



**LG Annual Report**  
**2022**



*for a* **Innovation  
Better Life**

# LG Annual Report 2022

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# Message From the CEO

To our valued shareholders and customers,

I would like to express my deepest gratitude for your unwavering trust and support in LG's efforts to move forward into becoming a customer-centric company.

In the year 2022, the prolonged uncertainties of the business environment have been increased.

We have yet fully recovered from the effects of Covid-19 pandemic, moreover, factors including instability of the global supply chain and inflation put us on a difficult journey.

Nevertheless, LG has focused on the qualitative growth in our core businesses and strengthened our global competitiveness in growing business by concentrating on "customer value management" and providing differentiated experiences that bring true value to the customers.

The electronics business is maintaining its global market leadership in home appliance business through outstanding product competitiveness and provide differentiated customer experience in 'upgradable appliances' (UP appliances). Large-sized OLED TV is enhancing the global market leadership by reinforcing its premium position. Vehicle components solutions business turned black and other businesses such as optical solutions, substrate materials, and next generation displays are showing continuous growth, solidifying the foundation of future business.

In chemical business sector, LG Energy Solution is solidifying its base for future growth by strengthening its business partnership with global auto-makers, based on differentiated product line-up and global manufacturing capabilities. Furthermore, LG Chem is accelerating to foster battery materials, eco-friendly materials and new pharmaceuticals as the three new growth engines.

In telecommunications & services sector, LG Uplus was able to show advancement in wireless and broadband network such as 5G and giga internet. LG Uplus is also focusing on creating differentiated customer value through diversifying the contents and additional services, based on the customer's lifestyle changes. LG CNS is supporting its clients' business competitiveness by

expanding their growth opportunity in digital transformation(DX) area including the cloud business. Currently, LG CNS is a leading IT service provider in the financial sector as well as logistics automation.

Owing to these efforts, LG Corp posted consolidated revenue of KRW 7.19 trillion and operating profit of KRW 1.94 trillion in 2022.

To further solidify the foundation for our sustainable growth, LG will place "future customer value" as our utmost priority in all circumstances and establish a preemptive, integrative response structure following the changes in the business environment.

Amid the global economic slowdown, LG will continue to invest in securing the core competitiveness of businesses in the fields of customer base, future technology, talented human resources. In parallel, LG will strive to 'secure a foundation for the future' in preparation for the next 10, 15 years by enhancing our business portfolio mainly concentrating on our new growth engines such as AI, Bio, and Clean Tech.

Furthermore, we will continue to strengthen the fundamental capability of the areas such as quality, safety and environment and take preemptive measures to respond to complex, diverse risk factors along with the growth of the industry. In addition, we will move forward with LG's ESG management direction (Responsible Business, Sustainable Future) that was established last year and the group's 2050 carbon neutral roadmap as planned.

To this end, LG will continue to coexist with future generations, fulfill our corporate responsibilities for society's sustainable growth, and become a company recognized by our customers, investors, business partners, and all the stakeholders.

We will appreciate your continued support and guidance.

Thank you.

CEO & Chairman **Koo, Kwang Mo**

# Board of Directors



**Koo, Kwang Mo**  
Director



**Kwon, Bong Seok**  
Director



**Ha, Beom Jong**  
Director



**Han, Jong Soo**  
Director



**Cho, Sung Wook**  
Director



**Seung Wha Chang**  
Director



**Lee, Soo Young**  
Director

# Holding Structure



## 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%)
- Fitnesscandy Co., Ltd. (51.0%)
- Applemango Co., Ltd. (60.0%)
- ZKW Lighting Systems Korea Co., Ltd. (100%)

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



## Chemicals

**LG Chem, Ltd.**

33.3%

- LG Energy Solution, Ltd. (81.8%)  
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. (100%)
- Balkeunnuri Co., Ltd. (100%)
- LG Farouk Co. (50%)
- MiGenstory Co., Ltd. (100%)
- Ulleung Spring Water Co., Ltd. (87.0%)
- TaiGuk Pharmaceutical Co., Ltd. (99.3%)
- Rucipello Korea Inc. (100%)
- Konjiam Yewon Co., Ltd (90.0%)



## Telecommunications & Services

**LG Uplus Corp.**

37.7%

- LG Hello Vision Corp. (50.0%)  
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%)
- BizTech On Co., Ltd. (96.1%)
- Haengbokmaru Co., Ltd. (100%)
- Rightbrain Co., Ltd. (61.9%)

**D&O Co., Ltd.**

100%

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

**LG Management Development Institute**

100%

**LG Sports Ltd.**

100%

**LG Holdings Japan Co., Ltd.(Overseas)**

100%

As of December 31, 2022

% based on common stocks

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

# Management's Discussion & Analysis

LG Annual Report  
2022



In the year 2022, the prolonged uncertainties of the business environment have been increased.

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Owing to these efforts, LG Corp posted consolidated revenue of KRW 7.19 trillion and operating profit of KRW 1.94 trillion in 2022.

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

(Unit: KRW billion)

Company	Revenue			Operating Profit	
	2022	2021	YoY	2022	2021
LG Corp.	1,068	990	8%	821	740
LG CNS Co., Ltd.	4,970	4,143	20%	385	329
D&O Corp.	258	188	37%	7	-26
LG Management Development Institute	205	145	41%	7.3	0.1
LG Sports Ltd.	56	59	-5%	-11	-8

(\*) 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 great performance in 2022, with 20% increase in the revenue and 17% 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	2022	2021	YoY
LG Chem Ltd.	569,028	1,102,792	-48%
LG Household & Health Care Ltd.	75,294	265,650	-72%
LG Electronics Inc.	362,033	318,320	14%
LG Uplus Corp.	247,954	257,697	-4%
GILR Corporation	5,062	4,661	9%
Others	43,540	-1,851	Turn Black
<b>Total</b>	<b>1,302,911</b>	<b>1,947,269</b>	<b>-33%</b>

### 3. Operating Income

(Unit: KRW million)

Account	2022	2021	YoY
Dividend Income	566,697	518,273	9%
Brand Royalty Income	365,543	340,801	7%
Rental Revenue	135,285	130,686	4%
<b>Total</b>	<b>1,067,525</b>	<b>989,760</b>	<b>8%</b>

#### 1) Dividend Income (Details)

(Unit: KRW million)

Company	2022	2021	YoY
LG Chem Ltd.	282,411	235,342	20%
LG Household & Health Care Ltd.	63,786	58,471	9%
LG Electronics Inc.	46,830	66,113	-29%
LG Uplus Corp.	98,653	106,875	-8%
GIIR Corporation	2,030	1,740	17%
Others	72,987	49,732	47%
<b>Total</b>	<b>566,697</b>	<b>518,273</b>	<b>9%</b>

#### 2) Brand Royalty Income

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

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

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

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

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

As of the end of 2022, LG Corp. posted brand royalty income of KRW 365,543 million from the companies in the brand contract.

#### 3) Rental Revenue

LG Corp. recorded rental revenue of KRW 135,285 million in 2022, which is similar level as the previous year.

### 4. Changes in investments in associates and joint ventures for the years ended December 31, 2022

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

(\*1) The equity method was discontinued due to the accumulated equity method loss before the previous year, and the unrecognized cumulative equity method loss is ₩77 million.

(\*2) Significant influence was acquired during the current period.

(\*3) It was classified as an associate due to the sale of shares during the current period.

(\*4) It was sold after ₩3,269 million of impairment loss was recognized during the current period.

(\*5) ₩6,606 million of impairment loss was recognized during the current period.

## 5. Changes in property, plant and equipment for the years ended December 31, 2022

(Unit: KRW million)

Description	Year ended December 31, 2022									
	Land	Buildings	Structures	Machinery	Vehicles	Tools and equipment	Furniture and fixtures	Construction in progress	Other property	Total
Beginning balance	368,018	743,473	130,654	13,551	12,152	75	60,560	6,588	173,749	1,508,820
Acquisitions	76,938	5,167	250	800	771	6	15,674	29,572	39,202	168,380
Disposals	(913)	-	(23)	-	(15)	-	(34)	-	(140)	(1,125)
Depreciation	-	(32,459)	(11,387)	(6,714)	(2,174)	(38)	(15,781)	-	(30,652)	(99,205)
Transfers in	4,413	6,107	2,016	-	8	-	6,860	70	86	19,560
Transfers out	(18,621)	(34,476)	(456)	-	-	-	-	(16,727)	-	(70,280)
Impairment loss	-	-	(250)	-	-	-	(139)	(889)	-	(1,278)
Others	-	-	-	-	-	-	-	(582)	(17)	(599)
Effect of foreign currency translation	-	-	-	(1)	-	-	(19)	-	100	80
Ending balance	429,835	687,812	120,804	7,636	10,742	43	67,121	18,032	182,328	1,524,353

## 6. Changes in investment property for the years ended December 31, 2022

(Unit: KRW million)

Description	Year ended December 31, 2022				
	Land	Buildings	Structures	Construction in progress	Total
Beginning balance	641,352	650,637	3,975	3	1,295,967
Acquisitions	843	4,545	-	1,313	6,701
Depreciation	-	(35,641)	(915)	-	(36,556)
Transfers	14,208	35,579	1,005	(72)	50,720
Disposals	(557)	-	-	-	(557)
Government subsidies	(1,071)	(3,853)	-	-	(4,924)
Others	(3,580)	(15,577)	-	-	(19,157)
Ending balance	651,195	635,690	4,065	1,244	1,292,194

Details of the investment property's fair value as of December 31, 2022 are as follows.

(Unit: KRW million)

Description	Date of revaluation	December 31, 2022		
		Land	Buildings, structures and construction in progress	Total
Book value of investment property:				
Book value (*1)		681,856	683,499	1,365,355
Results of valuation:				
Twin Tower	2022-08-30	993,720	280,280	1,274,000
Gasandong building	2022-08-30	154,789	105,361	260,150
Gwanghwamun building	2022-08-30	351,780	99,220	451,000
Seoul Station building	2022-08-30	363,825	131,175	495,000
Sangdodong Hi Plaza (*2)	2017-06-30	5,445	1,760	7,205
Dogokdong Gangnam building (*2)	2017-12-31	167,077	75,491	242,187
Flagone 2(*3)	-	-	13,251	14,362
CNS Sangam DDMC (*4)	2020-01-10	-	343,000	343,000
LG Holdings Japan Co., Ltd. (*2)	-	43,928	189,860	233,788
LG Art Center, LG Discovery Lab (*3)	-	-	5,754	5,754
<b>Total</b>				<b>3,325,716</b>

(\*1) Includes the value of investment property (Book value that is subject to valuation: ₩73,161 million) occupied by the owner.

(\*2) Carrying amount 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, 2022 and 2021

(Unit: KRW million)

Description	Creditor	December 31, 2022		December 31, 2021
		Annual interest rate (%)	Amount	Amount
Korean currency short-term borrowings	Kookmin Bank and others	6.16-6.78	278,000	18,000
Overdraft	Kookmin Bank	-	-	3,902
Foreign currency short-term borrowings	Shinhan Bank and others	1.00-11.15	11,303	19,551
<b>Total</b>			<b>289,303</b>	<b>41,453</b>

### 2) Long-term borrowings as of December 31, 2022 and 2021

(Unit: KRW million)

Description	Creditor	Annual interest rate (%)	December 31, 2022		December 31, 2021	
			Current	Non-current (*1)	Current	Non-current
			Korean currency long-term borrowings	Shinhan Bank	2.94	1,652
Debentures in Korean won	Public offering bonds and others	1.60-2.83	370,000	150,000	220,000	520,000
	Discount on debentures		(213)	(319)	(110)	(1,027)
<b>Total</b>			<b>371,439</b>	<b>150,094</b>	<b>221,542</b>	<b>521,038</b>

(\*1) Maturity information on non-current long-term borrowings as of December 31, 2022, is as follows

(Unit: Korean won in millions):

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

### 3) Debentures as of December 31, 2022 and 2021

(Unit: KRW million)

Company	Description	Issuance date	Maturity date	Annual interest rate	December 31, 2022	December 31, 2021
	9-3 <sup>rd</sup> public offering	2015-04-16	2022-04-16	-	-	50,000
	10-2 <sup>nd</sup> public offering	2017-04-11	2022-04-11	-	-	40,000
LG CNS Co., Ltd.	11-2 <sup>nd</sup> public offering	2018-04-11	2023-04-11	2.83%	110,000	110,000
	12-1 <sup>st</sup> public offering	2020-05-14	2023-05-12	1.60%	150,000	150,000
	12-2 <sup>nd</sup> public offering	2020-05-14	2025-05-14	1.75%	50,000	50,000
	12-3 <sup>rd</sup> public offering	2020-05-14	2027-05-14	1.99%	100,000	100,000
D&O Corp.	2-2 <sup>nd</sup> public offering	2017-11-01	2022-11-01	-	-	130,000
	4 <sup>th</sup> public offering	2020-10-23	2023-10-23	1.73%	110,000	110,000
	Subtotal				520,000	740,000
	Discount on debentures				(532)	(1,137)
	Current debentures (*1)				(369,787)	(219,890)
	<b>Total</b>				<b>149,681</b>	<b>518,973</b>

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

## 8. Issued Capital

Details of issued capital as of December 31, 2022, are as follows.

(Unit: KRW millions)

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

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

## 9. Retained Earnings and Dividends

Changes in retained earnings for the years ended December 31, 2022 and 2021 are as follows.

(Unit: KRW one in millions)

Description	2022	2021
Beginning balance	18,891,414	16,782,359
Profit for the year attributable to the owners of the Company	1,979,569	2,565,453
Dividends (*)	(448,885)	(439,593)
Remeasurement of net defined benefit liability	8,131	(7,966)
Changes in retained earnings by equity method	199,603	(8,103)
Transfer due to the disposal of other financial assets	(9,284)	-
Changes in the shares of subsidiaries	-	(736)
Ending balance	20,620,548	18,891,414

(\*) Details of dividends for the years ended December 31, 2022 and 2021, are as follows. (Unit: KRW one in millions)

(Unit: KRW million)

Type of stock	Year ended December 31, 2022				
	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	157,300,993	49,828	157,251,165	2,800	440,303
Preferred stock	3,021,620	10,421	3,011,199	2,850	8,582

(Unit: KRW million)

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

# Audit Report

LG Annual Report  
2022



# Independent Auditor's Report

English Translation of Independent Auditor's Report Originally Issued in Korean on March 21, 2023.

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

## Report on 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, 2022 and 2021, respectively, and the related consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements 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, 2022 and 2021, respectively, and its financial performance and its cash flows for the years then ended 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 *Auditor's 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 the 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 and 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 change according to project progress 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 period, we reviewed the following audit procedures and performance results performed by an independent auditor of the LGCNS (the "Component auditor") 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 revenue recognition accounting policy and internal controls
- The test of internal controls, such as management review and approval of total contract cost estimation and changes
- Verification of accuracy of total contract cost reflection when calculating the percentage of completion
- Recalculation verification of the percentage of completion
- Retrospective review of projects with significant changes in total contract costs during the current period
- Review of projects whose total contract costs have significantly changed since the end of the reporting period

#### (2) Impairment assessment of investments in associates

As noted in Note 3 (key sources of estimation uncertainty), the Group 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.

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 K-IFRS 1036.

At the end of the reporting period, the carrying amounts of the shares for ZKW Holding GmbH and ZKW Australia Immobilien Holding GmbH are ₩119,818 million and ₩10,201 million, respectively. An impairment loss was recognized in the prior period, and we determined this matter to be key audit matters considering that the carrying amounts of investments in associates were significant and that the Group's impairment assessment was accompanied by significant management's judgment.

The major audit procedures we have conducted in relation to the key audit matters are as follows:

- Understanding and assessment of the Group'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 Group
- Evaluate the objectivity and eligibility of external experts used by the Group's management in impairment assessment
- Using independent internal experts from auditors, ask about the methodology and key significant assumptions (future cash flows, discount rate, etc.) of the valuation model applied by the Group to understand and review its adequacy
- Retrospective review of ZKW's business plan used for impairment assessment during prior period
- Check the sensitivity analysis of the impairment test presented by the management

#### 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.

#### Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

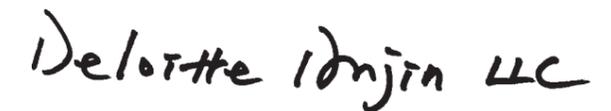
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group 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 auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kiu-Seok Seo.



March 21, 2023

**Notice to Readers** This report is effective as of March 21, 2023, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the auditor's report.

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

As of December 31,  
2022 and 2021

(Unit: KRW million)

ASSETS	December 31, 2022	December 31, 2021
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (Notes 5, 6, 27 and 34)	₩1,050,726	₩1,132,504
Financial institution deposits (Notes 5, 27, 31 and 34)	1,884,365	1,809,436
Current derivative assets (Notes 5, 27 and 34)	11,442	2,259
Trade receivables, net (Notes 5, 7, 27, 30 and 34)	1,413,798	1,133,381
Other receivables, net (Notes 5, 7, 27, 30 and 34)	108,615	99,809
Current tax assets (Note 28)	4,484	3,683
Other current assets (Notes 9 and 18)	551,758	423,945
Inventories, net (Note 8)	58,204	54,019
Assets held for sale (Notes 4 and 10)	-	888,898
<b>Total current assets</b>	<b>5,083,392</b>	<b>5,547,934</b>
<b>NON-CURRENT ASSETS:</b>		
Non-current financial institution deposits (Notes 5, 27, 31 and 34)	348,904	12,011
Other financial assets (Notes 5, 27 and 34)	280,872	240,556
Derivative assets (Notes 5 and 27)	9,878	-
Non-current trade receivables, net (Notes 5, 7, 27, 30 and 34)	13,058	14,462
Non-current other receivables, net (Notes 5, 7, 27, 30, 31 and 34)	17,355	7,832
Investments in associates (Note 13)	20,687,663	16,681,697
Deferred tax assets, net (Note 28)	171,746	173,037
Non-current other assets (Notes 9 and 16)	15,454	3,212
Property, plant and equipment, net (Notes 10, 30 and 37)	1,524,353	1,508,820
Investment property, net (Note 11)	1,292,194	1,295,967
Intangible assets (Note 12)	151,088	159,691
Right-of-use assets (Note 32)	37,720	24,577
<b>Total non-current assets</b>	<b>24,550,285</b>	<b>20,121,862</b>
<b>TOTAL ASSETS</b>	<b>₩29,633,677</b>	<b>₩25,669,796</b>

- Continued

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

As of December 31,  
2022 and 2021

(Unit: KRW million)

LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
<b>CURRENT LIABILITIES:</b>		
Current derivative liabilities (Notes 5, 27 and 34)	₩1,810	₩2,564
Trade payables (Notes 5, 27, 30 and 34)	753,442	659,653
Other payables (Notes 5, 27, 30 and 34)	457,535	562,794
Short-term borrowings (Notes 5, 14, 27, 34 and 38)	289,303	41,453
Current portion of long-term borrowings (Notes 5, 14, 27, 34 and 38)	371,439	221,542
Current tax liabilities (Note 28)	182,437	132,993
Current provisions (Note 15)	42,860	30,706
Other current liabilities (Notes 17 and 18)	412,329	378,141
Current lease liabilities (Notes 5, 27, 32, 34 and 38)	13,230	25,766
Liabilities held for sale (Note 36)	-	763,661
<b>Total current liabilities</b>	<b>2,524,385</b>	<b>2,819,273</b>
<b>NON-CURRENT LIABILITIES:</b>		
Non-current derivative liabilities (Notes 5, 27 and 34)	-	38,982
Other non-current payables (Notes 5, 27, 30 and 34)	27,730	21,424
Long-term borrowings (Notes 5, 14, 27, 34 and 38)	150,094	521,038
Net defined benefit liability (Note 16)	2,298	6,636
Deferred tax liability (Note 28)	623,097	284,338
Provisions (Note 15)	14,762	2,826
Other non-current liabilities (Note 17)	22,473	22,300
Non-current lease liabilities (Notes 5, 27, 32, 34 and 38)	34,652	12,758
<b>Total non-current liabilities</b>	<b>875,106</b>	<b>910,302</b>
<b>TOTAL LIABILITIES</b>	<b>3,399,491</b>	<b>3,729,575</b>
<b>EQUITY:</b>		
Equity attributable to the owners of the parent company:	25,452,355	21,246,547
Issued capital (Note 19)	801,613	801,613
Capital surplus (Note 20)	2,967,691	2,969,304
Other capital items (Note 19)	(1,733,103)	(1,565,341)
Accumulated other comprehensive income (Note 21)	2,795,606	149,557
Retained earnings (Note 22)	20,620,548	18,891,414
Non-controlling interests	781,831	693,674
<b>TOTAL EQUITY</b>	<b>26,234,186</b>	<b>21,940,221</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₩29,633,677</b>	<b>₩25,669,796</b>

- Concluded

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

For the years ended December 31,  
2022 and 2021

(Unit: KRW million)

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue and gain on valuation by equity method (Notes 4 and 23):		
Sales of finished goods and merchandise	₩1,005,453	₩817,788
Service revenue	2,238,380	1,840,648
Construction revenue	2,040,906	1,714,516
Gain on valuation by equity method	1,302,911	1,947,269
Other revenue	598,337	538,789
	7,185,987	6,859,010
Cost of sales (Notes 23 and 24)	4,853,189	4,065,447
<b>Gross profit</b>	<b>2,332,798</b>	<b>2,793,563</b>
Selling and administrative expenses (Notes 23 and 24)	391,418	333,459
<b>Operating income</b>	<b>1,941,380</b>	<b>2,460,104</b>
Financial income (Note 25)	125,305	43,819
Financial expenses (Note 25)	28,021	27,157
Other non-operating income (Note 26)	89,116	151,629
Other non-operating expenses (Note 26)	82,162	237,410
<b>Profit before income tax expense from continuing operations</b>	<b>2,045,618</b>	<b>2,390,985</b>
Income tax expense for continuing operations (Note 28)	527,083	209,251
<b>Profit from continuing operations</b>	<b>1,518,535</b>	<b>2,181,734</b>
Profit from discontinued operations (Note 37)	597,215	502,240
<b>Profit for the year</b>	<b>₩2,115,750</b>	<b>₩2,683,974</b>
<b>Profit for the year attributable to:</b>		
Owners of the parent company	₩1,979,569	₩2,565,453
Non-controlling interests	136,181	118,521
<b>Earnings per share (in Korean won):</b>		
Continuing and discontinued operations:		
Common stock - basic/diluted (Note 29)	₩12,422	₩15,504
Pre-1996 Commercial Law Amendment Preferred Stock - basic/diluted (Note 29)	12,472	15,554
Continuing operations:		
Common stock - basic/diluted (Note 29)	₩8,674	₩12,469
Pre-1996 Commercial Law Amendment Preferred Stock - basic/diluted (Note 29)	8,724	12,519

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

For the years ended December 31,  
2022 and 2021

(Unit: KRW million)

	Year ended December 31, 2022	Year ended December 31, 2021
Profit for the year	₩2,115,750	₩2,683,974
<b>Other comprehensive income (loss):</b>		
Items that may be reclassified subsequently to profit or loss:		
Net gain on changes in valuation of investments using equity method	2,650,077	522,546
Overseas operations translation	(18,690)	5,293
Items that will not be reclassified subsequently to profit or loss:		
Net loss on other financial assets	8,056	(7,282)
Remeasurement of net defined benefit liability	8,568	(7,936)
Increase (decrease) in retained earnings of equity method investments	200,299	(6,989)
<b>Total comprehensive income for the year</b>	<b>₩4,964,060</b>	<b>₩3,189,606</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent company	₩4,827,867	₩3,064,754
Non-controlling interests	136,193	124,852

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

For the years ended December 31,  
2022 and 2021

(Unit: KRW million)

	Issued capital	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Non-controlling interests	Total
<b>Balance as of January 1, 2021</b>	₩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	-	-	-	-	(736)	3,594	2,858
Others	-	-	-	-	-	(500)	(500)
<b>Balance as of December 31, 2021</b>	₩801,613	₩2,969,304	₩(1,565,341)	₩149,557	₩18,891,414	₩693,674	₩21,940,221
<b>Balance as of January 1, 2022</b>	₩801,613	₩2,969,304	₩(1,565,341)	₩149,557	₩18,891,414	₩693,674	₩21,940,221
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	1,979,569	136,181	2,115,750
Net gain (loss) on other financial assets	-	-	-	18,010	(9,284)	(670)	8,056
Valuation through equity method	-	-	-	2,651,071	199,603	(298)	2,850,376
Remeasurements of the net defined benefit liability	-	-	-	-	8,131	437	8,568
Overseas operations translation	-	-	-	(19,234)	-	544	(18,690)
Transactions with owners directly reflected in capital, etc.							
Annual dividends	-	-	-	-	(448,885)	(47,568)	(496,453)
Acquisitions of treasury stocks	-	-	(167,762)	-	-	-	(167,762)
Changes in the shares of subsidiaries	-	(788)	-	(3,798)	-	(110)	(4,696)
Others	-	(825)	-	-	-	(359)	(1,184)
<b>Balance as of December 31, 2022</b>	₩801,613	₩2,967,691	₩(1,733,103)	₩2,795,606	₩20,620,548	₩781,831	₩26,234,186

LG CORP. AND ITS SUBSIDIARIES  
**Consolidated Statements of Cash Flows**

For the years ended December 31,  
2022 and 2021

(Unit: KRW million)

	Year ended December 31, 2022	Year ended December 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit for the year	₩2,115,750	₩2,683,974
<b>Additions of expenses not involving cash outflows:</b>		
Salaries and bonuses	2,829	7,486
Retirement benefits	22,983	27,186
Depreciation	149,506	146,688
Amortization of intangible assets	29,025	28,740
Bad debt expenses	678	1,552
Accrual of provisions	46,182	25,980
Impairment loss on property, plant and equipment	1,278	5,468
Impairment loss on intangible assets	10,370	2,684
Loss on foreign currency translation	11,610	2,883
Loss on disposals of property, plant and equipment	272	305
Loss on disposals of intangible assets	262	13
Loss on disposals of right-of-use assets	81	12
Loss on transactions of derivatives	27,445	13,289
Loss on valuation of derivatives	1,810	2,564
Disaster loss	62	-
Interest expenses	20,941	26,275
Loss on disposals of other financial assets	-	17
Loss on valuation of other financial assets	1,322	424
Loss on disposals of investments in subsidiaries	18	17
Loss on disposals of investments in associates	2,240	1,671
Impairment loss on investments in associates	9,875	199,459
Impairment loss on right-of-use assets	-	1,103
Income tax expense	672,361	300,369
Others	1,673	210
	1,012,823	794,395
<b>Deduction of items not involving cash inflows:</b>		
Reversal of loss on valuation of inventories	1	17
Reversal of allowance for bad debts	6,965	21
Reversal of provisions	6,493	9,987
Reversal of impairment losses on intangible assets	329	-
Gain on foreign currency translation	4,774	4,248
Gain on disposals of property, plant and equipment	15,778	21,223

LG CORP. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31,  
2022 and 2021

(Unit: KRW million)

	Year ended December 31, 2022	Year ended December 31, 2021
Gain on disposals of right-of-use assets	242	131
Gain on disposals of intangible assets	3,324	-
Gain on disposals of investment property	-	85,006
Gain on transactions of derivatives	10,251	4,968
Gain on valuation of derivatives	60,302	2,251
Interest income	70,222	29,610
Dividend income	843	37,638
Gain on valuation of other financial assets	277	12,755
Gain on disposals of investments in subsidiaries	722,686	-
Gain on disposals of investments in associates	19,118	439,563
Gain on valuation by equity method	1,302,911	1,947,269
Reversal of impairment loss on investments in associates	-	2
Gain from assets contributed	-	280
Others	446	467
	(2,224,962)	(2,595,436)
<b>Movements in working capital</b>		
Trade receivables	(257,929)	(345,951)
Other receivables	(7,557)	(53,300)
Inventories	(4,454)	(13,103)
Non-current trade receivables	3,597	2,961
Other non-current receivables	(141)	-
Defined benefit pension plan assets	(542)	(33)
Trade payables	20,891	294,822
Other payables	(111,015)	75,733
Provisions	(27,316)	(21,824)
Net defined benefit liability	(24,114)	(37,379)
Others	(44,588)	(176,173)
	(453,168)	(274,247)
Interest income received	45,916	26,478
Dividend income received	495,251	587,073
Income tax received	155	2,717
Interest expenses paid	(18,625)	(25,613)
Income taxes paid	(332,116)	(179,816)
<b>Net cash provided by operating activities</b>	<b>641,024</b>	<b>1,019,525</b>

- Continued

LG CORP. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31,  
2022 and 2021

(Unit: KRW million)

	Year ended December 31, 2022	Year ended December 31, 2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
<b>Cash inflows from investing activities:</b>		
Decrease in financial institution deposits	₩3,197,664	₩2,705,432
Disposals of derivative instruments	10,251	4,968
Decrease in other receivables	7,107	7,232
Disposals of other financial assets	10,546	3,728
Decrease in non-current other receivables	1,139	668
Disposals of investments in subsidiaries	469,618	46,389
Disposals of investments in associates	3,699	103
Disposals of property, plant and equipment	19,679	35,527
Disposals of investment property	18	281,808
Disposals of intangible assets	3,865	274
Increase in government subsidy	492	-
Cash flows from changes of consolidation scope	-	654
Others	554	1,791
	3,724,632	3,088,574
<b>Cash outflows for investing activities:</b>		
Increase in financial institution deposits	3,599,390	2,914,334
Acquisitions of other financial assets	39,595	133,124
Acquisitions of derivative instruments	27,672	10,332
Increase in other receivables	4,284	7,895
Increase in other current assets	621	-
Increase in non-current other receivables	7,754	5,493
Acquisitions of investments in subsidiaries	-	4,959
Acquisitions of investments in associates	17,562	-
Acquisitions of property, plant and equipment	160,323	58,113
Acquisitions of investment property	6,701	156,233
Acquisitions of intangible assets	35,648	69,985
Disposals of investments in subsidiaries	146	-
Others	-	103
	(3,899,696)	(3,360,571)
<b>Net cash used in investing activities</b>	<b>(175,064)</b>	<b>(271,997)</b>

- Continued

LG CORP. AND ITS SUBSIDIARIES

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

For the years ended December 31,  
2022 and 2021

(Unit: KRW million)

	Year ended December 31, 2022	Year ended December 31, 2021
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash inflows from financing activities:		
Proceeds from short-term borrowings	₩298,959	₩9,844
Issuance of debentures	-	34
Disposals of treasury stocks	-	8,420
	298,959	18,298
Cash outflows for financing activities:		
Redemptions of short-term borrowings	51,407	18,602
Redemptions of long-term borrowings	-	87,297
Redemptions of debentures	220,000	250,000
Redemptions of lease liabilities	14,581	14,346
Redemptions of current portion of long-term borrowings	1,652	60
Decrease in common stocks	100	500
Payments of dividends	496,430	476,883
Acquisitions of treasury stocks	167,762	6,160
Cash outflows from spin-off	-	172,814
Others	60	-
	(951,992)	(1,026,662)
Net cash used in financing activities	(653,033)	(1,008,364)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(187,073)	(260,836)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,238,971	1,492,690
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,172)	7,117
CASH AND CASH EQUIVALENTS AT END OF YEAR	₩1,050,726	₩1,238,971

- Concluded

LG CORP.

**Separate Statements of Financial Position**

As of December 31,  
2022 and 2021

(Unit: KRW million)

ASSETS	December 31, 2022	December 31, 2021
CURRENT ASSETS:		
Cash and cash equivalents (Notes 5, 6, 19 and 26)	₩191,771	₩210,756
Financial institution deposits (Notes 5, 19 and 26)	1,400,000	1,550,000
Other receivables, net (Notes 5, 7, 19, 22 and 26)	76,770	69,826
Other current assets (Note 8)	1,734	817
Total current assets	1,670,275	1,831,399
NON-CURRENT ASSETS:		
Non-current financial institution deposits (Notes 5, 19, 23 and 26)	336,898	-
Other financial assets (Notes 5, 19, 23 and 26)	221,856	189,309
Derivative assets (Notes 5, 19 and 26)	9,878	-
Other non-current receivables, net (Notes 5, 7, 19, 23 and 26)	1,605	505
Investments in subsidiaries (Note 11)	758,789	758,789
Investments in associates (Note 11)	6,027,921	6,034,875
Other non-current assets (Notes 8 and 12)	5,223	2,775
Property, plant and equipment, net (Note 9)	40,200	41,321
Investment property, net (Notes 9 and 24)	811,329	828,833
Intangible assets (Note 10)	19,004	19,888
Right-of use assets (Note 24)	995	1,005
Total non-current assets	8,233,698	7,877,300
TOTAL ASSETS	₩9,903,973	₩9,708,699

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

As of December 31,  
2022 and 2021

(Unit: KRW million)

LIABILITIES AND SHAREHOLDERS' EQUITY	December 31, 2022	December 31, 2021
<b>CURRENT LIABILITIES:</b>		
Other current payables (Notes 5, 19, 22 and 26)	₩129,081	₩139,698
Current tax liabilities (Note 20)	52,190	33,721
Other current liabilities (Note 13)	9,875	5,833
Current lease liabilities (Notes 5, 19, 24, 26 and 27)	531	616
<b>Total current liabilities</b>	<b>191,677</b>	<b>179,868</b>
<b>NON-CURRENT LIABILITIES:</b>		
Derivative liabilities (Notes 5, 19 and 26)	-	38,982
Other non-current payables (Notes 5, 19, 22 and 26)	12,995	8,357
Net defined benefit liability (Note 12)	-	260
Deferred tax liability (Note 20)	154,809	66,510
Other non-current liabilities (Note 13)	3,603	4,069
Non-current lease liabilities (Notes 5, 19, 24, 26 and 27)	475	396
<b>Total non-current liabilities</b>	<b>171,882</b>	<b>118,574</b>
<b>TOTAL LIABILITIES</b>	<b>363,559</b>	<b>298,442</b>
<b>SHAREHOLDERS' EQUITY</b>		
Issued capital (Note 14)	801,613	801,613
Capital surplus (Note 15)	2,413,576	2,413,576
Other capital items (Note 14)	(1,737,277)	(1,569,515)
Accumulated other comprehensive income (Note 16)	42,645	23,965
Retained earnings (Note 17)	8,019,857	7,740,618
<b>TOTAL EQUITY</b>	<b>9,540,414</b>	<b>9,410,257</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>₩9,903,973</b>	<b>₩9,708,699</b>

LG CORP.  
**Separate Statements of Income**

For the years ended December 31,  
2022 and 2021

(Unit: KRW million)

	Year ended December 31, 2022	Year ended December 31, 2021
<b>Operating income:</b>		
Dividend income (Notes 4, 18 and 22)	₩566,697	₩518,273
Royalty revenue (Notes 4, 18 and 22)	365,543	340,801
Rental revenue (Notes 4, 9, 18, 22 and 24)	135,285	130,686
	<b>1,067,525</b>	<b>989,760</b>
<b>Operating expenses:</b>		
Employee benefit (Notes 18 and 22)	59,245	63,575
Depreciation (Notes 9, 18 and 24)	23,613	23,758
Other operating expenses (Notes 18 and 22)	163,222	162,054
	<b>246,080</b>	<b>249,387</b>
<b>Net operating income (Note 18)</b>	<b>821,445</b>	<b>740,373</b>
<b>Non-operating income and expenses:</b>		
Financial income (Notes 19 and 22)	91,727	16,726
Financial expenses (Note 19)	1,827	434
Other non-operating income	1,777	18,771
Other non-operating expenses (Note 11)	5,081	223,120
Continuing operating profit before income tax expense	908,041	552,316
Income tax expense for continuing operations (Note 20)	170,680	84,520
Continuing operating profit	737,361	467,796
Discontinued operating income and expenses (Note 28)	-	766,216
<b>Profit for the year</b>	<b>₩737,361</b>	<b>₩1,234,012</b>
<b>Earnings per share (in Korean won):</b>		
Continuing and discontinued operations		
Common stock basic/diluted (Note 21)	₩4,626	₩7,457
Pre-1996 Commercial Law Amendment preferred stock basic/diluted (Note 21)	4,676	7,507
Continuing operation		
Common stock basic/diluted (Note 21)	4,626	2,826
Pre-1996 Commercial Law Amendment preferred stock basic/diluted (Note 21)	4,676	2,876

- Concluded

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

For the years ended December 31,  
2022 and 2021

(Unit: KRW million)

	Year ended December 31, 2022	Year ended December 31, 2021
Profit for the year	₩737,361	₩1,234,012
Other comprehensive income (loss):	9,443	(13,657)
Items that will not be reclassified subsequently to profit or loss	9,443	(13,657)
Remeasurement on the net defined benefit liability	47	(1,682)
Net gain (loss) on other financial assets	9,396	(11,975)
<b>Total comprehensive income for the year</b>	<b>₩746,804</b>	<b>₩1,220,355</b>

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

For the years ended December 31,  
2022 and 2021

(Unit: KRW million)

	Issued capital	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total
<b>Balance at January 1, 2021</b>	₩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 loss on other financial assets	-	-	-	(11,975)	-	(11,975)
Disposals 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)
<b>Balance at December 31, 2021</b>	<b>₩879,359</b>	<b>₩2,413,576</b>	<b>₩(1,569,515)</b>	<b>₩23,965</b>	<b>₩7,740,618</b>	<b>₩9,410,257</b>
<b>Balance at January 1, 2022</b>	<b>₩801,613</b>	<b>₩2,413,576</b>	<b>₩(1,569,515)</b>	<b>₩23,965</b>	<b>₩7,740,618</b>	<b>₩9,410,257</b>
Annual dividends	-	-	-	-	(448,885)	(448,885)
Profit for the year	-	-	-	-	737,361	737,361
Remeasurement on the net defined benefit liability	-	-	-	-	47	47
Net gain (loss) on other financial assets	-	-	-	18,680	(9,284)	9,396
Acquisition of treasury stock	-	-	(167,762)	-	-	(167,762)
<b>Balance at December 31, 2022</b>	<b>₩801,613</b>	<b>₩2,413,576</b>	<b>₩(1,737,277)</b>	<b>₩42,645</b>	<b>₩8,019,857</b>	<b>₩9,540,414</b>

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

For the years ended December 31,  
2022 and 2021

(Unit: KRW million)

	Year ended December 31, 2022	Year ended December 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit for the year	₩737,361	₩1,234,012
<b>Additions of expenses not involving cash outflows:</b>		
Depreciation	23,613	23,871
Amortization of intangible assets	2,246	2,096
Retirement benefits	5,225	4,878
Interest expenses	466	429
Income tax expense	170,680	85,226
Loss on disposals of property, plant and equipment	6	10
Loss on disposal of other financial assets	71	-
Loss on valuation of other financial assets	1,231	-
Loss on disposals of intangible assets	117	7
Impairment loss on investments in associates	2,632	222,663
Loss on disposals of investments in associates	2,240	-
Other selling and administration expenses	127	63
	208,654	339,243
<b>Deduction of income not involving cash inflows:</b>		
Interest income	42,720	16,974
Dividend income	566,697	554,267
Other operating income	440	411
Gain on disposals of investment property	-	14,383
Gain on disposals of property, plant and equipment	2	158
Gain on disposals of intangible assets	740	-
Reversal of impairment losses on intangible assets	329	-
Gain on sale of discontinued operations	-	731,132
Gain on valuation of derivatives	48,860	213
	(659,788)	(1,317,538)
<b>Movements in working capital:</b>		
Other receivables	6,789	(54,350)
Other current assets	(918)	273
Other non-current assets	(1,439)	(3,952)
Other payables	(9,984)	27,376
Other current liabilities	4,040	(2,002)
Net defined benefit liability	(8,588)	(10,166)
	(10,100)	(42,821)

- Continued

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

For the years ended December 31,  
2022 and 2021

(Unit: KRW million)

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income received	₩24,534	₩15,933
Dividend income received	566,697	554,267
Interest expenses paid	-	(19)
Income taxes paid	(66,770)	(92,412)
	524,461	477,769
<b>Net cash provided by operating activities</b>	<b>800,588</b>	<b>690,665</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
<b>Cash inflows from investing activities:</b>		
Decrease in financial institution deposits	2,300,000	2,450,000
Decrease in non-current financial institution deposits	167,762	-
Decrease in non-current advance payments	-	1,543
Disposals of investments in associates	3,699	-
Disposals of other financial assets	10,546	-
Disposals of property, plant and equipment	16	234
Disposals of investment property	-	20,924
Disposals of intangible assets	4,697	335
	2,486,720	2,473,036
<b>Cash outflows for investing activities:</b>		
Increase in financial institution deposits	2,150,000	2,700,000
Increase in non-current financial institution deposits	500,000	-
Increase in deposits provided	1,100	502
Acquisitions of other financial assets	32,156	108,214
Acquisitions of property, plant and equipment	674	1,836
Acquisitions of investment properties	2,942	1,428
Acquisitions of intangible assets	2,111	2,632
	(2,688,983)	(2,814,612)
<b>Net cash used in investing activities</b>	<b>(202,263)</b>	<b>(341,576)</b>

- Continued

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

For the years ended December 31,  
2022 and 2021

(Unit: KRW million)

	Year ended December 31, 2022	Year ended December 31, 2021
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash inflows for financing activities:		
Disposals of treasury stock	-	₩8,420
		8,420
Cash outflows for financing activities:		
Payments of dividends	448,862	439,571
Redemptions of lease liabilities	686	703
Acquisition of treasury stock	167,762	6,160
Cash outflow from spin-off	-	172,814
	(617,310)	(619,248)
Net cash used in financing activities	(617,310)	(610,828)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,985)	(261,739)
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF YEAR	210,756	472,495
CASH AND CASH EQUIVALENTS, AT THE END OF YEAR	₩191,771	₩210,756

This LG Annual Report 2022("Report") has been prepared as a reference for investors. The specific facts and figures stated herein must be separately verified with objective data beyond this Report. LG Corp. does not assume legal responsibility for contents stated in this Report. LG Corp. is a holding company. As such it owns the number of shares commensurate with its managerial authority as the holding company of the LG Group. However, each Group affiliate is a legal entity that is independent of LG Corp. Therefore, LG Corp. is not responsible for the acts of the LG Group affiliates. Thus, the contents of this Report may not be construed as LG Corp's assuming joint responsibility for obligations that belong to the LG Group affiliates.

- Concluded

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