

LG Corp.
Separate Financial Statements
and Internal Control over Financial Reporting
December 31, 2024 and 2023

LG Corp.
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December 31, 2024 and 2023

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
LG Corp.

Opinion

We have audited the separate financial statements of LG Corp. (the "Company"), which comprise the separate statements of financial position as at December 31, 2024 and 2023, and the separate statements of profit or loss, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2024 and 2023, and its separate financial performance and its separate cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Company's Internal Control over Financial Reporting as at December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 17, 2025 expressed an unqualified opinion.

Basis for Opinion

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

Key Audit Matters

We determined that there was no Key Audit Matter to report in our auditor's report.

Other Matter

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

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Seoul, Korea
March 17, 2025

<p>This report is effective as at March 17, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>
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LG Corp.
Separate Statements of Financial Position
December 31, 2024 and 2023

(in millions of Korean won)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	5,6,20,27	₩ 212,930	₩ 183,009
Financial institution deposits	5,20,27	1,000,000	1,500,000
Non-trade receivables and other receivables, net	5,7,20,23,27	39,786	64,734
Other current assets	8	704	792
		<u>1,253,420</u>	<u>1,748,535</u>
Non-current assets			
Non-current financial institution deposits	5,20,24,27	-	163,483
Other financial assets	5,20,24,27	789,904	371,275
Non-trade receivables and other receivables, net	5,7,20,24,27	1,005	1,005
Investments in subsidiaries	12	758,789	758,789
Investments in associates	12	6,156,802	6,027,921
Other non-current assets	8,13	3,053	3,960
Property, plant and equipment, net	9	63,953	55,793
Investment properties, net	10,25	867,535	838,852
Intangible assets	11	32,631	29,770
Right-of-use assets	25	823	1,200
		<u>8,674,495</u>	<u>8,252,048</u>
Total assets		<u>₩ 9,927,915</u>	<u>₩ 10,000,583</u>
Liabilities			
Current liabilities			
Non-trade payables and other payables, net	5,20,23,27	168,097	168,507
Current tax liabilities	21	49,216	41,106
Other current liabilities	14	6,881	8,812
Current lease liabilities	5,20,25,27,28	551	622
		<u>224,745</u>	<u>219,047</u>
Non-current liabilities			
Non-trade payables and other payables, net	5,20,23,27	10,044	13,832
Net defined benefit liability	13	369	-
Deferred tax liability	21	160,132	147,285
Other non-current liabilities	14	2,706	3,137
Non-current lease liabilities	5,20,25,27,28	294	599
		<u>173,545</u>	<u>164,853</u>
Total liabilities		<u>398,290</u>	<u>383,900</u>
Equity			
Issued capital	15	801,613	801,613
Capital surplus	16	2,413,576	2,413,576
Other capital items	15	(2,069,515)	(1,917,833)
Accumulated other comprehensive income	17	98,796	53,352
Retained earnings	18	8,285,155	8,265,975
Total equity		<u>9,529,625</u>	<u>9,616,683</u>
Total equity and liabilities		<u>₩ 9,927,915</u>	<u>₩ 10,000,583</u>

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

LG Corp.
Separate Statements of Profit or Loss
Years Ended December 31, 2024 and 2023

(in millions of Korean won)

	Notes	2024	2023
Operating income			
Dividend income	4,19,23	₩ 432,079	₩ 538,891
Royalty revenue	4,19,23	356,361	357,233
Rental income	4,10,19,23,25	<u>143,127</u>	<u>134,462</u>
		931,567	1,030,586
Operating Expenses			
Labor cost	19,23	57,500	59,993
Depreciation	9,10,19,25	27,562	24,136
Other operating expenses	19,23,25	<u>191,766</u>	<u>195,082</u>
		276,828	279,211
Net operating income	19	654,739	751,375
Non-operating income and expenses			
Financial income	20,23	71,407	72,600
Financial expenses	20	3,918	15,502
Other non-operating income		45	908
Other non-operating expenses		<u>121,762</u>	<u>5,124</u>
		(54,228)	52,882
Profit before income tax expense		600,511	804,257
Income tax expense	21	<u>95,293</u>	<u>85,883</u>
Profit for the year		<u>₩ 505,218</u>	<u>₩ 718,374</u>
Earnings per share (in Korean won):			
Common share - basic/diluted	22	₩ 3,263	₩ 4,575
Pre-1996 Commercial Law Amendment Preferred Share - basic/diluted	22	3,313	4,625

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

LG Corp.
Separate Statements of Comprehensive Income
Years Ended December 31, 2024 and 2023

(in millions of Korean won)

	2024		2023	
Profit for the year	₩	505,218	₩	718,374
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net gain on other financial assets		45,444		10,707
Remeasurement of net defined benefit liability		(2,301)		2,289
		43,143		12,996
Total comprehensive income for the year	₩	548,361	₩	731,370

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

LG Corp.

Separate Statements of Changes in Equity Years Ended December 31, 2024 and 2023

(in millions of Korean won)

	Issued capital		Capital Surplus		Other capital Items		Accumulated Other Comprehensive Income		Retained Earnings		Total	
Balance at January 1, 2023	₩	801,613	₩	2,413,576	₩	(1,737,277)	₩	42,645	₩	8,019,857	₩	9,540,414
Total comprehensive income for the year:												
Profit for the year		-		-		-		-		718,374		718,374
Net gain on other financial assets		-		-		-		10,707		-		10,707
Remeasurements of the net defined benefit liability		-		-		-		-		2,289		2,289
Transactions with owners directly reflected in capital, etc.												
Annual dividends		-		-		-		-		(474,545)		(474,545)
Acquisitions of treasury shares		-		-		(180,556)		-		-		(180,556)
Balance at December 31, 2023	₩	801,613	₩	2,413,576	₩	(1,917,833)	₩	53,352	₩	8,265,975	₩	9,616,683
Balance at January 1, 2024	₩	801,613	₩	2,413,576	₩	(1,917,833)	₩	53,352	₩	8,265,975	₩	9,616,683
Total comprehensive income for the year:												
Profit for the year		-		-		-		-		505,218		505,218
Net gain on other financial assets		-		-		-		45,444		-		45,444
Remeasurements of the net defined benefit liability		-		-		-		-		(2,301)		(2,301)
Transactions with owners directly reflected in capital, etc.												
Annual dividends		-		-		-		-		(483,737)		(483,737)
Acquisitions of treasury shares		-		-		(151,682)		-		-		(151,682)
Balance at December 31, 2024	₩	801,613	₩	2,413,576	₩	(2,069,515)	₩	98,796	₩	8,285,155	₩	9,529,625

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

LG Corp.
Separate Statements of Cash Flows
Years Ended December 31, 2024 and 2023

(in millions of Korean won)

	2024	2023
Cash flows from operating activities		
Profit for the year	₩ 505,218	₩ 718,374
Additions of expenses not involving cash outflows:		
Depreciation	27,562	24,136
Amortization of intangible assets	4,046	2,724
Retirement benefits	4,364	4,668
Interest expenses	566	520
Income tax expense	95,292	85,883
Loss on disposals of property, plant and equipment	29	284
Loss on disposals of investment property	443	4,346
Loss on valuation of other financial assets	562	5,012
Loss on disposals of intangible assets	38	22
Impairment loss on investments in associates	121,143	-
Loss on valuation of derivatives	-	9,878
Other selling and administrative expenses	150	229
	<u>254,195</u>	<u>137,702</u>
Deduction of items not involving cash inflows:		
Interest income	58,665	70,825
Dividend income	432,079	538,891
Other operating income	520	470
Other non-operating income	-	849
Gain on valuation of other financial assets	11,207	-
Gain on disposals of property, plant and equipment	3	7
Gain on disposals of other financial assets	307	-
	<u>(502,781)</u>	<u>(611,042)</u>
Movements in working capital:		
Non-trade receivables and other receivables	18,465	19,273
Other current assets	87	(56)
Other non-current assets	-	(1,757)
Non-trade payables and other payables	8,039	14,735
Other current liabilities	1,371	(1,062)
Net defined benefit liability	<u>(5,024)</u>	<u>(383)</u>
	<u>22,938</u>	<u>30,750</u>

LG Corp.
Separate Statements of Cash Flows
Years Ended December 31, 2024 and 2023

(in millions of Korean won)

	2024	2023
Interest income received	63,425	55,325
Dividend income received	432,079	538,891
Interest expenses paid	(47)	(49)
Income taxes paid	(86,900)	(106,573)
Net cash provided by operating activities	688,127	763,378
Cash flows from investing activities		
Cash inflows from investing activities:		
Decrease in financial institution deposits	1,914,392	2,750,000
Decrease in non-current financial institution deposits	-	180,556
Decrease in long-term deposits	-	600
Disposals of other financial assets	4,174	284
Disposals of property, plant and equipment	19	36
Disposals of investment property	-	76
Disposals of intangible assets	800	1,000
	1,919,385	2,932,552
Cash outflows for investing activities:		
Increase in financial institution deposits	1,250,000	2,850,000
Acquisitions of investments in associates	250,025	-
Acquisitions of other financial assets	370,244	123,949
Acquisitions of property, plant and equipment	7,029	19,682
Acquisitions of investment property	55,343	43,147
Acquisitions of intangible assets	6,339	12,018
Others	2,510	-
	(1,941,490)	(3,048,796)
Net cash used in investing activities	(22,105)	(116,244)
Cash flows from financing activities		
Cash inflows from financing activities:	-	-
	-	-
Cash outflows for financing activities:		
Payments of dividends	483,734	474,637
Redemptions of lease liabilities	685	703
Acquisitions of treasury shares	151,682	180,556
	(636,101)	(655,896)
Net cash used in financing activities	(636,101)	(655,896)
Net increase (decrease) in cash and cash equivalents	29,921	(8,762)
Cash and cash equivalents at the beginning of year	183,009	191,771
Cash and cash equivalents at the end of year	₩ 212,930	₩ 183,009

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

LG Corp.
Notes to the Separate Financial Statements
December 31, 2024 and 2023

1. General Information

LG Corp. (the “Company”) is the parent company and an investment holding company. In order to become a global competitor through effective management and to confront changes in domestic and international business environments, the Company acquired LG Electronics Investment Ltd. (“LGEI”), an investment company, and the real estate lease and investment business of D&O Corp. (formerly, Serveone Co., Ltd.) on March 1, 2003.

The Company has been listed on the Korea Stock Exchange market since February 1970. After numerous paid-up capital increases, spin-offs and mergers, the outstanding issued capital amounted to ₩ 801,613 million, including preferred shares of ₩ 15,108 million as at December 31, 2024.

As at December 31, 2024, the Company’s related parties and major shareholders are as follows:

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

¹ Includes preferred shares.

2. Basis of Preparation and Material Accounting Policies

The financial statements have been approved for issuance at the Board of Directors' meeting held on March 14, 2025, and will be finalized at the shareholders' meeting on March 26, 2025.

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

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying separate financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

LG Corp.
Notes to the Separate Financial Statements
December 31, 2024 and 2023

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

The Company prepares financial statements by applying Korean IFRS, and these financial statements are separate financial statements in accordance with Korean IFRS 1027 *Separate Financial Statements*, those presented by a parent, an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost or in accordance with Korean IFRS 1109 *Financial Instruments*, or the equity method as defined in Korean IFRS 1028 *Investment in Associates and Joint Ventures*.

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

(1) New and amended standards

- 1) The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2024.

- Amendments to Korean IFRS 1001 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments do not have a significant impact on the separate financial statements.

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

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments do not have a significant impact on the separate financial statements.

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

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not have a significant impact on the separate financial statements.

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

The amendments require an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments do not have a significant impact on the separate financial statements.

- 2) The following new accounting standards and amendments have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Company.

- Amendments to Korean IFRS 1021 The Effects of Changes in Foreign Exchange Rates and 1101 First-time Adoption of International Financial Reporting Standards – Lack of Exchangeability

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The amendments do not have a significant impact on the separate financial statements.

- Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1107 Financial Instruments: Disclosures

Korean IFRS 1109 *Financial Instruments* and Korean IFRS 1107 *Financial Instruments: Disclosures* have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Company is in review for the impact of these amendments on the separate financial statements. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instruments if the timing or amount of contractual cash flow changes due to amendment of contract term; and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

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- Annual Improvements to Korean IFRS -Volume 11

Annual Improvements to Korean IFRS -Volume 11 should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Company does not expect the amendments to have a significant impact on the separate financial statements.

- Korean IFRS 1101 *First-time Adoption of International Financial Reporting Standards: Hedge accounting by a first-time adopter*
- Korean IFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition and implementation guidance*
- Korean IFRS 1109 *Financial Instruments: Derecognition of lease liabilities and definition of transaction price*
- Korean IFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
- Korean IFRS 1007 *Statement of Cash Flows: Cost method*

(2) Basis of Preparation of Financial Statements

1) Basis of measurement

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

2) Functional and reporting currencies

The separate financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). The Company's functional currency and the reporting currency for the separate financial statements is in Korean won.

(3) Foreign currency translation

For the purpose of the separate financial statements, the results of operations and financial position of the Company are expressed in Korean won, which is the functional currency of the Company and the presentation currency for the separate financial statements.

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

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

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

(4) Cash and cash equivalents

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

(5) Financial assets

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

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

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

1) Classification of financial assets

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

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

Debt instruments that meet the following conditions are measured subsequently at fair value through

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other comprehensive income (FVTOCI):

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

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

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

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

1-1) Amortized cost and effective interest method

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

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

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-

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impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

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

Interest income is recognized in profit or loss and is included in the "financial income" line item (see Note 20).

1-2) Debt instruments classified as at FVTOCI

Fair value is determined in the manner described in Note 27. The corporate bonds are initially measured at fair value, plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses and interest income calculated using the effective interest method are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these corporate bonds had been measured at amortized cost. All other changes in the carrying amount of these corporate bonds are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

1-3) Equity instruments designated as at FVTOCI

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

The Company designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition (See Note 5).

A financial asset is held for trading if:

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

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

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with Korean IFRS 1109, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'operating income' line item (Note 4) in profit or loss.

1-4) Financial assets at FVTPL

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

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (1-3) above).
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see (1-1) and (1-2) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognizing inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'operating income' item (see Note 4). Meanwhile, interest income from FVTPL is accounted for as a 'financial income' item (see Note 20). Fair value is determined in the manner described in Note 27.

2) Foreign exchange gains and losses

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

- For financial assets at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other non-operating income and expenses' line item (see Note 20).
- For debt instruments at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'other non-operating income and expenses' line item (see Note 20). As the foreign

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currency element recognized in profit or loss is the same as if it was measured at amortized cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognized in other comprehensive income in the investments revaluation reserve.

- For financial assets at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other non-operating income and expenses' line item as part of the fair value gain or loss (see Note 20).
- For equity instruments at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

3) Impairment of financial assets

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

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

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

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

3-1) Significant increase in credit risk

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

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

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

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

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

- (1) The financial instrument has a low risk of default.
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term.
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

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

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

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

3-2) Definition of default

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

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

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

3-3) Credit-impaired financial assets

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

- (a) Significant financial difficulty of the issuer or the borrower
- (b) A breach of contract, such as a default or past-due event (see 3-2) above)
- (c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- (d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- (e) The disappearance of an active market for that financial asset because of financial difficulties

3-4) Write-off policy

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

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3-5) Measurement and recognition of ECLs

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

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

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

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

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

4) Derecognition of financial assets

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

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borrowing for the proceeds received.

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

(6) Property, plant and equipment

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

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

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

	Useful lives
Buildings	25 - 50 years
Structures	25
Furniture, fixtures and vehicles	5 - 12

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

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

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(7) Investment properties

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

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

While land is not depreciated, all other investment property is depreciated based on the respective assets estimated useful lives ranging from 25-50 years using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

(8) Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

3) Patents and trademarks

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

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

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

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

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

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

(10) Investments in subsidiaries, associates and joint ventures

In accordance with Korean IFRS 1027, the Company's separate financial statements are financial statements that were prepared by the parent, or the investor with joint control of, or significant influence over, an investee, and where this parent, or investor, accounts for the investments at cost. The Company chose the cost method based on Korean IFRS 1027 to report investments in subsidiaries, associates and joint ventures. Dividends obtained from subsidiaries, associates and joint ventures are recognized in profit or loss when the right to receive dividends is confirmed.

(11) Financial liabilities and equity instruments

1) Classification as debt or equity

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

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the

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proceeds received, net of direct issue costs.

3) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to a contract. Financial liabilities are measured at fair value upon initial recognition. Transaction costs directly related to the issuance of financial liabilities are deducted from the fair value of the financial liability upon initial recognition. However, transaction costs directly related to the issuance of financial liabilities measured at fair value through profit or loss (FVTPL) are recognized in profit or loss as soon as they are incurred.

Financial liabilities are classified as 'financial liabilities measured at fair value through profit or loss' or 'other financial liabilities'.

4) Financial liabilities measured at FVTPL

Financial liabilities are classified as financial liabilities measured at FVTPL when they are contingent considerations that may be paid by an acquirer as part of a business combination to which Korean IFRS 1103 applies, or they are designated as financial liabilities measured at FVTPL.

5) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, and interest expense is recognized using the effective interest method.

The effective interest rate method is a method of calculating the amortized cost of financial liabilities and allocating interest expense over the relevant period. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

6) Financial guarantee contracts

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

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

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

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7) Derecognition of financial liabilities

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

(12) Leases

1) The Company as lessee

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

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

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

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

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

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

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

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case, the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case, a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case, the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

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

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

The Company applies Korean IFRS 1036 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (Note 2.(9)).

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

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

2) The Company as lessor

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

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

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

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

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

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

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

(13) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets,

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which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

(14) Employee benefits

The Company operates both defined contribution and defined benefit plans.

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

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

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

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

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

(15) Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. However, the amount recognized as an asset cannot exceed the amount of the related provision.

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

(16) Revenue recognition

The Company measures revenue at the fair value of the consideration received or receivable from customers, less value-added tax, returns, rebates and discounts. The Company recognizes revenue when the amount of revenue can be measured reliably, it is probable that future economic benefits will inflow and the revenue recognition requirements for each of the Company's activities as described below are satisfied.

1) Dividend income

Dividends are recognized as revenue when the right to dividends is determined.

2) Royalty revenue

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

3) Rental income

Rental income from the provision of real estate rental services is recognized over the period.

(17) Income tax

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

1) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the separate statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The

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Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

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Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4) Impact of Pillar Two income taxes

The Company is subject to Pillar Two income tax. There is no relevant income tax expense recognized, and the Company applied the exception to recognizing and disclosing information about deferred tax.

(18) Treasury share

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

(19) Fair value

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

(20) Derivative instruments

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain

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or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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

1) Embedded derivatives

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

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

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

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

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Significant assumptions about the future and other key sources of estimation uncertainty as at the end of the reporting period that have significant risk factors that could affect the adjustment of the carrying amounts of assets and liabilities within the next fiscal year are as follows:

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(1) Defined benefit retirement benefit system

The entity operates a defined benefit retirement benefit system. Defined benefit obligations are calculated by performing actuarial valuations at the end of each reporting period, and to apply these actuarial valuations, it is necessary to estimate assumptions about discount rates, expected wage increases and mortality. The retirement benefit system contains important uncertainties in this estimation due to its long-term nature. As at and for the year ended December 31, 2024, the defined benefit retirement benefit obligation is ₩ 43,818 million (As at and for the year ended December 31, 2023: ₩ 40,922 million), and the details are described in Note 13.

(2) Impairment testing

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

(3) Fair value assessment of financial instruments

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

(4) Income tax

The Company's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 21).

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

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4. Segment Information

The Company has only one operating segment in accordance with Korean IFRS 1108 *Operating Segments*, from entire Company's perspective. Operating segment information for the years ended December 31, 2024 and 2023, is as follows:

(1) Operating income information

<i>(in millions of Korean won)</i>	2024		2023	
Dividend revenue	₩	432,079	₩	538,891
Royalty revenue		356,361		357,233
Rent revenue		143,127		134,462
	₩	<u>931,567</u>	₩	<u>1,030,586</u>

(2) Regional information

The Company's operating income is mainly derived from domestic business, and most of its non-current assets are located at South Korea.

(3) Major client information

Operating income from major clients that cover more than 10% of operating income for the years ended December 31, 2024 and 2023, is 621,142 million and 747,360 million, respectively.

(4) Information about sources of revenue

Information on the sources of our revenue for the current and previous years is as follows, and all revenue arising from contracts with customers is recognized over the period.

<i>(in millions of Korean won)</i>	2024		2023	
Revenue generated from contracts with customers				
Royalty revenue	₩	356,361	₩	357,233
Subtotal		<u>356,361</u>		<u>357,233</u>
Revenue from other sources				
Dividend revenue		432,079		538,891
Rent revenue		143,127		134,462
Subtotal		<u>575,206</u>		<u>673,353</u>
Total	₩	<u>931,567</u>	₩	<u>1,030,586</u>

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5. Classification of Financial Instruments and Fair Value

- (1) The carrying amount and fair value of financial assets as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

Financial assets	Account	2024		2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at FVTPL	Contributions	₩ 400,050	₩ 400,050	₩ 175,733	₩ 175,733
Financial assets at FVTOCI	Marketable equity securities	110,979	110,979	50,520	50,520
	Unmarketable equity securities	278,875	278,875	145,022	145,022
	Subtotal	389,854	389,854	195,542	195,542
Financial assets at amortized cost	Cash and cash equivalents	212,930	212,930	183,009	183,009
	Financial institution deposits	1,000,000	1,000,000	1,663,483	1,663,483
	Non-trade receivables	20,179	20,179	38,506	38,506
	Accrued income	19,607	19,607	26,227	26,227
	Deposits	1,005	1,005	1,006	1,006
	Subtotal	1,253,721	1,253,721	1,912,231	1,912,231
	Total	₩ 2,043,625	₩ 2,043,625	₩ 2,283,506	₩ 2,283,506

- (2) The carrying amount and fair value of financial liabilities as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

Financial liabilities	Account	2024		2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities at amortized cost	Non-trade payables ¹	₩ 62,418	₩ 62,418	₩ 79,488	₩ 79,488
	Accrued expenses ¹	4,917	4,917	1,354	1,354
	Accrued dividends	334	334	331	331
	Deposits received	94,976	94,976	84,908	84,908
	Subtotal	162,645	162,645	166,081	166,081
Other financial liabilities	Lease liabilities	845	845	1,221	1,221
	Total	₩ 163,490	₩ 163,490	₩ 167,302	₩ 167,302

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

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6. Cash and Cash Equivalents

The Company's cash and cash equivalents are managed in the same amounts in the statement of financial position and cash flow statement. Cash and cash equivalents as at December 31, 2024 and 2023, consist of:

<i>(in millions of Korean won)</i>	2024		2023	
Cash	₩	3	₩	4
Bank deposits		12		15
Other cash equivalents		212,915		182,990
Total	₩	212,930	₩	183,009

7. Non-trade Receivables and Other Receivables

There are no impaired or overdue non-trade receivables and other receivables as at December 31, 2024 and 2023, and the details are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
	Current	Non-current	Current	Non-current
Non-trade receivables ¹	₩ 20,179	₩ -	₩ 38,506	₩ -
Accrued income ¹	19,607	-	26,228	-
Deposits	-	1,005	-	1,005
Total	₩ 39,786	₩ 1,005	₩ 64,734	₩ 1,005

¹ Loss allowances for non-trade receivables and other receivables are measured as lifetime ECLs in accordance with the simplified method of Korean IFRS 1109, and no additional loss allowances are recognized accordingly.

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8. Other Assets

(1) Details of other current assets as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Prepaid expenses	₩ 704	₩ 792

(2) Details of other non-current assets as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Non-current advance payments	₩ 3,053	₩ 1,924
Invested asset for post-employment benefit contract account	-	2,036
Total	₩ 3,053	₩ 3,960

9. Property, Plant and Equipment

(1) Changes in the Company's acquisition cost of property, plant and equipment for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024						
	Land	Buildings	Structures	Vehicles	Furniture and fixtures	Construction-in-progress	Total
Beginning balance	₩ 11,594	₩ 22,007	₩ 387	₩ 18,067	₩ 10,575	₩ 19,921	₩ 82,551
Acquisitions	-	-	-	55	917	6,285	7,257
Disposals	-	(68)	-	(26)	(1,077)	-	(1,171)
Transfer	596	7,378	27	-	6,546	(8,695)	5,852
Ending balance	₩ 12,190	₩ 29,317	₩ 414	₩ 18,096	₩ 16,961	₩ 17,511	₩ 94,489

<i>(in millions of Korean won)</i>	2023						
	Land	Buildings	Structures	Vehicles	Furniture and fixtures	Construction-in-progress	Total
Beginning balance	₩ 12,634	₩ 23,731	₩ 434	₩ 18,086	₩ 13,057	₩ 97	₩ 68,039
Acquisitions	-	235	-	26	11	20,866	21,138
Disposals	-	(570)	-	(45)	(2,881)	-	(3,496)
Transfer	(1,040)	(1,389)	(47)	-	388	(1,042)	(3,130)
Ending balance	₩ 11,594	₩ 22,007	₩ 387	₩ 18,067	₩ 10,575	₩ 19,921	₩ 82,551

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(2) Changes in accumulated depreciation for the years ended December 31, 2024 and 2023, are as follows:

(in millions of
Korean won)

	2024				
	Buildings	Structures	Vehicles	Furniture and fixtures	Total
Beginning balance	₩ 9,677	₩ 282	₩ 10,290	₩ 6,509	₩ 26,758
Disposals	(37)	-	(8)	(1,077)	(1,122)
Transfer	609	20	-	5	634
Depreciation	965	14	1,589	1,698	4,266
Ending balance	₩ 11,214	₩ 316	₩ 11,871	₩ 7,135	₩ 30,536

(in millions of
Korean won)

	2023				
	Buildings	Structures	Vehicles	Furniture and fixtures	Total
Beginning balance	₩ 10,223	₩ 301	₩ 8,709	₩ 8,606	₩ 27,839
Disposals	(282)	-	(18)	(2,880)	(3,180)
Transfer	(1,012)	(32)	-	-	(1,044)
Depreciation	748	13	1,599	783	3,143
Ending balance	₩ 9,677	₩ 282	₩ 10,290	₩ 6,509	₩ 26,758

10. Investment Properties

(1) Changes in the Company's acquisition cost of investment properties for the years ended December 31, 2024 and 2023, are as follows:

(in millions of
Korean won)

	2024				
	Land	Buildings	Structures	Construction-in-progress	Total
Beginning balance	₩ 443,331	₩ 604,333	₩ 9,407	₩ 31,895	₩ 1,088,966
Acquisitions	-	-	-	56,947	56,947
Disposals	-	(971)	-	-	(971)
Transfer	(596)	83,613	(27)	(88,842)	(5,852)
Ending balance	₩ 442,735	₩ 686,975	₩ 9,380	₩ -	₩ 1,139,090

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	2023				
	Land	Buildings	Structures	Construction-in-progress	Total
Beginning balance	₩ 442,291	₩ 591,477	₩ 9,360	₩ 1,313	₩ 1,044,441
Acquisitions	-	3,754	-	46,384	50,138
Disposals	-	(8,743)	-	-	(8,743)
Transfer	1,040	17,845	47	(15,802)	3,130
Ending balance	<u>₩ 443,331</u>	<u>₩ 604,333</u>	<u>₩ 9,407</u>	<u>₩ 31,895</u>	<u>₩ 1,088,966</u>

- (2) Changes in accumulated depreciation for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024		
	Buildings	Structures	Total
Beginning balance	₩ 244,356	₩ 5,758	₩ 250,114
Disposals	(530)	-	(530)
Transfer	(614)	(20)	(634)
Depreciation	22,284	321	22,605
Ending balance	<u>₩ 265,496</u>	<u>₩ 6,059</u>	<u>₩ 271,555</u>

(in millions of Korean won)

	2023		
	Buildings	Structures	Total
Beginning balance	₩ 227,710	₩ 5,402	₩ 233,112
Disposals	(4,321)	-	(4,321)
Transfer	1,012	32	1,044
Depreciation	19,955	324	20,279
Ending balance	<u>₩ 244,356</u>	<u>₩ 5,758</u>	<u>₩ 250,114</u>

- (3) Details of the fair value of investment properties¹ as at December 31, 2024, are as follows:

(in millions of Korean won)

		2024		
	Date of revaluation	Land	Buildings, structures and construction in progress	Total
Twin Tower	2024-08-16	₩ 1,108,096	₩ 299,904	₩ 1,408,000
Gasandong building	2024-08-16	179,925	99,028	278,953
Gwanghwamun building	2024-08-16	404,079	102,921	507,000
Seoul Station building	2024-08-16	427,482	133,518	561,000
Total		<u>₩ 2,119,582</u>	<u>₩ 635,371</u>	<u>₩ 2,754,953</u>

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¹ The carrying amount of investment properties is ₩ 894,360 million and it includes the value of investment properties (Book value that is subject to valuation: ₩ 26,825 million) used by the Company.

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

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

Meanwhile, the rental income related to investment real estate recognized by the Company for the current and previous years was ₩ 143,127 million and ₩ 134,462 million, respectively.

11. Intangible Assets

(1) Composition of the Company's intangible assets as at December 31, 2024 and 2023, is as follows:

(in millions of Korean won)

	2024			2023		
	Intellectual property rights	Memberships	Other intangible assets	Intellectual property rights	Memberships	Other intangible assets
Acquisition cost	₩ 26,545	₩ 9,516	₩ 22,659	₩ 25,277	₩ 10,285	₩ 17,388
Accumulated amortization	(18,804)	-	(6,948)	(17,270)	-	(5,573)
Accumulated impairment	-	(337)	-	-	(337)	-
Carrying amounts	₩ 7,741	₩ 9,179	₩ 15,711	₩ 8,007	₩ 9,948	₩ 11,815

(2) Changes in intangible assets for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024				2023			
	Intellectual property rights	Memberships	Other intangible assets	Total	Intellectual property rights	Memberships	Other intangible assets	Total
Beginning balance	₩ 8,007	₩ 9,948	₩ 11,815	₩ 29,770	₩ 7,744	₩ 6,795	₩ 4,465	₩ 19,004
Acquisitions	-	49	6,391	6,440	-	4,175	8,557	12,732
Disposals	(20)	(818)	-	(838)	-	(1,022)	-	(1,022)
Transfer	1,305	-	-	1,305	1,780	-	-	1,780
Amortization	(1,551)	-	(2,495)	(4,046)	(1,517)	-	(1,207)	(2,724)
Ending balance	₩ 7,741	₩ 9,179	₩ 15,711	₩ 32,631	₩ 8,007	₩ 9,948	₩ 11,815	₩ 29,770

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12. Investments in Subsidiaries and Associates

(1) Details of the Company's investments in subsidiaries as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

2024						
Companies	Location of incorporation	Major operation	Closing date	Percentage of ownership (%)	Percentage of ownership (common stock) (%)	Book value
LG CNS Co., Ltd. ¹	South Korea	Services	12-31	49.95	49.95	₩ 194,355
D&O Corp.	South Korea	Renting	12-31	100.00	100.00	250,054
LG Sports Ltd.	South Korea	Services	12-31	100.00	100.00	106,097
LG Management Development Institute	South Korea	Research and development	12-31	100.00	100.00	17,203
LG Holdings Japan Co., Ltd.	Japan	Renting	12-31	100.00	100.00	191,080
Total						₩ 758,789

(in millions of Korean won)

2023						
Companies	Location of incorporation	Major operation	Closing date	Percentage of ownership (%)	Percentage of ownership (common stock) (%)	Book value
LG CNS Co., Ltd. ¹	South Korea	Services	12-31	49.95	49.95	₩ 194,355
D&O Corp.	South Korea	Renting	12-31	100.00	100.00	250,054
LG Sports Ltd.	South Korea	Services	12-31	100.00	100.00	106,097
LG Management Development Institute	South Korea	Research and development	12-31	100.00	100.00	17,203
LG Holdings Japan Co., Ltd.	Japan	Renting	12-31	100.00	100.00	191,080
Total						₩ 758,789

¹ Although the Company owns less than 50% of its shares, the Group is determined to control the entity as the Group has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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(2) Details of the Company's investments in associates as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

Companies	Location of incorporation	Major operation	Closing date	2024			Book value
				Percentage of ownership (%)	Percentage of ownership (common stock) (%)		
LG Electronics Inc. ¹	South Korea	Manufacturing	12-31	31.07	34.34	₩	2,904,613
LG Chem Ltd. ¹	South Korea	Manufacturing	12-31	30.69	34.04		1,771,193
LG Household & Health Care Ltd.	South Korea	Manufacturing	12-31	30.00	34.03		141,608
LG Uplus Corp.	South Korea	Telecommunications	12-31	37.66	37.66		1,252,052
HS Ad Inc. (formerly, GIIR Corporation) ²	South Korea	Hoardings	12-31	35.00	35.00		39,496
ZKW Holding GmbH ³	Austria	Manufacturing	12-31	30.00	30.00		39,082
ZKW Austria Immobilien Holding GmbH	Austria	Real estate management	12-31	30.00	30.00		8,758
						₩	<u>6,156,802</u>

(in millions of Korean won)

Companies	Location of incorporation	Major operation	Closing date	2023			Book value
				Percentage of ownership (%)	Percentage of ownership (common stock) (%)		
LG Electronics Inc. ¹	South Korea	Manufacturing	12-31	30.47	33.67	₩	2,804,603
LG Chem Ltd. ¹	South Korea	Manufacturing	12-31	30.06	33.34		1,621,178
LG Household & Health Care Ltd.	South Korea	Manufacturing	12-31	30.00	34.03		141,608
LG Uplus Corp.	South Korea	Telecommunications	12-31	37.66	37.66		1,252,052
HS Ad Inc. (formerly, GIIR Corporation) ²	South Korea	Hoardings	12-31	35.00	35.00		39,496
ZKW Holding GmbH ³	Austria	Manufacturing	12-31	30.00	30.00		160,226
ZKW Austria Immobilien Holding GmbH	Austria	Real estate management	12-31	30.00	30.00		8,758
						₩	<u>6,027,921</u>

¹ Additionally acquired during the current period.

² HS Ad Inc. and LBEST INC., subsidiaries, are merged and changed its name during the previous year.

³ During the period, indications of impairment were identified, and as a result of the recoverable amount assessment, an impairment loss of ₩ 121,143 million was recognized in profit or loss. The recoverable amount of the investment was determined based on value in use and is subject to changes in key assumptions, including a perpetual growth rate of 2% after five years and a discount rate ranging from 8.7% to 9.7%, when applying the discounted cash flow method.

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13. Retirement Benefit Plan

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

- (1) As at December 31, 2024 and 2023, amounts recognized in the separate statements of financial position related net defined benefit liabilities are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Present value of defined benefit obligations	₩ 43,818	₩ 40,922
Fair value of plan assets	(43,449)	(42,958)
Net defined benefit liabilities (assets)	<u>₩ 369</u>	<u>₩ (2,036)</u>

- (2) Movements in the defined benefit obligations for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Beginning balance	₩ 40,922	₩ 38,597
Current service cost	4,451	4,832
Interest cost	1,688	1,961
Remeasurement on the net defined benefit liability	2,862	(3,000)
Benefits paid	(3,079)	(1,085)
Others	(3,026)	(383)
Ending balance	<u>₩ 43,818</u>	<u>₩ 40,922</u>

- (3) Profit and loss related to defined benefit plan for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Service cost	₩ 4,451	₩ 4,832
Current service cost	4,451	4,832
Net interest on the net defined benefit liability	(86)	(164)
Interest cost on defined benefit obligation	1,688	1,961
Comprising interest on plan assets	(1,774)	(2,125)
Operational management fee on plan assets	72	66
Total	<u>₩ 4,437</u>	<u>₩ 4,734</u>

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- (4) Changes in fair value of plan assets for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Beginning balance	₩	42,958	₩	41,709
Comprising interest on plan assets		1,774		2,125
Remeasurements – return (loss) on plan assets		(132)		275
Benefits paid		(3,079)		(1,085)
Contributions from the employer		2,000		-
Operational management fee on plan assets		(72)		(66)
Ending balance	₩	43,449	₩	42,958

- (5) All of the plan assets are invested in financial instruments that guarantee principal and interest rate as at December 31, 2024 and 2023.

- (6) Actuarial assumptions used as at December 31, 2024 and 2023, are as follows:

<i>(in percentage)</i>	2024	2023
Discount rate	3.66%	4.30%
Expected rate of salary increase	4.85%	4.76%

- (7) The sensitivity analysis of the defined benefit obligation as at December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2024			
	Defined benefit obligation		+1%	-1%
Change in discount rate	₩	43,818	₩	40,630
Change in rate of salary increase		43,818		47,459
				40,640

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

<i>(in millions of Korean won)</i>	2023			
	Defined benefit obligation		+1%	-1%
Change in discount rate	₩	40,922	₩	38,042
Change in rate of salary increase		40,922		44,199
				38,024

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

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(8) Remeasurement related to net defined benefit liabilities (assets) for the years ended December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2024	2023
Actuarial losses (gains) arising from changes in demographic assumptions	₩ 212	₩ (40)
Actuarial losses (gains) arising from changes in financial assumptions	2,523	(3,056)
Actuarial losses arising from experience	351	558
Loss (return) on plan assets, excluding amounts included in interest income	132	(275)
Actuarial gains arising from transfer in/out adjustments	(224)	(462)
Total	₩ 2,994	₩ (3,275)

Meanwhile, the Company reflected the additional corporate tax effect of ₩ 693 million on the remeasurement elements of the defined benefit plan during the current period in retained earnings as actuarial gain or loss.

(9) The Company reviews the funding level on an annual basis and has a policy of eliminating deficit from the fund. Expected contributions to post-employment benefit plans for the year ending December 31, 2025, are ₩ 5,281 million (2024: ₩ 4,561 million).

(10) The weighted average duration of the defined benefit obligation is 8 years (2023: 8 years). The expected maturity analysis of undiscounted pension benefits as at December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2024	2023
Less than 1 year	₩ 3,245	₩ 3,217
Between 1-2 years	3,049	3,045
Between 2-3 years	6,963	7,207
Between 3-4 years	3,345	2,215
Between 4-5 years	3,568	3,087
Between 5-6 years	38,859	40,066
Total	₩ 59,029	₩ 58,837

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14. Other Liabilities

Details of other liabilities as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
	Current	Non-current	Current	Non-current
Advances from lease revenue	₩ -	₩ 2,706	₩ -	₩ 3,137
VAT withheld	6,037	-	4,626	-
Withholdings	844	-	4,186	-
Total	<u>₩ 6,881</u>	<u>₩ 2,706</u>	<u>₩ 8,812</u>	<u>₩ 3,137</u>

15. Issued Capital and Other Capital Items

(1) Details of issued capital and other capital items as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won and in shares)</i>	Number of authorized shares	Number of issued shares	Number of shares owned by related party	Par value (in Korean won)	Amount of issued capital
Common share	700,000,000	157,300,993	65,598,735	₩ 5,000	₩ 786,505
Preferred share ¹	-	3,021,620	-	5,000	15,108

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

(2) Changes in other capital items for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Beginning balance	₩ (1,917,833)	₩ (1,737,277)
Acquisitions of treasury shares	(151,682)	(180,556)
Ending balance	<u>₩ (2,069,515)</u>	<u>₩ (1,917,833)</u>

The Company has 6,108,989 shares of common share and 10,421 shares of preferred share as at December 31, 2024, and the carrying amounts of common shares are ₩ 505,406 million (preferred share: ₩ 754 million). The Company has 4,316,521 shares of common share and 10,421 shares of preferred share as at December 31, 2023, and the carrying amounts of common shares are ₩ 353,724 million (preferred share: ₩ 754 million).

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16. Capital Surplus

Composition of capital surplus as at December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2024	2023
Paid-up capital in excess of par value	₩ 898,266	₩ 898,266
Asset revaluation reserve	338,100	338,100
Other capital surplus	1,177,210	1,177,210
Total	₩ 2,413,576	₩ 2,413,576

17. Accumulated Other Comprehensive Income

(1) Details of accumulated other comprehensive income as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Gain on valuation of other financial assets	₩ 98,796	₩ 53,352

(2) Changes in gain on valuation of other financial assets for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Beginning balance	₩ 53,352	₩ 42,645
Changes in gain on valuation of other financial assets	59,097	13,275
Effect on income taxes	(13,653)	(3,067)
Others	-	499
Ending balance	₩ 98,796	₩ 53,352

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18. Retained Earnings and Dividends

(1) Composition of retained earnings as at December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2024	2023
Retained earnings restricted to appropriation ¹	₩ 419,963	₩ 419,963
Retained earnings subject to appropriation	7,865,192	7,846,012
Total	<u>₩ 8,285,155</u>	<u>₩ 8,265,975</u>

¹According to the commercial law, more than 10% of the monetary dividend is set aside as legal reserve at each settlement period until it reaches 50% of the paid-in capital. But as at the end of the reporting period, the Company's legal reserve exceeds 50% of the paid-in capital, so there is no obligation to set aside additional amount. The reserve is not available for cash dividends payment, but may be transferred to issued capital or used to reduce accumulated deficit

(2) Changes in retained earnings for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Beginning balance	₩ 8,265,975	₩ 8,019,857
Profit for the year	505,218	718,374
Dividends	(483,737)	(474,545)
Remeasurement of net defined benefit liability	(2,301)	2,289
Ending balance	<u>₩ 8,285,155</u>	<u>₩ 8,265,975</u>

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(3) The appropriation of retained earnings for the year ended December 31, 2024, is expected at the shareholders' meeting on March 26, 2025. The appropriation date for the year ended December 31, 2023, was March 27, 2024.

The appropriation of retained earnings for the years ended December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2024	2023
Unappropriated retained earnings:		
Unappropriated retained earnings carried over prior year	₩ -	₩ -
Profit for the year	505,218	718,374
Transfer due to the disposal of other financial assets	-	-
Remeasurement on the defined benefit plans	(2,301)	2,289
	<u>502,917</u>	<u>720,663</u>
Appropriation:		
Legal reserve	-	-
Dividends	478,180	483,737
Cash Dividend per share (%)		
Current year (in Korean won):		
Common stock ₩ 3,100 (62%)		
Preferred stock ₩ 3,150 (63%)		
Prior year (in Korean won):		
Common stock ₩ 3,100 (62%)		
Preferred stock ₩ 3,150 (63%)		
Other reserve	24,737	236,926
	<u>502,917</u>	<u>720,663</u>
Unappropriated retained earnings carried over prior year forward to subsequent year	₩ -	₩ -

(4) Details of dividends for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won and in shares)</i>	2024				
	Number of issued shares	Number of treasury shares	Number of dividend shares	Dividend per share (in Korean won)	Total dividends
Common share	157,300,993	4,316,521	152,984,472	₩ 3,100	₩ 474,252
Preferred share	3,021,620	10,421	3,011,199	3,150	9,485

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

19. Net Operating Income

Details of net operating income for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)	2024	2023
Operating income	₩ 931,567	₩ 1,030,586
Dividends revenue	432,079	538,891
Royalties revenue	356,361	357,233
Rental revenue	143,127	134,462
Operating expenses	276,828	279,211
Employee benefit:	57,500	59,993
Salaries and wages	47,464	49,582
Severance benefits	4,372	4,667
Welfare	5,664	5,744
Depreciation:	27,562	24,136
Other operating expenses:	191,766	195,082
Amortization	4,046	2,724
Taxes and dues	10,335	10,166
Advertising expenses	94,566	97,731
Training expenses	1,249	1,161
Commission	60,087	59,695
Insurance premium	358	363
Lease expenses	175	171
Other selling and administrative expenses	20,950	23,071
Total	₩ 654,739	₩ 751,375

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20. Financial Income and Financial Expenses

(1) Financial income for the years ended December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2024	2023
Interest income	₩ 58,665	₩ 70,825
Gain on financial warranty	-	2
Gain on foreign currency transaction and translation	1,228	1,773
Gain on disposals of other financial assets	307	-
Gain on valuation of other financial assets	11,207	-
Total	₩ 71,407	₩ 72,600

(2) Interest income included in financial income for the years ended December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2024	2023
Financial assets measured at amortized cost ¹	₩ 58,665	₩ 70,825

¹ Interest income from cash and cash equivalents is included.

(3) Financial expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Interest expenses	₩ 566	₩ 520
Loss on foreign currency transaction and translation	2,790	92
Loss on valuation of other financial assets	562	5,012
Loss on valuation of derivatives	-	9,878
Total	₩ 3,918	₩ 15,502

(4) Interest expenses included in financial expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Financial liabilities measured at amortized cost	₩ 519	₩ 471
Lease liabilities	47	49
Total	₩ 566	₩ 520

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(5) Net gains (losses) from financial instruments for the years ended December 31, 2024 and 2023, are as follows:

(in millions of
Korean won)

	2024					
	Financial assets at amortized cost	Financial assets at FVTPL	Financial assets at FVTOCI	Financial liabilities at amortized cost	Other financial liabilities	Total
Interest income	₩ 58,665	₩ -	₩ -	₩ -	₩ -	₩ 58,665
Interest expenses	-	-	-	(519)	(47)	(566)
Dividend income	-	-	2,067	-	-	2,067
Gain on valuation	-	10,645	59,097	-	-	69,742
Gain on transactions	-	307	-	-	-	307
Gain (loss) on foreign currency transaction	473	-	-	(2,035)	-	(1,562)
	₩ 59,138	₩ 10,952	₩ 61,164	₩ (2,554)	₩ (47)	₩ 128,653

(in millions of
Korean won)

	2023					
	Financial assets at amortized cost	Financial assets at FVTPL	Financial assets at FVTOCI	Financial liabilities at amortized cost	Other financial liabilities	Total
Interest income	₩ 70,825	₩ -	₩ -	₩ -	₩ -	₩ 70,825
Interest expenses	-	-	-	(471)	(49)	(520)
Dividend income	-	-	894	-	-	894
Gain (loss) on valuation	-	(14,890)	13,275	-	-	(1,615)
Gain on foreign currency transaction	19	-	-	1,662	-	1,681
	₩ 70,844	₩ (14,890)	₩ 14,169	₩ 1,191	₩ (49)	₩ 71,265

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21. Income Tax

- (1) Composition of income tax expense for the years ended December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2024	2023
Current income tax	₩ 95,798	₩ 96,960
Adjustment related to prior income tax expense	(392)	-
Income tax expense due to changes in temporary differences related to profit and loss	(113)	(11,077)
Beginning deferred tax liabilities due to temporary differences	(147,285)	(154,809)
Ending deferred tax liabilities due to temporary differences	(160,132)	(147,285)
Deferred tax directly reflected in equity	(12,960)	(3,553)
Income tax expense	<u>₩ 95,293</u>	<u>₩ 85,883</u>

- (2) Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2024	2023
Profit before income tax expense	₩ 600,511	₩ 804,257
Income tax based on statutory tax rate	148,173	201,962
Add (deduct):	(52,880)	(116,079)
Non-taxable income	(83,389)	(112,604)
Non-deductible expense	1,347	1,369
Adjustment related to prior income tax expense	(392)	-
Others (tax rate differences and others)	29,554	(4,844)
Income tax expense	<u>₩ 95,293</u>	<u>₩ 85,883</u>

- (3) Details of deferred tax that are directly reflected to the capital for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Revaluation of other financial assets	₩ (13,653)	₩ (3,067)
Remeasurement of defined benefit plans	693	(757)
Others	-	271
Total	<u>₩ (12,960)</u>	<u>₩ (3,553)</u>

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(4) Changes in deferred tax assets (liabilities) for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024			
	Beginning balance	Current profit and loss	Capital	Ending balance
Temporary differences:				
Investments	₩ (131,352)	₩ -	₩ -	₩ (131,352)
Property, plant and equipment	24,161	1,996	-	26,157
Intangible assets	78	-	-	78
Other financial assets	(14,185)	(2,104)	(13,653)	(29,942)
Provisions	(115)	(61)	693	517
Other financial liabilities	3,754	(176)	-	3,578
Others	(29,626)	458	-	(29,168)
Deferred tax assets (liabilities)	₩ (147,285)	₩ 113	₩ (12,960)	₩ (160,132)

(in millions of Korean won)

	2023			
	Beginning balance	Current profit and loss	Capital	Ending balance
Temporary differences:				
Investments	₩ (131,920)	₩ 568	₩ -	₩ (131,352)
Property, plant and equipment	21,453	2,708	-	24,161
Intangible assets	78	-	-	78
Other financial assets	(12,397)	780	(2,568)	(14,185)
Provisions	(665)	1,535	(985)	(115)
Other financial liabilities	3,758	(4)	-	3,754
Others	(35,116)	5,490	-	(29,626)
Deferred tax assets (liabilities)	₩ (154,809)	₩ 11,077	₩ (3,553)	₩ (147,285)

(5) As at December 31, 2024, temporary differences related to investments in subsidiaries and associates unrecognized as deferred tax assets (liabilities) are as follows:

(in millions of Korean won)

	2024
Investments in subsidiaries	₩ (326,267)
Investments in associates	1,869,010
	₩ 1,542,743

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- (6) The analysis of deferred tax assets and liabilities as at December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Deferred tax assets	₩	46,402	₩	45,357
Deferred tax asset to be recovered within 12 months		8,776		8,510
Deferred tax asset to be recovered after more than 12 months		37,626		36,847
Deferred tax liabilities		206,534		192,642
Deferred tax asset to be recovered within 12 months		9,148		9,916
Deferred tax asset to be recovered after more than 12 months		197,386		182,726
Deferred tax assets	₩	-	₩	-
Deferred tax liabilities	₩	160,132	₩	147,285

- (7) There was no income tax expense recognized in relation to Pillar Two income taxes for the year ended December 31, 2024.

22. Earnings per Share

- (1) Basic earnings per share for the years ended December 31, 2024 and 2023, is as follows:

<i>(in Korean won)</i>	2024		2023	
Basic earnings per share of common share	₩	3,263	₩	4,575
Basic earnings per share of Pre-1996 Commercial Law Amendment preferred share ¹	₩	3,313	₩	4,625

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

- (2) Profit and weighted-average number of shares used to calculate earnings per share of common share for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Profit for the year attributable to owners of the Company	₩	505,218	₩	718,374
Less: Pre-1996 Commercial Law Amendment preferred share portion of residual profit and dividends		(9,977)		(13,926)
Profit used to calculate basic earnings per share of common share	₩	495,241	₩	704,448
Weighted-average number of common shares		151,762,346 shares		153,991,001 shares

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- (3) Weighted-average number of common shares to calculate the earnings per share for the years ended December 31, 2024 and 2023, are calculated as follows:

<i>(in shares)</i>	2024	2023
Beginning number of common shares issued	157,300,993	157,300,993
Beginning treasury shares	(4,316,521)	(2,180,794)
Weighted-average of treasury shares acquired	<u>(1,222,126)</u>	<u>(1,129,198)</u>
Ending weighted-average number of common shares	<u>151,762,346</u>	<u>153,991,001</u>

- (4) Profit and weighted-average number of shares used to calculate earnings per share of Pre-1996 Commercial Law Amendment preferred share for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Dividends for Pre-1996 Commercial Law Amendment preferred share and Pre-1996 Commercial Law Amendment preferred share portion of residual profit	₩ 9,977	₩ 13,926
Profit used to calculate basic earnings per share of Pre-1996 Commercial Law Amendment preferred share	9,977	13,926
Weighted-average number of Pre-1996 Commercial Law Amendment preferred shares	3,011,199 shares	3,011,199 shares

- (5) Weighted-average number of Pre-1996 Commercial Law Amendment preferred shares to calculate the earnings per share for the years ended December 31, 2024 and 2023, are calculated as follows:

<i>(in shares)</i>	2024	2023
Beginning number of Pre-1996 Commercial Law Amendment preferred shares issued	3,021,620	3,021,620
Beginning treasury shares	(10,421)	(10,421)
Weighted-average of treasury shares acquired	<u>-</u>	<u>-</u>
Ending weighted-average number of Pre-1996 Commercial Law Amendment preferred shares	<u>3,011,199</u>	<u>3,011,199</u>

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

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23. Related Party

(1) Details of related parties as at December 31, 2024 and 2023, are as follows:

2024			
Companies with direct ownership	Companies with direct ownership's subsidiaries (domestic) ¹	Companies with direct ownership's subsidiaries (overseas) ¹	Companies with direct ownership's associates and joint ventures
Subsidiaries:			
LG CNS Co., Ltd.	Biztech I Co., Ltd.	LG CNS China, Inc.	T-money Co., Ltd
	Haengbokmaru Co., Ltd.	LG CNS Europe B.V.	Tmoney CS Partners
	Open Source Consulting Co., Ltd	LG CNS America Inc.	SMDev.Co., Ltd.
	Right Brain Co., Ltd.	LG CNS India Pvt, Ltd.	Ulaanbaatar Smart card Co, LLC
	Biztech On Co., Ltd.	PT. LG CNS Indonesia	Songdo U-Life LLC.
	GT INNOVISION CO., LTD. ²	LG CNS Brasil Servicos de T.I. Ltda	U Life Solutions
		LG CNS COLOMBIA SAS	Korea DRD Co., Ltd.
		LG CNS Malaysia SDN BHD	HEMPKING Co., Ltd.
		LG CNS JAPAN Co., Ltd.	Danbee INC Co., Ltd.
		LG CNS UZBEKISTAN, LLC	SEJONG SMART CITY CO., LTD.
		LG CNS VIETNAM CO., LTD	Recaudo Bogota S.A.S.
		LG CNS FUND I LLC	Hellas SmarTicket Societe Anonyme
		LG CNS FUND II LLC	Aimos Inc. ²
			MEDICNT CO., LTD. ²
			AUTIFY, INC. ²
			PT. LG Sinarmas Technology Solutions ³
			SMARTCITY BUSAN CO., LTD. ³
D&O Corp.	Mirae M Co., Ltd. D&O CM Corp.	D&O CM NANJING CO., LTD.	Dongnam Solar Energy Co., Ltd.
		D&O CM POLAND Sp. z o.o.	Serveone Co., Ltd.
		D&O CM VIETNAM CO., LTD	XI C&A Co., Ltd
		D&O CM AMERICA, INC.	S&I Corp.
			S&I Europe Sp. z. o. o. ³
			Dream nuri Co., Ltd.
			ZEIT C&A NANJING Co., Ltd
			ZEIT C&A VIETNAM CO., LTD
			ZEIT C&A POLAND SP. Z. O. O.
			ZEIT C&A AMERICA, INC.
			Officedepo Korea Co., Ltd.
			Via Davinci Co., Ltd.
			Medi Master Co., Ltd.
			Daol Logistic Co., Ltd.
			MSC Networks Co., Ltd.
			SERVEONE(Nanjing).Co.,LTD
			SERVEONE(Guangzhou) Co.,Ltd
			SERVEONE VIETNAM Co.,Ltd
			SERVEONE Europe Sp.z.o.o.
			SERVEONE MRO INDONESIA
			SERVEONE America, Inc.

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2024			
Companies with direct ownership	Companies with direct ownership's subsidiaries (domestic) ¹	Companies with direct ownership's subsidiaries (overseas) ¹	Companies with direct ownership's associates and joint ventures
LG Management Development Institute LG Sports Ltd. LG Holdings Japan co.,Ltd.			SERVEONE Hungary kft. SERVEONE CANADA, INC.

2024			
Companies with direct ownership	Companies with direct ownership's subsidiaries (domestic) ¹	Companies with direct ownership's subsidiaries (overseas) ¹	Companies with direct ownership's associates
Associates:			
LG Electronics Inc	Hi Plaza Inc Hi-M Solutec Co., Ltd. HITeleservice Co., Ltd. Ace R&D Co., Ltd. LG innotek Co., Ltd Innowith Co., Ltd. Hanuri Co., Ltd. ZKW Lighting Systems HiCare Solution Co., Ltd. LG Magna e-Powertrain Co., Ltd. HIEVCHARGER CO., LTD	LG Electronics U.S.A., Inc. and others	
LG Chem Ltd.	Haengboknuri Co., Ltd. LG-HY BCM Co., Ltd. FarmHannong Co., Ltd. LG Energy Solution. Co., Ltd. Areumnuri Co. Ltd. TW Biomassenergy Co., Ltd LG-Eni Biorefining Co., Ltd ³	LG Chem America, Inc. and others	
LG Uplus Corp	CS Leader Ain Teleservice With U Co., Ltd. LG Hello Vision Co., Ltd. Uplus Home Service Co., Ltd. CV Partners Co., Ltd. Murex wave active senior Fund MEDIA LOG Co., Ltd. CS One Partner LG Uplus VoltUp Corp. ³ Hello Connect N Co.,Ltd. ³	DACOM America, Inc. and others	
LG Household & Health Care Ltd.	Coca-Cola Bevaerage Co. Hankook Beverage Co., Ltd.	Beijing LG Household Chemical Co., Ltd. and others	

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2024			
Companies with direct ownership	Companies with direct ownership's subsidiaries (domestic) ¹	Companies with direct ownership's subsidiaries (overseas) ¹	Companies with direct ownership's associates
	HAITAI HTB Co., Ltd. FMG Co., Ltd. Balkeunnuri Co., Ltd. LG Farouk Co. Mizen Story Co., Ltd TAI GUK PHARM Co., Ltd. Ulleung Spring Water Co., Ltd. Rucipello KOREA Co., Ltd Gounnuri Co., Ltd. F&I Agricultural Co., Ltd. VIVAWAVE Co., Ltd.		
HS Ad Ind.		GIIR America Inc. and others	
ZKW Holding GmbH	ZKW Lighting Systems Korea Co., Ltd	ZKW Group GmbH and others	
ZKW Austria Immobilien Holding GmbH		ZKW Austria Immobilien GmbH	

2024			
Companies with direct ownership	Companies with direct ownership's subsidiaries (domestic) ¹	Companies with direct ownership's subsidiaries (overseas) ¹	Companies with direct ownership's associates
Other related parties' affiliates by the Act⁴			
LG Display Co., Ltd.	Nanumnuri Co., Ltd.	LG Display Nanjing Co., Ltd. and others	
Robostar Co., Ltd.		ROBOSTAR(SHANGHAI) CO., LTD.	
SEETEC Co., Ltd.			
DACOM Crossing Corporation			

¹ Joint ventures of associates are excluded.

² It was newly acquired during the current year.

³ It was established during the current year.

⁴ These companies are not related parties as defined in paragraph 9 of Korean IFRS 1024. However, the companies are designated by the Fair-Trade Commission as related parties in accordance with the resolution of the Securities and Futures Commission in accordance with the substantive relationship stipulated in paragraph 10 of Korean IFRS 1024.

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2023			
Companies with direct ownership	Companies with direct ownership's subsidiaries (domestic) ¹	Companies with direct ownership's subsidiaries (overseas) ¹	Companies with direct ownership's associates
Subsidiaries:			
LG CNS Co., Ltd.	Biztech I Co., Ltd.	LG CNS China, Inc.	T-money Co., Ltd
	Haengbokmaru Co., Ltd.	LG CNS Europe B.V.	Tmoney CS Partners
	Open Source Consulting Co., Ltd	LG CNS America Inc.	SMDev.Co., Ltd.
	Right Brain Co., Ltd.	LG CNS India Pvt, Ltd.	Ulaanbaatar Smart card Co, LLC
	Biztech On Co., Ltd.	PT. LG CNS Indonesia	Songdo U-Life LLC.
		LG CNS Brasil Servicos de T.I. Ltda	U Life Solutions
		LG CNS COLOMBIA SAS	Daegu clean energy Co., Ltd. ⁶
		LG CNS Malaysia SDN BHD	Cloudgram Co., Ltd. ⁷
		LG CNS JAPAN Co., Ltd.	Korea DRD Co., Ltd.
		LG CNS UZBEKISTAN, LLC	HEMPKING Co., Ltd.
		LG CNS VIETNAM CO., LTD	Danbee INC Co., Ltd.
		LG CNS FUND I LLC	bithumb META Co., Ltd. ⁷
		LG CNS FUND II LLC	SEJONG SMART CITY CO., LTD.
			Recaudo Bogota S.A.S.
			Hellas SmarTicket Societe Anonyme
			Dongnam Solar Energy Co., Ltd.
D&O Corp.	Mirae M Co., Ltd.	D&O CM NANJING CO., LTD.	Serveone Co., Ltd.
	D&O CM Corp.	D&O CM POLAND Sp. z o.o.	XI C&A Co., Ltd
		D&O CM VIETNAM CO., LTD	S&I Corp.
		D&O CM AMERICA, INC.	Dream nuri Co., Ltd.
			ZEIT C&A NANJING Co., Ltd
			ZEIT C&A VIETNAM CO., LTD
			ZEIT C&A POLAND SP. Z. O. O.
			ZEIT C&A AMERICA, INC. ²
			Officedepo Korea Co., Ltd.
			Via Davinci Co., Ltd. ³
			Medi Master Co., Ltd. ³
			Daol Logistic Co., Ltd. ³
			MSC Networks Co., Ltd. ³
			SERVEONE(Nanjing).Co.,LTD
			SERVEONE(Guangzhou) Co.,Ltd
			SERVEONE VIETNAM Co.,Ltd
			SERVEONE Europe Sp. z o.o.
			SERVEONE MRO INDONESIA
			SERVEONE AMERICA. INC
			SERVEONE Hungary kft.
LG Management Development Institute			
LG Sports Ltd.			
LG Holdings Japan co.,Ltd.			

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2023			
Companies with direct ownership	Companies with direct ownership's subsidiaries (domestic) ¹	Companies with direct ownership's subsidiaries (overseas) ¹	Companies with direct ownership's associates
Associates:			
LG Electronics Inc	Hi Plaza Inc	LG Electronics U.S.A., Inc. and others	
	Hi-M Solutech Co., Ltd.		
	HiTeleservice Co., Ltd.		
	Ace R&D Co., Ltd.		
	LG innotek Co., Ltd		
	Innowith Co., Ltd.		
	Hanuri Co., Ltd.		
	ZKW Lighting Systems		
	HiCare Solution Co., Ltd.		
	LG Magna e-Powertrain Co., Ltd.		
LG Chem Ltd.	HiEVCHARGER CO., LTD (formerly, APPLEMANGO CO., LTD.) ⁴	LG Chem America, Inc. and others	
	Haengboknuri Co., Ltd.		
	LG-HY BCM Co., Ltd. (formerly, LGBCM) ⁴		
	FarmHannong Co., Ltd.		
	LG Energy Solution. Co., Ltd.		
LG Uplus Corp	Areumnuri Co. Ltd.	DACOM America, Inc. and others	
	TW Biomassenergy Co., Ltd ²		
	CS Leader		
	Ain Teleservice		
	With U Co., Ltd.		
	LG Hello Vision Co., Ltd.		
	Uplus Home Service Co., Ltd.		
	CV Partners Co., Ltd.		
LG Household & Health Care Ltd.	Murex wave active senior Fund	Beijing LG Household Chemical Co., Ltd. and others	
	MEDIA LOG Co., Ltd.		
	CS One Partner		
	Coca-Cola Bevaerage Co.		
	Hankook Beverage Co., Ltd.		
	HAITAI HTB Co., Ltd.		
	FMG Co., Ltd.		
	Balkeunnuri Co., Ltd.		
	LG Farouk Co.		
	Mizen Story Co., Ltd		
	TAI GUK PHARM Co., Ltd.		
	Ulleung Spring Water Co., Ltd.		
	Rucipello KOREA Co., Ltd		
	Gounnuri Co., Ltd.		
	F&I Agricultural Co., Ltd. (formerly, Konjiam Yewon Co., Ltd.) ⁴		
	VIVAWAVE Co., Ltd. ³		

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2023			
Companies with direct ownership	Companies with direct ownership's subsidiaries (domestic) ¹	Companies with direct ownership's subsidiaries (overseas) ¹	Companies with direct ownership's associates
HS Ad Ind. (formerly, GIIR Corporation) ⁵		GIIR America Inc. and others	
ZKW Holding GmbH	ZKW Lighting Systems Korea Co., Ltd	ZKW Group GmbH and others	
ZKW Austria Immobilien Holding GmbH		ZKW Austria Immobilien GmbH	

2023			
Companies with direct ownership	Companies with direct ownership's subsidiaries (domestic) ¹	Companies with direct ownership's subsidiaries (overseas) ¹	Companies with direct ownership's associates
Other related parties' affiliates by the Act⁸			
LG Display Co., Ltd.	Nanumnuri Co., Ltd.	LG Display Nanjing Co., Ltd. and others	
Robostar Co., Ltd.		ROBOSTAR(SHANGHAI) CO., LTD.	
SEETEC Co., Ltd.			
DACOM Crossing Corporation			
FITNESSCANDY CO.,LTD ⁶			

¹ Joint ventures of associates are excluded.

² It was established during the prior year.

³ It was newly acquired during the prior year.

⁴ It changed its name during the prior year.

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

⁶ It was excluded from related parties due to liquidation during the current year.

⁷ It was excluded from related parties due to the disposal of shares during the current year.

⁸ These companies are not related parties defined in paragraph 9 of K-IFRS 1024. However, the companies are designated by the Fair-Trade Commission as related parties in accordance with the resolution of the Securities and Futures Commission in accordance with the substantive relationship stipulated in paragraph 10 of Korean IFRS 1024.

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(2) Sale and purchase of goods and services for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024					
	Revenue and others		Acquisition of assets		Other purchase	
Subsidiaries:						
LG CNS Co., Ltd.	₩	84,715	₩	7,325	₩	6,085
Biztech I Co., Ltd.		-		-		48
D&O Corp. ¹		83,116		44,031		49,576
D&O CM		-		420		-
LG Management Development Institute		4,133		-		1,586
LG Sports Ltd.		153		-		10,530
LG Holdings Japan Co., Ltd.		17		-		-
Associates:						
LG Electronics Inc. ²		284,624		-		1,511
LG Chem Ltd. ²		187,371		-		33
LG Household & Health Care Ltd. ²		35,830		-		-
LG Uplus Corp. ²		149,147		-		118
HS Ad Ind.		2,893		42		15,593
Other related parties' affiliates by the Act³:						
LG display Co., Ltd.		63,471		-		-
Total	₩	895,470	₩	51,818	₩	85,080

(in millions of Korean won)

	2023					
	Revenue and others		Acquisition of assets		Other purchase	
Subsidiaries:						
LG CNS Co., Ltd.	₩	69,799	₩	6,698	₩	5,310
Biztech I Co., Ltd.		-		-		47
D&O Corp. ¹		82,800		48,300		48,994
D&O CM		-		540		-
LG Management Development Institute		3,764		210		1,399
LG Sports Ltd.		136		-		13,930
LG Holdings Japan Co., Ltd.		19		-		-
Associates:						
LG Electronics Inc. ²		239,285		-		3,593
LG Chem Ltd. ²		359,702		-		31
LG Household & Health Care Ltd. ²		38,189		-		-
LG Uplus Corp. ²		148,373		-		124
HS Ad Ind.		2,319		-		20,550
Other related parties' affiliates by the Act³:						
LG display Co., Ltd.		51,906		1,891		-
Total	₩	996,292	₩	57,639	₩	93,978

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¹ Includes transactions of the subsidiary to its associates.

² Includes transactions of associates to its subsidiaries.

³ These companies are not related parties defined in paragraph 9 of Korean IFRS 1024. However, the companies are designated by the Fair-Trade Commission as related parties in accordance with the resolution of the Securities and Futures Commission in accordance with the substantive relationship stipulated in paragraph 10 of Korean IFRS 1024

(3) Outstanding receivables and payables from sale and purchase of goods and services as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024			
	Trade receivables and others		Loans	Trade payables and others
Subsidiaries:				
LG CNS Co., Ltd.	₩	866	₩	- ₩ 9,909
D&O Corp. ¹		149		- 1,073
LG Management Development Institute		88		- 2,226
LG Sports Ltd.		6		- 1,550
LG Holdings Japan Co., Ltd.		5		- -
Associates:				
LG Electronics Inc. ²		7,183		- 28,332
LG Chem Ltd. ²		124		- 33,379
LG Household & Health Care Ltd. ²		79		- 5,937
LG Uplus Corp. ²		476		- 8,769
HS Ad Ind.		-		- 26,903
Other related parties' affiliates by the Act³:				
LG display Co., Ltd.		10,731		- 7,551
Total	₩	19,707	₩	- ₩ 125,629

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(in millions of Korean won)

	2023			
	Trade receivables and others		Loans	Trade payables and others
Subsidiaries:				
LG CNS Co., Ltd.	₩	2,481	₩	- ₩ 6,042
D&O Corp. ¹		46		- 10,655
LG Management Development Institute		51		- 2,108
LG Sports Ltd.		25		- 1,990
LG Holdings Japan Co., Ltd.		4		- -
Associates:				
LG Electronics Inc. ²		5,940		- 30,391
LG Chem Ltd. ²		21,426		- 17,196
LG Household & Health Care Ltd. ²		-		- 6,657
LG Uplus Corp. ²		1,635		- 8,640
HS Ad Ind.		-		- 24,235
Other related parties' affiliates by the Act³:				
LG display Co., Ltd.		5,575		- 16,261
Total	₩	37,183	₩	- ₩ 124,175

¹ It includes receivables and payables of the subsidiary to its associates.

² It includes receivables and payables of associates to its subsidiaries.

³ These companies are not related parties as defined in paragraph 9 of Korean IFRS 1024; however, the companies are designated by the Fair-Trade Commission as related parties in accordance with the resolution of the Securities and Futures Commission in accordance with the substantive relationship stipulated in paragraph 10 of Korean IFRS 1024.

(4) There is no fund transaction with related parties for the years ended December 31, 2024 and 2023.

(5) There is no debt guarantee provided to the related parties as at December 31, 2024 and 2023.

(6) The compensation and benefits for the Company's key managements (registered executives, including non-permanent and non-registered executives) who have significant control and responsibility on planning, operating and controlling the activities of the Company for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)	2024		2023	
Short-term employee benefits	₩	24,688	₩	25,661
Severance benefits		2,554		2,636
Total	₩	27,242	₩	28,297

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Notes to the Separate Financial Statements
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24. Commitments and Pledging

(1) The Company has an overdraft agreement with Woori Bank Co., Ltd. up to ₩ 5,000 million and a general loan agreement with Kookmin Bank Co., Ltd. and two other banks up to ₩ 95,000 million.

(2) Restricted financial assets as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023	Remark
Long-term deposits	₩ 5	₩ 5	Deposits for overdraft accounts and others
Long-term financial institution deposits	-	163,483	Treasury share acquisition trust
Total	<u>₩ 5</u>	<u>₩ 163,488</u>	

(3) There are no details of pledging as at December 31, 2024.

(4) The Company enters into the agreement of construction permit guarantee insurance as at December 31, 2024:

(in millions of Korean won)

	Amounts of guarantees	Insurance company
License Guarantee	₩ 220	Seoul Guarantee Insurance Company

(5) Other terms and conditions

- As at December 31, 2024, when trading with Crystal Korea Limited (investor) for some of LG CNS Co., Ltd.'s shares (35% of the total number of shares generated), the Company has an agreement to propose a recovery plan for the shortfall if it does not meet the investor's certain return.
- As at December 31, 2024, the Company has an investment agreement of ₩ 13,000 million, USD 363 million and GBP 3 million for the acquisition of other financial assets. As at December 31, 2024, the amount invested by the Company is ₩ 10,700 million, USD 271 million and GBP 2 million.

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Notes to the Separate Financial Statements
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25. Leases

(1) The Company as lessee

1) The Company leases vehicle, and the average lease period is approximately 3 years.

2) The book value of right-of-use assets as at December 31, 2024 and 2023, is as follows:

(in millions of Korean won)

	2024
	Vehicles
Acquisition cost	₩ 1,875
Accumulated depreciation	(1,052)
Book value	₩ 823

(in millions of Korean won)

	2023
	Vehicles
Acquisition cost	₩ 1,955
Accumulated depreciation	(755)
Book value	₩ 1,200

3) Changes in book value of right-of-use assets for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024
	Vehicles
Beginning balance	₩ 1,200
Acquisitions	381
Depreciation	(691)
Termination of contract, etc.	(67)
Ending balance	₩ 823

(in millions of Korean won)

	2023
	Vehicles
Beginning balance	₩ 995
Acquisitions	1,052
Depreciation	(714)
Termination of contract, etc.	(133)
Ending balance	₩ 1,200

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- 4) The amounts recognized in profit or loss for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Depreciation of right-of-use assets	₩	691	₩	714
Interest expenses on lease liabilities		47		49
Short-term asset lease related expenses		75		76
Low-value asset lease related expenses		18		17
Contract termination costs(gain), etc.		(2)		(3)

As at December 31, 2024, the Company's short-term lease commitment is ₩ 74 million (2023: ₩ 58 million), and the total cash outflow of the lease for the year ended December 31, 2024, is ₩ 825 million (2023: ₩ 845 million).

- 5) The details of the liquidity classification of lease liabilities as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Current liabilities	₩	551	₩	622
Non-current liabilities		294		599
Total	₩	845	₩	1,221

- 6) The maturity analysis of lease liabilities as at December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2024				2023			
	Minimum lease payments		Present value of minimum lease payments		Minimum lease payments		Present value of minimum lease payments	
Within 1 year	₩	574	₩	551	₩	660	₩	622
More than year ~ within 5 years		301		294		617		599
Total	₩	875	₩	845	₩	1,277	₩	1,221

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(2) The Company as lessor

- 1) The Company has operating lease contracts, such as real estate rental. The schedule for receiving lease payment related to operating lease contracts as at December 31, 2024 and 2023, is as follows:

(in millions of Korean won)

		2024												
Contract		Within 1 year		1 year ~ 2 years		2 years ~ 3 years		3 years ~ 4 years		4 years ~ 5 years		More than 5 years		Total
Building lease contract(Twin)	₩	80,251	₩	-	₩	-	₩	-	₩	-	₩	-	₩	80,251
Building lease contract(Gasan)		19,532		18,022		17,511		15,359		4,846		-		75,270
Building lease contract (Gwanghwamun)		24,574		-		-		-		-		-		24,574
Building lease contract(Seoul station)		19,854		-		-		-		-		-		19,854
Total	₩	144,211	₩	18,022	₩	17,511	₩	15,359	₩	4,846	₩	-	₩	199,949

(in millions of Korean won)

		2023												
Contract		Within 1 year		1 year ~ 2 years		2 years ~ 3 years		3 years ~ 4 years		4 years ~ 5 years		More than 5 years		Total
Building lease contract(Twin)	₩	70,695	₩	-	₩	-	₩	-	₩	-	₩	-	₩	70,695
Building lease contract(Gasan)		19,433		18,018		17,273		16,986		14,908		4,696		91,314
Building lease contract (Gwanghwamun)		23,705		-		-		-		-		-		23,705
Building lease contract(Seoul station)		18,954		770		-		-		-		-		19,724
Total	₩	132,787	₩	18,788	₩	17,273	₩	16,986	₩	14,908	₩	4,696	₩	205,438

- 2) The Company recognized rental profit related to operating lease contracts for the years ended December 31, 2024 and 2023, in the amounts of ₩ 143,127 million and ₩ 134,462 million, respectively.

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26. Pending Litigations

There is one pending litigation as at December 31, 2024, the Company as a plaintiff, a trademark infringement ban litigation and two pending litigations as at December 31, 2024, the Company as a dependent. Meanwhile, the results of litigations and the effects on the separate financial statements cannot be reasonably predicted at the end of the reporting date.

27. Risk Management

(1) Capital risk management

The Company performs capital risk management to maintain the ability to continuously provide profits to shareholders and interested parties and to maintain optimum capital structure to reduce capital expenses.

In order to maintain or adjust capital structure, the Company applies policy, such as adjustment of dividend payments.

The Company's capital structure consists of net liability, which is borrowings, less cash and cash equivalents and equity. In addition, items managed as capital by the Company as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Total borrowings	₩ -	₩ -
Less: Cash and cash equivalents	212,930	183,009
Borrowings, net	(212,930)	(183,009)
Total equity	9,529,625	9,616,683
Debt-to-equity ratio ¹	₩ -	₩ -

¹ As at December 31, 2024 and 2023, equity to net borrowings ratio was not calculated because net borrowings were negative.

(2) Financial risk management

The Company is exposed to various financial risks, such as market risk (foreign exchange risk, and price risk), credit risk and liquidity risk related to financial instruments. The purpose of risk management of the Company is to identify potential risks of financial performance and reduce, eliminate and evade those risks to a degree acceptable to the Company.

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December 31, 2024 and 2023

1) Price risk

The Company is exposed to price risks from equity instruments. As at December 31, 2024, the fair value of equity instruments is ₩ 110,979 million (2023: ₩ 50,520 million), and when all the other variables are constant and when the price of equity instrument changes by 10%, the effect of after tax to equity will be ₩ 8,534 million (2023: ₩ 3,885 million).

2) Credit risk

Credit risk refers to risk of financial losses to the Company when the counterparty defaults on the obligations of the contract. Credit risk arises from cash and cash equivalents and deposits from banks and financial institutions, as well as from credit risks to business partners, including held receivables. In the case of banks and financial institutions, credit risk from financial institutions is limited because the Company is dealing with financial institutions with excellent credit ratings. In the case of general business partners, credit is evaluated by considering other factors such as the customer's financial status and past experience. The Company does not have individual risk limit management policies for counterparties.

As at the end of the current period, the maximum exposure to credit risk for financial assets measured at amortized cost corresponds to the carrying amount of each financial asset in the financial statements.

3) Liquidity risk

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

Maturity analysis of non-derivative financial liabilities according to their remaining maturity as at December 31, 2024 and 2023, is as follows:

(in millions of Korean won)

	2024			
	Within 1 year	1 year ~ 5 years	More than 5 years	Total
Non-trade payables and other liabilities	₩ 152,602	₩ 12,750	₩ -	₩ 165,352
Lease liabilities	574	301	-	875

(in millions of Korean won)

	2023			
	Within 1 year	1 year ~ 5 years	More than 5 years	Total
Non-trade payables and other liabilities	₩ 152,250	₩ 6,764	₩ 10,204	₩ 169,218
Lease liabilities	660	617	-	1,277

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

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

4) Foreign exchange risk

The Company is exposed to foreign exchange risk since it makes transactions in foreign currencies. The book value of the Company's monetary assets and liabilities denominated in foreign currency that is not the functional currency as at December 31, 2024, is as follows:

<i>(in millions of Korean won)</i>	Assets		Liabilities	
USD	₩	-	₩	984
JPY		5		-

The Company internally assesses the foreign currency risk from changes in exchange rates on a regular basis. The Company's sensitivity analysis to a 10% increase and decrease in the Korean won (functional currency of the Company) against major foreign currencies as at December 31, 2024, is as follows:

<i>(in millions of Korean won)</i>	10% increase against foreign currency		10% decrease against foreign currency	
USD	₩	(76)	₩	76
JPY		-		-

(3) Estimation of fair value

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

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

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

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instruments.

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

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

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

- 1) Financial instruments that are measured subsequent to initial recognition at fair value by fair value hierarchy levels as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)	2024				2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL								
Contributions	₩ -	₩ -	₩ 400,050	₩ 400,050	₩ -	₩ -	₩ 175,733	₩ 175,733
Total	₩ -	₩ -	₩ 400,050	₩ 400,050	₩ -	₩ -	₩ 175,733	₩ 175,733
Financial assets at FVTOCI								
Marketable equity securities	₩ 110,979	₩ -	₩ -	₩ 110,979	₩ 50,520	₩ -	₩ -	₩ 50,520
Unmarketable equity securities	-	-	278,875	278,875	-	-	145,022	145,022
Total	₩ 110,979	₩ -	₩ 278,875	₩ 389,854	₩ 50,520	₩ -	₩ 145,022	₩ 195,542

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

- 2) Valuation method and input variables that are classified as Level 3 from the financial instruments that are subsequently measured as fair values as at December 31, 2024, are as follows:

(in millions of Korean won)		Fair values as at December 31, 2024		Valuation technique	Input variables
Other financial assets	Non-listed shares	₩	678,925	Application of the discounted cash flow method such as discounting future cash flows using the weighted average cost of capital applying the Capital asset pricing model ("CAPM")	Sales growth rate, pretax operating profit margin, discount rate and others

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Notes to the Separate Financial Statements
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- 3) Changes in Level 3 financial assets and financial liabilities out of financial instruments measured at fair value repeatedly in the separate statements of financial position for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)	2024						
	Total comprehensive income			Purchases (issuance)	Disposals (settlement)	Transfer	Ending balance
	Beginning balance	Profit (loss) for the year	Other comprehensive income				
Other financial assets	₩ 320,755	₩ 10,464	₩ (1,363)	₩ 352,754	₩ (3,685)	₩ -	₩ 678,925

(in millions of Korean won)	2023						
	Total comprehensive income			Purchases (issuance)	Disposals (settlement)	Transfer	Ending balance
	Beginning balance	Profit (loss) for the year	Other comprehensive income				
Other financial assets	₩ 182,931	₩ (5,012)	₩ 1,681	₩ 141,448	₩ (293)	₩ -	₩ 320,755
Derivative assets	9,878	(9,878)	-	-	-	-	-

- 4) The Company judges that the carrying amount of financial assets and financial liabilities measured at amortized cost in the separate statements of financial position is similar to fair value.
- 5) There is no change in the valuation technique used in the fair value measurement of financial instruments classified as Level 2 and Level 3.
- 6) The table below explains the quantitative information of fair value measurement (Level 3) that uses the input variables that are significant, but unobservable and the relationship between unobservable input variables and the fair value measurements:

(in millions of Korean won)	Fair value as at December 31, 2024		Valuation technique	Unobservable inputs	Range	Relationship between unobservable input variables and the fair value measurements
Other financial assets ¹	₩	220,018	Discounted cash flow method and others	Growth rate Discount rate	0% ~ 2% 10.30% ~ 11.50%	Increase (decrease) in fair values due to increase (decrease) in growth rate Decrease (increase) in fair values due to increase (decrease) in discount rate

Financial assets measured at cost are excluded.

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- 7) A description of the valuation processes in the fair value measurement for Level 3 that the Company is carrying out is as follows:

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

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

- Pretax profit margin and sales growth rate, which are used to measure the fair value of non-listed shares, are estimated based on the average value of pretax operating margin and sales growth rate of comparable listed companies.
 - Weighted-average cost of capital used as discount rate to measure the fair value of non-listed shares is estimated by the weighted-average, after-tax and outside capital cost; capital cost estimates of the share value data reflected for the purpose of the issuer of the shares; and capital structure based on the equity data of comparable public companies, which has been derived based on the CAPM.
- 8) Impact on profit for the year and other comprehensive income (loss) due to the change in reasonably available and unobservable input variables under the conditions that other input variables are constant is as follows:

(in millions of Korean won)		Changes in reasonably possible unobservable input	Profit for the year		Other comprehensive income(loss)	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Other financial assets	Growth rate	+/-1%	₩	- ₩	- ₩	8,155 ₩
	Discount rate	+/-1%		-	-	11,150 (8,822)

- 9) The Company has judged that unobservable changes in inputs to reflect alternative assumptions would not change the fair value measurement significantly.
- 10) There is no significant change in business and economic environment affecting the fair value of the financial assets and liabilities during the current year.

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Notes to the Separate Financial Statements
December 31, 2024 and 2023

28. Notes to the Statements of Cash Flows

Changes in liabilities arising from financing activities for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024			
	Beginning balance	Financing activities	Others	Ending balance
Lease liabilities	₩ 1,221	₩ (685)	₩ 309	₩ 845

(in millions of Korean won)

	2023			
	Beginning balance	Financing activities	Others	Ending balance
Lease liabilities	₩ 1,006	₩ (703)	₩ 918	₩ 1,221

Independent Auditor's Report on Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
LG Corp.

Opinion on Internal Control over Financial Reporting

We have audited Internal Control over Financial Reporting (ICFR) of LG Corp. (the "Company") as at December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Company maintained, in all material respects, effective ICFR as at December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the separate financial statements of the Company, which comprise the separate statement of financial position as at December 31, 2024, and the separate statement of profit or loss, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flow for the year then ended, and notes to the separate financial statements including material accounting policy information, and our report dated March 17, 2025 expressed an unqualified opinion.

Basis for Opinion on Internal Control over Financial Reporting

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting* section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of ICFR and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting

Management is responsible for designing, implementing and maintaining effective ICFR, and for its assessment about the effectiveness of ICFR, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

Those charged with governance have the responsibilities for overseeing ICFR.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting

Our responsibility is to express an opinion on ICFR of the Company based on our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR was maintained in all material respects.

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

Definition and Inherent Limitations of Internal Control over Financial Reporting

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

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

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

The image shows a handwritten signature in black ink that reads "Samil PricewaterhouseCoopers". The signature is written in a cursive, flowing style.

Seoul, Korea

March 17, 2025

This report is effective as at March 17, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the Company's ICFR thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

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

(English Translation of a Report Originally Issued in Korean)

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

We, as the Chief Executive Officer (CEO) and the Internal Control over Financial Reporting Officer of LG Corp. (the Company), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting (ICFR) for the year ended December 31, 2024.

The Company's management, including ourselves, is responsible for designing and operating ICFR. We assessed the design and operating effectiveness of ICFR in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable financial statements. We designed and operated ICFR in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee). And, we conducted an evaluation of ICFR based on *Standards for Evaluation and Reporting of Internal Accounting Control System in accordance with Table 6 of the Detailed Enforcement Rules of the Regulation on External Audit and Accounting., etc.*

Based on the assessment results, we believe that the Company's ICFR, as at December 31, 2024, is designed and operating effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

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

February 6, 2025

Kwon, Bong Seok

Chief Executive Officer

Ha, Beom Jong

Internal Control over Financial Reporting Officer