

LG Electronics Inc.

**Separate Financial Statements
December 31, 2023 and 2022**

LG Electronics Inc.

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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 separate financial statements of LG Electronics Inc. (the "Company"), which comprise the separate statements of financial position as at December 31, 2023 and 2022, and the separate income statements, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to the separate financial statements, including material accounting policy information.

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

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 Financial Statements* section of our report. We are independent of the Company 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 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate 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 13 to the financial statements, the Company classifies its shares of LG Display Co., Ltd. holding 37.9% ownership as an associate. At the end of the reporting period, the book value of LG Display Co., Ltd. shares is ₩2,811,950 million, after deducting the impairment loss recognized during the current period, which amounts to ₩668,673 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 Company recognized an impairment loss by performing an impairment test in accordance with Korean IFRS 1036, 'Impairment of Assets'. We determined the impairment test of investments in associate as a key audit matter considering that the 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 Company 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 Company 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 Company
- 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 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 separate 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 separate 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 separate 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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore

the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is 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 separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>

LG Electronics Inc.
Separate Statements of Financial Position
December 31, 2023 and 2022
(in millions of Korean won)

	Notes	2023	2022
Assets			
Current assets			
Cash and cash equivalents	4,5,38	2,349,705	1,941,615
Deposits held by financial institutions	4,5,38	20,863	170,969
Trade receivables	4,6,38	5,393,204	3,971,617
Other receivables	4,6,38	458,642	495,175
Other financial assets	4,7,38	19,106	840
Inventories	8	1,369,524	1,523,327
Current tax assets		23,395	2,102
Contract assets	9	741,957	430,444
Other current assets	10	381,541	583,534
		<u>10,757,937</u>	<u>9,119,623</u>
Non-current assets			
Deposits held by financial institutions	4,5,38	120,652	490
Trade receivables	4,6,38	617,892	138,712
Other receivables	4,6,38	1,169,185	163,543
Other financial assets	4,7,38	268,906	314,992
Property, plant and equipment	11	6,030,130	6,007,599
Intangible assets	12	2,097,399	1,715,271
Deferred tax assets	18	1,616,968	1,490,211
Investments in subsidiaries, associates and joint ventures	13	8,391,013	9,004,775
Investment properties	14	80,507	86,792
Net defined benefit assets	19	347,307	517,329
Contract assets	9	177,510	78,752
Other non-current assets	10	72,147	74,725
		<u>20,989,616</u>	<u>19,593,191</u>
Total assets		<u>31,747,553</u>	<u>28,712,814</u>
Liabilities			
Current liabilities			
Trade payables	4,38	5,808,472	5,428,176
Borrowings	4,15,38	1,604,369	1,073,908
Lease liabilities	4,16,38	74,853	65,979
Other payables	4,38	2,156,944	2,055,049
Other financial liabilities	4,7,38	13,466	6,581
Current tax liabilities		14,515	14,515
Provisions	20	597,772	1,061,515
Contract liabilities	9	821,195	497,668
Other current liabilities	21	2,141,883	1,857,183
		<u>13,233,469</u>	<u>12,060,574</u>
Non-current liabilities			
Borrowings	4,15,38	7,620,242	6,472,122
Lease liabilities	4,16,38	80,611	50,530
Other payables	4,38	11,960	7,723
Other financial liabilities	4,7,38	63,437	36,358
Provisions	20	83,556	85,455
Contract liabilities	9	5,432	4,695
Other non-current liabilities	21	133,299	106,328
		<u>7,998,537</u>	<u>6,763,211</u>
Total liabilities		<u>21,232,006</u>	<u>18,823,785</u>
Equity			
Paid-in capital:	22		
Issued capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	23	6,566,223	5,890,737
Accumulated other comprehensive income (loss)	24	(10,205)	38,763
Other components of equity	25	(32,819)	(32,819)
Total equity		<u>10,515,547</u>	<u>9,889,029</u>
Total liabilities and equity		<u>31,747,553</u>	<u>28,712,814</u>

LG Electronics Inc.
Separate 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	26	28,868,279	27,791,746
Cost of sales	27	<u>21,159,059</u>	<u>20,434,697</u>
Gross profit (loss)		7,709,220	7,357,049
Selling and marketing expenses	27,28	3,715,576	4,055,682
Administrative expenses	27,28	812,647	708,690
Research and development expenses	27,28	1,784,112	1,633,713
Service costs	27,28	<u>820,130</u>	<u>848,177</u>
Operating income		576,755	110,787
Financial income	29	687,683	462,365
Financial expenses	30	905,804	657,534
Other non-operating income	31	2,852,185	2,802,360
Other non-operating expenses	32	<u>2,006,654</u>	<u>1,686,320</u>
Profit (Loss) before income tax		1,204,165	1,031,658
Income tax expense	18	<u>200,203</u>	<u>8,288</u>
Profit (Loss) from continuing operations		<u>1,003,962</u>	<u>1,023,370</u>
Discontinued operations	39		
Profit (Loss) from discontinued operations		<u>134</u>	<u>(168,407)</u>
Profit (Loss)		<u>1,004,096</u>	<u>854,963</u>
Earnings (Losses) per share during the year <i>(in Korean won)</i>	33		
Earnings (Losses) per ordinary share		5,571	4,743
From continuing operations		5,571	5,679
From discontinued operations		-	(936)
Earnings (Losses) per preferred share		5,621	4,793
From continuing operations		5,621	5,729
From discontinued operations		-	(936)

LG Electronics Inc.
Separate Statements of Comprehensive Income
Years Ended December 31, 2023 and 2022

(in millions of Korean won)

	Notes	2023	2022
Profit (Loss)		<u>1,004,096</u>	<u>854,963</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	19	(201,705)	249,567
Financial assets at fair value through other comprehensive income	7	681	(22,619)
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Cash flow hedges	38	<u>(49,649)</u>	<u>70,778</u>
Other comprehensive income (loss), net of tax		<u>(250,673)</u>	<u>297,726</u>
Total comprehensive income (loss)		<u>753,423</u>	<u>1,152,689</u>

LG Electronics Inc.
Separate Statements of Changes in Equity
Years Ended December 31, 2023 and 2022

				Accumulated Other Comprehensive Income (Loss)	Other Components of Equity	Total
	Notes	Paid-in Capital	Retained Earnings			
<i>(in millions of Korean won)</i>						
Balance at January 1, 2022		3,992,348	4,940,122	(9,396)	(32,819)	8,890,255
Total comprehensive income (loss):						
Profit (Loss)		-	854,963	-	-	854,963
Remeasurements of the net defined benefit liability	19	-	249,567	-	-	249,567
Financial assets at fair value through other comprehensive income	7	-	-	(22,619)	-	(22,619)
Cash flow hedges	38	-	-	70,778	-	70,778
Total comprehensive income (loss)		-	1,104,530	48,159	-	1,152,689
Transactions with owners:						
Dividends	23	-	(153,915)	-	-	(153,915)
Total transactions with owners		-	(153,915)	-	-	(153,915)
Balance at December 31, 2022		<u>3,992,348</u>	<u>5,890,737</u>	<u>38,763</u>	<u>(32,819)</u>	<u>9,889,029</u>
Balance at January 1, 2023		3,992,348	5,890,737	38,763	(32,819)	9,889,029
Total comprehensive income (loss):						
Profit (Loss)		-	1,004,096	-	-	1,004,096
Remeasurements of the net defined benefit liability	19	-	(201,705)	-	-	(201,705)
Financial assets at fair value through other comprehensive income	7	-	-	681	-	681
Cash flow hedges	38	-	-	(49,649)	-	(49,649)
Total comprehensive income (loss)		-	802,391	(48,968)	-	753,423
Transactions with owners:						
Dividends	23	-	(126,905)	-	-	(126,905)
Total transactions with owners		-	(126,905)	-	-	(126,905)
Balance at December 31, 2023		<u>3,992,348</u>	<u>6,566,223</u>	<u>(10,205)</u>	<u>(32,819)</u>	<u>10,515,547</u>

LG Electronics Inc.
Separate 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 operations	34	(29,145)	75,627
Interest received		124,290	35,670
Interest paid		(294,086)	(221,269)
Dividends received		1,788,396	714,303
Income tax paid		(281,844)	(221,143)
Cash flows from operating activities		1,307,611	383,188
Cash flows used in investing activities			
Decrease in deposits held by financial institutions		113,293	241
Decrease in other receivables		71,412	74,488
Proceeds from withdrawal and disposal of other financial assets		9,475	32,278
Proceeds from disposal of property, plant and equipment		12,380	567,887
Proceeds from disposal of intangible assets		5,827	123,614
Proceeds from withdrawal and disposal of investments in subsidiaries, associates and joint ventures		61,852	13,540
Proceeds from disposal of assets held for sale		-	261,168
Transfer of business	34	-	141,386
Increase in deposits held by financial institutions		(158,316)	-
Increase in other receivables		(1,060,559)	(66,366)
Acquisition of other financial assets		(18,322)	(72,332)
Acquisition of property, plant and equipment		(511,520)	(537,485)
Acquisition of intangible assets		(703,340)	(482,969)
Acquisition of investments in subsidiaries, associates and joint ventures		(121,744)	(142,199)
Cash flows used in investing activities		(2,299,562)	(86,749)
Cash flows from (used in) financing activities			
Proceeds from borrowings		2,818,212	1,531,239
Repayments of borrowings		(1,207,347)	(1,653,453)
Dividends paid	23	(126,905)	(153,915)
Repayments of lease liabilities		(73,694)	(81,699)
Cash flows from (used in) financing activities		1,410,266	(357,828)
Effects of exchange rate changes on cash and cash equivalents		(10,225)	(9,225)
Net increase (decreased) in cash and cash equivalents		408,090	(70,614)
Cash and cash equivalents at the beginning of the year	5	1,941,615	2,012,229
Cash and cash equivalents at the end of the year	5	2,349,705	1,941,615

1. General Information

LG Electronics Inc. (the “Company”) was spun off from LG Electronics Investment Ltd. on April 1, 2002. The 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 Company is domiciled in Korea at Yeoui-daero, Yeongdeungpo-gu, Seoul.

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

The Company operates following 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 Components Solutions segment designs and manufactures automobile parts; and Business Solutions segment manufactures and sells monitors, PCs, information displays and others. As at December 31, 2023, the Company operates manufacturing facilities mainly in Changwon, Pyeongtaek, Gumi and Incheon in the Republic of Korea.

2. Material Accounting Policies

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

Basis of Preparation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

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 financial statements requires the use of critical accounting estimates. Management also needs to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate 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 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 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 financial statements.

- 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 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 Company 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 Company has no current tax expense related to Pillar Two. The Company is in review for the impact of the Pillar Two income taxes on the financial statements and the Company 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 Company

- 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 Company does not expect that these amendments have a significant impact on the financial statements.

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

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the 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 Company does not expect that these amendments have a significant impact on the 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 Company does not expect that these amendments have a significant impact on the financial statements.

Investments in Subsidiaries, Associates and Joint ventures

When the Company currently has the right to substantially access to the returns associated with an ownership interest, the investments in subsidiaries, associates and joint ventures are recorded at acquisition cost on the basis of the direct equity interest in accordance with Korean IFRS 1027 Separate Financial Statements. In all other cases, investments are accounted for in accordance with

Korean IFRS 1109 Financial Instruments. The Company recognizes dividend income from subsidiaries, associates and joint ventures in profit or loss when its right to receive the dividend is established.

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 of the consolidated financial statements in accordance with Korean IFRS 1108 *Operating Segment*.

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 Company operates (the “functional currency”). The separate financial statements are presented in Korean won, which is the 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 separate 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 separate 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.

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 Company 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 Company'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 Company 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 Company 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 Company 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 Company measures a financial asset and financial liabilities at its fair value plus, in 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 Company's business model for managing the asset and the cash flow characteristics of the asset. The Company 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 income statement within 'other non-operating income (expenses)' in the year in which it arises.

(b) Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company'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 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 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 Company 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 Company 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 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 Company 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 Company has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The

Company classified the financial liability as 'borrowings' in the statement of financial position.

Financial liabilities are derecognized from the 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.

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 Company 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 separate 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 separate income statements within 'other non-operating income (expenses)' or 'financial income (expenses)'.

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 Company 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.

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 Company 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 Company discloses in the separate 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 separate 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 Company 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 separate 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 acquisition 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 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 separate income statements.

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 Company 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 Company 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 Company 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;
- 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 Company 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 separate 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.

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 separate income statements over the period of the borrowings using the effective interest method. The Company 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 Company are initially measured at fair value on the date the guarantee was given. Subsequent to initial recognition, the Company'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
- the amount initially recognized less the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*

Provisions

Provisions are recognized when the Company 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 Company 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 Company, as a tenant, is required to restore its leased assets to their original state at the end of the lease-term, the Company 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 separate financial statements.

A contingent liability is disclosed (Note 35) 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 separate 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 calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in countries where the Company operates and generates taxable income. 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 separate 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 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 Company, 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 Company operates pension schemes: defined contribution and defined benefit plans.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate fund. The Company 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 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 losses on settlement are recognized as profit or loss for the year.

(b) Other long-term employee benefits

The Company 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 Company 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 Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company 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 payments

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 Company purchases its own ordinary shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to owners of the 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 Company.

Revenue Recognition

(a) Identify performance obligation

The Company 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 Company 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 Company 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 Company 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 Company provides an extended warranty beyond the standard warranty coverage periods or a customer has the option to purchase an additional warranty separately, the Company 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 Company 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 Company 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 Company 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 Company'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 Company determined the royalty income as a performance obligation satisfied at a point in time.

(c) A performance obligation satisfied over time

The Company builds and sells customized equipment and design plan for a customer. The revenue is recognized over time by measuring progress only if the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. The Company performed an analysis on those contracts and determined the Company 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 Company receives licensing fees for the trademark held by the Company from subsidiaries and associates. The 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 Company's promise in granting a license is a promise to provide a right to access the Company's intellectual property over a license period; therefore, the Company 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 Company estimates an amount of variable consideration by using the expected value which the Company expects to better predict the amount of consideration. The Company 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 Company 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 Company determines the stand-alone selling price for each separate performance obligation by

using an 'adjusted market assessment approach'. In limited circumstances, the Company 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 Company has a right to recover the product from the customer when 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 Company uses the practical expedient in which the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Leases

Lessee accounting

The Company 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 Company. 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.

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 Company 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 separate 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 Company by the weighted average number of shares issued excluding shares purchased by the Company that are held as treasury shares. Preferred shares have a right to participate in the profits

of the Company. These participation rights have been considered in presenting the EPS for ordinary shares and preferred shares.

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 separate statement of financial position.

3. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions concerning the future. 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; 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 Company.

Significant accounting estimates and assumptions applied in the preparation of the separate 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 Company'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 Company recognizes revenue over time using the percentage of completion method for the rendering of service such as equipment production and installation. The Company 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.

(b) Impairment of Goodwill

The Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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).

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 Company 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 Company recognizes income at the lower of the lease net investment discounted at the market interest rate and the sale price of the underlying asset.

4. 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	2,349,705	-	-	-	2,349,705
Deposits held by financial institutions	141,515	-	-	-	141,515
Trade receivables	5,189,911	212,773	-	608,412	6,011,096
Other receivables	1,627,827	-	-	-	1,627,827
Other financial assets and others	-	66,926	80,702	155,086	302,714
Total	9,308,958	279,699	80,702	763,498	10,432,857

<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	5,808,472	-	-	5,808,472
Borrowings	9,224,611	-	-	9,224,611
Lease liabilities	-	-	155,464	155,464
Other payables	2,168,904	-	-	2,168,904
Other financial liabilities	-	18,304	58,599	76,903
Total	17,201,987	18,304	214,063	17,434,354

<i>(in millions of Korean won)</i>	December 31, 2022				
	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	1,941,615	-	-	-	1,941,615
Deposits held by financial institutions	171,459	-	-	-	171,459
Trade receivables	3,655,793	290,274	-	164,262	4,110,329
Other receivables	658,718	-	-	-	658,718
Other financial assets	-	61,531	95,151	159,150	315,832
Total	6,427,585	351,805	95,151	323,412	7,197,953

<i>(in millions of Korean won)</i>	December 31, 2022			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	5,428,176	-	-	5,428,176
Borrowings	7,546,030	-	-	7,546,030
Lease liabilities	-	-	116,509	116,509
Other payables	2,062,772	-	-	2,062,772
Other financial liabilities	-	24,641	18,298	42,939
Total	15,036,978	24,641	134,807	15,196,426

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

<i>(in millions of Korean won)</i>	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
Interest income	130,216	-	-	-	130,216
Exchange differences	83,642	-	-	-	83,642
Bad debt expenses	(3,599)	-	-	(1,374)	(4,973)
Loss on disposal of trade receivables	-	(624)	-	-	(624)
Dividend income	-	189	969	-	1,158
Gain (Loss) on valuation of financial assets at fair value through profit or loss	-	-	(6,410)	-	(6,410)
Profit (Loss) for the year from discontinued operations	(55)	-	-	-	(55)
Fair value gain (loss), net of tax (through other comprehensive income)	-	681	-	-	681
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	(30,342)	(30,342)
Others	(6,856)	-	-	-	(6,856)

<i>(in millions of Korean won)</i>	2023			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expense	(354,148)	-	50,975	(303,173)
Exchange differences	(104,442)	-	15,563	(88,879)
Gain (Loss) on derivatives (through profit or loss)	-	3,852	-	3,852
Profit (Loss) for the year from discontinued operations	25	-	-	25
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	(19,307)	(19,307)
Others	(9,953)	-	1,621	(8,332)

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	39,047	-	-	-	39,047
Exchange differences	299,635	-	-	-	299,635
Bad debt expenses	(561)	-	-	-	(561)
Loss on disposal of trade receivables	-	(1,189)	-	-	(1,189)
Dividend income	-	188	317	-	505
Gain (Loss) on valuation of financial assets at fair value through profit or loss	-	-	21,866	-	21,866
Profit (Loss) for the year from discontinued operations	2,355	-	-	-	2,355
Fair value gain (loss), net of tax (through other comprehensive income)	-	(22,619)	-	-	(22,619)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	75,882	75,882
Others	(3,483)	-	-	-	(3,483)

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	(223,935)	-	16,548	(207,387)
Exchange differences	(293,639)	-	37,515	(256,124)
Gain (Loss) on derivatives (through profit or loss)	-	(25,445)	-	(25,445)
Profit (Loss) for the year from discontinued operations	(18,314)	-	(19)	(18,333)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	(5,104)	(5,104)
Others	-	-	422	422

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

2023						
<i>(in millions of Korean won)</i>	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	85,934	(85,934)	-	-	-	-
Financial liabilities						
Trade payables	209,046	(85,934)	123,112	-	-	123,112
2022						
<i>(in millions of Korean won)</i>	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	112,846	(112,846)	-	-	-	-
Financial liabilities						
Trade payables	241,516	(112,846)	128,670	-	-	128,670

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

(a) Cash and cash equivalents

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

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Cash on hand	86	96
Bank deposits ¹	2,349,619	1,941,519
Total	2,349,705	1,941,615

¹ There are no deposits restricted in use in relation to value added tax is included as at December 31, 2023 (2022: ₩27,116 million).

(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
Subtotal	20,863	170,969
Non-current		
Fund for business cooperation	120,000	-
Deposit for checking account	31	31
National project	621	459
Subtotal	120,652	490
Total	141,515	171,459

6. 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	5,434,267	(41,063)	5,393,204	4,007,881	(36,264)	3,971,617
Non-current	619,389	(1,497)	617,892	138,712	-	138,712
Other receivables						
Current	462,061	(3,419)	458,642	502,754	(7,579)	495,175
Non-current	1,169,199	(14)	1,169,185	163,555	(12)	163,543

(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	11,357	16,818
Non-trade receivables	243,503	290,367
Accrued income	99,228	78,356
Deposits	104,554	109,634
Subtotal	458,642	495,175
Non-current		
Loans	1,135,821	123,696
Deposits	33,364	39,847
Subtotal	1,169,185	163,543
Total	1,627,827	658,718

- (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	4,714,267	619,389	416,669	1,169,199	6,919,524
Past due but not impaired					
Up to 6 months	321,317	-	30,365	-	351,682
7 to 12 months	59,604	-	9,662	-	69,266
Over 1 year	266,411	-	1,948	-	268,359
Subtotal	647,332	-	41,975	-	689,307
Impaired	72,668	-	3,417	-	76,085
Total	5,434,267	619,389	462,061	1,169,199	7,684,916

(in millions of Korean won)

	December 31, 2022				
	Trade receivables		Other receivables		Total
	Current	Non-current	Current	Non-current	
Receivables not past due	3,451,748	138,712	489,228	162,480	4,242,168
Past due but not impaired					
Up to 6 months	220,774	-	4,267	1,071	226,112
7 to 12 months	25,030	-	220	3	25,253
Over 1 year	239,510	-	1,432	1	240,943
Subtotal	485,314	-	5,919	1,075	492,308
Impaired	70,819	-	7,607	-	78,426
Total	4,007,881	138,712	502,754	163,555	4,812,902

- (d) The allowance for doubtful accounts is recognized based on aging analysis and historical experience.
- (e) The Company 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 Company 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.

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

2023				
<i>(in millions of Korean won)</i>	At January 1	Addition (Reversal)	Write-off and other	At December 31
Trade receivables	36,264	6,028	(1,229)	41,063
Non-current trade receivables	-	1,070	427	1,497
Other receivables				
Current	7,579	(2,064)	(2,096)	3,419
Non-current	12	2	-	14

2022				
<i>(in millions of Korean won)</i>	At January 1	Addition (Reversal)	Write-off and other	At December 31
Trade receivables	35,656	2,620	(2,012)	36,264
Other receivables				
Current	9,308	(1,483)	(246)	7,579
Non-current	12	-	-	12

Bad debt expenses for trade receivables are included in 'selling and marketing expenses' in the separate 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 Company 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 15). Discounted trade receivables as at December 31, 2023 amount to ₩60,269 million (December 31, 2022: ₩41,026 million).

7. 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	155,086	159,435
Financial assets at fair value through other comprehensive income	66,926	61,531
Financial assets at fair value through profit or loss	66,000	94,866
Total	288,012	315,832
Current	19,106	840
Non-current	268,906	314,992

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Other financial liabilities		
Derivatives	65,762	31,804
Financial guarantee liability	11,141	11,135
Total	76,903	42,939
Current	13,466	6,581
Non-current	63,437	36,358

(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	-	-	285	135
Cross-currency swap	19,033	6,610	-	-
Interest rate swap	73	-	555	-
Subtotal	19,106	6,610	840	135
Non-current				
Cross-currency swap	122,779	30,515	129,781	6,357
Interest rate swap	13,201	10,333	28,814	806
Put option	-	18,304	-	24,506
Subtotal	135,980	59,152	158,595	31,669
Total	155,086	65,762	159,435	31,804

The details of major derivative contracts at the end of the reporting period are presented in Note 38.

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss

- (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	Disposals	Transfer	Valuation	At December 31
Listed equity securities	18,271	-	(1,562)	559	1,043	18,311
Unlisted equity securities	43,260	7,277	(1,667)	(559)	304	48,615
Total	61,531	7,277	(3,229)	-	1,347	66,926

2022						
<i>(in millions of Korean won)</i>	At January 1	Acquisition	Disposals	Transfer	Valuation	At December 31
Listed equity securities	48,150	825	-	-	(30,704)	18,271
Unlisted equity securities	28,385	13,275	-	1,600	-	43,260
Total	76,535	14,100	-	1,600	(30,704)	61,531

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

2023						
<i>(in millions of Korean won)</i>	At January 1	Acquisition	Disposals	Transfer	Valuation	At December 31
Unlisted equity securities	70,841	3,311	(875)	(2,000)	(6,410)	64,867
Debt securities	24,025	500	-	(23,392)	-	1,133
Total	94,866	3,811	(875)	(25,392)	(6,410)	66,000

2022						
<i>(in millions of Korean won)</i>	At January 1	Acquisition	Disposals	Transfer	Valuation	At December 31
Unlisted equity securities	72,285	16,863	(15,181)	(24,992)	21,866	70,841
Debt securities	-	633	-	23,392	-	24,025
Total	72,285	17,496	(15,181)	(1,600)	21,866	94,866

8. 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	758,746	(28,653)	730,093	804,526	(34,844)	769,682
Work-in-process	66,352	(2,656)	63,696	46,453	(893)	45,560
Raw materials and supplies	541,547	(57,900)	483,647	654,016	(56,763)	597,253
Other	148,293	(56,205)	92,088	176,381	(65,549)	110,832
Total	1,514,938	(145,414)	1,369,524	1,681,376	(158,049)	1,523,327

(b) The cost of inventories recognized as an expense during the year ended December 31, 2023 amounted to ₩19,472,930 million (2022: ₩18,572,782 million). This was included in 'cost of sales'. Loss on valuation of inventories during the year ended December 31, 2023 amounted to ₩36,191 million (2022: ₩54,728 million).

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

9. 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	542,849	419,764
(Less: allowance for doubtful accounts)	(5)	(4)
Right to recover returned products	838	987
Costs to fulfill contracts and others	375,785	88,449
Total	919,467	509,196
Current	741,957	430,444
Non-current	177,510	78,752

(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	66,844	68,205
Expected returns from customers	47,353	14,614
Customer loyalty program	55,843	56,474
Rendering of warranty services	10,506	20,909
Due to customers and others	646,081	342,161
Total	826,627	502,363
Current	821,195	497,668
Non-current	5,432	4,695

(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	307,269	316,237
Customer loyalty program	51,493	45,733
Rendering of warranty services	10,841	5,005
Total	369,603	366,975
Revenue recognized from performance obligations satisfied in previous year	3,288	1,371

(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 ₩1,052,645 million (2022: ₩1,356,919 million), expected to be satisfied by 2031, at the latest. Also, as a practical expedient, the Company excluded a contract of which performance obligation had an original expected duration of one year or less.

(e) For the year ended December 31, 2023, the Company recognized impairment loss amounting to ₩1 million (2022: nil) in relation to due from customers, and amortization and others of ₩124,764 million (2022: ₩45,226 million) in relation to costs to fulfill a contract.

10. 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	6,683	119,696
Prepaid expenses	175,554	149,177
Prepaid value added tax	91,720	84,448
Others ¹	107,584	230,213
Subtotal	381,541	583,534
Non-current:		
Long-term prepaid expenses	72,147	74,725
Total	453,688	658,259

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

11. 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	2,064,518	3,928,169	195,613	1,520,920	1,761,878	420,375	867,775	259,919	11,019,167
Accumulated depreciation	(3,462)	(1,396,722)	(119,064)	(1,031,010)	(1,503,459)	(303,329)	(520,538)	-	(4,877,584)
Accumulated impairment losses	-	(45,033)	(5,096)	(23,235)	(29,080)	(6,108)	(2,901)	-	(111,453)
Net book amount	2,061,056	2,486,414	71,453	466,675	229,339	110,938	344,336	259,919	6,030,130
At December 31, 2022									
Acquisition cost	2,050,475	3,875,838	197,857	1,469,466	1,765,878	402,345	1,045,378	157,052	10,964,289
Accumulated depreciation	(5)	(1,309,653)	(117,352)	(958,854)	(1,526,164)	(289,714)	(609,455)	-	(4,811,197)
Accumulated impairment losses	-	(79,580)	(5,105)	(23,325)	(29,144)	(4,712)	(3,627)	-	(145,493)
Net book amount	2,050,470	2,486,605	75,400	487,287	210,570	107,919	432,296	157,052	6,007,599

(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	2,050,470	2,486,605	75,400	487,287	210,570	107,919	432,296	157,052	6,007,599
Acquisitions	14,166	105,877	2,014	67,187	121,485	41,944	72,776	233,384	658,833
Transfer ¹	-	76,423	-	26,693	24,003	26	55,303	(130,517)	51,931
Disposals and others	(123)	(5,424)	(140)	(3,721)	(3,230)	(450)	(2,300)	-	(15,388)
Decrease due to transfer of business	-	-	-	-	-	-	-	-	-
Depreciation	(3,457)	(175,353)	(5,778)	(110,258)	(121,198)	(36,961)	(198,163)	-	(651,168)
Impairment losses ²	-	(1,714)	(43)	(513)	(2,291)	(1,540)	(15,576)	-	(21,677)
At December 31	2,061,056	2,486,414	71,453	466,675	229,339	110,938	344,336	259,919	6,030,130
2022									
<i>(in millions of Korean won)</i>	Land	Buildings	Structures	Machinery	Tools	Equipment	Other	Construction -in-progress	Total
At January 1	2,056,039	2,882,624	85,448	477,809	191,941	85,867	563,518	81,539	6,424,785
Acquisitions	39,944	132,553	167	69,317	120,184	57,593	10,077	222,508	652,343
Transfer ¹	7,648	45,436	-	62,899	27,550	-	103,347	(146,995)	99,885
Disposals and others	(53,156)	(280,150)	(3,645)	(9,009)	(8,242)	(1,630)	(1,832)	-	(357,664)
Decrease due to transfer of business	-	-	-	-	(51)	(5)	-	-	(56)
Depreciation	(5)	(183,517)	(6,274)	(112,675)	(117,576)	(33,994)	(222,479)	-	(676,520)
Impairment losses ^{2,3}	-	(110,341)	(296)	(1,054)	(3,236)	88	(20,335)	-	(135,174)
At December 31	2,050,470	2,486,605	75,400	487,287	210,570	107,919	432,296	157,052	6,007,599

¹ The transfer of other property, plant and equipment amounting to ₩51,931 million (2022: ₩103,298 million) was made from inventories to rental assets.

² The Company 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.

³ For the year ended December 31, 2022, impairment loss on property plant and equipment from discontinued operations of energy business amounting to ₩75,629 million is included.

(c) Line items including depreciation in the separate 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	483,470	506,030
Selling and marketing expenses	37,984	39,455
Administrative expenses	63,648	51,685
Research and development expenses	38,404	44,101
Service costs	20,341	18,787
Other non-operating expenses	7,309	1,404
Subtotal	651,156	661,462
Discontinued operations	12	15,058
Total	651,168	676,520

(d) Changes of right-of-use assets 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	20	91,008	38	707	732	8,644	14,148	-	115,297
Acquisitions	14,166	33,662	225	10	-	5,552	71,171	40	124,826
Transfer	-	40	-	-	-	-	-	(40)	-
Disposals and others	-	(4,072)	(8)	(402)	-	(74)	(1,947)	-	(6,503)
Depreciation	(3,457)	(53,169)	(207)	(294)	(732)	(4,479)	(17,141)	-	(79,479)
At December 31	10,729	67,469	48	21	-	9,643	66,231	-	154,141

2022									
<i>(in millions of Korean won)</i>	Land	Buildings	Structures	Machinery	Tools	Equipment	Other	Construction -in-progress	Total
At January 1	-	88,629	193	1,241	1,840	6,415	23,525	-	121,843
Acquisitions	3,438	68,576	-	-	-	5,957	7,901	51	85,923
Transfer	(3,413)	51	-	-	-	-	-	(51)	(3,413)
Disposals and others	-	(2,502)	-	(89)	-	-	(1,645)	-	(4,236)
Depreciation	(5)	(63,746)	(155)	(445)	(1,108)	(3,728)	(15,633)	-	(84,820)
At December 31	20	91,008	38	707	732	8,644	14,148	-	115,297

The amount recognized as lease income in relation to sublease of the right-of-use assets for the year ended December 31, 2023, was ₩5,768 million (2022: ₩7,517 million).

(e) 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	3,422	2,916
Capitalization rate (%)	3.51	3.05

(f) There is no property, plant and equipment pledged as a collateral for borrowings from banks.

12. Intangible assets

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

	2023						
<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	86,528	871,906	3,292,895	19,115	1,042,569	848,249	6,161,262
Accumulated amortization and impairment losses	(86,337)	(466,470)	(2,691,973)	(633)	(799,171)	(19,279)	(4,063,863)
Net book amount	191	405,436	600,922	18,482	243,398	828,970	2,097,399
	2022						
<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, 2022							
Acquisition cost	86,528	869,793	3,012,065	19,192	1,077,074	568,952	5,633,604
Accumulated amortization and impairment losses	(86,337)	(461,863)	(2,544,826)	(633)	(816,657)	(8,017)	(3,918,333)
Net book amount	191	407,930	467,239	18,559	260,417	560,935	1,715,271

¹ As at December 31, 2023, internally generated development costs are included in development costs and construction-in-progress amounting to ₩337,570 million and ₩552,114 million (2022: ₩332,363 million and ₩301,792 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	191	407,930	467,239	18,559	260,417	560,935	1,715,271
Acquisitions	-	-	132,489	-	145,924	184,639	463,052
Acquisitions by internal development	-	-	-	-	-	406,249	406,249
Transfer	-	99,036	201,287	-	-	(300,434)	(111)
Disposals and others	-	(24,341)	(53)	(77)	(93)	(22,419)	(46,983)
Amortization	-	(75,524)	(192,831)	-	(158,063)	-	(426,418)
Impairment losses ^{1,2}	-	(1,665)	(7,209)	-	(4,787)	-	(13,661)
At December 31	191	405,436	600,922	18,482	243,398	828,970	2,097,399

2022

<i>(in millions of Korean won)</i>	Goodwill	Industrial property rights	Development costs	Membership rights	Other	Construction -in-progress	Total
At January 1	191	399,024	494,467	37,715	273,567	553,754	1,758,718
Acquisitions	-	-	25,731	-	109,607	227,401	362,739
Acquisitions by internal development	-	-	-	-	-	159,819	159,819
Transfer	-	96,171	125,013	-	-	(356,023)	(134,839)
Disposals and others	-	(12,447)	-	(19,156)	(742)	(19,289)	(51,634)
Decrease due to transfer of business	-	-	(7,810)	-	(34)	(4,363)	(12,207)
Amortization	-	(74,202)	(201,996)	-	(121,031)	-	(397,229)
Impairment losses ^{1,2}	-	(616)	31,834	-	(950)	(364)	29,904
At December 31	191	407,930	467,239	18,559	260,417	560,935	1,715,271

¹ The Company conducted a periodic impairment test, accordingly, impairment loss of ₩6,725 million (HE: ₩6,475 million, BS: ₩241 million, VS: ₩9 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.

² 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 ₩7,209 million of impairment loss (2022: a reversal of impairment loss of ₩31,470 million), was recognized as 'other non-operating expenses'.

- (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	320,787	300,705
Selling and marketing expenses	10,971	9,792
Administrative expenses	37,354	29,087
Research and development expenses	53,877	53,911
Service costs	3,374	2,550
Other non-operating expenses	8	3
Subtotal	426,371	396,048
Discontinued operations	47	1,181
Total	426,418	397,229

- (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 Company's cash-generating units (CGUs) under each operating segment. At the end of the reporting period, goodwill amounting to ₩191 million is allocated to Home Appliance & Air Solution business segment.
- 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 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.
- iii) Management determined the estimated pre-tax cash flow based on past performance and its expectations of market development. Discount rates used for calculating the value-in-use are the discount rates reflecting specific risks relating to CGUs identified in Air conditioning business under Home Appliance & Air Solution business segment of 11.32% and nominal permanent growth rates of 1%.
- iv) There is no impairment loss on goodwill recognized based on the recoverable amount calculated based on fair value less costs to sell for each cash-generating unit.

(g) Research and development expenses

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

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Uncapitalized research and development expenditures	3,002,698	2,840,889
Amortization from internally generated development costs	139,591	159,440
Subtotal	3,142,289	3,000,329
Discontinued operations	-	8,267
Total	3,142,289	3,008,596

13. Investments in Subsidiaries, Associates and Joint Ventures

(a) Investments in subsidiaries, associates and joint ventures as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	Location	Closing month	Percentage of ownership at December 31, 2023 (%)	Carrying amount	
				December 31, 2023	December 31, 2022
Subsidiaries					
LG Electronics U.S.A., Inc.(LGEUS)	USA	December	100.0	955,542	955,542
LG Innotek Co., Ltd. ⁵	Korea	December	40.8	541,538	541,538
LG Magna e-Powertrain Co., Ltd.	Korea	December	51.0	388,661	388,661
ZKW Holding GmbH	Austria	December	70.0	349,482	349,482
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	India	March	100.0	311,746	311,746
LG Electronics do Brasil Ltda.(LGEBR)	Brazil	December	100.0	270,631	270,631
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	Poland	December	100.0	214,091	214,091
LG Electronics Nanjing Vehicle Components Co., Ltd.(LGENV)	China	December	100.0	180,349	180,349
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	China	December	70.0	161,331	161,331
LG Electronics European Holding B.V.(LGEEH)	Netherlands	December	100.0	148,551	148,551
Hiplaza Co., Ltd.	Korea	December	100.0	136,459	136,459
PT LGE INDONESIA RESEARCH AND DEVELOPMENT CENTER(LGERC) ¹	Indonesia	December	100.0	121,467	63,237
Cybellum Technologies Ltd. ⁸	Israel	December	69.1	113,509	133,162
LG Electronics Egypt S.A.E(LGEEG)	Egypt	December	100.0	110,245	110,245
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	China	December	90.0	97,608	97,608
P.T. LG Electronics Indonesia(LGEIN)	Indonesia	December	100.0	94,118	94,118
LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	Vietnam	December	100.0	84,784	84,784
LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	Poland	December	100.0	70,014	70,014
LG Electronics Mexico S.A. DE C.V.(LGEMS)	Mexico	December	100.0	68,721	68,721

(in millions of Korean won)	Location	Closing month	Percentage of ownership at	Carrying amount	
			December 31, 2023 (%)	December 31, 2023	December 31, 2022
LG Electronics (Shenyang) Inc(LGESY)	China	December	56.3	62,033	62,033
LG Electronics (Thailand) Company Limited(LGETH)	Thailand	December	100.0	55,578	55,578
LG Electronics Fund I LLC ^{1,3}	USA	December	100.0	54,396	56,264
LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)	Australia	December	100.0	50,664	50,664
LG Electronics Ticaret A.S.(LGETK)	Türkiye	December	100.0	47,320	47,320
LG Electronics RUS, LLC(LGERA)	Russia	December	100.0	43,645	43,645
LG Electronics (Huizhou) Inc.(LGEHZ) ⁶	China	December	45.0	41,984	41,984
LG Electronics Nanjing New Technology co.,LTD (LGENT) ⁶	China	December	45.0	38,744	38,744
LG Electronics Panama, S.A.(LGEPS)	Panama	December	100.0	36,492	36,492
ZKW Austria Immobilien Holding GmbH	Austria	December	70.0	35,640	35,640
HIEVCHARGER CO., LTD. ^{1,7}	Korea	December	60.0	35,040	27,840
LG Electronics S.A. (Pty) Ltd.(LGESA)	Republic of South Africa	December	100.0	30,175	30,175
Nanjing LG Panda Appliances Co., Ltd(LGEPN) ⁶	China	December	50.0	26,614	26,614
LG Electronics Peru S.A.(LGEPR)	Peru	December	100.0	25,043	25,043
LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	China	December	100.0	20,615	20,615
LG Soft India Private Limited.(LGSI)	India	March	100.0	20,105	20,105
LG Electronics Fund II LLC ¹	USA	December	100.0	13,771	9,669
LG Electronics Development Vietnam Company Limited(LGEDV) ²	Vietnam	December	100.0	1,868	-
LG Electronics Saudi Arabia LLC ⁸	Saudi Arabia	December	100.0	1,637	13,064
LG Electronics Africa Logistics FZE(LGEAF) ⁸	Arab Emirates	December	100.0	281	7,434
LG Electronics Middle East & Africa Regional Headquarter(LGESQ) ²	Saudi Arabia	December	100.0	70	-
LG Electronics Inc Chile Limitada.(LGECL) ⁸	Chile	December	100.0	-	3,335
Others				143,225	143,225
Associates					
LG Display Co., Ltd. ⁸	Korea	December	37.9	2,811,950	3,480,623
Robostar Co.,Ltd.	Korea	December	33.4	88,112	88,112
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0	52,124	52,124
Ericsson-LG Co., Ltd.	Korea	December	25.0	38,834	38,834
Mirae Asset-LG Electronics New Growth Fund I	Korea	December	50.0	28,023	28,023
RINSE, INC.	USA	December	23.3	18,184	18,184
NOVA Prime Fund I, LP ^{1,9}	USA	December	87.1	11,305	2,802
ROBOTIS Co., Ltd. ⁴	Korea	December	7.5	9,000	9,000
SideChef Group Limited ^{2,4}	Hong Kong	December	15.4	7,702	-
GOQUAL INC. ^{2,4}	Korea	December	7.2	5,000	-
TheWaveTalk Co., Ltd. ^{4,10}	Korea	December	3.7	2,000	-
Acryl Inc. ⁴	Korea	December	13.6	2,000	2,000
AiM Future, Inc. ⁴	Korea	December	11.7	800	800
Joint ventures					
LG-LHT Aircraft Solutions GmbH ^{1,8}	Germany	December	49.0	37,425	34,343

(in millions of Korean won)	Location	Closing month	Percentage of ownership at December 31, 2023 (%)	Carrying amount	
				December 31, 2023	December 31, 2022
LG-LHT Passenger Solutions GmbH ^{1,8}	Germany	December	49.0	37,320	32,817
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Türkiye	December	50.0	27,711	27,711
EIC PROPERTIES PTE LTD.	Singapore	December	38.2	7,881	7,881
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD. ¹	China	December	35.0	1,855	1,535
FITNESSCANDY Co.,Ltd. ^{1,8}	Korea	December	51.0	-	4,233
Total				8,391,013	9,004,775

¹ It was additionally acquired during the year ended December 31, 2023.

² It was newly acquired during the year ended December 31, 2023.

³ It was recovered a portion of the investment funds during the year ended December 31, 2023.

⁴ Classified as an associate although the percentage of ownership is less than 20% because the Company can exercise a significant influence in the Board of Directors of the investee.

⁵ Although the Company owns less than half of the percentage of ownership of LG Innotek Co., Ltd., the Company 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.

⁶ Although the Company owns less than half of the percentage of ownership of the investees, the investees are classified as subsidiaries because the Company can exercise control over the investees considering the shares held by the subsidiary.

⁷ The entity changed its name from APPELMANGO CO., LTD. to HIEVCHARGER CO., LTD. for the year ended December 31, 2023.

⁸ Impairment loss was recognized during the year ended December 31, 2023.

⁹ Reclassified a subsidiary as an associate because the Company lost its control over the investee during the year ended December 31, 2023.

¹⁰ Reclassified as investments in associates from other financial assets.

(b) Changes in investments in subsidiaries, associates and joint ventures for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023	2022
Carrying amount at January 1	9,004,775	8,914,917
Acquisitions	121,742	142,199
Transfer	25,392	-
Disposal and others ¹	(2,949)	(13,259)
Impairment loss	(757,947)	(39,082)
Carrying amount at December 31	8,391,013	9,004,775

¹ It includes the amount retrieved by the capital reduction with consideration on the LG Electronics Fund I LLC, which is a subsidiary of the Company, during the year ended December 31, 2023.

It includes the amount retrieved by the capital reduction with consideration on the Mirae Asset-LG Electronics New Growth Fund I, which is an associate of the Company, during the year ended December 31, 2022.

(c) Impairment test for investments in subsidiaries, associates and joint ventures

- i) The Company records the investments in subsidiaries, associates and joint ventures at acquisition cost on the basis of the direct equity interest and assesses at the end of each reporting period whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset by future cash flow projection technique. And if the recoverable amount of an asset is less than its carrying amount, the Company recognizes an impairment loss immediately by reducing its carrying amount to its recoverable amount.
- ii) The difference of ₩43,044 million between recoverable amount and carrying amount relating to Cybellum Technologies Ltd., a subsidiary, is recognized in the separate income statement within 'other non-operating expenses' for the year ended December 31, 2023.
- iii) The difference of ₩11,427 million between recoverable amount and carrying amount relating to LG Electronics Saudi Arabia LLC, a subsidiary, is recognized in the separate income statement within 'other non-operating expenses' for the year ended December 31, 2023.
- iv) The difference of ₩7,154 million between recoverable amount and carrying amount relating to LG Electronics Africa Logistics FZE(LGEAF), a subsidiary, is recognized in the separate income statement within 'other non-operating expenses' for the year ended December 31, 2023.
- v) The difference of ₩3,335 million between recoverable amount and carrying amount relating to LG Electronics Inc Chile Limitada(LGECL), a subsidiary, is recognized in the separate income statement within 'other non-operating expenses' for the year ended December 31, 2023.
- vi) The difference of ₩668,673 million between recoverable amount and carrying amount relating to LG Display Co., Ltd., an associate, is recognized in the separate income statement within 'other non-operating expenses' for the year ended December 31, 2023. The recoverable amount of the investment has been determined based on the value-in-use, and is affected by changes in key assumptions, such as the after-tax discount rate of 8.3% and the nominal perpetual growth rate of 1.0%, which are used when applying the future cash flow discounting technique. If the discount rate increases by 1% point, the value-in-use considering the percentage of ownership would decrease by ₩907,517 million, and if the perpetual growth rate decreases by 1% point, the value-in-use considering the percentage of ownership would decrease by ₩629,017 million.
- vii) The difference of ₩9,366 million between recoverable amount and carrying amount relating to LG-LHT Aircraft Solutions GmbH, a joint venture, is recognized in the separate income statement within 'other non-operating expenses' for the year ended December 31, 2023.
- viii) The difference of ₩9,338 million between recoverable amount and carrying amount relating to LG-LHT Passenger Solutions GmbH, a joint venture, is recognized in the separate income statement within 'other non-operating expenses' for the year ended December 31, 2023.

- ix) The difference of ₩5,610 million between recoverable amount and carrying amount relating to FITNESSCANDY Co.,Ltd., a joint venture, is recognized in the separate income statement within 'other non-operating expenses' for the year ended December 31, 2023.

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

December 31, 2023					
	Type	Shares held (Unit: shares)	Price per share (Unit: won)	Fair value (in millions of Korean won)	Book amount
LG Display Co., Ltd.	Associate	135,625,000	12,740	1,727,863	2,811,950
LG Innotek Co., Ltd.	Subsidiary	9,653,181	239,500	2,311,937	541,538
Robostar Co.,Ltd.	Associate	3,256,500	29,800	97,044	88,112
ROBOTIS Co., Ltd.	Associate	961,550	30,600	29,423	9,000

December 31, 2022					
	Type	Shares held (Unit: shares)	Price per share (Unit: won)	Fair value (in millions of Korean won)	Book amount
LG Display Co., Ltd.	Associate	135,625,000	12,450	1,688,531	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	252,500	2,437,428	541,538
Robostar Co.,Ltd.	Associate	3,256,500	18,650	60,734	88,112
ROBOTIS Co., Ltd.	Associate	961,550	22,500	21,635	9,000

14. Investment properties

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

<i>(in millions of Korean won)</i>	Land	Buildings	Total
At December 31, 2023			
Acquisition cost	1,541	134,839	136,380
Accumulated depreciation	(212)	(8,232)	(8,444)
Accumulated impairment losses	-	(47,429)	(47,429)
Net book amount	1,329	79,178	80,507

<i>(in millions of Korean won)</i>	Land	Buildings	Total
At December 31, 2022			
Acquisition cost	3,413	134,840	138,253
Accumulated depreciation	(99)	(3,933)	(4,032)
Accumulated impairment losses	-	(47,429)	(47,429)
Net book amount	3,314	83,478	86,792

(b) Changes in investment properties for the year ended December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	2023		
	Land	Buildings	Total
At January 1	3,314	83,478	86,792
Disposal and others	(1,872)	-	(1,872)
Depreciation	(113)	(4,300)	(4,413)
At December 31	1,329	79,178	80,507

<i>(in millions of Korean won)</i>	2022		
	Land	Buildings	Total
At January 1	-	-	-
Transfer	3,413	134,840	138,253
Depreciation	(99)	(3,933)	(4,032)
Impairment losses	-	(47,429)	(47,429)
At December 31	3,314	83,478	86,792

(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 ₩86,985 million(2022: ₩86,792 million).

(d) Rental income amounting to ₩5,023 million (2022: ₩2,581 million) and rental expenses amounting to ₩4,833 million (2022: ₩4,032 million) are recognized in the separate income statements relating to the investment properties for the year ended December 31, 2023.

15. 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	704,969	311,266
Current portion of long-term borrowings	252,710	187,715
Current portion of debentures	646,690	574,927
Subtotal	1,604,369	1,073,908
Non-current		
Long-term borrowings	3,130,153	2,591,454
Debentures	4,490,089	3,880,668
Subtotal	7,620,242	6,472,122
Total	9,224,611	7,546,030

(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 foreign currency				
LG Electronics U.S.A., Inc. and others ¹	-	4.34 ~ 12.91	704,969	311,266
Long-term borrowings in local currency				
The Export-Import Bank of Korea and others	2035. 1. 9	2.49 ~ 4.97	2,302,465	1,825,893
Long-term borrowings in foreign currency				
The Export-Import Bank of Korea and others	2031. 7.28	0.67 ~ 7.22	1,080,398	953,276
Local currency debentures				
Public, non-guaranteed bonds	2036. 5. 4	1.62 ~ 4.84	3,430,000	3,090,000
Private, non-guaranteed bonds	2041. 2. 9	2.66 ~ 5.15	1,030,000	980,000
Foreign currency debentures				
Private, non-guaranteed bonds	2029. 5.24	0.58 ~ 7.23	688,442	258,765
Private, guaranteed bonds	2023. 2.24	-	-	135,120
Less: discount on debentures			(11,663)	(8,290)
Total			9,224,611	7,546,030

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

The Company entered into interest rate swap and cross-currency swap contracts to hedge cash flow risks related to floating interest rates and foreign exchange rates of certain portion of borrowings (Note 38).

16. 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	74,853	65,979
Non-current	80,611	50,530
Total	155,464	116,509

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

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Interest expense relating on lease liabilities	3,872	3,492
Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	28,572	28,194
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)	15,863	14,973
Subtotal	48,307	46,659
Discontinued operations	14	1,341
Total	48,321	48,000

Depreciation of right-of-use assets is stated in 'Note 11'.

(c) Total expenses for leases including short-term leases and leases of low-value assets are ₩121,688 million (2022: ₩129,392 million).

17. 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	1,841,459	1,659,806
Accrued expenses	315,172	394,542
Leasehold deposits received	313	701
Subtotal	2,156,944	2,055,049
Non-current		
Leasehold deposits received	11,960	7,723
Total	2,168,904	2,062,772

18. 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	267,273	238,422
Adjustments in respect of prior years	(11,029)	(29,695)
Deferred tax		
Changes in temporary differences	181,281	174,938
Changes in tax credit carryforwards	(196,636)	(350,957)
Changes in tax loss carryforwards	(40,637)	(82,273)
Income tax expense (benefit)	200,252	(49,565)
Continuing operations	200,203	8,288
Discontinued operations	49	(57,853)

(b) The reconciliation between profit (loss) 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	1,204,165	1,031,658
Discontinued operations	183	(226,261)
Profit (Loss) before income tax	1,204,348	805,397
Tax expense (income) based on statutory tax rate	307,586	211,122
Income not subject to tax	(363,827)	(14,689)
Expenses not deductible for tax purposes	12,419	32,611
Tax credits/exemptions	(99,131)	(112,534)
Adjustments in respect of prior years	(11,029)	(29,695)
Others	354,234	(136,380)
Income tax expense (benefit)	200,252	(49,565)
Continuing operations	200,203	8,288
Discontinued operations	49	(57,853)
Effective tax rate	16.63%	(-)6.15%

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	260,686	387,377
Deferred tax asset to be recovered after more than 12 months	2,628,472	2,468,560
Deferred tax assets before offsetting	2,889,158	2,855,937
Deferred tax liabilities:		
Deferred tax liability to be settled within 12 months	46,119	65,486
Deferred tax liability to be settled after more than 12 months	1,226,071	1,300,240
Deferred tax liabilities before offsetting	1,272,190	1,365,726
Deferred tax assets after offsetting	1,616,968	1,490,211

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

<i>(in millions of Korean won)</i>	2023			
	At January 1	Charged (credited) to income statement	Charged to other comprehensive income	At December 31
Changes in temporary differences				
Investments in subsidiaries, associates and joint ventures	(104,613)	29,271	-	(75,342)
Property, plant and equipment	35,239	(166,054)	-	(130,815)
Accrued expenses	313,719	59,693	-	373,412
Provisions	290,607	(125,746)	-	164,861
Others	(114,047)	21,555	70,765	(21,727)
Subtotal	420,905	(181,281)	70,765	310,389
Tax credit carryforwards	987,033	196,636	-	1,183,669
Tax loss carryforwards	82,273	40,637	-	122,910
Deferred tax assets (liabilities)	1,490,211	55,992	70,765	1,616,968

<i>(in millions of Korean won)</i>	2022			
	At January 1	Charged (credited) to income statement	Charged to other comprehensive income	At December 31
Changes in temporary differences				
Investments in subsidiaries, associates and joint ventures	(270,084)	165,471	-	(104,613)
Property, plant and equipment	833	34,406	-	35,239
Accrued expenses	392,648	(78,929)	-	313,719
Provisions	568,970	(278,363)	-	290,607

Others	15,276	(17,523)	(111,800)	(114,047)
Subtotal	707,643	(174,938)	(111,800)	420,905
Tax credit carryforwards	636,076	350,957	-	987,033
Tax loss carryforwards	-	82,273	-	82,273
Deferred tax assets (liabilities)	1,343,719	258,292	(111,800)	1,490,211

(c) Tax effects 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	(256,116)	54,411	(201,705)	344,588	(95,021)	249,567
Financial assets at fair value through other comprehensive income	1,347	(666)	681	(30,704)	8,085	(22,619)
Cash flow hedges	(66,669)	17,020	(49,649)	95,642	(24,864)	70,778
Total	(321,438)	70,765	(250,673)	409,526	(111,800)	297,726

(d) Details of deductible (taxable) temporary differences and tax credit carryforward 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 subsidiary)	(1,359,368)	Permanent reinvestment of undistributed profit planned
Deductible temporary difference (investment in subsidiary)	2,629,624	Unlikely to reverse (dispose of) in the foreseeable future
Tax credit carryforwards ¹	535,540	Uncertainty of future taxable profit

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

19. 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	3,419,800	2,937,364
Fair value of plan assets	(3,767,107)	(3,454,693)
Net defined benefit liabilities (assets)	(347,307)	(517,329)

- (b) The amounts recognized in the separate 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	274,653	310,676
Net interest cost	(27,418)	2,867
Operating management cost	2,499	2,203
Total	249,734	315,746

- (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	117,072	147,609
Selling and marketing expenses	34,546	42,181
Administrative expenses	24,138	26,919
Research and development expenses	48,839	61,858
Service costs	22,692	26,663
Other non-operating expenses	2,442	-
Subtotal	249,729	305,230
Discontinued operations	5	10,516
Total	249,734	315,746

- (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	2,937,364	3,268,721
Current service cost	274,653	310,676
Interest cost	151,744	91,740
Remeasurements for:		
- Actuarial loss (gain) arising from changes in demographic assumptions	(5,439)	7,932
- Actuarial loss (gain) arising from changes in financial assumptions	236,080	(424,201)
- Actuarial loss (gain) arising from experience adjustments	27,683	41,193
Benefits paid	(202,285)	(358,697)
At December 31	3,419,800	2,937,364

- (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	3,454,693	3,168,810
Interest income	179,162	88,873
Remeasurements of plan assets	2,208	(30,488)
Employer contributions	340,000	580,000

Benefits paid	(206,457)	(350,299)
Operating management cost	(2,499)	(2,203)
At December 31	3,767,107	3,454,693

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

	December 31, 2023	December 31, 2022
Discount rate	4.50%	5.30%
Expected salary growth rate	5.90%	6.00%

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

<i>(in millions of Korean won)</i>	1%p increase	1%p decrease
Discount rate	(272,937)	311,937
Expected salary growth rate	325,891	(288,921)

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.

(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)	1,367,933	36.3	1,160,231	33.6
Time deposits and others	2,399,174	63.7	2,294,462	66.4
Total	3,767,107	100.0	3,454,693	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 9.2 years.

(j) The Company evaluates the fund contribution level annually, and if there is a shortfall in the funds, the Company has a policy to finance the funds. Expected contributions to post-employment benefit plans for the year ending December 31, 2024, are ₩280,000 million.

Defined Contribution Plan

The expense recognized in relation to defined contribution plan for the year ended December 31, 2023 was ₩10,680 million (2022: ₩9,368 million).

20. Provisions

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

	2023			
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	1,079,839	9,360	57,771	1,146,970
Additions ¹	548,093	256	93,898	642,247
Utilizations	(1,099,832)	(748)	(7,309)	(1,107,889)
At December 31	528,100	8,868	144,360	681,328
Current	489,867	6,533	101,372	597,772
Non-current	38,233	2,335	42,988	83,556

	2022			
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	2,279,025	10,460	62,899	2,352,384
Additions ¹	417,816	453	31,281	449,550
Utilizations	(1,617,002)	(1,553)	(36,409)	(1,654,964)
At December 31	1,079,839	9,360	57,771	1,146,970
Current	1,035,633	7,595	18,287	1,061,515
Non-current	44,206	1,765	39,484	85,455

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	917,378	908,786

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 Company additionally purchased from the market, and there was no recognized emission liability as greenhouse gas emission estimated by management was 256,783 tons.

21. 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	225,990	339,351
Withholding	156,401	134,532
Accrued expenses	1,759,492	1,383,300
Subtotal	2,141,883	1,857,183
Non-current		
Accrued expenses	133,299	106,328
Total	2,275,182	1,963,511

22. 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 Company's capital of ₩783,961 million and less the 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 options 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.

23. 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 (Undisposed accumulated deficit)	802,490	1,104,629
Total	6,566,223	5,890,737

¹ The Commercial Code of the Republic of Korea requires the 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 capital stock. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit.

(b) Appropriation of retained earnings for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Unappropriated retained earnings		
Unappropriated retained earnings carried over from prior year	99	99
Remeasurement of net defined benefit liability	(201,705)	249,567
Profit (Loss)	<u>1,004,096</u>	<u>854,963</u>
	<u>802,490</u>	<u>1,104,629</u>
Transfer from discretionary reserve		
Reserve for research and manpower development	<u>5,504,433</u>	<u>4,539,499</u>
Total	<u>6,306,923</u>	<u>5,644,128</u>
Appropriation of retained earnings		
Earned profit reserves	14,491	12,691
Reserve for research and manpower development	6,147,421	5,504,433
Dividends	144,912	126,905
Ordinary Share :		
₩ 800 (16%) in 2023		
₩ 700 (14%) in 2022		
Preferred share :		
₩ 850 (17%) in 2023		
₩ 750 (15%) in 2022		
	<u>6,306,824</u>	<u>5,644,029</u>
Unappropriated retained earnings to be carried forward to subsequent year	<u>99</u>	<u>99</u>

(c) Dividends

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 separate financial statements do not reflect this dividend payable.

	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 (<i>in Korean won</i>)	5,000	5,000	5,000	5,000
Dividend rate	16%	17%	14%	15%
Dividends per share (<i>in Korean won</i>)	800	850	700	750
Total dividend amount (<i>in millions of Korean won</i>)	130,308	14,604	114,019	12,886
Dividend payout ratio (Dividends/Net profit)	13%	1%	13%	2%
Stock price ¹ (<i>in Korean won</i>)	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 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.

24. Accumulated Other Comprehensive Income (Loss)

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

(<i>in millions of Korean won</i>)	December 31, 2023	December 31, 2022
Cash flow hedge	(838)	48,811
Financial assets at fair value through other comprehensive income	(9,367)	(10,048)
Total	(10,205)	38,763

25. 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
At December 31	(32,819)	(32,819)

¹ At the end of the reporting period, the 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). The Company intends to either grant these treasury shares to employees and directors as compensation or sell them in the future.

26. 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	26,400,213	24,783,698
Rendering of services	1,514,686	2,262,079
Subtotal	27,914,899	27,045,777
Revenue from other sources:		
Rental income and others	953,380	745,969
Subtotal	28,868,279	27,791,746
Discontinued operations	738	160,295
Total	28,869,017	27,952,041

(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	15,716,226	14,586,641
TV/AV and others	3,326,993	3,655,638
In-vehicle infotainment and others	4,219,496	3,684,393
Monitor/PC and others	2,530,788	2,513,302
Others ¹	2,121,396	2,605,803
Domestic/Export:		
Domestic	10,047,124	10,068,745
Export	17,867,775	16,977,032
Timing of transfer:		
Transferred at a point in time	24,476,349	24,043,922
Transferred over time	3,438,550	3,001,855
Total	27,914,899	27,045,777

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

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

Due to the factors causing the changes in the costs of other segments in 2023, the estimated total revenue and total costs for contracts in progress at the end of the reporting period have changed. Details of changes in estimated total contract revenue and costs, and the impact on profit or loss for the year and the succeeding year 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 year
Other segments	56,992	81,735	(24,886)	143

27. 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	69,839	18,115
Raw materials and merchandise used	15,335,058	14,414,066
Employee benefit expense	4,773,270	4,656,943
Depreciation and amortization	1,074,623	1,060,135
Advertising expense	755,254	668,960
Promotion expense	159,421	150,643
Freight expense	828,889	1,505,285
Commission expense	2,442,020	2,162,615
Other expenses	2,853,150	3,044,197
Subtotal¹	28,291,524	27,680,959
Discontinued operations	363	389,921
Total¹	28,291,887	28,070,880

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

28. 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	1,791,250	1,567,340
Post-employment benefits	196,083	288,202
Employee welfare benefits	341,253	320,223
Freight expense	816,601	1,485,279
Rental expense	34,372	33,078
Commission expense	1,875,938	1,633,107
Depreciation	164,790	158,060
Amortization	105,576	95,340
Advertising expense	755,254	668,960
Promotional expense	159,421	150,643
R&D expense	307,631	295,184
Direct service costs	280,695	291,214
(Reversal of) Bad debts expense	7,059	2,076
Others	296,542	257,556
Subtotal	7,132,465	7,246,262
Discontinued operations	717	148,047
Total	7,133,182	7,394,309

29. 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	130,216	39,047
Exchange differences	549,140	420,122
Others	8,327	3,196
Subtotal	687,683	462,365
Discontinued operations	-	1,921
Total	687,683	464,286

30. 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	303,173	207,387
Exchange differences	578,492	442,701
Loss on disposal of trade receivables	624	1,189
Others	23,515	6,257
Subtotal	905,804	657,534
Discontinued operations	-	15,208
Total	905,804	672,742

31. 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	1,759,660	722,441
Exchange differences	1,048,072	1,523,187
Gain on valuation of derivatives	5,373	17,382
Gain on disposal of property, plant and equipment	7,859	210,689
Gain on disposal of intangible assets	3,328	17,162
Gain on disposal of assets held for sale	-	182,317
Gain on disposal of investments in subsidiaries, associates and joint ventures	-	281
Gain on valuation of financial assets at fair value through profit or loss	2,164	25,066
Gain on transfer of business	-	94,010
Others	25,729	9,825
Subtotal	2,852,185	2,802,360
Discontinued operations	70	114,859
Total	2,852,255	2,917,219

32. 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	1,023,941	1,449,810
Loss on valuation of derivatives	1,521	42,827
Loss on disposal of property, plant and equipment	3,209	4,414
Impairment loss on property, plant and equipment	20,697	58,720
Loss on disposal of intangible assets	44,326	23,543
Impairment loss on investments in subsidiaries, associates and joint ventures	757,947	39,082
Loss on valuation of financial assets at fair value through profit or loss	8,574	3,200
Others	146,439	64,724
Subtotal	2,006,654	1,686,320
Discontinued operations	261	98,206
Total	2,006,915	1,784,526

33. Earnings (Losses) per Share

The 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:

	2023	2022
Profit (Loss) attributable to ordinary shares (in millions of Korean won) ¹	907,511	772,608
Continuing operations	907,390	924,947
Discontinued operations	121	(152,339)
Weighted average number of ordinary shares outstanding (unit: shares) ²	162,884,638	162,884,638
Basic earnings (losses) per ordinary share (in Korean won)	5,571	4,743
Continuing operations	5,571	5,679
Discontinued operations	-	(936)

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

	2023	2022
Profit (Loss) attributable to preferred shares (in millions of Korean won) ¹	96,585	82,355
Continuing operations	96,572	98,423
Discontinued operations	13	(16,068)
Weighted average number of preferred shares outstanding (unit: shares) ²	17,181,299	17,181,299
Basic earnings (losses) per preferred share (in Korean won)	5,621	4,793
Continuing operations	5,621	5,729
Discontinued operations	-	(936)

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

<i>(in millions of Korean won)</i>	2023	2022
Profit (Loss) for the year (A)	1,004,096	854,963
Continuing operations	1,003,962	1,023,370
Discontinued operations	134	(168,407)
Ordinary share dividends (B)	130,308	114,019
Preferred share dividends (C)	14,604	12,886
Undistributed profit (loss) (D=A-B-C)	859,184	728,058
Continuing operations	859,050	896,465
Discontinued operations	134	(168,407)
Undistributed profit (loss) available for ordinary shares (E)	777,203	658,589
Undistributed profit (loss) available for preferred shares (F)	81,981	69,469
Profit (Loss) attributable to ordinary shares (G=B+E)	907,511	772,608
Profit (Loss) attributable to preferred shares (H=C+F)	96,585	82,355

² Weighted average numbers of shares outstanding 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

34. Cash Flow Information

Cash flows from operating activities are presented 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)	1,004,096	854,963
Adjustments:		
Interest expense, net	172,957	168,340
Exchange differences, net	20,668	(133,013)
Depreciation	651,156	661,462
Amortization	426,371	396,048
Loss (Gain) on disposal of property, plant and equipment and intangible assets, net	36,348	(199,894)
Provisions for severance benefits	260,409	314,598
Additional provisions, net	643,934	381,412
Dividend income	(1,759,660)	(722,441)
Income tax expense	200,203	8,288
Loss (Gain) on disposal of investments in subsidiaries, associates and joint ventures, net	-	(281)
Impairment loss on investments in subsidiaries, associates and joint ventures	757,947	39,082
Others	81,142	(129,731)
Discontinued operations	(2,356)	46,500
	1,489,119	830,370
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables	(1,957,155)	792,623
Decrease (increase) in other receivables	(4,139)	(70,815)
Decrease (increase) in inventories	85,765	(61,924)
Decrease (increase) in contract assets	(407,972)	(111,807)
Decrease (increase) in other assets	205,611	372,148
Increase (decrease) in trade payables	462,197	49,040
Increase (decrease) in other payables	(88,205)	46,403
Increase (decrease) in provisions	(1,107,889)	(1,654,964)
Increase (decrease) in contract liabilities	324,264	22,949
Increase (decrease) in other liabilities	311,670	(395,593)
Payment of defined benefit liability	(6,507)	(17,766)
Deposit in plan assets, net	(340,000)	(580,000)
	(2,522,360)	(1,609,706)
Cash generated from (used in) operations	(29,145)	75,627

(b) Changes in liabilities (assets) arising from financing activities

2023						
<i>(in millions of Korean won)</i>			Effects of other changes			
	At January 1	Cash flows from (used in) financing activities	Additions	Exchange differences	Amortization and others	At December 31
Borrowings	3,090,435	949,009	-	48,388	-	4,087,832
Debentures	4,455,595	661,856	-	16,956	2,372	5,136,779
Lease liabilities	116,509	(73,695)	112,267	55	328	155,464
Net Derivatives liabilities (assets)	(123,424)	-	-	(15,579)	34,316	(104,687)
Total	7,539,115	1,537,170	112,267	49,820	37,016	9,275,388

2022						
<i>(in millions of Korean won)</i>			Effects of other changes			
	At January 1	Cash flows from (used in) financing activities	Additions	Exchange differences	Amortization and others	At December 31
Borrowings	2,579,101	476,577	-	34,757	-	3,090,435
Debentures	5,044,160	(625,486)	-	34,436	2,485	4,455,595
Lease liabilities	119,620	(81,699)	78,162	119	307	116,509
Net Derivatives liabilities (assets)	(38,583)	26,695	-	(37,617)	(73,919)	(123,424)
Total	7,704,298	(203,913)	78,162	31,695	(71,127)	7,539,115

(c) Significant non-cash transactions

<i>(in millions of Korean won)</i>	2023	2022
Reclassification of construction-in-progress to property, plant and equipment	130,517	146,995
Reclassification of construction-in-progress to intangible assets	300,434	356,023
Reclassification of current portion of borrowings and debentures	986,770	763,066
Other payables to acquire property, plant and equipment	118,894	101,670
Other payables to acquire intangible assets	122,305	39,407
Acquisition of right-of-use assets	124,826	85,873

(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 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

35. Contingencies

- (a) At the end of the reporting period, the Company is provided with performance guarantees of ₩322,915 million (December 31, 2022: ₩321,191 million) from Seoul Guarantee Insurance and one others relating to the performance guarantees. The Company was also provided with guarantee of principal amounting to EUR 100 million and interests from Shinhan Bank for the guaranteed private placement bonds as at December 31, 2022 and it has been terminated as at December 31, 2023.
- (b) At the end of the reporting period, the financial guarantees provided by the Company to related parties amount to ₩3,695,867 million (December 31, 2022: ₩3,885,483 million) on the indebtedness of its subsidiaries. Details are as follows:

<i>(in millions of Korean won)</i>	Beneficiaries	December 31, 2023¹	December 31, 2022¹
LG Electronics European Shared Service Center B.V.(LGESC)	Citibank and others	875,568	899,851
LG Electronics U.S.A., Inc.(LGEUS)	Citibank and others	651,147	601,968
LG Electronics (China) Co., Ltd(LGECH)	Citibank and others	287,212	297,145
LG Electronics Mexico S.A. DE C.V.(LGEMS)	Scotiabank and others	285,933	252,479
ZKW Group GmbH	The Export-Import Bank of Korea	285,318	270,240
LG Electronics Peru S.A.(LGEPR)	Scotiabank and others	205,582	197,674
LG Electronics Mława Sp. z.O.O.(LGEMA), LG Electronics Polska Sp. Z.O.O.(LGEPL), LG	Citibank and others	183,227	165,718

<i>(in millions of Korean won)</i>		December 31, 2023¹	December 31, 2022¹
	Beneficiaries		
Electronics Wrocław Sp. z.O.O.(LGEWR)			
LG Electronics Inc Chile Limitada(LGECL)	Scotiabank and others	103,657	104,600
LG Electronics Morocco S.A.R.L.(LGEMC)	Citibank and others	100,323	93,262
LG Electronics do Brasil Ltda.(LGEBR)	Citibank and others	98,837	515,655
LG Electronics Algeria SARL(LGEAS)	Citibank and others	91,689	89,026
LG Electronics Colombia Limitada(LGECB)	Citibank and others	82,418	64,935
LG Electronics Vehicle Components Europe GmbH(LGEVG)	SMBC and others	78,462	-
LG Electronics Saudi Arabia LLC(LGESJ)	JPM and others	51,578	-
LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK)	Citibank	51,576	50,692
LG Electronics Egypt S.A.E(LGEEG)	Credit Agricole and others	44,608	38,648
LG Electronics (M) Sdn. Bhd(LGEML)	Citibank	38,738	38,076
LG Electronics Mława Sp. z.O.O.(LGEMA)	ING	35,665	33,780
LG Electronics Ticaret A.S.(LGETK)	Citibank and others	30,157	32,118
LG Electronics Italia S.P.A.(LGEIS)	Intesa	28,532	27,024
LG Electronics S.A. (Pty) Ltd.(LGESA)	Citibank and others	24,780	26,692
PT LGE INDONESIA RESEARCH AND DEVELOPMENT CENTER(LGERC)	Citibank and others	24,499	-
Others	Citibank and others	36,361	85,900
Total		3,695,867	3,885,483

¹ This is the amount for which a payment guarantee is provided, and in some cases, an agreement is made to pay including incidental expenses incurred in the performance of guarantee obligations.

- (c) At the end of the reporting period, the 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 Company 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 Company's financial position.

36. Commitments

- (a) At the end of the reporting period, the Company has borrowing agreements, such as overdraft facility agreements, trade financing and others, with various banks, including Shinhan Bank, with a limit of ₩852,463 million (December 31, 2022: ₩849,259 million).
- (b) At the end of the reporting period, the Company has sales agreements for receivables with various banks including KEB Hana Bank amounting to ₩2,691,837 million (December 31, 2022: ₩2,777,572 million).
- (c) At the end of the reporting period, the Company has corporate electronic settlement services contracts and vendor prepayment services contracts with various banks including Shinhan Bank for up to ₩1,243,811 million (December 31, 2022: ₩1,160,000 million) in connection with the payment of trade payables.
- (d) Contractual commitments for the acquisition of assets

The 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	226,522	248,722
Intangible assets	39,000	27,255
Investments in subsidiaries, associates and joint ventures	96,975	108,816
Total	362,497	384,793

The Company agreed to tender offers based on fair value at a certain time in relation to the shares of Cybellum Technologies Ltd. and the shares to be issued by the exercise of stock options. At the end of the reporting period, the Company recognized this commitment as 'other financial liabilities' (Note 7).

- (e) Operating lease commitments – the Company as lessor

- i) The Company 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					
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total lease payments
Home appliance rental	246,450	126,800	50,493	6,381	-	430,124
Real estate rental	4,700	4,700	4,700	4,679	109	18,888
Total	251,150	131,500	55,193	11,060	109	449,012

- ii) The Company recognized ₩460,042 million (2022: ₩586,161 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	814,639	1,020,914
Accumulated depreciation	(449,819)	(512,837)
Accumulated impairment losses	(50,166)	(50,893)
Net book amount	314,654	457,184

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	457,184	485,677
Acquisition	51,932	241,550
Disposal and others	(1,948)	(94)
Depreciation	(176,937)	(202,205)
Impairment loss	(15,577)	(67,744)
At December 31	314,654	457,184

(f) Financial lease commitments – the Company 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	134,141	96,240	34,637	25,550
Between 1 and 2 years	134,610	103,408	35,114	27,598
Between 2 and 3 years	131,139	106,981	34,604	28,766
Between 3 and 4 years	134,926	118,442	33,999	29,881
Later than 4 years	195,713	184,827	55,174	52,466
Total	730,529	609,898	193,528	164,261

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
gross investment in the lease	730,529	193,528
Net investment in the lease	609,898	164,261
Unrealized interest income	120,631	29,267

iii) For the year ended December 31, 2023, the Company recognized income amounting to ₩479,786 million (2022: ₩142,470 million) in relation to financial lease contract, and financial income net investment in the lease amounting to ₩22,426 million (2022: ₩5,005 million) is included.

(g) License agreements including patent and trademark

At the end of the reporting period, the Company 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 for license	All products	LG Electronics Inc.	Panasonic Corporation and others
Use of trademarks	All products	LG Corp.	LG Electronics Inc.

37. 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					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others ⁴	Total
Significantly influencing the Company	LG Corp.	3,552	-	3,552	-	130,457	130,457
Subsidiaries	LG Innotek Co., Ltd.	264,480	14,033	278,513	82,563	1,304	83,867
	Hiplaza Co., Ltd.	1,585,587	12,587	1,598,174	33,217	19,422	52,639
	LG Electronics U.S.A., Inc.	5,423,257	26,353	5,449,610	12,948	112,043	124,991
	LG Electronics Vietnam Hai Phong Co., Ltd	2,245,972	565	2,246,537	142,628	23,992	166,620
	LG Electronics Mlawa Sp. z.O.O.	858,186	212	858,398	3,543	5,988	9,531
	LG Electronics Canada, Inc.	615,272	14	615,286	3	15,866	15,869
	LG Electronics European Shared Service Center B.V.	393,174	1,612	394,786	5,580	34,462	40,042
	LG Electronics Nanjing New Technology co.,LTD	410,277	348	410,625	673,267	664	673,931
	LG Electronis Reynosa, S.A. De C.V.	261,519	80	261,599	990	2,161	3,151
	LG Electronics Vehicle Components Europe GmbH	237,565	13,070	250,635	110,149	116,115	226,264
	LG ELECTRONICS INDIA PRIVATE LIMITED	307,347	41,033	348,380	7,019	4,517	11,536
	LG ELECTRONICS AUSTRALIA PTY LIMITED	147,781	57	147,838	250	4,109	4,359
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	223,960	-	223,960	9,596	4,054	13,650
	LG Electronics do Brasil Ltda.	195,791	176	195,967	1,450	2,768	4,218
	P.T. LG Electronics Indonesia	210,489	3,324	213,813	509,055	691	509,746
	LG Electronics Vehicle Components U.S.A., LLC.	280,169	13,107	293,276	5,621	65,414	71,035
	LG Electronics Mexico S.A. DE C.V.	351,155	336	351,491	-	3,129	3,129

(in millions of Korean won)

		2023					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁴	Total
	LG Electronics RUS, LLC	101,105	1,406	102,511	318	3,626	3,944
	LG Electronics (Tianjin) Appliances Co., Ltd.	155,246	139	155,385	549,482	656	550,138
	LG Electronics U.K. Ltd	200,947	7,346	208,293	5,900	15,788	21,688
	Taizhou LG Electronics Refrigeration Co., Ltd.	92,393	3,863	96,256	335,155	478	335,633
	LG Electronics Almaty Kazakhstan	121,705	196	121,901	-	656	656
	LG Electronics Colombia Ltda.	54,764	120	54,884	-	587	587
	Hi-Caresolution Corp	45,967	-	45,967	261,097	49,077	310,174
	Others	3,067,422	154,882	3,222,304	364,020	696,679	1,060,699
	Subtotal	17,851,530	294,859	18,146,389	3,113,851	1,184,246	4,298,097
Associates	LG Display Co., Ltd. and its subsidiaries	394,556	121,152	515,708	227,970	3,965	231,935
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	210	-	210	44,782	243	45,025
	Robostar Co.,Ltd.	9	-	9	19,507	1,094	20,601
	ROBOTIS Co., Ltd.	-	-	-	-	30	30
	Acryl Inc.	-	-	-	-	2,040	2,040
	SideChef Group Limited	-	-	-	-	1,288	1,288
	Subtotal	394,775	121,152	515,927	292,259	8,660	300,919
Joint venture	LG-LHT Passenger Solutions GmbH	767	-	767	-	-	-
Other related parties	LG CNS Co., Ltd. And its subsidiaries	115,211	3,056	118,267	112,176	676,622	788,798
	D&O Corp. and its subsidiaries	29	-	29	22	17,877	17,899
	LG Management Development Institute	46	-	46	155	61,781	61,936
	LG SPORTS Ltd.	7	16	23	-	15,958	15,958
	LG-MRI LLC	22,181	-	22,181	-	-	-
	Subtotal	137,474	3,072	140,546	112,353	772,238	884,591
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	1,008,585	37,907	1,046,492	263,721	10,654	274,375
	LG Uplus Corp and its subsidiaries	26,437	2,053	28,490	6,375	1,382	7,757
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	1,229	2,577	3,806	145	50	195
	HS Ad Inc. and its subsidiaries ³	137	-	137	54	280,508	280,562
	XI C&A Co., Ltd.	19,022	-	19,022	-	29,569	29,569
	S&I Corp. and its subsidiaries	6,231	-	6,231	548	97,564	98,112
	Subtotal	1,061,641	42,537	1,104,178	270,843	419,727	690,570
Total		19,449,739	461,620	19,911,359	3,789,306	2,515,328	6,304,634

(in millions of Korean won)

		2022					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁴	Total
Significantly influencing the Company	LG Corp.	1,158	-	1,158	-	135,756	135,756
Subsidiaries	LG Innotek Co., Ltd.	202,926	14,865	217,791	100,116	1,154	101,270
	Hiplaza Co., Ltd.	1,790,760	14,876	1,805,636	9,023	16,962	25,985
	LG Electronics U.S.A., Inc.	5,353,487	20,092	5,373,579	5,713	85,264	90,977
	LG Electronics Vietnam Hai Phong Co., Ltd	1,494,428	806	1,495,234	175,530	64,315	239,845
	LG Electronics Mlawa Sp. z.O.O.	767,687	4,847	772,534	2,766	1,861	4,627
	LG Electronics Canada, Inc.	628,671	21	628,692	-	16,199	16,199
	LG Electronics European Shared Service Center B.V.	515,598	1,417	517,015	617	32,721	33,338
	LG Electronics Nanjing New Technology co.,LTD	389,731	1	389,732	657,776	1,533	659,309
	LG Electronis Reynosa, S.A. De C.V.	385,305	1,203	386,508	1,879	388	2,267
	LG Electronics Vehicle Components Europe GmbH	168,717	163,638	332,355	8,140	87,199	95,339
	LG ELECTRONICS INDIA PRIVATE LIMITED	278,753	23,721	302,474	1,922	5,625	7,547
	LG ELECTRONICS AUSTRALIA PTY LIMITED	267,017	10	267,027	609	4,287	4,896
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	263,743	-	263,743	8,139	593	8,732
	LG Electronics do Brasil Ltda.	238,289	1,309	239,598	634	3,358	3,992
	P.T. LG Electronics Indonesia	234,140	640	234,780	578,547	487	579,034
	LG Electronics Vehicle Components U.S.A., LLC.	197,394	2,358	199,752	2,271	46,767	49,038
	LG Electronics Mexico S.A. DE C.V.	136,042	158	136,200	2	2,172	2,174
	LG Electronics RUS, LLC	118,492	2,010	120,502	-	6,255	6,255
	LG Electronics (Tianjin) Appliances Co., Ltd.	119,687	188	119,875	439,819	237	440,056
	LG Electronics U.K. Ltd	114,152	3,534	117,686	11,137	15,677	26,814
	Taizhou LG Electronics Refrigeration Co., Ltd.	89,007	8,137	97,144	249,448	65	249,513
	LG Electronics Almaty Kazakhstan	92,270	24	92,294	-	246	246
	LG Electronics Colombia Ltda.	44,088	71	44,159	-	904	904
	Hi-Caresolution Corp	52,549	190	52,739	262,579	38,632	301,211
	Others	2,618,837	72,494	2,691,331	305,044	632,846	937,890
	Subtotal	16,561,770	336,610	16,898,380	2,821,711	1,065,747	3,887,458
Associates	LG Display Co., Ltd. and its subsidiaries	654,185	72,603	726,788	229,257	9,101	238,358
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	340	-	340	44,600	14,099	58,699
	Robostar Co.,Ltd.	94	-	94	25,390	1,138	26,528
	ROBOTIS Co., Ltd.	-	-	-	-	2	2
	Acryl Inc.	-	-	-	-	1,545	1,545

(in millions of Korean won)

		2022					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others ⁴	Total
	Subtotal	654,619	72,603	727,222	299,247	25,885	325,132
Other related parties	LG CNS Co., Ltd. And its subsidiaries	132,372	1,245	133,617	134,890	583,676	718,566
	D&O Corp. and its subsidiaries	808	186	994	1,470	32,196	33,666
	LG Management Development Institute	35	-	35	55	50,105	50,160
	LG SPORTS Ltd.	6	21	27	280	12,967	13,247
	Subtotal	133,221	1,452	134,673	136,695	678,944	815,639
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	490,655	5,472	496,127	290,377	157	290,534
	LX INTERNATIONAL CORP and its subsidiaries ²	4,993	1,179	6,172	165,921	975,005	1,140,926
	LG Uplus Corp and its subsidiaries	3,617	590	4,207	3,799	452	4,251
	LX HAUSYS,LTD., its subsidiaries and associates ²	2,077	77	2,154	1,670	385	2,055
	LX Semicon Co., Ltd. ²	1,410	2,012	3,422	6,490	19	6,509
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	2,908	566	3,474	21	39	60
	G IIR Inc. and its subsidiaries ³	1,229	-	1,229	7	245,283	245,290
	LX MMA Corporation ²	5	-	5	-	-	-
	XI C&A Co., Ltd.	9,835	20	9,855	-	47,026	47,026
	S&I Corp. and its subsidiaries	3,349	319	3,668	337	62,934	63,271
	Subtotal	520,078	10,235	530,313	468,622	1,331,300	1,799,922
	Total	17,870,846	420,900	18,291,746	3,726,275	3,237,632	6,963,907

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

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

³ 'GIIR 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 asset 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							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ³	Total
Significantly influencing	LG Corp.	480	-	29,911	30,391	-	-	33,391	33,391

(in millions of Korean won)

December 31, 2023

		December 31, 2023							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ³	Total
the Company									
Subsidiaries	LG Innotek Co., Ltd.	125,845	-	3,345	129,190	23,295	-	41,578	64,873
	Hiplaza Co., Ltd.	164,730	-	31,168	195,898	-	-	732	732
	LG Electronics U.S.A., Inc.	403,836	-	474	404,310	-	644,700	23,372	668,072
	LG Electronics Vietnam Hai Phong Co., Ltd	427,290	-	229	427,519	722,885	-	2,870	725,755
	LG Electronics Mlawa Sp. z.O.O.	87,074	-	133	87,207	713,516	-	76	713,592
	LG Electronics Canada, Inc.	72,340	-	-	72,340	-	-	1,018	1,018
	LG Electronics European Shared Service Center B.V.	36,197	-	-	36,197	-	-	7	7
	LG Electronics Nanjing New Technology co.,LTD	111,580	-	21	111,601	444,960	-	272	445,232
	LG Electronis Reynosa, S.A. De C.V.	21,910	-	12	21,922	128,099	-	-	128,099
	LG Electronics Vehicle Components Europe GmbH	549,598	-	66,032	615,630	-	-	12,696	12,696
	LG ELECTRONICS INDIA PRIVATE LIMITED	49,642	-	1,307	50,949	3,958	-	721	4,679
	LG ELECTRONICS AUSTRALIA PTY LIMITED	28,037	-	-	28,037	-	-	213	213
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	55,289	-	20,705	75,994	32,723	-	3,251	35,974
	LG Electronics do Brasil Ltda.	55,355	-	21,414	76,769	-	-	243	243
	P.T. LG Electronics Indonesia	13,882	-	42	13,924	559,778	-	45	559,823
	LG Electronics Vehicle Components U.S.A., LLC.	192,914	-	197	193,111	-	-	6,162	6,162
	LG Electronics Mexico S.A. DE C.V.	169,363	-	75	169,438	-	-	198	198
	LG Electronics RUS, LLC	70,801	-	94,214	165,015	-	-	207	207
	LG Electronics (Tianjin) Appliances Co., Ltd.	36,107	-	112	36,219	242,125	-	19	242,144
	LG Electronics U.K. Ltd	82,193	-	7,308	89,501	-	-	801	801
	Taizhou LG Electronics Refrigeration Co., Ltd.	24,076	-	758	24,834	255,390	-	37	255,427
	LG Electronics Almaty Kazakhstan	96,594	-	93	96,687	-	-	41	41
	LG Electronics Colombia Ltda.	73,203	-	68	73,271	-	-	3	3
	Hi-Caresolution Corp	8,067	-	-	8,067	3,830	-	23,429	27,259
	Others	996,661	-	50,044	1,046,705	685,025	-	158,032	843,057

(in millions of Korean won)

December 31, 2023

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ³	Total
	Subtotal	3,952,584	-	297,751	4,250,335	3,815,584	644,700	276,023	4,736,307
Associates	LG Display Co., Ltd. and its subsidiaries	133,262	1,000,000	83,602	1,216,864	47,642	-	68,635	116,277
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	-	-	-	-	10,201	-	519	10,720
	Robostar Co.,Ltd.	-	-	-	-	-	-	8,699	8,699
	Subtotal	133,262	1,000,000	83,602	1,216,864	57,843	-	77,853	135,696
Other related parties	LG CNS Co., Ltd. and its subsidiaries	27,932	-	146	28,078	3,442	-	318,479	321,921
	D&O Corp. and its subsidiaries	1	-	-	1	-	-	4,129	4,129
	LG Management Development Institute	6	-	-	6	-	-	849	849
	LG SPORTS Ltd.	-	-	-	-	-	-	1,025	1,025
	LG-MRI LLC	6,884	-	-	6,884	-	-	-	-
	Subtotal	34,823	-	146	34,969	3,442	-	324,482	327,924
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	292,088	-	251,267	543,355	85,558	-	82,462	168,020
	LG Uplus Corp and its subsidiaries	8,028	-	549	8,577	428	-	529	957
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	112	-	594	706	-	-	199	199
	HS Ad Inc. and its subsidiaries ²	29	-	-	29	-	-	156,099	156,099
	XI C&A Co., Ltd.	4,372	-	-	4,372	-	-	23,399	23,399
	S&I Corp. and its subsidiaries	3,941	-	389	4,330	5	-	18,237	18,242
	Subtotal	308,570	-	252,799	561,369	85,991	-	280,925	366,916
	Total	4,429,719	1,000,000	664,209	6,093,928	3,962,860	644,700	992,674	5,600,234

(in millions of Korean won)

December 31, 2022

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ³	Total
Significantly influencing the LG Corp. Company		40	-	25,679	25,719	-	-	36,103	36,103
Subsidiaries	LG Innotek Co., Ltd.	68,885	-	2,594	71,479	19,173	-	40,323	59,496
	Hiplaza Co., Ltd.	161,725	-	31,486	193,211	-	-	738	738
	LG Electronics U.S.A., Inc.	186,946	-	391	187,337	-	-	21,403	21,403
	LG Electronics Vietnam Hai Phong Co., Ltd	242,321	-	46	242,367	441,896	-	5,224	447,120
	LG Electronics Mlawa Sp. z.O.O.	122,867	-	2,029	124,896	963,473	-	85	963,558
	LG Electronics Canada, Inc.	19,915	-	-	19,915	-	-	3,295	3,295
	LG Electronics European Shared Service Center B.V.	52,543	-	-	52,543	-	270,240	1,293	271,533
	LG Electronics Nanjing New Technology co.,LTD	59,015	-	1	59,016	251,558	-	267	251,825
	LG Electronis Reynosa, S.A. De C.V.	25,549	-	593	26,142	280,239	-	345	280,584
	LG Electronics Vehicle Components Europe GmbH	450,231	-	50,246	500,477	-	-	14,859	14,859
	LG ELECTRONICS INDIA PRIVATE LIMITED	49,088	-	465	49,553	2,067	-	54	2,121
	LG ELECTRONICS AUSTRALIA PTY LIMITED	37,919	-	-	37,919	-	-	324	324
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	81,831	-	8,622	90,453	12,436	-	788	13,224
	LG Electronics do Brasil Ltda.	55,802	-	45,810	101,612	166	-	175	341
	P.T. LG Electronics Indonesia	18,299	-	42	18,341	600,451	-	313	600,764
	LG Electronics Vehicle Components U.S.A., LLC.	181,025	-	4,005	185,030	-	-	7,370	7,370
	LG Electronics Mexico S.A. DE C.V.	114,261	-	122	114,383	-	-	167	167
	LG Electronics RUS, LLC	56,453	-	96,728	153,181	-	-	2,774	2,774
	LG Electronics (Tianjin) Appliances Co., Ltd.	19,268	-	52	19,320	192,577	-	235	192,812
	LG Electronics U.K. Ltd	49,217	-	3,515	52,732	-	-	693	693
	Taizhou LG Electronics Refrigeration Co., Ltd.	15,562	-	1,108	16,670	235,284	-	47	235,331
	LG Electronics Almaty Kazakhstan	102,409	-	1	102,410	-	-	11	11

(in millions of Korean won)

December 31, 2022

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ³	Total
	LG Electronics Colombia Ltda.	56,730	-	66	56,796	-	-	38	38
	Hi-Caresolution Corp	7,065	-	-	7,065	-	-	27,358	27,358
	Others	805,761	-	46,167	851,928	806,423	-	165,147	971,570
	Subtotal	3,040,687	-	294,089	3,334,776	3,805,743	270,240	293,326	4,369,309
Associates	LG Display Co., Ltd. and its subsidiaries	90,972	-	86,788	177,760	59,550	-	58,078	117,628
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	-	-	-	-	48,640	-	2,551	51,191
	Robostar Co.,Ltd.	81	-	-	81	1,968	-	14,411	16,379
	Subtotal	91,053	-	86,788	177,841	110,158	-	75,040	185,198
Other related parties	LG CNS Co., Ltd. and its subsidiaries	29,344	-	275	29,619	4,128	-	215,754	219,882
	D&O Corp. and its subsidiaries	98	-	-	98	-	-	4,879	4,879
	LG Management Development Institute	4	-	-	4	-	-	1,086	1,086
	LG SPORTS Ltd.	-	-	-	-	-	-	1,146	1,146
	Subtotal	29,446	-	275	29,721	4,128	-	222,865	226,993
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	142,886	-	178,691	321,577	97,771	-	105,846	203,617
	LG Uplus Corp and its subsidiaries	173	-	260	433	89	-	266	355
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	483	-	71	554	-	-	226	226
	G IIR Inc. and its subsidiaries ²	29	-	-	29	-	-	166,136	166,136
	XI C&A Co., Ltd.	7,719	-	-	7,719	-	-	33,396	33,396
	S&I Corp. and its subsidiaries	1,575	-	-	1,575	-	-	16,118	16,118
	Subtotal	152,865	-	179,022	331,887	97,860	-	321,988	419,848
	Total	3,314,091	-	585,853	3,899,944	4,017,889	270,240	949,322	5,237,451

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

² 'GIIR 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.

iii) Significant capital transactions and others with related parties

(in millions of Korean won)

Classification	Name	2023						
		Dividend income	Dividend paid	Cash distribution	Financing loan transactions		Financing borrowing transactions ¹	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Company	LG Corp.	-	38,566	-	-	-	29,889	27,673
Subsidiaries	LG Innotek Co., Ltd.	40,061	-	-	-	-	-	-
	LG Electronics Fund I LLC	-	-	(1,868)	-	-	-	-
	LG Electronics Fund II LLC	-	-	4,103	-	-	-	-
	LG Magna e-Powertrain Co., Ltd.	-	-	-	-	-	-	4,835
	PT.LGE Indonesia Research and Development Center	-	-	58,230	-	-	-	-
	LG Electronics U.S.A., Inc.	-	-	-	-	-	706,790	-
	LG Electronics European Shared Service Center B.V.	-	-	-	-	-	-	266,948
	NanJing LG-Panda Appliances Co., Ltd.	18,868	-	-	-	-	-	-
	LG Electronics Thailand Co., Ltd.	227,920	-	-	-	-	-	-
	LG Electronics Huizhou Ltd.	5,381	-	-	-	-	-	-
	LG Electronics Middle East Co., Ltd.	12,996	-	-	-	-	-	-
	LG Electronics Singapore PTE LTD.	25,359	-	-	-	-	-	-
	LG Soft India Private Limited.	13,014	-	-	-	-	-	-
	LG Electronics Nanjing New Technology co.,LTD	26,982	-	-	-	-	-	-
	LG Electronics (Tianjin) Appliances Co., Ltd.	39,379	-	-	-	-	-	-
	LG ELECTRONICS AUSTRALIA PTY LIMITED	30,174	-	-	-	-	-	-
	LG Electronics Mlawa Sp. z.O.O.	181,228	-	-	-	-	-	-
	P.T. LG Electronics Indonesia	175,776	-	-	-	-	-	-
	LG Electronics Vietnam Hai Phong Co., Ltd	39,047	-	-	-	-	-	-
	LG Electronics Canada, Inc.	66,378	-	-	-	-	-	-
	LG ELECTRONICS INDIA PRIVATE LIMITED	717,598	-	-	-	-	-	-
	Taizhou LG Electronics Refrigeration Co., Ltd.	44,172	-	-	-	-	-	-
	LG Electronics do Brasil Ltda.	69,535	-	-	-	-	-	-
	LG-Shaker Co., Ltd.	13,384	-	-	-	-	-	-
	HIEVCHARGER CO., LTD.	-	-	7,200	-	-	-	-

(in millions of Korean won)

		2023						
Classification	Name	Dividend income	Dividend paid	Cash distribution	Financing loan transactions		Financing borrowing transactions ¹	
					Loans	Collections	Borrowings	Repayments
	Subtotal	1,747,252	-	67,665	-	-	706,790	271,783
Associates	LG Display Co., Ltd. ²	-	-	-	1,000,000	-	-	-
	Ericsson-LG Co., Ltd.	11,250	-	-	-	-	-	-
	NOVA Prime Fund I, LP	-	-	8,502	-	-	-	-
	Subtotal	11,250	-	8,502	1,000,000	-	-	-
Joint ventures	LG-LHT Aircraft Solutions GmbH	-	-	12,448	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	13,839	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY FITNESSCANDY CO.,LTD	-	-	321	-	-	-	-
		-	-	1,377	-	-	-	-
	Subtotal	-	-	27,985	-	-	-	-
		-	-	-	-	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	-	-	-	-	-	-	121
	D&O Corp. and its subsidiaries	-	-	-	-	-	409	1,129
	Subtotal	-	-	-	-	-	409	1,250
Total		1,758,502	38,566	104,152	1,000,000	-	737,088	300,706

(in millions of Korean won)

		2022						
Classification	Name	Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions ¹	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Company	LG Corp	-	46,830	-	-	-	27,941	27,747
Subsidiaries	LG Innotek Co., Ltd.	28,960	-	-	-	-	-	-
	LG Electronics Fund I LLC	-	-	1,646	-	-	-	-
	LG Electronics Fund II LLC	-	-	9,545	-	-	-	-
	LG Electronics RUS, LLC	156,663	-	-	-	-	-	-
	LG Magna e-Powertrain Co., Ltd.	-	-	-	-	-	4,867	5,770
	LG Electronics (Tianjin) Appliances Co., Ltd.	19,942	-	-	-	-	-	-
	LG Electronics do Brasil Ltda.	53,894	-	-	-	-	-	-
	Taizhou LG Electronics Refrigeration Co., Ltd.	43,388	-	-	-	-	-	-
	LG Electronics Vietnam Hai Phong Co., Ltd	158,598	-	-	-	-	-	-
	LG Electronics Mlawa Sp. z.O.O.	57,226	-	-	-	-	-	-
	LG Electronics Nanjing New Technology co.,LTD	24,252	-	-	-	-	-	-
	NanJing LG Panda Appliances Co., Ltd.	18,574	-	-	-	-	-	-
	LG Electronics (Thailand) Company Limited	34,104	-	-	-	-	-	-
	LG Electronics (Huizhou) Inc.	5,650	-	-	-	-	-	-
	LG ELECTRONICS AUSTRALIA PTY LIMITED	26,757	-	-	-	-	-	-

(in millions of Korean won)

		2022						
Classification	Name	Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions ¹	
					Loans	Collections	Borrowings	Repayments
	LG Electronics European Shared Service Center B.V.	-	-	-	-	-	266,948	266,948
	LG Electronics Japan, Inc.	13,578	-	-	-	-	-	-
	LG Electronics Saudi Arabia LLC	-	-	12,874	-	-	-	-
	HIEVCHARGER CO., LTD.	-	-	21,840	-	-	-	-
	PT.LGE Indonesia Research and Development Center	-	-	27,802	-	-	-	-
	Subtotal	641,586	-	73,707	-	-	271,815	272,718
Associates	LG Display Co., Ltd. ²	88,156	-	-	-	-	-	-
	Ericsson-LG Co., Ltd.	8,250	-	-	-	-	-	-
	Rinse, Inc.	-	-	11,154	-	-	-	-
	Mirae Asset-LG Electronics New Growth Fund I	2,362	-	18,023	-	-	-	-
	Subtotal	98,768	-	29,177	-	-	-	-
Joint ventures	LG-LHT Aircraft Solutions GmbH	-	-	11,359	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	12,290	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD	-	-	341	-	-	-	-
	FITNESSCANDY CO.,LTD	-	-	1,683	-	-	-	-
	Subtotal	-	-	25,673	-	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	-	-	-	-	-	204	83
	D&O Corp. and its subsidiaries	-	-	-	-	-	3,219	409
	Subtotal	-	-	-	-	-	3,423	492
Total		740,354	46,830	128,557	-	-	303,179	300,957

¹ Financing borrowing transactions include repayment of principal elements of lease liabilities.

² At the end of the reporting period, the Company has entered into a loan agreement with LG Display Co., Ltd. for ₩1,000,000 million, and in relation to this loan, the 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:

<i>(in millions of Korean won)</i>	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 Company's business plans, operations and control.

- (c) The payment guarantees for the financial support of related parties at the end of the reporting period are presented in Note 35.
- (d) There is no collateral provided by the Company for the financial support of related parties at the end of the reporting period.
- (e) The Company has not recognized any bad debt expense or allowance for receivables from related parties at the end of the reporting period.

38. Risk Management

38.1 Financial Risk Management

The Company'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 Company to enhance cost competitiveness through cost-efficient financing cost by improving financial structure and effective cash management.

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

The Company 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 4 and Note 15, respectively.

(a) Market risk

i) Foreign exchange risk

Due to its multinational business operations, the Company 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 Company's foreign exchange risk management is implemented under its own foreign exchange policy through which the Company 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 Company 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. 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	10,147	(10,147)	2,095	(2,095)
EUR/KRW	24,171	(24,171)	(18,368)	18,368

ii) Interest rate risk

The Company 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 Company minimizes its borrowings from others and optimizes its deposits. The Company 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	23,496	(23,496)	19,415	(19,415)
Interest expense	3,182	(3,182)	3,113	(3,113)

iii) Details of derivative contracts are as follows:

The Company 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.

Details of hedging instruments are as follows:

	Contractor	Contracted amount (in millions)	Contracted currency rate	Interest rate (paid) (%)	Starting date	Expiration date	Book amount (in millions of Korean won)	
							Assets	Liabilities
Cross-currency swap	KEB Hana Bank and others	USD 1,194	1,067.9 ~ 1,319.3	1.88 ~ 4.56	2017. 10. 23 ~ 2023. 9. 5	2024. 4. 19 ~ 2031. 7. 28	115,073	22,871
	Citi Bank	EUR 95	1,312	3.84	2022. 7. 15	2028. 1. 14	6,432	-
	Citi Bank	JPY 22,000	8.7 ~ 10.0	4.06 ~ 4.38	2023. 4. 4 ~ 2023. 11. 24	2029. 4. 4 ~ 2029. 5. 24	1,274	14,254
	DBS	SGD 140	859.3	1.21	2020. 7. 9	2024. 1. 9	19,033	-
Interest rate swap	Woori Bank and others	KRW 1,186,821	-	2.75 ~ 4.87	2014. 1. 3 ~ 2023. 11. 7	2024. 1. 3 ~ 2032. 11. 16	13,274	10,333

Interest rates received for the above derivative contracts are equal to annual interest rates of borrowings (Note 15).

Details of hedged items are as follows:

(in millions of Korean won)	Hedged items	Book amount	Changes in fair value (net of tax)
Cross-currency swap	Borrowings	2,009,856	(15,713)
Interest rate swap	Borrowings	1,082,464	12,033

The results of hedge accounting are as follows:

(in millions of Korean won)	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 loss
Cross-currency swap	15,713	Interest expense and exchange differences	(45,113)	(29,400)	(1,735)
Interest rate swap	(12,033)	Interest expense	(8,216)	(20,249)	897

Trading purposes

Currency forward contracts

The Company entered into the currency forward contracts to manage the risk against possible future changes in foreign exchange rates. The Company's currency forward contracts 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	-	-	-	(2,350)

Stock purchase contracts

According to the put options granted to Cybellum Technologies Ltd.'s shareholders and employees to whom stock options were granted, the Company recognized ₩18,304 million of derivative liabilities at the end of the reporting period and ₩6,202 million of gain on derivatives transaction during the year ended December 31, 2023.

iv) Price risk

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

The listed securities owned by the Company are traded in the open market, and related to KOSDAQ, NASDAQ and NYSE 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 Company 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)	456	(456)
NYSE	2,252	(2,252)	1,679	(1,679)

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 7.

(b) Credit risk

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

In regard to receivables, the Company operates an integrated receivable insurance program with

the top 3 trade insurance corporations (Allianz Trade, Atradius, Coface) and the Korea Trade Insurance Corporation (K-SURE). To minimize receivable credit risk, the Company applies the credit rating of the counterparty rated by insurers, when determining the insurance coverage. In addition, the Company performs stringent credit risk managements 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	80,925	83,189
Good	101,060	41,087
Fair	153,521	152,077
Poor ¹	88,998	58,637
Subtotal	424,504	334,990
Trade receivables without insurance or collateral		
Tier 1	4,175,960	2,938,795
Tier 2	348,117	136,500
Tier 3	385,075	180,175
Subtotal	4,909,152	3,255,470
Total	5,333,656	3,590,460

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 credit rating agency AA- ~ AAA+, including related parties such as subsidiaries, associates, and others

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

Tier 3 – Small debtors without credit history

The credit rating of financial institutions which hold the Company's cash equivalents and deposits held by financial institutions as at December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	December 31, 2023	December 31, 2022
Excellent	2,491,134	2,112,978
Good	-	-
Total	2,491,134	2,112,978

Excellent: Equal to or more than A- (Global credit rating agency such as Moody's), AAA (Domestic credit rating agency such as Korea investors service)

Good: Equal to or more than BBB- (Global credit rating agency such as Moody's), AA (Domestic credit rating agency such as Korea investors service)

(c) Liquidity risk

The Company forecasts its cash flow and liquidity status and sets action plans on a regular base to manage liquidity risk proactively. The Company 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 Company maintains adequate amount of cash and committed credit facilities in Kookmin Bank, Shinhan Bank and Standard Chartered Bank to cope with potential liquidity risk arising from financial distress.

In addition, the Company is able to source funds any time in 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:

December 31, 2023					
<i>(in millions of Korean won)</i>	Total	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Trade payables	5,808,472	5,808,472	-	-	-
Borrowings	10,788,370	1,922,504	1,090,785	3,793,284	3,981,797
Lease liabilities	164,000	76,369	35,362	46,020	6,249
Other payables	2,168,904	2,156,944	100	11,660	200
Other financial liabilities	18,304	-	5,858	12,446	-
Total	18,948,050	9,964,289	1,132,105	3,863,410	3,988,246

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	5,428,176	5,428,176	-	-	-
Borrowings	8,550,715	1,287,040	1,091,676	2,881,882	3,290,117
Lease liabilities	123,819	69,606	20,214	23,394	10,605
Other payables	2,062,772	2,055,049	200	7,523	-

Other financial liabilities	24,642	135	-	22,056	2,451
Total	16,190,124	8,840,006	1,112,090	2,934,855	3,303,173

The above cash flows are calculated at nominal value based on the earliest maturity dates, and include cash flows of principal and interests. 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 Company to subsidiaries and 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	3,741,867	3,741,867	-	-	-

The financial guarantee contracts provided to subsidiaries and the third party companies are allocated to earliest period in which the Company can be required to make the payments, at the maximum amount of guarantees.

38.2 Capital Risk Management

The Company's capital risk management purpose is to maximize shareholders' value through maintaining a sound capital structure. The Company 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)	21,232,006	18,823,785
Equity (B)	10,515,547	9,889,029
Cash and cash equivalents (C)	2,349,705	1,941,615
Borrowings and lease liabilities (D)	9,380,075	7,662,539
Liability to equity ratio (A/B)	201.9%	190.4%
Net borrowings ratio ((D-C)/B)	66.9%	57.9%

38.3 Fair Value Estimation

(a) The book amounts and fair values of the Company'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	-	-	80,702	80,702
Financial assets at fair value through other comprehensive income				
Trade receivables	222,605	¹	-	-
Other financial assets	-	-	66,926	66,926
Derivatives for hedging purposes				
Other financial assets	19,106	19,106	135,980	135,980
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	2,349,705	¹	-	-
Deposits held by financial institutions	20,863	¹	120,652	120,652
Trade receivables	5,074,359	¹	105,720	105,720
Other receivables	458,642	¹	1,169,185	1,163,774
Other assets				
Trade payables	96,240	¹	512,172	512,172
Total	8,241,520		2,191,337	

<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	-	-	18,304	18,304
Derivatives for hedging purposes				
Other financial liabilities	6,610	6,610	40,848	40,848
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	5,808,472	¹	-	-
Borrowings	1,604,369	¹	7,620,242	7,282,340
Other payables	2,156,944	¹	11,960	10,158
Other liabilities				
Lease liabilities	74,853	²	80,611	²
Other financial liabilities	6,856	³	4,285	³
Total	9,658,104		7,776,250	

(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	285	285	94,866	94,866
Financial assets at fair value through other comprehensive income				
Trade receivables	290,274	1	-	-
Other financial assets	-	-	61,531	61,531
Derivatives for hedging purposes				
Other financial assets	555	555	158,595	158,595
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	1,941,615	1	-	-
Deposits held by financial institutions	170,969	1	490	490
Trade receivables	3,655,793	1	-	-
Other receivables	495,175	1	163,543	149,780
Other assets				
Trade receivables	25,550	1	138,712	138,712
Total	6,580,216		617,737	

(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	135	135	24,506	24,506
Derivatives for hedging purposes				
Other financial liabilities	-	-	7,163	7,163
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	5,428,176	1	-	-
Borrowings	1,073,908	1	6,472,122	5,638,608
Other payables	2,055,049	1	7,723	5,955
Other liabilities				
Lease liabilities	65,979	2	50,530	2
Other financial liabilities	6,446	3	4,689	3
Total	8,629,693		6,566,733	

¹ Excluded from disclosures 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.

(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 Company 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 price 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.
- 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, 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.

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 Company 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 listed equity securities 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 Company uses various valuation techniques that the Company 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'.

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.

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:

<i>(in millions of Korean won)</i>	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets and others				
Financial assets at fair value through other comprehensive income	18,311	-	48,615	66,926
Financial assets at fair value through profit or loss	-	-	80,702	80,702
Derivatives for hedging purposes	-	155,086	-	155,086
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	18,304	-	18,304
Derivatives for hedging purposes	-	40,848	-	40,848

<i>(in millions of Korean won)</i>	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	18,271	-	43,260	61,531
Financial assets at fair value through profit or loss	-	285	94,866	95,151
Derivatives for hedging purposes	-	159,150	-	159,150
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	24,641	-	24,641
Derivatives for hedging purposes	-	7,163	-	7,163

The above fair value amounts are recurring fair value measurements.

- 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	-	285	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	155,086	159,150	Discounted cash flow	Discount rate and exchange rate

(in millions of Korean won)	Fair value		Valuation techniques	Inputs
	December 31, 2023	December 31, 2022		
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	135	Discounted cash flow	Discount rate and exchange rate
Financial liabilities at fair value through profit or loss	18,304	24,506	Binomial model	Share price and volatility
Derivatives for hedging purposes	47,458	7,163	Discounted cash flow	Discount rate and exchange rate

- Valuation technique and inputs of 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 and debt securities 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:

<i>(in millions of Korean won)</i>	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	120,652	120,652
Non-current trade receivables	-	-	617,892	617,892
Non-current other receivables	-	-	1,163,774	1,163,774
Liabilities				
Non-current borrowings	-	-	7,288,520	7,288,520
Non-current other payables	-	-	10,158	10,158

(in millions of Korean won)	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	490	490
Non-current trade receivables	-	-	138,712	138,712
Non-current other receivables	-	-	149,780	149,780
Liabilities				
Non-current borrowings	-	-	5,638,608	5,638,608
Non-current other payables	-	-	5,955	5,955

- 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					Range of
(in millions of Korean won)	Book amount	Fair value	Book amount	Fair value	Valuation techniques	Inputs	Significant but unobservable inputs	significant but unobservable inputs
Assets								
Non-current deposits held by financial institutions	120,652	120,652	490	490	Discounted cash flow	Discount rate	Discount rate	0.1%~4.4%
Non-current trade receivables	617,892	617,892	138,712	138,712	Discounted cash flow	Discount rate and exchange rate	Discount rate	5.3%~7.0%
Non-current other receivables	1,169,185	1,163,774	163,543	149,780	Discounted cash flow	Discount rate and exchange rate	Discount rate	4.7%~5.4%
Liabilities								
Non-current borrowings	7,620,242	7,288,520	6,472,122	5,638,608	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.8%~5.4%
Non-current other payables	11,960	10,158	7,723	5,955	Discounted cash flow	Discount rate	Discount rate	3.9%~4.8%

39. Discontinued Operations

In 2022, the Company discontinued the operations of energy business in order to focus on the Company'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	738	160,295
Operating profit (loss)	375	(229,626)
Profit (Loss) before income tax	183	(226,261)
Income tax expense (benefit)	49	(57,854)
Profit (Loss) for the year, net of tax	134	(168,407)

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	(7,062)	(320,010)
Cash flows from (used in) investing activities	374	445,561
Cash flows from (used in) financing activities	6,688	(125,551)

40. Approval of the Separate Financial Statements

The separate financial statements of the Company 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.

41. 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).