

LG Electronics

Consolidated Financial Statements
December 31, 2023 and 2022

LG Electronics

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Independent Auditor's Report

To the Shareholders and Board of Directors of
LG Electronics Inc.

Opinion

We have audited the accompanying consolidated financial statements of LG Electronics Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

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

(a) Impairment test of investments in associate

Reasons why the matter was determined to be a key audit matter

As described in Note 14 to the consolidated financial statements, the Group classifies its shares of LG Display Co., Ltd. holding 37.9% ownership as an associate and applies for the equity method. At the end of the reporting period, the book value of LG Display Co., Ltd. shares is ₩2,649,411 million. As the market value of LG Display Co., Ltd. shares is significantly lower than the book value at the end of the reporting period and LG Display Co., Ltd.'s current performance has significantly deteriorated compared to the previous forecast, which constitute impairment indicators, the Group performed an impairment test in accordance with Korean IFRS 1036, 'Impairment of Assets'. We determined the impairment test of investments in the associate as a key audit matter considering that book value of the investments is significant and that the future cash flows forecasts used in the value-in-use assessment involve management's judgments.

How our audit addressed the Key Audit Matter

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

- Understanding and evaluating the accounting policies and internal controls of the Group related to impairment testing
- Testing internal controls such as the management's review and approval of estimated business plan and significant assumptions for impairment testing
- Making inquiries on the valuation model the Group applied to estimate value-in-use and evaluating the adequacy of the valuation model
- Evaluating the competence and objectivity of independent external experts engaged by the Group
- Evaluating the appropriateness of the management's estimates of business plan by comparing business plans of LG Display Co., Ltd. used in the prior year impairment testing with actual business performance
- Confirming that LG Display Co., Ltd.'s future cash flows forecasts are consistent with the business plans approved by management
- Evaluating the rationality of significant assumptions used in the valuation model such as discount rates, growth rates and others by comparing them with external benchmarks within the same industry and historical financial information of LG Display Co., Ltd.
- Evaluating a sensitivity analysis on discount rate and terminal growth rate performed by management to evaluate the impact of changes in key assumptions on the impairment assessment

Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant

ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Sang-Woo Nam, Certified Public Accountant.

Seoul, Korea
March 14, 2024

<p>This report is effective as at March 14, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>

LG Electronics
Consolidated Statements of Financial Position
December 31, 2023 and 2022

(in millions of Korean won)

	Notes	2023	2022
Assets			
Current assets			
Cash and cash equivalents	5,6,40	8,487,563	6,322,360
Deposits held by financial institutions	5,6,40	26,386	171,046
Trade receivables	5,7,40	9,265,022	8,216,512
Other receivables	5,7,40	595,793	602,782
Other financial assets	5,8,40	102,054	7,823
Inventories	9	9,125,404	9,388,808
Current tax assets		226,253	215,722
Contract assets	10	1,129,399	704,039
Other current assets	11	1,379,180	1,846,221
Assets held for sale	42	4,155	12,915
		<u>30,341,209</u>	<u>27,488,228</u>
Non-current assets			
Deposits held by financial institutions	5,6,40	195,189	75,180
Trade receivables	5,7,40	639,439	143,209
Other receivables	5,7,40	1,779,637	787,793
Other financial assets	5,8,40	385,370	411,158
Property, plant and equipment	12	16,818,629	15,831,838
Intangible assets	13	2,867,687	2,454,830
Deferred tax assets	19	2,821,557	2,452,091
Investments in associates and joint ventures	14	3,004,464	3,963,550
Investment properties	15	94,461	101,877
Net defined benefit assets	20	557,822	771,233
Contract assets	10	426,278	364,643
Other non-current assets	11	309,051	310,511
		<u>29,899,584</u>	<u>27,667,913</u>
Total assets		<u>60,240,793</u>	<u>55,156,141</u>
Liabilities			
Current liabilities			
Trade payables	5,40	9,427,288	8,212,419
Borrowings	5,16,40	2,601,636	2,287,518
Lease liabilities	5,17,40	336,772	303,969
Other payables	5,18,40	4,624,046	4,551,554
Other financial liabilities	5,8,40	9,292	10,237
Current tax liabilities		226,343	250,575
Provisions	21	1,049,625	1,480,805
Contract liabilities	10	1,898,005	1,443,977
Other current liabilities	22	3,987,373	3,791,495
		<u>24,160,380</u>	<u>22,332,549</u>
Non-current liabilities			
Borrowings	5,16,40	10,719,175	8,757,669
Lease liabilities	5,17,40	856,251	792,266
Other payables	5,18,40	212,648	136,509
Other financial liabilities	5,8,40	52,754	10,428
Deferred tax liabilities	19	35,025	46,801
Net defined benefit liabilities	20	105,278	86,220
Provisions	21	327,495	288,130
Contract liabilities	10	63,497	47,212
Other non-current liabilities	22	209,754	166,360
		<u>12,581,877</u>	<u>10,331,595</u>
Total liabilities		<u>36,742,257</u>	<u>32,664,144</u>
Equity			
Paid-in capital:	23		
Issued capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	24	16,201,439	15,834,021
Accumulated other comprehensive income (loss)	25	(420,818)	(750,372)
Accumulated other comprehensive income (loss) from assets held for sale	42	(136)	838
Other components of equity	26	(108,079)	(84,727)
Equity attributable to owners of the Parent Company		<u>19,664,754</u>	<u>18,992,108</u>
Non-controlling interests		<u>3,833,782</u>	<u>3,499,889</u>
Total equity		<u>23,498,536</u>	<u>22,491,997</u>
Total liabilities and equity		<u>60,240,793</u>	<u>55,156,141</u>

LG Electronics
Consolidated Income Statements
Years Ended December 31, 2023 and 2022

<i>(in millions of Korean won, except per share amounts)</i>	Notes	2023	2022
Continuing operations			
Net sales	28	84,227,765	83,467,318
Cost of sales	29	64,425,110	63,231,088
Gross profit (loss)		19,802,655	20,236,230
Selling and marketing expenses	29,30	9,989,153	10,700,361
Administrative expenses	29,30	1,999,531	1,788,544
Research and development expenses	29,30	2,547,621	2,397,333
Service costs	29,30	1,717,276	1,799,020
Operating income		3,549,074	3,550,972
Financial income	31	1,285,261	1,038,184
Financial expenses	32	1,425,480	1,231,875
Profit (Loss) from equity method valuation	14	(1,044,728)	(1,168,026)
Other non-operating income	33	2,295,013	3,852,929
Other non-operating expenses	34	2,766,111	3,502,373
Profit (Loss) from net monetary items resulting from hyperinflation		(23,150)	-
Profit (Loss) before income tax		1,869,879	2,539,811
Income tax expense	19	720,212	532,307
Profit (Loss) from continuing operations		1,149,667	2,007,504
Discontinued operations			
Profit (Loss) from discontinued operations		944	(144,381)
Profit (Loss)		1,150,611	1,863,123
Profit (Loss) attributable to:			
Owners of the Parent Company			
Profit (Loss) from continuing operations		711,958	1,340,750
Profit (Loss) from discontinued operations		944	(144,308)
		712,902	1,196,442
Non-controlling interests			
Profit (Loss) from continuing operations		437,709	666,754
Profit (Loss) from discontinued operations		-	(73)
		437,709	666,681
Earnings (Losses) per share attributable to owners of the Parent Company during the year (in Korean won) :			
35			
Earnings (Losses) per ordinary share		3,954	6,640
From continuing operations		3,949	7,441
From discontinued operations		5	(801)
Earnings (Losses) per preferred share		4,004	6,690
From continuing operations		3,999	7,491
From discontinued operations		5	(801)

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Consolidated Statements of Comprehensive Income
Years Ended December 31, 2023 and 2022

(in millions of Korean won)

	Notes	2023	2022
Profit (Loss)		<u>1,150,611</u>	<u>1,863,123</u>
Other comprehensive income (loss), net of tax			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurements of the net defined benefit liability	20	(256,951)	324,767
Share of remeasurements of associates	14	18,228	48,057
Financial assets at fair value through other comprehensive income	8	(2,267)	(24,368)
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	14	25,004	(24,988)
Cash flow hedges	40	(58,110)	100,732
Exchange differences on translation of foreign operations		<u>368,598</u>	<u>322,133</u>
Other comprehensive income (loss), net of tax		<u>94,502</u>	<u>746,333</u>
Total comprehensive income (loss), net of tax		<u>1,245,113</u>	<u>2,609,456</u>
Comprehensive income (loss), net of tax, attributable to:			
Owners of the Parent Company		818,301	1,911,429
Non-controlling interests		<u>426,812</u>	<u>698,027</u>
Total comprehensive income (loss) , net of tax		<u>1,245,113</u>	<u>2,609,456</u>

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Consolidated Statements of Changes in Equity
Years Ended December 31, 2023 and 2022

Attributable to owners of the Parent Company								
			Accumulated Other Comprehensive Income (Loss)	from assets held for sale	Other Components of Equity	Total	Non-controlling Interests	Total Equity
<i>(in millions of Korean won)</i>								
Notes	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	from assets held for sale	Other Components of Equity	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2022	3,992,348	14,433,587	(1,118,913)	12,299	(88,678)	17,230,643	2,867,390	20,098,033
Total comprehensive income (loss):								
Profit (Loss)	-	1,196,442	-	-	-	1,196,442	666,681	1,863,123
Remeasurements of the net defined benefit liability	20	-	309,989	-	-	309,989	14,778	324,767
Share of remeasurements of associates	14	-	48,057	-	-	48,057	-	48,057
Financial assets at fair value through other comprehensive income	8	-	(139)	(24,456)	-	(24,595)	227	(24,368)
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	14	-	-	(24,988)	-	(24,988)	-	(24,988)
Cash flow hedges	40	-	-	98,050	-	98,050	2,682	100,732
Exchange differences on translation of foreign operations		-	-	319,935	(11,461)	308,474	13,659	322,133
Total comprehensive income (loss)		1,554,349	368,541	(11,461)	-	1,911,429	698,027	2,609,456
Transactions with owners:								
Dividends	24	-	(153,915)	-	-	(153,915)	(77,553)	(231,468)
Changes in controlling interests in subsidiaries		-	-	-	3,951	3,951	(6,535)	(2,584)
Business combination		-	-	-	-	-	4,000	4,000
Issuance of ordinary shares of subsidiaries	41	-	-	-	-	-	14,560	14,560
Total transactions with owners		(153,915)	-	-	3,951	(149,964)	(65,528)	(215,492)
Balance at December 31, 2022	3,992,348	15,834,021	(750,372)	838	(84,727)	18,992,108	3,499,889	22,491,997
Balance at January 1, 2023	3,992,348	15,834,021	(750,372)	838	(84,727)	18,992,108	3,499,889	22,491,997
Effect of restatement of financial statements in hyperinflationary economies	-	-	4,602	-	-	4,602	-	4,602
Total comprehensive income (loss):								
Profit (Loss)	-	712,902	-	-	-	712,902	437,709	1,150,611
Remeasurements of the net defined benefit liability	20	-	(236,599)	-	-	(236,599)	(20,352)	(256,951)
Share of remeasurements of associates	14	-	18,228	-	-	18,228	-	18,228
Financial assets at fair value through other comprehensive income	8	-	(208)	(2,606)	-	(2,814)	547	(2,267)
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	14	-	-	25,004	-	25,004	-	25,004
Cash flow hedges	40	-	-	(54,510)	-	(54,510)	(3,600)	(58,110)
Exchange differences on translation of foreign operations		-	-	357,064	(974)	356,090	12,508	368,598
Total comprehensive income (loss)		494,323	324,952	(974)	-	818,301	426,812	1,245,113
Transactions with owners:								
Dividends	24	-	(126,905)	-	-	(126,905)	(114,082)	(240,987)
Changes in controlling interests in subsidiaries		-	-	-	(23,352)	(23,352)	16,363	(6,989)
Issuance of ordinary shares of subsidiaries		-	-	-	-	-	4,800	4,800
Total transactions with owners		(126,905)	-	-	(23,352)	(150,257)	(92,919)	(243,176)
Balance at December 31, 2023	3,992,348	16,201,439	(420,818)	(136)	(108,079)	19,664,754	3,833,782	23,498,536

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Consolidated Statements of Cash Flows **Years Ended December 31, 2023 and 2022**

<i>(in millions of Korean won)</i>	Notes	2023	2022
Cash flows from operating activities			
Cash generated from (used in) operations	36	7,051,467	4,343,661
Interest received		423,638	187,103
Interest paid		(559,990)	(374,707)
Dividends received		13,167	102,537
Income tax paid		(1,014,686)	(1,150,755)
Cash flows from operating activities		5,913,596	3,107,839
Cash flows used in investing activities			
Decrease in deposits held by financial institutions		142,790	20,029
Decrease in other receivables		143,640	137,971
Proceeds from withdrawal and disposal of other financial assets		117,650	102,517
Proceeds from disposal of property, plant and equipment		47,298	320,227
Proceeds from disposal of intangible assets		14,617	134,620
Proceeds from withdrawal and disposal of investments in associates and joint ventures		-	1,977
Proceeds from disposal of assets held for sale		13,367	301,283
Transfer of business	36	-	142,086
Increase in deposits held by financial institutions		(193,551)	(35,870)
Increase in other receivables		(1,147,533)	(331,436)
Acquisition of other financial assets		(248,695)	(183,281)
Acquisition of property, plant and equipment		(3,269,884)	(3,116,817)
Acquisition of intangible assets		(867,724)	(635,971)
Acquisition of investments in associates and joint ventures		(41,680)	(59,376)
Business combination	41	-	(25,505)
Cash flows used in investing activities		(5,289,705)	(3,227,546)
Cash flows from financing activities			
Proceeds from borrowings		6,062,470	4,590,931
Increase in transactions with non-controlling interests		63,739	14,585
Repayments of borrowings		(4,021,405)	(3,586,668)
Repayments of lease liabilities		(360,568)	(330,581)
Dividends paid		(240,987)	(239,947)
Cash flows from financing activities		1,503,249	448,320
Effects of exchange rate changes on cash and cash equivalents		38,063	(116,140)
Net increase in cash and cash equivalents		2,165,203	212,473
Cash and cash equivalents included in assets held for sale at the beginning of the year		-	58,371
Cash and cash equivalents at the beginning of the year	6	6,322,360	6,051,516
Cash and cash equivalents included in assets held for sale at the end of the year	42	-	-
Cash and cash equivalents at the end of the year	6	8,487,563	6,322,360

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Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

1. General Information

LG Electronics Inc. (the “Company” or “Parent Company”) was spun off from LG Electronics Investment Ltd. on April 1, 2002. The Parent Company’s shares were listed on the Korea Exchange on April 22, 2002, and some of its preferred shares, in the form of global depositary receipts (“GDRs”), are listed on the London Stock Exchange at the end of the reporting period. The Parent Company is domiciled in Korea at Yeoui-daero, Yeongdeungpo-gu, Seoul.

As at December 31, 2023, LG Corp. owns 33.7% of the Parent Company’s total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

The Parent Company and its subsidiaries (collectively referred to as the “Group”) operate following five major business segments: Home Appliance & Air Solution segment manufactures and sells refrigerators, washing machines, vacuum cleaners, and residential and commercial air conditioners; Home Entertainment segment manufactures and sells TVs and digital media products; Vehicle component Solutions segment designs and manufactures automobile parts; Business Solutions segment manufactures and sells monitors, PCs, information displays and others; and LG Innotek Co., Ltd. operates optics solutions, substrate materials and automotive components businesses. As at December 31, 2023, the Parent Company has 147 subsidiaries (Note 1 (a)), 23 associates and joint ventures (Note 14).

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Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(a) Consolidated subsidiaries as at December 31, 2023 and 2022, are as follows:

Territory	Location	Subsidiary	December 31, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
The Republic of Korea	Korea	Hiplaza Co., Ltd.	100.00%	-	100.00%	-	December	Wholesales and retails of electronic products	More than half of voting rights
	Korea	ACE R&A Co., Ltd.	100.00%	-	100.00%	-	December	Production and sales of air conditioner	More than half of voting rights
	Korea	Hi M Solutek Co., Ltd.	100.00%	-	100.00%	-	December	Maintenance	More than half of voting rights
	Korea	Hi-Caresolution Corp.	100.00%	-	100.00%	-	December	Services	More than half of voting rights
	Korea	Hi Teleservice Co., Ltd.	100.00%	-	100.00%	-	December	Marketing services	More than half of voting rights
	Korea	LG Innotek Co., Ltd. ¹	40.80%	59.20%	40.80%	59.20%	December	Production and sales of electrical/electronic materials	De-facto control
	Korea	Innowith Co., Ltd. ¹	40.80%	59.20%	40.80%	59.20%	December	Services	De-facto control
	Korea	Hanuri Co., Ltd.	100.00%	-	100.00%	-	December	Business facility maintenance	More than half of voting rights
	Korea	ZKW Lighting Systems Korea Co., Ltd.	70.00%	30.00%	70.00%	30.00%	December	R&D	More than half of voting rights
	Korea	LG Magna e-Powertrain Co., Ltd.	51.00%	49.00%	51.00%	49.00%	December	Production and sales of vehicle components	More than half of voting rights
	Korea	HIEVCHARGER CO., LTD. ⁵	60.00%	40.00%	60.00%	40.00%	December	Manufacture of electric transformers	More than half of voting rights
China	China	LG Electronics (China) Co., Ltd(LGECH)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	China	LG Electronics (China) Research and Development Center Co., Ltd.(LGERD)	100.00%	-	100.00%	-	December	R&D	More than half of voting rights

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Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Territory	Location	Subsidiary	December 31, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	China	LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	100.00%	-	100.00%	-	December	Production and sales of electronic products	More than half of voting rights
	China	LG ELECTRONICS HK LIMITED(LGEHK)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	China	LG Electronics (Huizhou) Inc.(LGEHZ)	80.00%	20.00%	80.00%	20.00%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics Nanjing New Technology Co.,Ltd(LGENT)	70.00%	30.00%	70.00%	30.00%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics Nanjing Vehicle Components Co.,Ltd.(LGENV)	100.00%	-	100.00%	-	December	Production of electronic products	More than half of voting rights
	China	LG Electronics (Qinhuangdao) Co.,LTD(LGEQH)	100.00%	-	100.00%	-	December	Production of casting	More than half of voting rights
	China	LG Electronics (Shenyang) Inc(LGESY)	78.90%	21.10%	78.90%	21.10%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	80.00%	20.00%	80.00%	20.00%	December	Production of electronic products	More than half of voting rights
	China	Nanjing LG Panda Appliances Co., Ltd(LGEPN)	70.00%	30.00%	70.00%	30.00%	December	Production of electronic products	More than half of voting rights
	China	Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	100.00%	-	100.00%	-	December	Production of electronic products	More than half of voting rights
	China	QINGGONGLIAN ELECTRICAL INSTALLATION ENGINEERING CO.,LTD.	80.00%	20.00%	80.00%	20.00%	December	Installation and sales of air conditioners	More than half of voting rights
	China	LG Innotek Yantai Co.,Ltd.(LGITYT) ¹	40.80%	59.20%	40.80%	59.20%	December	Production and sales of electrical/electronic materials	De-facto control
	China	LG Innotek Trading (Shanghai) Co.,Ltd.(LGITSH) ¹	40.80%	59.20%	40.80%	59.20%	December	Sales of electrical/electronic materials	De-facto control

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Territory	Location	Subsidiary	December 31, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
Asia	China	ZKW Lighting Systems (Dalian) Co. Ltd.	70.00%	30.00%	70.00%	30.00%	December	Production and sales of vehicle components	More than half of voting rights
	China	LG Magna Nanjing e-Powertrain Vehicle Components Co., Ltd.	51.00%	49.00%	51.00%	49.00%	December	Production and sales of vehicle components	More than half of voting rights
	Australia	LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	India	LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL) ⁴	100.00%	-	100.00%	-	March	Production and sales of electronic products	More than half of voting rights
	Japan	LG Japan Lab. Inc.(LGJL)	100.00%	-	100.00%	-	December	R&D	More than half of voting rights
	Japan	LG Electronics Japan, Inc.(LGEJP)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Malaysia	LG Electronics (M) Sdn. Bhd(LGEML)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Philippines	LG Electronics Philippines Inc.(LGEPH)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Singapore	LG Electronics Singapore Pte.Ltd.(LGESL)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Taiwan	LG Electronics Taiwan Taipei Co., Ltd.(LGETT)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Thailand	LG Electronics (Thailand) Company Limited(LGETH)	100.00%	-	100.00%	-	December	Production and sales of electronic products	More than half of voting rights
	India	LG Soft India Private Limited.(LGSIL) ⁴	100.00%	-	100.00%	-	March	R&D	More than half of voting rights
	Indonesia	P.T. LG Electronics Indonesia(LGEIN)	100.00%	-	100.00%	-	December	Production and sales of electronic products	More than half of voting rights
	Philippines	LG Electronics Pasig Inc. ³	38.00%	62.00%	38.00%	62.00%	December	Real estates	De-facto control
	Indonesia	PT. LG Innotek Indonesia(LGITIN) ¹	40.80%	59.20%	40.80%	59.20%	December	Production and sales of electrical/electronic materials	De-facto control

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Territory	Location	Subsidiary	December 31, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Taiwan	LG Innotek (Taiwan) Co., Ltd.(LGITTW) ¹	40.80%	59.20%	40.80%	59.20%	December	Sales of electrical/electronic materials	De-facto control
	Vietnam	LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH) ¹	40.80%	59.20%	40.80%	59.20%	December	Production and sales of electrical/electronic materials	De-facto control
	Vietnam	LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	100.00%	-	100.00%	-	December	Production and sales of electronic products	More than half of voting rights
	Indonesia	PT. LG Electronics Service Indonesia(LGEID)	99.80%	0.20%	99.80%	0.20%	December	Services	More than half of voting rights
	Philippines	HI-M SOLUTEK PHILIPPINES INC.	100.00%	-	100.00%	-	December	Services	More than half of voting rights
	Vietnam	HI-M SOLUTEK VIETNAM CO., LTD.	100.00%	-	100.00%	-	December	Services	More than half of voting rights
	India	Alphonso Labs Private Limited ⁴	55.50%	44.50%	56.10%	43.90%	March	R&D	More than half of voting rights
	Indonesia	PT LGE INDONESIA RESEARCH AND DEVELOPMENT CENTER (LGERC)	100.00%	-	100.00%	-	December	R&D	More than half of voting rights
	Japan	Cybellum Technologies Ltd.	69.10%	30.90%	69.20%	30.80%	December	Development and sales of automotive security solutions	More than half of voting rights
	Vietnam	LG Electronics Development Vietnam Company Limited(LGEDV)	100.00%	-	100.00%	-	December	R&D	More than half of voting rights
	Indonesia	PT HI-M SOLUTEK INDONESIA	100.00%	-	100.00%	-	December	Services	More than half of voting rights
	India	Hi-M.Solutek India Private Limited ⁴	100.00%	-	-	-	March	Services	More than half of voting rights
Europe	Netherlands	LG Electronics Benelux Sales B.V.(LGEBN)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	December 31, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Germany	LG Electronics Deutschland GmbH(LGEDG)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Spain	LG Electronics Espana S.A.(LGEES)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Netherlands	LG Electronics European Holding B.V.(LGEEH)	100.00%	-	100.00%	-	December	European holding	More than half of voting rights
	Netherlands	LG Electronics European Shared Service Center B.V.(LGESC)	100.00%	-	100.00%	-	December	Services	More than half of voting rights
	France	LG Electronics France S.A.S(LGEFS)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Greece	LG ELECTRONICS HELLAS SINGLE MEMBER SA (LGEHS)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Italy	LG Electronics Italia S.P.A.(LGEIS)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Latvia	LG Electronics Latvia LTD(LGELA)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Hungary	LG Electronics Magyar K.F.T.(LGEMK)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Mlawa Sp. z.O.O.(LGEMA)	100.00%	-	100.00%	-	December	Production of electronic products	More than half of voting rights
	Sweden	LG Electronics Nordic AB(LGESW)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Polska Sp. Z.O.O(LGEPL)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Portugal	LG Electronics Portugal S.A.(LGEPT)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	UK	LG Electronics U.K. LTD(LGEUK)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	December 31, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Poland	LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	100.00%	-	100.00%	-	December	Production of electronic products	More than half of voting rights
	Finland	LG Electronics Finland Lab Oy(LGEFL)	100.00%	-	100.00%	-	December	R&D	More than half of voting rights
	Poland	LG Innotek Poland Sp. z.o.o.(LGITPO) ¹	40.80%	59.20%	40.80%	59.20%	December	Production and sales of electrical/electronic materials	De-facto control
	German	LG Electronics Vehicle Components Europe GmbH (LGEVG)	100.00%	-	100.00%	-	December	Sales of vehicle components	More than half of voting rights
	Austria	ZKW Holding GmbH	70.00%	30.00%	70.00%	30.00%	December	Holding company	More than half of voting rights
	Austria	ZKW Group GmbH	70.00%	30.00%	70.00%	30.00%	December	Services	More than half of voting rights
	Austria	ZKW Lichtsysteme GmbH ⁶	70.00%	30.00%	70.00%	30.00%	December	Production and sales of vehicle components	More than half of voting rights
	Austria	ZKW Austria Immobilien Holding GmbH	70.00%	30.00%	70.00%	30.00%	December	Holding company	More than half of voting rights
	Austria	ZKW Austria Immobilien GmbH	70.00%	30.00%	70.00%	30.00%	December	Real estates	More than half of voting rights
	Slovakia	ZKW Slovakia s.r.o.	70.00%	30.00%	70.00%	30.00%	December	Production and sales of vehicle components	More than half of voting rights
	Czech	KES - kabelove a elektricke systemy spol. s.r.o.	70.00%	30.00%	70.00%	30.00%	December	Production and sales of vehicle components	More than half of voting rights

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Territory	Location	Subsidiary	December 31, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
North America	Czech	ZKW Automotive Engineering CZ s.r.o.	70.00%	30.00%	70.00%	30.00%	December	R&D	More than half of voting rights
	Poland	KES Poland Sp.z o.o.	70.00%	30.00%	70.00%	30.00%	December	Production and sales of vehicle components	More than half of voting rights
	Poland	HI-M SOLUTEK POLAND Sp. z o.o.	100.00%	-	100.00%	-	December	Services	More than half of voting rights
	Hungary	ACE R&A Hungary Limited Liability Company	100.00%	-	100.00%	-	December	Production and sales of air conditioner	More than half of voting rights
	UK	Alphonso UK Limited	55.50%	44.50%	56.10%	43.90%	December	Advertisement	More than half of voting rights
	Greece	Alphonso Hellas S.A.	55.50%	44.50%	56.10%	43.90%	December	Advertisement	More than half of voting rights
	Hungary	LG Magna e-Powertrain Hungary Ltd.	51.00%	49.00%	-	-	December	Production and sales of vehicle components	More than half of voting rights
	Germany	HI-M SOLUTEK Germany GmbH	100.00%	-	-	-	December	Services	More than half of voting rights
	USA	LG Electronics Alabama Inc.(LGEAI)	100.00%	-	100.00%	-	December	Services	More than half of voting rights
	Canada	LG Electronics Canada, Inc.(LGECI)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Mexico	LG Electronics Mexico S.A. DE C.V.(LGEMS)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Mexico	LG Electronics Reynosa, S.A. De C.V.(LGERs)	100.00%	-	100.00%	-	December	Production of electronic products	More than half of voting rights
	USA	LG Electronics U.S.A., Inc.(LGEUS)	100.00%	-	100.00%	-	December	Production and sales of electronic products	More than half of voting rights
	USA	Zenith Electronics LLC(Zenith)	100.00%	-	100.00%	-	December	R&D	More than half of voting rights

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Territory	Location	Subsidiary	December 31, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	USA	LG Innotek USA, Inc.(LGITUS) ¹	40.80%	59.20%	40.80%	59.20%	December	Sales of electrical/electronic materials	De-facto control
	Mexico	LG Innotek Mexico SA DE CV(LGITMX) ¹	40.80%	59.20%	40.80%	59.20%	December	Production and sales of electrical/electronic materials	De-facto control
	USA	LG Electronics Vehicle Components U.S.A., LLC.(LGEVU)	100.00%	-	100.00%	-	December	Sales of vehicle components	More than half of voting rights
	USA	LGEUS Power, LLC	100.00%	-	100.00%	-	December	Investment of solar power plant	More than half of voting rights
	USA	LG Electronics Fund I LLC	100.00%	-	100.00%	-	December	Investment in technology start-ups	More than half of voting rights
	USA	LG Technology Ventures LLC	100.00%	-	100.00%	-	December	Services	More than half of voting rights
	USA	LG Electronics New Jersey, LLC	100.00%	-	100.00%	-	December	Real estates	More than half of voting rights
	USA	ZKW Lighting Systems USA, Inc.	70.00%	30.00%	70.00%	30.00%	December	Sales of vehicle components	More than half of voting rights
	Mexico	ZKW Mexico Inmobiliaria, S.A. de C.V.	70.00%	30.00%	70.00%	30.00%	December	Real estates	More than half of voting rights
	Mexico	ZKW Mexico, S.A. de C.V.	70.00%	30.00%	70.00%	30.00%	December	Production and sales of vehicle components	More than half of voting rights
	USA	LG Magna e-Powertrain USA Inc.	51.00%	49.00%	51.00%	49.00%	December	Sales of vehicle components	More than half of voting rights
	USA	Alphonso Inc.	55.50%	44.50%	56.10%	43.90%	December	Advertisement	More than half of voting rights
	USA	LG Innotek Fund I LLC ¹	40.80%	59.20%	40.80%	59.20%	December	Investment in technology start-ups	De-facto control
	USA	Cybellum Technologies USA, Inc	69.10%	30.90%	69.20%	30.80%	December	Development and sales of automotive security solutions	More than half of voting rights

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Territory	Location	Subsidiary	December 31, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
South America	USA	LG Electronics Fund II LLC	100.00%	-	100.00%	-	December	Investment in technology start-ups	More than half of voting rights
	Mexico	HI-M SOLUTEK MEXICO S DE RL DE CV.	100.00%	-	100.00%	-	December	Maintenance	More than half of voting rights
	Mexico	LG Magna e-Powertrain Mexico S.A. DE C.V.	51.00%	49.00%	51.00%	49.00%	December	Production and sales of vehicle components	More than half of voting rights
	USA	ACE R&A US INC	100.00%	-	100.00%	-	December	Production and sales of air conditioner	More than half of voting rights
	USA	Overdrive Energy, Inc	75.00%	25.00%	-	-	December	Investment in technology start-ups	More than half of voting rights
	USA	Primefocus Health, Inc	75.00%	25.00%	-	-	December	Investment in technology start-ups	More than half of voting rights
	USA	Hi-M.SOLUTEK US INC	100.00%	-	100.00%	-	December	Services	More than half of voting rights
	Argentina	LG Electronics Argentina S.A.(LGEAR)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Colombia	LG Electronics Colombia Limitada(LGECB)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Brazil	LG Electronics do Brasil Ltda.(LGEBR)	100.00%	-	100.00%	-	December	Production and sales of electronic products	More than half of voting rights
	Honduras	LG Electronics Honduras S.de R.L. ²	20.00%	80.00%	20.00%	80.00%	December	Sales of electronic products	De-facto control
	Chile	LG Electronics Inc Chile Limitada(LGECL)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Panama	LG Electronics Panama, S.A.(LGEPS)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Peru	LG Electronics Peru S.A.(LGEPR)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Venezuela	LG Electronics Venezuela, S.A.(LGEVZ)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	December 31, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
Middle East and Africa	Panama	LG Consulting Corp.	100.00%	-	100.00%	-	December	Services	More than half of voting rights
	Guatemala	LG Electronics Guatemala, S.A.	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Angola	LG Electronics Angola Limitada(LGEAO)	100.00%	-	100.00%	-	December	Sales and services of electronic products	More than half of voting rights
	Jordan	LG Electronics Levant - Jordan(LGELF)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Africa Logistics FZE(LGEAF)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Algeria	LG Electronics Algeria SARL(LGEAS)	70.00%	30.00%	70.00%	30.00%	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Dubai FZE(LGEDF)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Egypt	LG Electronics Egypt S.A.E(LGEEG)	100.00%	-	100.00%	-	December	Production and sales of electronic products	More than half of voting rights
	UAE	LG Electronics Gulf FZE(LGEGF)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Middle East Company FZCO (LGEME)	100.00%	-	100.00%	-	December	Services	More than half of voting rights
	Morocco	LG Electronics Morocco S.A.R.L.(LGEMC)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Nigeria	LG Electronics Nigeria Limited(LGENI)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Tunisia	LG ENAF Service Company SARL	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Overseas Trading FZE(LGEOT)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	South Africa	LG Electronics S.A. (Pty) Ltd.(LGESA)	100.00%	-	100.00%	-	December	Production and sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiary	December 31, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
Other	Türkiye	LG Electronics Ticaret A.S.(LGETK)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	Saudi Arabia	LG-Shaker Co.Ltd.(LGESR)	51.00%	49.00%	51.00%	49.00%	December	Production of electronic products	More than half of voting rights
	Saudi Arabia	LG Electronics Saudi Arabia LLC	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights
	UAE	HI M SOLUTEK HVAC SERVICE AND MAINTENANCE LLC	100.00%	-	100.00%	-	December	Services	More than half of voting rights
	Egypt	HI-M.SOLUTEK LLC	100.00%	-	100.00%	-	December	Services	More than half of voting rights
	Israel	Cybellum Technologies Ltd.	69.10%	30.90%	69.20%	30.80%	December	Development and sales of automotive security solutions	More than half of voting rights
	Saudi Arabia	LG Electronics Middle East & Africa Regional Headquarter(LGESQ)	100.00%	-	-	-	December	Services	More than half of voting rights
	Kazakhstan	LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK)					December	Sales of electronic products	More than half of voting rights
	Russia	LG Electronics RUS, LLC(LGERA)	100.00%	-	100.00%	-	December	Production and sales of electronic products	More than half of voting rights
	Ukraine	LG Electronics Ukraine(LGEUR)	100.00%	-	100.00%	-	December	Sales of electronic products	More than half of voting rights

¹ Although the Group owns less than half of the voting rights of LG Innotek Co., Ltd., which is an intermediate parent company of its subsidiaries, the Group is deemed to have control over LG Innotek Co., Ltd. due to the size and dispersion of holdings of the other shareholders and their voting patterns at previous shareholders' meetings (Note 3.2).

² Although the Group owns less than a majority of the effective percentage of ownership of the entity, the Group has concluded that the Group controls the entity. This is because the Group has a right to appoint or dismiss the majority of its Board of Directors by virtue of an agreement with the other investors.

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³ Although the Group owns less than a majority of the effective percentage of ownership of the entity, the Group has concluded that the Group controls the entity. This is because the Group has the substantial power to direct the relevant activities and is exposed to variable returns.

⁴ In the preparation of the consolidated financial statements, the financial statements for the 12-month period ended December 31, 2023 were used for those subsidiaries with different fiscal year ends.

⁵ The entity changed its name from APPLEMANGO CO., LTD. to HIEVCHARGER CO., LTD. for the year ended December 31, 2023.

⁶ ZKW Elektronik GmbH was merged into ZKW Lichtsysteme GmbH, a subsidiary of ZKW Group GmbH for the year ended December 31, 2023.

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(b) Financial information of major subsidiaries as at December 31, 2023 and 2022, and for the years ended December 31, 2023 and 2022, is as follows (before elimination of intercompany transactions):

(in millions of Korean won)	2023				Profit (Loss) for the year
	Assets	Liabilities	Equity	Sales ¹	
LG Innotek Co., Ltd.	9,964,207	6,162,549	3,801,658	20,209,273	364,595
LG Electronics U.S.A., Inc.(LGEUS)	5,754,119	3,803,939	1,950,180	14,309,529	190,657
LG Electronics European Shared Service Center B.V.(LGESC)	1,440,444	1,396,400	44,044	720,987	2,049
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,146,627	651,697	494,930	3,300,877	231,335
LG Electronics Vietnam Hai Phong Co., Ltd(LGEVH)	1,996,002	993,153	1,002,849	5,133,332	150,307
LG Electronics Mlawa Sp. z O.O.(LGEMA)	1,358,792	658,445	700,347	3,785,198	113,514
Zenith Electronics LLC(Zenith)	1,734,558	324,269	1,410,289	259,102	20,752
LG Electronics do Brasil Ltda.(LGEBR)	1,665,466	413,251	1,252,215	1,597,355	60,381
Hiplaza Co., Ltd.	1,126,143	923,833	202,310	2,436,989	516
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	2,175,605	1,283,941	891,664	5,763,718	228,689
ZKW Lichtsysteme GmbH	934,433	450,478	483,955	844,574	115,018
LG Electronics (China) Co., Ltd(LGECH)	865,584	800,698	64,886	292,085	39,775
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	1,061,827	597,903	463,924	2,043,825	111,015
ZKW Group GmbH	1,520,505	1,140,886	379,619	149,774	547
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	707,039	521,057	185,982	1,315,047	38,868
LG Electronics (Thailand) Company Limited(LGETH)	576,365	329,419	246,946	1,545,794	37,607
P.T. LG Electronics Indonesia(LGEIN)	988,050	412,359	575,691	2,873,122	91,879
LG Electronics Nanjing New Technology co.,LTD(LGENT)	716,079	461,106	254,973	2,016,848	33,943
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	589,208	406,157	183,051	1,111,052	31,183
LG Magna E-Powertrain Co.,Ltd.	1,405,309	603,239	802,070	1,093,457	52,204
LG Electronics Vehicle Components Europe GmbH(LGEVG)	945,480	821,031	124,449	3,205,441	(7,157)
LG Electronics Vehicle Components U.S.A., LLC.(LGEVU)	485,704	436,623	49,081	3,295,994	13,400

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<i>(in millions of Korean won)</i>	2022				Profit (Loss) for the year
	Assets	Liabilities	Equity	Sales ¹	
LG Innotek Co., Ltd.	8,668,015	5,103,994	3,564,021	19,095,662	720,394
LG Electronics U.S.A., Inc.(LGEUS)	5,175,281	3,440,999	1,734,282	15,712,389	191,646
LG Electronics European Shared Service Center B.V.(LGESC)	1,412,658	1,373,709	38,949	552,048	2,195
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,523,699	556,451	967,248	3,187,970	212,750
LG Electronics Vietnam Hai Phong Co., Ltd(LGEVH)	1,678,486	774,694	903,792	4,484,654	176,344
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,393,374	716,461	676,913	4,462,888	118,470
Zenith Electronics LLC(Zenith)	1,522,384	156,209	1,366,175	199,558	63,802
LG Electronics do Brasil Ltda.(LGEBR)	1,454,426	381,366	1,073,060	1,658,314	16,230
Hiplaza Co., Ltd.	1,100,730	890,713	210,017	2,693,409	6,916
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	1,481,701	824,286	657,415	4,347,982	145,999
ZKW Lichtsysteme GmbH	804,505	455,362	349,143	772,802	(34,928)
LG Electronics (China) Co., Ltd(LGECH)	831,948	805,071	26,877	300,655	29,595
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	889,028	477,274	411,754	1,863,465	90,792
ZKW Group GmbH	1,321,195	963,742	357,453	133,001	30,610
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	643,568	446,437	197,131	1,496,969	49,945
LG Electronics (Thailand) Company Limited(LGETH)	731,763	302,625	429,138	1,440,516	61,629
P.T. LG Electronics Indonesia(LGEIN)	992,779	347,483	645,296	3,229,903	94,405
LG Electronics Nanjing New Technology co.,LTD(LGENT)	607,866	327,387	280,479	2,279,508	77,264
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	540,815	351,526	189,289	1,134,611	35,732
LG Magna E-Powertrain Co.,Ltd.	1,149,468	386,948	762,520	849,404	(14,376)
LG Electronics Vehicle Components Europe GmbH(LGEVG)	824,112	699,934	124,178	2,472,850	(24,737)
LG Electronics Vehicle Components U.S.A., LLC.(LGEVU)	524,952	513,793	11,159	2,002,424	10,636

¹ The sales related to the discontinued operations were excluded.

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(c) Information of subsidiaries with material non-controlling interests is as follows:

- LG Innotek Co., Ltd. and its subsidiaries

i) Percentage of ownership of non-controlling interests and accumulated non-controlling interests

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Percentage of ownership in non-controlling interests	59.2%	59.2%
Accumulated non-controlling interests	2,877,933	2,593,209

ii) Profit (Loss) and dividends attributable to non-controlling interests for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Profit to non-controlling interests	353,658	598,719
Dividends to non-controlling interests	58,147	42,034

iii) Summarized consolidated statements of financial position of subsidiaries with material non-controlling interests, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Current assets	5,349,009	4,713,796
Non-current assets	5,855,297	5,079,822
Total assets	11,204,306	9,793,618
Current liabilities	4,219,145	4,270,417
Non-current liabilities	2,270,586	1,257,408
Total liabilities	6,489,731	5,527,825
Equity attributable to owners of LG Innotek Co., Ltd.	4,714,575	4,265,793
Non-controlling interests	-	-
Total equity	4,714,575	4,265,793

iv) Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the years ended December 31, 2023 and 2022, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2023	2022
Net sales	20,605,290	19,592,174
Profit (Loss) for the year	565,201	979,849
Other comprehensive income (loss), net of tax	(18,212)	42,731
Total comprehensive income (loss), net of tax	546,989	1,022,580

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- v) Summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for the years ended December 31, 2023 and 2022, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2023	2022
Cash flows (used in) from operating activities	2,104,064	1,514,999
Cash flows (used in) from investing activities	(1,904,419)	(1,996,725)
Cash flows (used in) from financing activities	608,294	441,366
Effects of exchange rate changes on cash and cash equivalents	3,799	(5,977)
Net increase (decrease) in cash and cash equivalents	811,738	(46,337)
Cash and cash equivalents at the beginning of year reclassified as assets held for sale	-	58,371
Cash and cash equivalents at the beginning of year	577,908	565,874
Cash and cash equivalents at the end of year reclassified as assets held for sale	-	-
Cash and cash equivalents at the end of year	1,389,646	577,908

(d) Significant restrictions on subsidiaries

- i) Significant restrictions on ability to use the assets and settle the liabilities of the Group

Cash and other short-term financial instruments held by subsidiaries in Egypt, Algeria, Russia and Kazakhstan are subject to exchange control regulations of each relevant country. Accordingly, there are transfer limits on their cash and short-term financial instruments from these countries.

- ii) The protective rights of non-controlling interests which can restrict the use of the assets and settlement of the liabilities of the Group exist in certain subsidiaries.

(e) Changes in the Parent Company's interest in subsidiaries

- i) During the year ended December 31, 2023, non-controlling interests increased by ₩ 34 million due to the effect of changes in the percentage of ownership resulting from the stock options exercised in relation to Cybellum Technologies USA, Inc.
- ii) During the year ended December 31, 2023, non-controlling interests decreased by ₩ 2,004 million due to the effect of changes in the percentage of ownership resulting from the stock options exercised and the tender offer agreement for non-controlling interests in relation to Alphonso Inc.

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- (f) Subsidiaries newly included in the scope of preparation of consolidated financial statements for the year ended December 31, 2023, are:

Subsidiary	Reason	Country	Percentage of ownership	Closing month	Major business
LG Magna e-Powertrain Hungary Ltd.	Newly established	Hungary	51.0%	December	Productions and sales of vehicle components
Hi-M. Solutek Germany GmbH	Newly established	Germany	100.0%	December	Services
Hi-M.Solutek India Private Limited	Newly established	India	100.0%	December	Services
ACE R&A US INC	Newly established	USA	100.0%	December	Production and sales of air conditioner
Overdrive Energy, Inc	Newly established	USA	75.0%	December	Investment in technology start-ups
Primefocus Health, Inc	Newly established	USA	75.0%	December	Investment in technology start-ups
Hi-M.SOLUTEK US INC	Newly established	USA	100.0%	December	Services
LG Electronics Middle East & Africa Regional Headquarter (LGESQ)	Newly established	Saudi Arabia	100.0%	December	Services

- (g) Subsidiaries excluded from the scope of preparation of consolidated financial statements for the year ended December 31, 2023, are:

Subsidiary	Reason	Country
ZKW Elektronik GmbH	Merged	Austria
NOVA Prime Fund I, LP.	Loss of control	USA
NOVA Prime Ventures LLC	Sales of shares	USA
NOVA Prime Ventures GP LLC	Sales of shares	USA

- (h) Gain or loss resulted from the loss of control

The Group did not recognize any gains or losses from the loss of control for the year ended December 31, 2023.

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2. Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are stated below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

The Group 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).

These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The preparation of consolidated financial statements requires the use of critical accounting estimates. Management also needs to exercise judgment in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Changes in Accounting Policies and Disclosures

(a) New and amended standards and interpretations effective for the financial year beginning January 1, 2023

- Amendments to Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policy information. The amendments do not have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments do not have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments do not have a significant impact on the consolidated financial statements.

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- Amendments to Korean IFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments do not have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS 1012 Income Taxes - International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Since the Pillar Two legislation is scheduled to be effective from January 1, 2024, the Group has no current tax expense related to Pillar Two. The Group is in review for the impact of the Pillar Two income taxes on the consolidated financial statements and the Group plans to contract with a tax expert to conduct this review.

(b) New, enacted and amended standards issued, but not effective for December 31, 2023, and not early adopted by the Group.

- 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 should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated 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

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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 should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

- 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 should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

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

The amendments require for an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110 *Consolidated Financial Statements*.

(a) Subsidiaries

Subsidiaries are all entities over which the Parent Company has control. The Parent Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. All other non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRSs. Acquisition-related costs are expensed as incurred.

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The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In transactions with non-controlling interests, which do not result in loss of control, the Group recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

When the Group ceases to consolidate for a subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the changed in carrying amount recognized in profit or loss.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. When the Group currently have the right to substantially access to the returns associated with an ownership interest, investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. In all other cases, investments are accounted for in accordance with Korean IFRS 1109 *Financial Instruments*. The Group's investment in associates includes goodwill identified at acquisition, net of any accumulated impairment loss (Note 14).

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated income statements, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognized in the consolidated income statements.

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(c) Joint Arrangements

A joint arrangement of which two or more parties have joint control is classified as either a joint operation or a joint venture. A joint operator has rights to the assets, and obligations for the liabilities, relating to the joint operation and recognizes the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venture has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

(d) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with owners of the Group. The difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary is recorded in equity. Gains and losses on disposal of non-controlling interests are also recognized in other components of equity.

(e) Business Combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred in a business combination includes fair values of the assets and liabilities from arrangements for contingent payments. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group measures non-controlling interests in the acquiree that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, on a case by case basis, at the proportionate share of the acquiree's identifiable net assets or fair value. All other components of non-controlling interests are measured at fair values, unless another measurement basis is required by IFRSs. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred.

In case of business combination achieved in stages, previously held equity interest in the acquiree is re-measured to fair value and a gain or loss is recognized in the consolidated income statements.

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the Group's previously held equity interest in the acquire over the net identifiable assets at the date of acquisition is recorded as goodwill (Note 2.14). If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statements.

Segment Reporting

Operating segments are established on the basis of business divisions whose internal reporting is provided to the chief operating decision-maker who is the chief executive officer. Segmental disclosures are disclosed in Note 4 in accordance with Korean IFRS 1108 *Operating Segment*.

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Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Korean won, which is the Parent Company’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation in case of items subject to re-measurement. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the consolidated income statements, except cash flow hedges qualifying to be recognized in other comprehensive income.

Changes in the fair value of monetary debt securities denominated in foreign currency classified as financial assets at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are recognized in the consolidated income statements as part of the fair value gain or loss - translation differences arising from equities held at fair value through profit or loss are recognized in profit or loss, and those arising from equities held at fair value through other comprehensive income are recognized in other comprehensive income.

(c) Translation into presentation currency

The results and financial position of Group companies whose functional currency is different from the presentation currency are translated into the presentation currency as follows:

- i) Assets and liabilities are translated at the closing rate at the end of the reporting period;
- ii) Income and expenses are translated at monthly average exchange rates; and
- iii) All resulting exchange differences from above i) and ii) are recognized in other comprehensive income.

When the Parent Company ceases to control a subsidiary, exchange differences that were recorded in equity are recognized in the consolidated income statements as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as

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assets and liabilities of the foreign entity and translated at the closing rate at the end of the reporting period.

At the end of the reporting period, as Türkiye's cumulative inflation rate over three years exceeded 100%, it was considered as hyperinflationary economies in accordance with Korean IFRS 1029, *Financial Reporting in Hyperinflationary Economies*.

The consolidated financial statements have been prepared on a historical cost basis. Monetary assets and liabilities were not restated because they were already presented in current measuring unit at the end of the reporting period. However, non-monetary assets and liabilities were restated to reflect changes in the price index from the date of acquisition until the end of the reporting period. All items in the statements of comprehensive income were restated by applying changes in the price index from the date when income and expenses were initially recorded in the financial statements, and the effect of an increase or decrease in purchasing power due to holding net monetary assets in hyperinflationary economies is reflected in profit and loss arising from net monetary assets in the consolidated income statements.

The consumer price index (CPI) for Türkiye at the end of the reporting period is the consumer price index published by the Turkish Statistical Institute, and the annual CPI published by the Turkish Statistical Institute and the conversion coefficients applied in the restatement of the financial statements are as follows:

	Consumer price index (CPI)	Conversion coefficients
December 31, 2023	1,859.38	1.00
December 31, 2022	1,128.45	1.65
December 31, 2021	686.95	2.71
December 31, 2020	504.81	3.68

If the functional currency of the foreign operation is the currency of hyperinflationary economies, all items in the statements of financial position and the statements of comprehensive income of the foreign operation are translated at closing rates at the end of the reporting period. The Group has restated the financial statements of its subsidiaries and associates in Türkiye, whose functional currency is the Lira, to reflect the changes in the general purchasing power of the functional currency and translated them into the presentation currency. The Group has reflected the restatement effect and translation effect in accumulated other comprehensive income. However, the comparative consolidated statements of financial position and consolidated statements of comprehensive income are presented at the amount reported in the previous period, without reflecting the effect of price level changes or exchange rate changes after the previous period.

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Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits at banks, and other short-term highly liquid investments with original maturities of three months or less.

Financial Instruments

Classification

(a) Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of non-designated investments in equity instruments are recognized in profit or loss.

(b) Financial Liabilities

Financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost.

Recognition and Measurement

Typical purchases and sales of financial assets are recognized on the trade date. At initial recognition, the Group measures a financial asset and financial liabilities at its fair value plus, in

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the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other non-operating income and expenses' and impairment losses are presented in 'other non-operating expenses'.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated income statement within 'other non-operating income (expenses)' in the year in which it arises.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which are held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition

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of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'other non-operating income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'other non-operating income and expenses' in the consolidated income statement as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income is not reported separately from other changes in fair value.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, contract assets, and lease receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is presented in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as 'borrowings' in the consolidated statement of financial position.

Financial liabilities are derecognized from the consolidated statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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Derivative Financial Instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The resulting gain or loss that does not meet the conditions for hedge accounting is recognized in 'other non-operating income (expenses)' or 'financial income (expenses)' according to the nature of transactions.

For cash flow hedges, the Group separates and excludes the foreign currency basis spread from the designation of a financial instrument as the hedging instrument.

The effective portion of changes in the fair value of derivatives, excluding the foreign currency basis spread, that qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statements within 'other non-operating income (expenses)' or 'financial income (expenses)'. In addition, changes in the foreign currency basis spread of derivatives related to the hedged item is recognized within other comprehensive income.

Amounts accumulated in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statements within 'other non-operating income (expenses)' or 'financial income (expenses)'.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the changes in fair value of hybrid (combined) instrument are not recognised in profit or loss.

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the collection of trade receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value, less allowance for doubtful debts.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method, except for inventories in-transit whose cost is determined using the specific identification method. The cost of finished goods and work-in-process comprises of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). The Group periodically reviews a possibility of significant changes in net realizable value of inventories from not in use, decrease in market value and obsolescence, and recognizes as Allowances for Valuation of Inventories. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

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Assets Held for Sale and Discontinued Operations

Non-current assets (or disposal groups) are classified as 'assets held for sale' when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of carrying amount and the fair value less costs to sell.

When a component of discontinued operations or a component of the Group representing a separate major line of business or geographical area of operation has been disposed of, or is subject to a sale plan involving loss of control of a subsidiary, the Group discloses in the consolidated income statements the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation. The net cash flows attributable to the operating, investing and financing activities of discontinued operations are presented in the notes to the consolidated financial statements.

Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statements during the financial period in which they are incurred.

Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	Useful lives
Buildings and Structures	20, 40 years
Machinery	5, 10 years
Tools and Equipment	5 years
Supplies	5 years
Other	5 years

Each asset's depreciation method, residual values, and useful lives are reviewed and adjusted if necessary, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by differences between the net disposal proceeds of the asset and its carrying amount and are recognized within 'other non-operating income (expenses)' in the consolidated income statements.

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Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized during the period of time that is required to prepare the asset for its intended use. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

Intangible Assets

(a) Goodwill

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

(b) Industrial property rights

Industrial property rights are shown at historical cost. Industrial property rights have a limited useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of industrial property rights over their estimated useful lives of 10 years.

(c) Development costs

New product development project is processed through product planning, design planning, product design, mass production verification, production readiness approval, and shipment approval. The Group generally recognizes expenditures incurred during and after the product design phase as development costs, and expenditures incurred before the phase are recognized as expenses within research and development expenses. Costs recognized as development costs are controlled by the Group and directly attributable to identifiable development projects, and meet all of the following criteria.

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- Management intends to complete the intangible asset to use or sell it;

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- It has the ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development for using and selling the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development phase can be reliably measured.

Amortization of development costs based on the straight-line method over their estimated useful lives of 1 or 3 years begins at the commencement of sale or use of the related products.

(d) Membership

Membership rights are regarded as intangible assets with an indefinite useful life and are not amortized because there is no foreseeable limit to the period over which the assets are expected to be utilized. All membership rights are tested annually for impairment and stated at acquisition cost less accumulated impairment losses.

(e) Other intangible assets

Other intangible assets such as licenced assets, customer relationships, values of techniques, software and which meet the definition of an intangible asset are amortized using the straight-line method over their estimated useful lives of 5 or 10 years.

Investment Property

Investment property is held to earn rentals or for capital appreciation or both. Investment property is measured initially at its cost including transaction costs incurred in acquiring the asset. After its initial recognition, investment property is carried at its cost less any accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statements during the financial period in which they are incurred.

Land held for investment is not depreciated. Investment property, except for land, is depreciated using the straight-line method over their estimated useful lives of 20 or 40 years.

Management reviews the depreciation method, the residual value and the useful life of an asset at the end of each period. If it is decided that previous estimates should be adjusted, the adjustment is accounted for as a change in an accounting estimate.

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Impairment of Non-Financial Assets

Goodwill and intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment. At the end of each reporting period, assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized as profit or loss for the year for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use.

The value-in-use is measured by determining the estimated pre-tax cash flows based on past performance and its expectations of market development, and applying the pre-tax discount rates that reflect specific risks relating to the relevant operating segments. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment loss are reviewed for possible reversal of the impairment at the end of each reporting period.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Current trade payables measured initially at fair value are not significantly different from amortized cost using the effective interest method.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statements over the period of the borrowings using the effective interest method. The Group classifies the liability as current as long as it does not have an unconditional right to defer its settlement over 12 months after the end of the reporting period.

Financial Guarantee Contracts

Financial guarantee contracts are contracts that require 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 original or modified terms of a debt instrument. Financial guarantees contracts provided by the Group are initially measured at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the following amounts below and recognized as 'other financial liabilities':

- the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 *Financial Instruments*; and

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- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and an outflow of resources required to settle the obligation is probable and can be reliably estimated. The Group recognizes a warranty provision, a provision for restoration, and a provision for litigation.

A warranty provision is accrued for the estimated costs of future warranty claims based on historical experience. Where the Group, as a tenant, is required to restore its leased assets to their original state at the end of the lease-term, the Group recognizes the present value of the estimated cost of restoration as a provision for restoration. When there is a probability that an outflow of economic benefits will occur from litigation or disputes, and whose amount is reasonably estimable, a corresponding amount of provision is recognized as a provision for litigation in the consolidated financial statements.

A contingent liability is disclosed (Note 37) when;

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognized because: it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Current and Deferred Income Tax

The tax expense for the year consists of current and deferred tax. Tax is recognized in the consolidated income statements, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. It represents future tax consequences that will arise when recovering or settling the carrying amount of its assets and liabilities. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor tax profit or loss. Deferred income tax is

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determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized only to the extent that it is probable that the deductible temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention either to settle the balances on a net basis.

Employee Benefits

(a) Post-employment benefits

The Group operates both defined contribution and defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund. The Group has no legal or constructive obligations to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expenses when an employee has rendered service. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary levels. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds and that have terms to maturity approximating to the terms of the related pension obligation. The remeasurements of the net defined benefit liabilities are recognized in other comprehensive income.

If any plan amendments, curtailments, or settlements occur, past service costs or any gains or

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losses on settlement are recognized as profit or loss for the year.

(b) Other long-term employee benefits

The Group provides other long-term employee benefits to their employees. The entitlement to these benefits is usually conditional on the employee working more than ten years. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes past service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These benefits are calculated annually by independent qualified actuaries.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: when the entity can no longer withdraw the offer of those benefits or when the entity recognizes costs for a restructuring.

(d) Share-based payment

The acquiree may have outstanding share-based payment transactions that the acquirer does not exchange for its share-based payment transactions. If vested, those acquiree share-based payment transactions are part of the non-controlling interest in the acquiree and are measured at their market-based measure as at the acquisition date. If unvested, the market-based measure of unvested share-based payment transactions is allocated to the non-controlling interest on the basis of the ratio of the portion of the vesting period completed to the greater of the total vesting period and the original vesting period of the share-based payment transaction. The balance is allocated to post-combination service.

Share Capital

Ordinary shares and preferred shares without any obligation to repay are classified as equity.

Where the Parent Company purchases its own ordinary shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to owners of the Parent Company until the shares are cancelled or reissued. Where such treasury shares are subsequently reissued, any consideration received is included in equity attributable to owners of the Parent Company.

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Revenue Recognition

(a) Identify performance obligation

The Group sells home appliances, TVs, monitors, automobile parts, information displays and others. If the contract with a customer includes any separate services in addition to sales of goods, the Group identifies performance obligations of the services to be rendered from such sales contracts.

According to the rules and guidance on the terms and conditions of international trading (INCOTERMS 2020), the Group recognizes the transportation services as a separate performance obligation apart from the sale of goods, under the transactions with the rules where seller is responsible for paying shipping cost and insurance premium.

The Group determines standard warranty coverage periods per product and country, considering warranty periods required by law and others when entering into contracts with customers for the sales of products. If the Group provides an extended warranty beyond the standard warranty coverage periods or a customer has the option to purchase an additional warranty separately, the Group identifies the warranty as a separate performance obligation and recognizes revenue.

(b) A performance obligation satisfied at a point in time

Sales of goods are recognized when the Group has delivered products to the customer. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with volume discounts and customers have a right to return faulty products. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual sales. The Group recognizes provisions for product warranties and contract liabilities for sales returns based on reasonable expectation reflecting warranty obligation and sales return rates incurred historically.

For royalty contracts, if there are no other goods or services provided to customer in the contracts other than obligations to provide license, the nature of the contracts are provision of right to use the Group's intellectual property that exist at the time of transfer. This means that the customer can direct the use of and obtain substantially all of the remaining benefits from the license at the point in time at which the license transfers. The Group determined the royalty income as a performance obligation satisfied at a point in time.

(c) A performance obligation satisfied over time

The Group builds and sells customized equipment and design plan for a customer. The revenue is recognized over time by measuring progress only if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for

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performance completed to date. The Group performed an analysis on those contracts and determined the Group has an enforceable right to payment for performance completed to date; therefore, the revenue is recognized over time using input methods by measuring the percentage of completion.

When the outcome of a transaction involving the rendering of services provided separately to customers can be estimated reliably, revenue associated with such transaction is recognized by reference to the percentage of completion of the services. Any changes in expected revenue, cost or the amount of services rendered are accounted for as changes in estimates. These changes in estimates may bring adjustments to the expected revenue or cost which is recognized in the profit or loss in the period in which management recognizes the changes in circumstances.

The Group receives licensing fees for the trademark held by the Group from subsidiaries and associates. The Parent Company continues to develop the trademark's value and performs marketing activities through various media such as TV, internet, exhibitions, road shows and others. The nature of the Group's promise in granting a license is a promise to provide a right to access the Parent Company's intellectual property over a license period; therefore, the Group determined the promised license is a performance obligation that is satisfied over time.

Income from rental, lease, extended guarantees and others is recognized on a straight-line basis over the period of the contract.

(d) Variable consideration

The Group estimates an amount of variable consideration by using the expected value which the Group expects to better predict the amount of consideration. The Group recognizes revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the refund period has lapsed. The refund liability is measured at the amount of consideration received for which the Group does not expect to be entitled.

(e) Allocating the transaction price

The transaction price in an arrangement must be allocated to each separate performance obligation based on the relative stand-alone selling prices of the goods or services being provided to a customer. The Group determines the stand-alone selling price for each separate performance obligation by using an 'adjusted market assessment approach'. In limited circumstances, the Group plans to use an 'expected cost plus a margin approach' to estimate expected cost plus a reasonable margin.

(f) Returns

A gross contract liability (refund liability) for the expected returns to customers is recognized as adjustment to revenue, and the Group has a right to recover the product from the customer when

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the customer exercises his right of return and recognizes an asset and a corresponding adjustment to cost of sales. A right to recover the products is measured at former carrying amount of the product less the costs to recover the products.

(g) Significant financing component

In general, the period between the transfer of the promised goods or services to the customer and the payment made by the customer is less than one year. In this case, the Group uses the practical expedient in which the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Leases

Lessee accounting

The Group leases various offices, warehouses, retail stores, equipment and cars. A lease term is normally determined considering non-cancellable period of a lease and its extension options. Lease conditions are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated to the repayment of lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(a) Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- estimated restoration costs

(b) Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

However, payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment whose underlying assets are values below US\$ 5,000, and others.

Lessor accounting

A lessor classifies each of its leases as either an operating lease or a finance lease. A lease that transfers substantially all the risks and rewards incidental to ownership of underlying asset is classified as a finance lease, and a lease other than a finance lease is classified as an operating lease. In a finance lease, the amount received from the lessee is recognized as receivables as a net investment in the lease. The Group distributes finance income over the lease term in a way that a certain period of return is reflected in the net investment amount of the lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

Dividend Distribution

A dividend liability is recognized when the dividends are approved by the shareholders at their general meeting.

Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Parent Company by the weighted average number of shares issued excluding shares purchased by the Parent Company that are held as treasury shares. Preferred shares have a right to participate in the profits of the Parent Company. These participation rights have been considered in presenting the EPS for ordinary shares and preferred shares.

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Greenhouse Gas Emissions Rights (Allowances) and Obligations

Emission rights are defined as allowed amount of emissions that can be released, allocated by the Korean government as 'Act on the Allocation and Trading of Greenhouse-Gas Emission Permits' takes effect. Emission rights that are received free of charge from the government are measured at zero, while the rights purchased additionally from trading market such as the Korea Exchange are measured at acquisition cost. Emission rights are subsequently stated as acquisition cost less accumulated impairment loss. Emission liabilities are measured as the sum of the carrying amount of emission rights to be delivered to the government to settle the obligation for emissions occurred and expected expenditure required at the end of reporting period for any excess emissions. The emission rights and liabilities are classified as 'intangible assets' and 'provisions', respectively, in the consolidated statement of financial position.

3. Critical Accounting Estimates and Judgments

Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future when preparing the financial statements. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Russia - Ukraine armed conflict has a material impact on the global economy. It may have a negative impact to the Group; such as, decrease in productivity, decrease or delay in sales, collection of existing receivables and others. Accordingly, it may have a negative impact on the financial position and financial performance of the Group.

Significant accounting estimates and assumptions applied in the preparation of the consolidated financial statements can be adjusted depending on changes in the uncertainty from Russia - Ukraine armed conflict. Also, the ultimate effect of Russia - Ukraine armed conflict to the Group's business, financial position and financial performance cannot presently be determined.

The estimates and assumptions that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities after the end of the reporting period are addressed below.

(a) Revenue Recognition

The Group recognizes revenue over time using the percentage of completion method for the rendering of service such as equipment production and installation. The Group measures the percentage of completion by estimating total cost for the completion of the transaction, and the factors for the estimation of revenue may vary.

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(b) Impairment of Goodwill and Others

The Group tests goodwill and others regularly for impairment. The recoverable amounts of cash-generating units have been determined based on fair value less costs of disposal or value in use calculations. These calculations require estimates.

(c) Income Taxes

The Group recognizes assets and liabilities for anticipated tax audit issues based on the best estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Fair Value of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

(e) Provisions

The Group recognizes provisions for product warranties and others based on their historical data.

(f) Net Defined Benefit Liabilities

The present value of the defined benefit liability depends on various factors that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for pensions include the discount rate, which is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit liability. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for defined benefit liability are based on current market conditions.

(g) Development Costs

The Group capitalizes development costs when there is a reasonable assurance that projects have technical feasibility and the possibility of generating future economic benefits, and performs periodic impairment test. The recoverable amount of each project has been calculated on a basis of the value-in-use reflecting expected sales quantity and unit price and estimated operating profit.

(h) Leases

When the Group is a lessee, in determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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The reassessment of the lease term based on a judgment of whether the extension option is reasonably certain to be exercised (or not exercised) is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

When the Group is a lessor, management estimates the lease period by considering non-cancellable lease period in the contract. And management compares a major part of the economic life of the underlying asset with the lease period and classifies it as a finance lease if the lease period exceeds for the major part of the economic life of the underlying asset. When classified as a financial lease, the Group recognizes income at the lower of the lease net investment discounted at the market interest rate and the sale price of the underlying asset.

Significant Judgment on Accounting Policies Adopted by the Group

In order to determine the Group's de-facto control, the Group considers the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders and additional facts and circumstances including voting patterns at previous shareholders' meetings.

4. Segment Information

The segments of the Group are strategic business divisions providing different products and services. They are reported separately because each business division requires different technologies and marketing strategies. The main products of each business division are as follows and the comparative information is presented in conformity with the same classification in the current period.

Operating segment	Type of products
Home Appliance & Air Solution (H&A)	Refrigerators, washing machines, air conditioners, vacuum cleaners and others
Home Entertainment (HE)	TVs, audio, beauty appliances and others
Vehicle component Solutions (VS)	Vehicle components and others
Business Solutions (BS)	Monitors, PCs, information displays and others
LG Innotek Co., Ltd. and its subsidiaries (Innotek)	Camera modules, substrate & material, motor/sensor and others
Other segments	Equipment production and others

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- (a) The segment information for sales and operating income (loss) for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023						Total
	H&A	HE	VS	BS	Innotek	Other segments ¹	
Sales	30,139,464	14,232,849	10,147,643	5,412,002	20,605,290	3,690,517	84,227,765
External sales	30,092,129	14,227,863	10,147,643	5,404,099	20,058,791	4,297,240	84,227,765
Internal sales	47,335	4,986	-	7,903	546,499	(606,723)	-
Operating income (loss) ²	2,007,843	362,352	133,447	(41,730)	830,824	256,338	3,549,074
Depreciation and amortization	940,898	341,560	547,133	128,396	1,045,699	200,420	3,204,106

(in millions of Korean won)	2022						Total
	H&A	HE	VS	BS	Innotek	Other segments ¹	
Sales	29,895,446	15,726,658	8,649,586	6,090,341	19,592,174	3,513,113	83,467,318
External sales	29,869,149	15,719,892	8,649,584	6,085,982	19,077,123	4,065,588	83,467,318
Internal sales	26,297	6,766	2	4,359	515,051	(552,475)	-
Operating income (loss) ²	1,135,918	5,354	169,638	25,232	1,270,640	944,190	3,550,972
Depreciation and amortization	884,023	372,016	521,171	111,152	865,857	209,062	2,963,281

¹ Other segments include operating segments that are not qualified as reportable segments and departments that support the operating segments and R&D, and inter-segment transactions. Sales between segments are accounted on terms equivalent to those that prevail in arm's length transactions.

² Other income or expenses items not included in the operating profit (loss) are not separately disclosed because the Chief Operating Decision Maker does not review them by segment.

- (b) Segment assets and liabilities as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	December 31, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
H&A	27,558,451	13,438,157	25,588,868	13,041,861
HE	14,229,400	9,838,073	13,379,291	9,301,351
VS	9,642,087	11,498,661	9,032,375	10,808,828
BS	5,339,239	4,009,534	5,131,988	3,612,383
Innotek	11,204,306	6,489,731	9,793,618	5,527,825
Subtotal¹	67,973,483	45,274,156	62,926,140	42,292,248
Other segments and inter-segment transactions	(7,732,690)	(8,531,899)	(7,769,999)	(9,628,104)
Total	60,240,793	36,742,257	55,156,141	32,664,144

¹ The amounts of assets and liabilities of each segment are before inter-company elimination, and common assets and liabilities are allocated based on the operations of the segments.

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(c) Non-current assets by geographic area as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i> Geographic areas	Non-current assets¹	
	December 31, 2023	December 31, 2022
Korea	13,361,340	12,396,828
China	919,357	912,927
Asia	1,856,938	1,588,895
North America	2,063,550	1,943,272
Europe	1,060,434	996,680
South America	129,235	118,280
Middle East & Africa	275,416	290,662
Russia and others	114,507	141,001
Total	19,780,777	18,388,545

¹ Non-current assets consist of property, plant and equipment, intangible assets and investment properties.

(d) Sales from a single external customer who contribute more than 10% of the Group's total sales for the year ended December 31, 2023 are sales from Innotek segment and others amounting to ₩16,627,214 million (2022: ₩16,199,908 million).

5. Financial Instruments by Category and Offsetting Financial Assets and Financial Liabilities

(a) Categorizations of financial instruments as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	8,487,563	-	-	-	8,487,563
Deposits held by financial institutions	221,575	-	-	-	221,575
Trade receivables	7,012,256	2,265,310	-	626,895	9,904,461
Other receivables	2,375,430	-	-	-	2,375,430
Other financial assets and others	-	117,872	206,014	178,240	502,126
Total	18,096,824	2,383,182	206,014	805,135	21,491,155

<i>(in millions of Korean won)</i>	December 31, 2023			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	9,427,288	-	-	9,427,288
Borrowings	13,320,811	-	-	13,320,811
Lease liabilities	-	-	1,193,023	1,193,023
Other payables	4,836,694	-	-	4,836,694
Other financial liabilities	-	18,162	43,884	62,046
Total	27,584,793	18,162	1,236,907	28,839,862

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	December 31, 2022				
<i>(in millions of Korean won)</i>	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	6,322,360	-	-	-	6,322,360
Deposits held by financial institutions	246,226	-	-	-	246,226
Trade receivables	6,951,954	1,241,667	-	166,100	8,359,721
Other receivables	1,390,575	-	-	-	1,390,575
Other financial assets	-	118,926	111,728	188,327	418,981
Total	14,911,115	1,360,593	111,728	354,427	16,737,863

	December 31, 2022			
<i>(in millions of Korean won)</i>	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	8,212,419	-	-	8,212,419
Borrowings	11,045,187	-	-	11,045,187
Lease liabilities	-	-	1,096,235	1,096,235
Other payables	4,688,063	-	-	4,688,063
Other financial liabilities	-	10,787	9,878	20,665
Total	23,945,669	10,787	1,106,113	25,062,569

(b) Net gains or losses on each category of financial instruments for the years ended December 31, 2023 and 2022, are as follows:

	2023				
<i>(in millions of Korean won)</i>	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	440,247	-	-	-	440,247
Exchange differences	123,586	(71,069)	-	-	52,517
Bad debt expenses	(12,568)	-	-	(1,374)	(13,942)
Loss on disposal of trade receivables	(1,412)	(54,556)	-	-	(55,968)
Dividend income	-	189	1,415	-	1,604
Gain (Loss) on valuation of financial assets at fair value through profit or loss	-	-	(7,560)	-	(7,560)
Gain (Loss) on derivatives (through profit or loss)	-	-	25,098	-	25,098
Profit (Loss) for the year from discontinued operations	(53)	-	-	-	(53)
Fair value gain (loss), net of tax (through other comprehensive income)	-	(2,267)	-	-	(2,267)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	(34,237)	(34,237)

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	2023			
<i>(in millions of Korean won)</i>	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expense	(587,722)	-	15,656	(572,066)
Exchange differences	(62,406)	-	28,948	(33,458)
Gain (Loss) on derivatives (through profit or loss)	-	(57,147)	-	(57,147)
Profit and Loss on remeasurement of financial liabilities	(141,655)	-	-	(141,655)
Profit (Loss) for the year from discontinued operations	25	-	-	25
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	(23,873)	(23,873)
Others	(2,883)	-	-	(2,883)

	2022				
<i>(in millions of Korean won)</i>	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	208,024	-	-	-	208,024
Exchange differences	544,271	62,400	-	-	606,671
Bad debt expenses	(5,766)	-	-	-	(5,766)
Loss on disposal of trade receivables	(519)	(35,727)	-	-	(36,246)
Dividend income	-	249	2,858	-	3,107
Gain (Loss) on valuation of financial assets at fair value through profit or loss	-	-	15,686	-	15,686
Gain (Loss) on derivatives (through profit or loss)	-	-	78,115	-	78,115
Profit (Loss) for the year from discontinued operations	3,738	-	13	-	3,751
Fair value gain (loss), net of tax (through other comprehensive income)	-	(24,368)	-	-	(24,368)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	80,146	80,146

	2022			
<i>(in millions of Korean won)</i>	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expense	(347,401)	-	(16,186)	(363,587)
Exchange differences	(523,233)	-	47,539	(475,694)
Gain (Loss) on derivatives (through profit or loss)	-	(120,993)	-	(120,993)
Profit (Loss) for the year from discontinued operations	(18,960)	(35)	(116)	(19,111)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	20,586	20,586
Others	(2,694)	-	-	(2,694)

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(c) Recognized financial instruments that are subject to an enforceable master netting arrangements or similar arrangements as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023					
	Recognized financial instrument	Recognized financial instrument offset	Net amounts presented in the statement of financial position	Amounts not offset		Net amount
				Financial instruments	Cash collateral	
Financial assets						
Trade receivables	395,380	(382,967)	12,413	-	-	12,413
Financial liabilities						
Trade payables	617,295	(382,967)	234,328	-	-	234,328

<i>(in millions of Korean won)</i>	December 31, 2022					
	Recognized financial instrument	Recognized financial instrument offset	Net amounts presented in the statement of financial position	Amounts not offset		Net amount
				Financial instruments	Cash collateral	
Financial assets						
Trade receivables	417,381	(397,716)	19,665	-	-	19,665
Financial liabilities						
Trade payables	585,018	(397,716)	187,302	-	-	187,302

6. Cash and Cash Equivalents and Deposits held by Financial Institutions

(a) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position are equal to the cash and cash equivalents in the consolidated statements of cash flows. Details are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Cash on hand	533	544
Bank deposits ¹	8,487,030	6,321,816
Total	8,487,563	6,322,360

¹ Deposits restricted in use amounting to ₩12,142 million (2022: ₩31,847 million) in relation to value added tax is included as at December 31, 2023.

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(b) Deposits held by financial institutions

The deposits held by financial institutions restricted in use as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Current		
Fund for business cooperation	-	80,000
Deposits related to disposal of investments in subsidiaries	-	70,969
Deposits related to transfer of business	20,863	20,000
Others	5,523	77
Subtotal	26,386	171,046
Non-current		
Fund for business cooperation	190,000	70,000
Deposit for checking account	62	62
National project	621	459
Others	4,506	4,659
Subtotal	195,189	75,180
Total	221,575	246,226

7. Trade Receivables and Other Receivables

(a) Trade receivables and other receivables, net of allowance for doubtful accounts, as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023			December 31, 2022		
	Original amount	Allowance for doubtful accounts	Carrying amount	Original amount	Allowance for doubtful accounts	Carrying amount
Trade receivables						
Current	9,366,948	(101,926)	9,265,022	8,304,434	(87,922)	8,216,512
Non-current	640,936	(1,497)	639,439	143,209	-	143,209
Other receivables						
Current	602,781	(6,988)	595,793	613,069	(10,287)	602,782
Non-current	1,779,720	(83)	1,779,637	787,876	(83)	787,793

(b) Details of other receivables as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Current		
Loans	16,745	20,581
Non-trade receivables	334,243	366,430
Accrued income	139,208	109,829
Deposits	105,597	105,942
Subtotal	595,793	602,782

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Non-current		
Loans	1,177,276	146,684
Non-trade receivables	180,331	215,430
Deposits	422,030	425,679
Subtotal	1,779,637	787,793
Total	2,375,430	1,390,575

- (c) The aging analysis of trade receivables and other receivables as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	December 31, 2023				
	Trade receivables		Other receivables		Total
	Current	Non-current	Current	Non-current	
Receivables not past due	7,871,059	640,936	504,987	1,779,720	10,796,702
Past due but not impaired					
Up to 6 months	1,088,174	-	65,314	-	1,153,488
7 to 12 months	65,336	-	14,494	-	79,830
Over 1 year	98,544	-	9,435	-	107,979
Subtotal	1,252,054	-	89,243	-	1,341,297
Impaired	243,835	-	8,551	-	252,386
Total	9,366,948	640,936	602,781	1,779,720	12,390,385

(in millions of Korean won)

	December 31, 2022				
	Trade receivables		Other receivables		Total
	Current	Non-current	Current	Non-current	
Receivables not past due	6,954,213	143,209	564,917	786,090	8,448,429
Past due but not impaired					
Up to 6 months	1,091,603	-	21,524	1,347	1,114,474
7 to 12 months	57,554	-	11,033	81	68,668
Over 1 year	45,712	-	6,126	358	52,196
Subtotal	1,194,869	-	38,683	1,786	1,235,338
Impaired	155,352	-	9,469	-	164,821
Total	8,304,434	143,209	613,069	787,876	9,848,588

- (d) The allowance for doubtful accounts is recognized based on aging analysis and historical experience.
- (e) The Group classifies individually impaired receivables as defaulted receivables if the receivables are impaired due to reasons including bankruptcy and insolvency of the debtors. Defaulted receivables are classified into two categories of rehabilitation related receivables and other defaulted receivables. The Group performs impairment test on rehabilitation related receivables based on expected repayment amount and recognizes impairment loss on other defaulted receivables based on types and values of collaterals.

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- (f) Movements in allowance for doubtful accounts for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023				
	At Jan. 1	Addition (Reversal)	Write-off	Other	At Dec. 31
Trade receivables	87,922	13,742	(11,018)	11,280	101,926
Non-current trade receivables	-	1,070	-	427	1,497
Other receivables					
Current	10,287	(644)	(2,240)	(415)	6,988
Non-current	83	(4)	-	4	83

<i>(in millions of Korean won)</i>	2022				
	At Jan. 1	Addition (Reversal)	Write-off	Other	At Dec. 31
Trade receivables	85,523	6,810	(2,691)	(1,720)	87,922
Other receivables					
Current	11,717	(1,272)	(58)	(100)	10,287
Non-current	114	(35)	-	4	83

Bad debt expenses for trade receivables are included in 'selling and marketing expenses' in the consolidated income statement and those for other receivables are included in 'other non-operating expenses'. Allowance for doubtful accounts decrease when reasons for allowance are resolved or when the receivables are written off as there is no reasonable expectation of recovery.

- (g) Trade receivables have been discounted through collateralized borrowing agreements with banks for the year ended December 31, 2023. In case the customers default, the Group has an obligation to pay the related amounts to the banks. As a result, this transaction has been accounted for as a collateralized borrowing (Note 16).

Discounted trade receivables as at December 31, 2023 amount to ₩60,269 million (December 31, 2022: ₩41,026 million).

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8. Other Financial Assets and Liabilities

(a) Details of other financial assets and liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Other financial assets		
Derivatives	185,437	194,049
Financial assets at fair value through other comprehensive income	117,872	118,926
Financial assets at fair value through profit or loss	184,115	106,006
Total	487,424	418,981
Current	102,054	7,823
Non-current	385,370	411,158
 <i>(in millions of Korean won)</i>	 December 31, 2023	 December 31, 2022
Other financial liabilities		
Derivatives	61,931	20,550
Financial guarantee liability	115	115
Total	62,046	20,665
Current	9,292	10,237
Non-current	52,754	10,428

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(b) Details of derivatives as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Current				
Currency forward	2,070	2,567	2,402	10,122
Cross-currency swap	23,118	6,610	4,504	-
Interest rate swap	2,116	-	555	-
Subtotal	27,304	9,177	7,461	10,122
Non-current				
Cross-currency swap	133,597	30,515	143,185	6,357
Interest rate swap	21,451	13,254	43,403	806
Option	3,085	2,457	-	3,265
Embedded derivatives	-	6,528	-	-
Subtotal	158,133	52,754	186,588	10,428
Total	185,437	61,931	194,049	20,550

The details of major derivative contracts at the end of the reporting period are presented in Note 40.

(c) Changes in financial assets at fair value through other comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

2023							
<i>(in millions of Korean won)</i>	At January 1	Acquisition	Disposal	Transfer	Valuation	Other¹	At December 31
Listed equity securities	29,425	-	(4,582)	559	5,147	119	30,668
Unlisted equity securities	89,501	18,013	(1,667)	(559)	(6,210)	(11,874)	87,204
Total	118,926	18,013	(6,249)	-	(1,063)	(11,755)	117,872

2022							
<i>(in millions of Korean won)</i>	At January 1	Acquisition	Disposal	Transfer	Valuation	Other¹	At December 31
Listed equity securities	60,441	825	(2)	-	(32,450)	611	29,425
Unlisted equity securities	60,781	22,881	-	1,600	-	4,239	89,501
Debt securities	-	5,751	(5,751)	-	-	-	-
Total	121,222	29,457	(5,753)	1,600	(32,450)	4,850	118,926

¹ Other increases and decreases include increases and decreases due to changes in the scope of consolidation and exchange rate fluctuations.

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(d) Changes in financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023						At December 31
	At January 1	Acquisition	Disposals	Transfer	Valuation	Others	
Listed equity securities	362	157,356	(84,141)	119	828	226	74,750
Unlisted equity securities	105,011	16,710	(3,851)	(2,119)	(8,388)	869	108,232
Debt securities	633	500	-	-	-	-	1,133
Total	106,006	174,566	(87,992)	(2,000)	(7,560)	1,095	184,115

<i>(in millions of Korean won)</i>	2022						At December 31
	At January 1	Acquisition	Disposals	Transfer	Valuation	Others	
Listed equity securities	2,297	-	(845)	167	(1,371)	114	362
Unlisted equity securities	71,221	33,033	(15,674)	(1,767)	17,057	1,141	105,011
Debt securities	-	633	-	-	-	-	633
Total	73,518	33,666	(16,519)	(1,600)	15,686	1,255	106,006

9. Inventories

(a) Inventories as at December 31, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	December 31, 2023			December 31, 2022		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	5,381,164	(173,428)	5,207,736	5,582,184	(182,917)	5,399,267
Work-in-process	682,107	(27,316)	654,791	604,495	(15,473)	589,022
Raw materials and supplies	3,167,187	(179,490)	2,987,697	3,342,626	(223,151)	3,119,475
Other	342,469	(67,289)	275,180	358,168	(77,124)	281,044
Total	9,572,927	(447,523)	9,125,404	9,887,473	(498,665)	9,388,808

(b) The cost of inventories recognized as an expense during the year ended December 31, 2023 amounted to ₩62,418,121 million (2022: ₩61,149,151 million). This was included in 'cost of sales'. Loss on valuation of inventories during the year ended December 31, 2023 amounted to ₩128,349 million (2022: ₩341,731 million).

(c) There is no inventory provided as collateral for borrowings as at December 31, 2023.

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10. Contract Assets and Contract Liabilities

(a) Contract assets as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Due from customers	842,113	639,024
(Less: allowance for doubtful accounts)	(3,786)	(4,170)
Right to recover returned products	98,111	126,522
Costs to fulfill contracts and others	619,239	307,306
Total	1,555,677	1,068,682
Current	1,129,399	704,039
Non-current	426,278	364,643

(b) Contract liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Expected promotional incentives for customers	870,426	739,990
Expected returns from customers	213,712	221,652
Customer loyalty program	100,951	113,625
Rendering of warranty services	150,670	136,636
Due to customers and others	625,743	279,286
Total	1,961,502	1,491,189
Current	1,898,005	1,443,977
Non-current	63,497	47,212

(c) Revenue recognized in relation to contract liabilities for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Revenue recognized that was included in the contract liability amount at the beginning of the year:		
Due to customers and others	216,923	183,570
Customer loyalty program	88,146	85,169
Rendering of warranty services	58,668	46,908
Total	363,737	315,647
Revenue recognized from performance obligations satisfied in previous year	23,574	11,075

(d) Unsatisfied long-term contracts

At the end of the reporting period, the total amount of transaction price allocated to the unsatisfied or partially unsatisfied performance obligations was ₩1,297,935 million (2022: ₩1,584,092 million), expected to be satisfied by 2031, at the latest. Also, as a practical expedient, the Group excluded a contract of which performance obligation had an original expected duration of one year or less.

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- (e) For the year ended December 31, 2023, the Group recognized reversal of impairment loss amounting to ₩355 million (2022: impairment loss of ₩337 million) in relation to due from customers, and amortization and others of ₩178,650 million (2022: ₩95,792 million) in relation to costs to fulfill a contract.

11. Other Assets

Details of other assets as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Current:		
Advances	51,557	168,853
Prepaid expenses	365,513	312,961
Prepaid value added tax	854,528	1,170,316
Others ¹	107,582	194,091
Subtotal	1,379,180	1,846,221
Non-current:		
Long-term prepaid expenses	299,273	310,341
Long-term advances	9,632	-
Other investment assets	146	170
Subtotal	309,051	310,511
Total	1,688,231	2,156,732

¹ The amount agreed to be reimbursed by the related party for provisions to be paid by the Group to a third party is included at December 31, 2022.

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12. Property, Plant and Equipment

(a) Details of property, plant and equipment as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	Land	Buildings	Structures	Machinery	Tools	Equipment	Other	Construction -in-progress	Total
At December 31, 2023									
Acquisition cost	3,238,681	11,209,516	554,189	11,824,854	3,894,451	1,481,350	1,291,767	573,725	34,068,533
Accumulated depreciation	(219,405)	(4,044,689)	(242,488)	(7,361,033)	(3,195,917)	(981,926)	(763,788)	-	(16,809,246)
Accumulated impairment losses	-	(83,468)	(10,536)	(270,138)	(42,260)	(6,643)	(5,203)	-	(418,248)
Government grants	(9,349)	(571)	(1,773)	(10,240)	(122)	(355)	-	-	(22,410)
Net book amount	3,009,927	7,080,788	299,392	4,183,443	656,152	492,426	522,776	573,725	16,818,629

<i>(in millions of Korean won)</i>	Land	Buildings	Structures	Machinery	Tools	Equipment	Other	Construction -in-progress	Total
At December 31, 2022									
Acquisition cost	3,161,625	10,519,082	478,342	10,216,792	3,659,566	1,332,545	1,406,017	737,024	31,510,993
Accumulated depreciation	(186,877)	(3,559,631)	(224,732)	(6,479,339)	(3,047,018)	(897,604)	(818,475)	-	(15,213,676)
Accumulated impairment losses	-	(116,948)	(10,530)	(272,886)	(36,291)	(5,292)	(5,934)	-	(447,881)
Government grants	(9,222)	(542)	(7)	(7,650)	(75)	(102)	-	-	(17,598)
Net book amount	2,965,526	6,841,961	243,073	3,456,917	576,182	429,547	581,608	737,024	15,831,838

(b) Changes in property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows:

2023									
<i>(in millions of Korean won)</i>	Land	Buildings	Structures	Machinery	Tools	Equipment	Other	Construction -in-progress	Total
At January 1	2,965,526	6,841,961	243,073	3,456,917	576,182	429,547	581,608	737,024	15,831,838
Acquisitions	84,590	366,601	3,881	108,631	227,071	141,044	164,029	2,563,351	3,659,198
Transfer ¹	301	473,825	71,677	1,860,841	231,928	65,509	63,681	(2,714,980)	52,782
Disposals and others	(1,590)	(11,889)	(312)	(27,116)	(4,589)	(4,559)	(8,856)	(18,310)	(77,221)
Depreciation	(47,178)	(635,005)	(21,037)	(1,225,430)	(364,664)	(145,117)	(265,394)	-	(2,703,825)
Impairment losses ^{2,3}	-	(4,058)	(43)	(27,430)	(13,812)	(1,647)	(15,647)	-	(62,637)
Reclassification to assets held for sale	(3)	(6)	-	(98)	-	-	-	-	(107)
Exchange differences and others ⁴	8,281	49,359	2,153	37,128	4,036	7,649	3,355	6,640	118,601
At December 31	3,009,927	7,080,788	299,392	4,183,443	656,152	492,426	522,776	573,725	16,818,629

2022									
<i>(in millions of Korean won)</i>	Land	Buildings	Structures	Machinery	Tools	Equipment	Other	Construction -in-progress	Total
At January 1	2,875,668	6,525,130	250,886	2,926,111	516,139	370,421	682,343	554,086	14,700,784
Acquisitions	165,730	621,584	6,148	95,189	204,920	168,957	82,248	2,479,528	3,824,304
Acquisition from business combination	-	-	-	110	3	110	119	-	342
Reclassification from assets held for sale	-	1,371	-	-	-	-	-	-	1,371

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Transfer ¹	7,982	384,270	7,122	1,621,628	222,579	28,104	131,270	(2,304,516)	98,439
Disposals and others	(49,376)	(53,798)	(4,199)	(24,602)	(7,595)	(4,847)	(5,635)	-	(150,052)
Decrease due to transfer of business	-	-	-	-	(52)	(5)	-	-	(57)
Depreciation	(44,683)	(581,286)	(19,265)	(1,104,748)	(354,308)	(136,361)	(288,078)	-	(2,528,729)
Impairment losses ^{2,3}	-	(120,160)	(348)	(84,663)	(5,501)	(302)	(20,910)	-	(231,884)
Exchange difference and others	10,205	64,850	2,729	27,892	(3)	3,470	251	7,926	117,320
At December 31	2,965,526	6,841,961	243,073	3,456,917	576,182	429,547	581,608	737,024	15,831,838

¹ The transfer of other property, plant and equipment amounting to ₩52,782 million (2022: ₩101,853 million) was made from inventories to rental assets.

² The Group conducted a periodic impairment test, accordingly, impairment loss of ₩3,334 million (HE: ₩1,091 million, BS: ₩1,542 million, VS: ₩701 million) (2022: ₩9,593 million) for some of business under HE, BS and VS segment, where sales are expected to decline in the future, was recognized as 'other non-operating expenses'. This impairment loss was allocated to machinery, equipment and others of the cash-generating units. The recoverable amount was measured at the higher of fair value less costs of disposal or value in use, and the fair value amount is categorized within 'level 3' of fair value hierarchy (Note 13).

³ For the year ended December 31, 2022, impairment loss on property, plant and equipment from discontinued operations of energy business amounting to ₩84,592 million is included.

⁴ For the year ended December 31, 2023, the effect of restatement of financial statements in hyperinflationary economies amounting to ₩888 million is included.

(c) Line items including depreciation in the consolidated income statements for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Cost of sales	2,055,423	1,912,579
Selling and marketing expenses	282,964	269,144
Administrative expenses	189,149	160,995
Research and development expenses	120,272	101,789
Service costs	36,660	35,631
Other non-operating expenses	19,287	26,540
Subtotal	2,703,755	2,506,678
Discontinued operations	70	22,051
Total	2,703,825	2,528,729

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(d) Changes of right-of-use assets for the years ended December 31, 2023 and 2022, are as follows:

	2023								
(in millions of Korean won)	Land	Buildings	Structures	Machinery	Tools	Equipment	Other	Construction -in-progress	Total
At January 1	287,644	813,093	842	1,096	797	14,536	88,954	90	1,207,052
Acquisitions	84,363	248,231	430	749	42	10,217	137,727	453	482,212
Transfer	-	226	-	-	-	-	-	(226)	-
Disposals and others	(750)	(9,729)	(68)	(851)	(1)	(139)	(6,576)	-	(18,114)
Depreciation	(47,178)	(282,910)	(813)	(531)	(784)	(8,229)	(58,141)	-	(398,586)
Exchange differences	135	16,178	25	3	2	178	2,213	(3)	18,731
At December 31	324,214	785,089	416	466	56	16,563	164,177	314	1,291,295
	2022								
(in millions of Korean won)	Land	Buildings	Structures	Machinery	Tools	Equipment	Other	Construction -in-progress	Total
At January 1	262,766	670,299	1,548	1,865	1,957	12,124	84,766	53	1,035,378
Acquisitions	89,370	429,402	211	-	1	9,338	64,438	-	592,760
Transfer	(3,413)	-	-	-	-	-	-	-	(3,413)
Disposals and others	(17,197)	(31,597)	-	(119)	-	(133)	(4,565)	-	(53,611)
Depreciation	(44,683)	(260,100)	(932)	(662)	(1,162)	(6,809)	(56,945)	-	(371,293)
Exchange differences	801	5,089	15	12	1	16	1,260	37	7,231
At December 31	287,644	813,093	842	1,096	797	14,536	88,954	90	1,207,052

(e) The amount recognized as lease income in relation to sublease of the above right-of-use assets for the year ended December 31, 2023, was ₩5,863 million (2022: ₩7,741 million). Capitalized borrowing costs and capitalization rates for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Capitalized borrowing costs	18,360	4,723
Capitalization rate (%)	4.50	4.92

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(f) Details of property, plant and equipment provided as collateral as at December 31, 2023 and 2022, are as follows:

i) Details of collateral provided for the Group

December 31, 2023					
<i>(in millions of Korean won)</i>	Carrying amount	Secured amount	Related line item	Related amount	Secured party
Land and buildings	120,253	80,481	Borrowings and others	53,212	KT Corporation and others

December 31, 2022					
<i>(in millions of Korean won)</i>	Carrying amount	Secured amount	Related line item	Related amount	Secured party
Land and buildings	172,889	199,236	Borrowings and others	76,595	Korea Development Bank and others

ii) Details of collateral provided for external parties

At the end of the reporting period, buildings were pledged as a collateral to guarantee the land lessor's obligation to Shinhan Bank and others, the mortgagee, within the secured amount of up to ₩14,400 million (2022: ₩14,400 million). The carrying amount of the pledged asset was ₩4,649 million as at December 31, 2023 (2022: ₩5,165 million).

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13. Intangible Assets

(a) Details of intangible assets as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	Goodwill	Industrial property rights	Development costs ¹	Membership rights	Other	Construction- in-progress ¹	Total
At December 31, 2023							
Acquisition cost	934,772	972,174	3,633,146	35,128	1,472,412	1,012,106	8,059,738
Accumulated amortization and impairment losses	(653,238)	(517,922)	(2,933,668)	(634)	(1,045,730)	(40,859)	(5,192,051)
Net book amount	281,534	454,252	699,478	34,494	426,682	971,247	2,867,687
At December 31, 2022							
Acquisition cost	926,903	956,879	3,314,999	35,320	1,466,537	762,912	7,463,550
Accumulated amortization and impairment losses	(637,985)	(498,321)	(2,790,879)	(762)	(1,040,283)	(40,490)	(5,008,720)
Net book amount	288,918	458,558	524,120	34,558	426,254	722,422	2,454,830

¹ As at December 31, 2023, internally generated development costs are included in development costs and construction-in-progress amounting to ₩402,572 million and ₩630,708 million (2022: ₩356,786 million and ₩390,979 million), respectively.

(b) Changes in intangible assets for the years ended December 31, 2023 and 2022, are as follows:

2023

<i>(in millions of Korean won)</i>	Goodwill	Industrial property rights	Development costs	Membership rights	Other	Construction- in-progress	Total
At January 1	288,918	458,558	524,120	34,558	426,254	722,422	2,454,830
Acquisitions	-	120	140,417	68	162,919	263,416	566,940
Acquisitions by internal development	-	-	-	-	-	467,652	467,652
Transfer	-	109,053	279,748	-	64,627	(453,539)	(111)
Disposals and others	-	(30,822)	(167)	(137)	(7,859)	(31,449)	(70,434)
Amortization	-	(82,359)	(217,804)	-	(214,407)	-	(514,570)
Impairment losses ^{2,3}	(15,253)	(1,148)	(27,534)	-	(5,075)	(239)	(49,249)
Exchange differences	7,869	850	698	5	223	2,984	12,629
At December 31	281,534	454,252	699,478	34,494	426,682	971,247	2,867,687

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2022

<i>(in millions of Korean won)</i>	Goodwill	Industrial property rights	Development costs	Membership rights	Other	Construction-in-progress	Total
At January 1	248,596	453,161	545,604	52,806	424,669	718,413	2,443,249
Acquisitions	-	2,330	27,068	2,962	134,021	311,438	477,819
Acquisitions by internal development	-	-	-	-	-	209,127	209,127
Acquisitions due to business combination ¹	23,098	4	-	-	9,129	-	32,231
Transfer	-	111,076	179,157	-	31,376	(479,361)	(157,752)
Disposals and others	-	(27,440)	(5,531)	(21,188)	(3,954)	(25,236)	(83,349)
Decrease due to transfer of business	-	-	(7,810)	-	(34)	(4,363)	(12,207)
Amortization	-	(80,023)	(226,644)	(18)	(173,071)	-	(479,756)
Impairment losses ^{2,3,4}	-	(616)	12,058	-	(2,069)	(7,930)	1,443
Exchange differences	17,224	66	218	(4)	6,187	334	24,025
At December 31	288,918	458,558	524,120	34,558	426,254	722,422	2,454,830

¹ The Group recognized goodwill and other identifiable intangible assets arising from business combination with HIEVCHARGER CO., LTD. for the year ended December 31, 2022 (Note 41).

² The Group conducted a periodic impairment test, accordingly, impairment loss of ₩21,918 million (HE: ₩6,475 million, BS: ₩241 million, VS: ₩15,262 million) (2022: ₩1,340 million) for some of business under HE, BS and VS segment, where sales are expected to decline in the future, was recognized as 'other non-operating expenses'. This impairment loss was allocated to industrial property rights and others. The recoverable amount was measured at the higher of fair value less costs of disposal or value in use, and the fair value amount is categorized within 'level 3' of fair value hierarchy.

³ As a result of an impairment test for all projects related to internally generated development costs and others, certain projects determined to have less business value, amounting to ₩9,665 million of impairment loss (2022: a reversal of impairment loss of ₩25,112 million), was recognized as 'other non-operating expenses'.

⁴ For the year ended December 31, 2022, impairment loss on intangible assets from discontinued operations of energy business amounting to ₩309 million is included.

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- (c) Line items including amortization of intangible assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Cost of sales	360,545	342,067
Selling and marketing expenses	20,480	17,733
Administrative expenses	60,601	50,176
Research and development expenses	68,224	64,827
Service costs	4,620	3,612
Other non-operating expenses	53	27
Subtotal	514,523	478,442
Discontinued operations	47	1,314
Total	514,570	479,756

- (d) Capitalized borrowing costs and capitalization rates for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Capitalized borrowing costs	907	2,880
Capitalization rate (%)	3.51	3.05

- (e) There are no intangible assets pledged as a collateral for borrowings at the end of the reporting period.

- (f) Impairment tests for goodwill

- i) Goodwill is allocated among the Group's cash generating units (CGUs) under each operating segment. At the end of the reporting period, an operating segment-level summary of goodwill allocation is presented below:

<i>(in millions of Korean won)</i>	H&A	HE	VS	BS	Others	Total
Goodwill	2,632	137,290	117,638	23,757	217	281,534

- ii) The recoverable amount of CGUs has been determined based on value-in-use or fair value less costs of disposal. These calculations use pre-tax cash flow projections based on the financial budget approved by management. When approving this financial budget, management reviewed the estimation method, assumptions, and estimation period in consideration of the uniqueness of the industry and business. Cash flows beyond the financial budget are extrapolated using the estimated growth rate which does not exceed the long-term average growth rate for the industry in which the identified CGUs operate.

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- iii) Management determined the estimated pre-tax cash flow based on past performance and its expectations of market development. Value-in-use is measured by applying the discount rates according to the cash flows reflecting specific risks relating to the relevant CGUs by operating segments. Key assumptions used for calculating the value-in-use of major divisions are as follows:

	H&A	HE	VS ¹	BS ²
Discount rates	10.70%	13.60%	12.62%	19.33%
Nominal permanent growth rates	1%	1%	2%	1%

¹These include the discount rate and nominal perpetual growth rate of ZKW Holding GmbH and its subsidiaries of the VS business unit, which are managed as independent cash-generating units. The discount rate of Cybellum Technologies Ltd. and its subsidiaries is 17.49% and nominal perpetual growth rate is 2%.

² These are the discount rate and nominal perpetual growth rate of the electric vehicle charging division of the BS division, which is managed as an independent cash-generating unit.

- iv) The sensitivity analysis of the impairment test in case of changes in the key assumptions is as follows:

(in millions of Korean won)

	Cybellum Technologies Ltd. and its subsidiaries	
	1%p increase	1%p decrease
Discount rates	16,533	(19,453)
Nominal permanent growth rates	(10,422)	8,951

The above sensitivity analysis indicates the amount of impairment loss that would be impacted.

(g) Research and development expenses

Research and development expenses for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023	2022
Continuing operations		
Uncapitalized research and development expenditures	3,870,150	3,804,679
Amortization from internally generated development costs	197,869	238,640
Subtotal	4,068,019	4,043,319
Discontinued operations	-	8,267
Total	4,068,019	4,051,586

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14. Investments in Associates and Joint Ventures

(a) Investments in associates and joint ventures

- i) Carrying amounts of investments in associates and joint ventures, as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Associates	2,946,619	3,909,200
Joint ventures	57,845	54,350
Total	3,004,464	3,963,550

- ii) Investments in associates as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023				December 31, 2022			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Display Co., Ltd.	679,218	2,741,257	(91,846)	2,649,411	679,218	3,744,719	(98,205)	3,646,514
Ericsson-LG Co., Ltd.	12,649	67,327	-	67,327	12,649	65,982	-	65,982
Hitachi-LG Data Storage Inc.(HLDS)	101,961	65,570	(900)	64,670	101,961	57,094	(1,655)	55,439
CCP-LGE OWNER, LLC ¹	11,652	9,476	-	9,476	11,652	9,977	-	9,977
ROBOTIS Co., Ltd. ¹	9,000	8,604	-	8,604	9,000	8,668	-	8,668
Acryl Inc. ¹	2,000	873	-	873	2,000	751	-	751
Robostar Co., Ltd.	88,112	79,136	(2,148)	76,988	88,112	79,202	(2,312)	76,890
AiM Future, Inc.	800	1,106	-	1,106	800	959	-	959
Mirae Asset-LG Electronics New Growth Fund I	28,023	27,207	-	27,207	28,023	26,880	-	26,880
Rinse, Inc. ¹	18,184	14,950	-	14,950	18,184	17,140	-	17,140
SideChef Group Limited	7,702	-	-	7,702	-	-	-	-
THE WAVE TALK, INC.	2,000	-	-	2,000	-	-	-	-
GOQUAL INC.	5,000	-	-	5,000	-	-	-	-
NOVA Prime Fund I, LP	11,305	11,305	-	11,305	-	-	-	-
Total	977,606	3,026,811	(94,894)	2,946,619	951,599	4,011,372	(102,172)	3,909,200

¹ The financial statements as at November 30, 2023 were used due to a different closing date.

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iii) Investments in joint ventures as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	December 31, 2023				December 31, 2022			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	14,718	26,989	(162)	26,827	14,718	18,368	(264)	18,104
EIC PROPERTIES PTE LTD.	9,636	19,313	-	19,313	9,636	18,518	-	18,518
LG-MRI LLC	516	1,222	-	1,222	516	1,289	-	1,289
Neolite ZKW Lightings PVT Ltd.	-	-	-	-	-	-	-	-
LG-LHT Aircraft Solutions GmbH	46,790	5,080	-	5,080	34,342	7,117	-	7,117
LG-LHT Passenger Solutions GmbH	46,656	2,895	-	2,895	32,817	4,468	-	4,468
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	1,855	2,207	-	2,207	1,535	1,797	-	1,797
Alluto LLC	2,095	301	-	301	2,095	401	-	401
FITNESSCANDY Co., Ltd.	5,610	-	-	-	4,233	2,656	-	2,656
Total	127,876	58,007	(162)	57,845	99,892	54,614	(264)	54,350

(b) Associates and joint ventures

i) Associates as at December 31, 2023, are as follows:

Name of associate	Location	Closing month	Percentage of ownership (%)	Nature of relationships with the Group
LG Display Co., Ltd.	Korea	December	37.9	Production and supply of display products
Ericsson-LG Co., Ltd.	Korea	December	25.0	Supply of communication devices and network solution products
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0	Production and supply of data storages
CCP-LGE OWNER, LLC ¹	USA	December	71.0	Solar power plant
ROBOTIS Co., Ltd. ²	Korea	December	7.5	Production and sales of personal robot
Acryl Inc. ²	Korea	December	13.6	Development and sales of software
Robostar Co., Ltd.	Korea	December	33.4	Production and sales of industrial robot
AiM Future, Inc. ²	Korea	December	11.7	A.I. solution
Mirae Asset-LG Electronics New Growth Fund I	Korea	December	50.0	Investment in technology start ups
Rinse, Inc.	USA	December	23.3	Laundry service
SideChef Group Limited ²	Hong Kong	December	17.0	Provision of smart kitchen contents service
THE WAVE TALK, INC. ²	Korea	December	3.7	Provision of joint development of microbial sensors
GOQUAL INC. ²	Korea	December	7.2	Supply of communication devices and network solution products
NOVA Prime Fund I, LP ¹	USA	December	87.1	Investment in new technology business

¹ Classified as an associate although the percentage of ownership is more than 50% because the Group does not have the right to control by an agreement with other shareholders.

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² Classified as an associate although the percentage of ownership is less than 20% because the Group can exercise a significant influence in the Board of Directors of the investee.

ii) Joint ventures as at December 31, 2023, are as follows:

All joint arrangements, over which the Group has joint control, are structured through separate companies and are categorized as joint ventures as the parties with joint control are assumed to have rights to the net assets of the arrangement.

Name of joint venture	Location	Closing month	Percentage of ownership (%)	Nature of relationships with the Group
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Türkiye	December	50.0	Production and supply of air conditioning products
EIC PROPERTIES PTE LTD.	Singapore	December	38.2	Real estate
LG-MRI LLC	USA	December	50.0	Production and supply of digital display products
Neolite ZKW Lightings PVT Ltd.	India	March	26.0	Production and sales of vehicle components
LG-LHT Aircraft Solutions GmbH	Germany	December	49.0	Production and sales of aircraft components
LG-LHT Passenger Solutions GmbH	Germany	December	49.0	Production and sales of aircraft components
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	China	December	35.0	Sales of electronic products
Alluto LLC ¹	USA	December	51.0	Automotive software license
FITNESSCANDY Co., Ltd. ¹	Korea	December	51.0	Production and sales of media contents

¹ Classified as a joint venture although the percentage of ownership is more than 50% because the Group has joint control by a joint venture agreement.

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(c) Changes in investments in associates and joint ventures

i) Changes in the carrying amounts of investments in associates for the years ended December 31, 2023 and 2022, are as follows:

	2023								
	At Jan. 1	Acquisition / Transfer	Share of profit (loss)	Other comprehensive income (excluding remeasurement)	Remeasurement component	Withdrawal of investments by dividend / capital reduction / liquidation and others	Changes in share of associates	Exchange differences	At Dec. 31
LG Display Co., Ltd.	3,646,514	-	(1,029,827)	13,777	18,947	-	-	-	2,649,411
Ericsson-LG Co., Ltd.	65,982	-	12,804	(8)	(200)	(11,251)	-	-	67,327
Hitachi-LG Data Storage Inc.(HLDS)	55,439	-	8,560	671	-	-	-	-	64,670
CCP-LGE OWNER, LLC	9,977	-	(685)	-	-	(1)	-	185	9,476
ROBOTIS Co.,Ltd.	8,668	-	(369)	(245)	-	-	550	-	8,604
Acryl Inc.	751	-	122	-	-	-	-	-	873
Robostar Co.,Ltd.	76,890	-	614	3	(519)	-	-	-	76,988
AiM Future, Inc.	959	-	(264)	-	-	-	411	-	1,106
Mirae Asset-LG Electronics New Growth Fund I	26,880	-	327	-	-	-	-	-	27,207
Rinse, Inc.	17,140	-	(2,400)	210	-	-	-	-	14,950
SideChef Group Limited	-	7,702	-	-	-	-	-	-	7,702
THE WAVE TALK, INC.	-	2,000	-	-	-	-	-	-	2,000
GOQUAL INC.	-	5,000	-	-	-	-	-	-	5,000
NOVA Prime Fund I, LP	-	11,305	-	-	-	-	-	-	11,305
Total	3,909,200	26,007	(1,011,118)	14,408	18,228	(11,252)	961	185	2,946,619

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(in millions of Korean won)

2022

	At Jan. 1	Acquisition /Transfer	Share of profit (loss)	Other comprehensive income (excluding remeasurement)	Remeasurement component	Withdrawal of investments by dividend / capital reduction / liquidation and others	Changes in share of associates	Exchange differences	At Dec. 31
LG Display Co., Ltd.	4,872,471	-	(1,162,392)	(21,800)	46,391	(88,156)	-	-	3,646,514
Ericsson-LG Co., Ltd.	60,008	-	12,567	316	1,341	(8,250)	-	-	65,982
Hitachi-LG Data Storage Inc.(HLDS)	52,707	-	1,787	945	-	-	-	-	55,439
CCP-LGE OWNER, LLC	9,720	-	(269)	-	-	(121)	(31)	678	9,977
ROBOTIS Co.,Ltd.	8,639	-	(561)	138	-	-	452	-	8,668
Acryl Inc.	1,128	-	(377)	-	-	-	-	-	751
Robostar Co.,Ltd.	77,033	-	(465)	(3)	325	-	-	-	76,890
AiM Future, Inc.	993	-	(34)	-	-	-	-	-	959
Mirae Asset-LG Electronics New Growth Fund I	9,489	20,000	1,731	-	-	(4,340)	-	-	26,880
Rinse, Inc.	7,020	11,153	(1,073)	(50)	-	-	90	-	17,140
Total	5,099,208	31,153	(1,149,086)	(20,454)	48,057	(100,867)	511	678	3,909,200

ii) Changes in the carrying amounts of investments in joint ventures for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

2023

	At Jan. 1	Acquisition	Share of profit (loss)	Other comprehensive income (excluding remeasurement)	Remeasurement component	Withdrawal of investments by dividend / capital reduction / liquidation and others	Impairment	Exchange differences	At Dec. 31
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	18,104	-	(736)	9,459	-	-	-	-	26,827
EIC PROPERTIES PTE LTD.	18,518	-	132	663	-	-	-	-	19,313
LG-MRI LLC	1,289	-	237	-	-	(317)	-	13	1,222
Neolite ZKW Lightings PVT Ltd.	-	-	-	-	-	-	-	-	-
LG-LHT Aircraft Solutions GmbH	7,117	12,448	(14,805)	320	-	-	-	-	5,080
LG-LHT Passenger Solutions GmbH	4,468	13,839	(15,575)	163	-	-	-	-	2,895
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	1,797	321	105	(16)	-	-	-	-	2,207
Alluto LLC	401	-	(108)	-	-	-	-	8	301
FITNESSCANDY Co., Ltd.	2,656	1,377	(2,860)	7	-	-	(1,180)	-	-
Total	54,350	27,985	(33,610)	10,596	-	(317)	(1,180)	21	57,845

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(in millions of Korean won)

	2022								
	At Jan. 1	Acquisition	Share of profit (loss)	Other comprehensive income (excluding remeasurement)	Remeasurement component	Withdrawal of investments by dividend / capital reduction / liquidation and others	Impairment	Exchange differences	At Dec. 31
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	21,843	-	2,163	(5,902)	-	-	-	-	18,104
EIC PROPERTIES PTE LTD.	16,871	-	381	1,266	-	-	-	-	18,518
LG-MRI LLC	1,444	-	320	-	-	(540)	-	65	1,289
Neolite ZKW Lightings PVT Ltd.	-	-	-	-	-	-	-	-	-
LG-LHT Aircraft Solutions GmbH	4,442	11,359	(8,777)	93	-	-	-	-	7,117
LG-LHT Passenger Solutions GmbH	3,475	12,290	(11,370)	73	-	-	-	-	4,468
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	1,436	341	84	(64)	-	-	-	-	1,797
Alluto LLC	525	-	(164)	-	-	-	-	40	401
FITNESSCANDY Co., Ltd.	-	4,233	(1,577)	-	-	-	-	-	2,656
Total	50,036	28,223	(18,940)	(4,534)	-	(540)	-	105	54,350

- (d) Summarized financial information of the associates that are material to the reporting entity as at December 31, 2023 and 2022, and for the years ended December 31, 2023 and 2022, is as follows:

- LG Display Co., Ltd. and its subsidiaries

(in millions of Korean won)	December 31, 2023	December 31, 2022
Current assets	9,503,186	9,444,035
Non-current assets	26,256,112	26,241,984
Total assets	35,759,298	35,686,019
Current liabilities	13,885,028	13,961,520
Non-current liabilities	13,103,726	10,405,272
Total liabilities	26,988,754	24,366,792
Equity attributable to owners of LG Display Co., Ltd.	7,232,182	9,879,589
Non-controlling interests	1,538,362	1,439,638
Total equity	8,770,544	11,319,227

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<i>(in millions of Korean won)</i>	2023	2022
Net sales	21,330,819	26,151,781
Profit (Loss) for the year	(2,576,729)	(3,195,585)
Equity attributable to owners of LG Display Co., Ltd.		
Profit (Loss) for the year	(2,733,742)	(3,071,565)
Other comprehensive income (Loss) , net of tax	86,335	64,879
Total comprehensive income (Loss) , net of tax	(2,647,407)	(3,006,686)

Dividends received from LG Display Co., Ltd. for the year ended December 31, 2023 are nil (2022: ₩88,156 million).

- (e) Reconciliations of the summarized financial information of associates that are material to the reporting entity to the carrying amount of the Group's interest for the years ended December 31, 2023 and 2022, are as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2023	2022
Opening equity attributable to owners of LG Display Co., Ltd.	9,879,589	13,118,855
Profit (Loss) for the year	(2,733,742)	(3,071,565)
Other comprehensive income, net of tax	86,335	64,879
Dividends	-	(232,580)
Closing equity attributable to owners of LG Display Co., Ltd.	7,232,182	9,879,589
Group ownership (%)	37.9%	37.9%
The Group's share at the end of the reporting period	2,741,257	3,744,719
Unrealized gain	(91,846)	(98,205)
Carrying amount at the end of the reporting period	2,649,411	3,646,514

- (f) The Group's share in the operating results of the individually insignificant associates and joint ventures for the years ended December 31, 2023 and 2022, is as follows:

	2023		2022	
<i>(in millions of Korean won)</i>	Associates	Joint ventures	Associates	Joint ventures
Profit (Loss) for the year	17,752	(33,716)	13,997	(18,948)
Other comprehensive income (loss), net of tax	(87)	10,600	2,989	(4,538)
Total comprehensive income (loss), net of tax	17,665	(23,116)	16,986	(23,486)

- (g) There is no accumulated unrecognized change in equity due to discontinued use of the equity method for the years ended December 31, 2023 and 2022.

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(h) Details of marketable investments in associates as at December 31, 2023 and 2022, are as follows:

December 31, 2023					
	Type	Shares held (Unit: shares)	Price per share (Unit: Korean won)	Fair value (in millions of Korean won)	Book amount
LG Display Co., Ltd.	Associate	135,625,000	12,740	1,727,863	2,649,411
Robostar Co.,Ltd	Associate	3,256,500	29,800	97,044	76,988
ROBOTIS Co.,Ltd.	Associate	961,550	30,600	29,423	8,604

December 31, 2022					
	Type	Shares held (Unit: shares)	Price per share (Unit: Korean won)	Fair value (in millions of Korean won)	Book amount
LG Display Co., Ltd.	Associate	135,625,000	12,450	1,688,531	3,646,514
Robostar Co.,Ltd	Associate	3,256,500	18,650	60,734	76,890
ROBOTIS Co.,Ltd.	Associate	961,550	22,500	21,635	8,668

15. Investment Properties

(a) Details of investment properties as at December 31, 2023 and 2022, are as follows:

December 31, 2023			
<i>(in millions of Korean won)</i>	Land	Buildings	Total
At December 31, 2023			
Acquisition cost	1,959	158,249	160,208
Accumulated depreciation	(219)	(9,965)	(10,184)
Accumulated impairment losses	-	(55,563)	(55,563)
Net book amount	1,740	92,721	94,461

December 31, 2022			
<i>(in millions of Korean won)</i>	Land	Buildings	Total
At December 31, 2022			
Acquisition cost	4,239	158,249	162,488
Accumulated depreciation	(118)	(4,930)	(5,048)
Accumulated impairment losses	-	(55,563)	(55,563)
Net book amount	4,121	97,756	101,877

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- (b) Changes in investment properties for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		
	Land	Buildings	Total
At January 1	4,121	97,756	101,877
Disposal and Others	(2,248)	-	(2,248)
Depreciation	(133)	(5,035)	(5,168)
At December 31	1,740	92,721	94,461

<i>(in millions of Korean won)</i>	2022		
	Land	Buildings	Total
At January 1	194	176	370
Transfer	4,045	157,753	161,798
Depreciation	(118)	(4,610)	(4,728)
Impairment losses	-	(55,563)	(55,563)
At December 31	4,121	97,756	101,877

- (c) The fair value of investment property is determined based on the assumptions and data used in the valuation of the independent professional appraiser with certified qualification. The fair value of investment property as at December 31, 2023, is ₩101,858 million (December 31, 2022: ₩101,830 million).
- (d) Rental income amounting to ₩6,312 million (2022: ₩3,288 million) and rental expenses amounting to ₩5,500 million (2022: ₩4,442 million) are recognized in the consolidated income statements relating to the investment properties for the year ended December 31, 2023.
- (e) There are no gains on disposal recognized relating to investment properties for the year ended December 31, 2023 (2022: ₩22 million).

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16. Borrowings

(a) Carrying amounts of borrowings as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Current		
Short-term borrowings	707,605	885,911
Current portion of long-term borrowings	1,247,341	506,782
Current portion of debentures	646,690	894,825
Subtotal	2,601,636	2,287,518
Non-current		
Long-term borrowings	5,536,626	4,584,578
Debentures	5,182,549	4,173,091
Subtotal	10,719,175	8,757,669
Total	13,320,811	11,045,187

(b) Details of borrowings as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at December 31, 2023 (%)	Carrying amount	
			December 31, 2023	December 31, 2022
Short-term borrowings in local currency				
Shinhan Bank and others ¹	-	4.67 ~ 7.38	118,168	100,051
Short-term borrowings in foreign currency				
Citibank and others ¹	-	2.75 ~ 13.69	589,437	785,860
Long-term borrowings in local currency				
Korea Development Bank and others	2035.01.09	2.21 ~ 5.13	4,014,970	2,725,893
Long-term borrowings in foreign currency				
Hana Bank and others	2031.07.28	0.67 ~ 7.55	2,768,997	2,365,467
Local currency debentures				
Public, non-guaranteed bonds	2036.05.04	1.59 ~ 4.84	3,960,000	3,390,000
Private, non-guaranteed bonds	2041.02.09	1.99 ~ 5.15	1,130,000	1,230,000
Foreign currency debentures				
Private, non-guaranteed bonds	2029.05.24	0.58 ~ 7.23	688,442	258,765
Private, guaranteed bonds	2026.10.26	6.68	64,470	198,485
Less: discount on debentures			(13,673)	(9,334)
Total			13,320,811	11,045,187

¹ The above short-term borrowings in foreign currency include the short-term borrowings collateralized by trade receivables amounting to ₩60,269 million (2022: ₩41,026 million) as at December 31, 2023.

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The Group entered into currency forward, cross-currency swap and interest rate swap contracts to hedge cash flow risk related to floating interest rates and foreign exchange rates of certain portion of borrowings (Note 40).

The principal and interests of certain private guaranteed bonds are guaranteed by Shinhan Bank (Note 37).

17. Lease Liabilities

(a) Details of lease liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Lease liabilities		
Current	336,772	303,969
Non-current	856,251	792,266
Total	1,193,023	1,096,235

(b) The amounts, relating to leases, recognized in the consolidated income statements for years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Continuing operations		
Interest expense relating on lease liabilities	44,565	36,128
Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	52,294	56,962
Payments for leases of low-value assets that are not short-term leases (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	28,854	29,392
Expense relating to variable lease payments not included in the measurement of lease liabilities (included in selling and marketing expenses, administrative expenses, and others)	101,073	115,411
Subtotal	226,786	237,893
Discontinued operations	17	2,069
Total	226,803	239,962

Depreciation of right-of-use assets is stated in 'Note 12'.

(c) Total expenses for leases including short-term leases and leases of low-value assets are ₩583,447 million (2022: ₩568,066 million).

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18. Other Payables

Details of other payables as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Current		
Non-trade payables	3,723,808	3,552,339
Accrued expenses	894,091	985,754
Dividends payable	154	189
Leasehold deposits received	5,993	13,272
Subtotal	4,624,046	4,551,554
Non-current		
Non-trade payables	198,851	126,817
Leasehold deposits received	13,797	9,692
Subtotal	212,648	136,509
Total	4,836,694	4,688,063

19. Current and Deferred Income Tax

Income tax expense

(a) Details of income tax expense for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Current income taxes		
Current tax on profits for the year	967,488	992,569
Adjustments in respect of prior years	33,335	(32,233)
Deferred income taxes		
Changes in temporary differences	(7,327)	(82,959)
Changes in tax credit carryforwards	(229,008)	(334,439)
Changes in tax loss carryforwards	(43,945)	(55,387)
Income tax expense (benefit)	720,543	487,551
Continuing operations	720,212	532,307
Discontinued operations	331	(44,756)

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- (b) The reconciliation between profit before income tax and income tax expense for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations	1,869,879	2,539,811
Discontinued operations	1,275	(189,137)
Profit (Loss) before income tax	1,871,154	2,350,674
Tax expense based on applicable tax rate ¹	906,739	852,021
Income not subject to tax	(76,037)	(53,318)
Expenses not deductible for tax purposes	22,437	78,875
Tax credits/exemptions	(204,769)	(174,222)
Adjustments in respect of prior years	33,335	(32,233)
Others	38,838	(183,572)
Income tax expense (benefit)	720,543	487,551
Continuing operations	720,212	532,307
Discontinued operations	331	(44,756)
Effective tax rate	38.5%	20.7%

¹ The applicable tax rate, calculated using the weighted average statutory tax rates applicable to each entity within the Group to the profit before tax of the Group is 48.5% (2022: 36.2%) for the year ended December 31, 2023. The applicable tax rate has decreased compared to the previous year due to changes in the proportions of each entity's profit (loss) before income tax.

Deferred income tax

- (a) Deferred tax assets and deferred tax liabilities after offsetting as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Deferred tax assets:		
Deferred tax asset to be recovered within 12 months	1,081,795	1,077,159
Deferred tax asset to be recovered after more than 12 months	3,476,752	3,137,893
Deferred tax assets before offsetting	4,558,547	4,215,052
Deferred tax liabilities:		
Deferred tax liability to be settled within 12 months	179,965	193,607
Deferred tax liability to be settled after more than 12 months	1,592,050	1,616,155
Deferred tax liabilities before offsetting	1,772,015	1,809,762
Deferred tax assets after offsetting	2,821,557	2,452,091
Deferred tax liabilities after offsetting	35,025	46,801

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(b) Changes in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022, are as follows:

2023						
(in millions of Korean won)	At January 1	Business combination	Charged (credited) to the income statements	Charged (credited) to other comprehensive income	Exchange differences	At December 31
Changes in temporary differences						
Investments in subsidiaries, associates and joint ventures	(146,124)	-	31,835	(19,067)	35	(133,321)
Property, plant and equipment	312,358	-	(101,804)	-	(18,980)	191,574
Accrued expenses	552,188	-	62,940	-	(3,103)	612,025
Provisions	372,436	-	(132,770)	-	(471)	239,195
Others	147,939	-	147,126	90,147	52,434	437,646
Subtotal	1,238,797	-	7,327	71,080	29,915	1,347,119
Tax credit carryforwards	1,018,390	-	229,008	-	106	1,247,504
Tax loss carryforwards	148,103	-	43,945	-	(139)	191,909
Deferred tax assets(liabilities)	2,405,290	-	280,280	71,080	29,882	2,786,532

2022						
(in millions of Korean won)	At January 1	Business combination	Charged (credited) to the income statements	Charged (credited) to other comprehensive income	Exchange differences	At December 31
Changes in temporary differences						
Investments in subsidiaries, associates and joint ventures	(445,134)	-	270,688	28,298	24	(146,124)
Property, plant and equipment	243,037	(1,909)	75,530	-	(4,300)	312,358
Accrued expenses	662,547	-	(107,800)	-	(2,559)	552,188
Provisions	652,713	-	(281,936)	-	1,659	372,436
Others	162,731	-	126,477	(141,774)	505	147,939
Subtotal	1,275,894	(1,909)	82,959	(113,476)	(4,671)	1,238,797
Tax credit carryforwards	683,951	-	334,439	-	-	1,018,390
Tax loss carryforwards	88,813	-	55,387	-	3,903	148,103
Deferred tax assets(liabilities)	2,048,658	(1,909)	472,785	(113,476)	(768)	2,405,290

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- (c) Tax effects directly recognized in other comprehensive income directly for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023			2022		
	Before tax	Tax effects	After tax	Before tax	Tax effects	After tax
Remeasurements of the net defined benefit liability	(328,469)	71,518	(256,951)	439,772	(115,005)	324,767
Cash flow hedges	(77,943)	19,833	(58,110)	135,583	(34,851)	100,732
Financial assets at fair value through other comprehensive income	(1,063)	(1,204)	(2,267)	(32,450)	8,082	(24,368)
Exchange differences on translation of foreign operations	387,665	(19,067)	368,598	293,835	28,298	322,133
Total	(19,810)	71,080	51,270	836,740	(113,476)	723,264

- (d) Details of deductible (taxable) temporary differences, tax credit carryforwards and loss carry forwards unrecognized as deferred tax assets (liabilities) as at December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	Amount	Remark
Taxable temporary difference (investment in subsidiaries)	(8,806,036)	Planned permanent reinvestment of undistributed profit
Deductible temporary difference (investment in subsidiaries)	4,790,063	Unlikely to reverse (disposed of) in the foreseeable future
Tax credit carryforwards ¹	559,841	Uncertainty of future taxable profit
Loss carryforwards ²	56,615	Uncertainty of future taxable profit

¹ Unrecognized tax credit carryforwards as at December 31, 2023 will be expired from 2026.

² Unrecognized loss carryforwards as at December 31, 2023 will be expired from 2024.

20. Post-employment Benefits

Defined Benefit Plan

- (a) The amounts of net defined benefit liabilities (assets) as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Present value of funded obligations	4,558,536	3,787,030
Present value of unfunded obligations	64,553	152,566
Subtotal	4,623,089	3,939,596
Fair value of plan assets	(5,075,633)	(4,624,609)
Net defined benefit liabilities (assets)	(452,544)	(685,013)

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(b) The amounts recognized in the consolidated income statements for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Current service cost	411,241	439,722
Past service cost	(2,053)	21,631
Net interest cost	(36,718)	6,223
Operating management cost	3,486	3,287
Total	375,956	470,863

(c) Line items in which expenses are included for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Cost of sales	175,895	203,325
Selling and marketing expenses	65,525	114,603
Administrative expenses	34,937	34,256
Research and development expenses	66,711	75,695
Service costs	30,293	32,365
Other non-operating expenses	2,588	-
Subtotal	375,949	460,244
Discontinued operations	7	10,619
Total	375,956	470,863

(d) Movements in the present value of defined benefit obligations for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	3,939,596	4,252,726
Current service cost	411,241	439,722
Past service cost	(2,053)	21,631
Interest cost	203,732	120,731
Remeasurements for:		
- Actuarial loss (gain) arising from changes in demographic assumptions	356	16,641
- Actuarial loss (gain) arising from changes in financial assumptions	304,773	(576,157)
- Actuarial loss (gain) arising from experience adjustments	28,600	82,740
Benefits paid	(266,860)	(422,056)
Others ¹	3,704	3,618
At December 31	4,623,089	3,939,596

¹ Others include effects of exchange rate changes.

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- (e) Movements in the fair value of plan assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	4,624,609	4,056,627
Interest income	240,450	114,508
Remeasurements of plan assets	5,260	(37,004)
Employer contributions	476,545	905,911
Benefits paid	(267,813)	(412,061)
Operating management cost	(3,486)	(3,287)
Others ¹	68	(85)
At December 31	5,075,633	4,624,609

¹ Others include effects of exchange rate changes.

- (f) The significant actuarial assumptions used as at December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Weighted average of discount rate of the Group	4.5%	5.3%
Weighted average of expected salary growth rate of the Group	5.9%	5.9%

As at December 31, 2023, the discount rates applied to the Parent Company and subsidiaries are within the range of 0.9% and 10.3% (December 31, 2022: 0.5% and 10.9%), and the expected salary growth rates are within the range of 1.0% and 10.0% (December 31, 2022: 1.0% and 10.0%).

- (g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as at December 31, 2023, is as follows:

<i>(in millions of Korean won)</i>	1%p increase	1%p decrease
Discount rate	(392,472)	452,798
Expected salary growth rate	455,866	(418,572)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations.

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(h) Plan assets consist of:

<i>(in millions of Korean won)</i>	December 31, 2023		December 31, 2022	
	Amount	Composition (%)	Amount	Composition (%)
Securities combined with derivatives (guaranteed)	1,990,492	39.2	1,703,108	36.8
Time deposits and others	3,085,141	60.8	2,921,501	63.2
Total	5,075,633	100.0	4,624,609	100.0

Most of plan assets are invested in the assets with the quoted prices in an active market.

(i) The weighted average duration of the defined benefit obligations is 9.83 years.

The Group evaluates the fund contribution level annually, and if there is a shortfall in the funds, the Group has a policy to finance the funds. Expected contributions to post-employment benefit plans for the year ending December 31, 2024, are ₩403,826 million.

Defined Contribution Plan

The expense recognized in relation to defined contribution plan for the year ended December 31, 2023 was ₩29,269 million (2022: ₩17,388 million).

21. Provisions

(a) Changes in provisions for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023			
	Warranty	Restoration	Litigation and others	Total
At January 1	1,556,634	36,374	175,927	1,768,935
Additions ¹	963,334	18,767	191,810	1,173,911
Utilization	(1,528,187)	(2,993)	(47,562)	(1,578,742)
Exchange differences	9,901	363	2,752	13,016
At December 31	1,001,682	52,511	322,927	1,377,120
Current	906,701	9,619	133,305	1,049,625
Non-current	94,981	42,892	189,622	327,495

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	2022			
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	2,767,091	50,480	165,438	2,983,009
Additions ¹	823,873	(7,958)	60,285	876,200
Utilization	(2,041,401)	(5,896)	(54,498)	(2,101,795)
Exchange differences	7,071	(252)	4,702	11,521
At December 31	1,556,634	36,374	175,927	1,768,935
Current	1,436,859	10,701	33,245	1,480,805
Non-current	119,775	25,673	142,682	288,130

¹ Net amount of additional provisions equals to additional provisions less reversed amounts.

(b) Greenhouse Gas Emission Liabilities

As at December 31, 2023, emission rights received free of charge for each reporting period and greenhouse gas emission estimated by management, are as follows:

<i>(in tons)</i>	2023	2024
Emission rights received free of charge ¹	1,329,451	1,317,000

¹ Emission rights received free of charge are defined as allowed amount of emissions that can be released, allocated by the Korean government for free in accordance with 'Act on the Allocation and Trading of Greenhouse-Gas Emission Permits' of the Republic of Korea.

In 2023, there was no emission right that the Group additionally purchased from the market and there was no recognized emission liability as greenhouse gas emission estimated by management was 687,589 tons.

22. Other Liabilities

Other liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Current		
Advances from customers	444,027	606,999
Withholding	522,376	499,264
Accrued expenses and others	3,020,970	2,685,232
Subtotal	3,987,373	3,791,495
Non-current		
Accrued expenses and others	209,754	166,360
Total	4,197,127	3,957,855

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23. Paid-in Capital

(a) As at December 31, 2023 and 2022, the number of shares authorized is 600 million.

	Par value per share	December 31, 2023		December 31, 2022	
		Number of shares issued	Amount (in millions of Korean won)	Number of shares issued	Amount (in millions of Korean won)
Ordinary shares	5,000	163,647,814	818,239	163,647,814	818,239
Preferred shares	5,000	17,185,992	85,930	17,185,992	85,930
Total		180,833,806	904,169	180,833,806	904,169

The preferred shareholders have no voting rights and are entitled to preferred dividends at a rate of one percentage point over that of ordinary shares. This preferred dividend rate is not applicable to stock dividends. In addition, the preferred shareholders have same rights on the remaining assets as ordinary shareholders. Repayment and conversion are not applicable to preferred shares.

(b) Share premium balance as at December 31, 2023, is ₩3,088,179 million. The share premium of ₩1,876,153 million was recognized, which is ₩2,815,707 million of the carrying amount of net assets acquired from the entity split-off back on April 1, 2002, less the Parent Company's capital of ₩783,961 million and less the Parent Company's capital adjustment of ₩155,593 million. In addition, the amount of ₩331,766 million paid in excess of par value due to issuance of ordinary shares (merger with LG IBMPC Co., Ltd.) and the exercise of conversion right and warrants in 2005 and 2006 are included. The excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as the share premium due to the issuance of ordinary shares in 2011.

24. Retained Earnings and Dividends

(a) Retained earnings as at December 31, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Legal reserves ¹	259,300	246,609
Discretionary reserves	5,504,433	4,539,499
Unappropriated retained earnings	10,437,706	11,047,913
Total	16,201,439	15,834,021

¹ The Commercial Code of the Republic of Korea requires the Parent Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for the payment of cash dividends, but may be transferred to share capital or used to reduce accumulated deficit.

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(b) Dividends of the Parent Company

Details of dividends per share and a total dividend in respect of the year ended December 31, 2023, which is to be proposed at the annual general meeting on March 26, 2024, are as follows. These consolidated financial statements do not reflect this dividend payable.

(Unit: shares)	2023		2022	
	Ordinary shares	Preferred shares	Ordinary shares	Preferred shares
Outstanding shares	163,647,814	17,185,992	163,647,814	17,185,992
Treasury shares	(763,176)	(4,693)	(763,176)	(4,693)
Numbers of shares for dividend	162,884,638	17,181,299	162,884,638	17,181,299
Par value (in Korean won)	5,000	5,000	5,000	5,000
Dividend rate	16%	17%	14%	15%
Dividends per share (in Korean won)	800	850	700	750
Total dividend amount (in millions of Korean won)	130,308	14,604	114,019	12,886
Dividend payout ratio ¹ (Dividends/Net profit)	13%	1%	13%	2%
cprice ² (in Korean won)	99,600	46,013	89,140	42,880
Dividend yield ratio (Dividend per share/Market price)	0.80%	1.85%	0.79%	1.75%

¹ Dividend payout ratio is calculated based on the net profit of the Parent Company.

² Average of prices in the stock market for one week preceding the two business days before the record date of the shareholders' list for the general meeting of shareholders related to above dividends.

25. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) as at December 31, 2023 and 2022, consist of:

(in millions of Korean won)	December 31, 2023	December 31, 2022
Accumulated share of other comprehensive income (loss) of associates and joint ventures	88,029	63,025
Cash flow hedge	6,880	61,390
Financial assets at fair value through other comprehensive income	(19,702)	(17,096)
Exchange differences on translation of foreign operations ¹	(496,025)	(857,691)
Subtotal	(420,818)	(750,372)
Accumulated other comprehensive income (loss) held for sale	(136)	838
Subtotal	(136)	838
Total	(420,954)	(749,534)

¹ During 2023, the effect of financial statement restatement under the hyperinflationary economy amounting to ₩4,602 million is included.

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26. Other Components of Equity

Other components of equity as at December 31, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Treasury shares ¹	(44,893)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
Capital transactions within the Group and others ²	(75,260)	(51,908)
Total	(108,079)	(84,727)

¹ The Parent Company has treasury shares consisting of 763,176 ordinary shares (December 31, 2022: 763,176 shares) and 4,693 preferred shares (December 31, 2022: 4,693 shares) at the end of the reporting period. The Parent Company intends to either grant these treasury shares to employees and directors as compensation or to sell them in the future.

² Included gain (loss) from transactions with non-controlling interests and other reserves of subsidiaries net of deferred taxes.

27. Share-based Payments

(a) On December 31, 2020, the Group acquired Alphonso Inc., which had granted share options to directors and selected employees. Details are as follows:

- Type of shares issued through share option: registered share capital
- Grant method: issuance of shares
- Vesting condition and exercisable period:
 - The options are exercisable if the directors and employees have been completed service in Alphonso Inc. and its subsidiary for five years after the grant date. Five years after the grant date, 100% of originally issued number of shares are exercisable. (But for retiree with service period over one year and less than five years, only the number of vested shares is exercisable.)

On December 31, 2021, the Group acquired Cybellum Technologies Ltd., which had granted share options to directors and selected employees. Details are as follows:

- Type of shares issued through share option: registered share capital
- Grant method: issuance of shares
- Vesting condition and exercisable period:
 - The options are exercisable if the directors and employees have been completed service in Cybellum Technologies Ltd. and its subsidiary for one year after the grant date. Four years after the grant date, 100% of originally issued number of shares are exercisable. (But for retiree with service period over one year and less than four years, only the number of vested shares is exercisable.)

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(b) The number of share options granted to employees by Alphonso Inc. as at December 31, 2023 is as follows :

Expected expiry date	Number of granted shares (Unit : shares)¹	Number of vested shares (Unit : shares)	Exercise price per share (in USD)
2027	46,852	46,852	0.40
2028	10,825	10,825	0.67
2029	75,488	69,905	0.52
2030	18,391	10,467	0.51
2031	598,149	301,558	1.82
2032	273,299	65,805	5.48
2033	49,200	7,225	21.40
Total	1,072,204	512,637	

¹During 2023, share options of 278,700 shares were newly granted, and the type of shares to be issued, grant method and vesting condition and exercisable period are the same as the previously granted share options. The Group measured the cost of the share options using the Black-scholes model.

During 2023, the Group recognized the share-based payments of ₩1,324 million (2022: ₩1,740 million).

The number of share options granted to employees by Cybellum Technologies Ltd. as at December 31, 2023 is as follows :

Expected expiry date	Number of granted shares (Unit : shares)²	Number of vested shares (Unit : shares)	Exercise price per share (in USD)
2026	1,101	1,101	30.75
2027	484	484	30.75
2028	357	357	30.75
2029	246	246	30.75
2030	7,015	6,712	14.56
2031	1,691	1,488	12.48
2032	13,814	6,922	106.77
2033	5,583	1,704	576.09
Total	30,291	19,014	

² During 2023, share options of 6,217 shares were newly granted, and the type of shares to be issued, grant method and vesting condition and exercisable period are the same as the previously granted share options. The Group measured the cost of the share options using the Black-scholes model.

During 2023, the Group recognized the share-based payments of ₩5,461 million (2022: ₩6,395 million).

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(c) Changes in unexercised share options

Changes in the number of Alphonso Inc.'s unexercised share options outstanding and their related weighted average exercise prices for the years ended December 31, 2023, 2022 are as follows:

	2023		2022	
	Number of shares (Unit : shares)	Exercise price (in USD)	Number of shares (Unit : shares)	Exercise price (in USD)
Beginning unexercised balance	1,144,869	1.81	1,764,659	1.48
Expired	(206,560)	1.91	(399,112)	1.79
Exercised	(144,805)	1.93	(373,428)	1.17
Increase (newly granted)	278,700	8.29	152,750	4.08
Ending unexercised balance	1,072,204	3.46	1,144,869	1.81
Exercisable at the end of the reporting period	512,637	2.21	390,462	1.42

The weighted average remaining contractual maturity of share options outstanding is 7.7 years and 8.2 years as at December 31, 2023 and 2022, respectively.

Changes in the number of Cybellum Technologies Ltd.'s unexercised share options outstanding and their related weighted average exercise prices for the year ended December 31, 2023, are as follows:

	2023		2022	
	Number of shares (Unit : shares)	Exercise price (in USD)	Number of shares (Unit : shares)	Exercise price (in USD)
Beginning unexercised balance	25,465	70.24	14,895	16.82
Expired	(1,199)	396.44	(3,677)	107.08
Exercised	(192)	67.62	(1,216)	15.00
Increase (newly granted)	6,217	576.09	15,463	126.11
Ending unexercised balance	30,291	161.16	25,465	70.24
Exercisable at the end of the reporting period	19,014	100.65	10,956	26.09

The weighted average remaining contractual maturity of share options outstanding is 7.7 years and 8.4 years as at December 31, 2023 and 2022, respectively.

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28. Net Sales

(a) Details of net sales for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Revenue from contracts with customers:		
Sales of goods	80,871,410	79,876,537
Rendering of services and others	2,353,839	2,820,733
Subtotal	83,225,249	82,697,270
Revenue from other sources:		
Rental income and others	1,002,516	770,048
Subtotal	84,227,765	83,467,318
Discontinued operations	801	378,597
Total	84,228,566	83,845,915

(b) Details of revenue from contracts with customers for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
By type of products:		
Refrigerator/ washing machine/ air conditioner and others	29,161,943	29,139,750
TV/AV and others	14,210,034	15,710,118
In-vehicle infotainment and others	10,145,060	8,646,019
Monitor/PC and others	5,405,212	6,086,709
Camera module and others	20,597,447	19,591,338
Others ¹	3,705,553	3,523,336
By major geographical market ² :		
Korea	33,312,733	32,542,794
North America	20,337,424	19,736,196
Asia	7,464,047	7,836,156
Europe	12,123,832	11,992,639
South America	3,112,176	3,208,494
Middle East & Africa	3,286,382	3,356,250
China	2,541,072	2,638,833
Russia and others	1,047,583	1,385,908
Timing of transfer:		
Transferred at a point in time	79,254,602	79,503,867
Transferred over time	3,970,647	3,193,403
Total	83,225,249	82,697,270

¹ Others include equipment production, inter-segment transactions and others.

² Sales by major geographical market are the sales by region in which the Group is located.

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(c) Changes in the estimates of total revenue and total contract costs

Due to the factors causing the changes in costs of VS and other segments in 2023, the estimated total contract revenue and costs for contracts in progress have changed. Details of changes in estimated total contract revenue and costs, and the impact on profit or loss for the year ended December 31, 2023 and the succeeding periods are as follows:

<i>(in millions of Korean won)</i>	Changes in estimated total contract revenue	Changes in estimated total contract cost	Impact on profit or loss for the year	Impact on profit or loss for the succeeding years
VS	23,269	9,283	11,745	2,241
Other segments	46,051	72,805	(25,721)	(1,033)
Total	69,320	82,088	(13,976)	1,208

29. Expenses by Nature

Expenses that are recorded by nature for the years ended December 31, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Changes in finished goods and work-in-process	144,979	98,096
Raw materials and merchandise used	52,182,073	51,562,596
Employee benefit expense	10,071,911	9,612,519
Depreciation and amortization	3,204,106	2,963,281
Advertising expense	1,463,185	1,419,979
Promotion expense	524,442	448,616
Freight expense	2,665,987	3,947,373
Commission expense	5,077,914	4,560,401
Other expenses	5,344,094	5,303,485
Subtotal¹	80,678,691	79,916,346
Discontinued operations	(663)	538,284
Total¹	80,678,028	80,454,630

¹ Cost of sales, selling and marketing expenses, administrative expenses, research and development expenses and service costs are included.

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30. General Operating Expenses (Selling and Marketing Expenses, Administrative Expenses, Research and Development Expenses, and Service Costs)

Details of general operating expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Salaries	4,016,341	3,697,673
Post-employment benefits	267,197	407,444
Employee welfare benefits	953,425	874,462
Freight expense	2,644,038	3,917,247
Rental expense	80,777	83,804
Commission expense	3,653,634	3,286,617
Depreciation	634,213	572,287
Amortization	153,925	136,348
Advertising expense	1,463,185	1,419,979
Promotional expense	524,442	448,616
R&D expense	346,004	377,111
Direct service costs	651,415	703,050
(Reversal of) bad debts expense	14,262	7,447
Others	850,723	753,173
Subtotal	16,253,581	16,685,258
Discontinued operations	714	163,329
Total	16,254,295	16,848,587

31. Financial Income

Financial income for the years ended December 31, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Interest income	440,247	208,024
Exchange differences	826,890	803,830
Gain on derivatives	18,124	26,330
Subtotal	1,285,261	1,038,184
Discontinued operations	-	2,529
Total	1,285,261	1,040,713

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32. Financial Expenses

Financial expenses for the years ended December 31, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Interest expense	572,066	363,587
Exchange differences	765,153	807,471
Loss on derivatives	29,410	21,877
Loss on disposal of trade receivables	55,968	36,246
Others	2,883	2,694
Subtotal	1,425,480	1,231,875
Discontinued operations	-	16,207
Total	1,425,480	1,248,082

33. Other Non-operating Income

Other non-operating income for the years ended December 31, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Dividend income	1,604	3,107
Exchange differences	2,123,080	3,173,487
Gain on derivatives	21,716	61,061
Gain on disposal of property, plant and equipment	14,630	223,964
Gain on disposal of intangible assets	3,584	17,482
Reversal of impairment loss on intangible assets	-	1,866
Gain on disposal of assets held for sale	3,790	188,769
Gain on valuation of financial assets at fair value through profit or loss	2,905	26,295
Gain on transfer of business	45	94,010
Others	123,659	62,888
Subtotal	2,295,013	3,852,929
Discontinued operations	72	101,612
Total	2,295,085	3,954,541

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34. Other Non-operating Expenses

Other non-operating expenses for the years ended December 31, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Exchange differences	2,165,878	3,028,847
Loss on derivatives	42,479	108,392
Loss on disposal of property, plant and equipment	18,999	16,513
Impairment loss on property, plant and equipment	61,665	146,600
Loss on disposal of intangible assets	53,568	28,167
Impairment loss on intangible assets	49,249	-
Loss on valuation of financial assets at fair value through profit or loss	10,465	10,609
Loss on remeasurement of financial liabilities	141,655	-
Others	222,153	163,245
Subtotal	2,766,111	3,502,373
Discontinued operations	262	117,383
Total	2,766,373	3,619,756

35. Earnings (Losses) per Share

The Parent Company has no potential dilutive ordinary shares. Accordingly, basic earnings (losses) per share is identical to diluted earnings (losses) per share.

(a) Basic earnings (losses) per ordinary share for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Profit (Loss) attributable to ordinary shares <i>(in millions of Korean won)</i> ¹	644,102	1,081,504
Continuing operations	643,248	1,212,043
Discontinued operations	854	(130,539)
Weighted average number of ordinary shares outstanding <i>(unit: shares)</i> ²	162,884,638	162,884,638
Basic earnings (losses) per ordinary share <i>(in Korean won)</i>	3,954	6,640
Continuing operations	3,949	7,441
Discontinued operations	5	(801)

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(b) Basic earnings (losses) per preferred share for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Profit (Loss) attributable to preferred shares		
<i>(in millions of Korean won)¹</i>	68,800	114,938
Continuing operations	68,710	128,707
Discontinued operations	90	(13,769)
Weighted average number of preferred shares outstanding <i>(unit: shares)²</i>	17,181,299	17,181,299
Basic earnings (losses) per preferred share <i>(in Korean won)</i>	4,004	6,690
Continuing operations	3,999	7,491
Discontinued operations	5	(801)

¹ Profit (Loss) attributable to ordinary and preferred shares is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Profit (Loss) for the year (A)	712,902	1,196,442
Continuing operations	711,958	1,340,750
Discontinued operations	944	(144,308)
Ordinary share dividends (B)	130,308	114,019
Preferred share dividends (C)	14,604	12,886
Undistributed profit (loss) (D=A-B-C)	567,990	1,069,537
Continuing operations	567,046	1,213,845
Discontinued operations	944	(144,308)
Undistributed profit available for ordinary shares (E)	513,794	967,485
Undistributed profit available for preferred shares (F)	54,196	102,052
Profit (Loss) attributable to ordinary shares (G=B+E)	644,102	1,081,504
Profit (Loss) attributable to preferred shares (H=C+F)	68,800	114,938

² Weighted average numbers of shares are calculated as follows:

<i>(unit: shares)</i>	2023	2022
Ordinary shares issued	163,647,814	163,647,814
Ordinary treasury shares	(763,176)	(763,176)
Ordinary shares outstanding	162,884,638	162,884,638
Weighted average number of ordinary shares outstanding	162,884,638	162,884,638
Preferred shares issued	17,185,992	17,185,992
Preferred treasury shares	(4,693)	(4,693)
Preferred shares outstanding	17,181,299	17,181,299
Weighted average number of preferred shares outstanding	17,181,299	17,181,299

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36. Cash Flow Information

Cash flows from operating activities are prepared using the indirect method. Details of cash generated from (used in) operations for the years ended December 31, 2023 and 2022, are as follows:

(a) Cash generated from (used in) operations

<i>(in millions of Korean won)</i>	2023	2022
Profit (Loss) for the year	1,150,611	1,863,123
Adjustments:		
Interest expense, net	131,819	155,563
Exchange differences, net	40,691	(151,211)
Loss (Gain) on derivatives, net	32,049	42,878
Depreciation	2,703,755	2,506,678
Amortization	514,523	478,442
Loss (Gain) on disposal of property, plant and equipment and intangible assets, net	54,353	(196,766)
Provisions for severance benefits	405,218	477,632
Additional provisions, net	1,155,144	822,945
Income tax expense	720,212	532,307
Loss (Gain) from equity method, net	1,044,728	1,168,026
Others	315,097	289,980
Discontinued operations	1,453	76,958
	7,119,042	6,203,432
Changes in operating assets and liabilities		
Decrease (Increase) in trade receivables	(895,648)	(195,508)
Decrease (Increase) in other receivables	(436,522)	(207,778)
Decrease (Increase) in inventories	307,379	226,738
Decrease (Increase) in contract assets	(466,786)	(157,953)
Decrease (Increase) in other assets	502,162	118,242
Increase (Decrease) in trade payables	1,189,967	(298,133)
Increase (Decrease) in other payables	(4,565)	275,318
Increase (Decrease) in provisions	(1,578,742)	(2,101,795)
Increase (Decrease) in contract liabilities	445,167	(32,308)
Increase (Decrease) in other liabilities	224,263	(416,423)
Payment of defined benefit liability	(28,316)	(27,383)
Deposit in plan assets, net	(476,545)	(905,911)
	(1,218,186)	(3,722,894)
Cash generated from (used in) operations	7,051,467	4,343,661

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(b) Changes in liabilities from financing activities.

2023								
(in millions of Korean won)	At January 1	Cash flows from (used in) financing activities	Effects of other changes					At December 31
			Addition and others	Exchange differences (profit/loss)	Amortization	Effects of exchange rate changes	Gain (Loss) on valuation and others	
Borrowings	5,977,271	1,303,594	-	42,040	-	168,667	-	7,491,572
Debentures	5,067,916	740,071	-	18,062	3,190	-	-	5,829,239
Lease liabilities	1,096,235	(360,568)	435,887	(212)	3,924	17,757	-	1,193,023
Derivatives liabilities/assets	(135,375)	(2,600)	-	(24,399)	(3,176)	-	41,807	(123,743)
Other payables	125,288	-	-	2,368	-	2,102	141,655	271,413
Total	12,131,335	1,680,497	435,887	37,859	3,938	188,526	183,462	14,661,504

2022								
(in millions of Korean won)	At January 1	Cash flows from (used in) financing activities	Effects of other changes					At December 31
			Business combination	Addition and others	Exchange differences (profit/loss)	Amortization	Effects of exchange rate changes	Gain (Loss) on valuation and others
Borrowings	4,329,597	1,553,053	1,447	-	50,223	-	42,951	-
Debentures	5,601,956	(575,485)	-	-	38,524	2,921	-	-
Lease liabilities	955,422	(330,581)	-	468,262	(663)	2,477	1,318	-
Derivatives assets (liabilities)	(35,210)	26,695	-	-	(64,266)	(4,191)	-	(58,403)
Other payables	115,166	-	-	-	3,355	-	6,767	-
Total	10,966,931	673,682	1,447	468,262	27,173	1,207	51,036	(58,403)

(c) Significant non-cash transactions:

(in millions of Korean won)	2023	2022
Reclassification of construction-in-progress to property, plant and equipment	2,714,980	2,304,516
Reclassification of construction-in-progress to intangible assets	453,539	479,361
Reclassification of current portion of borrowings and debentures	1,587,933	1,249,740
Other payables to acquire property, plant and equipment	416,381	526,680
Other payables to acquire intangible assets	122,305	39,407
Acquisition of right-of-use assets	482,212	592,760

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(d) Assets and liabilities arising from the transfer of business

- Transfer of in-vehicle wireless charging business

- i) On October 4, 2022, in-vehicle wireless charging business was transferred to BH EVS CO.,LTD.
- ii) Total consideration received and the assets and liabilities of the transferred business are as follows:

<i>(in millions of Korean won)</i>	Amount
Total consideration:	
Cash and cash equivalents	116,696
Deposits held by financial institutions	20,000
Other payables	(18,745)
Other liabilities	(10,000)
Subtotal	107,951
Assets of the transferred business:	
Property, plant and equipment	57
Intangible assets	12,207
Contract assets	1,677
Subtotal	13,941

37. Contingencies

(a) At the end of the reporting period, borrowings are collateralized by a certain property, plant and equipment (land, buildings and others) (Note 12).

(b) At the end of the reporting period, the Parent Company and domestic subsidiaries are provided with performance guarantees of ₩400,116 million (December 31, 2022: ₩412,039 million) from Seoul Guarantee Insurance and others relating to the performance guarantees. The Group was provided with guarantee of principal amounting to EUR 100 million and interests from Shinhan Bank for the guaranteed private placement bonds, and it has been terminated as at December 31, 2023. LG Innotek Co., Ltd. is provided with guarantee of principal amounting to USD 50 million (December 31, 2022: USD 50 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

(c) At the end of the reporting period, the Parent Company provides KEB Hana Bank with a subrogation payment obligation for customers up to ₩46,000 million (December 31, 2022: ₩46,000 million).

(d) There are a number of legal actions, disputes and investigations arising from the normal course of business that remain pending at the end of the reporting period. The Group cannot reasonably expect the ultimate effect of those litigations on the financial position. Management does not expect the outcome of the litigations will have a material effect on the Group's financial position.

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At the end of the reporting period, LG Display Co., Ltd., an associate of the Group, has been accused as a defendant in cases related to the infringement of patents. In addition, LG Display Co., Ltd. is currently under the investigation and civil suit for anti-competitive activities. The outcome of the case may affect the gain or loss from the equity method valuation, but the Group is not individually responsible for the above case and the investigation.

38. Commitments

(a) At the end of the reporting period, the Group has borrowing agreements, such as overdraft facility agreements, trade financing and others, with various banks, including Shinhan Bank, with a limit of ₩7,779,499 million (December 31, 2022: ₩7,130,413 million).

(b) At the end of the reporting period, the Group has sales agreements for receivables with various banks including KEB Hana Bank amounting to ₩5,655,911 million (December 31, 2022: ₩5,792,793 million).

(c) At the end of the reporting period, the Group has corporate electronic settlement services contracts and vendor prepayment services contracts with various banks including Shinhan Bank for up to ₩1,511,711 million (December 31, 2022: ₩1,409,200 million) in connection with the payment of trade payables.

(d) At the end of the reporting period, the Group has commercial paper agreements with Shinhan Bank and others for ₩60,000 million (December 31, 2022: ₩68,000 million).

(e) Contractual commitments for the acquisition of assets

Assets contracted for, but not yet acquired at the end of the reporting period, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Property, plant and equipment	392,694	674,211
Intangible assets	39,483	27,539
Investments in associates and joint ventures	78,772	68,871
Total	510,949	770,621

Other than the above commitments, Zenith Electronics LLC(Zenith), a subsidiary, agreed to tender offers based on fair value at certain time in relation to the shares held by non-controlling shareholders of Alphonso Inc. and the shares to be issued by the exercise of stock options. At the end of the reporting period, the Group recognized this commitment as 'other payables'.

In addition, the Parent Company agreed to tender offers based on fair value at certain time in relation to the shares held by non-controlling shareholders of Cybellum Technologies Ltd. and the shares to be issued by the exercise of stock options. At the end of the reporting period, the Group recognized this commitment as 'other payables' and 'other financial liabilities'.

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(f) Operating lease commitments – the Group as a lessor

- i) The Group has non-cancellable operating lease agreements regarding home appliance rental business and investment properties. The future aggregate lease receipts under operating leases at the end of the reporting period, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023					Total lease payments
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	
Home appliance rental	252,281	131,436	54,219	7,568	-	445,504
Real estate rental	5,489	5,489	5,489	5,466	128	22,061
Total	257,770	136,925	59,708	13,304	128	467,565

- ii) The Group recognized ₩464,732 million (2022: ₩590,049 million) in lease income for the year ended December 31, 2023.

- iii) Details of assets subject to operating lease are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Acquisition cost	812,813	1,019,786
Accumulated depreciation	(426,640)	(493,235)
Accumulated impairment losses	(60,548)	(61,283)
Net book amount	325,625	465,268

- iv) Changes in net book amount of assets subject to operating lease for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	465,268	476,101
Acquisition	52,782	101,853
Transfer	-	161,798
Disposal	(2,560)	(120)
Depreciation	(174,149)	(197,971)
Impairment loss	(15,646)	(76,449)
Exchange differences	(70)	56
At December 31	325,625	465,268

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(g) Financial lease commitments – the Group as lessor

- i) Gross investment in the lease and present value of the minimum lease payments for the financial lease as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023		December 31, 2022	
	Gross investment in the lease¹	Net Investment in the lease	Gross investment in the lease¹	Net Investment in the lease
Within one year	137,636	98,689	34,976	25,768
Between 1 and 2 years	138,113	106,012	35,453	27,832
Between 2 and 3 years	134,626	109,731	34,943	29,016
Between 3 and 4 years	138,393	121,343	34,337	30,147
Later than 4 years	204,101	192,587	56,137	53,336
Total	752,869	628,362	195,846	166,099

¹ There are no remaining useful life without guarantee reflected on gross investment in the lease.

- ii) Unrealized interest income of financial lease as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Total lease investments	752,869	195,846
Net lease investments	628,362	166,099
Unrealized interest income	124,507	29,747

- iii) For the year ended December 31, 2023, the Group recognized income amounting to ₩498,161 million (2022: ₩144,437 million) in relation to financial lease contract, and financial income of net lease investment amounting to ₩22,878 million (2022: ₩5,024 million) is included.

(h) License agreements including patent and trademark

At the end of the reporting period, the Group has various agreements as follows:

Purpose	Related products	Provided by	Used by
Use of license	All products	Qualcomm Incorporated and others	LG Electronics Inc.
Provision of license	All products	LG Electronics Inc.	Panasonic Corporation and others
Use of trademarks	All products	LG Corp.	LG Electronics Inc.
Use of trademarks	Vehicle components	Magna International Inc.	LG Electronics Inc.

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39. Related Party

(a) Major transactions for the years ended December 31, 2023 and 2022, and balances of receivables and payables from transaction with related parties as at December 31, 2023 and 2022, are as follows:

i) Major income and expense transactions with related parties

(in millions of Korean won)

		2023					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁴	Total
Significantly influencing the Group	LG Corp.	3,593	-	3,593	-	173,046	173,046
Associates	LG Display Co., Ltd. and its subsidiaries	545,023	121,152	666,175	3,205,969	4,077	3,210,046
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	210	-	210	79,396	243	79,639
	Acryl Inc.	-	-	-	-	2,040	2,040
	ROBOTIS Co., Ltd.	-	-	-	-	30	30
	Robostar Co., Ltd. and its subsidiaries	24	-	24	19,619	3,876	23,495
	SideChef Group Limited	-	-	-	-	1,288	1,288
	Subtotal	545,257	121,152	666,409	3,304,984	11,554	3,316,538
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	81,726	-	81,726	159,230	17	159,247
	EIC PROPERTIES PTE LTD.	-	-	-	-	1,175	1,175
	LG-MRI LLC	22,181	-	22,181	29,346	-	29,346
	LG-LHT Passenger Solution GmbH	834	-	834	-	-	-
	Subtotal	104,741	-	104,741	188,576	1,192	189,768
Other related parties	LG CNS Co., Ltd. and its subsidiaries	122,161	3,056	125,217	165,604	1,018,799	1,184,403
	D&O Corp. and its subsidiaries	152	-	152	644	24,954	25,598
	LG Management Development Institute	46	-	46	275	90,895	91,170
	LG SPORTS Ltd.	23	16	39	-	15,958	15,958
	LG Holdings Japan Co., Ltd.	1	-	1	-	6,155	6,155
	Subtotal	122,383	3,072	125,455	166,523	1,156,761	1,323,284
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	1,340,746	51,992	1,392,738	2,514,397	15,753	2,530,150
	LG Uplus Corp and its subsidiaries	59,339	2,053	61,392	50,417	5,262	55,679
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	1,304	2,577	3,881	826	232	1,058
	HS Ad Inc. and its subsidiaries ³	7,213	-	7,213	323	555,056	555,379
	XI C&A Co., Ltd. and its subsidiaries	19,022	-	19,022	8,934	229,976	238,910
	S&I Corp. and its subsidiaries	25,740	-	25,740	4,627	108,844	113,471
	Subtotal	1,453,364	56,622	1,509,986	2,579,524	915,123	3,494,647
	Total	2,229,338	180,846	2,410,184	6,239,607	2,257,676	8,497,283

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(in millions of Korean won)

		2022					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁴	Total
Significantly influencing the Group	LG Corp.	1,173	-	1,173	-	175,897	175,897
Associates	LG Display Co., Ltd. and its subsidiaries	777,452	72,604	850,056	4,206,374	25,857	4,232,231
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	340	-	340	86,345	14,099	100,444
	Acryl Inc.	-	-	-	-	1,545	1,545
	ROBOTIS Co., Ltd.	-	-	-	-	2	2
	Robostar Co., Ltd. and its subsidiaries	102	-	102	25,621	2,235	27,856
	Subtotal	777,894	72,604	850,498	4,318,340	43,738	4,362,078
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	66,854	-	66,854	167,235	14	167,249
	EIC PROPERTIES PTE LTD.	-	-	-	-	837	837
	LG-MRI LLC	-	-	-	40,999	-	40,999
	Subtotal	66,854	-	66,854	208,234	851	209,085
Other related parties	LG CNS Co., Ltd. and its subsidiaries	139,968	1,245	141,213	184,897	877,407	1,062,304
	D&O Corp., LTD. and its subsidiaries	2,077	186	2,263	3,307	59,788	63,095
	LG Management Development Institute	849	-	849	98	67,173	67,271
	LG SPORTS Ltd.	27	21	48	280	12,967	13,247
	LG Holdings Japan Co., Ltd.	35	-	35	-	6,450	6,450
	Subtotal	142,956	1,452	144,408	188,582	1,023,785	1,212,367
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	905,241	6,272	911,513	1,566,968	620	1,567,588
	LX INTERNATIONAL CORP and its subsidiaries and associates ²	8,451	1,179	9,630	1,711,058	2,015,882	3,726,940
	LG Uplus Corp and its subsidiaries	31,462	590	32,052	42,499	5,642	48,141
	LX HAUSYS,LTD., its subsidiaries and associates ²	2,665	372	3,037	1,670	385	2,055
	LX Semicon Co., Ltd. ²	25,905	2,012	27,917	9,664	719	10,383
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	2,959	566	3,525	613	177	790
	G IIR Inc. and its subsidiaries ³	8,104	-	8,104	37	535,541	535,578
	LX MMA Corporation ²	29	-	29	-	-	-
	XI C&A Co., Ltd. and its subsidiaries	10,061	20	10,081	17,366	223,316	240,682
	S&I Corp. and its subsidiaries	22,388	319	22,707	3,757	73,687	77,444
	Subtotal	1,017,265	11,330	1,028,595	3,353,632	2,855,969	6,209,601
	Total	2,006,142	85,386	2,091,528	8,068,788	4,100,240	12,169,028

¹ Although the entities are not the related parties of the Group in accordance with Korean IFRS 1024, the entities belong to a Large Enterprise Group in accordance with the Monopoly Regulation and Fair Trade Act.

² LX Holdings Corp. and its affiliates are separated from the corporate group in accordance with independent management on June 21, 2022.

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³ 'GIR Inc.' merged with its subsidiaries 'HS Ad Inc.' and 'LBEST Inc.' and changed its name to 'HS Ad Inc.' on July 1, 2023.

⁴ Others include acquisition amount of right-of-use assets and interest expense of lease liabilities

ii) The balances of receivables from and payables to related parties

(in millions of Korean won)

		December 31, 2023							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁶	Total
Significantly influencing the Group	LG Corp.	480	-	29,911	30,391	-	-	35,829	35,829
Associates	LG Display Co., Ltd. and its subsidiaries	173,522	1,000,000	264,036	1,437,558	384,166	-	71,278	455,444
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	-	-	-	-	16,618	-	519	17,137
	Robostar Co., Ltd. and its subsidiaries	-	-	-	-	-	-	9,891	9,891
	Subtotal	173,522	1,000,000	264,036	1,437,558	400,784	-	81,688	482,472
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	11,737	-	-	11,737	13,583	-	3	13,586
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	104	104
	LG-MRI LLC	6,884	-	-	6,884	3,152	-	5	3,157
	LG-LHT Passenger Solutions GmbH	66	-	-	66	-	-	-	-
	Subtotal	18,687	-	-	18,687	16,735	-	112	16,847
Other related parties	LG CNS Co., Ltd. and its subsidiaries	38,905	-	1,460	40,365	14,220	-	447,295	461,515
	D&O Corp., LTD. and its subsidiaries	1	-	1,000	1,001	21	-	7,139	7,160
	LG Management Development Institute	6	-	-	6	-	-	1,196	1,196
	LG SPORTS Ltd.	1	-	-	1	-	-	1,025	1,025
	LG Holdings Japan Co., Ltd.	-	-	5,520	5,520	-	-	-	-
	Subtotal	38,913	-	7,980	46,893	14,241	-	456,655	470,896
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	344,768	-	254,938	599,706	349,146	-	83,222	432,368
	LG Uplus Corp and its subsidiaries	10,738	-	652	11,390	2,416	-	674	3,090
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	112	-	1,331	1,443	26	-	246	272
	HS Ad Inc. and its subsidiaries ²	80	-	845	925	643	-	221,259	221,902
	XI C&A Co., Ltd. and its subsidiaries	4,372	-	-	4,372	-	-	66,383	66,383
	S&I Corp. and its subsidiaries	9,837	-	407	10,244	475	-	20,282	20,757
	Subtotal	369,907	-	258,173	628,080	352,706	-	392,066	744,772
Total		601,509	1,000,000	560,100	2,161,609	784,466	-	966,350	1,750,816

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(in millions of Korean won)

		December 31, 2022							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁶	Total
Significantly influencing the Group	LG Corp.	40	-	25,708	25,748	-	-	45,646	45,646
Associates	LG Display Co., Ltd. and its subsidiaries	125,779	-	266,815	392,594	315,472	-	61,835	377,307
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	-	-	-	-	58,381	-	2,551	60,932
	Robostar Co., Ltd. and its subsidiaries	81	-	-	81	2,013	-	15,034	17,047
	Subtotal	125,860	-	266,815	392,675	375,866	-	79,420	455,286
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	8,750	-	-	8,750	14,339	-	3	14,342
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	75	75
	LG-MRI LLC	-	-	1,608	1,608	4,241	-	112	4,353
	Subtotal	8,750	-	1,608	10,358	18,580	-	190	18,770
Other related parties	LG CNS Co., Ltd. and its subsidiaries	29,380	-	507	29,887	18,361	-	321,330	339,691
	D&O Corp., LTD. and its subsidiaries	99	-	1,000	1,099	21	-	8,479	8,500
	LG Management Development Institute	4	-	-	4	-	-	1,360	1,360
	LG SPORTS Ltd.	1	-	-	1	-	-	1,146	1,146
	LG Holdings Japan Co., Ltd.	-	-	5,444	5,444	-	-	-	-
	Subtotal	29,484	-	6,951	36,435	18,382	-	332,315	350,697
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	223,885	-	185,845	409,730	396,213	-	106,448	502,661
	LG Uplus Corp and its subsidiaries	1,379	-	307	1,686	1,164	-	3,329	4,493
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	484	-	71	555	26	-	286	312
	G IIR Inc. and its subsidiaries ²	81	-	776	857	1,167	-	232,915	234,082
	XI C&A Co., Ltd. and its subsidiaries	7,794	-	-	7,794	-	-	127,582	127,582
	S&I Corp. and its subsidiaries	7,460	-	18	7,478	384	-	17,949	18,333
	Subtotal	241,083	-	187,017	428,100	398,954	-	488,509	887,463
	Total	405,217	-	488,099	893,316	811,782	-	946,080	1,757,862

¹ Although the entities are not the related parties of the Group in accordance with Korean IFRS 1024, the entities belong to a Large Enterprise Group in accordance with the Monopoly Regulation and Fair Trade Act.

² 'G IIR Inc.' merged with its subsidiaries 'HS Ad Inc.' and 'LBEST Inc.' and changed its name to 'HS Ad Inc.' on July 1, 2023.

³ Other payables include lease liabilities.

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iii) Significant capital transactions and others with related parties

(in millions of Korean won)

(in millions of Korean won)		2023						
		Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions ¹	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Group	LG Corp.	-	38,566	-	-	-	29,889	27,673
Associates	LG Display Co., Ltd. ²	-	-	-	1,000,000	-	-	-
	Ericsson-LG Co., Ltd.	11,250	-	-	-	-	-	-
	NOVA Prime Fund I, LP	-	-	8,502	-	-	-	-
	LG-MRI LLC	317	-	-	-	-	-	-
	CCP-LGE OWNER, LLC	1	-	-	-	-	-	-
	LG-LHT Aircraft Solutions GmbH	-	-	12,448	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	13,839	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD	-	-	321	-	-	-	-
	FITNESSCANDY CO., LTD.	-	-	1,377	-	-	-	-
	Subtotal	11,568	-	36,487	1,000,000	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	-	-	-	-	-	-	121
	D&O Corp. and its subsidiaries ¹	-	-	-	-	-	409	1,532
	Subtotal	-	-	-	-	-	409	1,653
	Total	11,568	38,566	36,487	1,000,000	-	30,298	29,326

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(in millions of Korean won)		2022						
		Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions ¹	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Group	LG Corp.	-	46,830	-	-	-	27,941	27,747
Associates	LG Display Co., Ltd.	88,156	-	-	-	-	-	-
	Ericsson-LG Co., Ltd.	8,250	-	-	-	-	-	-
	LG-MRI LLC	540	-	-	-	-	-	-
	CCP-LGE OWNER, LLC	121	-	-	-	-	-	-
	LG-LHT Aircraft Solutions GmbH	-	-	11,359	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	12,290	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD	-	-	341	-	-	-	-
	Rinse, Inc.	-	-	11,153	-	-	-	-
	Mirae Asset-LG Electronics New Growth Fund I	2,363	-	18,023	-	-	-	-
	FITNESSCANDY CO., LTD.	-	-	1,683	-	-	-	-
	Subtotal	99,430	-	54,849	-	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	-	-	-	-	-	204	83
	D&O Corp. and its subsidiaries	-	-	-	-	-	3,219	792
	Subtotal	-	-	-	-	-	3,423	875
	Total	99,430	46,830	54,849	-	-	31,364	28,622

¹ Repayments of financing borrowing transactions include repayment of principal elements of lease liabilities.

² At the end of the reporting period, the Parent Company has entered into a loan agreement with LG Display Co., Ltd. for ₩1,000,000 million, and in relation to this loan, the Parent Company has been provided with collateral. At the end of the reporting period, ₩1,000,000 million has been executed and recorded as long-term loans.

(b) The compensation paid or payable to key management personnel for the years ended December 31, 2023 and 2022, consist of:

(in millions of Korean won)	2023	2022
Salaries and other short-term benefits	12,166	12,526
Post-employment benefits	2,091	1,547
Other long-term benefits	2	2
Total	14,259	14,075

Key management refers to the directors who have significant control and responsibilities on the Group's business plans, operations and control.

(c) There is no collateral provided by the Group for the financial support of related parties at the end of the reporting period.

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- (d) The Group has not recognized any bad debt expense or allowance for trade receivables from related parties at the end of the reporting period.

40. Risk Management

40.1 Financial Risk Management

The Group's financial risk management ("FRM") policy supports each business division to achieve excellent performance solidly and continuously against market risk, credit risk and liquidity risk. In addition, FRM helps the Group to enhance cost competitiveness through cost-efficient financing cost by improving financial structure and effective cash management.

While cooperating with other divisions, Finance Division in the Parent Company mainly implements FRM. This involves setting-up risk management policies and recognizing, evaluating and hedging risks from a global point of view.

The Group anticipatively and systematically manages the financial risks over global business activities through its four overseas treasury centers in New Jersey (United States), Amsterdam (Netherlands), Beijing (China), and Singapore in coordination with Finance Division in the Parent Company. And it also helps to improve overseas subsidiaries' business competitiveness by performing integration of their finance functions.

The Group mitigates the adverse effects from financial risk by monitoring the risk periodically and updating FRM policy each year.

The carrying amount and profit or loss of each category of financial instruments and the details of borrowings related to the financial risk management are presented in Note 5 and Note 16, respectively.

(a) Market risk

i) Foreign exchange risk

Due to its multinational business operations, the Group is mainly exposed to foreign exchange risk on the US Dollar and Euro.

The purpose of foreign exchange risk management is to provide the foundation of a stable business operation by minimizing the uncertainty and volatility of foreign exchange gains and losses from foreign exchange rate fluctuations.

The Group's foreign exchange risk management is implemented under its own foreign exchange policy through which the Group can minimize the exposure to foreign exchange risk by preferentially making equal amount of foreign exchange assets and liabilities from general operating activities. And the Group continuously considers efficient foreign exchange risk hedges against its remaining exposure with derivative financial instruments and scrutinizes changes in foreign exchange exposure and the results of hedging activities on a monthly basis.

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Speculative foreign exchange trading is prohibited in principle.

As at December 31, 2023 and 2022, if the foreign exchange rate of the Korean won fluctuated for monetary assets and liabilities denominated in major foreign currency other than functional currency by 10% while holding other variables constant, the impact on profit (loss) before tax would be as follows:

<i>(in millions of Korean won)</i>	December 31, 2023		December 31, 2022	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	63,185	(63,185)	20,926	(20,926)
EUR/KRW	30,146	(30,146)	(18,480)	18,480

ii) Interest rate risk

The Group is exposed to interest rate risk through changes in interest-bearing liabilities or assets. The risk mainly arises from borrowings and deposits held by financial institutions with variable interest rates linked to market interest rate changes in the future. The objective of interest rate risk management lies in improving corporate value by minimizing uncertainty caused by fluctuations in interest rates and minimizing net interest expense.

The Group minimizes its borrowings from others and optimizes its deposits by expanding internal finance sharing. The Group periodically monitors both domestic and foreign interest rate trends to establish countermeasures against changes in interest rates.

If interest rates fluctuate by 1%p with all other variables held constant, the effects on income and expenses related to borrowings and deposits held by financial institutions with variable interest rates for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
	1%p increase	1%p decrease	1%p increase	1%p decrease
Interest income	84,825	(84,825)	63,172	(63,172)
Interest expense	18,745	(18,745)	13,399	(13,399)

iii) Details of derivatives contracts are as follows:

Derivatives for hedging purposes

The Group entered into the cross-currency swap and interest rate swap contracts to hedge cash flow risks related to the floating interest rates and foreign exchange rates.

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Details of hedging instruments are as follows:

	Contractor	Contracted amount (in millions)	Contracted currency rate	Interest rate (paid) (%)	Types of hedging	Starting date	Expiration date	Book amount (in millions of Korean won)	
								Assets	Liabilities
Cross-currency swap	Woori Bank and others	USD 1,014 (USD/KRW)	1,067.9 ~ 1,319.3	1.88 ~ 4.56	Cash flow hedge	2017.10.23 ~ 2023. 9. 5	2025. 4.23 ~ 2031. 7.28	129,976	16,261
	CITI Bank	EUR 95 (EUR/KRW)	1,312	3.84	Cash flow hedge	2022. 7.15	2028. 1.14	6,432	-
	CITI Bank	JPY 22,000 (JPY/KRW)	8.7 ~ 10.0	4.06 ~ 4.38	Cash flow hedge	2023. 4. 4 ~ 2023.11.24	2029. 4. 4 ~ 2029. 5.24	1,274	14,254
	DBS	SGD 140 (SGD/KRW)	859.3	1.21	Cash flow hedge	2020. 7. 9	2024. 1. 9	19,033	-
Interest rate swap	Woori Bank and others	KRW 1,186,821 / USD 226	-	2.75 ~ 4.87	Cash flow hedge	2014. 1. 3 ~ 2023.11. 7	2024. 1. 3 ~ 2032.11.16	21,525	13,254

Interest rates received for the above derivative contracts are equal to annual interest rates of borrowings (Note 16).

Details of hedged items are as follows:

(in millions of Korean won)	Types of hedging	Hedged items	Book amount	Changes in fair value (net of tax)
Cross-currency swap	Cash flow hedge	Borrowings	1,754,854	(18,402)
Interest rate swap	Cash flow hedge	Borrowings	1,474,384	11,501

The results of hedge accounting are as follows:

(in millions of Korean won)	Types of hedging	Changes in fair value of derivatives (net of tax)	Line items in profit or loss	Reclassified to profit or loss (net of tax)	Other comprehensive loss (net of tax)	Accumulated other comprehensive income (loss)
Cross-currency swap	Cash flow hedge	18,402	Interest expense and exchange differences	(51,801)	(33,399)	2,248
Interest rate swap	Cash flow hedge	(11,501)	Interest expense	(13,210)	(24,711)	5,701

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Derivatives for non-hedging purposes

Currency forward contracts

The Group entered into the currency forward contracts and others to manage the risk against possible future changes in foreign exchange rates and interest rates. Details of currency forward, interest rate swap, option contracts and embedded derivatives of the Group as at December 31, 2023, and related profit or loss for the year ended December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	Purchase	Sale	Gain (Loss) on valuation	Gain (Loss) on transaction
Currency forward	482,105	483,806	524	(25,502)
Currency swap	-	-	(6,610)	4,840
Interest rate swap	-	-	(1,456)	-
Option contracts	-	-	1,785	-
Embedded derivatives	-	-	(6,528)	-

Stock purchase contracts

According to the put options granted to employees to whom stock options of Cybellum Technologies Ltd. were granted, the Group recognizes ₩2,457 million of derivative liabilities at the end of the reporting period and ₩898 million of gain on derivatives valuation during the year ended December 31, 2023.

iv) Price risk

The Group is exposed to price risk through equity securities owned by the Group classified as financial assets at fair value through other comprehensive income.

The listed securities owned by the Group are traded in the open market, and related to KOSDAQ, NASDAQ, NYSE Index and Austrian Traded Index.

The effect of price index's fluctuation related to the listed securities on the equity (before applying the tax effect) is set out in the below table. The analysis is performed in respect of 30% increase/decrease in the price index under the assumption that other variations are consistent and the listed securities owned by the Group have correlation with the relevant past index.

<i>(in millions of Korean won)</i>	December 31, 2023		December 31, 2022	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	4,556	(4,556)	4,277	(4,277)
NASDAQ	98	(98)	701	(701)
NYSE	2,726	(2,726)	2,360	(2,360)
Austrian Traded Index	231	(231)	148	(148)

The valuation and changes in book amounts of the financial assets at fair value through other comprehensive income related to the market risk above are presented in Note 8.

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(b) Credit risk

The Group operates a consistent Global Credit / TR (trade receivables) policy to manage credit risk exposures.

In regard to receivables, the Group operates an integrated receivable insurance program with the world top three receivable insurers (Allianz Trade, Atradius and Coface) and Korea Trade Insurance Corporation (K-SURE). To minimize receivable credit risk, the Group applies the credit rating of the counterparty rated by insurers, when determining the insurance coverage. In addition, the Group performs stringent credit risk management based on credit valuation criteria for receivables without insurance coverage or collateral.

Details of credit quality for trade receivables that are neither past due nor impaired are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Trade receivables with insurance or collateral		
Excellent	2,437,946	1,648,208
Good	671,630	996,797
Fair	1,629,571	1,543,502
Poor ¹	1,663,480	734,550
Subtotal	6,402,627	4,923,057
Trade receivables without insurance or collateral		
Tier 1	673,329	590,492
Tier 2	588,848	462,051
Tier 3	847,191	1,121,822
Subtotal	2,109,368	2,174,365
Total	8,511,995	7,097,422

¹ Debtors with insurance or collateral, but without credit rating are included herein.

Criteria of categorizing trade receivables with insurance or collateral are as follows:

Category	Atradius	Allianz Trade	Coface	K-SURE
Excellent	1~28	1~3	8~10	A~B
Good	29~40	4~5	7	C
Fair	41~72	6~7	3~6	D~E
Poor	73~	8~10	0~2	F~R

Debtors for which credit ratings are not provided by insurance company are categorized using the criteria from domestic credit rating agency.

Criteria of categorizing trade receivables without insurance or collateral are as follows:

Tier 1 – National or local government, domestic and global credit rating agency AA- ~ AAA+, including related parties such as associates

Tier 2 – Debtors with domestic and global credit rating other than Tier 1

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Tier 3 – Small debtors without credit history

The credit rating of cash equivalents and deposits held by financial institutions estimated by the Group using external credit rating criteria as at December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Excellent	8,037,889	6,212,593
Good	639,067	272,306
Others	31,649	83,143
Total	8,708,605	6,568,042

Excellent: Equal to or more than A- (Global credit rating agency such as S&P), AAA (Domestic credit rating agency such as Korea investors service)

Good: Equal to or more than BBB- (Global credit rating agency such as S&P), AA (Domestic credit rating agency such as Korea investors service)

Others: Financial deposit without credit rating

(c) Liquidity risk

The Group forecasts its cash flow and liquidity status, and sets action plans on a regular basis to manage liquidity risk proactively. The Group systematically works with experts in four regional treasury centers to carry out fund and liquidity management that can react proactively to the changing global financial environment.

The Group maintains adequate amount of cash and committed credit facilities in Kookmin Bank, Shinhan Bank and Standard Chartered Bank to cope with potential financial distress.

In addition, the Group is able to source funds any time in the domestic and international financial markets because it has good investment credit grades of AA Stable from Korea Investors Service, Korea Ratings and NICE Information Service, BBB from Standard & Poors, and Baa2 from Moody's at the end of the reporting period.

- i) Cash flow information on maturity of financial liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023				
	Total	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Trade payables	9,427,288	9,427,288	-	-	-
Borrowings	15,338,523	3,101,393	2,311,301	5,731,781	4,194,048
Lease liabilities	1,341,187	370,035	280,387	460,881	229,884
Other payables	4,837,025	4,624,116	99,804	112,550	555
Other financial liabilities	70,780	3,016	1,960	7,110	58,694
Total	31,014,803	17,525,848	2,693,452	6,312,322	4,483,181

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	December 31, 2022				
<i>(in millions of Korean won)</i>	Total	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Trade payables	8,212,419	8,212,419	-	-	-
Borrowings	12,305,098	2,599,449	1,868,272	4,235,809	3,601,568
Lease liabilities	1,221,519	332,804	235,118	423,829	229,768
Other payables	4,688,407	4,551,623	581	122,715	13,488
Other financial liabilities	10,993	7,637	-	3,020	336
Total	26,438,436	15,703,932	2,103,971	4,785,373	3,845,160

The above cash flows are calculated at nominal value based on the earliest maturity dates and include cash flows of principal and interests. The Group's trading portfolio derivative within other financial liabilities that are not qualified for hedge accounting have been included at their fair value of ₩2,567 million (2022: ₩7,522 million) within the less than 1-year time bucket. This is because the contractual maturities are not essential for an understanding of the timing of the cash flows. These contracts are managed on a net-fair value basis rather than by maturity date. Derivatives for cash flow hedges from changes in interest rate and exchange rate are reflected in the cash flows of related borrowings.

- ii) The maturity analysis of financial guarantee contracts provided by the Group to third party companies as at December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	Total	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Financial guarantee contracts	46,000	46,000	-	-	-

The above cash flow is the maximum amount of guarantees allocated to earliest period in which the Group can be required to make payments.

40.2 Capital Risk Management

The Group's capital risk management purpose is to maximize shareholders' value through maintaining a sound capital structure. The Group monitors financial ratios, such as liability to equity ratio and net borrowing ratio each month and implements required action plan to improve the capital structure.

Liability to equity ratio and net borrowing ratio as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won, except for ratios)</i>	December 31, 2023	December 31, 2022
Liability (A)	36,742,257	32,664,144
Equity (B)	23,498,536	22,491,997
Cash and cash equivalents (C)	8,487,563	6,322,360
Borrowings and lease liabilities (D)	14,513,834	12,141,422
Liability to equity ratio (A/B)	156.4%	145.2%
Net borrowings ratio ((D-C)/B)	25.6%	25.9%

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40.3 Fair Value Estimation

- (a) The book amounts and fair values of the Group's financial assets and liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Assets at fair value				
Financial assets at fair value through profit or loss				
Other financial assets and others	78,862	78,862	127,152	127,152
Financial assets at fair value through other comprehensive income				
Trade receivables	2,265,310	¹	-	-
Other financial assets	-	-	117,872	117,872
Derivatives for hedging purposes				
Other financial assets	23,192	23,192	155,048	155,048
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	8,487,563	¹	-	-
Deposits held by financial institutions	26,386	¹	195,189	195,189
Trade receivables	6,903,227	¹	109,029	109,029
Other receivables	595,793	¹	1,779,637	1,717,168
Other assets				
Trade receivables	96,485	¹	530,410	530,410
Total	18,476,818		3,014,337	

<i>(in millions of Korean won)</i>	December 31, 2023			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Liabilities at fair value				
Financial liabilities at fair value through profit or loss				
Other financial liabilities and others	9,177	9,177	8,985	8,985
Derivatives for hedging purposes				
Other financial liabilities	-	-	43,769	43,769
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	9,427,288	¹	-	-
Borrowings	2,601,636	¹	10,719,175	10,466,597
Other payables	4,624,046	¹	212,648	210,745
Other liabilities				
Lease liabilities	336,772	²	856,251	²
Other financial liabilities	115	³	-	-
Total	16,999,034		11,840,828	

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(in millions of Korean won)	December 31, 2022			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Assets at fair value				
Financial assets at fair value through profit or loss				
Other financial assets	2,764	2,764	108,964	108,964
Financial assets at fair value through other comprehensive income				
Trade receivables	1,241,667	¹	-	-
Other financial assets	-	-	118,926	118,926
Derivatives for hedging purposes				
Other financial assets	5,059	5,059	183,268	183,268
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	6,322,360	¹	-	-
Deposits held by financial institutions	171,046	¹	75,180	75,180
Trade receivables	6,947,457	¹	4,497	4,497
Other receivables	602,782	¹	787,793	782,537
Other assets				
Trade receivables	27,388	¹	138,712	138,712
Total	15,320,523		1,417,340	

(in millions of Korean won)	December 31, 2022			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Liabilities at fair value				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	7,522	7,522	3,265	3,265
Derivatives for hedging purposes				
Other financial liabilities	2,600	2,600	7,163	7,163
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	8,212,419	¹	-	-
Borrowings	2,287,518	¹	8,757,669	7,872,873
Other payables	4,551,554	¹	136,509	134,603
Other liabilities				
Lease liabilities	303,969	²	792,266	²
Other financial liabilities	115	³	-	
Total	15,365,697		9,696,872	

¹ Excluded from disclosure such as fair value hierarchy and measurement method as the book amount is the reasonable approximate of fair value.

² Lease liabilities were excluded from the fair value disclosures in accordance with Korean IFRS 1107 *Financial Instruments: Disclosures*.

³ Measured at the higher of the amount of the loss allowance determined in accordance with Korean IFRS 1109 *Financial Instruments*, and the amount initially recognized less cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*, and excluded from disclosure as there is no significant difference between the book amount and its fair value.

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(b) Fair value measurements of assets and liabilities

i) Fair value hierarchy and measurement method

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value measurement is to estimate 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 under current market conditions. When measuring fair value using valuation techniques, the Group maximizes the use of market information and minimizes the use of unobservable inputs.

Financial instruments measured at fair value are categorized within the fair value hierarchy, and the defined levels are as follows:

- Level 1: Financial instruments measured at the quoted prices in an active market for identical assets or liabilities are included in 'level 1'. Assets or liabilities categorized within 'level 1' are financial instruments such as listed equity securities and others.

- Level 2: When financial instruments are measured by using a discounted cash flow, if all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'. Assets or liabilities categorized within 'level 2' are financial instruments such as derivative financial instruments.

- Level 3: When financial instruments are measured by using a discounted cash flow and others, if one or more of the significant inputs are unobservable in the market, the instrument is included in 'level 3'. The assets or liabilities categorized within 'level 3' are unlisted equity securities and debt securities and others.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, an entity within the same industry, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price for financial assets held by the Group is the closing price at the end of the reporting period. These instruments are included in 'level 1'. Instruments included in 'level 1' comprise primarily equity investments and others classified as financial assets at fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses various valuation techniques that the Group develops or figures that external valuation agencies provide, and makes judgements based on current market conditions. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'.

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If one or more of the significant inputs are not based on observable market data, the instrument is included in 'level 3'. Financial instrument included 'level 3' uses other method including discounting cash flow method and others.

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value as at December 31, 2023 and 2022, are as follows:

December 31, 2023				
(in millions of Korean won)	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	30,668	-	87,204	117,872
Financial assets at fair value through profit or loss	74,750	7,197	124,067	206,014
Derivatives for hedging purposes	-	178,240	-	178,240
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	11,634	6,528	18,162
Derivatives for hedging purposes	-	43,769	-	43,769
December 31, 2022				
(in millions of Korean won)	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	29,425	-	89,501	118,926
Financial assets at fair value through profit or loss	362	5,722	105,644	111,728
Derivatives for hedging purposes	-	188,327	-	188,327
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	10,787	-	10,787
Derivatives for hedging purposes	-	9,763	-	9,763

The above fair value amounts are recurring fair value measurements.

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- Valuation technique and inputs for fair value measurements categorized within 'level 2'

Valuation technique and inputs for fair value measurements categorized within 'level 2' as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	Fair value		Valuation techniques	Inputs
	December 31, 2023	December 31, 2022		
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	7,197	5,722	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	178,240	188,327	Discounted cash flow	Discount rate and exchange rate
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	11,634	10,787	Discounted cash flow and binomial model	Discount rate and exchange rate share price and volatility
Derivatives for hedging purposes	43,769	9,763	Discounted cash flow	Discount rate and exchange rate

- Valuation technique and inputs for fair value measurements categorized within 'level 3'

At the end of the reporting period, financial instruments measured at fair value categorized within 'level 3' comprise unlisted equity securities, debt securities, other financial liabilities and are measured using discounted cash flow considering discount rate and others as inputs.

iii) Financial instruments not measured at fair value but for which the fair value is disclosed

Financial instruments not measured at fair value but for which the fair value is disclosed as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	195,189	195,189
Non-current trade receivables	-	-	639,439	639,439
Non-current other receivables	-	-	1,717,168	1,717,168
Liabilities				
Non-current borrowings	-	-	10,466,597	10,466,597
Non-current other payables	-	-	210,745	210,745

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(in millions of Korean won)	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	75,180	75,180
Non-current trade receivables	-	-	143,209	143,209
Non-current other receivables	-	-	782,537	782,537
Liabilities				
Non-current borrowings	-	-	7,872,873	7,872,873
Non-current other payables	-	-	134,603	134,603

- Valuation technique and inputs for fair value measurements categorized within 'level 2'

At the end of the reporting period, there are no financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within 'level 2'.

- Disclosure in relation to fair value measurements categorized within 'level 3'

Valuation technique, inputs and unobservable inputs of financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within 'level 3' as at December 31, 2023 and 2022, are as follows:

	December 31, 2023		December 31, 2022		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
(in millions of Korean won)	Book amount	Fair value	Book amount	Fair value				
Assets								
Non-current deposits held by financial institutions	195,189	195,189	75,180	75,180	Discounted cash flow	Discount rate and exchange rate	Discount rate	0.1% ~ 4.4%
Non-current trade receivables	639,439	639,439	143,209	143,209	Discounted cash flow	Discount rate and exchange rate	Discount rate	5.3% ~ 7.0%
Non-current other receivables	1,779,637	1,717,168	787,793	782,537	Discounted cash flow	Discount rate and exchange rate	Discount rate	1.5% ~ 11.7%
Liabilities								
Non-current borrowings	10,719,175	10,466,597	8,757,669	7,872,873	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.7% ~ 5.4%
Non-current other payables	212,648	210,745	136,509	134,603	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.9% ~ 4.8%

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41. Business Combinations

- (a) On October 31, 2022, the Group acquired 60.0% shares of HIEVCHARGER CO., LTD. in order to enter the EV charging business, and the subsidiary acquired EV charging business from Speel Co., Ltd. on December 31, 2022.

The following table summarizes the consideration paid and the fair value of assets acquired and liabilities assumed:

<i>(in millions of Korean won)</i>	Amount
Consideration	
Cash and cash equivalents	25,772
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	
Cash and cash equivalents	267
Trade receivables ¹	3,455
Other assets	215
Non-current assets	
Property, plant and equipment	342
Intangible assets	9,133
Other assets	172
Current liabilities	
Trade payables	1,464
Other payables	1,860
Borrowings	830
Non-current liabilities	
Borrowings	617
Other liabilities	230
Deferred tax liabilities	1,909
Fair value of total identifiable net assets	6,674
Non-controlling interests	4,000
Goodwill²	23,098

¹ The fair value of above trade receivables is the same as the contractual amount in gross.

² Goodwill is incurred from a business combination amounting to ₩23,098 million due to an increase in sales from integration of business with HIEVCHARGER CO., LTD., which is a non-deductible expense for tax purpose.

The acquisition-related direct costs in relation to business combination amounting to ₩322 million was recognized as expenses as incurred.

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42. Assets and Liabilities Classified as Held for Sale

(a) Details of assets classified as held for sale as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023¹	December 31, 2022²
Assets held for sale		
Land	663	554
Building	3,287	3,106
Machinery	198	100
Other property, plant and equipment	7	7
Other assets	-	9,148
Total	4,155	12,915

¹ The sale is in progress as at December 31, 2023 and expected to be completed by 2024.

² The sale of other assets, lands and buildings was completed for the year ended December 31, 2023 and the sale of buildings held by the Group is in progress.

(b) Assets held for sale were measured at fair value less costs to sell before the reclassification, and there was no related impairment loss recognized in 2023.

(c) Details of other components of equity as held for sale as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Exchange differences on translation of foreign operations	(136)	838

43. Discontinued Operations

In 2022, the Group discontinued the operations of energy business in order to focus on the Group's core business through firmwide resource efficiency and to secure financial resources for preparing new business for future growth by improving its financial structure.

Profit and loss from discontinued operations for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Net sales	801	378,597
Operating profit (loss)	1,464	(159,688)
Profit (Loss) before income tax	1,274	(189,137)
Income tax expense (benefit)	331	(44,756)
Loss for the year, net of tax	943	(144,381)

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Cash flows from discontinued operations for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Cash flows from (used in) operating activities	(5,618)	(258,753)
Cash flows from (used in) investing activities	182	465,517
Cash flows from (used in) financing activities	5,436	(206,764)

44. Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group was approved by the Board of Directors on January 24, 2024, and final approval is expected at the regular general meeting of shareholders to be held on March 26, 2024.

45. Events After the Reporting Period

On December 18, 2023, the Board of Directors resolved to participate in the rights offering of LG Display Co., Ltd. and subscribed on March 7, 2024 (ordinary shares: 47,968,206 shares, investment amount of KRW 436,031 million).