



LG
Annual Report
2021

LG Annual Report 2021

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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 of 2021, we faced challenges in the business environment with rising uncertainties across the board due to the prolonged Covid-19 pandemic including instability of the supply chain and inflation.

Amid the difficult environment, LG consistently worked on enhancing our business competitiveness and laying the base foundation for qualitative growth focusing on "customer value management." We advanced our business portfolio by reorganizing non-core businesses as well as concentrating our capabilities on growing businesses, and we are continuing our efforts to increase our competitiveness for future opportunities in artificial intelligence (AI) and digital transformation (DX).

Furthermore, in spite of the rapid changes in the external environment, we are working towards strengthening our foundation to respond to customer demands by diversifying supply chains and reorganizing the global production system.

The electronics business enhanced its global market leadership in home appliance business through outstanding product competitiveness with the aim to become the global top business, and reinforced its premium position in the large-sized OLED TV market.

We also made sustainable growth in our components business including automotive components, optical solution, substrate materials, and next generation displays continued to grow which solidified the foundation of future business.

Along with the favorable business environment of petrochemical industry, chemical business is accelerating to nurture battery materials, eco-friendly materials and new drugs as a new growth engine.

In particular, the newly established LG Energy Solution is strengthening its business growth through collaboration with global automakers and continuing to develop differentiated products in order to aim for top global position.

In the telecommunications sector, LG Uplus made solid growth in 5G and home businesses through differentiated customer service, and also improved business performance by expanding B2B business such

as data center business. LG CNS increased the growth by actively responding to market demands for digital transformation (DX) and positioned as a leading IT service provider in the field of logistics automation and finance sector. Owing to these efforts, LG Corp. posted consolidated revenue of KRW 6.86 trillion and operating profit of KRW 2.46 trillion in year 2021.

In the year 2022, recovery from Covid-19 is getting postponed and uncertainty in the global business environment is expected to increase more than ever. However, we will strive to create opportunity in this time of crisis by placing customers as our utmost priority and quickly responding to the relevant changes.

Through deeper understanding and closer communication with our customers, we will continue to provide new and differentiated experiences that bring true value to the customers, and aim to innovate customer experience that only LG can deliver.

We will accelerate qualitative growth in our top core businesses, and continue to advance our business portfolio by identifying new future growth engines including AI, sustainability and healthcare.

We will also reinforce our basic business capabilities regarding environmental safety and quality, and develop them into LG's standards.

It is LG's 75th anniversary this year.

I would like to express my deepest gratitude to all the shareholders, customers and employees that who have been a great part of the journey. We will continue to enhance the transparency in our business management and fulfill the corporate role expected by our society, so that LG can be recognized as a better company by our customers, investors, business partners, the public and the society.

Lastly, we will consider and carry out various options to increase the shareholder value for our shareholders who have continued to trust and support LG.

We would appreciate your continued support and guidance.

CEO & Chairman **Koo, Kwang Mo**

Board of Directors



Koo, Kwang Mo
Director



Han, Jong Soo
Director



Cho, Sung Wook
Director



Kwon, Bong Seok
Director



Ha, Beom Jong
Director



Kim, Sang Hun
Director



Lee, Soo Young
Director

Holding Structure

As of December 31, 2021
% based on common stocks

- Holding Company : 1
- No. of 1st. tier subsidiaries : 9
- No. of 2nd. tier subsidiaries : 42
- No. of 3rd. tier subsidiaries : 7
- Others : 1



Electronics

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-Caresolution Corp. (100%)
- Hi Teleservice Inc. (100%)
- Ace R&A Co., Ltd. (100%)
- Hanuri Co., Ltd. (100%)
- Robostar Co.,Ltd. (33.4%)
- LG Magna e-Powertrain Co.,Ltd. (51.0%)
- ZKW Lighting Systems Korea Co., Ltd.(100%)*



Chemicals

LG Chem, Ltd.
33.3%

- LG ENERGY SOLUTION, LTD. (100%)
Aremnuri. Co. Ltd (100%)
- SEETEC Co., Ltd. (50.0%)
- Haengboknuri Co., Ltd. (100%)
- FarmHannong Co., Ltd. (100%)
- LG BCM (100%)

LG Household & Health Care, Ltd.
34.0%

- Coca-Cola Beverage Company (90.0%)
Hankook Beverage Co., Ltd. (100%)
Gwoonnuri (100%)
- Hai tai HTB Co., Ltd. (100%)
- 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%)
- LOAKOREA (70.0%)



Telecommunications & Services

LG Uplus Corp.
37.7%

- LG Hello Vision Corp. (50%)
CV Partners CO.,Ltd. (100%)
- 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 CNS Co., Ltd.
50.0%

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

S&I Corporation Co., Ltd.
100%

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

LG Management Development Institute
100%

LG Sports Ltd.
100%

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



**Management's Discussion
& Analysis**



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In the year of 2021, we faced challenges in the business environment with rising uncertainties across the board due to the prolonged Covid-19 pandemic including instability of the supply chain and inflation.

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1. Revenue and operating profit for main business segments

(Unit: KRW million)

Company	Revenue			Operating Profit		
	2021	2020	YoY	2021	2020	YoY
LG Corp.	990	1,016	-3%	740	794	-7%
LG CNS Co., Ltd.	4,143	3,360	23%	329	246	34%
S&I Corporation Co., Ltd.	188	167	13%	-26	-41	-
LG Management Development Institute	145	85	71%	0.1	-1.3	Turn Black
LG Sports Ltd.	59	58	2%	-8	-2	-

(*) 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 cloud, AI, Big Data, and smart logistics solutions in the recent 3 years. LG CNS showed all-time best performance in 2021, with 23% increase in the revenue and 34% increase in the operating profit compared to the previous year. The key drivers were cloud-centered digital transformation business, business with financial sector clients regarding next generation platforms, and smart logistics solutions business with platform leader clients.

2. Gain & Loss on Valuation of Equity Method Securities

(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%
GIR Corporation	3,155	(8,033)	Turn Black
Others	9,113	44,897	-79.7%
Total	1,204,938	467,190	157.9%

3. Operating Income

(Unit: KRW million)

Account	2021	2020	YoY
Dividend Income	518,273	614,506	-16%
Brand Royalty Income	340,801	271,372	26%
Rental Revenue	130,686	130,324	0%
Total	989,760	1,016,202	-3%

1) Dividend Income (Details)

(Unit: KRW million)

Company	2021	2020	YoY
LG Chem Ltd.	235,342	47,068	400%
LG Household & Health Care Ltd.	58,471	58,471	0%
LG Electronics Inc.	66,113	41,321	60%
LG Uplus Corp.	106,875	62,951	70%
GIR Corporation	1,740	1,740	0%
Others	49,732	402,955	-88%
Total	518,273	614,506	-16%

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 2021, LG Corp. posted brand royalty income of KRW 340,801 million from the companies in the brand contract.

3) Rental Revenue

LG Corp. recorded rental revenue of KRW 130,686 million in 2021, which is similar level as the previous year.

4. Changes in investments in associates and joint ventures for the years ended December 31, 2021

(Unit: KRW million)

Companies	Year ended December 31, 2021						Ending balance
	Beginning balance	Acquisitions	Dividends received	Equity method gains and losses	Other capital changes and others	Disposal and others	
LG Chem Ltd.	5,262,146	-	(235,342)	1,102,792	215,433	10,250	6,355,279
LG Household & Health Care Ltd.	1,502,943	-	(58,471)	265,650	(8,591)	-	1,701,531
LG Electronics Inc.	4,609,110	-	(66,113)	318,320	299,325	-	5,160,642
LG Uplus Corp.	2,728,649	-	(106,875)	257,697	(11,671)	-	2,867,800
LG Hitachi Co., Ltd.	6,622	-	(19)	188	759	-	7,550
GIR Corporation	48,243	-	(1,740)	4,661	1,185	-	52,349
ZKW Holding GmbH(*1)	361,238	-	-	(45,245)	11,829	(187,463)	140,359
ZKW Austria Immobilien Holding GmbH(*1)	17,570	-	-	1,104	558	(10,296)	8,936
Combustion Synthesis Co., Ltd>(*2)	1,734	-	-	(92)	(7)	(1,635)	-
Tmoney Co., Ltd.	47,017	-	-	5,119	1,417	-	53,553
Songdo U-Life LLC	365	-	-	214	-	-	579
Recaudo Bogota S.A.S.	2,737	-	-	(1,075)	(265)	-	1,397
Hellas Smarticket Societe Anonyme	4,554	-	(1,036)	1,009	16	-	4,543
Ulleungdo Natural Energy Independent Island Co., Ltd.(*3)	39	-	-	-	-	(39)	-
Dongnam Solar Energy Co., Ltd.	677	-	-	9	-	-	686
Daegu Clean Energy Co., Ltd.(*4)	-	-	-	-	-	-	-
Serveone Co., Ltd.	346,353	-	-	38,144	5,419	(79,840)	310,076
CloudGram Corp.	18,758	-	-	(1,265)	-	(1,700)	15,793
Korea DRD Corp.	585	-	-	39	-	-	624
Total	14,959,340	-	(469,596)	1,947,269	515,407	(270,723)	16,681,697

(*1) The signs of impairment to ZKW Holding GmbH and ZKW Austria Immobilien Holding GmbH were identified in the current period, and the impairment loss of ₩187,463 million and ₩10,296 million was recognized, respectively, as profit or loss by reviewing the recoverable value. Recoverable value was decided based on value in use and influenced by changes in main assumptions used in discounted cash flow method, such as 2% of permanent growth rate anticipated after 5 years and 10.89%~12.89% of discount rate.

(*2) It was sold during the current period.

(*3) It was liquidated during the current period.

(*4) 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.

5. Changes in property, plant and equipment for the years ended December 31, 2021

(Unit: KRW million)

Description	Year ended December 31, 2021									
	Land	Buildings	Structures	Machinery	Vehicles	Tools and equipment	Furniture and fixtures	Construction in progress	Other property	Total
Beginning balance	381,805	785,334	143,417	22,885	13,313	705	60,820	6,526	174,753	1,589,558
Acquisitions	-	2,463	522	216	1,114	297	26,776	9,420	24,503	65,311
Disposals	-9,113	-996	-12	-36	-30	-78	-39	-	-371	-10,675
Depreciation(*1)	-	-32,749	-11,881	-6,962	-2,197	-308	-17,915	-	-28,112	-100,124
Transfers in	-	25,345	711	230	-	-	324	-	2,754	29,364
Transfers out	-345	-32,187	-799	-	-	-	-	-9,170	-	-42,501
Government subsidies	-	-	-	-	-	-	-124	-	-	-124
Removal due to classification of assets to be sold	-4,296	-435	-1,167	-46	-33	-542	-8,834	-155	-181	-15,689
Consolidation scope changes(*2)	207	-994	-	-487	-3	-	-	-	25	-1,252
Impairment loss	-240	-2,665	-137	-2,252	-8	-	-97	-33	-35	-5,467
Others	-	357	-	-	-	-	-429	-	18	-54
Effect of foreign currency translation	-	-	-	3	-4	1	78	-	395	473
Ending balance	368,018	743,473	130,654	13,551	12,152	75	60,560	6,588	173,749	1,508,820

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

(*2) Sejong Green Power Co., Ltd. was sold and Right Brain Co., Ltd. was acquired during current period.

6. Changes in investment property for the years ended December 31, 2021

(Unit: KRW million)

Description	Year ended December 31, 2021				
	Land	Buildings	Structures	Construction in progress	Total
Beginning balance	762,633	483,071	4,945	107,263	1,357,912
Acquisitions	-	1,428	-	154,805	156,233
Depreciation(*1)	-	(30,724)	(1,117)	-	(31,841)
Transfers	49,036	225,261	760	(261,920)	13,137
Disposals	(167,727)	(24,496)	(605)	-	(192,828)
Others	(2,590)	(3,903)	(8)	(145)	(6,646)
Ending balance	641,352	650,637	3,975	3	1,295,967

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

Details of the investment property's fair value as of December 31, 2021 are as follows.

(Unit: KRW million)

Description	December 31, 2021			
	Date of revaluation	Land	Buildings, structures and construction in progress	Total
Book value of investment property:				
Book value(*1)		686,602	722,209	1,408,811
Results of valuation:				
Twin Tower(*1)	2021-09-30	815,488	292,512	1,108,000
Gasandong building(*1)	2021-09-30	132,123	104,396	236,519
Gwanghwamun building(*1)	2021-09-30	332,444	101,556	434,000
Seoul Station building(*1)	2021-09-30	329,360	130,640	460,000
Sangdodong Hi Plaza(*2)	2017-06-30	5,445	1,760	7,205
Dogokdong Gangnam building(*2)	2017-12-31	167,077	75,110	242,187
Flagone 2(*3)	-	-	14,362	14,362
CNS Sangam DDMC(*1), (*4)	2020-01-10	-	343,000	343,000
Japan Corporation(*2)	-	48,135	210,373	258,508
Others(*2)	2016-02-26	539	-	539
Total				3,104,320

(*1) Includes the value of investment property (Book value that is subject to valuation: ₩112,844 million) occupied by the owner.

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

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

(*4) 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.

7. Debentures and Borrowings

1) Short-term borrowings as of December 31, 2021 and 2020

(Unit: KRW million)

Description	Creditor	Annual interest rate (%)	December 31, 2021	December 31, 2020
Korean currency short-term borrowings	Kookmin Bank and others	2.41-5.85	18,000	23,000
Overdraft	Kookmin Bank and others	2.79-3.67	3,902	-
Foreign currency short-term borrowings	The Export-Import Bank of Korea and others	1.24-6.40	19,551	26,665
Total			41,453	49,665

2) Long-term borrowings as of December 31, 2021 and 2020

(Unit: KRW million)

Description	Creditor	Annual interest rate (%)	December 31, 2021		December 31, 2020	
			Current	Non-current(*1)	Current	Non-current
Korean currency long-term borrowings	Shinhan Bank and others	2.94	1,652	2,065	1,712	3,907
Foreign currency long-term borrowings	SMBC	-	-	-	-	86,449
Debentures in Korean won	Public offering bonds and others	1.60-2.99	220,000	520,000	250,000	840,000
Discount on debentures			(110)	(1,027)	(127)	(2,033)
Present value discount account			-	-	-	(885)
Total			221,542	521,038	251,585	927,438

(*1) Maturity information on non-current long-term borrowings as of December 31, 2021, is as follows

Remaining maturity	1 year-2 years	2 years-3 years	More than 3 years
Borrowing amount	1,652	413	-

3) Debentures as of December 31, 2021 and 2020

(Unit: KRW million)

Company	Description	Issuance date	Maturity date	Annual interest rate	December 31, 2021	December 31, 2020
LG CNS Co., Ltd.	9-3 rd public offering	2015-04-16	2022-04-16	2.44%	50,000	50,000
	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	-	-	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	150,000
	12-2 nd public offering	2020-05-14	2025-05-14	1.75%	50,000	50,000
S&I Corporation Co., Ltd.	12-3 rd public offering	2020-05-14	2027-05-14	1.99%	100,000	100,000
	1-2 nd public offering	2016-10-27	2021-10-27	-	-	90,000
	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	-	-	70,000
	3-2 nd public offering	2018-05-04	2023-05-04	-	-	100,000
	4 th public offering	2020-10-23	2023-10-23	1.73%	110,000	110,000
Subtotal					740,000	1,090,000
Discount on debentures					(1,137)	(2,160)
Current debentures (*1)					(219,890)	(249,873)
Total					518,973	837,967

(*1) Amount of discount on debentures is deducted.

8. Issued Capital

Details of issued capital as of December 31, 2021, are as follows.

(Unit: KRW million)

Type of stock	Number of authorized shares	Number of issued shares(*2)	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.

(*2) Decreased due to spin-off during the current period.

9. Retained Earnings and Dividends

Changes in retained earnings for the years ended December 31, 2021 and 2020 are as follows.

(Unit: KRW million)

Description	2021	2020
Beginning balance	16,782,359	15,699,266
Profit for the year attributable to the owners of the Company	2,565,453	1,465,673
Dividends(*)	(439,593)	(386,862)
Remeasurement of net defined benefit liability	(7,966)	335
Changes in retained earnings by equity method	(8,103)	3,947
Changes in the shares of subsidiaries	(736)	-
Ending balance	18,891,414	16,782,359

(*) Details of dividends for the years ended December 31, 2021 and 2020, are as follows.

Type of stock	Year ended December 31, 2021				
	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	2,500	431,158
Preferred stock	3,314,677	6,810	3,307,867	2,550	8,435

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



Audit Report

LG Annual Report
2021

Independent Auditors' Report

English Translation of Independent Auditors' Report Originally Issued in Korean on March 21, 2022.

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 statement of financial position as of December 31, 2021, and December 31, 2020, respectively, and the related consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement 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, 2021, and December 31, 2020, respectively, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

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 Audits 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 audit opinion.

Key Audit Matters

The 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 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 investments in associates

As noted in Note 3 (key sources of estimation uncertainty), the company is considering the impairment to the investment of associates at the end of the reporting period, and the recoverable amount is based on the higher value of use or net fair value. This calculation is based on estimation, and if the recoverable amount is less than the carrying amount, the impairment loss is recognized.

As noted in Note 11, the Group's management determined that there were signs of asset impairment in the business plan of ZKW Holding GmbH and ZKW Australia Immobilien Holding GmbH classified as investment in associates, and evaluated the impairment in accordance with IFRS 1036.

The Group recognized a impairment loss of 197.8 billion won for ZKW Holding GmbH and ZKW Australia Immobilien Holding GmbH in the current period, and as of December 31, 2021, after recognizing the impairment loss, the carrying amount of the shares was 140.3 billion won and 8.9 billion won, respectively.

We determined this matter to Key Audit Matters with consideration of the significant amount of impairment loss recognized by the company in ZKW Holding GmbH and ZKW Australia Immobilien Holding GmbH investment shares in the current period, and the significant management's judgment on the company's impairment assessment.

The major audit procedures we have conducted in relation to the Key Audit Matters are as follows:

- Questions and understanding of the company's accounting policies and internal controls related to impairment assessment of investment assets.
- Review management's assessment of the existence of any impairment signs of investment in associates held by the company.
- Evaluate the objectivity and eligibility of independent external experts used by the company's management in impairment test.
- Ask about the methodology and key significant assumptions (future cash flows, discount rate, etc.) of the valuation model applied by the company and confirm their validity.
- Evaluate the appropriateness of management's estimation of business plans by comparing ZKW' business plan used in the previous period impairment assessment with the current-period performance.
- Check the sensitivity analysis of the impairment test presented by the management.

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 Audits 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.

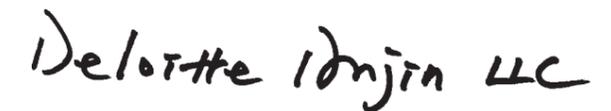
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate 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 will 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 matters in our auditors' 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 auditors' report is Su-Jae Jang.



March 21, 2022

Notice to Readers This report is effective as of March 21, 2022, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the auditors' report.

LG CORP. AND ITS SUBSIDIARIES
Consolidated Statements of Financial Position

As of December 31,
2021 and 2020

(Unit: KRW million)

ASSETS	December 31, 2021	December 31, 2020
CURRENT ASSETS:		
Cash and cash equivalents (Notes 5, 6, 27, 31 and 34)	₩1,132,504	₩1,492,690
Financial institution deposits (Notes 5, 27, 31 and 34)	1,809,436	1,467,497
Current derivative assets (Notes 5, 27 and 34)	2,259	2,578
Trade receivables, net (Notes 5, 7, 27, 30 and 34)	1,133,381	1,313,668
Other receivables, net (Notes 5, 7, 27, 30 and 34)	99,809	39,877
Current tax assets (Note 28)	3,683	6,995
Other current assets (Notes 9 and 18)	423,945	309,311
Inventories, net (Note 8)	54,019	41,682
Assets held for sale and distribution to owners (Notes 4, 10, 37, 39)	888,898	1,221,623
Total current assets	5,547,934	5,895,921
NON-CURRENT ASSETS:		
Non-current financial institution deposits (Notes 5, 27, 31 and 34)	12,011	458
Other financial assets (Notes 5, 27 and 34)	240,556	138,516
Non-current trade receivables, net (Notes 5, 7, 27, 30 and 34)	14,462	21,230
Non-current other receivables, net (Notes 5, 7, 27, 30, 31 and 34)	7,832	6,951
Investments in associates and joint ventures (Note 13)	16,681,697	14,959,340
Deferred tax assets, net (Note 28)	173,037	145,281
Non-current other assets (Note 9)	3,212	3,407
Property, plant and equipment, net (Notes 10, 30, 37 and 39)	1,508,820	1,589,560
Investment property, net (Note 11)	1,295,967	1,357,912
Intangible assets (Note 12)	159,691	132,057
Right-of-use assets (Note 32)	24,577	31,635
Total non-current assets	20,121,862	18,386,347
TOTAL ASSETS	₩25,669,796	₩24,282,268

- Continued

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

As of December 31,
2021 and 2020

(Unit: KRW million)

LIABILITIES AND EQUITY	December 31, 2021	December 31, 2020
CURRENT LIABILITIES:		
Current derivative liabilities (Notes 5, 27 and 34)	₩2,564	₩326
Trade payables (Notes 5, 27, 30 and 34)	659,653	797,369
Other payables (Notes 5, 27, 30 and 34)	562,794	518,462
Short-term borrowings (Notes 5, 14, 27 and 34)	41,453	49,665
Current portion of debentures and long-term borrowings (Notes 5, 14, 27 and 34)	221,542	251,585
Current tax liabilities (Note 28)	132,993	87,083
Provisions (Note 15)	30,706	37,055
Other current liabilities (Notes 17 and 18)	378,141	362,225
Current lease liabilities (Notes 5, 27, 32, 34 and 38)	25,766	22,617
Liabilities held for sale and distribution to owners (Notes 37 and 39)	763,661	6,876
Total current liabilities	2,819,273	2,133,263
NON-CURRENT LIABILITIES:		
Non-current derivative liabilities (Notes 5, 27 and 34)	38,982	51,256
Other non-current payables (Notes 5, 27, 30 and 34)	21,424	17,574
Long-term borrowings (Notes 5, 14, 27 and 34)	521,038	927,438
Net defined benefit liability (Note 16)	6,636	13,888
Deferred tax liability (Note 28)	284,338	229,955
Provisions (Note 15)	2,826	5,127
Other non-current liabilities (Note 17)	22,300	18,948
Non-current lease liabilities (Notes 5, 27, 32, 34 and 38)	12,758	23,529
Total non-current liabilities	910,302	1,287,715
TOTAL LIABILITIES	3,729,575	3,420,978
EQUITY:		
Equity attributable to the owners of the parent company:	21,246,547	20,258,251
Issued capital (Note 19)	801,613	879,359
Capital surplus (Note 20)	2,969,304	2,964,730
Other capital items (Note 19)	(1,565,341)	(2,385)
Accumulated other comprehensive income (loss) (Note 21)	149,557	(365,812)
Retained earnings (Note 22)	18,891,414	16,782,359
Non-controlling interests	693,674	603,039
TOTAL EQUITY	21,940,221	20,861,290
TOTAL LIABILITIES AND EQUITY	₩25,669,796	₩24,282,268

- Concluded

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

For the years ended December 31,
2021 and 2020

(Unit: KRW million)

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue and gain on valuation by equity method (Notes 4 and 23):		
Sales of finished goods and merchandise	₩817,788	₩666,022
Service revenue	1,840,648	1,548,248
Construction revenue	1,714,516	1,309,963
Gain on valuation by equity method	1,947,269	1,203,696
Other revenue	538,789	471,141
	6,859,010	5,199,070
Cost of sales (Notes 23 and 24)	4,065,447	3,302,831
Gross profit	2,793,563	1,896,239
Selling and administrative expenses (Notes 23 and 24)	333,459	310,183
Operating income	2,460,104	1,586,056
Financial income (Note 25)	43,819	31,914
Financial expenses (Note 25)	27,157	33,256
Other non-operating income (Note 26)	151,629	191,860
Other non-operating expenses (Note 26)	237,410	133,474
Profit before income tax expense from continuing operations	2,390,985	1,643,100
Income tax expense from continuing operations (Note 28)	209,251	304,350
Profit from continuing operations	2,181,734	1,338,750
Profit from discontinued operations (Note 37)	502,240	201,908
Profit for the year	₩2,683,974	₩1,540,658
Profit for the year attributable to:		
Owners of the parent company	₩2,565,453	₩1,465,673
Non-controlling interests	118,521	74,985
Earnings per share (in Korean won):		
Continuing and discontinued operations:		
Common stock - basic/diluted (Note 29)	₩15,504	₩8,338
Pre-1996 Commercial Law Amendment Preferred Stock - basic/diluted (Note 29)	15,554	8,388
Continuing operations:		
Common stock - basic/diluted (Note 29)	₩12,469	₩7,189
Pre-1996 Commercial Law Amendment Preferred Stock - basic/diluted (Note 29)	12,519	7,239

LG CORP. AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income

For the years ended December 31,
2021 and 2020

(Unit: KRW million)

	Year ended December 31, 2021	Year ended December 31, 2020
Profit for the year	₩2,683,974	₩1,540,658
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	522,546	(250,168)
Overseas operations translation	5,293	(4,214)
Items that will not be reclassified subsequently to profit or loss:		
Net loss on other financial assets	(7,282)	(1,255)
Remeasurement of net defined benefit liability	(7,936)	316
Increase (decrease) in retained earnings of equity-method investments	(6,989)	4,012
Total comprehensive income for the year	₩3,189,606	₩1,289,349
Total comprehensive income attributable to:		
Owners of the parent company	₩3,064,754	₩1,216,509
Non-controlling interests	124,852	72,840

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

For the years ended December 31,
2021 and 2020

(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, 2020	₩879,359	₩2,363,147	₩(2,385)	₩(112,366)	₩15,699,266	₩194,000	₩19,021,021
Total comprehensive income for the year							
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, etc.							
Annual dividends	-	-	-	-	(386,862)	(14,958)	(401,820)
Changes in the shares of subsidiaries, etc.	-	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
Balance as of January 1, 2021	₩879,359	₩2,964,730	₩(2,385)	₩(365,812)	₩16,782,359	₩603,039	₩20,861,290
Total comprehensive income for the year							
Profit for the year	-	-	-	-	2,565,453	118,521	2,683,974
Net gain (loss) on other financial assets	-	-	-	(9,630)	-	2,348	(7,282)
Valuation through equity method	-	-	-	522,574	(8,103)	1,086	515,557
Remeasurements of the net defined benefit liability	-	-	-	-	(7,966)	30	(7,936)
Overseas operations translation	-	-	-	2,425	-	2,868	5,293
Transactions with owners directly reflected in capital, etc.							
Annual dividends	-	-	-	-	(439,593)	(37,312)	(476,905)
Disposals of treasury stocks	-	4,574	2,385	-	-	-	6,959
Acquisitions of treasury stocks	-	-	(6,160)	-	-	-	(6,160)
Changes from spin-off	(77,746)	-	(1,559,181)	-	-	-	(1,636,927)
Changes in the shares of Subsidiaries, etc.	-	-	-	-	(736)	3,594	2,858
Others	-	-	-	-	-	(500)	(500)
Balance as of December 31, 2021	₩801,613	₩2,969,304	₩(1,565,341)	₩149,557	₩18,891,414	₩693,674	₩21,940,221

LG CORP. AND ITS SUBSIDIARIES
Consolidated Statements of Cash Flows

For the years ended December 31,
2021 and 2020

(Unit: KRW million)

	Year ended December 31, 2021	Year ended December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	₩2,683,974	₩1,540,658
Additions of expenses not involving cash outflows:		
Salaries and bonuses	7,486	3,212
Retirement benefits	27,186	24,791
Depreciation	146,688	152,091
Amortization of intangible assets	28,740	21,736
Bad debt expenses	1,552	1,756
Accrual of provision	25,980	26,312
Impairment loss on property, plant and equipment	5,468	11,499
Impairment loss on intangible assets	2,684	2,612
Loss on foreign currency translation	2,883	9,757
Loss on disposals of property, plant and equipment	305	3,256
Loss on disposals of intangible assets	13	329
Loss on transactions of derivatives	13,289	18,795
Loss on valuation of derivatives	2,564	326
Disaster loss	-	4,347
Interest expenses	26,275	32,940
Loss on disposals of other financial assets	17	-
Loss on valuation of other financial assets	424	4,188
Loss on disposals of investments in subsidiaries	17	-
Loss on disposals of investments in associates	1,671	-
Impairment loss on investments in associates	199,459	66,497
Impairment loss on right-of-use assets	1,103	-
Income tax expense	300,369	323,107
Others	222	1,587
	794,395	709,138
Deduction of items not involving cash inflows:		
Reversal of allowance for doubtful accounts	21	7,433
Reversal of provisions	9,987	14,592
Gain on foreign currency translation	4,248	5,504
Gain on disposals of property, plant and equipment	21,223	885
Gain on disposals of investment property	85,006	-
Gain on transactions of derivatives	4,968	17,741
Gain on valuation of derivatives	2,251	2,333
Interest income	29,610	32,127
Dividend income	37,638	1,142
Gain on valuation of other financial assets	12,755	247
Gain on disposals of other financial assets	-	425
Gain on disposals of investments in associates	439,563	136,824

LG CORP. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31,
2021 and 2020

(Unit: KRW million)

	Year ended December 31, 2021	Year ended December 31, 2020
Gain on valuation by equity method	1,947,269	1,313,358
Reversal of impairment loss on investments in associates	2	108
Gain from assets contributed	280	-
Others	615	1,998
	(2,595,436)	(1,534,717)
Movements in working capital:		
Trade receivables	(345,951)	139,355
Other receivables	(53,300)	33,005
Current finance lease receivables	369	-
Inventories	(13,103)	20,981
Non-current trade receivables	2,961	1,497
Defined benefit pension plan assets	(33)	-
Trade payables	294,822	(35,481)
Other payables	75,733	(114,613)
Provisions	(21,824)	(25,406)
Net defined benefit liability	(37,379)	(28,401)
Others	(176,542)	114,223
	(274,247)	105,160
Interest income received	26,478	31,790
Dividend income received	587,073	248,812
Income tax received	2,717	1,677
Interest expenses paid	(25,613)	(7,765)
Income taxes paid	(179,816)	(355,657)
Net cash provided by operating activities	1,019,525	739,096

- Continued

LG CORP. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31,
2021 and 2020

(Unit: KRW million)

	Year ended December 31, 2021	Year ended December 31, 2020
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash inflows from investing activities:		
Decrease in financial institution deposits	₩2,705,432	₩1,184,600
Disposals of derivative instruments	4,968	17,741
Decrease in other receivables	7,232	14,942
Disposals of other financial assets	3,728	4,978
Decrease in non-current other receivables	668	88
Disposals of investments in subsidiaries	47,728	-
Disposals of investments in associates	103	4,666
Decrease in non-current other assets	1,543	-
Disposals of property, plant and equipment	35,527	19,335
Disposals of investment property	281,808	216
Disposals of intangible assets	274	11,606
Cash flows from changes of consolidation scope	654	-
Others	248	492
	3,089,913	1,258,664
Cash outflows for investing activities:		
Increase in financial institution deposits	2,914,334	2,257,156
Acquisitions of other financial assets	133,124	18,848
Acquisitions of derivative instruments	10,332	17,090
Increase in other receivables	7,895	2,938
Increase in non-current other receivables	5,493	3,651
Acquisitions of investments in subsidiaries	4,959	-
Acquisitions of investments in associates	-	100,545
Acquisitions of property, plant and equipment	58,113	55,975
Acquisitions of investment property	156,233	19,464
Acquisitions of intangible assets	69,985	60,608
Cash flows from changes of consolidation scope	1,339	-
Others	103	77
	(3,361,910)	(2,536,352)
Net cash used in investing activities	(271,997)	(1,277,688)

- Continued

LG CORP. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31,
2021 and 2020

(Unit: KRW million)

	Year ended December 31, 2021	Year ended December 31, 2020
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash inflows from financing activities:		
Proceeds from short-term borrowings	₩9,844	₩13,730
Proceeds from long-term borrowings	-	13,512
Issuance of debentures	34	409,527
Increase in government subsidy	-	1,966
Disposals of treasury stocks	8,420	-
Cash inflows from consolidated capital transactions	-	991,935
	18,298	1,430,670
Cash outflows for financing activities:		
Redemptions of short-term borrowings	18,602	18,035
Redemptions of long-term borrowings	87,297	-
Redemptions of debentures	250,000	300,000
Redemptions of lease liabilities	14,346	15,453
Redemptions of current portion of long-term borrowings	60	1,652
Decrease in common stocks	500	-
Payments of dividends	476,883	401,802
Acquisitions of treasury stocks	6,160	-
Others	172,814	-
	(1,026,662)	(736,942)
Net cash provided by (used in) financing activities	(1,008,364)	693,728
Net change in cash and cash equivalents	(260,836)	155,136
Cash and cash equivalents at beginning of year	1,492,690	1,337,102
Effects of exchange rate changes on cash and cash equivalents	7,117	452
Cash and cash equivalents at end of year	₩1,238,971	₩1,492,690

- Concluded

LG CORP.

Separate Statements of Financial Position

As of December 31,
2021 and 2020

(Unit: KRW million)

ASSETS	December 31, 2021	December 31, 2020
CURRENT ASSETS:		
Cash and cash equivalents (Notes 5, 6, 19 and 26)	₩210,756	₩472,495
Financial institution deposits (Notes 5, 19, 23 and 26)	1,550,000	1,128,000
Other receivables, net (Notes 5, 7, 19, 22 and 26)	69,826	14,027
Other current assets (Note 8)	817	1,264
Assets held for sale (Notes 9, 11 and 28)	-	17,157
Assets held for distribution to owners (Notes 11 and 29)	-	913,338
Total current assets	1,831,399	2,546,281
NON-CURRENT ASSETS:		
Other financial assets (Notes 5, 19 and 26)	189,309	96,894
Other non-current receivables, net (Notes 5, 7, 23 and 26)	505	5
Investments in subsidiaries (Note 11)	758,789	758,789
Investments in associates and joint ventures (Notes 11 and 29)	6,034,875	6,257,538
Other non-current assets (Note 8)	2,775	1,851
Property, plant and equipment, net (Note 9)	41,321	43,069
Investment property, net (Notes 9 and 24)	828,833	847,079
Intangible assets (Note 10)	19,888	18,225
Right-of use assets (Note 24)	1,005	1,109
Total non-current assets	7,877,300	8,024,559
TOTAL ASSETS	₩9,708,699	₩10,570,840

- Continued

LG CORP.
Separate Statements of Financial Position (Continued)

As of December 31,
 2021 and 2020

(Unit: KRW million)

LIABILITIES AND SHAREHOLDERS' EQUITY	December 31, 2021	December 31, 2020
CURRENT LIABILITIES:		
Other current payables (Notes 5, 19, 22 and 26)	₩139,698	₩108,879
Current tax liabilities (Note 20)	33,721	47,724
Other current liabilities (Note 13)	5,833	18,519
Current lease liabilities (Notes 5, 19, 24 and 26)	616	644
Liabilities related to assets held for sale (Note 28)	-	539
Liabilities held for distribution to owners (Note 29)	-	2,490
Total current liabilities	179,868	178,795
NON-CURRENT LIABILITIES:		
Derivative financial liabilities (Notes 5 and 26)	38,982	39,196
Other non-current payables (Notes 5, 19, 22 and 26)	8,357	11,144
Net defined benefit liability (Note 12)	260	4,874
Deferred tax liability (Note 20)	66,510	62,078
Other non-current liabilities (Note 13)	4,069	4,478
Non-current lease liabilities (Notes 5, 19, 24 and 26)	396	478
Total non-current liabilities	118,574	122,248
TOTAL LIABILITIES	298,442	301,043
SHAREHOLDERS' EQUITY		
Issued capital (Note 14)	801,613	879,359
Capital surplus (Note 15)	2,413,576	2,409,002
Other capital items (Note 14)	(1,569,515)	(2,385)
Accumulated other comprehensive income (Note 16)	23,965	35,940
Retained earnings (Note 17)	7,740,618	6,947,881
TOTAL EQUITY	9,410,257	10,269,797
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	₩9,708,699	₩10,570,840

LG CORP.
Separate Statements of Income

For the years ended December 31,
 2021 and 2020

(Unit: KRW million)

	Year ended December 31, 2021	Year ended December 31, 2020
Operating income:		
Dividend income (Notes 4, 18 and 22)	₩518,273	₩614,506
Royalty revenue (Notes 4, 18 and 22)	340,801	271,372
Rental revenue (Notes 4, 18, 22 and 24)	130,686	130,324
	989,760	1,016,202
Operating expenses:		
Employee benefit (Notes 18 and 22)	63,575	49,156
Depreciation (Notes 9, 18 and 24)	23,758	23,619
Other operating expenses (Notes 18 and 22)	162,054	149,404
	249,387	222,179
Net operating income (Note 18)	740,373	794,023
Non-operating income and expenses:		
Financial income (Notes 19 and 22)	16,726	15,703
Financial expenses (Note 19)	434	520
Other non-operating income (Note 28)	18,771	817,794
Other non-operating expenses (Note 11)	223,120	35,541
Continuing operating profit before income tax expense	552,316	1,591,459
Income tax expense for continuing operations (Note 20)	84,520	291,982
Continuing operating profit	467,796	1,299,477
Discontinued operating income and expenses (Note 29)	766,216	31,874
Profit for the year	₩1,234,012	₩1,331,351
Earnings per share (in Korean won):		
Continuing and discontinued operations		
Common stock basic/diluted (Note 21)	₩7,457	₩7,573
Pre-1996 Commercial Law Amendment preferred stock basic/diluted (Note 21)	7,507	7,623
Continuing operation		
Common stock basic/diluted (Note 21)	2,826	7,392
Pre-1996 Commercial Law Amendment preferred stock basic/diluted (Note 21)	2,876	7,442

- Concluded

LG CORP.
Separate Statements of Comprehensive Income

For the years ended December 31,
 2021 and 2020

(Unit: KRW million)

	Year ended December 31, 2021	Year ended December 31, 2020
Profit for the year	₩1,234,012	₩1,331,351
Other comprehensive income (loss):	(13,657)	(1,437)
Items that will not be reclassified subsequently to profit or loss	(13,657)	(1,437)
Remeasurement on the net defined benefit liability	(1,682)	(303)
Net gain (loss) on other financial assets	(11,975)	(1,134)
Total comprehensive income for the year	₩1,220,355	₩1,329,914

LG CORP.
Separate Statements of Changes in shareholders' Equity

For the years ended December 31,
 2021 and 2020

(Unit: KRW million)

	Issued capital	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total
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
Balance at January 1, 2021	₩879,359	₩2,409,002	₩(2,385)	₩35,940	₩6,947,881	₩10,269,797
Annual dividends	-	-	-	-	(439,593)	(439,593)
Profit for the year	-	-	-	-	1,234,012	1,234,012
Remeasurement on the net defined benefit liability	-	-	-	-	(1,682)	(1,682)
Net gain (loss) on other financial assets	-	-	-	(11,975)	-	(11,975)
Disposition of treasury shares	-	4,574	2,385	-	-	6,959
Changes resulting from spin-off	(77,746)	-	(1,563,355)	-	-	(1,641,101)
Acquisition of treasury stock	-	-	(6,160)	-	-	(6,160)
Balance at December 31, 2021	₩801,613	₩2,413,576	₩(1,569,515)	₩23,965	₩7,740,618	₩9,410,257

LG CORP.
Separate Statements of Cash Flows

For the years ended December 31,
2021 and 2020

(Unit: KRW million)

	Year ended December 31, 2021	Year ended December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	₩1,234,012	₩1,331,351
Additions of expenses not involving cash outflows:		
Depreciation	23,871	23,964
Amortization of intangible assets	2,096	2,048
Retirement benefits	4,878	4,691
Interest expenses	429	408
Income tax expense	85,226	295,077
Loss on disposals of property, plant and equipment	10	10
Loss on disposals of intangible assets	7	13
Impairment loss on investments in associates	222,663	35,424
Other selling and administration expenses	63	137
	339,243	361,772
Deduction of income not involving cash inflows:		
Interest income	16,974	16,083
Dividend income	554,267	649,595
Other operating income	411	384
Gain on disposals of investment property	14,383	-
Gain on disposals of property, plant and equipment	158	227
Gain on sale of discontinued business	731,132	-
Gain on disposals of investments in subsidiaries	-	816,562
Gain on disposals of other financial assets	-	425
Gain on valuation of derivatives	213	-
	(1,317,538)	(1,483,276)
Movements in working capital:		
Other receivables	(54,350)	23,821
Other current assets	273	1,886
Other non-current assets	(3,952)	(1,234)
Other payables	27,376	(15,004)
Other current liabilities	(2,002)	922
Net defined benefit liability	(10,166)	(6,082)
	(42,821)	4,309

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LG CORP.
Separate Statements of Cash Flows (Continued)

For the years ended December 31,
2021 and 2020

(Unit: KRW million)

	Year ended December 31, 2021	Year ended December 31, 2020
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash inflows from investing activities:		
Interest income received	₩15,933	₩13,759
Dividend income received	554,267	649,595
Interest expenses paid	19	25
Income taxes paid	92,412	280,142
	477,769	383,187
Net cash provided by operating activities	690,665	597,343
Cash inflows from investing activities:		
Decrease in financial institution deposits	2,450,000	1,150,500
Decrease in long-term advance payments	1,543	-
Disposals of investments in subsidiaries	-	991,935
Disposals of other financial assets	-	975
Disposals of property, plant and equipment	234	324
Disposals of investment property	20,924	10,616
Disposals of intangible assets	335	592
	2,473,036	2,154,942
Cash outflows for investing activities:		
Increase in financial institution deposits	2,700,000	1,950,000
Increase in deposits provided	502	-
Acquisitions of investments in associates	-	90,005
Acquisitions of other financial assets	108,214	-
Acquisitions of property, plant and equipment	1,836	218
Acquisitions of investment properties	1,428	1,220
Acquisitions of intangible assets	2,632	1,102
	(2,814,612)	(2,042,545)
Net cash (used in) provided by investing activities	(341,576)	112,397

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LG CORP.
Separate Statements of Cash Flows (Continued)

For the years ended December 31,
 2021 and 2020

(Unit: KRW million)

	Year ended December 31, 2021	Year ended December 31, 2020
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash inflows for financing activities:		
Short-term borrowings	-	₩4,619
Disposition of treasury stock	8,420	-
	8,420	4,619
Cash outflows for financing activities:		
Payments of dividends	439,571	386,844
Repayment of short-term borrowings	-	4,619
Redemptions of lease liabilities	703	674
Acquisition of treasury stock	6,160	-
Cash outflow from spin-off	172,814	-
	(619,248)	(392,137)
Net cash used in financing activities	(610,828)	(387,518)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(261,739)	322,222
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF YEAR	472,495	150,273
Effects of exchange rate changes on cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS, AT THE END OF YEAR	₩210,756	₩472,495

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