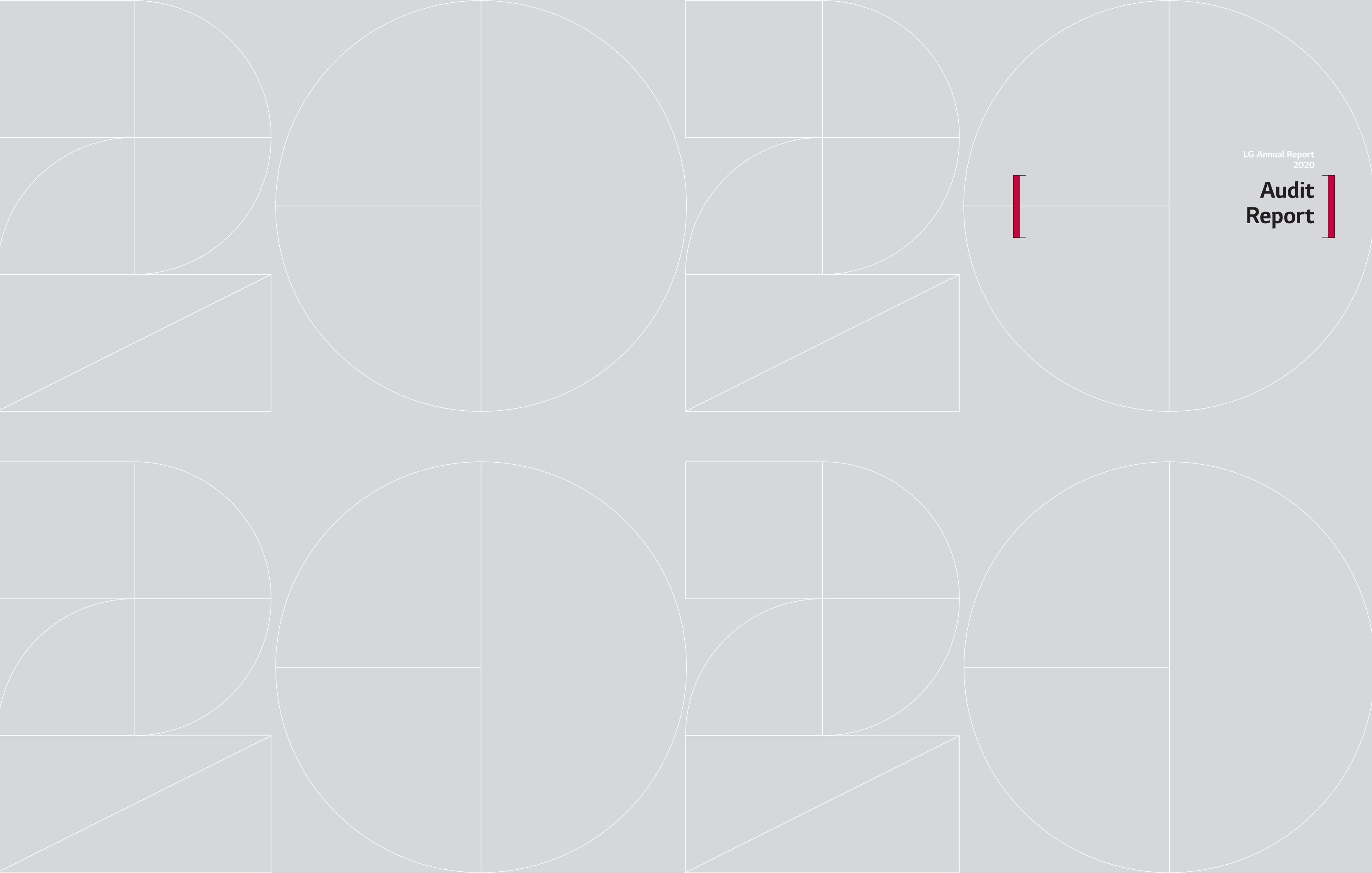
Changes in retained earnings for the years ended December 31, 2020 and 2019 are as follows. (Unit: KRW million)

Description	2020	2019
Beginning balance	₩15,699,266	₩15,048,624
Effect of change of accounting policy	-	(2,482)
Beginning balance after adjustment	15,699,266	15,046,142
Profit for the year attributable to the owners of the Company	1,465,673	1,079,949
Dividends (*)	(386,862)	(351,708)
Remeasurement of net defined benefit liability	335	(8,591)
Changes in retained earnings by equity method	3,947	(66,526)
Ending balance	₩16,782,359	₩15,699,266

(*) Details of dividends for the years ended December 31, 2020 and 2019, are as follows.

Type of stock	Year ended December 31, 2020				
	Number of issued shares	Number of treasury stocks	Number of dividend shares	Dividend per share (Korean won)	Total dividends (Korean won in millions)
Common stock	172,557,131	93,789	172,463,342	₩2,200	₩379,419
Preferred stock	3,314,677	6,810	3,307,867	2,250	7,443

Type of stock	Year ended December 31, 2019				
	Number of issued shares	Number of treasury stocks	Number of dividend shares	Dividend per share (Korean won)	Total dividends (Korean won in millions)
Common stock	172,557,131	93,789	172,463,342	₩2,000	₩344,927
Preferred stock	3,314,677	6,810	3,307,867	2,050	6,781



LG Annual Report
2020

Audit
Report

Independent Auditors’ Report

English Translation of Independent Auditors’ Report Originally Issued in Korean on March 11, 2021.

To the Shareholders and the Board of Directors of LG Corp.:

Report on the Audited Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of LG Corp. and its subsidiaries (the “Group”), which comprise the consolidated statements of financial position as of December 31, 2020, and December 31, 2019, respectively, and the related consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statement of cash flows, all expressed in Korean won, for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group. as of December 31, 2020, and December 31, 2019, respectively, and its financial performance and its cash flows for the years, then enden in accordance with Korean International Financial Reporting Standards (“K-IFRSs”).

Basis for Audit Opinion

We conducted our audits in accordance with the Korean Standards on Auditing (“KSAs”). Our responsibilities under those standards are further described in the Auditors’ 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 that are relevant to our audits of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

(1) The change in the estimate of total contract cost

As noted in Note 18 of consolidated financial statements, changes in the estimate of total contract costs for contracts that recognize revenue over time using the cost-based input method may affect current, future profit or loss, contract assets and contract liabilities and total contract costs are estimated on the basis of future estimates, such as labor costs, material costs and project periods. Estimating the total cost of a contract requires expert knowledge of the cost design and is deemed to involve the risk that the cost changes resulting from the project will not be reflected in the total cost in a timely manner. Therefore, we decided to make the item a key audit matter considering the effect of the change in the estimate of total contract cost on profit or loss and future profit or loss.

At the end of the current term, the following are the major audit procedures we have carried out to obtain audit evidence that is sufficient and appropriate for purpose of auditing consolidated financial statements in relation to the change in the estimate of the Group’s total contract cost:

- Understanding the design of internal controls related to the timely reflection of total contract cost and the accuracy of estimation
- Retrospective review of changes in total contract cost of current period projects

- Verification of accuracy and timeliness of the change of total contract cost during the current period
- Verification of subsequent events on total contract cost of projects in progress at the end of the current period

(2) Impairment test of investment equity owned by associates

As noted in Note 13, the consolidated company has a 30.5% stake in LG Electronics Inc., which is classified as an associate. On the other hand, LG Electronics Inc. classifies its 37.9% stake in LG Display Co. ("LGD") as an associate and accounts for it using the equity method. LG Electronics Inc. has a carrying amount of \ 4,214,088 million at the end of the reporting period.

LG Electronics Inc., a significant component of the consolidated company, performed an impairment test in accordance with K-IFRS 1036 ‘impairment of Assets,’ noting that the market value of its stake in LGD declined during the current period.

During the current period, we decided the impairment test for the stakes of LGD of the associates, LG Electronics Inc., as the key audit matter, considering the significant decrease in the market value of the LGD and the significant management judgement involved in the valuation of the value of use in performing the impairment test, and considering the potential impact of the corresponding impairment test on the consolidated financial statements.

The followings are the major audit procedures we have conducted to ensure the adequacy of the audit procedures performed on the impairment test:

- Verification of the independence, objectivity and qualification of the component auditor to obtain audit evidence for the purpose of the group audit related to LGD impairment test.
- Review of audit documents of the component auditor for the following tasks carried out by the component auditor to evaluate the sufficiency and adequacy of audit evidence obtained and asking questions if necessary.

- | | | |
|---|---|--|
| • Understanding LG Electronics Co., Ltd's accounting policies and internal control related to impairment test, and testing the control related to management review. | • Evaluate the appropriateness of management's estimation of past business plan by comparing LGD's performance to its past business plan. | • Evaluate the appropriateness by comparing key assumptions of the valuation model such as discount rate and growth rate with external information and past information of LGD |
| • Conduct questions and reviews on the valuation model applied to the LGD impairment test and evaluate the appropriateness of the key assumptions applied to the valuation. | • Understand the future cash flows of LGD and verify if future cash flow estimates match business plans approved by management | • Perform sensitivity analysis to assess the impact of changes in major assumptions on impairment test results |

Emphasis Subject

Users should pay attention to Notes 3 (7) on consolidated financial statements that do not affect audit comments. Comment 3 (7) on consolidated financial statements describes management’s assessment of the impact of COVID-19 on consolidated entities.

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

Management is responsible for the preparation of the accompanying consolidated financial statements in accordance with K-IFRSs, and for such internal control as they determine 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 of the Group 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, or has no realistic alternative, but to do so.

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

Auditors’ 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 auditors’ 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 KSAs 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 KSAs, 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 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, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the 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 auditors’ 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 auditors’ 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 audits. We are solely responsible for our audit opinion.

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

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 audits of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these key audit matters in our auditors’ report, unless law or regulation precludes public disclosure about the key audit matter or when, in extremely rare circumstances, we determine that a key audit 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 auditors’ report is Young-Jae Kim.

Deloitte IDNJIN LLC

March 11, 2021

LG CORP. AND ITS SUBSIDIARIES
Consolidated Statements of Financial Position

As of December 31,
2020 and 2019

(Unit: KRW million)

ASSETS	December 31, 2020	December 31, 2019
CURRENT ASSETS:		
Cash and cash equivalents (Notes 5, 6, 27, 31 and 34)	₩1,492,690	₩1,337,102
Financial institution deposits (Notes 5, 27, 31 and 34)	1,467,497	567,691
Current derivative assets (Notes 5, 27 and 34)	2,578	2,250
Trade receivables, net (Notes 5, 7, 27, 30 and 34)	1,313,668	1,450,939
Other receivables, net (Notes 5, 7, 27, 30 and 34)	39,877	83,727
Current tax assets (Notes 28)	6,995	6,583
Other current assets (Notes 9 and 18)	309,311	428,363
Inventories, net (Note 8)	41,682	62,402
Assets held for sale and distribution to owners (Note 4, 10, 37, 39)	1,221,623	-
Total current assets	5,895,921	3,939,057
NON-CURRENT ASSETS:		
Non-current financial institution deposits (Notes 5, 27, 31 and 34)	458	285
Available-for-sale ("AFS") financial assets (Notes 5, 27 and 34)	138,516	127,062
Non-current trade receivables, net (Notes 5, 7, 27, 30 and 34)	21,230	26,309
Non-current other receivables, net (Notes 5, 7, 27, 30, 31 and 34)	6,951	5,066
Investments in associates and joint ventures (Note 13)	14,959,340	14,998,373
Deferred tax assets, net (Note 28)	145,281	143,707
Non-current other assets (Note 9)	3,407	3,554
Property, plant and equipment, net (Note 10, 30, 37, 39)	1,589,560	1,640,134
Investment property, net (Note 11)	1,357,912	1,391,962
Intangible assets (Note 12)	132,057	109,744
Right-of-use assets (Note 32)	31,635	49,377
Total non-current assets	18,386,347	18,495,573
TOTAL ASSETS	₩24,282,268	₩22,434,630

- Continued

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

As of December 31,
2020 and 2019

(Unit: KRW million)

LIABILITIES AND EQUITY	December 31, 2020	December 31, 2019
CURRENT LIABILITIES:		
Current derivative liabilities (Notes 5, 27 and 34)	₩326	₩276
Trade payables (Notes 5, 27, 30 and 34)	797,369	836,117
Other payables (Notes 5, 27, 30 and 34)	518,462	523,937
Short-term borrowings (Notes 5, 27, 30 and 34)	49,665	56,129
Current portion of debentures and long-term borrowings (Notes 5, 14, 27 and 34)	251,585	301,500
Current tax liabilities (Note 28)	87,083	48,513
Provisions (Note 15)	37,055	48,255
Other current liabilities (Notes 17 and 18)	362,225	333,379
Current lease liabilities (Notes 5, 27, 32, 34 and 38)	22,617	21,555
Liabilities held for sale and distribution to owners (Notes 37 and 39)	6,876	75,140
Total current liabilities	2,133,263	2,244,801
NON-CURRENT LIABILITIES:		
Non-current derivative liabilities (Notes 5, 27 and 34)	51,256	8,465
Other non-current payables (Notes 5, 30 and 34)	17,574	84,269
Long-term borrowings (Notes 5, 14 and 34)	927,438	757,385
Net defined benefit liability (Note 16)	13,888	16,959
Deferred tax liability (Note 28)	229,955	231,008
Provisions (Note 15)	5,127	5,870
Other non-current liabilities (Note 17)	18,948	38,171
Non-current lease liabilities (Notes 5, 27, 32, 34 and 38)	23,529	26,681
Total non-current liabilities	1,287,715	1,168,808
TOTAL LIABILITIES	3,420,978	3,413,609
EQUITY:		
Equity attributable to the owners of the parent company:	20,258,251	18,827,021
Issued capital (Note 19)	879,359	879,359
Capital surplus (Note 20)	2,964,730	2,363,147
Other capital items (Note 19)	(2,385)	(2,385)
Accumulated other comprehensive income (loss) (Note 21)	(365,812)	(112,366)
Retained earnings (Note 22)	16,782,359	15,699,266
Non-controlling interests	603,039	194,000
TOTAL EQUITY	20,861,290	19,021,021
TOTAL LIABILITIES AND EQUITY	₩24,282,268	₩22,434,630

- Concluded

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

For the years ended December 31,
2020 and 2019

(Unit: KRW million)

	Year ended December 31, 2020	Year ended December 31, 2019
Revenue and gain on valuation by equity method (Notes 4 and 23):		
Sales of finished goods and merchandise	₩666,028	₩763,966
Service revenue	1,978,250	1,926,718
Construction revenue	2,311,157	2,898,931
Gain on valuation by equity method	1,203,696	467,864
Other revenue	473,006	476,972
	6,632,137	6,534,451
Cost of sales (Notes 23 and 24)	4,564,558	5,205,548
Gross profit	2,067,579	1,328,903
Selling and administrative expenses (Notes 23 and 24)	365,341	334,584
Operating income	1,702,238	994,319
Financial income (Notes 25)	38,919	34,462
Financial expenses (Notes 25)	41,665	43,115
Other non-operating income (Notes 26)	197,026	52,805
Other non-operating expenses (Notes 26)	142,295	57,866
Profit before income tax from continuing operations	1,754,223	980,605
Income tax expense from continuing operations (Note 28)	324,590	195,602
Profit from continuing operations	1,429,633	785,003
Profit from discontinued operations (Note 37)	111,025	321,752
Profit for the year	₩1,540,658	₩1,106,755
Profit for the year attributable to:		
Owners of the parent company	₩1,465,673	₩1,079,949
Non-controlling interests	74,985	26,806
Earnings per share (in Korean won):		
Continuing and discontinued operations:		
Common stock - basic/diluted (Note 29)	₩8,338	₩6,143
Pre-1996 Commercial Law Amendment Preferred Stock - basic/diluted (Note 29)	8,388	6,193
Continuing operations:		
Common stock - basic/diluted (Note 29)	₩7,706	₩4,313
Pre-1996 Commercial Law Amendment Preferred Stock - basic/diluted (Note 29)	7,756	4,363

LG CORP. AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income

For the years ended December 31,
2020 and 2019

(Unit: KRW million)

	Year ended December 31, 2020	Year ended December 31, 2019
Profit for the year	₩1,540,658	₩1,106,755
Other comprehensive income (loss):		
Items that may be reclassified subsequently to profit or loss		
Net gain (loss) on changes in valuation of investments using equity method	(250,168)	159,933
Net gain (loss) on derivative instruments entered into for cash flow hedges	-	-
Overseas operations translation	(4,214)	21,564
Items that will not be reclassified subsequently to profit or loss:		
Net gain (loss) on other financial assets	(1,255)	843
Remeasurement of net defined benefit liability	316	(8,527)
Decrease in retained earnings of equity-method investments	4,012	(66,545)
Total comprehensive income for the year	₩1,289,349	₩1,214,023
Total comprehensive income attributable to:		
Owners of the parent company	₩1,216,509	₩1,184,884
Non-controlling interests	72,840	29,139

LG CORP. AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity

For the years ended December 31,
2020 and 2019

(Unit: KRW million)

	Issued capital	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Non-controlling interests	Total
Balance as of January 1, 2019	₩879,359	₩2,365,545	₩(2,385)	₩(292,418)	₩15,048,624	₩165,753	₩18,164,478
Effect of accounting policy change							
Effect of accounting policy change of subsidiaries	-	-	-	-	(4)	-	(4)
Equity -method effect due to changes in accounting policies of associates and joint ventures	-	-	-	-	(2,478)	-	(2,478)
Amount rewritten after revision	₩879,359	₩2,365,545	₩(2,385)	(292,418)	15,046,142	165,753	18,161,996
Total comprehensive income for the year							
Profit for the year	-	-	-	-	1,079,949	26,806	1,106,755
Net gain (loss) on other financial assets	-	-	-	882	-	(39)	843
Valuation through equity method	-	-	-	157,722	(66,526)	2,192	93,388
Remeasurements of the net defined benefit liability	-	-	-	-	(8,591)	64	(8,527)
Overseas operations translation	-	-	-	21,448	-	116	21,564
Transactions with owners directly reflected in capital							
Annual dividends	-	-	-	-	(351,708)	(6,298)	(358,006)
Changes in the shares of Subsidiaries	-	(2,398)	-	-	-	5,406	3,008
Balance as of December 31, 2019	₩879,359	₩2,363,147	₩(2,385)	₩(112,366)	₩15,699,266	₩194,000	₩19,021,021
Balance as of January 1, 2020	₩879,359	₩2,363,147	₩(2,385)	₩(112,366)	₩15,699,266	₩194,000	₩19,021,021
Profit for the year	-	-	-	-	1,465,673	74,985	1,540,658
Net gain (loss) on other financial assets	-	-	-	(1,277)	-	22	(1,255)
Valuation through equity method	-	-	-	(249,811)	3,947	(292)	(246,156)
Remeasurements of the net defined benefit liability	-	-	-	-	335	(19)	316
Overseas operations translation	-	-	-	(2,358)	-	(1,856)	(4,214)
Transactions with owners directly reflected in capital							
Annual dividends	-	-	-	-	(386,862)	(14,958)	(401,820)
Changes in the shares of subsidiaries	-	601,583	-	-	-	351,157	952,740
Balance as of December 31, 2020	₩879,359	₩2,964,730	₩(2,385)	₩(365,812)	₩16,782,359	₩603,039	₩20,861,290

LG CORP. AND ITS SUBSIDIARIES
Consolidated Statements of Cash Flows

For the years ended December 31,
2020 and 2019

(Unit: KRW million)

	Year ended December 31, 2020	Year ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	₩1,540,658	₩1,106,755
Additions of expenses not involving cash outflows:		
Salaries and bonuses	3,212	2,701
Retirement benefits	24,791	27,736
Depreciation	152,091	156,104
Amortization of intangible assets	21,736	19,992
Bad debt expenses	1,756	293
Accrual of provision	26,312	25,800
Impairment loss on property, plant and equipment	11,499	6,257
Impairment loss on intangible assets	2,612	389
Loss on foreign currency translation	9,757	3,536
Loss on disposals of property, plant and equipment	3,256	347
Loss on disposals of investment property	-	5,674
Loss on disposals of intangible assets	329	147
Loss on transactions of derivatives	18,795	15,911
Loss on valuation of derivatives	326	330
Disaster loss	4,347	-
Interest expenses	32,940	39,003
Loss on valuation of other financial assets	4,188	305
Loss on disposals of investments in subsidiaries	-	462
Loss on disposals of investments in associates	-	1,712
Impairment loss on investments in associates	66,497	-
Income tax expense	323,107	293,308
Others	1,587	(1,532)
	709,138	598,475
Deduction of items not involving cash inflows:		
Reversal of allowance for doubtful accounts	7,433	588
Reversal of provisions	14,592	8,374
Reversal of impairment loss on intangible assets	-	890
Gain on foreign currency translation	5,504	7,602
Gain on disposals of property, plant and equipment	885	482
Gain on transactions of derivatives	17,741	8,534
Gain on valuation of derivatives	2,333	1,981
Interest income	32,127	28,679
Dividend income	1,142	1,078

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

For the years ended December 31,
2020 and 2019

(Unit: KRW million)

	Year ended December 31, 2020	Year ended December 31, 2019
Gain on valuation of other financial assets	247	225
Gain on disposals of other financial assets	425	-
Gain on disposals of investments in subsidiaries	-	358,511
Gain on disposals of investments in associates	136,824	252
Gain on valuation by equity method	1,313,358	498,945
Reversal of impairment loss on investments in associates	108	-
Others	1,998	545
	(1,534,717)	(916,686)
Movements in working capital:		
Trade receivables	139,355	270,881
Other receivables	33,005	(25,164)
Inventories	20,981	(5,570)
Non-current trade receivables	1,497	(17)
Trade payables	(35,481)	(27,802)
Other payables	(114,613)	(21,124)
Provisions	(25,406)	(27,263)
Net defined benefit liability	(28,401)	(30,550)
Others	114,223	(154,780)
	105,160	(21,389)
Interest income received	31,790	24,424
Dividend income received	248,812	377,314
Income tax received	1,677	815
Interest expenses paid	(7,765)	(35,346)
Income taxes paid	(355,657)	(315,695)
Net cash provided by operating activities	739,096	818,667

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

For the years ended December 31,
2020 and 2019

(Unit: KRW million)

	Year ended December 31, 2020	Year ended December 31, 2019
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash inflows from investing activities:		
Decrease in financial institution deposits	₩1,184,600	₩671,586
Settlement of derivative instruments	17,741	8,534
Decrease in other receivables	14,942	1,880
Disposals of other financial assets	4,978	1,201
Decrease in non-current other receivables	88	721
Disposals of investments in subsidiaries	-	576,536
Disposals of investments in associates	4,666	521
Disposals of property, plant and equipment	16,261	3,019
Disposals of investment property	216	1,466
Disposals of intangible assets	11,606	3,195
Acquisition control of subsidiaries	3,074	-
Others	492	384
	1,258,664	1,269,043
Cash outflows for investing activities:		
Increase in financial institution deposits	2,257,156	890,053
Disposals of other financial assets	13,741	-
Settlements of derivative instruments	17,090	15,163
Increase in other receivables	2,938	3,722
Acquisitions of non-current AFS financial assets	5,107	10,035
Increase in non-current other receivables	3,651	2,545
Acquisitions of investments in subsidiaries	-	10,540
Acquisitions of investments in associates	100,545	-
Acquisitions of property, plant and equipment	55,975	62,312
Acquisitions of investment property	19,464	282,987
Acquisitions of intangible assets	60,608	25,681
Others	77	1
	(2,536,352)	(1,303,039)
Net cash used in investing activities	(1,277,688)	(33,996)

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

For the years ended December 31,
2020 and 2019

(Unit: KRW million)

	Year ended December 31, 2020	Year ended December 31, 2019
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash inflows from financing activities:		
Proceeds from short-term borrowings	₩13,730	₩149,433
Proceeds from long-term borrowings	13,512	32,090
Issuance of debentures	409,527	-
Increase in government subsidy	1,966	477
Cash inflows from consolidated capital transactions	991,935	-
	1,430,670	182,000
Cash outflows for financing activities:		
Redemptions of short-term borrowings	18,035	45,489
Redemptions of long-term borrowings	-	112,792
Redemptions of debentures	300,000	110,000
Redemptions of current portion of long-term borrowings	1,652	51,652
Redemptions of lease liabilities	15,453	12,637
Payments of dividends	401,802	357,987
Cash outflows for consolidated capital transactions	-	249
	(736,942)	(690,806)
Net cash used in financing activities	693,728	(508,806)
Net change in cash and cash equivalents	155,136	275,865
Cash and cash equivalents at beginning of year	1,337,102	1,054,293
Effects of exchange rate changes on cash and cash equivalents	452	6,944
Cash and cash equivalents at end of year	₩1,492,690	₩1,337,102

LG CORP.
Separate Statements of Financial Position

As of December 31,
2020 and 2019

(Unit: KRW million)

ASSETS	December 31, 2020	December 31, 2019
CURRENT ASSETS:		
Cash and cash equivalents (Notes 5, 6, 19 and 26)	₩472,495	₩150,273
Financial institution deposits (Notes 5, 19, 23 and 26)	1,128,000	500,500
Other receivables, net (Notes 5, 7, 19, 22 and 26)	14,027	35,933
Other current assets (Note 8)	1,264	3,175
Assets held for sale (Notes 9, 11 and 28)	17,157	136,178
Assets held for distribution to owners (Notes 11 and 29)	913,338	-
Total current assets	2,546,281	826,059
NON-CURRENT ASSETS:		
Other financial assets (Notes 5, 19 and 26)	96,894	98,940
Other non-current receivables, net (Notes 5, 7, 23 and 26)	5	5
Investments in subsidiaries (Note 11)	758,789	758,789
Investments in associates and joint ventures (Notes 11 and 29)	6,257,538	6,943,881
Other non-current assets (Note 8)	1,851	2,789
Property, plant and equipment, net (Note 9)	43,069	46,394
Investment property, net (Notes 9 and 24)	847,079	882,868
Intangible assets (Note 10)	18,225	17,366
Right-of use assets (Note 24)	1,109	870
Total non-current assets	8,024,559	8,751,902
TOTAL ASSETS	₩10,570,840	₩9,577,961

LG CORP.
Separate Statements of Financial Position (Continued)

As of December 31,
2020 and 2019

(Unit: KRW million)

LIABILITIES AND SHAREHOLDERS' EQUITY	December 31, 2020	December 31, 2019
CURRENT LIABILITIES:		
Other current payables (Notes 5, 19, 22 and 26)	₩108,879	₩119,416
Current tax liabilities (Note 20)	47,724	9,842
Other current liabilities (Note 13)	18,519	6,989
Current lease liabilities (Notes 5, 19, 24 and 26)	644	444
Liabilities related to assets held for sale (Note 28)	539	19,358
Liabilities held for distribution to owners (Note 29)	2,490	-
Total current liabilities	178,795	156,049
NON-CURRENT LIABILITIES:		
Derivative financial liabilities (Notes 5 and 26)	39,196	-
Other non-current payables (Notes 5, 19, 22 and 26)	11,144	15,526
Net defined benefit liability (Note 12)	4,874	5,903
Deferred tax liability (Note 20)	62,078	68,443
Other non-current liabilities (Note 13)	4,478	4,862
Non-current lease liabilities (Notes 5, 19, 24 and 26)	478	433
Total non-current liabilities	122,248	95,167
TOTAL LIABILITIES	301,043	251,216
SHAREHOLDERS' EQUITY		
Issued capital (Note 14)	879,359	879,359
Capital surplus (Note 15)	2,409,002	2,409,002
Other capital items (Note 14)	(2,385)	(2,385)
Accumulated other comprehensive income (Note 16)	35,940	37,074
Retained earnings (Note 17)	6,947,881	6,003,695
TOTAL EQUITY	10,269,797	9,326,745
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	₩10,570,840	₩9,577,961

LG CORP.
Separate Statements of Income

For the years ended December 31,
2020 and 2019

(Unit: KRW million)

	Year ended December 31, 2020	Year ended December 31, 2019
Operating income:		
Dividend income (Notes 4, 18 and 22)	₩614,506	₩396,637
Royalty revenue (Notes 4, 18 and 22)	271,372	260,743
Rental revenue (Notes 4, 18, 22 and 24)	130,324	127,875
	1,016,202	785,255
Operating expenses:		
Employee benefit (Notes 18 and 22)	49,156	43,827
Depreciation (Notes 9 ,18 and 24)	23,619	22,512
Other operating expenses (Notes 18 and 22)	149,404	153,429
	222,179	219,768
Net operating income (Note 18)	794,023	565,487
Non-operating income and expenses:		
Financial income (Notes 19 and 22)	15,703	8,684
Financial expenses (Note 19)	520	904
Other non-operating income (Note 11)	817,794	10,844
Other non-operating expenses	35,541	5,803
Continuing operating profit before income tax expense	1,591,459	578,308
Income tax expense for continuing operations (Note 20)	291,982	69,395
Continuing operating profit	1,299,477	508,913
Discontinued operating income and expenses (Note 29)	31,874	72,248
Profit for the year	₩1,331,351	₩581,161
Earnings per share (in Korean won):		
Continuing and discontinued operations		
Common stock basic/diluted (Note 21)	₩7,573	₩3,305
Pre-1996 Commercial Law Amendment preferred stock basic/diluted (Note 21)	7,623	3,355
Continuing operation		
Common stock basic/diluted (Note 21)	7,392	2,894
Pre-1996 Commercial Law Amendment preferred stock basic/diluted (Note 21)	7,442	2,944

LG CORP.
Separate Statements of Comprehensive Income

For the years ended December 31,
2020 and 2019

(Unit: KRW million)

	Year ended December 31, 2020	Year ended December 31, 2019
Profit for the year	₩1,331,351	₩581,161
Other comprehensive income (loss):	(1,437)	(1,450)
Items that will not be reclassified subsequently to profit or loss	(1,437)	(1,450)
Remeasurement on the net defined benefit liability	(303)	(2,667)
Net gain (loss) on other financial assets	(1,134)	1,217
Total comprehensive income for the year	₩1,329,914	₩579,711

LG CORP.
Separate Statements of Changes in shareholders' Equity

For the years ended December 31,
2020 and 2019

(Unit: KRW million)

	Issued capital	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance at January 1, 2019	₩879,359	₩2,409,002	₩(2,385)	₩35,857	₩5,776,908	₩9,098,741
Annual dividends	-	-	-	-	(351,707)	(351,707)
Profit for the year	-	-	-	-	581,161	581,161
Remeasurement on the net defined benefit liability	-	-	-	-	(2,667)	(2,667)
Net gain (loss) on other financial assets	-	-	-	1,217	-	1,217
Balance at December 31, 2019	₩879,359	₩2,409,002	₩(2,385)	₩37,074	₩6,003,695	₩9,326,745
Balance at January 1, 2020	₩879,359	₩2,409,002	₩(2,385)	₩37,074	₩6,003,695	₩9,326,745
Annual dividends	-	-	-	-	(386,862)	(386,862)
Profit for the year	-	-	-	-	1,331,351	1,331,351
Remeasurement on the net defined benefit liability	-	-	-	-	(303)	(303)
Net gain (loss) on other financial assets	-	-	-	(1,134)	-	(1,134)
Balance at December 31, 2020	₩879,359	₩2,409,002	₩(2,385)	₩35,940	₩6,947,881	₩10,269,797

LG CORP.
Separate Statements of Cash Flows

For the years ended December 31,
2020 and 2019

(Unit: KRW million)

	Year ended December 31, 2020	Year ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	₩1,331,351	₩581,161
Additions of expenses not involving cash outflows:		
Depreciation	23,964	22,974
Amortization of intangible assets	2,048	1,856
Retirement benefits	4,691	3,606
Interest expenses	408	381
Income tax expense	295,077	76,158
Loss on disposals of property, plant and equipment	10	7
Loss on disposals of investment property	-	5,674
Loss on disposals of intangible assets	13	2
Impairment loss on investments in associates	35,424	-
Other selling and administration expenses	137	94
	361,772	110,752
Deduction of income not involving cash inflows:		
Interest income	16,083	8,293
Dividend income	649,595	476,247
Other operating income	384	357
Gain on disposals of property, plant and equipment	227	3
Gain on disposals of investments in associates	-	404
Gain on disposals of investments in subsidiaries	816,562	10,245
Gain on disposals of other financial assets	425	-
Gain on foreign currency translation	-	538
	(1,483,276)	(496,087)
Movements in working capital:		
Other receivables	23,821	(24,925)
Other current assets	1,886	1,310
Other non-current assets	(1,234)	(966)
Other payables	(15,004)	9,519
Other current liabilities	922	(206)
Net defined benefit liability	(6,082)	(5,119)
	4,309	(20,387)

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LG CORP.
Separate Statements of Cash Flows (Continued)

For the years ended December 31,
2020 and 2019

(Unit: KRW million)

	Year ended December 31, 2020	Year ended December 31, 2019
Interest income received	₩13,759	₩7,510
Dividend income received	649,595	476,247
Interest expenses paid	25	24
Income taxes paid	280,142	67,365
	383,187	416,368
Net cash provided by operating activities	597,343	591,807
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash inflows from investing activities:		
Decrease in financial institution deposits	1,150,500	600,000
Disposals of investments in subsidiaries	991,935	192,442
Disposals of investments in associates	-	404
Disposals of other financial assets	975	-
Disposals of property, plant and equipment	324	29
Disposals of investment property	10,616	1,284
Disposals of intangible assets	592	93
	2,154,942	794,252
Cash outflows for investing activities:		
Increase in financial institution deposits	1,950,000	850,000
Acquisitions of investments in subsidiaries	-	18,273
Acquisitions of investments in associates	90,005	-
Acquisitions of property, plant and equipment	218	5,133
Acquisitions of investment properties	1,220	142,559
Acquisitions of intangible assets	1,102	974
	(2,042,545)	(1,016,939)
Net cash provided by (used in) investing activities	112,397	(222,687)

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LG CORP.

Separate Statements of Cash Flows (Continued)

For the years ended December 31,
2020 and 2019

(Unit: KRW million)

	Year ended December 31, 2020	Year ended December 31, 2019
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash inflows for financing activities:		
Short-term borrowings	4,619	-
	4,619	-
Cash outflows for financing activities:		
Payments of dividends	386,844	351,689
Repayment of short-term borrowings	4,619	-
Redemptions of lease liabilities	674	599
	(392,137)	(352,288)
Net cash used in financing activities	(387,518)	(352,288)
NET INCREASE IN CASH AND CASH EQUIVALENTS	322,222	16,832
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF YEAR	150,273	132,903
Effects of exchange rate changes on cash and cash equivalents	-	538
CASH AND CASH EQUIVALENTS, AT THE END OF YEAR	₩472,495	₩150,273

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