

**21st Annual Shareholders' Meeting**

**Agenda Item  
for FY 2022 Annual General Meeting  
of Shareholders**

**LG Electronics Inc.**

# 21st Annual Shareholders' Meeting and Agenda Items for Approval

## ☐ Date and location

- Date : AM 9:30 March 27th (Monday), 2023
- Location : Main Auditorium (B1), East Wing of LG Twin Towers

## ☐ Agenda Items for Approval (February 21st Resolution of Board of Directors)

<b>Agenda 1 : Approval of Proposed FY 2022 Financial Statements</b>	- Dividend per share : Common Stock 700 KRW, Preferred Stock 750 KRW
<b>Agenda 2 : Approval of Amendment of Article of Incorporation</b>	- 'To engage in facilities-based telecommunications businesses' is to be added to engage in Private 5G business which is wireless personal area network in order to provide connectivity to particular companies/places by using 5G technology. - 'To sell cosmetics' is to be added to (a) sell beauty devices/medical devices in combination with cosmetics and (b) manufacture/sell cosmetics on consignment through OEMs (Original Equipment Manufacturer)
<b>Agenda 3 : Appointment of Directors</b>	- Outside Director : Seung-Woo Seo (New appointment)
<b>Agenda 4 : Appointment of Audit Committee Member</b>	- Outside Director : Seung-Woo Seo (New appointment)
<b>Agenda 5 : Approval of Compensation Limit for Directors</b>	- Compensation Limit 9.0 Billion KRW (Previous Year : 9.0 Billion KRW)

# Agenda 1 : Approval of Financial Statements (FY2022)

## Consolidated Statements of Income

Year Ended December 31, 2022 and 2021

(in billions of KRW)

	2021	2022	YoY
<b>Net sales</b>	<b>73,908</b>	<b>83,467</b>	9,559
Cost of Sales	55,011	63,231	
<b>Gross profit</b>	<b>18,897</b>	<b>20,236</b>	1,339
(%)	25.6%	24.2%	1.4%p↓
Selling & Admin Expense	14,839	16,685	1,846
<b>Operating Income</b>	<b>4,058</b>	<b>3,551</b>	<b>Δ507</b>
(%)	5.5%	4.3%	1.2%p↓
Financial expenses	<b>Δ72</b>	<b>Δ194</b>	
Gain(Loss) on equity method investment	449	<b>Δ1,168</b>	
Other non-operating expenses	<b>Δ596</b>	351	
<b>Net Income before tax</b>	<b>3,839</b>	<b>2,540</b>	<b>Δ1,299</b>
Income tax	1,058	532	
<b>Profit(loss) for the period from continuing operations</b>	<b>2,781</b>	<b>2,008</b>	<b>Δ774</b>
<b>Profit (loss) for the period from discontinued operations</b>	<b>Δ1,366</b>	<b>Δ144</b>	1,222
<b>Net Income</b>	<b>1,415</b>	<b>1,863</b>	448
Earnings per share for profit attributable to the ordinary equity holders of the Parent Company (in KRW)	5,725	6,640	

# Agenda 1 : Approval of Financial Statements (FY2022)

## Consolidated Statements of Comprehensive Income

Year Ended December 31, 2022 and 2021

(in billions of KRW)

	2021	2022	YoY
<b>Profit for the year</b>	<b>1,415</b>	<b>1,863</b>	448
<b>Other comprehensive income(loss), net of tax</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial profit(loss) on defined benefit liability	0	325	
Shares of actuarial profit(loss) of associates	Δ62	48	
Financial assets at fair value through other comprehensive income	Δ15	Δ24	
<b>Items that will be reclassified subsequently to profit or loss</b>			
Currency translation differences	658	322	
Cash flow hedges	66	101	
Other comprehensive loss from associates and JV	256	Δ25	
<b>Total comprehensive income for the year, net of tax</b>	<b>2,319</b>	<b>2,610</b>	290
<b>Comprehensive income(loss) for the year, net of tax, attributable to</b>			
Equity holders of the Parent Company	1,889	1,911	
Non-controlling interest	430	698	

# Agenda 1 : Approval of Financial Statements (FY2022)

## Consolidated Statements of Financial Position

December 31, 2022 and 2021

(in billions of KRW)

	2022 Beginning	2022 Ending	YoY
<b>Assets</b>			
<b>Current assets</b>	<b>27,488</b>	<b>27,488</b>	0.4
Cash and cash equivalents	6,052	6,322	
Trade receivables	8,167	8,217	
Inventories	9,754	9,389	
Other current assets	3,516	3,561	
<b>Non-current assets</b>	<b>25,994</b>	<b>27,668</b>	1,674
Investments in associates and joint ventures	5,149	3,964	
Tangible/intangible assets	17,144	18,287	
Other non-current assets	3,701	5,418	
	<b>53,482</b>	<b>55,156</b>	1,675
<b>Liabilities</b>			
Trade payables	8,742	8,212	
Borrowings	9,932	11,045	
Lease liabilities	955	1,096	
Provisions	2,983	1,769	
Other liabilities	10,772	10,541	
	<b>33,384</b>	<b>32,664</b>	Δ719
<b>Equity</b>			
Paid in capital	3,992	3,992	
Retained earnings	14,434	15,834	
Accumulated other comprehensive loss	Δ1,107	Δ750	
Other components of equity	Δ89	Δ85	
Non controlling interest	2,867	3,500	
	<b>20,098</b>	<b>22,492</b>	2,394
<b>Debt ratio</b>	<b>166.1%</b>	<b>145.2%</b>	20.9%p↓

# Agenda 1 : Approval of Financial Statements (FY2022)

## Consolidated Statements of Changes in Equity

Year Ended December 31, 2022 and 2021

(in billions of KRW)

### 2021

Balance at the beginning of year

Owners  
equity

Non controlling  
interest

Total

15,438

2,105

17,542

### Changes in Equity

Retained earnings

781

293

1,074

Accumulated other comprehensive income

891

75

966

Others

121

395

516

1,793

763

2,556

Balance at the end of year

17,231

2,867

20,098

### 2022

Balance at the beginning of year

17,231

2,867

20,098

### Changes in Equity

Retained earnings

1,400

604

2,004

Accumulated other comprehensive income

357

16

374

Others

4

12

16

1,762

633

2,394

Balance at the end of year

18,992

3,500

22,492

# Agenda 1 : Approval of Financial Statements (FY2022)

## Consolidated Statements of Cash Flows

Year Ended December 31, 2022 and 2021

(in billions of KRW)

	2021	2022
<b>Cash flows from operating activities</b>		
Cash generated from operations	3,585	4,343
Interest received	82	187
Dividends received	12	103
Interest paid	Δ319	Δ375
Income tax paid	Δ683	Δ1,151
	<b>2,677</b>	<b>3,108</b>
<b>Cash flows from investing activities</b>		
Increase in tangible/intangible assets	Δ3,259	Δ3,753
Others	794	525
	<b>Δ2,465</b>	<b>Δ3,228</b>
<b>Cash flows from financing activities</b>		
Decrease in borrowings	Δ156	1,004
Repayments of lease liabilities	Δ308	Δ331
Increase in non-controlling interests	473	15
Dividends paid	Δ291	Δ240
	<b>Δ282</b>	<b>448</b>
<b>Exchange losses on cash and cash equivalents</b>	<b>231</b>	<b>Δ116</b>
<b>Net increase in cash and cash equivalents</b>	<b>160</b>	<b>213</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>5,896</b>	<b>6,052</b>
<b>Cash and cash equivalents reclassified to assets held for sale</b>	<b>Δ5</b>	<b>58</b>
<b>Cash and cash equivalents at the end of year</b>	<b>6,052</b>	<b>6,322</b>

# Agenda 1 : Approval of Financial Statements (FY2022)

## Separate Statements of Income

Year Ended December 31, 2022 and 2021

(in billions of KRW)

	2021	2022	YoY
<b>Net sales</b>	<b>27,115</b>	<b>27,792</b>	676
Cost of Sales	19,603	20,435	
<b>Gross profit</b>	<b>7,513</b>	<b>7,357</b>	<b>Δ156</b>
(%)	27.7%	26.5%	1.2%p↓
Selling & Admin Expense	6,886	7,246	
<b>Operating Income</b>	<b>627</b>	<b>111</b>	<b>Δ516</b>
(%)	2.3%	0.4%	1.9%p↓
Financial expenses	<b>Δ81</b>	<b>Δ195</b>	
Other non-operating expenses	366	1,116	
<b>Net Income before tax</b>	<b>912</b>	<b>1,032</b>	
Income tax	430	8	
<b>Profit (loss) for the period from continuing operations</b>	481	1,023	
<b>Profit (loss) for the period from discontinued operations</b>	<b>Δ1,395</b>	<b>Δ168</b>	
<b>Net Income</b>	<b>Δ914</b>	855	1,769
Earnings per share for profit attributable to the ordinary equity holders of the Parent Company(in KRW)	<b>Δ508</b>	474	

# Agenda 1 : Approval of Financial Statements (FY2022)

## Separate Statements of Comprehensive Income

Year Ended December 31, 2022 and 2021

(in billions of KRW)

	2021	2022	YoY
<b>Profit for the year</b>	<b>Δ914</b>	<b>855</b>	1,769
<b>Other comprehensive income(loss),net of tax</b>			
<b>Items that will not be reclassified subsequently to profit or loss :</b>			
Actuarial loss on defined benefit liability	53	250	
Financial assets at fair value through other comprehensive income	Δ5	Δ23	
<b>Items that will be reclassified subsequently to profit or loss</b>			
Cash flow hedges	51	71	
	<b>99</b>	<b>298</b>	199
<b>Total comprehensive income for the year, net of tax</b>	<b>Δ815</b>	<b>1,153</b>	1,967

# Agenda 1 : Approval of Financial Statements (FY2022)

## Separate Statements of Financial Position

December 31, 2022 and 2021

(in billions of KRW)

	2021 Ending	2022 Ending	YoY
<b>Assets</b>			
<b>Current assets</b>	<b>10,613</b>	<b>9,120</b>	<b>Δ1,494</b>
Cash and cash equivalents	2,012	1,942	
Trade receivables	5,016	3,972	
Inventories	1,649	1,523	
Other current assets	1,936	1,683	
<b>Non-current assets</b>	<b>18,980</b>	<b>19,593</b>	613
Investments in associates and joint ventures	8,915	9,005	
Tangible/intangible assets	8,184	7,723	
Other non-current assets	1,882	2,866	
	<b>29,594</b>	<b>28,713</b>	<b>Δ881</b>
<b>Liabilities</b>			
Trade payables	5,639	5,428	
Borrowings	7,623	7,546	
Lease liabilities	120	117	
Provisions	2,352	1,147	
Other liabilities	4,969	4,586	
	<b>20,703</b>	<b>18,824</b>	<b>Δ1,880</b>
<b>Equity</b>			
Paid in capital	3,992	3,992	
Retained earnings	4,940	5,891	
Accumulated other comprehensive loss	Δ9	39	
Other components of equity	Δ33	Δ33	
	<b>8,890</b>	<b>9,889</b>	999
<b>Debt ratio</b>	<b>232.9%</b>	<b>190.4%</b>	42.5%p↓

# Agenda 1 : Approval of Financial Statements (FY2022)

## Separate Statements of Changes in Equity

Year Ended December 31, 2022 and 2021

(in billions of KRW)

### 2021

Balance at the beginning of year

Total

9,922

#### Changes in Equity

Retained earnings

Δ861

Dividends

Δ217

Accumulated other comprehensive income

47

Δ1,032

Balance at the end of year

8,890

### 2022

Balance at the beginning of year

8,890

#### Changes in Equity

Retained earnings

1,105

Dividends

Δ154

Accumulated other comprehensive income

48

999

Balance at the end of year

9,889

# Agenda 1 : Approval of Financial Statements (FY2022)

## Separate Statements of Cash Flows

Year Ended December 31, 2022 and 2021

(in billions of KRW)

	2021	2022
<b>Cash flows from operating activities</b>		
Cash generated from operations	578	76
Interest received	11	36
Dividends received	824	714
Interest paid	Δ223	Δ221
Income tax paid	Δ153	Δ221
	<b>1,036</b>	<b>383</b>
<b>Cash flows from investing activities</b>		
Increase in tangible/intangible assets	Δ996	Δ1,021
Others	611	934
	<b>Δ385</b>	<b>Δ87</b>
<b>Cash flows from financing activities</b>		
Decrease in borrowings	Δ263	Δ122
Repayments of lease liabilities	Δ76	Δ82
Dividends paid	Δ217	Δ154
	<b>Δ555</b>	<b>Δ358</b>
<b>Exchange losses on cash and cash equivalents</b>	<b>Δ1</b>	<b>Δ9</b>
<b>Net increase in cash and cash equivalents</b>	<b>96</b>	<b>Δ71</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>1,917</b>	<b>2,012</b>
<b>Cash and cash equivalents at the end of year</b>	<b>2,012</b>	<b>1,942</b>

# Agenda 1 : Approval of Financial Statements (FY2022)

## Statements of Appropriation of Retained Earnings

Year Ended December 31, 2022 and 2021

(in billions of KRW)

	2021	2022
<b>Unappropriated retained earnings(deficit)</b>		
Retained earnings carried forward	0.1	0.1
Remeasurements of the net defined benefit liability	53	250
Profit(loss) for the year	Δ914	855
	<b>Δ861</b>	<b>1,105</b>
<b>Transfer from voluntary reserve</b>		
Reserve for research and human resource development	5,570	4,540
<b>Total</b>	<b>4,709</b>	<b>5,644</b>
<b>Appropriations of retained earnings</b>		
Earned surplus reserve	15	13
Reserve for research and human resource development	4,540	5,504
Dividends	154	127
	<b>4,709</b>	<b>5,644</b>
<b>Unappropriated Retained Earnings</b>	<b>0.1</b>	<b>0.1</b>

# Agenda 2 : Approval of Amendment of Article of Incorporation

## 1. Background

- In accordance with Article 433 of the Commercial Act and Article 14 of the Regulations of the Board of Directors, it is proposed to the General Meeting of Shareholders to approve the change in the Articles of Incorporation
- The objectives of the company are to be added to the Articles of Incorporation to reflect new business being promoted by the company and changes in existing business.
  - 'To engage in facilities-based telecommunications businesses' is to be added to engage in Private 5G business which is wireless personal area network in order to provide connectivity to particular companies/places by using 5G technology.
  - 'To sell cosmetics' is to be added to (a) sell beauty devices/medical devices in combination with cosmetics and (b) manufacture/sell cosmetics on consignment through OEMs (Original Equipment Manufacturer)

## 2. Item for Approval

Category	Current Status	Amendment
<b>Article 2. (Objectives)</b>	The objectives of the Company are as follows: 1. To manufacture and sell electronic machinery and appliances;  36. To manufacture and sell functional materials such as glass powder 37. To engage in trade, contracting, sub-contracting or any other businesses incidental to the foregoing; 38. To engage and invest in businesses related to any of the foregoing objectives.	The objectives of the Company are as follows: 1. To manufacture and sell electronic machinery and appliances;  36. To manufacture and sell functional materials such as glass powder <b><u>37. To engage in facilities-based telecommunications businesses</u></b> <b><u>38. To sell cosmetics</u></b> <b><u>39.</u></b> To engage in trade, contracting, sub-contracting or any other businesses incidental to the foregoing; <b><u>40.</u></b> To engage and invest in businesses related to any of the foregoing objectives.

## Agenda 3 : Appointment of Directors

### 1. Background

- Appointment of Directors has been set in accordance with Article 382 of the Korean Commercial Code and Article 28 of the Articles of Incorporation.

### 2. Item for Approval

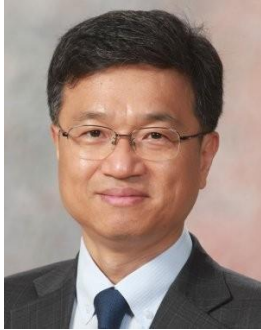
- Appointment of Seung-Woo Seo as an Outside Director

Items	Name	Career	Terms
Agenda	Seung-Woo Seo	(Present) Professor at Department of Electrical and Computer Engineering, Seoul National University (Present) Director, Intelligent Vehicle IT (IVIT) Research Centre funded by Korean Government and Automotive Industries (Present) President, The Institute of Electronics and Information Engineers (Former) Visiting Professor, Center for Automotive Research at Stanford University (Former) Tech Consultant, LG Electronics Future Tech Forum (Former) Director, Information Security Center in SNU	3 Years (New appointment)

# Agenda 3 : Appointment of Directors

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## 1. Profile



- Name: Seung-Woo Seo
- Position : Professor at Department of Electrical and Computer Engineering,  
Seoul National University
- Year of Birth : 1964

## 2. Career

- `96 (Present) Professor at Department of Electrical and Computer Engineering, Seoul National University
- `00 Director, Information Security Center in SNU
- `09 (Present) Director, Intelligent Vehicle IT (IVIT) Research Centre funded by Korean Government and Automotive Industries
- `13 Tech Consultant, LG Electronics Future Tech Forum
- `13 Visiting Professor, Center for Automotive Research at Stanford University
- `22 (Present) President, The Institute of Electronics and Information Engineers

## Agenda 4 : Appointment of Audit Committee Member

### 1. Background

- Appoint an outside director as a Audit Committee Member in accordance with Article 542-12 of the Korean Commercial Code

### 2. Item for Approval

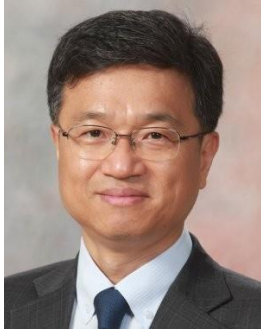
- Appointment of Seung-Woo Seo as a Audit Committee Members

Items	Name	Career	Terms
Agenda	Seung-Woo Seo	(Present) Professor at Department of Electrical and Computer Engineering, Seoul National University (Present) Director, Intelligent Vehicle IT (IVIT) Research Centre funded by Korean Government and Automotive Industries (Present) President, The Institute of Electronics and Information Engineers (Former) Visiting Professor, Center for Automotive Research at Stanford University (Former) Tech Consultant, LG Electronics Future Tech Forum (Former) Director, Information Security Center in SNU	3 Years (New appointment)

# Agenda 4 : Appointment of Audit Committee Member

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## 1. Profile



- Name: Seung-Woo Seo
- Position : Professor at Department of Electrical and Computer Engineering,  
Seoul National University
- Year of Birth : 1964

## 2. Career

- `96 (Present) Professor at Department of Electrical and Computer Engineering, Seoul National University
- `00 Director, Information Security Center in SNU
- `09 (Present) Director, Intelligent Vehicle IT (IVIT) Research Centre funded by Korean Government and Automotive Industries
- `13 Tech Consultant, LG Electronics Future Tech Forum
- `13 Visiting Professor, Center for Automotive Research at Stanford University
- `22 (Present) President, The Institute of Electronics and Information Engineers

# Agenda 5 : Approval of Compensation Limit for Directors

## 1. Background

- To set the compensation limit for Directors in accordance with Article 388 of the Korean Commercial Code and Article 39 of the Articles of Incorporation
- Request the approval of compensation limit at the same level as previous year

## 2. Item for Approval

- 2023 compensation limit: 9.0 billion KRW (2022: 9.0 billion)
- Compensation of directors: Fixed annual income (basic income + income based on role) and bonus

Item	2022		2023 Plan	Notes
	Approved Limit	Actual Payroll		
Compensation Limit	9.0 billion KRW	4.0 billion KRW	9.0 billion KRW	The same level as previous year
Number of Directors	7 Directors		7 Directors	

## 3. References

- 9.0 billion KRW limit is set with the consideration of Directors' fixed annual income, maximum simulated results of bonus, and volatility of future compensations, which are difficult to foresee as of now, etc.  
Bonus is evaluated on the basis of both quantitative indexes (e.g. Sales, Operating Profit, etc.) and non-quantitative indexes (e.g. mid-to-long term strategic task implementation for future business preparation, key tasks evaluation, etc.)
- LGE has been paying the compensation of Directors as per the rules set in Board of Directors, within the limit approved in Shareholder Meeting, appropriately considering Directors' positions, roles, and performances.  
Details of compensation till 3rd quarter 2022 are publicly disclosed in 3rd quarter report, which is posted in Korean public filing site.
- After the approval of compensation limit for Directors in the Meeting of the Shareholders, detailed plan of compensation is to be approved in the following Board of Directors Meeting on March 27th.