

# **LG Electronics Inc. and its subsidiaries**

Consolidated financial statements  
for the year ended December 31, 2024  
with the independent auditor's report

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### Independent auditor's report

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## Independent auditor's report

### The Stockholders and Board of Directors LG Electronics Inc.

#### Opinion

We have audited the consolidated financial statements of LG Electronics Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and Korean Standards on Auditing (KSA). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

#### (a) Impairment test of investments in associate related to LG Display Co., Ltd.

##### 1) Reasons why the matter was determined as a key audit matter

As described in Note 14 to the consolidated financial statements, the Group holds 36.7% ownership in LG Display Co., Ltd., over which the Group exercises significant influence, and accordingly classifies its shares in the entity as the investment in associates with the application of equity method accounting. As of December 31, 2024, the book value of its shares in LG Display Co., Ltd. amounts to ₩2,319,533 million, which account for 3.53% of total assets held by the Group.

As of December 31, 2024, the market value of the Group's shares in LG Display Co., Ltd. is significantly lower than the book value and LG Display Co., Ltd. continues to incur operating losses, which are considered indicators of impairment. In accordance with KIFRS 1036 *Impairment of Assets*, the Group performed an impairment test by determining the recoverable amount based on the value-in-use, calculated by discounting the expected future cash flows from the relevant assets at an appropriate discount rate. We determined the impairment test of investments in associate as a key audit matter, since the amount of investments in the associate accounts for a significant portion of the Group's total assets and estimating future cash flows in the value-in-use assessment is complex and involves significant management's judgments.

## 2) How our audit addressed the key audit matter

We have performed the following audit procedures in relation to the valuation model, key assumptions, and judgments associated with the value-in-use assessment. We also involved our valuation specialists when performing these audit procedures. Our audit procedures included:

- Understanding and evaluating the accounting policies and internal controls of the Group related to impairment testing of investments in associates.
- Reviewing management's assessment on whether there are any indicators of impairment for the investments in associates held by the Group.
- Evaluating the qualifications, competence and objectivity of the specialists involved in the value-in-use assessment by the Group's management.
- Making inquiries and reviewing the valuation model applied by the Group's management.
- Understanding LG Display Co., Ltd.'s future cash flow projections and assessing if such estimates are based on the business plans approved by management.
- Assessing the reasonableness of the estimates made under the past business plan of LG Display Co., Ltd. by comparing the actual performance with the past business plans.
- Evaluating the key assumptions applied in the valuation model, such as discount rates and growth rates, by comparing them with external benchmarks from the same industry and historical financial information of LG Display Co., Ltd.
- Performing an independent recalculation of the discount rate used for the cash flow discounting and comparing it with the discount rate applied in the impairment test.
- Assessing the result of sensitivity analysis on discount rate and permanent growth rate performed by management for the purposes of evaluating the impact of changes in key assumptions on the impairment assessment.

### Other matters

The consolidated financial statements of the Group for the year ended December 31, 2023 have been audited by Samil PwC, in accordance with ISA and KSA, whose report dated March 14, 2024 expressed an unqualified opinion thereon. The auditor mentioned above has expressed an unqualified opinion on the consolidated financial statements in which the adjustments described in Note 40 are not reflected, while such adjustments are reflected in the consolidated financial statements for the year ended December 31, 2023 presented herein for comparative purposes.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's responsibilities for the audit of the consolidated financial statements**

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

As part of an audit in accordance with ISA and KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jung Ho Chae.

*Ernst & Young Han Young*

March 12, 2025

This audit report is effective as of March 12, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

# **LG Electronics Inc. and its subsidiaries**

Consolidated financial statements  
for each of the two years in the period ended December 31, 2024

“The accompanying consolidated financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Group.”

JOO WAN CHO  
Chief Executive Officer  
LG Electronics Inc.

**LG Electronics Inc. and its subsidiaries**  
**Consolidated statements of financial position**  
**as of December 31, 2024 and 2023**

(in millions of Korean won)

|   | Notes   | 2024              | 2023              |
|---|---------|-------------------|-------------------|
| <b>Assets</b>   |         |                   |                   |
| <b>Current assets</b>   |         |                   |                   |
| Cash and cash equivalents   | 5,6,37  | 7,573,036         | 8,487,563         |
| Deposits held by financial institutions                                 | 5,6,37  | 46,681            | 26,386            |
| Trade receivables   | 5,7,37  | 10,535,614        | 9,265,022         |
| Other receivables   | 5,7,37  | 1,583,477         | 595,793           |
| Other financial assets  | 5,8,37  | 76,226            | 102,054           |
| Inventories   | 9       | 10,729,360        | 9,125,404         |
| Current tax assets  |         | 258,606           | 226,253           |
| Contract assets   | 10      | 1,352,092         | 1,129,399         |
| Other current assets  | 11      | 1,764,807         | 1,379,180         |
| Assets held for sale  | 39      | 3,618             | 4,155             |
|   |         | <u>33,923,517</u> | <u>30,341,209</u> |
| <b>Non-current assets</b>   |         |                   |                   |
| Deposits held by financial institutions                                 | 5,6,37  | 193,637           | 195,189           |
| Trade receivables   | 5,7,37  | 1,645,716         | 639,439           |
| Other receivables   | 5,7,37  | 1,022,169         | 1,779,637         |
| Other financial assets  | 5,8,37  | 644,325           | 385,370           |
| Property, plant and equipment   | 12      | 17,075,231        | 16,818,629        |
| Intangible assets   | 13      | 3,518,728         | 2,867,687         |
| Deferred tax assets   | 19      | 3,509,556         | 2,821,557         |
| Investments in associates and joint ventures                            | 14      | 2,775,655         | 3,004,464         |
| Investment properties   | 15      | 92,627            | 94,461            |
| Net defined benefit assets  | 20      | 507,087           | 557,822           |
| Contract assets   | 10      | 410,604           | 426,278           |
| Other non-current assets  | 11      | 310,737           | 309,051           |
|   |         | <u>31,706,072</u> | <u>29,899,584</u> |
| <b>Total assets</b>   |         | <u>65,629,589</u> | <u>60,240,793</u> |
| <b>Liabilities</b>  |         |                   |                   |
| <b>Current liabilities</b>  |         |                   |                   |
| Trade payables  | 5,37    | 9,884,770         | 9,427,288         |
| Borrowings  | 5,16,37 | 2,889,260         | 2,601,636         |
| Lease liabilities   | 5,17,37 | 385,675           | 336,772           |
| Other payables  | 5,18,37 | 5,729,464         | 4,624,046         |
| Other financial liabilities   | 5,8,37  | 2,967             | 9,292             |
| Current tax liabilities   |         | 370,854           | 226,343           |
| Provisions  | 21      | 1,515,367         | 1,049,625         |
| Contract liabilities  | 10      | 2,146,029         | 1,898,005         |
| Other current liabilities   | 22      | 4,383,053         | 3,987,373         |
|   |         | <u>27,307,439</u> | <u>24,160,380</u> |
| <b>Non-current liabilities</b>  |         |                   |                   |
| Borrowings  | 5,16,37 | 11,093,282        | 10,719,175        |
| Lease liabilities   | 5,17,37 | 874,185           | 856,251           |
| Other payables  | 5,18,37 | 319,949           | 212,648           |
| Other financial liabilities   | 5,8,37  | 57,039            | 52,754            |
| Deferred tax liabilities  | 19      | 35,077            | 35,025            |
| Net defined benefit liabilities   | 20      | 146,985           | 105,278           |
| Provisions  | 21      | 244,347           | 327,495           |
| Contract liabilities  | 10      | 100,177           | 63,497            |
| Other non-current liabilities   | 22      | 239,445           | 209,754           |
|   |         | <u>13,110,486</u> | <u>12,581,877</u> |
| <b>Total liabilities</b>  |         | <u>40,417,925</u> | <u>36,742,257</u> |
| <b>Equity</b>   |         |                   |                   |
| Paid-in capital:  | 23      |                   |                   |
| Share capital   |         | 904,169           | 904,169           |
| Share premium   |         | 3,088,179         | 3,088,179         |
| Retained earnings   | 24      | 16,352,773        | 16,201,439        |
| Accumulated other comprehensive income (loss)                           | 25      | 812,913           | (420,818)         |
| Accumulated other comprehensive income (loss) from assets held for sale | 39      | (457)             | (136)             |
| Other components of equity  | 26      | (162,808)         | (108,079)         |
| <b>Equity attributable to owners of the Parent Company</b>              |         | <u>20,994,769</u> | <u>19,664,754</u> |
| <b>Non-controlling interests</b>  |         | <u>4,216,895</u>  | <u>3,833,782</u>  |
| <b>Total equity</b>   |         | <u>25,211,664</u> | <u>23,498,536</u> |
| <b>Total liabilities and equity</b>                                     |         | <u>65,629,589</u> | <u>60,240,793</u> |

**LG Electronics Inc. and its subsidiaries**  
**Consolidated statements of profit or loss**  
**for each of the two years in the period ended December 31, 2024**

(in millions of Korean won, except per share amounts)

|   | <u>Notes</u> | <u>2024</u>       | <u>2023</u>       |
|---|--------------|-------------------|-------------------|
| <b>Continuing operations</b>  |              |                   |                   |
| <b>Net sales</b>  | 28           | 87,728,182        | 82,262,664        |
| <b>Cost of sales</b>  | 29           | <u>66,348,948</u> | <u>62,461,405</u> |
| <b>Gross profit</b>   |              | 21,379,234        | 19,801,259        |
| Selling expenses  | 29,30        | 11,168,813        | 9,986,193         |
| Administrative expenses   | 29,30        | 2,295,340         | 1,997,202         |
| Research and development expenses   | 29,30        | 2,687,295         | 2,546,867         |
| Service costs   | 29,30        | <u>1,808,111</u>  | <u>1,617,703</u>  |
| <b>Operating profit (loss)</b>  |              | 3,419,675         | 3,653,294         |
| Financial income  | 31           | 1,167,721         | 1,279,526         |
| Financial expenses  | 31           | 1,132,596         | 1,381,297         |
| Profit (Loss) from equity method valuation  | 14           | (992,387)         | (1,044,728)       |
| Other non-operating income  | 32           | 2,405,944         | 2,293,082         |
| Other non-operating expenses  | 32           | 3,532,562         | 2,761,830         |
| Profit (Loss) from net monetary items resulting from hyperinflation   |              | <u>-</u>          | <u>(23,150)</u>   |
| Profit (Loss) before income tax   |              | 1,335,795         | 2,014,897         |
| Income tax expense (benefit)  | 19           | <u>462,520</u>    | <u>756,971</u>    |
| <b>Profit (loss) from continuing operations</b>   |              | 873,275           | 1,257,926         |
| <b>Discontinued operations</b>  |              |                   |                   |
| Profit (Loss) from discontinued operations  |              | <u>(281,910)</u>  | <u>(107,315)</u>  |
| <b>Profit (Loss) for the period</b>   |              | <u>591,365</u>    | <u>1,150,611</u>  |
| <b>Profit (Loss) for the period attributable to:</b>  |              |                   |                   |
| Owners of the Parent Company  |              |                   |                   |
| Profit (Loss) from continuing operations  |              | 649,425           | 820,217           |
| Profit (Loss) from discontinued operations  |              | <u>(281,910)</u>  | <u>(107,315)</u>  |
|   |              | <u>367,515</u>    | <u>712,902</u>    |
| Non-controlling interests   |              |                   |                   |
| Profit (Loss) from continuing operations  |              | 223,850           | 437,709           |
| Profit (Loss) from discontinued operations  |              | <u>-</u>          | <u>-</u>          |
|   |              | <u>223,850</u>    | <u>437,709</u>    |
| <b>Earnings (Losses) per share attributable to owners of the Parent Company during the period (in Korean won)</b> |              |                   |                   |
| 33  |              |                   |                   |
| Earnings (Losses) per ordinary share  |              |                   |                   |
| From continuing operations  |              | 3,602             | 4,550             |
| From discontinued operations  |              | <u>(1,566)</u>    | <u>(596)</u>      |
|   |              | <u>2,036</u>      | <u>3,954</u>      |
| Earnings (Losses) per preferred share   |              |                   |                   |
| From continuing operations  |              | 3,652             | 4,600             |
| From discontinued operations  |              | <u>(1,566)</u>    | <u>(596)</u>      |
|   |              | <u>2,086</u>      | <u>4,004</u>      |

**LG Electronics Inc. and its subsidiaries**  
**Consolidated statements of comprehensive income**  
**for each of the two years in the period ended December 31, 2024**

(in millions of Korean won)

|   | <u>Notes</u> | <u>2024</u>      | <u>2023</u>      |
|---|--------------|------------------|------------------|
| <b>Profit (Loss) for the period</b>   |              | 591,365          | 1,150,611        |
| <b>Other comprehensive income (loss), net of tax</b>                                  |              |                  |                  |
| <i>Items that will not be reclassified subsequently to profit or loss:</i>            |              |                  |                  |
| Remeasurements of the net defined benefit liability                                   | 20           | 114,291          | (256,951)        |
| Share of remeasurements of associates   | 14           | (49,362)         | 18,228           |
| Financial assets at fair value through other comprehensive income                     | 8            | 1,165            | (2,267)          |
| <i>Items that will be reclassified subsequently to profit or loss:</i>                |              |                  |                  |
| Share of other comprehensive income   |              |                  |                  |
| (excluding remeasurements) of associates and joint ventures                           | 14           | 268,324          | 25,004           |
| Cash flow hedges  | 37           | (17,299)         | (58,110)         |
| Exchange differences on translation of foreign operations                             |              | 1,159,195        | 368,598          |
| <b>Other comprehensive income (loss) for the period, net of tax</b>                   |              | <u>1,476,314</u> | <u>94,502</u>    |
| <b>Total comprehensive income (loss) for the period, net of tax</b>                   |              | <u>2,067,679</u> | <u>1,245,113</u> |
| <b>Total comprehensive income (loss) for the period, net of tax, attributable to:</b> |              |                  |                  |
| Owners of the Parent Company  |              | 1,619,689        | 818,301          |
| Non-controlling interests   |              | <u>447,990</u>   | <u>426,812</u>   |
| <b>Total comprehensive income (loss) for the period, net of tax</b>                   |              | <u>2,067,679</u> | <u>1,245,113</u> |

**LG Electronics Inc. and its subsidiaries**  
**Consolidated statements of changes in equity**  
**for each of the two years in the period ended December 31, 2024**

(in millions of Korean won)

|   | Notes | Attributable to owners of the Parent Company |                   |   |   |                            | Total      | Non-controlling interests | Total equity |
|---|-------|--|-------------------|---|---|----------------------------|------------|---------------------------|--------------|
|   |       | Paid-in capital                              | Retained earnings | Accumulated other comprehensive income (loss) | Accumulated other comprehensive income (loss) from assets held for sale | Other components of equity |            |                           |              |
| <b>Balance as of January 1, 2023</b>  |       | 3,992,348                                    | 15,834,021        | (750,372)                                     | 838   | (84,727)                   | 18,992,108 | 3,499,889                 | 22,491,997   |
| Financial statement restatement effects under hyperinflationary economy                         |       | -  | -                 | 4,602   | -   | -                          | 4,602      | -                         | 4,602        |
| <b>Total comprehensive income (loss):</b>   |       |  |                   |   |   |                            |            |                           |              |
| Profit (Loss) for the period  |       | -  | 712,902           | -   | -   | -                          | 712,902    | 437,709                   | 1,150,611    |
| Remeasurements of the net defined benefit liability   | 20    | -  | (236,599)         | -   | -   | -                          | (236,599)  | (20,352)                  | (256,951)    |
| Share of remeasurements of associates   | 14    | -  | 18,228            | -   | -   | -                          | 18,228     | -                         | 18,228       |
| Financial assets at fair value through other comprehensive income                               | 8     | -  | (208)             | (2,606)                                       | -   | -                          | (2,814)    | 547                       | (2,267)      |
| Share of other comprehensive income (excluding remeasurements) of associates and joint ventures | 14    | -  | -                 | 25,004  | -   | -                          | 25,004     | -                         | 25,004       |
| Cash flow hedges  | 37    | -  | -                 | (54,510)                                      | -   | -                          | (54,510)   | (3,600)                   | (58,110)     |
| Exchange differences on translation of foreign operations                                       |       | -  | -                 | 357,064                                       | (974)   | -                          | 356,090    | 12,508                    | 368,598      |
| <b>Total comprehensive income (loss):</b>   |       | -  | 494,323           | 324,952                                       | (974)   | -                          | 818,301    | 426,812                   | 1,245,113    |
| <b>Transactions with owners:</b>  |       |  |                   |   |   |                            |            |                           |              |
| Dividends   | 24    | -  | (126,905)         | -   | -   | -                          | (126,905)  | (114,082)                 | (240,987)    |
| Changes in controlling interests in subsidiaries  |       | -  | -                 | -   | -   | (23,352)                   | (23,352)   | 16,363                    | (6,989)      |
| Paid-in capital increase of subsidiaries  |       | -  | -                 | -   | -   | -                          | -          | 4,800                     | 4,800        |
| <b>Total transactions with owners</b>   |       | -  | (126,905)         | -   | -   | (23,352)                   | (150,257)  | (92,919)                  | (243,176)    |
| <b>Balance as of December 31, 2023</b>  |       | 3,992,348                                    | 16,201,439        | (420,818)                                     | (136)   | (108,079)                  | 19,664,754 | 3,833,782                 | 23,493,934   |
| <b>Balance as of January 1, 2024</b>  |       | 3,992,348                                    | 16,201,439        | (420,818)                                     | (136)   | (108,079)                  | 19,664,754 | 3,833,782                 | 23,498,536   |
| <b>Total comprehensive income (loss):</b>   |       |  |                   |   |   |                            |            |                           |              |
| Profit (Loss) for the period  |       | -  | 367,515           | -   | -   | -                          | 367,515    | 223,850                   | 591,365      |
| Remeasurements of the net defined benefit liability   | 20    | -  | 74,683            | -   | -   | -                          | 74,683     | 39,608                    | 114,291      |
| Share of remeasurements of associates   | 14    | -  | (49,362)          | -   | -   | -                          | (49,362)   | -                         | (49,362)     |
| Financial assets at fair value through other comprehensive income                               | 8     | -  | (6,557)           | 7,470   | -   | -                          | 913        | 252                       | 1,165        |
| Share of other comprehensive income (excluding remeasurements) of associates and joint ventures | 14    | -  | -                 | 268,324                                       | -   | -                          | 268,324    | -                         | 268,324      |
| Cash flow hedges  | 37    | -  | -                 | (14,641)                                      | -   | -                          | (14,641)   | (2,658)                   | (17,299)     |
| Exchange differences on translation of foreign operations                                       |       | -  | -                 | 972,578                                       | (321)   | -                          | 972,257    | 186,938                   | 1,159,195    |
| <b>Total comprehensive income (loss)</b>  |       | -  | 386,279           | 1,233,731                                     | (321)   | -                          | 1,619,689  | 447,990                   | 2,067,679    |
| <b>Transactions with owners:</b>  |       |  |                   |   |   |                            |            |                           |              |
| Dividends   | 24    | -  | (234,945)         | -   | -   | -                          | (234,945)  | (81,764)                  | (316,709)    |
| Changes in controlling interests in subsidiaries  |       | -  | -                 | -   | -   | (54,729)                   | (54,729)   | 16,887                    | (37,842)     |
| <b>Total transactions with owners</b>   |       | -  | (234,945)         | -   | -   | (54,729)                   | (289,674)  | (64,877)                  | (354,551)    |
| <b>Balance as of December 31, 2024</b>  |       | 3,992,348                                    | 16,352,773        | 812,913                                       | (457)   | (162,808)                  | 20,994,769 | 4,216,895                 | 25,211,664   |

**LG Electronics Inc. and its subsidiaries**  
**Consolidated statements of cash flows**  
**for each of the two years in the period ended December 31, 2024**

(in millions of Korean won)

|   | Notes | 2024               | 2023               |
|---|-------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>   |       |                    |                    |
| Cash generated from (used in) operations  | 34    | 4,934,587          | 7,051,467          |
| Interest received   |       | 488,034            | 423,638            |
| Interest paid   |       | (623,089)          | (559,990)          |
| Dividend received   |       | 23,145             | 13,167             |
| Income tax paid   |       | (980,016)          | (1,014,686)        |
| <b>Net cash provided by (used in) operating activities</b>                            |       | <b>3,842,661</b>   | <b>5,913,596</b>   |
| <b>Cash flows from investing activities</b>   |       |                    |                    |
| Decrease in deposits held by financial institutions                                   |       | 25,545             | 142,790            |
| Decrease in other receivables   |       | 96,537             | 143,640            |
| Proceeds from withdrawal and disposal of other financial assets                       |       | 203,506            | 117,650            |
| Proceeds from disposal of property, plant and equipment                               |       | 41,229             | 47,298             |
| Proceeds from disposal of intangible assets   |       | 26,023             | 14,617             |
| Proceeds from withdrawal and disposal of investments in associates and joint ventures |       | 1,546              | -                  |
| Proceeds from disposal of assets held for sale  |       | -                  | 13,367             |
| Proceeds from disposal of business unit   |       | 6,252              | -                  |
| Increase in deposits held by financial institutions                                   |       | (61,374)           | (193,551)          |
| Increase in other receivables   |       | (100,022)          | (1,147,533)        |
| Acquisition of other financial assets   |       | (126,699)          | (248,695)          |
| Acquisition of property, plant and equipment  |       | (2,356,437)        | (3,269,884)        |
| Acquisition of intangible assets  |       | (1,311,588)        | (867,724)          |
| Acquisition of investments in associates and joint ventures                           |       | (589,252)          | (41,680)           |
| Business combinations   | 38    | (67,139)           | -                  |
| <b>Net cash provided by (used in) investing activities</b>                            |       | <b>(4,211,873)</b> | <b>(5,289,705)</b> |
| <b>Cash flows from financing activities</b>   |       |                    |                    |
| Increase in borrowings  |       | 4,355,225          | 6,062,470          |
| Increase due to transactions with non-controlling interests                           |       | 1,808              | 63,739             |
| Repayments of borrowings  |       | (4,139,096)        | (4,021,405)        |
| Repayments of lease liabilities   |       | (380,298)          | (360,568)          |
| Decrease due to transactions with non-controlling interests                           |       | (225,605)          | -                  |
| Dividend paid and others  |       | (316,709)          | (240,987)          |
| <b>Net cash provided by (used in) financing activities</b>                            |       | <b>(704,675)</b>   | <b>1,503,249</b>   |
| Effects of exchange rate changes on cash and cash equivalents                         |       | 159,360            | 38,063             |
| <b>Net increase (decrease) in cash and cash equivalents</b>                           |       | <b>(914,527)</b>   | <b>2,165,203</b>   |
| Cash and cash equivalents at the beginning of the period                              | 6     | 8,487,563          | 6,322,360          |
| <b>Cash and cash equivalents at the end of the period</b>                             | 6     | <b>7,573,036</b>   | <b>8,487,563</b>   |

# **LG Electronics Inc. and its subsidiaries**

## **Notes to the consolidated financial statements**

### **December 31, 2024 and 2023**

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#### **1. General information**

LG Electronics Inc. (the “Company” or “Parent Company”) was spun off from LG Electronics Inc. on April 1, 2002. The Parent Company’s shares were listed on the Korea Exchange on April 22, 2002, and some of its preferred shares, in the form of global depositary receipts (“GDRs”), are listed on the London Stock Exchange as of December 31, 2024. The Parent Company is domiciled in Korea at Yeoui-daero, Yeongdeungpo-gu, Seoul.

As of December 31, 2024, LG Corp. owns 34.3% of the Parent Company’s total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

The Parent Company and its subsidiaries (collectively referred to as the “Group”) operate the following five major business segments: Home Appliance & Air Solution segment manufacturing and selling refrigerators, washing machines, vacuum cleaners, and residential and commercial air conditioners; Home Entertainment segment manufacturing and selling TVs and digital media products; Vehicle component Solutions segment designing and manufacturing automobile parts; Business Solutions segment manufacturing and selling monitors, PCs, information displays and others; and LG Innotek Co., Ltd. operating optics solutions, substrate materials and automotive components businesses. As of December 31, 2024, the Parent Company has 152 subsidiaries (See Note 1 (a)), 21 associates and joint ventures (See Note 14).

**LG Electronics and its subsidiaries**  
**Notes to the consolidated financial statements**  
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(a) Consolidated subsidiaries as of December 31, 2024 and 2023 are as follows:

| Territory             | Location | Subsidiary  | December 31, 2024       |                          | December 31, 2023       |                          | Closing month | Major business  | Basis of control                |
|-----------------------|----------|---|-------------------------|--------------------------|-------------------------|--------------------------|---------------|---|---------------------------------|
|                       |          |   | Percentage of ownership |                          | Percentage of ownership |                          |               |   |                                 |
|                       |          |   | Controlling interest    | Non-controlling interest | Controlling interest    | Non-controlling interest |               |   |                                 |
| The Republic of Korea | Korea    | Hiplaza Co., Ltd.   | 100.0%                  | -                        | 100.0%                  | -                        | December      | Wholesales and retails of electronic products           | More than half of voting rights |
|                       | Korea    | ACE R&A Co., Ltd.   | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production and sales of air conditioning plants         | More than half of voting rights |
|                       | Korea    | Hi M Solutek Co., Ltd.  | 100.0%                  | -                        | 100.0%                  | -                        | December      | Other general machinery and equipment repairs           | More than half of voting rights |
|                       | Korea    | Hi-Caresolution Corp.   | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services  | More than half of voting rights |
|                       | Korea    | Hi Teleservice Co., Ltd.  | 100.0%                  | -                        | 100.0%                  | -                        | December      | Call center and telemarketing services                  | More than half of voting rights |
|                       | Korea    | LG Innotek Co., Ltd. <sup>1</sup>                                       | 40.8%                   | 59.2%                    | 40.8%                   | 59.2%                    | December      | Production and sales of electrical/electronic materials | De-facto control                |
|                       | Korea    | Innowith Co., Ltd. <sup>1</sup>   | 40.8%                   | 59.2%                    | 40.8%                   | 59.2%                    | December      | Services  | De-facto control                |
|                       | Korea    | Hanuri Co., Ltd.  | 100.0%                  | -                        | 100.0%                  | -                        | December      | Business facility maintenance                           | More than half of voting rights |
|                       | Korea    | ZKW Lighting Systems Korea Co., Ltd.                                    | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | R&D   | More than half of voting rights |
|                       | Korea    | LG Magna e-Powertrain Co., Ltd.   | 51.0%                   | 49.0%                    | 51.0%                   | 49.0%                    | December      | Production and sales of vehicle components              | More than half of voting rights |
|                       | Korea    | HIEVCHARGER CO., LTD.   | 60.0%                   | 40.0%                    | 60.0%                   | 40.0%                    | December      | Manufacture of electric transformers                    | More than half of voting rights |
| China                 | China    | LG Electronics (China) Co., Ltd.(LGECH)                                 | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                            | More than half of voting rights |
|                       | China    | LG Electronics (China) Research and Development Center Co., Ltd.(LGERD) | 100.0%                  | -                        | 100.0%                  | -                        | December      | R&D   | More than half of voting rights |

**LG Electronics and its subsidiaries**  
**Notes to the consolidated financial statements**  
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| Territory | Location | Subsidiary  | December 31, 2024       |                          | December 31, 2023       |                          | Closing month | Major business  | Basis of control                |
|-----------|----------|---|-------------------------|--------------------------|-------------------------|--------------------------|---------------|---|---------------------------------|
|           |          |   | Percentage of ownership |                          | Percentage of ownership |                          |               |   |                                 |
|           |          |   | Controlling interest    | Non-controlling interest | Controlling interest    | Non-controlling interest |               |   |                                 |
|           | China    | LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)  | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production and sales of electronic products             | More than half of voting rights |
|           | China    | LG ELECTRONICS HK LIMITED(LGEHK)                            | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                            | More than half of voting rights |
|           | China    | LG Electronics (Huizhou) Inc.(LGEHZ)                        | 80.0%                   | 20.0%                    | 80.0%                   | 20.0%                    | December      | Production of electronic products                       | More than half of voting rights |
|           | China    | LG Electronics Nanjing New Technology Co.,Ltd(LGENT)        | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | Production of electronic products                       | More than half of voting rights |
|           | China    | LG Electronics Nanjing Vehicle Components Co.,Ltd.(LGENV)   | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production of electronic products                       | More than half of voting rights |
|           | China    | LG Electronics (Qinhuangdao) Co.,LTD(LGEQH)                 | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production of casting                                   | More than half of voting rights |
|           | China    | LG Electronics (Shenyang) Inc(LGESY)                        | 78.9%                   | 21.1%                    | 78.9%                   | 21.1%                    | December      | Production of electronic products                       | More than half of voting rights |
|           | China    | LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)        | 80.0%                   | 20.0%                    | 80.0%                   | 20.0%                    | December      | Production of electronic products                       | More than half of voting rights |
|           | China    | Nanjing LG Panda Appliances Co., Ltd(LGEPN)                 | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | Production of electronic products                       | More than half of voting rights |
|           | China    | Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)       | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production of electronic products                       | More than half of voting rights |
|           | China    | QINGGONGLIAN ELECTRICAL INSTALLATION ENGINEERING CO.,LTD.   | 80.0%                   | 20.0%                    | 80.0%                   | 20.0%                    | December      | Installation and sales of air conditioners              | More than half of voting rights |
|           | China    | LG Innotek Yantai Co.,Ltd.(LGITYT) <sup>1</sup>             | 40.8%                   | 59.2%                    | 40.8%                   | 59.2%                    | December      | Production and sales of electrical/electronic materials | De-facto control                |
|           | China    | LG Innotek Trading (Shanghai) Co.,Ltd.(LGITSH) <sup>1</sup> | 40.8%                   | 59.2%                    | 40.8%                   | 59.2%                    | December      | Sales of electrical/electronic materials                | De-facto control                |

**LG Electronics and its subsidiaries**  
**Notes to the consolidated financial statements**  
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| Territory | Location    | Subsidiary   | December 31, 2024       |                          | December 31, 2023       |                          | Closing month | Major business                              | Basis of control                |
|-----------|-------------|--|-------------------------|--------------------------|-------------------------|--------------------------|---------------|---|---------------------------------|
|           |             |  | Percentage of ownership |                          | Percentage of ownership |                          |               |   |                                 |
|           |             |  | Controlling interest    | Non-controlling interest | Controlling interest    | Non-controlling interest |               |   |                                 |
|           | China       | ZKW Lighting Systems (Dalian) Co. Ltd.                     | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | Production and sales of vehicle components  | More than half of voting rights |
|           | China       | LG Magna Nanjing e-Powertrain Vehicle Components Co., Ltd. | 51.0%                   | 49.0%                    | 51.0%                   | 49.0%                    | December      | Production and sales of vehicle components  | More than half of voting rights |
| Asia      | Australia   | LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)                | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|           | India       | LG ELECTRONICS INDIA LIMITED(LGEIL) <sup>4,5</sup>         | 100.0%                  | -                        | 100.0%                  | -                        | March         | Production and sales of electronic products | More than half of voting rights |
|           | Japan       | LG Japan Lab. Inc.(LGJL)                                   | 100.0%                  | -                        | 100.0%                  | -                        | December      | R&D   | More than half of voting rights |
|           | Japan       | LG Electronics Japan, Inc.(LGEJP)                          | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|           | Malaysia    | LG Electronics (M) Sdn. Bhd(LGEML)                         | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|           | Philippines | LG Electronics Philippines Inc.(LGEPH)                     | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|           | Singapore   | LG Electronics Singapore Pte.Ltd.(LGESL)                   | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|           | Taiwan      | LG Electronics Taiwan Taipei Co., Ltd.(LGETT)              | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|           | Thailand    | LG Electronics (Thailand) Company Limited(LGETH)           | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production and sales of electronic products | More than half of voting rights |
|           | India       | LG Soft India Private Limited.(LGS) <sup>4</sup>           | 100.0%                  | -                        | 100.0%                  | -                        | March         | R&D   | More than half of voting rights |
|           | Indonesia   | P.T. LG Electronics Indonesia(LGEIN)                       | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production and sales of electronic products | More than half of voting rights |
|           | Philippines | LG Electronics Pasig Inc. <sup>3</sup>                     | 38.0%                   | 62.0%                    | 38.0%                   | 62.0%                    | December      | Real estates                                | De-facto control                |

**LG Electronics and its subsidiaries**  
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| Territory   | Location | Subsidiary   | December 31, 2024       |                          | December 31, 2023       |                          | Closing month | Major business  | Basis of control                |
|-------------|----------|--|-------------------------|--------------------------|-------------------------|--------------------------|---------------|---|---------------------------------|
|             |          |  | Percentage of ownership |                          | Percentage of ownership |                          |               |   |                                 |
|             |          |  | Controlling interest    | Non-controlling interest | Controlling interest    | Non-controlling interest |               |   |                                 |
| Indonesia   |          | PT. LG Innotek Indonesia(LGITIN) <sup>1</sup>              | 40.8%                   | 59.2%                    | 40.8%                   | 59.2%                    | December      | Production and sales of electrical/electronic materials | De-facto control                |
| Taiwan      |          | LG Innotek (Taiwan) Co., Ltd.(LGITTW) <sup>1</sup>         | 40.8%                   | 59.2%                    | 40.8%                   | 59.2%                    | December      | Sales of electrical/electronic materials                | De-facto control                |
| Vietnam     |          | LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH) <sup>1</sup> | 40.8%                   | 59.2%                    | 40.8%                   | 59.2%                    | December      | Production and sales of electrical/electronic materials | De-facto control                |
| Vietnam     |          | LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)          | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production and sales of electronic products             | More than half of voting rights |
| Indonesia   |          | PT. LG Electronics Service Indonesia(LGEID)                | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services  | More than half of voting rights |
| Philippines |          | HI-M SOLUTEK PHILIPPINES INC.                              | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services  | More than half of voting rights |
| Vietnam     |          | HI-M SOLUTEK VIETNAM CO., LTD.                             | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services  | More than half of voting rights |
| India       |          | Alphonso Labs Private Limited <sup>4</sup>                 | 65.7%                   | 34.3%                    | 55.5%                   | 44.5%                    | March         | R&D   | More than half of voting rights |
| Indonesia   |          | PT LGE INDONESIA RESEARCH AND DEVELOPMENT CENTER (LGERC)   | 100.0%                  | -                        | 100.0%                  | -                        | December      | R&D   | More than half of voting rights |
| Japan       |          | Cybellum Technologies Ltd.                                 | 80.5%                   | 19.5%                    | 69.1%                   | 30.9%                    | December      | Development and sales of automotive security solutions  | More than half of voting rights |
| Vietnam     |          | LG Electronics Development Vietnam Company Limited(LGEDV)  | 100.0%                  | -                        | 100.0%                  | -                        | December      | R&D   | More than half of voting rights |
| Indonesia   |          | PT HI-M SOLUTEK INDONESIA                                  | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services  | More than half of voting rights |
| India       |          | Hi-M.Solutek India Private Limited <sup>4</sup>            | 100.0%                  | -                        | 100.0%                  | -                        | March         | Services  | More than half of voting rights |

**LG Electronics and its subsidiaries**  
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| Territory | Location    | Subsidiary  | December 31, 2024       |                          | December 31, 2023       |                          | Closing month | Major business                    | Basis of control                |
|-----------|-------------|---|-------------------------|--------------------------|-------------------------|--------------------------|---------------|-----------------------------------|---------------------------------|
|           |             |   | Percentage of ownership |                          | Percentage of ownership |                          |               |                                   |                                 |
|           |             |   | Controlling interest    | Non-controlling interest | Controlling interest    | Non-controlling interest |               |                                   |                                 |
| Europe    | Netherlands | LG Electronics Benelux Sales B.V.(LGEBN)                  | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products      | More than half of voting rights |
|           | Germany     | LG Electronics Deutschland GmbH(LGEDG)                    | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products      | More than half of voting rights |
|           | Spain       | LG Electronics Espana S.A.(LGEES)                         | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products      | More than half of voting rights |
|           | Netherlands | LG Electronics European Holding B.V.(LGEEH)               | 100.0%                  | -                        | 100.0%                  | -                        | December      | European holding company          | More than half of voting rights |
|           | Netherlands | LG Electronics European Shared Service Center B.V.(LGESC) | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services                          | More than half of voting rights |
|           | France      | LG Electronics France S.A.S(LGEFS)                        | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products      | More than half of voting rights |
|           | Greece      | LG ELECTRONICS HELLAS SINGLE MEMBER SA (LGEHS)            | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products      | More than half of voting rights |
|           | Italy       | LG Electronics Italia S.P.A.(LGEIS)                       | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products      | More than half of voting rights |
|           | Latvia      | LG Electronics Latvia LTD(LGELA)                          | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products      | More than half of voting rights |
|           | Hungary     | LG Electronics Magyar K.F.T.(LGEMK)                       | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products      | More than half of voting rights |
|           | Poland      | LG Electronics Mlawa Sp. z.O.O.(LGEMA)                    | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production of electronic products | More than half of voting rights |
|           | Sweden      | LG Electronics Nordic AB(LGESW)                           | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products      | More than half of voting rights |
|           | Poland      | LG Electronics Polska Sp. Z.O.O(LGEPL)                    | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products      | More than half of voting rights |
|           | Portugal    | LG Electronics Portugal S.A.(LGEPT)                       | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products      | More than half of voting rights |

**LG Electronics and its subsidiaries**  
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| Territory | Location | Subsidiary  | December 31, 2024       |                          | December 31, 2023       |                          | Closing month | Major business  | Basis of control                |
|-----------|----------|---|-------------------------|--------------------------|-------------------------|--------------------------|---------------|---|---------------------------------|
|           |          |   | Percentage of ownership |                          | Percentage of ownership |                          |               |   |                                 |
|           |          |   | Controlling interest    | Non-controlling interest | Controlling interest    | Non-controlling interest |               |   |                                 |
| UK        |          | LG Electronics U.K. LTD(LGEUK)                        | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                            | More than half of voting rights |
| Poland    |          | LG Electronics Wroclaw Sp. z.O.O.(LGEWR)              | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production of electronic products                       | More than half of voting rights |
| Finland   |          | LG Electronics Finland Lab Oy(LGEFL)                  | 100.0%                  | -                        | 100.0%                  | -                        | December      | R&D   | More than half of voting rights |
| Poland    |          | LG Innotek Poland Sp. z.o. o.(LGITPO) <sup>1</sup>    | 40.8%                   | 59.2%                    | 40.8%                   | 59.2%                    | December      | Production and sales of electrical/electronic materials | De-facto control                |
| German    |          | LG Electronics Vehicle Components Europe GmbH (LGEVG) | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of vehicle components                             | More than half of voting rights |
| Austria   |          | ZKW Holding GmbH                                      | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | Holding company   | More than half of voting rights |
| Austria   |          | ZKW Group GmbH  | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | Services  | More than half of voting rights |
| Austria   |          | ZKW Lichtsysteme GmbH                                 | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | Production and sales of vehicle components              | More than half of voting rights |
| Austria   |          | ZKW Austria Immobilien Holding GmbH                   | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | Holding company   | More than half of voting rights |
| Austria   |          | ZKW Austria Immobilien GmbH                           | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | Real estates  | More than half of voting rights |
| Slovakia  |          | ZKW Slovakia s.r.o.                                   | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | Production and sales of vehicle components              | More than half of voting rights |
| Czech     |          | KES - kabelove a elektricke systemy spol. s.r.o.      | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | Production and sales of vehicle components              | More than half of voting rights |
| Czech     |          | ZKW Automotive Engineering CZ s.r.o.                  | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | R&D   | More than half of voting rights |
| Poland    |          | KES Poland Sp.z o.o.                                  | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | Production and sales of vehicle components              | More than half of voting rights |

**LG Electronics and its subsidiaries**  
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| Territory | Location    | Subsidiary                                  | December 31, 2024       |                          | December 31, 2023       |                          | Closing month | Major business                                | Basis of control                |
|-----------|-------------|---|-------------------------|--------------------------|-------------------------|--------------------------|---------------|---|---------------------------------|
|           |             |   | Percentage of ownership |                          | Percentage of ownership |                          |               |   |                                 |
|           |             |   | Controlling interest    | Non-controlling interest | Controlling interest    | Non-controlling interest |               |   |                                 |
|           | Poland      | HI-M SOLUTEK POLAND Sp. z o.o.              | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services                                      | More than half of voting rights |
|           | Hungary     | ACE R&A Hungary Limited Liability Company   | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production and sales of air conditioner       | More than half of voting rights |
|           | UK          | Alphonso UK Limited                         | 65.7%                   | 34.3%                    | 55.5%                   | 44.5%                    | December      | Advertisement                                 | More than half of voting rights |
|           | Greece      | Alphonso Hellas S.A.                        | 65.7%                   | 34.3%                    | 55.5%                   | 44.5%                    | December      | Advertisement                                 | More than half of voting rights |
|           | Hungary     | LG Magna e-Powertrain Hungary Ltd.          | 51.0%                   | 49.0%                    | 51.0%                   | 49.0%                    | December      | Production and sales of vehicle components    | More than half of voting rights |
|           | Germany     | HI-M SOLUTEK Germany GmbH                   | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services                                      | More than half of voting rights |
|           | Netherlands | Athom Holding B.V.                          | 80.0%                   | 20.0%                    | -                       | -                        | December      | Development and sales of smart home solutions | More than half of voting rights |
|           | Netherlands | Athom B.V.                                  | 80.0%                   | 20.0%                    | -                       | -                        | December      | Development and sales of smart home solutions | More than half of voting rights |
| America   | USA         | LG Electronics Alabama Inc.(LGEAI)          | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services                                      | More than half of voting rights |
|           | Canada      | LG Electronics Canada, Inc.(LGECl)          | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                  | More than half of voting rights |
|           | Mexico      | LG Electronics Mexico S.A. DE C.V.(LGEMS)   | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                  | More than half of voting rights |
|           | Mexico      | LG Electronics Reynosa, S.A. De C.V.(LGERS) | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production of electronic products             | More than half of voting rights |
|           | USA         | LG Electronics U.S.A., Inc.(LGEUS)          | 100.00%                 | -                        | 100.00%                 | -                        | December      | Production and sales of electronic products   | More than half of voting rights |
|           | USA         | Zenith Electronics LLC(Zenith)              | 100.00%                 | -                        | 100.00%                 | -                        | December      | R&D   | More than half of voting rights |

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| Territory | Location | Subsidiary  | December 31, 2024       |                          | December 31, 2023       |                          | Closing month | Major business   | Basis of control                |
|-----------|----------|---|-------------------------|--------------------------|-------------------------|--------------------------|---------------|--|---------------------------------|
|           |          |   | Percentage of ownership |                          | Percentage of ownership |                          |               |  |                                 |
|           |          |   | Controlling interest    | Non-controlling interest | Controlling interest    | Non-controlling interest |               |  |                                 |
| USA       |          | LG Innotek USA, Inc.(LGITUS) <sup>1</sup>             | 40.80%                  | 59.20%                   | 40.80%                  | 59.20%                   | December      | Sales of electrical/electronic components                | De-facto control                |
| Mexico    |          | LG Innotek Mexico SA DE CV(LGITMX) <sup>1</sup>       | 40.80%                  | 59.20%                   | 40.80%                  | 59.20%                   | December      | Production and sales of electrical/electronic components | De-facto control                |
| USA       |          | LG Electronics Vehicle Components U.S.A., LLC.(LGEVU) | 100.00%                 | -                        | 100.00%                 | -                        | December      | Sales of vehicle components                              | More than half of voting rights |
| USA       |          | LGEUS Power, LLC                                      | 100.00%                 | -                        | 100.00%                 | -                        | December      | Investment of solar power plant                          | More than half of voting rights |
| USA       |          | LG Electronics Fund I LLC                             | 100.00%                 | -                        | 100.00%                 | -                        | December      | Investment in technology start-ups                       | More than half of voting rights |
| USA       |          | LG Technology Ventures LLC                            | 100.00%                 | -                        | 100.00%                 | -                        | December      | Services   | More than half of voting rights |
| USA       |          | LG Electronics New Jersey, LLC                        | 100.00%                 | -                        | 100.00%                 | -                        | December      | Real estates   | More than half of voting rights |
| USA       |          | ZKW Lighting Systems USA, Inc.                        | 70.00%                  | 30.00%                   | 70.00%                  | 30.00%                   | December      | Sales of vehicle components                              | More than half of voting rights |
| Mexico    |          | ZKW Mexico Inmobiliaria, S.A. de C.V.                 | 70.00%                  | 30.00%                   | 70.00%                  | 30.00%                   | December      | Real estates   | More than half of voting rights |
| Mexico    |          | ZKW Mexico, S.A. de C.V.                              | 70.00%                  | 30.00%                   | 70.00%                  | 30.00%                   | December      | Production and sales of vehicle components               | More than half of voting rights |
| USA       |          | LG Magna e-Powertrain USA Inc.                        | 51.00%                  | 49.00%                   | 51.00%                  | 49.00%                   | December      | Sales of vehicle components                              | More than half of voting rights |
| USA       |          | Alphonso Inc.   | 65.70%                  | 34.30%                   | 55.50%                  | 44.50%                   | December      | Advertisement  | More than half of voting rights |
| USA       |          | LG Innotek Fund I LLC <sup>1</sup>                    | 40.8%                   | 59.2%                    | 40.8%                   | 59.2%                    | December      | Investment in technology start-ups                       | De-facto control                |
| USA       |          | LG Innotek Fund II LLC <sup>1</sup>                   | 40.8%                   | 59.2%                    | -                       | -                        | December      | Investment in technology start-ups                       | De-facto control                |

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| Territory | Location  | Subsidiary                                     | December 31, 2024       |                          | December 31, 2023       |                          | Closing month | Major business   | Basis of control                |
|-----------|-----------|--|-------------------------|--------------------------|-------------------------|--------------------------|---------------|--|---------------------------------|
|           |           |  | Percentage of ownership |                          | Percentage of ownership |                          |               |  |                                 |
|           |           |  | Controlling interest    | Non-controlling interest | Controlling interest    | Non-controlling interest |               |  |                                 |
|           | USA       | Cybellum Technologies USA, Inc.                | 80.5%                   | 19.5%                    | 69.1%                   | 30.9%                    | December      | Development and sales of automotive security solutions | More than half of voting rights |
|           | USA       | LG Electronics Fund II LLC.                    | 100.0%                  | -                        | 100.0%                  | -                        | December      | Investment in technology start-ups                     | More than half of voting rights |
|           | Mexico    | HI-M SOLUTEK MEXICO S DE RL DE CV.             | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services   | More than half of voting rights |
|           | Mexico    | LG Magna e-Powertrain Mexico S.A. DE C.V.      | 51.0%                   | 49.0%                    | 51.0%                   | 49.0%                    | December      | Production and sales of vehicle components             | More than half of voting rights |
|           | USA       | ACE R&A US INC.                                | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production and sales of air conditioner                | More than half of voting rights |
|           | USA       | Overdrive Energy, Inc.                         | 75.0%                   | 25.0%                    | 75.0%                   | 25.0%                    | December      | Investment in technology start-ups                     | More than half of voting rights |
|           | USA       | Primefocus Health, Inc.                        | 54.0%                   | 46.0%                    | 75.0%                   | 25.0%                    | December      | Investment in technology start-ups                     | More than half of voting rights |
|           | USA       | Hi-M.SOLUTEK US INC.                           | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services   | More than half of voting rights |
|           | USA       | Athom Inc.                                     | 80.0%                   | 20.0%                    | -                       | -                        | December      | Development and sales of smart home solutions          | More than half of voting rights |
|           | Argentina | LG Electronics Argentina S.A.(LGEAR)           | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                           | More than half of voting rights |
|           | Colombia  | LG Electronics Colombia Limitada(LGECB)        | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                           | More than half of voting rights |
|           | Brazil    | LG Electronics do Brasil Ltda.(LGEBR)          | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production and sales of electronic products            | More than half of voting rights |
|           | Brazil    | Hi-M.Solutek Brazil Ltda.                      | 100.0%                  | -                        | -                       | -                        | December      | Services   | More than half of voting rights |
|           | Honduras  | LG Electronics Honduras S.de R.L. <sup>2</sup> | 20.0%                   | 80.0%                    | 20.0%                   | 80.0%                    | December      | Sales of electronic products                           | De-facto control                |
|           | Chile     | LG Electronics Inc Chile Limitada(LGECL)       | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                           | More than half of voting rights |

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| Territory              | Location  | Subsidiary                                      | December 31, 2024       |                          | December 31, 2023       |                          | Closing month | Major business                              | Basis of control                |
|------------------------|-----------|---|-------------------------|--------------------------|-------------------------|--------------------------|---------------|---|---------------------------------|
|                        |           |   | Percentage of ownership |                          | Percentage of ownership |                          |               |   |                                 |
|                        |           |   | Controlling interest    | Non-controlling interest | Controlling interest    | Non-controlling interest |               |   |                                 |
|                        | Panama    | LG Electronics Panama, S.A.(LGEPS)              | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|                        | Peru      | LG Electronics Peru S.A.(LGEPR)                 | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|                        | Venezuela | LG Electronics Venezuela, S.A.(LGEVZ)           | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|                        | Panama    | LG Consulting Corp.                             | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services                                    | More than half of voting rights |
|                        | Guatemala | LG Electronics Guatemala, S.A.                  | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
| Middle East and Africa | Angola    | LG Electronics Angola Limitada(LGEAO)           | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales and services of electronic products   | More than half of voting rights |
|                        | Jordan    | LG Electronics Levant - Jordan(LGELF)           | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|                        | UAE       | LG Electronics Africa Logistics FZE(LGEAF)      | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|                        | Algeria   | LG Electronics Algeria SARL(LGEAS)              | 70.0%                   | 30.0%                    | 70.0%                   | 30.0%                    | December      | Production and sales of electronic products | More than half of voting rights |
|                        | UAE       | LG Electronics Dubai FZE(LGEDF)                 | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|                        | Egypt     | LG Electronics Egypt S.A.E(LGEEG)               | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production and sales of electronic products | More than half of voting rights |
|                        | UAE       | LG Electronics Gulf FZE(LGEGF)                  | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|                        | UAE       | LG Electronics Middle East Company FZCO (LGEME) | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services                                    | More than half of voting rights |
|                        | Morocco   | LG Electronics Morocco S.A.R.L.(LGEMC)          | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |
|                        | Nigeria   | LG Electronics Nigeria Limited(LGENI)           | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                | More than half of voting rights |

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| Territory | Location     | Subsidiary  | December 31, 2024       |                          | December 31, 2023       |                          | Closing month | Major business   | Basis of control                |
|-----------|--------------|---|-------------------------|--------------------------|-------------------------|--------------------------|---------------|--|---------------------------------|
|           |              |   | Percentage of ownership |                          | Percentage of ownership |                          |               |  |                                 |
|           |              |   | Controlling interest    | Non-controlling interest | Controlling interest    | Non-controlling interest |               |  |                                 |
|           | Tunisia      | LGENAF Service Company SARL   | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                           | More than half of voting rights |
|           | UAE          | LG Electronics Overseas Trading FZE(LGEOT)                            | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                           | More than half of voting rights |
|           | South Africa | LG Electronics S.A. (Pty) Ltd.(LGESA)                                 | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production and sales of electronic products            | More than half of voting rights |
|           | Türkiye      | LG Electronics Ticaret A.S.(LGETK)                                    | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                           | More than half of voting rights |
|           | Saudi Arabia | LG-Shaker Co.Ltd.(LGESR)  | 51.0%                   | 49.0%                    | 51.0%                   | 49.0%                    | December      | Production of electronic products                      | More than half of voting rights |
|           | Saudi Arabia | LG Electronics Saudi Arabia LLC.                                      | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                           | More than half of voting rights |
|           | UAE          | HI M SOLUTEK HVAC SERVICE AND MAINTENANCE LLC.                        | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services   | More than half of voting rights |
|           | Egypt        | HI-M.SOLUTEK LLC.   | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services   | More than half of voting rights |
|           | Israel       | Cybellum Technologies Ltd.  | 80.5%                   | 19.5%                    | 69.1%                   | 30.9%                    | December      | Development and sales of automotive security solutions | More than half of voting rights |
|           | Saudi Arabia | LG Electronics Middle East & Africa Regional Headquarter(LGESQ)       | 100.0%                  | -                        | 100.0%                  | -                        | December      | Services   | More than half of voting rights |
| Other     | Kazakhstan   | LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK) | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                           | More than half of voting rights |
|           | Russia       | LG Electronics RUS, LLC. (LGERA)                                      | 100.0%                  | -                        | 100.0%                  | -                        | December      | Production and sales of electronic products            | More than half of voting rights |
|           | Ukraine      | LG Electronics Ukraine(LGEUR)   | 100.0%                  | -                        | 100.0%                  | -                        | December      | Sales of electronic products                           | More than half of voting rights |

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

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

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

<sup>4</sup> In the preparation of the consolidated financial statements, the financial statements for the 12-month period ended December 31, 2024 were used for those subsidiaries with different fiscal year-ends.

<sup>5</sup> The entity changed its name from LG ELECTRONICS INDIA PRIVATE LIMITED to LG ELECTRONICS INDIA LIMITED for the year ended December 31, 2024.

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(b) Financial information of major subsidiaries as of December 31, 2024 and 2023 and for each of the two years in the period ended December 31, 2024 are as follows (before elimination of intercompany transactions):

| Subsidiary<br><i>(in millions of Korean won)</i>          | 2024      |             |           |                    | Profit (Loss)<br>for the year |
|---|-----------|-------------|-----------|--------------------|-------------------------------|
|   | Assets    | Liabilities | Equity    | Sales <sup>1</sup> |                               |
| LG Innotek Co., Ltd.                                      | 9,862,840 | 5,770,110   | 4,092,730 | 20,841,776         | 290,055                       |
| LG Electronics U.S.A., Inc.(LGEUS)                        | 6,306,217 | 4,129,685   | 2,176,532 | 14,741,842         | 502,347                       |
| LG Electronics European Shared Service Center B.V.(LGESC) | 1,763,473 | 1,713,635   | 49,838    | 663,667            | 2,107                         |
| LG ELECTRONICS INDIA LIMITED(LGEIL)                       | 1,732,661 | 833,148     | 899,513   | 3,791,013          | 331,781                       |
| LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)         | 2,233,250 | 1,187,806   | 1,045,444 | 5,635,680          | 173,872                       |
| LG Electronics Mlawa Sp. z.O.O.(LGEMA)                    | 1,493,067 | 691,378     | 801,689   | 4,344,440          | 106,909                       |
| Zenith Electronics LLC.(Zenith)                           | 1,760,783 | 683,433     | 1,077,350 | 397,400            | (228,002)                     |
| LG Electronics do Brasil Ltda.(LGEBR)                     | 1,659,376 | 433,576     | 1,225,800 | 1,804,174          | 111,572                       |
| Hiplaza Co., Ltd.   | 1,069,375 | 879,627     | 189,748   | 2,165,344          | 6,448                         |
| LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)             | 2,021,900 | 798,672     | 1,223,228 | 5,419,525          | 187,974                       |
| ZKW Lichtsysteme GmbH                                     | 1,080,541 | 620,067     | 460,474   | 824,586            | 12,749                        |
| LG Electronics (China) Co., Ltd.(LGECH)                   | 998,595   | 916,289     | 82,306    | 226,579            | 8,985                         |
| LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)      | 1,328,970 | 775,085     | 553,885   | 2,419,264          | 109,514                       |
| ZKW Group GmbH  | 1,766,691 | 1,345,385   | 421,306   | 197,303            | 13,192                        |
| Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)     | 925,719   | 681,461     | 244,258   | 1,642,245          | 34,645                        |
| LG Electronics Mexico S.A.DE C.V.(LGEMS)                  | 600,602   | 429,138     | 171,464   | 1,604,999          | 11,062                        |
| LG Electronics (Thailand) Company Limited(LGETH)          | 782,635   | 515,699     | 266,936   | 1,802,888          | 70,240                        |
| P.T. LG Electronics Indonesia(LGEIN)                      | 1,199,402 | 538,592     | 660,810   | 3,302,786          | 79,357                        |
| LG Electronics Nanjing New Technology co.,LTD.(LGENT)     | 737,649   | 435,142     | 302,507   | 1,978,232          | 69,722                        |
| Nanjing LG Panda Appliances Co., Ltd.(LGEPN)              | 745,349   | 516,692     | 228,657   | 1,338,589          | 60,901                        |
| LG Magna E-Powertrain Co.,Ltd.                            | 1,463,879 | 764,695     | 699,184   | 443,159            | (102,003)                     |
| LG Electronics Vehicle Components Europe GmbH(LGEVG)      | 1,365,980 | 1,230,211   | 135,769   | 3,966,378          | 2,954                         |
| LG Electronics Deutschland GmbH(LGEDG)                    | 674,893   | 407,288     | 267,605   | 1,390,588          | 29,831                        |

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| Subsidiary<br><i>(in millions of Korean won)</i>          | 2023      |             |           |                    |                               |
|---|-----------|-------------|-----------|--------------------|-------------------------------|
|   | Assets    | Liabilities | Equity    | Sales <sup>1</sup> | Profit (Loss)<br>for the year |
| LG Innotek Co., Ltd.                                      | 9,964,207 | 6,162,549   | 3,801,658 | 20,209,273         | 364,595                       |
| LG Electronics U.S.A., Inc.(LGEUS)                        | 5,754,119 | 3,803,939   | 1,950,180 | 14,309,444         | 190,657                       |
| LG Electronics European Shared Service Center B.V.(LGESC) | 1,440,444 | 1,396,400   | 44,044    | 720,987            | 2,049                         |
| LG ELECTRONICS INDIA LIMITED(LGEIL)                       | 1,146,627 | 651,697     | 494,930   | 3,300,877          | 231,335                       |
| LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)         | 1,996,002 | 993,153     | 1,002,849 | 5,133,332          | 150,307                       |
| LG Electronics Mlawa Sp. z.O.O.(LGEMA)                    | 1,358,792 | 658,445     | 700,347   | 3,785,198          | 113,514                       |
| Zenith Electronics LLC.(Zenith)                           | 1,734,558 | 324,269     | 1,410,289 | 259,102            | 20,752                        |
| LG Electronics do Brasil Ltda.(LGEBR)                     | 1,665,466 | 413,251     | 1,252,215 | 1,597,355          | 60,381                        |
| Hiplaza Co., Ltd.   | 1,126,143 | 923,833     | 202,310   | 2,436,989          | 516                           |
| LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)             | 2,175,605 | 1,283,941   | 891,664   | 5,763,718          | 228,689                       |
| ZKW Lichtsysteme GmbH                                     | 934,433   | 450,478     | 483,955   | 844,574            | 115,018                       |
| LG Electronics (China) Co., Ltd.(LGECH)                   | 865,584   | 800,698     | 64,886    | 292,085            | 39,775                        |
| LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)      | 1,061,827 | 597,903     | 463,924   | 2,043,825          | 111,015                       |
| ZKW Group GmbH  | 1,520,505 | 1,140,886   | 379,619   | 149,774            | 547                           |
| Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)     | 707,039   | 521,057     | 185,982   | 1,315,047          | 38,868                        |
| LG Electronics Mexico S.A.DE C.V.(LGEMS)                  | 597,534   | 422,982     | 174,552   | 1,539,749          | 9,821                         |
| LG Electronics (Thailand) Company Limited(LGETH)          | 576,365   | 329,419     | 246,946   | 1,545,794          | 37,607                        |
| P.T. LG Electronics Indonesia(LGEIN)                      | 988,050   | 412,359     | 575,691   | 2,873,122          | 91,879                        |
| LG Electronics Nanjing New Technology co.,LTD.(LGENT)     | 716,079   | 461,106     | 254,973   | 2,016,848          | 33,943                        |
| Nanjing LG Panda Appliances Co., Ltd.(LGEPN)              | 589,208   | 406,157     | 183,051   | 1,111,052          | 31,183                        |
| LG Magna E-Powertrain Co.,Ltd.                            | 1,405,309 | 603,239     | 802,070   | 1,093,457          | 52,204                        |
| LG Electronics Vehicle Components Europe GmbH(LGEVG)      | 945,480   | 821,031     | 124,449   | 3,205,441          | (7,157)                       |
| LG Electronics Deutschland GmbH(LGEDG)                    | 573,321   | 352,506     | 220,815   | 1,313,226          | 55,482                        |

<sup>1</sup> The sales related to the discontinued operations were excluded.

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

- LG Innotek Co., Ltd. and its subsidiaries

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

| <i>(in millions of Korean won)</i>                        | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---|--------------------------|--------------------------|
| Percentage of ownership held by non-controlling interests | 59.2%                    | 59.2%                    |
| Accumulated non-controlling interests                     | 3,280,298                | 2,877,933                |

ii) Profit (Loss) and dividends attributable to non-controlling interests for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>                     | <b>2024</b> | <b>2023</b> |
|--|-------------|-------------|
| Profit(Loss) attributable to non-controlling interests | 289,851     | 353,658     |
| Dividends attributable to non-controlling interests    | 36,570      | 58,147      |

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

| <i>(in millions of Korean won)</i>                    | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---|--------------------------|--------------------------|
| Current assets  | 5,853,122                | 5,349,009                |
| Non-current assets                                    | 5,525,090                | 5,855,297                |
| <b>Total assets</b>                                   | <b>11,378,212</b>        | <b>11,204,306</b>        |
| Current liabilities                                   | 3,954,860                | 4,219,145                |
| Non-current liabilities                               | 2,069,486                | 2,270,586                |
| <b>Total liabilities</b>                              | <b>6,024,346</b>         | <b>6,489,731</b>         |
| Equity attributable to owners of LG Innotek Co., Ltd. | 5,353,866                | 4,714,575                |
| Non-controlling interests                             | -                        | -                        |
| <b>Total equity</b>                                   | <b>5,353,866</b>         | <b>4,714,575</b>         |

iv) Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for each of the two years in the period ended December 31, 2024 are as follows (before elimination of intercompany transactions):

| <i>(in millions of Korean won)</i>            | <b>2024</b> | <b>2023</b> |
|---|-------------|-------------|
| Net sales                                     | 21,200,755  | 20,605,290  |
| Profit (Loss) for the year                    | 449,274     | 565,201     |
| Other comprehensive income (loss), net of tax | 251,781     | (18,212)    |
| Total comprehensive income (loss), net of tax | 701,055     | 546,989     |

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v) Summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for each of the two years in the period ended December 31, 2024 are as follows (before elimination of intercompany transactions):

| <i>(in millions of Korean won)</i>                            | <b>2024</b> | <b>2023</b> |
|---|-------------|-------------|
| Cash flows from operating activities                          | 1,110,059   | 2,104,064   |
| Cash flows from investing activities                          | (969,469)   | (1,904,419) |
| Cash flows from financing activities                          | (219,826)   | 608,294     |
| Effects of exchange rate changes on cash and cash equivalents | 18,976      | 3,799       |
| Net increase (decrease) in cash and cash equivalents          | (60,260)    | 811,738     |
| Cash and cash equivalents at the beginning of the year        | 1,389,646   | 577,908     |
| Cash and cash equivalents at the end of the year              | 1,329,386   | 1,389,646   |

(d) Significant restrictions on subsidiaries

i) Significant restrictions on the Group's ability to use the assets and settle the liabilities

Cash and other short-term financial instruments held by subsidiaries in Egypt, Algeria, Russia and Kazakhstan are subject to exchange control regulations effective in each jurisdiction. Accordingly, it is restricted to transfer the cash and other short-term financial instruments held by the subsidiaries from these jurisdictions.

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

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

i) During the year ended December 31, 2024, non-controlling interests for Cybellum Technologies USA, Inc. decreased by ₩3,183 million due to the effect of changes in the percentage of ownership resulting from the exercise of stock options and tender offer agreements for non-controlling interests.

ii) During the year ended December 31, 2024, non-controlling interests for Alphonso Inc. decreased by ₩60,447 million due to the effect of changes in the percentage of ownership resulting from the exercise of stock options and tender offer agreements for non-controlling interests.

(f) Subsidiaries newly included in the scope of preparation of consolidated financial statements for the year ended December 31, 2024 are as follows:

| <b>Subsidiary</b>        | <b>Reason</b>         | <b>Location</b> | <b>Controlling interest</b> | <b>Closing month</b> | <b>Major business</b>                         |
|--------------------------|-----------------------|-----------------|-----------------------------|----------------------|---|
| Athom Holding B.V.       | Acquisition of shares | Netherlands     | 80.00%                      | December             | Development and sales of smart home solutions |
| Athom B.V.               | Acquisition of shares | Netherlands     | 80.00%                      | December             | Development and sales of smart home solutions |
| Athom Inc.               | Acquisition of shares | USA             | 80.00%                      | December             | Development and sales of smart home solutions |
| Hi-M.Solutek Brazil Ltda | Newly established     | Brazil          | 100.00%                     | December             | Services                                      |
| LG Innotek Fund II LLC   | Newly established     | USA             | 40.80%                      | December             | Investment in technology start-ups            |

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(g) Gain or loss resulted from the loss of control

The Group did not recognize any gain or loss from the loss of control for the year ended December 31, 2024.

## **2. Material accounting policies**

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

### **2.1 Basis of preparation**

The Group maintains its accounting records in Korean won (presented as “Korean won,” “KRW” or “W”) and prepares statutory financial statements in the Korean language (Hangeul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (KIFRS).

The consolidated financial statements of the Group have been prepared in accordance with KIFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

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

# **LG Electronics and its subsidiaries**

## **Notes to the consolidated financial statements**

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#### **2.1.1 Changes in accounting policies and disclosures**

(a) New and amended standards and interpretations effective for the financial year beginning on or after January 1, 2024

- *Classification of Liabilities as Current or Non-current, non-current liabilities with agreements – Amendments to KIFRS 1001 Presentation of Financial Statements*

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist as of December 31, 2024. Classification is unaffected by the likelihood that an entity will exercise the right to defer settlement of the liability or by management's expectations. The settlement of a liability includes the transfer of the entity's own equity instruments; however, this does not apply when an option to settle a compound financial instrument with the entity's own equity instruments meets the definition of an equity instrument and is separately recognized from the liability component. In addition, covenants that the Group is required to comply with after the reporting period do not affect classification as current or non-current at the reporting date. If an entity classifies a liability as non-current at the reporting date despite being subject to covenants that must be complied with within twelve months after the reporting period, the entity shall disclose information in the notes to enable users to understand the risk that such liabilities could become repayable within that period. The amendments do not have a material impact on the consolidated financial statements.

- *Supplier Finance Arrangements - Amendments to KIFRS 1007 Statement of Cash Flows and KIFRS 1107 Financial Instruments: Disclosures*

The amendments to KIFRS 1007 and KIFRS 1107 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on the Group's liabilities, cash flows and exposure to liquidity risk. The amendments do not have a material impact on the consolidated financial statements.

- *Lease Liability in a Sale and Leaseback - Amendments to KIFRS 1116 Leases*

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments do not have a material impact on the consolidated financial statements.

- *Disclosure of Virtual Assets – Amendments to KIFRS 1001 Presentation of Financial Statements*

These amendments mandate entities to disclose material information for the financial statement users such as the impact of holding and issuing virtual assets on their accounting policies and financial statements. The entities should separately disclose information related to holding virtual assets, holding them on behalf of the customers, and issuing them. The additional disclosure requirements arising from these amendments have been included in the relevant notes.

## **LG Electronics and its subsidiaries**

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(b) Newly enacted and amended standards issued, but not effective as of December 31, 2024 and not early adopted by the Group.

#### *- Lack of Exchangeability - Amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* and KIFRS 1101 *First-time Adoption of KIFRS**

The amendments require entities to assess the exchangeability of a currency and, if the currency is not exchangeable into another currency, to estimate the spot exchange rate and disclose relevant information. The amendments apply to annual reporting periods beginning on or after January 1, 2025. The Group does not expect that these amendments will have a material impact on the consolidated financial statements.

#### *- Financial Instruments – Amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures**

In response to questions raised in practice and to incorporate new requirements, the amendments have been made to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures*. These amendments apply to annual reporting periods beginning on or after January 1, 2026. The Group does not expect that these amendments will have a material impact on the consolidated financial statements. The amendments:

- allow financial liabilities to be considered as settled (derecognized) before the settlement date if they are settled via an electronic payment system and meet specific criteria;
- clarify and introduce additional guidance for assessing whether a financial asset meets the criteria of having cash flows that are solely payments of principal and interest;
- require the disclosure of the extent to which an entity is exposed to contractual terms that alter the timing or amount of contractual cash flows, categorised by type of financial instrument; and
- introduce additional disclosure requirements for equity instruments designated at fair value through other comprehensive income (FVOCI).

#### *- Annual Improvements to KIFRS – Volume 11*

Annual Improvements to KIFRS – Volume 11 apply to annual reporting periods beginning on or after January 1, 2026. The Group does not expect that these amendments will have a material impact on the consolidated financial statements.

- KIFRS 1101 *First-time Adoption of KIFRS*: Application of hedge accounting upon first-time adoption of KIFRS
- KIFRS 1107 *Financial Instruments: Disclosures*: Derecognition gains or losses, application guidance in practice
- KIFRS 1109 *Financial Instruments*: Derecognition of lease liabilities and definition of transaction price

# **LG Electronics and its subsidiaries**

## **Notes to the consolidated financial statements**

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- KIFRS 1110 *Consolidated Financial Statements*: Determination of a de facto agent
- KIFRS 1007 *Statement of Cash Flows*: Cost method

#### **2.2 Consolidation**

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

##### (a) Subsidiaries

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

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

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

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

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

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

## **LG Electronics and its subsidiaries**

### **Notes to the consolidated financial statements**

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#### (b) Associates

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

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

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

#### (c) Joint Arrangements

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

#### (d) Transactions with non-controlling interests

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

# **LG Electronics and its subsidiaries**

## **Notes to the consolidated financial statements**

### **December 31, 2024 and 2023**

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#### (e) Business Combinations

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

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

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

#### **2.3 Segment reporting**

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

#### **2.4 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 Group operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

# **LG Electronics and its subsidiaries**

## **Notes to the consolidated financial statements**

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#### (b) Transactions and balances

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

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

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

#### (c) Translation into presentation currency

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

- i) assets and liabilities are translated at the closing exchange rate as of December 31, 2024 and 2023;
- ii) income and expenses are translated at monthly average exchange rates; and
- iii) all resulting exchange differences from above i) and ii) are recognized in other comprehensive income.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate as of December 31, 2024.

## **2.5 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.

# LG Electronics and its subsidiaries

## Notes to the consolidated financial statements

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## 2.6 Financial instruments

### 2.6.1 Classification

#### (a) Financial assets

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

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

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

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

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

#### (b) Financial liabilities

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

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

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#### *2.6.2 Recognition and measurement*

Typical purchases and sales of financial assets are recognized on the trade date. At initial recognition, the Group measures a financial asset and financial liabilities at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

#### (a) Debt instruments

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

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

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#### (b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which are held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'other non-operating income' when the right for the Group to receive payments is established.

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

#### *2.6.3 Impairment*

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

#### *2.6.4 Offsetting of financial instruments*

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

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##### *2.6.5 Derecognition*

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

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

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

##### **2.7 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) in the consolidated statements of profit or loss according to the nature of transactions.

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

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

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

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#### **2.8 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.

#### **2.9 Inventories**

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

#### **2.10 Assets held for sale and discontinued operations**

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

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

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#### 2.11 Property, plant and equipment

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

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

|                          | <b>Useful lives</b> |
|--------------------------|---------------------|
| 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. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of profit or loss as other non-operating income (expenses).

#### 2.12 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.

#### 2.13 Government grants

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

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#### **2.14 Intangible assets**

##### **(a) Goodwill**

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

##### **(b) Industrial property rights**

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

##### **(c) Development costs**

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

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

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#### (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.

#### (f) Virtual assets

The Group classifies individually acquired virtual assets as intangible assets and recognizes them at acquisition cost, which includes the purchase price and costs directly related to the acquisition, if any. Virtual assets classified as intangible assets are considered to have an indefinite useful life and are not subject to amortization, accordingly. The cost of virtual assets disposed is determined using the first-in, first-out (FIFO) method.

The Group performs an impairment test on virtual assets classified as intangible assets annually or when there is an indication of impairment, and their carrying amount is measured net of accumulated impairment losses. Impairment losses and gains or losses on disposal of virtual assets are recognized in other non-operating income or expenses.

### **2.15 Investment property**

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

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

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

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

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#### **2.16 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. as of December 31, 2024 and 2023, 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 as of December 31, 2024 and 2023.

#### **2.17 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.

#### **2.18 Borrowings**

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

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#### **2.19 Financial guarantee contracts**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the original or modified terms of a debt instrument. Financial guarantees contracts provided by the Group are initially measured at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the following amounts below and recognized as 'other financial liabilities':

(a) the amount determined in accordance with the expected credit loss model under KIFRS 1109 *Financial Instruments*; and

(b) the amount initially recognized less the cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*

#### **2.20 Provisions**

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

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

A contingent liability is disclosed (See 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.

# **LG Electronics and its subsidiaries**

## **Notes to the consolidated financial statements**

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#### **2.21 Current and deferred income tax**

The tax expense for the year consists of current and deferred tax. Tax is recognized in the consolidated statements of profit or loss, 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 income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in jurisdictions where the Group 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 consolidated financial statements. It represents future tax consequences that will arise when recovering or settling the carrying amount of its assets and liabilities. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor tax profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by December 31, 2024 and 2023 and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

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

# **LG Electronics and its subsidiaries**

## **Notes to the consolidated financial statements**

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#### **2.22 Employee benefits**

##### **(a) Retirement benefits**

The Group operates a defined contribution plan and a defined benefit plan as its retirement benefit plan.

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

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary levels. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation as of December 31, 2024 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 Group provides other long-term employee benefits to their employees. The entitlement to these benefits is usually conditional on the employee working more than ten years. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes past service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These benefits are calculated annually by independent qualified actuaries.

##### **(c) Termination benefits**

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

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#### (d) Share-based payment

The acquiree may have outstanding share-based payment transactions that the acquirer does not exchange for its share-based payment transactions. If vested, those acquiree share-based payment transactions are part of the non-controlling interest in the acquiree and are measured at their market-based measure as of 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.

### **2.23 Share capital**

Ordinary shares and preferred shares without any obligation to repay are classified as equity. Where the Parent Company purchases its own ordinary shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to owners of the Parent Company until the shares are cancelled or reissued. Where such treasury shares are subsequently reissued, any consideration received is included in equity attributable to owners of the Parent Company.

### **2.24 Revenue recognition**

#### (a) Identify performance obligation

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

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

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

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

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

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

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

(c) A performance obligation satisfied over time

The Group builds and sells customized equipment and design plan for a customer. The revenue is recognized over time by measuring progress only if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group performed an analysis on those contracts and determined the Group has an enforceable right to payment for performance completed to date; therefore, the revenue is recognized over time using input methods by measuring the percentage of completion.

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

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

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

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(d) Variable consideration

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

(e) Allocating the transaction price

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

(f) Returns

A gross contract liability (refund liability) for the expected returns to customers is recognized as adjustment to revenue, and the Group has a right to recover the product from the customer when the customer exercises his right of return and recognizes an asset and a corresponding adjustment to cost of sales. A right to recover the products is measured at former carrying amount of the product less the costs to recover the products.

(g) Significant financing component

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

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#### 2.25 Leases

##### *Group as a lessee*

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

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

##### (a) Right-of-use assets

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

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

##### (b) Lease liabilities

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

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

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- 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. The underlying assets of low-value lease assets are comprised of IT-equipment below US\$ 5,000 and others.

#### *Group as a lessor*

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

#### **2.26 Dividend distribution**

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

#### **2.27 Earnings per share**

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

#### **2.28 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 the reporting period for any excess emissions. The emission rights and liabilities are classified as intangible assets and provisions, respectively, in the consolidated statement of financial position.

# **LG Electronics and its subsidiaries**

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### **3. Material accounting estimates and judgments**

#### **3.1 Material accounting estimates and assumptions**

The Group 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.

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

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

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

#### **(a) Revenue recognition**

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

#### **(b) Impairment of goodwill and others**

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

#### **(c) Income taxes**

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

#### **(d) Fair value of financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing as of December 31, 2024.

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#### (e) Provisions

The Group recognizes provisions for product warranties and others based on their historical data as of December 31, 2024.

#### (f) Net defined benefit liabilities

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

#### (g) Development costs

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

#### (h) Leases

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

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

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

### **3.2 Material judgment on accounting policies adopted by the group**

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

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**4. Segment information**

The segments of the Group are strategic business divisions providing different products and services. They are reported separately because each business division requires different technologies and marketing strategies. As of December 31, 2024, the main products of each business division are as follows and the comparative information is presented in conformity with the same classification in the current period.

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

(a) Details of sales and operating profit (loss) by segment for each of the two years in the period ended December 31, 2024 is as follows:

| <i>(in millions of Korean won)</i>   | 2024       |            |            |           |            |                    |            |
|--------------------------------------|------------|------------|------------|-----------|------------|--------------------|------------|
|                                      | H&A        | HE         | VS         | BS        | Innotek    | Other <sup>1</sup> | Total      |
| Sales                                | 33,203,291 | 15,229,059 | 10,620,549 | 5,687,060 | 21,200,755 | 1,787,468          | 87,728,182 |
| External sales                       | 33,149,509 | 15,220,293 | 10,620,549 | 5,674,375 | 20,628,785 | 2,434,671          | 87,728,182 |
| Internal sales                       | 53,782     | 8,766      | -          | 12,685    | 571,970    | (647,203)          | -          |
| Operating income (loss) <sup>2</sup> | 2,044,649  | 315,924    | 115,747    | (193,143) | 706,043    | 430,455            | 3,419,675  |
| Depreciation and amortization        | 1,019,030  | 304,935    | 602,488    | 136,808   | 1,280,018  | 192,153            | 3,535,432  |
|                                      | 2023       |            |            |           |            |                    |            |
| <i>(in millions of Korean won)</i>   | H&A        | HE         | VS         | BS        | Innotek    | Other <sup>1</sup> | Total      |
| Sales                                | 30,168,312 | 14,204,001 | 10,147,643 | 5,412,002 | 20,605,290 | 1,725,416          | 82,262,664 |
| External sales                       | 30,120,977 | 14,199,015 | 10,147,643 | 5,404,099 | 20,058,791 | 2,332,139          | 82,262,664 |
| Internal sales                       | 47,335     | 4,986      | -          | 7,903     | 546,499    | (606,723)          | -          |
| Operating income (loss) <sup>2</sup> | 1,994,338  | 375,857    | 243,942    | (41,730)  | 830,824    | 250,063            | 3,653,294  |
| Depreciation and amortization        | 940,898    | 341,560    | 545,854    | 128,396   | 1,045,699  | 200,421            | 3,202,828  |

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

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

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(b) Segment assets and liabilities as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>            | <b>December 31, 2024</b> |                    | <b>December 31, 2023</b> |                    |
|---|--------------------------|--------------------|--------------------------|--------------------|
|   | <b>Assets</b>            | <b>Liabilities</b> | <b>Assets</b>            | <b>Liabilities</b> |
| H&A   | 32,127,501               | 16,399,366         | 27,581,665               | 13,509,146         |
| HE  | 15,842,958               | 10,901,162         | 14,206,186               | 9,767,084          |
| VS  | 10,488,626               | 11,423,771         | 9,321,514                | 9,912,497          |
| BS  | 6,090,299                | 4,753,545          | 5,339,239                | 4,009,534          |
| Innotek                                       | 11,378,212               | 6,024,346          | 11,204,306               | 6,489,731          |
| <b>Subtotal<sup>1</sup></b>                   | <b>75,927,596</b>        | <b>49,502,190</b>  | <b>67,652,910</b>        | <b>43,687,992</b>  |
| Other segments and inter-segment transactions | (10,298,007)             | (9,084,265)        | (7,412,117)              | (6,945,735)        |
| <b>Total</b>                                  | <b>65,629,589</b>        | <b>40,417,925</b>  | <b>60,240,793</b>        | <b>36,742,257</b>  |

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

(c) Non-current assets by geographic area as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | <b>Geographic areas</b> | <b>Non-current assets<sup>1</sup></b> |                          |
|------------------------------------|-------------------------|---------------------------------------|--------------------------|
|                                    |                         | <b>December 31, 2024</b>              | <b>December 31, 2023</b> |
|                                    | Korea                   | 13,635,249                            | 13,361,340               |
|                                    | America                 | 2,556,397                             | 2,192,785                |
|                                    | Europe                  | 1,095,889                             | 1,060,434                |
|                                    | Asia, Africa and others | 3,399,051                             | 3,166,218                |
|                                    | <b>Total</b>            | <b>20,686,586</b>                     | <b>19,780,777</b>        |

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

(d) Sales from a single external customer who contribute more than 10% of the Group's total sales for the year ended December 31, 2024 are sales from LG Innotek segment and others amounting to ₩17,209,358 million (2023: ₩16,627,214 million).

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**5. Financial instruments by category and offsetting financial assets and financial liabilities**

(a) Categorizations of financial instruments as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>      | December 31, 2024                     |   |  |                  |                   |
|---|---------------------------------------|---|--|------------------|-------------------|
|   | Financial assets<br>at amortized cost | Financial assets<br>at fair value<br>through other<br>comprehensive<br>income | Financial<br>assets at fair<br>value through<br>profit or loss | Other            | Total             |
| Cash and cash equivalents               | 7,573,036                             | -   | -  | -                | 7,573,036         |
| Deposits held by financial institutions | 240,318                               | -   | -  | -                | 240,318           |
| Trade receivables                       | 7,728,143                             | 2,652,562   | -  | 1,800,625        | 12,181,330        |
| Other receivables                       | 2,605,646                             | -   | -  | -                | 2,605,646         |
| Other financial assets and others       | -                                     | 140,904   | 181,040  | 413,309          | 735,253           |
| <b>Total</b>                            | <b>18,147,143</b>                     | <b>2,793,466</b>  | <b>181,040</b>   | <b>2,213,934</b> | <b>23,335,583</b> |

| <i>(in millions of Korean won)</i> | December 31, 2024                          |  |                  |                   |
|------------------------------------|--|--|------------------|-------------------|
|                                    | Financial liabilities at<br>amortized cost | Financial liabilities at<br>fair value through<br>profit or loss | Other            | Total             |
| Trade payables                     | 9,884,770                                  | -  | -                | 9,884,770         |
| Borrowings                         | 13,982,542                                 | -  | -                | 13,982,542        |
| Lease liabilities                  | -  | -  | 1,259,860        | 1,259,860         |
| Other payables                     | 6,049,413                                  | -  | -                | 6,049,413         |
| Other financial liabilities        | -  | 27,886   | 32,120           | 60,006            |
| <b>Total</b>                       | <b>29,916,725</b>                          | <b>27,886</b>  | <b>1,291,980</b> | <b>31,236,591</b> |

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

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

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(b) Net gains or losses on each category of financial instruments for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>  | <b>2024</b>                               |  |  |              |              |
|---|---|--|--|--------------|--------------|
|   | <b>Financial assets at amortized cost</b> | <b>Financial assets at fair value through other comprehensive income</b> | <b>Financial assets at fair value through profit or loss</b> | <b>Other</b> | <b>Total</b> |
| Interest income   | 500,454                                   | -  | -  | -            | 500,454      |
| Exchange differences  | 1,180,165                                 | 251,268  | -  | -            | 1,431,433    |
| Bad debt expenses   | (38,199)                                  | -  | -  | (5,979)      | (44,178)     |
| Loss on disposal of trade receivables   | (1,949)                                   | (51,550)   | -  | -            | (53,499)     |
| Dividend income   | -   | 391  | 347  | -            | 738          |
| Gain (Loss) on valuation of financial assets at fair value through profit or loss | -   | -  | 4,589  | -            | 4,589        |
| Gain (Loss) on derivatives (through profit or loss)                               | -   | -  | 70,417   | -            | 70,417       |
| Profit (Loss) for the year from discontinued operations                           | 7,455                                     | -  | -  | -            | 7,455        |
| Fair value gain (loss), net of tax (through other comprehensive income)           | -   | 1,165  | -  | -            | 1,165        |
| Gain (Loss) on derivatives, net of tax (through other comprehensive income)       | -   | -  | -  | (11,710)     | (11,710)     |

| <i>(in millions of Korean won)</i>  | <b>2024</b>                                    |   |              |              |
|---|--|---|--------------|--------------|
|   | <b>Financial liabilities at amortized cost</b> | <b>Financial liabilities at fair value through profit or loss</b> | <b>Other</b> | <b>Total</b> |
| Interest expense  | (591,157)                                      | -   | 19,817       | (571,340)    |
| Exchange differences  | (1,829,228)                                    | -   | 256,573      | (1,572,655)  |
| Gain (Loss) on derivatives (through profit or loss)                         | -  | (61,535)  | -            | (61,535)     |
| Profit and Loss on remeasurement of financial liabilities                   | (423,382)                                      | -   | -            | (423,382)    |
| Profit (Loss) for the year from discontinued operations                     | (45,266)                                       | -   | -            | (45,266)     |
| Gain (Loss) on derivatives, net of tax (through other comprehensive income) | -  | -   | (5,589)      | (5,589)      |
| Others  | (559)  | -   | -            | (559)        |

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| <i>(in millions of Korean won)</i>  | <b>2023</b>                               |  |  |              | <b>Total</b> |
|---|---|--|--|--------------|--------------|
|   | <b>Financial assets at amortized cost</b> | <b>Financial assets at fair value through other comprehensive income</b> | <b>Financial assets at fair value through profit or loss</b> | <b>Other</b> |              |
| Interest income   | 438,300                                   | -  | -  | -            | 438,300      |
| Exchange differences  | 124,578                                   | (71,069)   | -  | -            | 53,509       |
| Bad debt expenses   | (12,570)                                  | -  | -  | (1,374)      | (13,944)     |
| Loss on disposal of trade receivables   | (1,412)                                   | (54,556)   | -  | -            | (55,968)     |
| Dividend income   | -   | 189  | 1,415  | -            | 1,604        |
| Gain (Loss) on valuation of financial assets at fair value through profit or loss | -   | -  | (7,560)  | -            | (7,560)      |
| Gain (Loss) on derivatives (through profit or loss)                               | -   | -  | 25,098   | -            | 25,098       |
| Profit (Loss) for the year from discontinued operations                           | 904                                       | -  | -  | -            | 904          |
| Fair value gain (loss), net of tax (through other comprehensive income)           | -   | (2,267)  | -  | -            | (2,267)      |
| Gain (Loss) on derivatives, net of tax (through other comprehensive income)       | -   | -  | -  | (34,237)     | (34,237)     |

| <i>(in millions of Korean won)</i>  | <b>2023</b>                                    |   |              | <b>Total</b> |
|---|--|---|--------------|--------------|
|   | <b>Financial liabilities at amortized cost</b> | <b>Financial liabilities at fair value through profit or loss</b> | <b>Other</b> |              |
| Interest expense  | (550,910)                                      | -   | 15,656       | (535,254)    |
| Exchange differences  | (53,067)                                       | -   | 28,948       | (24,119)     |
| Gain (Loss) on derivatives (through profit or loss)                         | -  | (57,147)  | -            | (57,147)     |
| Profit and Loss on remeasurement of financial liabilities                   | (141,655)                                      | -   | -            | (141,655)    |
| Profit (Loss) for the year from discontinued operations                     | (46,126)                                       | -   | -            | (46,126)     |
| Gain (Loss) on derivatives, net of tax (through other comprehensive income) | -  | -   | (23,873)     | (23,873)     |
| Others  | (2,883)  | -   | -            | (2,883)      |

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(c) Details of financial instruments that are subject to an enforceable master netting arrangements or similar arrangements as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b>               |   |   |                              |                        |                   |
|------------------------------------|--|---|---|------------------------------|------------------------|-------------------|
|                                    | <b>Recognized financial instrument</b> | <b>Recognized financial instrument offset</b> | <b>Net amounts presented in the statement of financial position</b> | <b>Amounts not offset</b>    |                        | <b>Net amount</b> |
|                                    |  |   |   | <b>Financial instruments</b> | <b>Cash collateral</b> |                   |
| <b>Financial assets</b>            |  |   |   |                              |                        |                   |
| Trade receivables                  | 524,327                                | (498,035)                                     | 26,292  | -                            | -                      | 26,292            |
| <b>Financial liabilities</b>       |  |   |   |                              |                        |                   |
| Trade payables                     | 837,325                                | (498,035)                                     | 339,290   | -                            | -                      | 339,290           |

  

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

**6. Cash and cash equivalents and deposits held by financial institutions**

(a) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position are equal to the cash and cash equivalents in the consolidated statements of cash flows. Details of cash and cash equivalents as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| Cash on hand                       | 412                      | 533                      |
| Bank deposits <sup>1</sup>         | 7,572,624                | 8,487,030                |
| <b>Total</b>                       | <b>7,573,036</b>         | <b>8,487,563</b>         |

<sup>1</sup> As of December 31, 2024, bank deposits include ₩15,830 million (2023: ₩12,142 million) of deposits restricted in use in relation to value-added tax.

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(b) Deposits held by financial institutions

The deposits held by financial institutions restricted in use as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>          | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---|--------------------------|--------------------------|
| <b>Current</b>                              |                          |                          |
| Deposits related to transfer of business    | -                        | 20,863                   |
| Others                                      | 46,681                   | 5,523                    |
| <b>Subtotal</b>                             | <b>46,681</b>            | <b>26,386</b>            |
| <b>Non-current</b>                          |                          |                          |
| Deposit for mutually beneficial cooperation | 191,406                  | 190,000                  |
| Deposit for checking account                | 76                       | 62                       |
| National project                            | 600                      | 621                      |
| Others                                      | 1,555                    | 4,506                    |
| <b>Subtotal</b>                             | <b>193,637</b>           | <b>195,189</b>           |
| <b>Total</b>                                | <b>240,318</b>           | <b>221,575</b>           |

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**7. Trade receivables and other receivables**

(a) Trade receivables and other receivables, net of allowance for doubtful accounts, as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> |  |                        | <b>December 31, 2023</b> |  |                        |
|------------------------------------|--------------------------|--|------------------------|--------------------------|--|------------------------|
|                                    | <b>Original amount</b>   | <b>Allowance for doubtful accounts</b> | <b>Carrying amount</b> | <b>Original amount</b>   | <b>Allowance for doubtful accounts</b> | <b>Carrying amount</b> |
| <b>Trade receivables</b>           |                          |  |                        |                          |  |                        |
| Current                            | 10,657,726               | (122,112)                              | 10,535,614             | 9,366,948                | (101,926)                              | 9,265,022              |
| Non-current                        | 1,648,842                | (3,126)                                | 1,645,716              | 640,936                  | (1,497)                                | 639,439                |
| <b>Other receivables</b>           |                          |  |                        |                          |  |                        |
| Current                            | 1,591,047                | (7,570)                                | 1,583,477              | 602,781                  | (6,988)                                | 595,793                |
| Non-current                        | 1,022,244                | (75)                                   | 1,022,169              | 1,779,720                | (83)                                   | 1,779,637              |

(b) Details of other receivables as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| <b>Current</b>                     |                          |                          |
| Loans                              | 773,769                  | 16,745                   |
| Non-trade receivables              | 432,409                  | 334,243                  |
| Accrued revenues                   | 286,845                  | 139,208                  |
| Deposits                           | 90,454                   | 105,597                  |
| <b>Subtotal</b>                    | <b>1,583,477</b>         | <b>595,793</b>           |
| <b>Non-current</b>                 |                          |                          |
| Loans                              | 429,687                  | 1,177,276                |
| Non-trade receivables              | 155,253                  | 180,331                  |
| Deposits                           | 437,229                  | 422,030                  |
| <b>Subtotal</b>                    | <b>1,022,169</b>         | <b>1,779,637</b>         |
| <b>Total</b>                       | <b>2,605,646</b>         | <b>2,375,430</b>         |

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(c) The aging analysis of trade receivables and other receivables as of December 31, 2024 and 2023 is as follows:

| <i>(in millions of Korean won)</i>            | <b>December 31, 2024</b> |                    |                          |                    |              |
|---|--------------------------|--------------------|--------------------------|--------------------|--------------|
|   | <b>Trade receivables</b> |                    | <b>Other receivables</b> |                    | <b>Total</b> |
|   | <b>Current</b>           | <b>Non-current</b> | <b>Current</b>           | <b>Non-current</b> |              |
| <b>Receivables not past due</b>               | 9,158,510                | 1,648,842          | 1,501,963                | 1,022,244          | 13,331,559   |
| <b>Past due but not individually impaired</b> |                          |                    |                          |                    |              |
| Up to 6 months                                | 1,171,502                | -                  | 44,981                   | -                  | 1,216,483    |
| 7 to 12 months                                | 42,208                   | -                  | 15,272                   | -                  | 57,480       |
| Over 1 year                                   | 94,906                   | -                  | 22,515                   | -                  | 117,421      |
| <b>Subtotal</b>                               | 1,308,616                | -                  | 82,768                   | -                  | 1,391,384    |
| <b>Individually impaired</b>                  | 190,600                  | -                  | 6,316                    | -                  | 196,916      |
| <b>Total</b>                                  | 10,657,726               | 1,648,842          | 1,591,047                | 1,022,244          | 14,919,859   |

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

(d) The Group recognizes the estimated amount for the allowance for doubtful accounts based on the aging analysis of the trade receivables and historical loss experience.

(e) The Group classifies individually impaired receivables as defaulted receivables if the receivables are impaired due to reasons including bankruptcy and insolvency of the debtors. Defaulted receivables are classified into two categories of rehabilitation related receivables and other defaulted receivables. The Group performs impairment test on rehabilitation related receivables based on expected repayment amount and recognizes impairment loss on other defaulted receivables based on types and values of collaterals.

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(f) Changes in allowance for doubtful accounts for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b>      |                                |                  |              |                    |
|------------------------------------|------------------|--------------------------------|------------------|--------------|--------------------|
|                                    | <b>January 1</b> | <b>Addition<br/>(Reversal)</b> | <b>Write-off</b> | <b>Other</b> | <b>December 31</b> |
| <b>Trade receivables</b>           |                  |                                |                  |              |                    |
| Current                            | 101,926          | 43,429                         | (31,897)         | 8,654        | 122,112            |
| Non-current                        | 1,497            | 1,647                          | (18)             | -            | 3,126              |
| <b>Other receivables</b>           |                  |                                |                  |              |                    |
| Current                            | 6,988            | (1,048)                        | 11               | 1,619        | 7,570              |
| Non-current                        | 83               | (8)                            | -                | -            | 75                 |
|                                    |                  |                                |                  |              |                    |
| <i>(in millions of Korean won)</i> | <b>2023</b>      |                                |                  |              |                    |
|                                    | <b>January 1</b> | <b>Addition<br/>(Reversal)</b> | <b>Write-off</b> | <b>Other</b> | <b>December 31</b> |
| <b>Trade receivables</b>           |                  |                                |                  |              |                    |
| Current                            | 87,922           | 13,742                         | (11,018)         | 11,280       | 101,926            |
| Non-current                        | -                | 1,070                          | -                | 427          | 1,497              |
| <b>Other receivables</b>           |                  |                                |                  |              |                    |
| Current                            | 10,287           | (644)                          | (2,240)          | (415)        | 6,988              |
| Non-current                        | 83               | (4)                            | -                | 4            | 83                 |

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

(g) Some of trade receivables have been discounted through collateralized borrowing agreements with banks for the year ended December 31, 2024. In case the customers default, the Group has an obligation to pay the amounts related thereto to banks which hold the right of indemnity. As a result, this transaction has been accounted for as a collateralized borrowing (See Note 16).

Discounted trade receivables as of December 31, 2024 amount to ₩43,462 million (2023: ₩60,269 million).

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**8. Other financial assets and liabilities**

(a) Details of other financial assets and liabilities as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                                | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---|--------------------------|--------------------------|
| <b>Other financial assets</b>                                     |                          |                          |
| Derivatives   | 432,330                  | 185,437                  |
| Financial assets at fair value through other comprehensive income | 140,904                  | 117,872                  |
| Financial assets at fair value through profit or loss             | 147,317                  | 184,115                  |
| <b>Total</b>  | <b>720,551</b>           | <b>487,424</b>           |
| Current   | 76,226                   | 102,054                  |
| Non-current   | 644,325                  | 385,370                  |

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| <b>Other financial liabilities</b> |                          |                          |
| Derivatives                        | 59,891                   | 61,931                   |
| Financial guarantee liability      | 115                      | 115                      |
| <b>Total</b>                       | <b>60,006</b>            | <b>62,046</b>            |
| Current                            | 2,967                    | 9,292                    |
| Non-current                        | 57,039                   | 52,754                   |

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(b) Details of derivatives as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | December 31, 2024 |               | December 31, 2023 |               |
|------------------------------------|-------------------|---------------|-------------------|---------------|
|                                    | Assets            | Liabilities   | Assets            | Liabilities   |
| <b>Current</b>                     |                   |               |                   |               |
| Currency forward                   | 8,539             | 2,852         | 2,070             | 2,567         |
| Cross-currency swap                | 62,776            | -             | 23,118            | 6,610         |
| Interest rate swap                 | -                 | -             | 2,116             | -             |
| Option                             | 4,359             | -             | -                 | -             |
| <b>Subtotal</b>                    | <b>75,674</b>     | <b>2,852</b>  | <b>27,304</b>     | <b>9,177</b>  |
| <b>Non-current</b>                 |                   |               |                   |               |
| Cross-currency swap                | 336,555           | 13,167        | 133,597           | 30,515        |
| Interest rate swap                 | 13,978            | 18,671        | 21,451            | 13,254        |
| Option                             | 6,123             | 3,489         | 3,085             | 2,457         |
| Embedded derivatives               | -                 | 21,712        | -                 | 6,528         |
| <b>Subtotal</b>                    | <b>356,656</b>    | <b>57,039</b> | <b>158,133</b>    | <b>52,754</b> |
| <b>Total</b>                       | <b>432,330</b>    | <b>59,891</b> | <b>185,437</b>    | <b>61,931</b> |

Details of major derivative contracts as of December 31, 2024 and 2023 are presented in Note 37.

(c) Changes in financial assets at fair value through other comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | 2024           |               |              |          |              |                    |                |
|------------------------------------|----------------|---------------|--------------|----------|--------------|--------------------|----------------|
|                                    | January 1      | Acquisition   | Disposal     | Transfer | Valuation    | Other <sup>1</sup> | December 31    |
| Marketable equity securities       | 30,668         | -             | (307)        | 30       | 15,289       | 718                | 46,398         |
| Unmarketable equity securities     | 87,204         | 14,384        | -            | (30)     | (13,863)     | 6,811              | 94,506         |
| <b>Total</b>                       | <b>117,872</b> | <b>14,384</b> | <b>(307)</b> | <b>-</b> | <b>1,426</b> | <b>7,529</b>       | <b>140,904</b> |

  

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

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

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(d) Changes in financial assets at fair value through profit or loss for each of the two years in the period ended December 31, 2024 are as follows:

|                                    | <b>2024</b>      |                    |                  |                 |                  |               |                    |
|------------------------------------|------------------|--------------------|------------------|-----------------|------------------|---------------|--------------------|
| <i>(in millions of Korean won)</i> | <b>January 1</b> | <b>Acquisition</b> | <b>Disposals</b> | <b>Transfer</b> | <b>Valuation</b> | <b>Others</b> | <b>December 31</b> |
| Marketable debt securities         | 74,750           | 49,487             | (136,926)        | -               | 6,694            | 6,547         | 552                |
| Unmarketable equity securities     | 108,232          | 32,672             | (3,021)          | 500             | (2,105)          | 5,122         | 141,400            |
| Unmarketable debt securities       | 1,133            | 4,732              | -                | (500)           | -                | -             | 5,365              |
| <b>Total</b>                       | <b>184,115</b>   | <b>86,891</b>      | <b>(139,947)</b> | <b>-</b>        | <b>4,589</b>     | <b>11,669</b> | <b>147,317</b>     |

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

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**9. Inventories**

(a) Inventories as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | December 31, 2024 |                     |                   | December 31, 2023 |                     |                  |
|------------------------------------|-------------------|---------------------|-------------------|-------------------|---------------------|------------------|
|                                    | Cost              | Valuation allowance | Carrying amount   | Cost              | Valuation allowance | Carrying amount  |
| Finished products and merchandise  | 6,666,592         | (175,410)           | 6,491,182         | 5,381,164         | (173,428)           | 5,207,736        |
| Work-in-process                    | 744,781           | (39,926)            | 704,855           | 682,107           | (27,316)            | 654,791          |
| Raw materials and supplies         | 3,404,458         | (202,250)           | 3,202,208         | 3,167,187         | (179,490)           | 2,987,697        |
| Other                              | 367,595           | (36,480)            | 331,115           | 342,469           | (67,289)            | 275,180          |
| <b>Total</b>                       | <b>11,183,426</b> | <b>(454,066)</b>    | <b>10,729,360</b> | <b>9,572,927</b>  | <b>(447,523)</b>    | <b>9,125,404</b> |

(b) The cost of inventories recognized as an expense during the year ended December 31, 2024 amounted to ₩64,027,604 million (2023: ₩60,454,586 million). This was included in 'cost of sales'. Loss on valuation of inventories during the year ended December 31, 2024 amounted to ₩241,672 million (2023: ₩128,286 million).

(c) There is no inventory provided as collateral for borrowings as of December 31, 2024

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**10. Contract assets and contract liabilities**

(a) Contract assets as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                  | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---|--------------------------|--------------------------|
| Due from customers for contract work                | 1,142,509                | 842,113                  |
| (Less: allowance for doubtful accounts)             | (2,747)                  | (3,786)                  |
| Right to recover returned products                  | 95,415                   | 98,111                   |
| Costs to fulfil contracts with customers and others | 527,519                  | 619,239                  |
| <b>Total</b>  | <b>1,762,696</b>         | <b>1,555,677</b>         |
| Current   | 1,352,092                | 1,129,399                |
| Non-current   | 410,604                  | 426,278                  |

(b) Contract liabilities as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>            | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---|--------------------------|--------------------------|
| Expected promotional incentives for customers | 723,858                  | 870,426                  |
| Expected returns from customers               | 285,779                  | 213,712                  |
| Customer loyalty program                      | 136,354                  | 100,951                  |
| Rendering of warranty services                | 210,456                  | 150,670                  |
| Due to customers for contract work and others | 889,759                  | 625,743                  |
| <b>Total</b>                                  | <b>2,246,206</b>         | <b>1,961,502</b>         |
| Current                                       | 2,146,029                | 1,898,005                |
| Non-current                                   | 100,177                  | 63,497                   |

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(c) Revenue recognized in relation to contract liabilities for each of the two years in the period ended December 31, 2024 is as follows:

| <i>(in millions of Korean won)</i>  | <b>2024</b>    | <b>2023</b>    |
|---|----------------|----------------|
| Revenue recognized that was included in the contract liability amount at the beginning of the year: |                |                |
| Due to customers for contract work and others   | 336,468        | 216,923        |
| Customer loyalty program  | 83,741         | 88,146         |
| Rendering of warranty services  | 66,733         | 58,668         |
| <b>Total</b>  | <b>486,942</b> | <b>363,737</b> |
| Revenue recognized from performance obligations satisfied in previous year                          | 56,073         | 23,574         |

(d) Unsatisfied long-term contracts

As of December 31, 2024, the total amount of transaction price allocated to the unsatisfied or partially unsatisfied performance obligations is ₩1,258,551 million (2023: ₩1,297,935 million), expected to be satisfied by 2031, at the latest. Also, as a practical expedient, the Group excluded a contract of which performance obligation had an original expected duration of one year or less.

(e) For the year ended December 31, 2024, the Group recognized a reversal of impairment loss amounting to ₩443 million (2023: reversal of impairment loss of ₩355 million) in relation to due from customers for contract work, and amortization and others of ₩243,214 million (2023: ₩178,650 million) in relation to costs to fulfil contracts.

**11. Other assets**

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

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| <b>Current</b>                     |                          |                          |
| Prepayments                        | 124,442                  | 51,557                   |
| Prepaid expenses                   | 422,389                  | 365,513                  |
| Value added tax receivables        | 1,014,310                | 854,528                  |
| Others <sup>1</sup>                | 203,666                  | 107,582                  |
| <b>Subtotal</b>                    | <b>1,764,807</b>         | <b>1,379,180</b>         |
| <b>Non-current</b>                 |                          |                          |
| Long-term prepaid expenses         | 298,445                  | 299,273                  |
| Long-term advances                 | 12,128                   | 9,632                    |
| Other investment assets            | 164                      | 146                      |
| <b>Subtotal</b>                    | <b>310,737</b>           | <b>309,051</b>           |
| <b>Total</b>                       | <b>2,075,544</b>         | <b>1,688,231</b>         |

<sup>1</sup> The amount agreed to be reimbursed by the related party for provisions to be paid by the Group to a third party is included.

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**12. Property, plant and equipment**

(a) Details of property, plant and equipment as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | Land             | Buildings        | Structures     | Machinery        | Tools          | Equipment      | Other          | Construction<br>-in-progress | Total             |
|------------------------------------|------------------|------------------|----------------|------------------|----------------|----------------|----------------|------------------------------|-------------------|
| <b>December 31, 2024</b>           |                  |                  |                |                  |                |                |                |                              |                   |
| Acquisition cost                   | 3,302,508        | 12,391,632       | 590,390        | 12,764,177       | 4,268,592      | 1,690,419      | 1,118,065      | 886,635                      | 37,012,418        |
| Accumulated depreciation           | (264,662)        | (4,706,022)      | (271,387)      | (8,796,708)      | (3,479,089)    | (1,140,957)    | (691,779)      | -                            | (19,350,604)      |
| Accumulated impairment losses      | -                | (91,943)         | (11,434)       | (365,956)        | (30,242)       | (47,848)       | (4,694)        | -                            | (552,117)         |
| Government grants                  | (10,187)         | (1,269)          | (1,862)        | (17,544)         | (3,123)        | (481)          | -              | -                            | (34,466)          |
| <b>Net carrying amount</b>         | <b>3,027,659</b> | <b>7,592,398</b> | <b>305,707</b> | <b>3,583,969</b> | <b>756,138</b> | <b>501,133</b> | <b>421,592</b> | <b>886,635</b>               | <b>17,075,231</b> |

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

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(b) Changes in property, plant and equipment for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>         | 2024             |                  |                |                  |                |                |                |                           | Total             |
|--|------------------|------------------|----------------|------------------|----------------|----------------|----------------|---------------------------|-------------------|
|  | Land             | Buildings        | Structures     | Machinery        | Tools          | Equipment      | Other          | Construction -in-progress |                   |
| <b>January 1</b>                           | 3,009,927        | 7,080,788        | 299,392        | 4,183,443        | 656,152        | 492,426        | 522,776        | 573,725                   | 16,818,629        |
| Acquisitions                               | 38,016           | 453,833          | 7,649          | 136,961          | 222,284        | 163,855        | 93,524         | 1,849,760                 | 2,965,882         |
| Acquisition from business combination      | -                | -                | -              | 133              | 17             | -              | 36             | -                         | 186               |
| Reclassification from assets held for sale | -                | -                | -              | 209              | -              | -              | -              | -                         | 209               |
| Transfer <sup>1</sup>                      | -                | 563,924          | 9,988          | 716,868          | 210,051        | 32,841         | 37,827         | (1,558,552)               | 12,947            |
| Disposals and others                       | (25)             | (36,628)         | (435)          | (21,815)         | (2,827)        | (2,816)        | (4,049)        | (14,270)                  | (82,865)          |
| Depreciation                               | (46,500)         | (689,267)        | (24,038)       | (1,480,174)      | (353,786)      | (167,317)      | (230,729)      | -                         | (2,991,811)       |
| Impairment losses <sup>2,3</sup>           | -                | (10,761)         | (482)          | (162,322)        | (4,020)        | (43,432)       | (9,058)        | -                         | (230,075)         |
| Exchange differences and others            | 26,241           | 230,509          | 13,633         | 210,666          | 28,267         | 25,576         | 11,265         | 35,972                    | 582,129           |
| <b>December 31</b>                         | <b>3,027,659</b> | <b>7,592,398</b> | <b>305,707</b> | <b>3,583,969</b> | <b>756,138</b> | <b>501,133</b> | <b>421,592</b> | <b>886,635</b>            | <b>17,075,231</b> |

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

<sup>1</sup> The transfer of other property, plant and equipment includes ₩12,947 million (2023: ₩52,782 million) of transfer from inventories to rental assets.

<sup>2</sup> The Group conducted a periodic impairment test and recognized impairment loss of ₩160,505 million (BS: ₩226 million, VS: ₩160,279 million) (2023: ₩3,334 million) for businesses under BS and VS segment as other non-operating expenses due to expected sales decline. The 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 (See Note 13).

<sup>3</sup> For the year ended December 31, 2024, impairment loss on property, plant and equipment from discontinued operations of the battery pack business amounting to ₩817 million is included.

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

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(c) Line items including depreciation in the consolidated statements of profit or loss for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b>      | <b>2023</b>      |
|------------------------------------|------------------|------------------|
| <b>Continuing operations</b>       |                  |                  |
| Cost of sales                      | 2,321,892        | 2,055,423        |
| Selling expenses                   | 280,194          | 282,964          |
| Administrative expenses            | 215,036          | 189,145          |
| Research and development expenses  | 128,054          | 120,268          |
| Service costs                      | 44,213           | 36,660           |
| Other non-operating expenses       | 3,545            | 19,287           |
| <b>Subtotal</b>                    | <b>2,992,934</b> | <b>2,703,747</b> |
| <b>Discontinued operations</b>     | <b>(1,123)</b>   | <b>78</b>        |
| <b>Total</b>                       | <b>2,991,811</b> | <b>2,703,825</b> |

(d) Changes of right-of-use assets for each of the two years in the period ended December 31, 2024 are as follows:

| <b>2024</b>                        |                |                  |                   |                  |              |                  |                |                                      |                  |
|------------------------------------|----------------|------------------|-------------------|------------------|--------------|------------------|----------------|--------------------------------------|------------------|
| <i>(in millions of Korean won)</i> | <b>Land</b>    | <b>Buildings</b> | <b>Structures</b> | <b>Machinery</b> | <b>Tools</b> | <b>Equipment</b> | <b>Other</b>   | <b>Construction<br/>-in-progress</b> | <b>Total</b>     |
| <b>January 1</b>                   | 324,214        | 785,089          | 416               | 466              | 56           | 16,563           | 164,177        | 314                                  | 1,291,295        |
| Acquisitions                       | 28,385         | 327,000          | 3,511             | 1,102            | 257          | 12,415           | 63,895         | -                                    | 436,565          |
| Transfer                           | -              | 291              | -                 | -                | -            | -                | -              | (291)                                | -                |
| Disposals and others               | (25)           | (27,933)         | (46)              | -                | -            | (207)            | (3,913)        | -                                    | (32,124)         |
| Depreciation                       | (46,820)       | (299,040)        | (2,029)           | (464)            | (75)         | (10,016)         | (71,819)       | -                                    | (430,263)        |
| Exchange differences               | 7,054          | 50,183           | 113               | 107              | 8            | 729              | 5,616          | 3                                    | 63,813           |
| <b>December 31</b>                 | <b>312,808</b> | <b>835,590</b>   | <b>1,965</b>      | <b>1,211</b>     | <b>246</b>   | <b>19,484</b>    | <b>157,956</b> | <b>26</b>                            | <b>1,329,286</b> |

  

| <b>2023</b>                        |                |                  |                   |                  |              |                  |                |                                      |                  |
|------------------------------------|----------------|------------------|-------------------|------------------|--------------|------------------|----------------|--------------------------------------|------------------|
| <i>(in millions of Korean won)</i> | <b>Land</b>    | <b>Buildings</b> | <b>Structures</b> | <b>Machinery</b> | <b>Tools</b> | <b>Equipment</b> | <b>Other</b>   | <b>Construction<br/>-in-progress</b> | <b>Total</b>     |
| <b>January 1</b>                   | 287,644        | 813,093          | 842               | 1,096            | 797          | 14,536           | 88,954         | 90                                   | 1,207,052        |
| Acquisitions                       | 84,363         | 248,231          | 430               | 749              | 42           | 10,217           | 137,727        | 453                                  | 482,212          |
| Transfer                           | -              | 226              | -                 | -                | -            | -                | -              | (226)                                | -                |
| Disposals and others               | (750)          | (9,729)          | (68)              | (851)            | (1)          | (139)            | (6,576)        | -                                    | (18,114)         |
| Depreciation                       | (47,178)       | (282,910)        | (813)             | (531)            | (784)        | (8,229)          | (58,141)       | -                                    | (398,586)        |
| Exchange differences               | 135            | 16,178           | 25                | 3                | 2            | 178              | 2,213          | (3)                                  | 18,731           |
| <b>December 31</b>                 | <b>324,214</b> | <b>785,089</b>   | <b>416</b>        | <b>466</b>       | <b>56</b>    | <b>16,563</b>    | <b>164,177</b> | <b>314</b>                           | <b>1,291,295</b> |

The amount of lease income recognized in relation to sublease of the above right-of-use assets for the year ended December 31, 2024 is ₩4,324 million (2023: ₩5,863 million).

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(e) Capitalized borrowing costs and capitalization rates for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b> | <b>2023</b> |
|------------------------------------|-------------|-------------|
| Capitalized borrowing costs        | 25,760      | 18,360      |
| Capitalization rate (%)            | 4.77        | 4.50        |

(f) Details of property, plant and equipment provided as collateral as of December 31, 2024 and 2023 are as follows:

i) Details of collateral provided for the Group

| <b>December 31, 2024</b>           |                        |                       |                          |                       |                           |
|------------------------------------|------------------------|-----------------------|--------------------------|-----------------------|---------------------------|
| <i>(in millions of Korean won)</i> | <b>Carrying amount</b> | <b>Secured amount</b> | <b>Related line item</b> | <b>Related amount</b> | <b>Secured party</b>      |
| Land and buildings                 | 156,615                | 89,459                | Borrowings and others    | 50,780                | KT Corporation and others |

  

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

ii) Details of collateral provided for external parties

As of December 31, 2024, buildings were pledged as a collateral to guarantee the land lessor's obligation to Shinhan Bank and others, the mortgagee, within the secured amount of up to ₩15,600 million (2023: ₩14,400 million). The carrying amount of the pledged asset was ₩4,076 million as of December 31, 2024 (2023: ₩4,649 million).

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**13. Intangible assets**

(a) Details of intangible assets as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>             | <b>Goodwill</b> | <b>Industrial property rights</b> | <b>Development costs<sup>1</sup></b> | <b>Membership rights</b> | <b>Other</b>   | <b>Construction-in-progress<sup>1</sup></b> | <b>Total</b>     |
|--|-----------------|-----------------------------------|--------------------------------------|--------------------------|----------------|---|------------------|
| <b>December 31, 2024</b>                       |                 |                                   |                                      |                          |                |   |                  |
| Acquisition cost                               | 1,032,468       | 1,027,189                         | 4,081,159                            | 40,126                   | 1,492,036      | 1,381,042                                   | 9,054,020        |
| Accumulated amortization and impairment losses | (727,299)       | (547,776)                         | (3,180,347)                          | (633)                    | (1,068,076)    | (11,161)                                    | (5,535,292)      |
| <b>Net carrying amount</b>                     | <b>305,169</b>  | <b>479,413</b>                    | <b>900,812</b>                       | <b>39,493</b>            | <b>423,960</b> | <b>1,369,881</b>                            | <b>3,518,728</b> |
| <b>December 31, 2023</b>                       |                 |                                   |                                      |                          |                |   |                  |
| Acquisition cost                               | 934,772         | 972,174                           | 3,633,146                            | 35,128                   | 1,472,412      | 1,012,106                                   | 8,059,738        |
| Accumulated amortization and impairment losses | (653,238)       | (517,922)                         | (2,933,668)                          | (634)                    | (1,045,730)    | (40,859)                                    | (5,192,051)      |
| <b>Net carrying amount</b>                     | <b>281,534</b>  | <b>454,252</b>                    | <b>699,478</b>                       | <b>34,494</b>            | <b>426,682</b> | <b>971,247</b>                              | <b>2,867,687</b> |

<sup>1</sup> As of December 31, 2024, internally generated development costs are included in development costs and construction-in-progress amounting to ₩611,481 million and ₩714,144 million (2023: ₩402,572 million and ₩630,708 million), respectively.

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(b) Changes in intangible assets for each of the two years in the period ended December 31, 2024 are as follows:

| <b>2024</b>                           |                 |                                   |                          |                          |                |                                 |                  |
|---------------------------------------|-----------------|-----------------------------------|--------------------------|--------------------------|----------------|---------------------------------|------------------|
| <i>(in millions of Korean won)</i>    | <b>Goodwill</b> | <b>Industrial property rights</b> | <b>Development costs</b> | <b>Membership rights</b> | <b>Other</b>   | <b>Construction-in-progress</b> | <b>Total</b>     |
| <b>January 1</b>                      | 281,534         | 454,252                           | 699,478                  | 34,494                   | 426,682        | 971,247                         | 2,867,687        |
| Acquisitions                          | -               | 10,890                            | 78,474                   | 7,719                    | 135,746        | 503,505                         | 736,334          |
| Acquisitions by internal development  | -               | -                                 | -                        | -                        | -              | 547,006                         | 547,006          |
| Acquisition from business combination | 72,111          | -                                 | -                        | -                        | 10,338         | -                               | 82,449           |
| Transfer                              | -               | 120,786                           | 464,011                  | (194)                    | 29,878         | (629,235)                       | (14,754)         |
| Disposals and others                  | (774)           | (21,648)                          | (15,540)                 | (2,646)                  | 451            | (18,985)                        | (59,142)         |
| Amortization                          | -               | (84,803)                          | (272,345)                | (20)                     | (183,779)      | -                               | (540,947)        |
| Impairment losses <sup>1,2</sup>      | (74,061)        | (658)                             | (57,689)                 | -                        | (4,730)        | (6,447)                         | (143,585)        |
| Exchange differences                  | 26,359          | 594                               | 4,423                    | 140                      | 9,374          | 2,790                           | 43,680           |
| <b>December 31</b>                    | <b>305,169</b>  | <b>479,413</b>                    | <b>900,812</b>           | <b>39,493</b>            | <b>423,960</b> | <b>1,369,881</b>                | <b>3,518,728</b> |

  

| <b>2023</b>                          |                 |                                   |                          |                          |                |                                 |                  |
|--------------------------------------|-----------------|-----------------------------------|--------------------------|--------------------------|----------------|---------------------------------|------------------|
| <i>(in millions of Korean won)</i>   | <b>Goodwill</b> | <b>Industrial property rights</b> | <b>Development costs</b> | <b>Membership rights</b> | <b>Other</b>   | <b>Construction-in-progress</b> | <b>Total</b>     |
| <b>January 1</b>                     | 288,918         | 458,558                           | 524,120                  | 34,558                   | 426,254        | 722,422                         | 2,454,830        |
| Acquisitions                         | -               | 120                               | 140,417                  | 68                       | 162,919        | 263,416                         | 566,940          |
| Acquisitions by internal development | -               | -                                 | -                        | -                        | -              | 467,652                         | 467,652          |
| Transfer                             | -               | 109,053                           | 279,748                  | -                        | 64,627         | (453,539)                       | (111)            |
| Disposals and others                 | -               | (30,822)                          | (167)                    | (137)                    | (7,859)        | (31,449)                        | (70,434)         |
| Amortization                         | -               | (82,359)                          | (217,804)                | -                        | (214,407)      | -                               | (514,570)        |
| Impairment losses <sup>1,2</sup>     | (15,253)        | (1,148)                           | (27,534)                 | -                        | (5,075)        | (239)                           | (49,249)         |
| Exchange differences                 | 7,869           | 850                               | 698                      | 5                        | 223            | 2,984                           | 12,629           |
| <b>December 31</b>                   | <b>281,534</b>  | <b>454,252</b>                    | <b>699,478</b>           | <b>34,494</b>            | <b>426,682</b> | <b>971,247</b>                  | <b>2,867,687</b> |

<sup>1</sup> The Group conducted a periodic impairment test and recognized impairment loss of ₩97,630 million (2023: ₩21,978 million) in VS segment as other non-operating expenses due to expected sales decline. The 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.

<sup>2</sup> As a result of an impairment test for all projects related to internally generated development costs and others, impairment loss for projects determined to have low profitability amounting to ₩30,836 million (2023: ₩9,665 million), was recognized as other non-operating expenses.

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(c) Line items including amortization of intangible assets for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b>    | <b>2023</b>    |
|------------------------------------|----------------|----------------|
| <b>Continuing operations</b>       |                |                |
| Cost of sales                      | 372,969        | 360,545        |
| Selling expenses                   | 24,415         | 20,478         |
| Administrative expenses            | 61,494         | 59,476         |
| Research and development expenses  | 73,633         | 68,080         |
| Service costs                      | 8,392          | 4,621          |
| Other non-operating expenses       | 27             | 52             |
| <b>Subtotal</b>                    | <b>540,930</b> | <b>513,252</b> |
| <b>Discontinued operations</b>     | <b>17</b>      | <b>1,318</b>   |
| <b>Total</b>                       | <b>540,947</b> | <b>514,570</b> |

(d) Capitalized borrowing costs and capitalization rates for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b> | <b>2023</b> |
|------------------------------------|-------------|-------------|
| Capitalized borrowing costs        | 5,542       | 907         |
| Capitalization rate (%)            | 3.62        | 3.51        |

(e) There are no intangible assets pledged as a collateral for borrowings as of December 31, 2024 and 2023.

(f) Impairment tests for goodwill

i) Goodwill is allocated among the Group's cash generating units (CGUs) under each operating segment. as of December 31, 2024, an operating segment-level summary of goodwill allocation is presented below:

| <i>(in millions of Korean won)</i> | <b>H&amp;A</b> | <b>HE</b> | <b>VS</b> | <b>BS</b> | <b>Others</b> | <b>Total</b> |
|------------------------------------|----------------|-----------|-----------|-----------|---------------|--------------|
| Goodwill                           | 3,110          | 154,663   | 50,231    | 23,039    | 74,126        | 305,169      |

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

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

|                                | H&A   | HE     | VS <sup>1</sup> | BS <sup>2</sup> |
|--------------------------------|-------|--------|-----------------|-----------------|
| Discount rates                 | 7.48% | 10.09% | 9.23%           | 11.95%          |
| Nominal permanent growth rates | 1%    | 1%     | 2%              | 1%              |

<sup>1</sup>These include the discount rate and nominal perpetual growth rate of ZKW Holding GmbH and its subsidiaries of the VS business unit, which are managed as independent cash-generating units. The discount rate of Cybellum Technologies Ltd. and its subsidiaries is 14.9% and nominal perpetual growth rate is 2%.

<sup>2</sup>Discount rate and nominal perpetual growth rate of the electric vehicle charging division of the BS division, which is managed as an independent cash-generating unit.

iv) The sensitivity analysis of the impairment test in case of changes in the key assumptions is as follows:  
*(in millions of Korean won)*

|                                | <b>Cybellum Technologies Ltd. and its subsidiaries</b> |              |
|--------------------------------|--|--------------|
|                                | 1%p increase   | 1%p decrease |
| Discount rates                 | 9,118  | (10,798)     |
| Nominal permanent growth rates | (6,545)  | 5,604        |

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

(g) Research and development expenses

Research and development expenses for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>                       | 2024      | 2023      |
|--|-----------|-----------|
| <b>Continuing operations</b>                             |           |           |
| Uncapitalized research and development expenditures      | 3,996,713 | 3,869,543 |
| Amortization from internally generated development costs | 187,444   | 197,722   |
| <b>Subtotal</b>  | 4,184,157 | 4,067,265 |
| <b>Discontinued operations</b>                           | -         | 754       |
| <b>Total</b>   | 4,184,157 | 4,068,019 |

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(h) Acquisition, holding and disposal of virtual assets

i) Purpose of acquisition

The Group holds virtual assets for various business purposes.

ii) The acquisition and holding of virtual assets for each of the two years in the period ended December 31, 2024 are as follows:

| Name of virtual asset | Listed/unlisted <sup>1</sup> | Source of acquisition <sup>2</sup>           | Number of units   |              |                    | Fair value per unit (KRW) <sup>4</sup> |                   |                   |
|-----------------------|------------------------------|--|-------------------|--------------|--------------------|--|-------------------|-------------------|
|                       |                              |  | December 31, 2023 | Acquisitions | Disposal and usage | December 31, 2024 <sup>3</sup>         | December 31, 2023 | December 31, 2024 |
| HEDERA                | Listed                       | Gratuitous acquisition                       | 1,989,127         | -            | 500                | 1,988,627                              | 120               | 414               |
| KAIA                  | Listed                       | Gratuitous acquisition                       | 8,076,609         | -            | -                  | 8,076,609                              | 313               | 309               |
| USDC                  | Listed                       | Gratuitous acquisition / NFT transaction fee | 2,295             | 8,000        | 8,008              | 2,287                                  | 1,338             | 1,490             |
| ETH                   | Listed                       | Gratuitous acquisition / NFT transaction fee | -                 | 1.3          | 1.3                | -                                      | 3,080,000         | 5,087,000         |

<sup>1</sup> Listed on domestic exchanges such as KORBIT.

<sup>2</sup> The virtual assets acquired for free of charge do not incur a significant acquisition cost, and therefore, are recognized as memorandum assets. Virtual assets acquired through NFT transaction fees are recognized at their fair value on the transaction date.

<sup>3</sup> As of December 31, 2024, the Group does not recognize any virtual assets.

<sup>4</sup> The valuation was based on the monthly average quoted price in KORBIT exchange as of December 31, 2024.

iii) Disposal

The gain (loss) on disposal of virtual assets recognized as gain (loss) on disposal of intangible assets for the year ended December 31, 2024 amounts to ₩1 million (2023: ₩0.1 million).

iv) Risk of holding virtual assets

The fair value of virtual assets held by the Group as of December 31, 2024 has fluctuated after the reporting date. However, as of the date of the independent auditor's report, the potential impact of these changes on the financial statements cannot be estimated, and the Group's financial statements are not adjusted to reflect any potential effects arising from the fair value fluctuation considering the uncertain estimate.

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**14. Investments in associates and joint ventures**

(a) Investments in associates and joint ventures

i) Carrying amounts of investments in associates and joint ventures, as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| Associates                         | 2,715,655                | 2,946,619                |
| Joint ventures                     | 60,000                   | 57,845                   |
| <b>Total</b>                       | <b>2,775,655</b>         | <b>3,004,464</b>         |

ii) Investments in associates as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                        | <b>December 31, 2024</b> |                         |                        |                        | <b>December 31, 2023</b> |                         |                        |                        |
|---|--------------------------|-------------------------|------------------------|------------------------|--------------------------|-------------------------|------------------------|------------------------|
|   | <b>Acquisition cost</b>  | <b>Net asset amount</b> | <b>Unrealized gain</b> | <b>Carrying amount</b> | <b>Acquisition cost</b>  | <b>Net asset amount</b> | <b>Unrealized gain</b> | <b>Carrying amount</b> |
| LG Display Co., Ltd. <sup>3</sup>                         | 1,115,249                | 2,402,229               | (82,696)               | 2,319,533              | 679,218                  | 2,741,257               | (91,846)               | 2,649,411              |
| Ericsson-LG Co., Ltd.                                     | 12,649                   | 58,064                  | -                      | 58,064                 | 12,649                   | 67,327                  | -                      | 67,327                 |
| Hitachi-LG Data Storage Inc.(HLDS)                        | 101,961                  | 69,922                  | (930)                  | 68,992                 | 101,961                  | 65,570                  | (900)                  | 64,670                 |
| CCP-LGE OWNER, LLC <sup>1</sup>                           | 11,652                   | 10,142                  | -                      | 10,142                 | 11,652                   | 9,476                   | -                      | 9,476                  |
| ROBOTIS Co., Ltd. <sup>1</sup>                            | 9,000                    | 7,862                   | -                      | 7,862                  | 9,000                    | 8,604                   | -                      | 8,604                  |
| Acryl Inc. <sup>1</sup>                                   | 2,000                    | 1,446                   | -                      | 1,446                  | 2,000                    | 873                     | -                      | 873                    |
| Robostar Co., Ltd.  | 88,112                   | 79,999                  | (1,592)                | 78,407                 | 88,112                   | 79,136                  | (2,148)                | 76,988                 |
| AiM Future, Inc. <sup>1</sup>                             | 800                      | 456                     | -                      | 456                    | 800                      | 1,106                   | -                      | 1,106                  |
| Mirae Asset-LG Electronics New Growth Fund I <sup>3</sup> | 38,023                   | 28,099                  | -                      | 28,099                 | 28,023                   | 27,207                  | -                      | 27,207                 |
| Rinse, Inc. <sup>3</sup>                                  | 55,037                   | 49,995                  | -                      | 49,995                 | 18,184                   | 14,950                  | -                      | 14,950                 |
| SideChef Group Limited                                    | 7,702                    | -                       | -                      | 7,702                  | 7,702                    | -                       | -                      | 7,702                  |
| THE WAVE TALK, INC.                                       | 2,000                    | -                       | -                      | 2,000                  | 2,000                    | -                       | -                      | 2,000                  |
| GOQUAL INC.   | 5,000                    | -                       | -                      | 5,000                  | 5,000                    | -                       | -                      | 5,000                  |
| NOVA Prime Fund I, LP <sup>1,3</sup>                      | 16,889                   | 16,261                  | -                      | 16,261                 | 11,305                   | 11,305                  | -                      | 11,305                 |
| BEAR ROBOTICS, INC. <sup>1,2</sup>                        | 56,076                   | 51,267                  | -                      | 51,267                 | -                        | -                       | -                      | -                      |
| Mo-Sys Holding Ltd <sup>1,2</sup>                         | 11,458                   | 10,429                  | -                      | 10,429                 | -                        | -                       | -                      | -                      |
| <b>Total</b>  | <b>1,533,608</b>         | <b>2,786,171</b>        | <b>(85,218)</b>        | <b>2,715,655</b>       | <b>977,606</b>           | <b>3,026,811</b>        | <b>(94,894)</b>        | <b>2,946,619</b>       |

<sup>1</sup> The financial statements as of November 30, 2024 were used due to a different closing date.

<sup>2</sup> The entity was newly acquired during the year ended December 31, 2024.

<sup>3</sup> The entity was additionally acquired during the year ended December 31, 2024.

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iii) Investments in joint ventures as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                    | December 31, 2024 |                  |                 |                 | December 31, 2023 |                  |                 |                 |
|---|-------------------|------------------|-----------------|-----------------|-------------------|------------------|-----------------|-----------------|
|   | Acquisition cost  | Net asset amount | Unrealized gain | Carrying amount | Acquisition cost  | Net asset amount | Unrealized gain | Carrying amount |
| Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)        | 14,718            | 35,677           | (163)           | 35,514          | 14,718            | 26,989           | (162)           | 26,827          |
| EIC PROPERTIES PTE LTD.                               | 9,636             | 21,587           | -               | 21,587          | 9,636             | 19,313           | -               | 19,313          |
| LG-MRI LLC <sup>3</sup>                               | -                 | -                | -               | -               | 516               | 1,222            | -               | 1,222           |
| Neolite ZKW Lightings PVT Ltd.                        | -                 | -                | -               | -               | -                 | -                | -               | -               |
| LG-LHT Aircraft Solutions GmbH <sup>2,4</sup>         | -                 | -                | -               | -               | 46,790            | 5,080            | -               | 5,080           |
| LG-LHT Passenger Solutions GmbH <sup>2,4</sup>        | -                 | -                | -               | -               | 46,656            | 2,895            | -               | 2,895           |
| GUANGDONG SMART LIFE TECHNOLOGY CO., LTD <sup>1</sup> | 1,855             | 2,609            | -               | 2,609           | 1,855             | 2,207            | -               | 2,207           |
| Alluto LLC  | 2,095             | 290              | -               | 290             | 2,095             | 301              | -               | 301             |
| FITNESSCANDY Co., Ltd. <sup>3</sup>                   | -                 | -                | -               | -               | 5,610             | -                | -               | -               |
| <b>Total</b>  | <b>28,304</b>     | <b>60,163</b>    | <b>(163)</b>    | <b>60,000</b>   | <b>127,876</b>    | <b>58,007</b>    | <b>(162)</b>    | <b>57,845</b>   |

<sup>1</sup> The financial statements as of November 30, 2024 were used due to a different closing date.

<sup>2</sup> The entity was additionally acquired during the year ended December 31, 2024.

<sup>3</sup> The entity was liquidated during the year ended December 31, 2024.

<sup>4</sup> The entity was disposed of during the year ended December 31, 2024.

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(b) Associates and joint ventures

i) Associates as of December 31, 2024 are as follows:

| <u>Name of associate</u>                     | <u>Location</u> | <u>Closing month</u> | <u>Percentage of ownership (%)</u> | <u>Nature of relationships with the Group</u>                 |
|--|-----------------|----------------------|------------------------------------|---|
| LG Display Co., Ltd.                         | Korea           | December             | 36.7                               | Production and supply of display products                     |
| Ericsson-LG Co., Ltd.                        | Korea           | December             | 25.0                               | Supply of communication devices and network solution products |
| Hitachi-LG Data Storage Inc.(HLDS)           | Japan           | December             | 49.0                               | Production and supply of Data Storages                        |
| CCP-LGE OWNER, LLC <sup>1</sup>              | USA             | December             | 71.0                               | Solar power plant   |
| ROBOTIS Co., Ltd. <sup>2</sup>               | Korea           | December             | 7.3                                | Production and sales of personal robot                        |
| Acryl Inc. <sup>2</sup>                      | Korea           | December             | 11.4                               | Development and sales of software                             |
| Robostar Co., Ltd.                           | Korea           | December             | 33.4                               | Production and sales of industrial robot                      |
| AiM Future, Inc. <sup>2</sup>                | Korea           | December             | 11.7                               | A.I. solution   |
| Mirae Asset-LG Electronics New Growth Fund I | Korea           | December             | 50.0                               | Investment in technology start ups                            |
| Rinse, Inc.                                  | USA             | December             | 43.1                               | Laundry service   |
| SideChef Group Limited <sup>2</sup>          | Hong Kong       | December             | 17.0                               | Provision of smart kitchen contents service                   |
| THE WAVE TALK, INC. <sup>2</sup>             | Korea           | December             | 3.7                                | Provision of joint development of microbial sensors           |
| GOQUAL INC. <sup>2</sup>                     | Korea           | December             | 7.2                                | Supply of communication devices and network solution products |
| NOVA Prime Fund I, LP <sup>1</sup>           | USA             | December             | 79.3                               | Investment in new technology business                         |
| BEAR ROBOTICS, INC.                          | USA             | December             | 24.9                               | Production and sales of commercial robot                      |
| Mo-Sys Holding Ltd <sup>2</sup>              | UK              | December             | 11.9                               | Virtual Production (VP) product sales and solution            |

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

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

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ii) Joint ventures as of December 31, 2024 are as follows:

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

| <b>Name of joint venture</b>                   | <b>Location</b> | <b>Closing month</b> | <b>Percentage of ownership (%)</b> | <b>Nature of relationships with the Group</b>      |
|--|-----------------|----------------------|------------------------------------|--|
| Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT) | Türkiye         | December             | 50.0                               | Production and supply of air conditioning products |
| EIC PROPERTIES PTE LTD.                        | Singapore       | December             | 38.2                               | Real estate rentals                                |
| Neolite ZKW Lightings PVT Ltd.                 | India           | March                | 26.0                               | Production and sales of vehicle components         |
| GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.      | China           | December             | 35.0                               | Sales of electronic products                       |
| Alluto LLC <sup>1</sup>                        | USA             | December             | 51.0                               | Automotive software license                        |

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

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(c) Changes in investments in associates and joint ventures

i) Changes in the carrying amounts of investments in associates for each of the two years in the period ended December 31, 2024 are as follows:

(in millions of  
Korean won)

|  | 2024             |                       |                        |  |                         |  |                                |                      |                  |
|--|------------------|-----------------------|------------------------|--|-------------------------|--|--------------------------------|----------------------|------------------|
|  | January 1        | Acquisition /Transfer | Share of profit (loss) | Other comprehensive income (excluding remeasurement) | Remeasurement component | Withdrawal of investments by dividend /capital reduction /liquidation and others | Changes in share of associates | Exchange differences | December 31      |
| LG Display Co., Ltd.                         | 2,649,411        | 436,031               | (976,350)              | 258,880  | (48,439)                | -  | -                              | -                    | 2,319,533        |
| Ericsson-LG Co., Ltd.                        | 67,327           | -                     | 8,598                  | 742  | (1,103)                 | (17,500)   | -                              | -                    | 58,064           |
| Hitachi-LG Data Storage Inc.(HLDS)           | 64,670           | -                     | (1,198)                | 5,520  | -                       | -  | -                              | -                    | 68,992           |
| CCP-LGE OWNER, LLC                           | 9,476            | -                     | (619)                  | -  | -                       | -  | -                              | 1,285                | 10,142           |
| ROBOTIS Co.,Ltd.                             | 8,604            | -                     | (533)                  | (209)  | -                       | -  | -                              | -                    | 7,862            |
| Acryl Inc.                                   | 873              | -                     | 573                    | -  | -                       | -  | -                              | -                    | 1,446            |
| Robostar Co.,Ltd.                            | 76,988           | -                     | 1,218                  | 20   | 181                     | -  | -                              | -                    | 78,407           |
| AiM Future, Inc.                             | 1,106            | -                     | (655)                  | 6  | (1)                     | -  | -                              | -                    | 456              |
| Mirae Asset-LG Electronics New Growth Fund I | 27,207           | 10,000                | (4,183)                | (18)   | -                       | (4,907)  | -                              | -                    | 28,099           |
| Rinse, Inc.                                  | 14,950           | 36,852                | (1,692)                | (115)  | -                       | -  | -                              | -                    | 49,995           |
| SideChef Group Limited                       | 7,702            | -                     | -                      | -  | -                       | -  | -                              | -                    | 7,702            |
| THE WAVE TALK, INC.                          | 2,000            | -                     | -                      | -  | -                       | -  | -                              | -                    | 2,000            |
| GOQUAL INC.                                  | 5,000            | -                     | -                      | -  | -                       | -  | -                              | -                    | 5,000            |
| NOVA Prime Fund I, LP                        | 11,305           | 5,584                 | (2,439)                | 1,811  | -                       | -  | -                              | -                    | 16,261           |
| BEAR ROBOTICS, INC.                          | -                | 56,076                | (6,379)                | 1,570  | -                       | -  | -                              | -                    | 51,267           |
| Mo-Sys Holding Ltd                           | -                | 11,459                | (1,054)                | 24   | -                       | -  | -                              | -                    | 10,429           |
| <b>Total</b>                                 | <b>2,946,619</b> | <b>556,002</b>        | <b>(984,713)</b>       | <b>268,231</b>                                       | <b>(49,362)</b>         | <b>(22,407)</b>  | <b>-</b>                       | <b>1,285</b>         | <b>2,715,655</b> |

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Korean won)

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

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ii) Changes in the carrying amounts of investments in joint ventures for each of the two years in the period ended December 31, 2024 are as follows:

(in millions of  
Korean won)

|  | 2024          |               |                        |  |                         |   |            |                      |               |
|--|---------------|---------------|------------------------|--|-------------------------|---|------------|----------------------|---------------|
|  | January 1     | Acquisition   | Share of profit (loss) | Other comprehensive income (excluding remeasurement) | Remeasurement component | Withdrawal of investments by dividend /capital reduction and others | Impairment | Exchange differences | December 31   |
| Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT) | 26,827        | -             | 9,975                  | (1,288)  | -                       | -   | -          | -                    | 35,514        |
| EIC PROPERTIES PTE LTD.                        | 19,313        | -             | 204                    | 2,070  | -                       | -   | -          | -                    | 21,587        |
| LG-MRI LLC                                     | 1,222         | -             | (259)                  | -  | -                       | (925)   | -          | (38)                 | -             |
| Neolite ZKW Lightings PVT Ltd.                 | -             | -             | -                      | -  | -                       | -   | -          | -                    | -             |
| LG-LHT Aircraft Solutions GmbH                 | 5,080         | 5,330         | (9,864)                | (546)  | -                       | -   | -          | -                    | -             |
| LG-LHT Passenger Solutions GmbH                | 2,895         | 5,330         | (7,830)                | (395)  | -                       | -   | -          | -                    | -             |
| GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.      | 2,207         | -             | 142                    | 260  | -                       | -   | -          | -                    | 2,609         |
| Alluto LLC                                     | 301           | -             | (49)                   | (1)  | -                       | -   | -          | 39                   | 290           |
| FITNESSCANDY Co., Ltd.                         | -             | -             | 7                      | (7)  | -                       | -   | -          | -                    | -             |
| <b>Total</b>                                   | <b>57,845</b> | <b>10,660</b> | <b>(7,674)</b>         | <b>93</b>  | <b>-</b>                | <b>(925)</b>  | <b>-</b>   | <b>1</b>             | <b>60,000</b> |

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Korean won)

|  | 2023          |               |                        |  |                         |  |                |                      |               |
|--|---------------|---------------|------------------------|--|-------------------------|--|----------------|----------------------|---------------|
|  | January 1     | Acquisition   | Share of profit (loss) | Other comprehensive income (excluding remeasurement) | Remeasurement component | Withdrawal of investments by dividend /capital reduction /liquidation and others | Impairment     | Exchange differences | December 31   |
| Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT) | 18,104        | -             | (736)                  | 9,459  | -                       | -  | -              | -                    | 26,827        |
| EIC PROPERTIES PTE LTD.                        | 18,518        | -             | 132                    | 663  | -                       | -  | -              | -                    | 19,313        |
| LG-MRI LLC                                     | 1,289         | -             | 237                    | -  | -                       | (317)  | -              | 13                   | 1,222         |
| Neolite ZKW Lightings PVT Ltd.                 | -             | -             | -                      | -  | -                       | -  | -              | -                    | -             |
| LG-LHT Aircraft Solutions GmbH                 | 7,117         | 12,448        | (14,805)               | 320  | -                       | -  | -              | -                    | 5,080         |
| LG-LHT Passenger Solutions GmbH                | 4,468         | 13,839        | (15,575)               | 163  | -                       | -  | -              | -                    | 2,895         |
| GUANGDONG SMART LIFE                           | 1,797         | 321           | 105                    | (16)   | -                       | -  | -              | -                    | 2,207         |
| Alluto LLC                                     | 401           | -             | (108)                  | -  | -                       | -  | -              | 8                    | 301           |
| FITNESSCANDY Co., Ltd.                         | 2,656         | 1,377         | (2,860)                | 7  | -                       | -  | (1,180)        | -                    | -             |
| <b>Total</b>                                   | <b>54,350</b> | <b>27,985</b> | <b>(33,610)</b>        | <b>10,596</b>  | <b>-</b>                | <b>(317)</b>   | <b>(1,180)</b> | <b>21</b>            | <b>57,845</b> |

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(d) Summarized financial information of the associates that is material to the reporting entity as of December 31, 2024 and 2023 and for each of the two years in the period ended December 31, 2024 is as follows:

- LG Display Co., Ltd. and its subsidiaries

| <i>(in millions of Korean won)</i>                    | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---|--------------------------|--------------------------|
| Current assets  | 10,123,037               | 9,503,186                |
| Non-current assets                                    | 22,736,529               | 26,256,112               |
| <b>Total assets</b>                                   | <b>32,859,566</b>        | <b>35,759,298</b>        |
| Current liabilities                                   | 15,859,084               | 13,885,028               |
| Non-current liabilities                               | 8,927,675                | 13,103,726               |
| <b>Total liabilities</b>                              | <b>24,786,759</b>        | <b>26,988,754</b>        |
| Equity attributable to owners of LG Display Co., Ltd. | 6,542,261                | 7,232,182                |
| Non-controlling interests                             | 1,530,546                | 1,538,362                |
| <b>Total equity</b>                                   | <b>8,072,807</b>         | <b>8,770,544</b>         |

| <i>(in millions of Korean won)</i>                    | <b>2024</b> | <b>2023</b> |
|---|-------------|-------------|
| Net sales   | 26,615,347  | 21,330,819  |
| Profit (Loss) for the year                            | (2,409,300) | (2,576,729) |
| Equity attributable to owners of LG Display Co., Ltd. |             |             |
| Profit (Loss) for the year                            | (2,562,606) | (2,733,742) |
| Other comprehensive income (loss), net of tax         | 639,290     | 86,335      |
| Total comprehensive income (loss), net of tax         | (1,923,316) | (2,647,407) |

Dividends received from LG Display Co., Ltd. for the year ended December 31, 2024 are nil (2023: nil).

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(e) Reconciliations of the summarized financial information of associates that are material to the Group to the carrying amount of the Group's interest for each of the two years in the period ended December 31, 2024 are as follows:

- LG Display Co., Ltd. and its subsidiaries

| <i>(in millions of Korean won)</i>                            | <b>2024</b>      | <b>2023</b>      |
|---|------------------|------------------|
| Opening equity attributable to owners of LG Display Co., Ltd. | 7,232,182        | 9,879,589        |
| Paid-in capital increase                                      | 1,280,814        | -                |
| Profit (Loss) for the year                                    | (2,562,606)      | (2,733,742)      |
| Other comprehensive income, net of tax                        | 639,290          | 86,335           |
| Other capital changes   | (47,419)         | -                |
| Closing equity attributable to owners of LG Display Co., Ltd. | 6,542,261        | 7,232,182        |
| Group ownership (%) <sup>1</sup>                              | 36.7%            | 37.9%            |
| The Group's share as of December 31, 2024                     | 2,402,229        | 2,741,257        |
| Unrealized gain   | (82,696)         | (91,846)         |
| <b>Carrying amount as of December 31, 2024</b>                | <b>2,319,533</b> | <b>2,649,411</b> |

<sup>1</sup> The share ratio has changed due to participation in the paid-in capital increase for the year ended December 31, 2024.

(f) The Group's share in the operating results of the individually insignificant associates and joint ventures for each of the two years in the period ended December 31, 2024 is as follows:

| <i>(in millions of Korean won)</i>                   | <b>2024</b>       |                       | <b>2023</b>       |                       |
|--|-------------------|-----------------------|-------------------|-----------------------|
|  | <b>Associates</b> | <b>Joint ventures</b> | <b>Associates</b> | <b>Joint ventures</b> |
| Profit (loss) for the period                         | (10,687)          | (6,790)               | 17,752            | (33,716)              |
| Other comprehensive income (loss), net of tax        | 8,465             | 1,586                 | (87)              | 10,600                |
| <b>Total comprehensive income (loss), net of tax</b> | <b>(2,222)</b>    | <b>(5,204)</b>        | <b>17,665</b>     | <b>(23,116)</b>       |

(g) There is no accumulated unrecognized change in equity due to discontinued use of the equity method for each of the two years in the period ended December 31, 2024.

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(h) Details of marketable investments in associates as of December 31, 2024 and 2023 are as follows:

| <b>December 31, 2024</b> |             |                                       |   |   |                            |
|--------------------------|-------------|---------------------------------------|---|---|----------------------------|
|                          | <b>Type</b> | <b>Shares held<br/>(Unit: shares)</b> | <b>Price per share<br/>(Unit: Korean won)</b> | <b>Fair value<br/>(in millions of Korean won)</b> | <b>Carrying<br/>amount</b> |
| LG Display Co., Ltd.     | Associate   | 183,593,206                           | 9,130   | 1,676,206   | 2,319,533                  |
| Robostar Co.,Ltd.        | Associate   | 3,256,500                             | 21,900  | 71,317  | 78,407                     |
| ROBOTIS Co.,Ltd.         | Associate   | 961,550                               | 23,250  | 22,356  | 7,862                      |
| <b>December 31, 2023</b> |             |                                       |   |   |                            |
|                          | <b>Type</b> | <b>Shares held<br/>(Unit: shares)</b> | <b>Price per share<br/>(Unit: Korean won)</b> | <b>Fair value<br/>(in millions of Korean won)</b> | <b>Carrying<br/>amount</b> |
| LG Display Co., Ltd.     | Associate   | 135,625,000                           | 12,740  | 1,727,863   | 2,649,411                  |
| Robostar Co.,Ltd.        | Associate   | 3,256,500                             | 29,800  | 97,044  | 76,988                     |
| ROBOTIS Co.,Ltd.         | Associate   | 961,550                               | 30,600  | 29,423  | 8,604                      |

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**15. Investment properties**

(a) Details of investment properties as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> |                  |               |
|------------------------------------|--------------------------|------------------|---------------|
|                                    | <b>Land</b>              | <b>Buildings</b> | <b>Total</b>  |
| <b>December 31, 2024</b>           |                          |                  |               |
| Acquisition cost                   | 4,169                    | 160,273          | 164,442       |
| Accumulated depreciation           | (303)                    | (15,949)         | (16,252)      |
| Accumulated impairment losses      | -                        | (55,563)         | (55,563)      |
| <b>Net carrying amount</b>         | <b>3,866</b>             | <b>88,761</b>    | <b>92,627</b> |
|                                    |                          |                  |               |
| <i>(in millions of Korean won)</i> | <b>December 31, 2023</b> |                  |               |
|                                    | <b>Land</b>              | <b>Buildings</b> | <b>Total</b>  |
| <b>December 31, 2023</b>           |                          |                  |               |
| Acquisition cost                   | 1,959                    | 158,249          | 160,208       |
| Accumulated depreciation           | (219)                    | (9,965)          | (10,184)      |
| Accumulated impairment losses      | -                        | (55,563)         | (55,563)      |
| <b>Net carrying amount</b>         | <b>1,740</b>             | <b>92,721</b>    | <b>94,461</b> |

(b) Changes in investment properties for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b>  |                  |               |
|------------------------------------|--------------|------------------|---------------|
|                                    | <b>Land</b>  | <b>Buildings</b> | <b>Total</b>  |
| <b>January 1</b>                   | 1,740        | 92,721           | 94,461        |
| Transfer                           | 2,210        | 1,096            | 3,306         |
| Depreciation                       | (84)         | (5,056)          | (5,140)       |
| <b>December 31</b>                 | <b>3,866</b> | <b>88,761</b>    | <b>92,627</b> |
|                                    |              |                  |               |
| <i>(in millions of Korean won)</i> | <b>2023</b>  |                  |               |
|                                    | <b>Land</b>  | <b>Buildings</b> | <b>Total</b>  |
| <b>January 1</b>                   | 4,121        | 97,756           | 101,877       |
| Disposal and Others                | (2,248)      | -                | (2,248)       |
| Depreciation                       | (133)        | (5,035)          | (5,168)       |
| <b>December 31</b>                 | <b>1,740</b> | <b>92,721</b>    | <b>94,461</b> |

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(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 of December 31, 2024 is ₩107,693 million (2023: ₩101,858 million).

(d) Rental income amounting to ₩6,425 million (2023: ₩6,312 million) and rental expenses amounting to ₩5,230 million (2023: ₩5,500 million) are recognized in the consolidated statements of profit or loss relating to the investment properties for the year ended December 31, 2024.

(e) There are no gains on disposal recognized relating to investment properties for the year ended December 31, 2024 (2023: nil).

**16. Borrowings**

(a) Carrying amounts of borrowings as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>      | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---|--------------------------|--------------------------|
| <b>Current</b>                          |                          |                          |
| Short-term borrowings                   | 564,410                  | 707,605                  |
| Current portion of long-term borrowings | 1,834,943                | 1,247,341                |
| Current portion of debentures           | 489,907                  | 646,690                  |
| <b>Subtotal</b>                         | <b>2,889,260</b>         | <b>2,601,636</b>         |
| <b>Non-current</b>                      |                          |                          |
| Long-term borrowings                    | 4,713,325                | 5,536,626                |
| Debentures                              | 6,379,957                | 5,182,549                |
| <b>Subtotal</b>                         | <b>11,093,282</b>        | <b>10,719,175</b>        |
| <b>Total</b>                            | <b>13,982,542</b>        | <b>13,320,811</b>        |

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(b) Details of borrowings as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>               | <b>Latest maturity date</b> | <b>Annual interest rate at December 31, 2024 (%)</b> | <b>Carrying amount</b>   |                          |
|--|-----------------------------|--|--------------------------|--------------------------|
|  |                             |  | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
| <b>Short-term borrowings in local currency</b>   |                             |  |                          |                          |
| Korea Development Bank and others <sup>1</sup>   | -                           | 3.98 ~ 5.84  | 66,970                   | 118,168                  |
| <b>Short-term borrowings in foreign currency</b> |                             |  |                          |                          |
| Citibank and others <sup>1</sup>                 | -                           | 2.70 ~ 10.58   | 497,440                  | 589,437                  |
| <b>Long-term borrowings in local currency</b>    |                             |  |                          |                          |
| The Export-Import Bank of Korea and others       | 2035.01.09                  | 2.21 ~ 5.13  | 3,721,536                | 4,014,970                |
| <b>Long-term borrowings in foreign currency</b>  |                             |  |                          |                          |
| The Export-Import Bank of Korea and others       | 2034.05.30                  | 0.67 ~ 7.18  | 2,826,732                | 2,768,997                |
| <b>Local currency debentures</b>                 |                             |  |                          |                          |
| Public, non-guaranteed bonds                     | 2036.05.04                  | 1.59 ~ 4.84  | 3,750,000                | 3,960,000                |
| Private, non-guaranteed bonds                    | 2041.02.09                  | 1.99 ~ 5.15  | 1,130,000                | 1,130,000                |
| <b>Foreign currency debentures</b>               |                             |  |                          |                          |
| Public, non-guaranteed bonds                     | 2029.04.24                  | 5.63   | 1,176,000                | -                        |
| Private, non-guaranteed bonds                    | 2031.01.08                  | 1.12 ~ 6.56  | 764,512                  | 688,442                  |
| Private, guaranteed bonds                        | 2026.10.26                  | 6.58   | 73,500                   | 64,470                   |
| Less: discount on debentures                     |                             |  | (24,148)                 | (13,673)                 |
| <b>Total</b>                                     |                             |  | <b>13,982,542</b>        | <b>13,320,811</b>        |

<sup>1</sup> The above short-term borrowings in foreign currency include the short-term borrowings collateralized by trade receivables amounting to ₩43,462 million (2023: ₩60,269 million) as of December 31, 2024.

The Group entered into currency forward, cross-currency swap and interest rate swap contracts to hedge cash flow risk related to floating interest rates and foreign exchange rates of certain portion of borrowings (See Note 37).

The principal and interests of certain private guaranteed bonds are guaranteed by Shinhan Bank (See Note 35).

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**17. Lease liabilities**

(a) Details of lease liabilities as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| <b>Lease liabilities</b>           |                          |                          |
| Current                            | 385,675                  | 336,772                  |
| Non-current                        | 874,185                  | 856,251                  |
| <b>Total</b>                       | <b>1,259,860</b>         | <b>1,193,023</b>         |

(b) The amounts, relating to leases, recognized in the consolidated statements of profit or loss for years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>   | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|--|--------------------------|--------------------------|
| <b>Continuing operations</b>   |                          |                          |
| Interest expense relating on lease liabilities   | 53,881                   | 44,564                   |
| Short-term lease payments (included in cost of sales, selling and administrative expenses, and others)   | 61,099                   | 50,577                   |
| Payments for leases of low-value assets that are not short-term leases (included in cost of sales, selling and administrative expenses, and others)            | 31,755                   | 28,090                   |
| Expense relating to variable lease payments not included in the measurement of lease liabilities (included in selling and administrative expenses, and others) | 102,405                  | 101,073                  |
| <b>Subtotal</b>  | <b>249,140</b>           | <b>224,304</b>           |
| <b>Discontinued operations</b>   | <b>2,651</b>             | <b>2,499</b>             |
| <b>Total</b>   | <b>251,791</b>           | <b>226,803</b>           |

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

(c) Total expenses for leases including short-term leases and leases of low-value assets for the year ended December 31, 2024 are ₩627,392 million (2023: ₩583,447 million).

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**18. Other payables**

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

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| <b>Current</b>                     |                          |                          |
| Non-trade payables                 | 4,469,600                | 3,723,808                |
| Accrued expenses                   | 1,250,058                | 894,091                  |
| Dividends payable                  | 107                      | 154                      |
| Leasehold deposits received        | 9,699                    | 5,993                    |
| <b>Subtotal</b>                    | <b>5,729,464</b>         | <b>4,624,046</b>         |
| <b>Non-current</b>                 |                          |                          |
| Non-trade payables                 | 306,017                  | 198,851                  |
| Leasehold deposits received        | 13,932                   | 13,797                   |
| <b>Subtotal</b>                    | <b>319,949</b>           | <b>212,648</b>           |
| <b>Total</b>                       | <b>6,049,413</b>         | <b>4,836,694</b>         |

**19. Current and deferred income tax**

**19.1 Income tax expense**

(a) Details of income tax expense for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>    | <b>2024</b>    | <b>2023</b>    |
|---------------------------------------|----------------|----------------|
| <b>Current income taxes</b>           |                |                |
| Current tax on profits for the year   | 980,077        | 967,488        |
| Adjustments in respect of prior years | 47,544         | 33,335         |
| <b>Deferred income taxes</b>          |                |                |
| Changes in temporary differences      | (254,357)      | (7,327)        |
| Changes in tax credit carry forwards  | (444,939)      | (229,008)      |
| Changes in tax loss carry forwards    | 35,391         | (43,945)       |
| <b>Income tax expense (benefit)</b>   | <b>363,716</b> | <b>720,543</b> |
| Continuing operations                 | 462,520        | 756,971        |
| Discontinued operations               | (98,804)       | (36,428)       |

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(b) The reconciliation between profit(loss) before income tax and income tax expense for each of the two years in the period ended December 31, 2024 is as follows:

| <i>(in millions of Korean won)</i>                    | <b>2024</b>    | <b>2023</b>      |
|---|----------------|------------------|
| Continuing operations                                 | 1,335,795      | 2,014,897        |
| Discontinued operations                               | (380,714)      | (143,743)        |
| <b>Profit (Loss) before income tax</b>                | <b>955,081</b> | <b>1,871,154</b> |
| Tax expense based on applicable tax rate <sup>1</sup> | 617,900        | 906,739          |
| Income not subject to tax                             | (38,994)       | (76,037)         |
| Expenses not deductible for tax purposes              | 172,982        | 22,437           |
| Tax credits/exemptions                                | (442,008)      | (204,769)        |
| Adjustments in respect of prior years                 | 47,544         | 33,335           |
| Others  | 6,292          | 38,838           |
| <b>Income tax expense (benefit)<sup>2</sup></b>       | <b>363,716</b> | <b>720,543</b>   |
| Continuing operations                                 | 462,520        | 756,971          |
| Discontinued operations                               | (98,804)       | (36,428)         |
| <b>Effective tax rate</b>                             | <b>38.10%</b>  | <b>38.50%</b>    |

<sup>1</sup> The applicable tax rate, calculated using the weighted average statutory tax rates applicable to each entity within the Group to the profit before tax of the Group is 64.7% (2023: 48.5%) for the year ended December 31, 2024. The applicable tax rate has increased compared to the previous year due to changes in the proportions of each entity's profit (loss) before income tax.

<sup>2</sup> The income tax expense recognized in the statement of profit or loss for the year ended December 31, 2024 includes ₩49,823 million of Pillar Two income taxes.

**19.2 Deferred income tax**

(a) Deferred tax assets and deferred tax liabilities after offsetting as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                             | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|--|--------------------------|--------------------------|
| Deferred tax assets  |                          |                          |
| Deferred tax asset to be recovered within 12 months            | 1,202,390                | 1,081,795                |
| Deferred tax asset to be recovered after more than 12 months   | 4,141,615                | 3,476,752                |
| <b>Deferred tax assets before offsetting</b>                   | <b>5,344,005</b>         | <b>4,558,547</b>         |
| Deferred tax liabilities                                       |                          |                          |
| Deferred tax liability to be settled within 12 months          | 118,346                  | 179,965                  |
| Deferred tax liability to be settled after more than 12 months | 1,751,180                | 1,592,050                |
| <b>Deferred tax liabilities before offsetting</b>              | <b>1,869,526</b>         | <b>1,772,015</b>         |
| <b>Deferred tax assets after offsetting</b>                    | <b>3,509,556</b>         | <b>2,821,557</b>         |
| <b>Deferred tax liabilities after offsetting</b>               | <b>35,077</b>            | <b>35,025</b>            |

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(b) Changes in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>                         | <b>2024</b>      |                             |   |   |                             |                    |
|--|------------------|-----------------------------|---|---|-----------------------------|--------------------|
|  | <b>January 1</b> | <b>Business combination</b> | <b>Charged (credited) to the statements of profit or loss</b> | <b>Charged (credited) to other comprehensive income</b> | <b>Exchange differences</b> | <b>December 31</b> |
| Changes in temporary differences                           |                  |                             |   |   |                             |                    |
| Investments in subsidiaries, associates and joint ventures | (133,321)        | -                           | (3,403)   | (7,697)   | (12,338)                    | (156,759)          |
| Property, plant and equipment                              | 191,574          | (2,667)                     | 65,644  | -   | 6,374                       | 260,925            |
| Accrued expenses   | 612,025          | -                           | 16,883  | -   | (1,393)                     | 627,515            |
| Provisions   | 239,195          | -                           | 150,585   | -   | (75)                        | 389,705            |
| Others   | 437,646          | -                           | 24,648  | (17,468)  | 59,150                      | 503,976            |
| <b>Subtotal</b>  | <b>1,347,119</b> | <b>(2,667)</b>              | <b>254,357</b>  | <b>(25,165)</b>   | <b>51,718</b>               | <b>1,625,362</b>   |
| Tax credit carry forwards                                  | 1,247,504        | -                           | 444,939   | -   | (252)                       | 1,692,191          |
| Tax loss carry forwards                                    | 191,909          | -                           | (35,391)  | -   | 408                         | 156,926            |
| <b>Deferred tax assets (liabilities)</b>                   | <b>2,786,532</b> | <b>(2,667)</b>              | <b>663,905</b>  | <b>(25,165)</b>   | <b>51,874</b>               | <b>3,474,479</b>   |

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

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(c) Tax effects recognized in other comprehensive income directly for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>                                | 2024             |                 |                  | 2023            |               |               |
|---|------------------|-----------------|------------------|-----------------|---------------|---------------|
|   | Before tax       | Tax effects     | After tax        | Before tax      | Tax effects   | After tax     |
| Remeasurements of the net defined benefit liability               | 137,262          | (22,971)        | 114,291          | (328,469)       | 71,518        | (256,951)     |
| Cash flow hedges  | (23,063)         | 5,764           | (17,299)         | (77,943)        | 19,833        | (58,110)      |
| Financial assets at fair value through other comprehensive income | 1,426            | (261)           | 1,165            | (1,063)         | (1,204)       | (2,267)       |
| Exchange differences on translation of foreign operations         | 1,166,892        | (7,697)         | 1,159,195        | 387,665         | (19,067)      | 368,598       |
| <b>Total</b>  | <b>1,282,517</b> | <b>(25,165)</b> | <b>1,257,352</b> | <b>(19,810)</b> | <b>71,080</b> | <b>51,270</b> |

(d) Details of deductible (taxable) temporary differences, tax credit carry forwards and loss carry forwards unrecognized as deferred tax assets (liabilities) as of December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>                           | Amount       | Remark  |
|--|--------------|---|
| Taxable temporary difference (investment in subsidiaries)    | (10,838,842) | Planned permanent reinvestment of undistributed profit      |
| Deductible temporary difference (investment in subsidiaries) | 5,447,839    | Unlikely to reverse (disposed of) in the foreseeable future |
| Tax credit carryforwards <sup>1</sup>                        | 209,194      | Uncertainty of future taxable profit                        |
| Loss carryforwards <sup>2</sup>                              | 53,696       | Uncertainty of future taxable profit                        |

<sup>1</sup> Unrecognized tax credit carry forwards as of December 31, 2024 will expire from 2026.

<sup>2</sup> Unrecognized loss carry forwards as of December 31, 2024 will expire from 2025.

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**20. Retirement benefits**

**20.1 Defined benefit plan**

(a) The amounts of net defined benefit liabilities (assets) as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>              | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---|--------------------------|--------------------------|
| Present value of funded obligations             | 4,752,436                | 4,558,536                |
| Present value of unfunded obligations           | 82,327                   | 64,553                   |
| <b>Subtotal</b>                                 | <b>4,834,763</b>         | <b>4,623,089</b>         |
| Fair value of plan assets                       | (5,194,865)              | (5,075,633)              |
| <b>Net defined benefit liabilities (assets)</b> | <b>(360,102)</b>         | <b>(452,544)</b>         |

(b) The amounts recognized in the consolidated statements of profit or loss for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b>    | <b>2023</b>    |
|------------------------------------|----------------|----------------|
| Current service cost               | 457,375        | 411,241        |
| Past service cost                  | 9,760          | (2,053)        |
| Net interest cost                  | (19,855)       | (36,718)       |
| Operating management cost          | 4,087          | 3,486          |
| <b>Total</b>                       | <b>451,367</b> | <b>375,956</b> |

(c) Line items in which expenses are included for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b>    | <b>2023</b>    |
|------------------------------------|----------------|----------------|
| <b>Continuing operations</b>       |                |                |
| Cost of sales                      | 204,445        | 175,895        |
| Selling expenses                   | 79,574         | 65,525         |
| Administrative expenses            | 49,098         | 34,890         |
| Research and development expenses  | 83,012         | 66,686         |
| Service costs                      | 35,037         | 30,293         |
| Other non-operating expenses       | 155            | 2,588          |
| <b>Subtotal</b>                    | <b>451,321</b> | <b>375,877</b> |
| <b>Discontinued operations</b>     | <b>46</b>      | <b>79</b>      |
| <b>Total</b>                       | <b>451,367</b> | <b>375,956</b> |

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(d) Changes in the present value of defined benefit obligations for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>                                      | <b>2024</b>      | <b>2023</b>      |
|---|------------------|------------------|
| <b>January 1</b>  | 4,623,089        | 3,939,596        |
| Current service cost  | 457,375          | 411,241          |
| Past service cost   | 9,760            | (2,053)          |
| Interest cost   | 204,090          | 203,732          |
| Remeasurements for:   |                  |                  |
| - Actuarial loss (gain) arising from changes in demographic assumptions | 2,303            | 356              |
| - Actuarial loss (gain) arising from changes in financial assumptions   | (129,055)        | 304,773          |
| - Actuarial loss (gain) arising from experience adjustments             | (31,806)         | 28,600           |
| Benefits paid   | (308,596)        | (266,860)        |
| Others <sup>1</sup>   | 7,603            | 3,704            |
| <b>December 31</b>  | <b>4,834,763</b> | <b>4,623,089</b> |

<sup>1</sup> Others include effects of exchange rate changes.

(e) Changes in the fair value of plan assets for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b>      | <b>2023</b>      |
|------------------------------------|------------------|------------------|
| <b>January 1</b>                   | 5,075,633        | 4,624,609        |
| Interest income                    | 223,945          | 240,450          |
| Remeasurements of plan assets      | (21,296)         | 5,260            |
| Employer contributions             | 226,207          | 476,545          |
| Benefits paid                      | (307,320)        | (267,813)        |
| Operating management cost          | (4,087)          | (3,486)          |
| Others <sup>1</sup>                | 1,783            | 68               |
| <b>December 31</b>                 | <b>5,194,865</b> | <b>5,075,633</b> |

<sup>1</sup> Others include effects of exchange rate changes.

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(f) The key actuarial assumptions used as of December 31, 2024 and 2023 are as follows:

|  | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| Weighted average of discount rate of the Group               | 3.90%                    | 4.50%                    |
| Weighted average of expected salary growth rate of the Group | 4.90%                    | 5.90%                    |

As of December 31, 2024, the discount rates applied to the Parent Company and subsidiaries are within the range of 1.2% and 11.7% (December 31, 2023: 0.9% and 10.3%), and the expected salary growth rates are within the range of 0.0% and 10.0% (December 31, 2023: 1.0% and 10.0%).

(g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as of December 31, 2024 is as follows:

| <i>(in millions of Korean won)</i> | <u>1%p increase</u> | <u>1%p decrease</u> |
|------------------------------------|---------------------|---------------------|
| Discount rate                      | (402,797)           | 464,603             |
| Expected salary growth rate        | 472,531             | (415,415)           |

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

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(h) The composition of plan assets as of December 31, 2024 and 2023 is as follows:

| <i>(in millions of Korean won)</i>  | <b>December 31, 2024</b> |                             | <b>December 31, 2023</b> |                             |
|---|--------------------------|-----------------------------|--------------------------|-----------------------------|
|   | <b>Amount</b>            | <b>Composition ratio(%)</b> | <b>Amount</b>            | <b>Composition ratio(%)</b> |
| Securities combined with derivatives<br>(principal and interest guaranteed) | 2,059,783                | 39.70                       | 1,990,492                | 39.20                       |
| Time deposits and others  | 3,135,082                | 60.30                       | 3,085,141                | 60.80                       |
| <b>Total</b>  | <b>5,194,865</b>         | <b>100.00</b>               | <b>5,075,633</b>         | <b>100.00</b>               |

The Group's plan assets mainly consist of the assets with the quoted prices in an active market.

(i) The weighted average duration of the defined benefit obligations is 9.53 years.

(j) The Group evaluates the level of fund contribution annually, and if there is a shortfall in the funds, the Group shall finance the funds in accordance with the related policies. Expected contributions to retirement benefit plans for the year ended December 31, 2025 are ₩530,043 million.

**20.2 Defined contribution plan**

The expense recognized in relation to defined contribution plan for the year ended December 31, 2024 is ₩38,068 million (2023: ₩29,269 million).

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**21. Provisions**

(a) Changes in provisions for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>      | <b>2024</b>      |                    |                              |                  |
|---|------------------|--------------------|------------------------------|------------------|
|   | <b>Warranty</b>  | <b>Restoration</b> | <b>Litigation and others</b> | <b>Total</b>     |
| <b>January 1</b>                        | 1,001,682        | 52,511             | 322,927                      | 1,377,120        |
| Additions <sup>1</sup>                  | 1,482,851        | 10,016             | (41,522)                     | 1,451,345        |
| Transfer-in due to business combination | 446              | -                  | -                            | 446              |
| Utilization                             | (1,025,369)      | (3,472)            | (81,735)                     | (1,110,576)      |
| Exchange differences                    | 31,940           | 1,547              | 7,892                        | 41,379           |
| <b>December 31</b>                      | <b>1,491,550</b> | <b>60,602</b>      | <b>207,562</b>               | <b>1,759,714</b> |
| Current                                 | 1,391,670        | 12,118             | 111,579                      | 1,515,367        |
| Non-current                             | 99,880           | 48,484             | 95,983                       | 244,347          |

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

<sup>1</sup> Net amount of additional provisions equals to additional provisions less reversed amounts.

(b) Greenhouse gas emission liabilities

Details of emission rights received free of charge and estimated greenhouse gas emission by each compliance year as of December 31, 2024 are as follows:

| <i>(in tons)</i>                                     | <b>2024</b> | <b>2025</b> |
|--|-------------|-------------|
| Emission rights received free of charge <sup>1</sup> | 1,310,915   | 1,308,721   |

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

In relation to greenhouse gas emissions, the Group estimates the expected future expenses to be borne by the Group for emissions exceeding the emission allowances for the corresponding compliance year, and accounts for ₩323 million (2023: nil) as other liabilities. The estimated greenhouse gas emissions for compliance year 2024 is 704,864 tons as of December 31, 2024.

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**22. Other liabilities**

Other liabilities as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| <b>Current</b>                     |                          |                          |
| Advances from customers            | 596,718                  | 444,027                  |
| Withholding                        | 643,884                  | 522,376                  |
| Accrued expenses and others        | 3,142,451                | 3,020,970                |
| <b>Subtotal</b>                    | <b>4,383,053</b>         | <b>3,987,373</b>         |
| <b>Non-current</b>                 |                          |                          |
| Accrued expenses and others        | 239,445                  | 209,754                  |
| <b>Total</b>                       | <b>4,622,498</b>         | <b>4,197,127</b>         |

**23. Paid-in capital**

(a) As of December 31, 2024 and 2023 the number of authorized ordinary and preferred shares is 600 million.

|                  | <b>December 31, 2024</b>   |                                |   | <b>December 31, 2023</b>       |   |  |
|------------------|----------------------------|--------------------------------|---|--------------------------------|---|--|
|                  | <b>Par value per share</b> | <b>Number of shares issued</b> | <b>Amount (in millions of Korean won)</b> | <b>Number of shares issued</b> | <b>Amount (in millions of Korean won)</b> |  |
| 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                                    |  |
| <b>Total</b>     |                            | <b>180,833,806</b>             | <b>904,169</b>                            | <b>180,833,806</b>             | <b>904,169</b>                            |  |

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 of December 31, 2024 is ₩3,088,179 million. The share premium of ₩1,876,153 million was recognized, which is ₩2,815,707 million of the carrying amount of net assets acquired from the entity split-off back on April 1, 2002, less the Parent Company's capital of ₩783,961 million and less the Parent Company's capital adjustment of ₩155,593 million. In addition, the amount of ₩331,766 million paid in excess of par value due to issuance of ordinary shares (merger with LG IBMPC Co., Ltd.) and the exercise of conversion right and warrants in 2005 and 2006 are included. The excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as the share premium due to the issuance of ordinary shares in 2011.

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**24. Retained earnings and dividends**

(a) Retained earnings as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>            | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---|--------------------------|--------------------------|
| Legal reserves <sup>1</sup>                   | 273,791                  | 259,300                  |
| Discretionary reserves                        | 6,147,421                | 5,504,433                |
| Unappropriated retained earnings <sup>2</sup> | 9,931,561                | 10,437,706               |
| <b>Total</b>                                  | <b>16,352,773</b>        | <b>16,201,439</b>        |

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

<sup>2</sup> A dividend of ₩144,912 million for the year ended December 31, 2023 was approved as originally proposed at the Annual General Meeting held on March 26, 2024 and was paid in April 2024 (dividend paid in 2023: ₩126,905 million). The interim dividend of ₩90,033 million with a record date of June 30, 2024 was resolved by the Board of Directors on July 24, 2024 and was paid in August 2024.

(b) Dividends of the parent company

Details of dividends per share and a total dividend in respect of the year ended December 31, 2024 which is to be proposed at the annual general meeting on March 25, 2025 are as follows. These consolidated financial statements do not reflect this dividend payable.

i) Interim dividend

|  | <b>2024</b>            |                         | <b>2023</b>            |                         |
|--|------------------------|-------------------------|------------------------|-------------------------|
|  | <b>Ordinary shares</b> | <b>Preferred shares</b> | <b>Ordinary shares</b> | <b>Preferred shares</b> |
| Dividend record date                                     | 2024.06.30             | 2024.06.30              | -                      | -                       |
| 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  | 10.00%                 | 10.00%                  | -                      | -                       |
| Dividends per share <i>(in Korean won)</i>               | 500                    | 500                     | -                      | -                       |
| Total dividend amount <i>(in millions of Korean won)</i> | 81,442                 | 8,591                   | -                      | -                       |

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ii) Annual dividend

|   | 2024            |                  | 2023            |                  |
|---|-----------------|------------------|-----------------|------------------|
|   | Ordinary shares | Preferred shares | Ordinary shares | Preferred shares |
| Dividend record date                              | 2025.03.31      | 2025.03.31       | 2023.12.31      | 2023.12.31       |
| Outstanding shares                                | 163,647,814     | 17,185,992       | 163,647,814     | 17,185,992       |
| Treasury shares                                   | (763,176)       | (4,693)          | (763,176)       | (4,693)          |
| Numbers of shares for dividend                    | 162,884,638     | 17,181,299       | 162,884,638     | 17,181,299       |
| Par value (in Korean won)                         | 5,000           | 5,000            | 5,000           | 5,000            |
| Dividend rate                                     | 10.00%          | 11.00%           | 16.00%          | 17.00%           |
| Dividends per share (in Korean won)               | 500             | 550              | 800             | 850              |
| Total dividend amount (in millions of Korean won) | 81,442          | 9,450            | 130,308         | 14,604           |

**25. Accumulated other comprehensive income (loss)**

Accumulated other comprehensive income (loss) as of December 31, 2024 and 2023 is as follows:

| <i>(in millions of Korean won)</i>  | December 31, 2024 | December 31, 2023 |
|---|-------------------|-------------------|
| Accumulated share of other comprehensive income (loss) of associates and joint ventures | 356,353           | 88,029            |
| Cash flow hedge   | (7,761)           | 6,880             |
| Financial assets at fair value through other comprehensive income                       | (12,232)          | (19,702)          |
| Exchange differences on translation of foreign operations                               | 476,553           | (496,025)         |
| <b>Subtotal</b>   | <b>812,913</b>    | <b>(420,818)</b>  |
| Accumulated other comprehensive income (loss) held for sale                             | (457)             | (136)             |
| <b>Subtotal</b>   | <b>(457)</b>      | <b>(136)</b>      |
| <b>Total</b>  | <b>812,456</b>    | <b>(420,954)</b>  |

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**26. Other components of equity**

Other components of equity as of December 31, 2024 and 2023 consist of:

| <i>(in millions of Korean won)</i>                            | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---|--------------------------|--------------------------|
| Treasury shares <sup>1</sup>                                  | (44,893)                 | (44,893)                 |
| Consideration for conversion rights                           | 9,891                    | 9,891                    |
| Gain on disposal of treasury shares                           | 2,183                    | 2,183                    |
| Capital transactions within the Group and others <sup>2</sup> | (129,989)                | (75,260)                 |
| <b>Total</b>  | <b>(162,808)</b>         | <b>(108,079)</b>         |

<sup>1</sup> The Parent Company has treasury shares consisting of 763,176 ordinary shares (December 31, 2023: 763,176 shares) and 4,693 preferred shares (December 31, 2023: 4,693 shares) as of December 31, 2024. The Parent Company intends to either grant these treasury shares to employees and directors as compensation or to sell them in the future. 761,427 ordinary shares acquired not exceeding the extent of distributable profits are planned to be retired within 2025.

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

**27. Share-based payments**

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

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

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

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

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(b) The number of share options granted to employees by Alphonso Inc. as of December 31, 2024 is as follows:

| <b>Expected expiry date</b> | <b>Number of granted shares<br/>(Unit: shares)<sup>1</sup></b> | <b>Number of vested shares<br/>(Unit: shares)</b> | <b>Exercise price per share<br/>(in USD)</b> |
|-----------------------------|--|---|--|
| 2027                        | 11,171   | 11,171  | 0.40   |
| 2028                        | 6,097  | 6,097   | 0.67   |
| 2029                        | 42,875   | 42,875  | 0.51   |
| 2030                        | 9,487  | 7,393   | 0.50   |
| 2031                        | 339,920  | 212,673   | 1.82   |
| 2032                        | 223,273  | 80,813  | 5.48   |
| 2033                        | 48,200   | 18,914  | 21.40  |
| 2034                        | 215,000  | 47,831  | 77.37  |
| <b>Total</b>                | <b>896,023</b>   | <b>427,767</b>                                    |  |

<sup>1</sup> For the year ended December 31, 2024, share options of 215,000 shares were newly granted, and the type of shares to be issued, grant method and vesting condition and exercisable period are the same as the previously granted share options. The Group measured the cost of the share options using the Black-Scholes model.

For the year ended December 31, 2024, the Group recognized share-based payments of ₩4,411 million (2023: ₩1,324 million).

The number of share options granted to employees by Cybellum Technologies Ltd. as of December 31, 2024 is as follows:

| <b>Expected expiry date</b> | <b>Number of granted shares<br/>(Unit: shares)<sup>2</sup></b> | <b>Number of vested shares<br/>(Unit: shares)</b> | <b>Exercise price per share<br/>(in USD)</b> |
|-----------------------------|--|---|--|
| 2026                        | 1,101  | 1,101   | 30.75  |
| 2027                        | 484  | 484   | 30.75  |
| 2028                        | 357  | 357   | 30.75  |
| 2029                        | 175  | 175   | 30.75  |
| 2030                        | 3,857  | 3,857   | 16.85  |
| 2031                        | 871  | 816   | 11.51  |
| 2032                        | 10,642   | 7,713   | 117.89                                       |
| 2033                        | 2,991  | 1,747   | 576.09                                       |
| 2034                        | 1,923  | 236   | 658.16                                       |
| <b>Total</b>                | <b>22,401</b>  | <b>16,486</b>                                     |  |

<sup>2</sup> For the year ended December 31, 2024, share options of 2,660 shares were newly granted, and the type of shares to be issued, grant method and vesting condition and exercisable period are the same as the previously granted share options. The Group measured the cost of the share options using the Black-Scholes model.

For the year ended December 31, 2024, the Group recognized the share-based payments of ₩1,843 million (2023: ₩5,461 million).

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(c) Changes in unexercised share options

Changes in the number of Alphonso Inc.'s unexercised share options outstanding and their related weighted average exercise prices for each of the two years in the period ended December 31, 2024 are as follows:

|                               | 2024                               |                            | 2023                               |                            |
|-------------------------------|------------------------------------|----------------------------|------------------------------------|----------------------------|
|                               | Number of shares<br>(Unit: shares) | Exercise price<br>(in USD) | Number of shares<br>(Unit: shares) | Exercise price<br>(in USD) |
| Beginning unexercised balance | 1,072,204                          | 3.46                       | 1,144,869                          | 1.81                       |
| Expired                       | (96,940)                           | 2.01                       | (206,560)                          | 1.91                       |
| Exercised                     | (294,241)                          | 2.07                       | (144,805)                          | 1.93                       |
| Increase (newly granted)      | 215,000                            | 77.37                      | 278,700                            | 8.29                       |
| Ending unexercised balance    | 896,023                            | 21.81                      | 1,072,204                          | 3.46                       |
| Exercisable as of December 31 | 427,767                            | 11.61                      | 512,637                            | 2.21                       |

The weighted average remaining contractual maturity of share options outstanding is 7.5 years and 7.7 years as of December 31, 2024 and 2023 respectively.

Changes in the number of Cybellum Technologies Ltd.'s unexercised share options outstanding and their related weighted average exercise prices for the year ended December 31, 2024 are as follows:

|                               | 2024                               |                            | 2023                               |                            |
|-------------------------------|------------------------------------|----------------------------|------------------------------------|----------------------------|
|                               | Number of shares<br>(Unit: shares) | Exercise price<br>(in USD) | Number of shares<br>(Unit: shares) | Exercise price<br>(in USD) |
| Beginning unexercised balance | 30,291                             | 161.16                     | 25,465                             | 70.24                      |
| Expired                       | (5,002)                            | 407.73                     | (1,199)                            | 396.44                     |
| Exercised                     | (5,548)                            | 13.14                      | (192)                              | 67.62                      |
| Increase (newly granted)      | 2,660                              | 606.74                     | 6,217                              | 576.09                     |
| Ending unexercised balance    | 22,401                             | 195.68                     | 30,291                             | 161.16                     |
| Exercisable as of December 31 | 16,486                             | 134.53                     | 19,014                             | 100.65                     |

The weighted average remaining contractual maturity of share options outstanding is 6.7 years and 7.7 years as of December 31, 2024 and 2023 respectively.

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**28. Net sales**

(a) Details of net sales for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>     | <b>2024</b>       | <b>2023</b>       |
|--|-------------------|-------------------|
| <b>Continuing operations</b>           |                   |                   |
| Revenue from contracts with customers: |                   |                   |
| Sales of goods                         | 83,087,712        | 78,906,331        |
| Rendering of services and others       | 2,930,033         | 2,353,773         |
| <b>Subtotal</b>                        | <b>86,017,745</b> | <b>81,260,104</b> |
| Revenue from other sources:            |                   |                   |
| Rental income and others               | 1,710,437         | 1,002,560         |
| <b>Subtotal</b>                        | <b>87,728,182</b> | <b>82,262,664</b> |
| <b>Discontinued operations</b>         | <b>134</b>        | <b>1,965,902</b>  |
| <b>Total</b>                           | <b>87,728,316</b> | <b>84,228,566</b> |

(b) Details of revenue from contracts with customers for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>                          | <b>2024</b>       | <b>2023</b>       |
|---|-------------------|-------------------|
| By type of products:  |                   |                   |
| Refrigerator/washing machine/<br>air conditioner and others | 31,616,239        | 29,190,781        |
| TV/AV and others  | 15,110,663        | 14,181,196        |
| In-vehicle infotainment and others                          | 10,617,424        | 10,145,015        |
| Monitor/PC and others                                       | 5,673,397         | 5,405,212         |
| Camera module and others                                    | 21,195,330        | 20,597,447        |
| Others <sup>1</sup>   | 1,804,692         | 1,740,453         |
| By major geographical market <sup>2</sup> :                 |                   |                   |
| Korea   | 34,074,135        | 33,312,628        |
| America   | 22,885,493        | 21,484,560        |
| Europe  | 13,617,258        | 12,123,832        |
| Asia & Africa, etc.   | 15,440,859        | 14,339,084        |
| Timing of revenue recognition:                              |                   |                   |
| At a point in time  | 81,394,881        | 77,289,522        |
| Over time   | 4,622,864         | 3,970,582         |
| <b>Total</b>  | <b>86,017,745</b> | <b>81,260,104</b> |

<sup>1</sup> Others include equipment production, inter-segment transactions and others.

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

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

Due to the factors causing the changes in the costs of other segments in 2024, the estimated total contract revenue and costs for contracts in progress have changed. Details of changes in estimated total contract revenue and costs, and the impact on profit or loss for the year ended December 31, 2024 and after the reporting period are as follows:

| <i>(in millions of Korean won)</i> | <b>Changes in<br/>estimated total<br/>contract revenue<sup>1</sup></b> | <b>Changes in<br/>estimated total<br/>contract cost</b> | <b>Impact on<br/>profit or loss<br/>for the year<sup>1</sup></b> | <b>Impact on profit or<br/>loss for the<br/>succeeding years<sup>1</sup></b> |
|------------------------------------|--|---|--|--|
|                                    | 215,494  | 77,747  | 124,068  | 13,679   |

<sup>1</sup> The effects of exchange rate fluctuations are included.

**29. Expenses by nature**

Expenses that are recorded by nature for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>            | <b>2024</b>       | <b>2023</b>       |
|---|-------------------|-------------------|
| <b>Continuing operations</b>                  |                   |                   |
| Changes in finished goods and work-in-process | (1,301,792)       | 144,979           |
| Raw materials and merchandise used            | 54,700,305        | 52,181,966        |
| Employee benefit expense                      | 10,589,872        | 10,070,350        |
| Depreciation and amortization                 | 3,535,432         | 3,202,828         |
| Advertising expense                           | 1,589,502         | 1,463,180         |
| Promotion expense                             | 533,629           | 524,442           |
| Freight expense                               | 3,110,986         | 2,664,423         |
| Commission expense                            | 5,710,261         | 5,074,716         |
| Other expenses                                | 5,840,312         | 3,282,486         |
| <b>Subtotal<sup>1</sup></b>                   | <b>84,308,507</b> | <b>78,609,370</b> |
| <b>Discontinued operations</b>                | <b>342,170</b>    | <b>2,068,657</b>  |
| <b>Total<sup>1</sup></b>                      | <b>84,650,677</b> | <b>80,678,027</b> |

<sup>1</sup> Cost of sales, selling and administrative expenses, research and development expenses and service costs are included.

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**30. General operating expenses (selling and administrative expenses, research and development expenses, and service costs)**

Details of general operating expenses for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b>       | <b>2023</b>       |
|------------------------------------|-------------------|-------------------|
| <b>Continuing operations</b>       |                   |                   |
| Salaries                           | 4,268,523         | 4,011,305         |
| Retirement benefits                | 282,297           | 267,114           |
| Employee welfare benefits          | 1,010,008         | 952,337           |
| Freight expense                    | 3,089,325         | 2,642,474         |
| Rental expense                     | 84,093            | 78,296            |
| Commission expense                 | 4,200,241         | 3,648,930         |
| Depreciation                       | 672,636           | 634,204           |
| Amortization                       | 167,934           | 152,655           |
| Advertising expense                | 1,589,502         | 1,463,180         |
| Promotional expense                | 533,629           | 524,442           |
| R&D expense                        | 343,227           | 345,998           |
| Direct service costs               | 718,382           | 557,026           |
| (Reversal of) Bad debts expense    | 44,611            | 14,264            |
| Others                             | 955,151           | 855,740           |
| <b>Subtotal</b>                    | <b>17,959,559</b> | <b>16,147,965</b> |
| <b>Discontinued operations</b>     | <b>341,980</b>    | <b>106,330</b>    |
| <b>Total</b>                       | <b>18,301,539</b> | <b>16,254,295</b> |

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**31. Financial income and financial expenses**

(a) Financial income for each of the two years in the period ended December 31, 2024 is as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b>      | <b>2023</b>      |
|------------------------------------|------------------|------------------|
| <b>Continuing operations</b>       |                  |                  |
| Interest income                    | 500,454          | 438,300          |
| Exchange differences               | 617,942          | 823,102          |
| Gain on derivatives                | 49,325           | 18,124           |
| <b>Subtotal</b>                    | <b>1,167,721</b> | <b>1,279,526</b> |
| <b>Discontinued operations</b>     | <b>3,661</b>     | <b>5,735</b>     |
| <b>Total</b>                       | <b>1,171,382</b> | <b>1,285,261</b> |

(b) Financial expenses for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>    | <b>2024</b>      | <b>2023</b>      |
|---------------------------------------|------------------|------------------|
| <b>Continuing operations</b>          |                  |                  |
| Interest expense                      | 571,340          | 535,254          |
| Exchange differences                  | 467,225          | 757,782          |
| Loss on derivatives                   | 39,973           | 29,410           |
| Loss on disposal of trade receivables | 53,499           | 55,968           |
| Others                                | 559              | 2,883            |
| <b>Subtotal</b>                       | <b>1,132,596</b> | <b>1,381,297</b> |
| <b>Discontinued operations</b>        | <b>48,419</b>    | <b>44,183</b>    |
| <b>Total</b>                          | <b>1,181,015</b> | <b>1,425,480</b> |

**32. Other non-operating income and other non-operating expenses**

(a) Other non-operating income for each of the two years in the period ended December 31, 2024 is as follows:

| <i>(in millions of Korean won)</i>   | <b>2024</b>      | <b>2023</b>      |
|--|------------------|------------------|
| <b>Continuing operations</b>   |                  |                  |
| Dividend income  | 738              | 1,604            |
| Exchange differences   | 2,274,494        | 2,122,969        |
| Gain on derivatives  | 45,226           | 21,716           |
| Gain on disposal of property, plant and equipment                          | 12,271           | 16,492           |
| Gain on disposal of intangible assets                                      | 2,931            | 3,584            |
| Gain on disposal of assets held for sale                                   | 2                | 108              |
| Gain on valuation of financial assets at fair value through profit or loss | 7,112            | 2,905            |
| Gain on transfer of business   | -                | 45               |
| Others   | 63,170           | 123,659          |
| <b>Subtotal</b>  | <b>2,405,944</b> | <b>2,293,082</b> |
| <b>Discontinued operations</b>   | <b>6,548</b>     | <b>2,003</b>     |

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|              |           |           |
|--------------|-----------|-----------|
| <b>Total</b> | 2,412,492 | 2,295,085 |
|--------------|-----------|-----------|

(b) Other non-operating expenses for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>   | <b>2024</b>      | <b>2023</b>      |
|--|------------------|------------------|
| <b>Continuing operations</b>   |                  |                  |
| Exchange differences   | 2,512,680        | 2,159,019        |
| Loss on derivatives  | 45,696           | 42,479           |
| Loss on disposal of property, plant and equipment                          | 29,913           | 21,661           |
| Impairment loss on property, plant and equipment                           | 229,325          | 61,665           |
| Loss on disposal of intangible assets                                      | 31,527           | 53,486           |
| Impairment loss on intangible assets                                       | 143,426          | 49,249           |
| Loss on valuation of financial assets at fair value through profit or loss | 2,523            | 10,465           |
| Loss on remeasurement of financial liabilities                             | 423,382          | 141,655          |
| Others   | 114,090          | 222,151          |
| <b>Subtotal</b>  | <b>3,532,562</b> | <b>2,761,830</b> |
| <b>Discontinued operations</b>   | <b>466</b>       | <b>4,543</b>     |
| <b>Total</b>   | <b>3,533,028</b> | <b>2,766,373</b> |

**33. Earnings (losses) per share**

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

(a) Basic earnings (losses) per ordinary share for each of the two years in the period ended December 31, 2024 are as follows:

|  | <b>2024</b> | <b>2023</b> |
|--|-------------|-------------|
| Profit (loss) attributable to ordinary shares<br><i>(in millions of Korean won)</i> <sup>1</sup> | 331,671     | 644,102     |
| Profit (loss) from continuing operations   | 586,682     | 741,177     |
| Profit (loss) from discontinued operations   | (255,011)   | (97,075)    |
| Weighted average number of ordinary shares outstanding<br><i>(unit: shares)</i> <sup>2</sup>     | 162,884,638 | 162,884,638 |
| Basic earnings (losses) per ordinary share<br><i>(in Korean won)</i>                             | 2,036       | 3,954       |
| Profit (loss) from continuing operations   | 3,602       | 4,550       |
| Profit (loss) from discontinued operations   | (1,566)     | (596)       |

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(b) Basic earnings (losses) per preferred share for each of the two years in the period ended December 31, 2024 are as follows:

|  | <b>2024</b> | <b>2023</b> |
|--|-------------|-------------|
| Profit (loss) attributable to preferred shares<br>(in millions of Korean won) <sup>1</sup> | 35,844      | 68,800      |
| Profit (loss) from continuing operations   | 62,743      | 79,040      |
| Profit (loss) from discontinued operations   | (26,899)    | (10,240)    |
| Weighted average number of preferred shares outstanding<br>(unit: shares) <sup>2</sup>     | 17,181,299  | 17,181,299  |
| Basic earnings (losses) per preferred share<br>(in Korean won)                             | 2,086       | 4,004       |
| Profit (loss) from continuing operations   | 3,652       | 4,600       |
| Profit (loss) from discontinued operations   | (1,566)     | (596)       |

<sup>1</sup> Profit (loss) attributable to ordinary and preferred shares is as follows:

| <i>(in millions of Korean won)</i>  | <b>2024</b> | <b>2023</b> |
|---|-------------|-------------|
| <b>Profit (loss) for the year attributable to owners of the Parent Company (A)</b>      | 367,515     | 712,902     |
| Profit (loss) from continuing operations attributable to owners of the Parent Company   | 649,425     | 820,217     |
| Profit (loss) from discontinued operations attributable to owners of the Parent Company | (281,910)   | (107,315)   |
| Ordinary share dividends (B)  | 162,884     | 130,308     |
| Preferred share dividends (C)   | 18,041      | 14,604      |
| <b>Undistributed profit (loss) (D=A-B-C)</b>  | 186,590     | 567,990     |
| Profit (loss) from continuing operations  | 468,500     | 675,305     |
| Profit (loss) from discontinued operations  | (281,910)   | (107,315)   |
| Undistributed profit available for ordinary shares (E)                                  | 168,787     | 513,794     |
| Undistributed profit available for preferred shares (F)                                 | 17,803      | 54,196      |
| <b>Profit (loss) attributable to ordinary shares (G=B+E)</b>                            | 331,671     | 644,102     |
| <b>Profit (loss) attributable to preferred shares (H=C+F)</b>                           | 35,844      | 68,800      |

<sup>2</sup> Weighted average numbers of shares are calculated as follows:

| <i>(unit: shares)</i>  | <b>2024</b> | <b>2023</b> |
|--|-------------|-------------|
| Ordinary shares issued as of December 31                       | 163,647,814 | 163,647,814 |
| Ordinary treasury shares as of December 31                     | (763,176)   | (763,176)   |
| Ordinary shares outstanding as of December 31                  | 162,884,638 | 162,884,638 |
| <b>Weighted average number of ordinary shares outstanding</b>  | 162,884,638 | 162,884,638 |
| Preferred shares issued as of December 31                      | 17,185,992  | 17,185,992  |
| Preferred treasury shares as of December 31                    | (4,693)     | (4,693)     |
| Preferred shares outstanding as of December 31                 | 17,181,299  | 17,181,299  |
| <b>Weighted average number of preferred shares outstanding</b> | 17,181,299  | 17,181,299  |

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**34. Cash flow information**

Cash flows from operating activities are prepared using the indirect method. Details of cash generated from operations for each of the two years in the period ended December 31, 2024 are as follows:

(a) Cash generated from (used in) operations

| <i>(in millions of Korean won)</i>  | <b>2024</b>        | <b>2023</b>        |
|---|--------------------|--------------------|
| Profit (Loss) for the year  | 591,365            | 1,150,611          |
| Adjustments:  |                    |                    |
| Interest expense, net   | 70,886             | 96,954             |
| Exchange differences, net   | 101,955            | 36,992             |
| Loss (gain) on derivatives, net   | (10,874)           | 32,049             |
| Depreciation  | 2,992,934          | 2,703,747          |
| Amortization  | 540,930            | 513,252            |
| Loss (gain) on disposal of property, plant and equipment and intangible assets, net | 46,238             | 55,071             |
| Provisions for severance benefits   | 451,321            | 405,146            |
| Additional provisions, net  | 947,476            | 818,953            |
| Income tax expense  | 462,520            | 756,971            |
| Loss (gain) from equity method, net   | 992,387            | 1,044,728          |
| Others  | 1,104,851          | 313,044            |
| Discontinued operations   | 440,018            | 342,135            |
|   | <u>8,140,642</u>   | <u>7,119,042</u>   |
| Changes in operating assets and liabilities   |                    |                    |
| Decrease (Increase) in trade receivables  | (870,988)          | (895,648)          |
| Decrease (Increase) in other receivables  | (116,059)          | (436,522)          |
| Decrease (Increase) in inventories  | (1,154,130)        | 307,379            |
| Decrease (Increase) in contract assets  | (110,728)          | (466,786)          |
| Decrease (Increase) in other assets   | (383,775)          | 502,162            |
| Increase (Decrease) in trade payables   | (700,991)          | 1,189,967          |
| Increase (Decrease) in other payables   | 301,737            | (4,565)            |
| Increase (Decrease) in provisions   | (1,087,286)        | (1,578,742)        |
| Increase (Decrease) in contract liabilities   | 183,434            | 445,167            |
| Increase (Decrease) in other liabilities  | 368,849            | 224,263            |
| Payment of defined benefit liability  | (1,276)            | (28,316)           |
| Deposit in plan assets, net   | (226,207)          | (476,545)          |
|   | <u>(3,797,420)</u> | <u>(1,218,186)</u> |
| <b>Cash generated from operations</b>   | <u>4,934,587</u>   | <u>7,051,467</u>   |

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

| 2024                                 |                   |  |                          |                                    |              |                                  |                                     |                   |
|--------------------------------------|-------------------|--|--------------------------|------------------------------------|--------------|----------------------------------|-------------------------------------|-------------------|
| <i>(in millions of Korean won)</i>   | January 1         | Cash flows from (used in) financing activities | Effects of other changes |                                    |              |                                  | Gain (Loss) on valuation and others | December 31       |
|                                      |                   |  | Addition and others      | Exchange differences (profit/loss) | Amortization | Effects of exchange rate changes |                                     |                   |
| Borrowings                           | 7,491,572         | (672,434)                                      | -                        | 180,684                            | -            | 112,856                          | -                                   | 7,112,678         |
| Debentures                           | 5,829,239         | 870,250  | -                        | 164,950                            | 5,425        | -                                | -                                   | 6,869,864         |
| Lease liabilities                    | 1,193,023         | (380,298)                                      | 386,289                  | 4,088                              | 4,697        | 52,061                           | -                                   | 1,259,860         |
| Net derivatives liabilities (assets) | (123,743)         | 18,313   | -                        | (271,745)                          | (3,719)      | -                                | (1,781)                             | (382,675)         |
| Other payables                       | 271,413           | (182,047)                                      | 17,251                   | 11,472                             | -            | 44,980                           | 426,384                             | 589,453           |
| <b>Total</b>                         | <b>14,661,504</b> | <b>(346,216)</b>                               | <b>403,540</b>           | <b>89,449</b>                      | <b>6,403</b> | <b>209,897</b>                   | <b>424,603</b>                      | <b>15,449,180</b> |

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

(c) Material non-cash transactions

| <i>(in millions of Korean won)</i>  | 2024      | 2023      |
|---|-----------|-----------|
| Reclassification of construction-in-progress to property, plant and equipment | 1,558,552 | 2,714,980 |
| Reclassification of construction-in-progress to intangible assets             | 629,235   | 453,539   |
| Reclassification of current portion of borrowings and debentures              | 2,304,285 | 1,587,933 |
| Reclassification of current portion of loans                                  | 805,869   | 42,241    |
| Other payables to acquire property, plant and equipment                       | 593,548   | 416,381   |
| Other payables to acquire intangible assets                                   | 146,239   | 122,305   |
| Acquisition of right-of-use assets  | 436,565   | 482,212   |

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#### **35. Contingencies and commitments**

##### **35.1. Contingencies**

(a) As of December 31, 2024 and 2023, borrowings are collateralized by a certain property, plant and equipment (land, buildings and others) (See Note 12).

(b) As of December 31, 2024, the Parent Company and domestic subsidiaries are provided with performance guarantees of ₩415,136 million (2023: ₩400,116 million) from Seoul Guarantee Insurance and others relating to the performance guarantees. LG Innotek Co., Ltd. is provided with guarantee of principal amounting to USD 50 million (2023: USD 50 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

(c) There are a number of legal actions, disputes and investigations arising from the normal course of business that remain pending as of December 31, 2024. The Group cannot reasonably expect the ultimate effect of those litigations on the financial position. Management does not expect the outcome of the litigations will have a material effect on the Group's financial position.

As of December 31, 2024, LG Display Co., Ltd., an associate of the Group, is facing multiple patent-related lawsuits and is under investigation by relevant authorities for collusion allegations, with civil litigation also in progress. The outcome may affect the gain or loss from equity method valuation, but the Group is not individually responsible for the above suit or the ongoing investigation.

##### **35.2 Commitments**

(a) As of December 31, 2024, the Group has borrowing agreements, such as overdraft facility agreements, trade financing and others, with various banks, including Shinhan Bank and others, with a limit of ₩8,354,071 million (2023: ₩7,779,499 million).

(b) As of December 31, 2024, the Group has sales agreements for receivables with various banks including KEB Hana Bank amounting to ₩5,571,311 million (2023: ₩5,655,911 million).

(c) As of December 31, 2024, the Group has corporate trade receivables secured loan agreement by electronic settlement and mutually beneficial cooperation settlement with various banks, including Shinhan Bank, for up to ₩1,527,311 million (2023: ₩1,511,711million) in connection with the payment of trade payables. In addition, the Group has entered into supply financing agreements with financial institutions to enhance the efficiency of the payment process and to provide early payment options to suppliers. Under these agreements, if a supplier that has provided goods or services to the Group transfers its trade receivables to a financial institution within the payment term, the Group will settle the amount directly with the financial institution. Since the supply financing agreements do not result in a substantial reduction of the Group's payment obligations or modification of payment terms, there is no change in the underlying liabilities recognized as trade payables or other payables.

(d) As of December 31, 2024, the Group has commercial paper agreements with Shinhan Bank and others for ₩40,000 million (2023: ₩60,000 million).

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(e) Contractual commitments for the acquisition of assets

Assets contracted for, but not yet acquired as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>           | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|--|--------------------------|--------------------------|
| Property, plant and equipment                | 232,362                  | 392,694                  |
| Intangible assets                            | 35,241                   | 39,483                   |
| Investments in associates and joint ventures | 54,310                   | 78,772                   |
| <b>Total</b>                                 | <b>321,913</b>           | <b>510,949</b>           |

Other than the above commitments, Zenith Electronics LLC(Zenith), a subsidiary, agreed to tender offers based on fair value at certain time in relation to the shares held by non-controlling shareholders of Alphonso Inc. and the shares to be issued by the exercise of stock options. As of December 31, 2024, the Group recognized this commitment as 'other payables.'

In addition, the Parent Company agreed to tender offers based on fair value at certain time in relation to the shares held by non-controlling shareholders of Cybellum Technologies Ltd. and the shares to be issued by the exercise of stock options. As of December 31, 2024, the Group recognized this commitment as 'other payables' and 'other financial liabilities.' Regarding the shares held by non-controlling shareholders of Athom Holding B.V., the Parent Company agreed to purchase them at a certain time based on the acquisition price. The Group recognized this commitment as 'other payables' as of December 31, 2024.

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

i) The Group has non-cancellable operating lease agreements regarding home appliance rental business and investment properties. The future aggregate lease receipts under operating leases As of December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> |                     |                     |                     |                     | <b>Total lease payments</b> |
|------------------------------------|--------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|
|                                    | <b>Within 1 year</b>     | <b>1 to 2 years</b> | <b>2 to 3 years</b> | <b>3 to 4 years</b> | <b>Over 4 years</b> |                             |
| Home appliance rental              | 132,748                  | 60,488              | 15,503              | 1,540               | -                   | 210,279                     |
| Real estate rental                 | 5,489                    | 5,489               | 5,472               | 149                 | 5                   | 16,604                      |
| <b>Total</b>                       | <b>138,237</b>           | <b>65,977</b>       | <b>20,975</b>       | <b>1,689</b>        | <b>5</b>            | <b>226,883</b>              |

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ii) The Group recognized ₩338,585 million (2023: ₩464,732 million) in lease income for the year ended December 31, 2024.

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

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| Acquisition cost                   | 553,062                  | 812,813                  |
| Accumulated depreciation           | (282,595)                | (426,640)                |
| Accumulated impairment losses      | (60,169)                 | (60,548)                 |
| <b>Net carrying amount</b>         | <b>210,298</b>           | <b>325,625</b>           |

iv) Changes in net carrying amount of assets subject to operating lease for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | <b>2024</b>    | <b>2023</b>    |
|------------------------------------|----------------|----------------|
| <b>January 1</b>                   | 325,625        | 465,268        |
| Acquisition                        | 12,950         | 52,782         |
| Transfer                           | 3,306          | -              |
| Disposal and others                | (212)          | (2,560)        |
| Depreciation                       | (123,110)      | (174,149)      |
| Impairment loss                    | (8,978)        | (15,646)       |
| Exchange differences               | 717            | (70)           |
| <b>December 31</b>                 | <b>210,298</b> | <b>325,625</b> |

(g) Financial lease commitments – the Group as lessor

i) Gross investment in the lease and present value of the minimum lease payments for the financial lease as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b>                         |                                    | <b>December 31, 2023</b>                         |                                    |
|------------------------------------|--|------------------------------------|--|------------------------------------|
|                                    | <b>Gross investment in the lease<sup>1</sup></b> | <b>Net Investment in the lease</b> | <b>Gross investment in the lease<sup>1</sup></b> | <b>Net Investment in the lease</b> |
| Within one year                    | 406,817  | 289,031                            | 137,636  | 98,689                             |
| Between 1 and 2 years              | 421,249  | 325,252                            | 138,113  | 106,012                            |
| Between 2 and 3 years              | 426,058  | 354,207                            | 134,626  | 109,731                            |
| Between 3 and 4 years              | 407,256  | 361,266                            | 138,393  | 121,343                            |
| Later than 4 years                 | 504,549  | 478,712                            | 204,101  | 192,587                            |
| <b>Total</b>                       | <b>2,165,929</b>                                 | <b>1,808,468</b>                   | <b>752,869</b>                                   | <b>628,362</b>                     |

<sup>1</sup> There are no unguaranteed residual value reflected on gross investment in the lease.

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ii) Unrealized interest income of financial lease as of December 31, 2024 and 2023 is as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| Gross investment in the lease      | 2,165,929                | 752,869                  |
| Net investment in the lease        | 1,808,468                | 628,362                  |
| <b>Unrealized interest income</b>  | <b>357,461</b>           | <b>124,507</b>           |

iii) For the year ended December 31, 2024, the Group recognized income amounting to ₩1,334,157 million (2023: ₩498,161 million) in relation to financial lease contract, and financial income net investment in the lease amounting to ₩81,436 million (2023: ₩22,878 million) is included.

(h) License agreements including patent and trademark

As of December 31, 2024, the Group has various agreements as follows:

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

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**36. Related party**

(a) Major transactions for each of the two years in the period ended December 31, 2024 and balances of receivables and payables from transaction with related parties as of December 31, 2024 and 2023 are as follows:

i) Major income and expense transactions with related parties

(in millions of Korean won)

|                                     |  | <b>2024</b>                |                |                  |                             |                  |                  |
|-------------------------------------|--|----------------------------|----------------|------------------|-----------------------------|------------------|------------------|
| <b>Classification</b>               | <b>Name</b>  | <b>Income transactions</b> |                |                  | <b>Expense transactions</b> |                  |                  |
|                                     |  | <b>Sales</b>               | <b>Others</b>  | <b>Total</b>     | <b>Purchases</b>            | <b>Others</b>    | <b>Total</b>     |
| Significantly influencing the Group | LG Corp.   | 1,511                      | -              | 1,511            | 203                         | 182,985          | 183,188          |
| Associates                          | LG Display Co., Ltd. and its subsidiaries                | 409,443                    | 105,935        | 515,378          | 3,588,925                   | 259              | 3,589,184        |
|                                     | Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries | 202                        | -              | 202              | 21,173                      | 10               | 21,183           |
|                                     | Acryl Inc.   | -                          | -              | -                | 681                         | 1,561            | 2,242            |
|                                     | ROBOTIS Co., Ltd.  | -                          | -              | -                | -                           | 74               | 74               |
|                                     | Robostar Co., Ltd. and its subsidiaries                  | 29                         | -              | 29               | 9,190                       | 1,217            | 10,407           |
|                                     | THE WAVE TALK, INC.                                      | -                          | -              | -                | -                           | 100              | 100              |
|                                     | GOQUAL INC.  | -                          | -              | -                | 13                          | 78               | 91               |
|                                     | <b>Subtotal</b>  | <b>409,674</b>             | <b>105,935</b> | <b>515,609</b>   | <b>3,619,982</b>            | <b>3,299</b>     | <b>3,623,281</b> |
| Joint ventures                      | Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)           | 93,366                     | -              | 93,366           | 109,752                     | 30               | 109,782          |
|                                     | EIC PROPERTIES PTE LTD.                                  | -                          | -              | -                | -                           | 913              | 913              |
|                                     | LG-MRI LLC <sup>2</sup>                                  | -                          | -              | -                | 2,281                       | -                | 2,281            |
|                                     | LG-LHT Passenger Solution GmbH <sup>3</sup>              | 23                         | -              | 23               | -                           | -                | -                |
|                                     | <b>Subtotal</b>  | <b>93,389</b>              | <b>-</b>       | <b>93,389</b>    | <b>112,033</b>              | <b>943</b>       | <b>112,976</b>   |
| Other related parties               | LG CNS Co., Ltd. and its subsidiaries                    | 70,206                     | 3,324          | 73,530           | 179,083                     | 1,378,468        | 1,557,551        |
|                                     | D&O Corp. and its subsidiaries                           | 373                        | -              | 373              | 147                         | 35,658           | 35,805           |
|                                     | LG Management Development Institute                      | 51                         | -              | 51               | 10                          | 106,289          | 106,299          |
|                                     | LG SPORTS Ltd.   | 24                         | 18             | 42               | 280                         | 15,166           | 15,446           |
|                                     | LG Holdings Japan Co., Ltd.                              | -                          | -              | -                | -                           | 1,116            | 1,116            |
|                                     | <b>Subtotal</b>  | <b>70,654</b>              | <b>3,342</b>   | <b>73,996</b>    | <b>179,520</b>              | <b>1,536,697</b> | <b>1,716,217</b> |
| Others <sup>1</sup>                 | LG Chem Ltd., its subsidiaries and joint ventures        | 1,469,890                  | 153,183        | 1,623,073        | 586,101                     | 3,656            | 589,757          |
|                                     | LG Uplus Corp and its subsidiaries                       | 71,782                     | 2,678          | 74,460           | 36,368                      | 8,198            | 44,566           |
|                                     | LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries      | 5,357                      | 2,518          | 7,875            | -                           | 670              | 670              |
|                                     | HS Ad Inc. and its subsidiaries                          | 12,625                     | -              | 12,625           | 192                         | 641,955          | 642,147          |
|                                     | XI C&A Co., Ltd. and its subsidiaries <sup>4</sup>       | 1,113                      | -              | 1,113            | -                           | 74,478           | 74,478           |
|                                     | S&I Corp. and its subsidiaries <sup>4</sup>              | 4,355                      | -              | 4,355            | 1,103                       | 27,422           | 28,525           |
|                                     | <b>Subtotal</b>  | <b>1,565,122</b>           | <b>158,379</b> | <b>1,723,501</b> | <b>623,764</b>              | <b>756,379</b>   | <b>1,380,143</b> |
|                                     | <b>Total</b>   | <b>2,140,350</b>           | <b>267,656</b> | <b>2,408,006</b> | <b>4,535,502</b>            | <b>2,480,303</b> | <b>7,015,805</b> |

**LG Electronics and its subsidiaries**  
**Notes to the consolidated financial statements**  
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(in millions of Korean won)

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

<sup>1</sup> Although the entities are not the related parties of the Group in accordance with KIFRS 1024, the entities belong to the large-scale business group to which the Group also belongs in accordance with the *Monopoly Regulation and Fair Trade Act* of the Republic of Korea.

<sup>2</sup> The entity was liquidated during the year ended December 31, 2024.

<sup>3</sup> The entity was disposed of during the year ended December 31, 2024.

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<sup>4</sup> Excluded from the large-scale business group under the *Monopoly Regulation and Fair Trade Act* as of March 19, 2024.

ii) Major outstanding balances of receivables from and payables to related parties

(in millions of Korean won)

|                                     |  | December 31, 2024 |                  |                   |                  |                |                  |                             |                |
|-------------------------------------|--|-------------------|------------------|-------------------|------------------|----------------|------------------|-----------------------------|----------------|
| Classification                      | Name   | Receivables       |                  |                   |                  | Payables       |                  |                             |                |
|                                     |  | Trade receivables | Loans            | Other receivables | Total            | Trade payables | Borrowings       | Other payables <sup>5</sup> | Total          |
| Significantly influencing the Group | LG Corp.   | 59                | -                | 28,273            | 28,332           | -              | -                | 37,804                      | 37,804         |
| Associates                          | LG Display Co., Ltd. and its subsidiaries                | 101,054           | 1,000,000        | 254,115           | 1,355,169        | 588,628        | -                | 51,642                      | 640,270        |
|                                     | Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries | -                 | -                | -                 | -                | 6,593          | -                | 3                           | 6,596          |
|                                     | Robostar Co., Ltd. and its subsidiaries                  | -                 | -                | -                 | -                | 311            | -                | 6,015                       | 6,326          |
|                                     | <b>Subtotal</b>  | <b>101,054</b>    | <b>1,000,000</b> | <b>254,115</b>    | <b>1,355,169</b> | <b>595,532</b> | <b>-</b>         | <b>57,660</b>               | <b>653,192</b> |
| Joint ventures                      | Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)           | 15,911            | -                | -                 | 15,911           | 11,792         | -                | 2                           | 11,794         |
|                                     | EIC PROPERTIES PTE LTD.                                  | -                 | -                | -                 | -                | -              | -                | 88                          | 88             |
|                                     | <b>Subtotal</b>  | <b>15,911</b>     | <b>-</b>         | <b>-</b>          | <b>15,911</b>    | <b>11,792</b>  | <b>-</b>         | <b>90</b>                   | <b>11,882</b>  |
| Other related parties               | LG CNS Co., Ltd. and its subsidiaries                    | 13,808            | -                | 1,311             | 15,119           | 17,311         | -                | 572,040                     | 589,351        |
|                                     | D&O Corp., LTD. and its subsidiaries                     | 6                 | -                | 1,000             | 1,006            | 22             | -                | 7,778                       | 7,800          |
|                                     | LG Management Development Institute                      | 8                 | -                | 7                 | 15               | -              | -                | 1,516                       | 1,516          |
|                                     | LG SPORTS Ltd.   | 2                 | -                | -                 | 2                | -              | -                | 972                         | 972            |
|                                     | LG Holdings Japan Co., Ltd.                              | -                 | -                | 5,666             | 5,666            | -              | -                | 10,202                      | 10,202         |
|                                     | <b>Subtotal</b>  | <b>13,824</b>     | <b>-</b>         | <b>7,984</b>      | <b>21,808</b>    | <b>17,333</b>  | <b>-</b>         | <b>592,508</b>              | <b>609,841</b> |
| Others <sup>1</sup>                 | LG Chem Ltd., its subsidiaries and joint ventures        | 334,191           | -                | 638,076           | 972,267          | 165,787        | -                | 77,311                      | 243,098        |
|                                     | LG Uplus Corp and its subsidiaries                       | 3,108             | -                | 590               | 3,698            | 1,323          | -                | 3,056                       | 4,379          |
|                                     | LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries      | 23                | -                | 277               | 300              | 24             | -                | 789                         | 813            |
|                                     | HS Ad Inc. and its subsidiaries                          | 38                | -                | 1,226             | 1,264            | 791            | -                | 287,156                     | 287,947        |
|                                     | <b>Subtotal</b>  | <b>337,360</b>    | <b>-</b>         | <b>640,169</b>    | <b>977,529</b>   | <b>167,925</b> | <b>-</b>         | <b>368,312</b>              | <b>536,237</b> |
| <b>Total</b>                        | <b>468,208</b>   | <b>1,000,000</b>  | <b>930,541</b>   | <b>2,398,749</b>  | <b>792,582</b>   | <b>-</b>       | <b>1,056,374</b> | <b>1,848,956</b>            |                |

**LG Electronics and its subsidiaries**  
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(in millions of Korean won)

December 31, 2023

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

# LG Electronics and its subsidiaries

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<sup>1</sup> Although the entities are not the related parties of the Group in accordance with KIFRS 1024, the entities belong to the large-scale group to which the Group also belongs in accordance with the *Monopoly Regulation and Fair Trade Act* of the Republic of Korea.

<sup>2</sup> The entity was liquidated during the year ended December 31, 2024.

<sup>3</sup> The entity was disposed of during the year ended December 31, 2024

<sup>4</sup> Excluded from the large-scale business group under the *Monopoly Regulation and Fair Trade Act* as of March 19, 2024.

<sup>5</sup> Other payables include lease liabilities.

#### iii) Major capital transactions and others with related parties

(in millions of Korean won)

|                                     |  | 2024            |                |                               |                             |              |   |              |
|-------------------------------------|--|-----------------|----------------|-------------------------------|-----------------------------|--------------|---|--------------|
|                                     |  | Dividend income | Dividend paid  | Cash distribution (reduction) | Financing loan transactions |              | Financing borrowing transactions <sup>4</sup> |              |
| Loans                               | Collections                                  |                 |                |                               | Borrowings                  | Repayments   |   |              |
| Significantly influencing the Group | LG Corp.                                     | -               | 71,623         | -                             | -                           | -            | -   | 29,814       |
| Associates                          | LG Display Co., Ltd. <sup>1</sup>            | -               | -              | 436,031                       | -                           | -            | -   | 2,130        |
|                                     | Ericsson-LG Co., Ltd.                        | 17,500          | -              | -                             | -                           | -            | -   | -            |
|                                     | Mirae Asset-LG Electronics New Growth Fund I | 3,436           | -              | 8,529                         | -                           | -            | -   | -            |
|                                     | NOVA Prime Fund I, LP                        | -               | -              | 5,584                         | -                           | -            | -   | -            |
|                                     | Rinse, Inc.                                  | -               | -              | 36,852                        | -                           | -            | -   | -            |
|                                     | LG-LHT Aircraft Solutions GmbH <sup>3</sup>  | -               | -              | 5,330                         | -                           | -            | -   | -            |
|                                     | LG-LHT Passenger Solutions GmbH <sup>3</sup> | -               | -              | 5,330                         | -                           | -            | -   | -            |
|                                     | <b>Subtotal</b>                              | <b>20,936</b>   | <b>-</b>       | <b>497,656</b>                | <b>-</b>                    | <b>-</b>     | <b>-</b>                                      | <b>2,130</b> |
| Other related parties               | LG CNS Co., Ltd. and its subsidiaries        | -               | -              | -                             | -                           | -            | 5,280   | 1,853        |
|                                     | D&O Corp. and its subsidiaries               | -               | -              | -                             | -                           | -            | 469   | 1,708        |
|                                     | LG Holdings Japan Co., Ltd.                  | -               | -              | -                             | -                           | -            | -   | 5,156        |
| <b>Subtotal</b>                     | <b>-</b>                                     | <b>-</b>        | <b>-</b>       | <b>-</b>                      | <b>-</b>                    | <b>5,749</b> | <b>8,717</b>                                  |              |
| <b>Total</b>                        | <b>20,936</b>                                | <b>71,623</b>   | <b>497,656</b> | <b>-</b>                      | <b>-</b>                    | <b>5,749</b> | <b>40,661</b>                                 |              |

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(in millions of Korean won)

|                                     |  | 2023            |               |                               |                             |             |   |               |
|-------------------------------------|--|-----------------|---------------|-------------------------------|-----------------------------|-------------|---|---------------|
|                                     |  | Dividend income | Dividend paid | Cash distribution (reduction) | Financing loan transactions |             | Financing borrowing transactions <sup>4</sup> |               |
|                                     |  |                 |               |                               | Loans                       | Collections | Borrowings                                    | Repayments    |
| Significantly influencing the Group | LG Corp.                                     | -               | 38,566        | -                             | -                           | -           | 29,889  | 27,673        |
| Associates                          | LG Display Co., Ltd. <sup>1</sup>            | -               | -             | -                             | 1,000,000                   | -           | -   | -             |
|                                     | Ericsson-LG Co., Ltd.                        | 11,250          | -             | -                             | -                           | -           | -   | -             |
|                                     | NOVA Prime Fund I, LP                        | -               | -             | 8,502                         | -                           | -           | -   | -             |
|                                     | LG-MRI LLC <sup>2</sup>                      | 317             | -             | -                             | -                           | -           | -   | -             |
|                                     | CCP-LGE OWNER, LLC                           | 1               | -             | -                             | -                           | -           | -   | -             |
|                                     | LG-LHT Aircraft Solutions GmbH <sup>3</sup>  | -               | -             | 12,448                        | -                           | -           | -   | -             |
|                                     | LG-LHT Passenger Solutions GmbH <sup>3</sup> | -               | -             | 13,839                        | -                           | -           | -   | -             |
|                                     | GUANGDONG SMART LIFE TECHNOLOGY CO., LTD     | -               | -             | 321                           | -                           | -           | -   | -             |
|                                     | FITNESSCANDY CO., LTD. <sup>2</sup>          | -               | -             | 1,377                         | -                           | -           | -   | -             |
|                                     | <b>Subtotal</b>                              | <b>11,568</b>   | <b>-</b>      | <b>36,487</b>                 | <b>1,000,000</b>            | <b>-</b>    | <b>-</b>                                      | <b>-</b>      |
| Other related parties               | LG CNS Co., Ltd. and its subsidiaries        | -               | -             | -                             | -                           | -           | -   | 121           |
|                                     | D&O Corp. and its subsidiaries               | -               | -             | -                             | -                           | -           | 409   | 1,532         |
|                                     | <b>Subtotal</b>                              | <b>-</b>        | <b>-</b>      | <b>-</b>                      | <b>-</b>                    | <b>-</b>    | <b>409</b>                                    | <b>1,653</b>  |
|                                     | <b>Total</b>                                 | <b>11,568</b>   | <b>38,566</b> | <b>36,487</b>                 | <b>1,000,000</b>            | <b>-</b>    | <b>30,298</b>                                 | <b>29,326</b> |

<sup>1</sup> As of December 31, 2024, the Parent Company has entered into a loan agreement with LG Display Co., Ltd. for ₩1,000,000 million, and has been provided with collateral related thereto. As of December 31, 2024, ₩1,000,000 million has been executed.

<sup>2</sup> The entity was liquidated during the year ended December 31, 2024.

<sup>3</sup> The entity was disposed of during the year ended December 31, 2024.

<sup>4</sup> Repayments include repayments of lease liabilities.

(b) The compensation paid or payable to key management personnel for each of the two years in the period ended December 31, 2024 are as follows:

| (in millions of Korean won)            | 2024          | 2023          |
|--|---------------|---------------|
| Salaries and other short-term benefits | 17,234        | 12,166        |
| Retirement benefits                    | 1,680         | 2,091         |
| Other long-term benefits               | 2             | 2             |
| <b>Total</b>                           | <b>18,916</b> | <b>14,259</b> |

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

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(c) There is no collateral provided by the Group for the financial support of related parties as of December 31, 2024 and 2023.

(d) The Group has not recognized any bad debt expense or allowance for trade receivables from related parties as of December 31, 2024 and 2023.

### **37. Risk management**

#### **37.1 Financial risk management**

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

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

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

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

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

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(a) Market risk

i) Foreign exchange risk

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

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

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

As of December 31, 2024 and 2023 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> | <b>December 31, 2024</b> |                     | <b>December 31, 2023</b> |                     |
|------------------------------------|--------------------------|---------------------|--------------------------|---------------------|
|                                    | <b>10% increase</b>      | <b>10% decrease</b> | <b>10% increase</b>      | <b>10% decrease</b> |
| USD/KRW                            | 104,160                  | (104,160)           | 63,185                   | (63,185)            |
| EUR/KRW                            | 27,940                   | (27,940)            | 30,146                   | (30,146)            |

ii) Interest rate risk

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

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

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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 each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | 2024         |              | 2023         |              |
|------------------------------------|--------------|--------------|--------------|--------------|
|                                    | 1%p increase | 1%p decrease | 1%p increase | 1%p decrease |
| Interest income                    | 75,574       | (75,574)     | 84,825       | (84,825)     |
| Interest expense                   | 13,127       | (13,127)     | 18,745       | (18,745)     |

iii) Details of derivatives contracts are as follows:

*Derivatives for hedging purposes*

The Group entered into the cross-currency swap and the 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:

| Classification      | Contractor            | Contracted amount<br>(in millions) | Contracted currency rate | Interest rate (paid) (%) | Types of hedging | Starting date          | Expiration date        | Carrying amount<br>(in millions of Korean won) |             |
|---------------------|-----------------------|------------------------------------|--------------------------|--------------------------|------------------|------------------------|------------------------|--|-------------|
|                     |                       |                                    |                          |                          |                  |                        |                        | Assets   | Liabilities |
| Cross-currency swap | Woori Bank and others | USD 1,968 (USD/KRW)                | 1,067.90 ~ 1,380.30      | 1.88 ~ 4.56              | Cash flow hedge  | 2017.10.23 ~ 2024.9.24 | 2025.4.23 ~ 2031.7.28  | 377,895  | -           |
|                     | CITI Bank             | EUR 95 (EUR/KRW)                   | 1,312.50                 | 3.84                     | Cash flow hedge  | 2022.7.15              | 2028.1.14              | 17,054   | -           |
|                     | CITI Bank and others  | JPY 22,000 (JPY/KRW)               | 8.7 ~ 10.0               | 4.06 ~ 4.38              | Cash flow hedge  | 2023.4.4 ~ 2023.11.24  | 2029.4.4 ~ 2029.5.24   | 4,382  | 13,167      |
| Interest rate swap  | Woori Bank and others | KRW 1,266,821 / USD 203            | -                        | 2.75 ~ 4.87              | Cash flow hedge  | 2014.4.30 ~ 2024.3.29  | 2027.1.15 ~ 2032.11.16 | 13,978   | 18,671      |
| Currency forward    | ING and others        | EUR 47 (EUR/USD)                   | 0.94                     | -                        | Fair value hedge | 2024.12.19             | 2025.12.17             | -  | 167         |

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

Details of hedged items are as follows:

| <i>(in millions of Korean won)</i> | Types of hedging | Hedged items | Carrying amount | Changes in fair value (net of tax) |
|------------------------------------|------------------|--------------|-----------------|------------------------------------|
| Cross-currency swap                | Cash flow hedge  | Borrowings   | 3,152,020       | (244,814)                          |
| Interest rate swap                 | Cash flow hedge  | Borrowings   | 1,356,731       | (795)                              |

| <i>(in millions of Korean won)</i> | Types of hedging | Hedged items | Carrying amount | Changes in fair value (net of tax) |
|------------------------------------|------------------|--------------|-----------------|------------------------------------|
| Currency forward                   | Fair value hedge | Borrowings   | -               | 161                                |

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The results of hedge accounting are as follows:

| <i>(in millions of Korean won)</i> | Types of hedging | Changes in fair value of derivatives (net of tax) | Line items in profit or loss              | Reclassified to profit or loss (net of tax) | Other comprehensive loss (net of tax) | Accumulated other comprehensive income (loss) |
|------------------------------------|------------------|---|---|---|---------------------------------------|---|
| Cross-currency swap                | Cash flow hedge  | 244,814   | Interest expense and exchange differences | (252,443)                                   | (7,630)                               | (5,380)                                       |
| Interest rate swap                 | Cash flow hedge  | 795   | Interest expense                          | (10,464)                                    | (9,669)                               | (3,968)                                       |

| <i>(in millions of Korean won)</i> | Types of hedging | Changes in fair value of derivatives (net of tax) | Line items in profit or loss | Effective risk hedging (pre-tax) | Ineffective risk hedging (pre-tax) |
|------------------------------------|------------------|---|------------------------------|----------------------------------|------------------------------------|
| Currency forward                   | Fair value hedge |   | (161) Exchange differences   | (161)                            | -                                  |

*Derivatives for trading purposes*

Currency forward contracts

The Group entered the currency forward contracts and others to manage the risk against possible future changes in foreign exchange rates and interest rates. Details of currency forward, interest rate swap, option contracts and embedded derivatives of the Group, as of December 31, 2024, and related profit or loss for the year ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i> | Purchase | Sale    | Gain (Loss) on valuation | Gain (Loss) on transaction |
|------------------------------------|----------|---------|--------------------------|----------------------------|
| Currency forward                   | 693,915  | 675,396 | 6,520                    | 13,806                     |
| Currency swap                      | -        | -       | -                        | 22,899                     |
| Interest rate swap                 | -        | -       | (2,213)                  | (30)                       |
| Option contracts                   | -        | -       | 2,544                    | -                          |
| Embedded derivatives               | -        | -       | (15,337)                 | -                          |

Stock purchase contracts

According to the put options granted to employees to whom stock options of Cybellum Technologies Ltd. were granted, the Group recognizes ₩3,489 million of derivative liabilities as of December 31, 2024 and ₩1,032 million of loss on derivatives valuation during the year ended December 31, 2024.

The Group also recognized a derivative financial asset of ₩22,590 million as it acquired a call option to purchase Series C-1 shares of Bear Robotics, Inc. for the year ended December 31, 2024. Additionally, the Group recognized a derivative valuation loss of ₩18,231 million related to this contract for the year ended December 31, 2024.

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iv) Price risk

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

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

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

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> |                     | <b>December 31, 2023</b> |                     |
|------------------------------------|--------------------------|---------------------|--------------------------|---------------------|
|                                    | <b>30% increase</b>      | <b>30% decrease</b> | <b>30% increase</b>      | <b>30% decrease</b> |
| KOSDAQ                             | 12,461                   | (12,461)            | 4,556                    | (4,556)             |
| NASDAQ                             | 62                       | (62)                | 98                       | (98)                |
| NYSE                               | 1,482                    | (1,482)             | 2,726                    | (2,726)             |
| Austrian Traded Index              | 255                      | (255)               | 231                      | (231)               |

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

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(b) Credit risk

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

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

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

| <i>(in millions of Korean won)</i>                       | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|--|--------------------------|--------------------------|
| <b>Trade receivables with insurance or collateral</b>    |                          |                          |
| Excellent  | 4,425,475                | 2,437,946                |
| Good   | 1,218,602                | 671,630                  |
| Fair   | 2,465,699                | 1,629,571                |
| Poor <sup>1</sup>  | 551,861                  | 1,663,480                |
| <b>Subtotal</b>  | <b>8,661,637</b>         | <b>6,402,627</b>         |
| <b>Trade receivables without insurance or collateral</b> |                          |                          |
| Tier 1   | 340,736                  | 673,329                  |
| Tier 2   | 525,776                  | 588,848                  |
| Tier 3   | 1,279,203                | 847,191                  |
| <b>Subtotal</b>  | <b>2,145,715</b>         | <b>2,109,368</b>         |
| <b>Total</b>   | <b>10,807,352</b>        | <b>8,511,995</b>         |

<sup>1</sup> Debtors with insurance or collateral but without credit rating are included herein.

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

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

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

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

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

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

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Tier 3 – Small debtors without credit history

The credit rating of cash equivalents and deposits held by financial institutions estimated by the Group using external credit rating criteria as of December 31, 2024 and 2023 is as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|--------------------------|
| Excellent                          | 7,551,890                | 8,037,889                |
| Good                               | 247,195                  | 639,067                  |
| Others                             | 14,269                   | 31,649                   |
| <b>Total</b>                       | <b>7,813,354</b>         | <b>8,708,605</b>         |

Excellent: A- and above (Global credit rating agency such as S&P), AA+ and above (Domestic credit rating agency such as Korea Investors Service)

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

Others: Financial deposit without credit rating

(c) Liquidity risk

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

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

In addition, the Group is able to source funds any time in the domestic and international financial markets because it has good investment credit grades of AA Stable from Korea Investors Service, Korea Ratings and NICE Information Service, BBB from Standard & Poors, and Baa2 from Moody's as of December 31, 2024.

i) Cash flow information on maturity of financial liabilities as of December 31, 2024 and 2023 is as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> |                      |                     |                     |                     |
|------------------------------------|--------------------------|----------------------|---------------------|---------------------|---------------------|
|                                    | <b>Total</b>             | <b>Within 1 year</b> | <b>1 to 2 years</b> | <b>2 to 5 years</b> | <b>Over 5 years</b> |
| Trade payables                     | 9,884,770                | 9,884,770            | -                   | -                   | -                   |
| Borrowings                         | 15,750,257               | 3,474,912            | 2,410,448           | 6,678,027           | 3,186,870           |
| Lease liabilities                  | 1,445,351                | 423,265              | 308,046             | 424,953             | 289,087             |
| Other payables                     | 6,049,696                | 5,729,548            | 275,858             | 13,250              | 31,040              |
| Other financial liabilities        | 86,340                   | 962                  | 4,057               | 9,175               | 72,146              |
| <b>Total</b>                       | <b>33,216,414</b>        | <b>19,513,457</b>    | <b>2,998,409</b>    | <b>7,125,405</b>    | <b>3,579,143</b>    |

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

The above cash flows are calculated at nominal value based on the earliest maturity dates and include cash flows of principal and interests. The Group's trading portfolio derivative within other financial liabilities that are not qualified for hedge accounting have been included at their fair value of ₩2,685 million (2023: ₩2,567 million) within the less than 1-year time bucket. This is because the contractual maturities are not essential for an understanding of the timing of the cash flows. These contracts are managed on a net-fair value basis rather than by maturity date. Derivatives for cash flow hedges from changes in interest rate and exchange rate are reflected in the cash flows of related borrowings.

### 37.2 Capital risk management

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

Liability to equity ratio and net borrowing ratio as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won, except for ratios)</i> | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---|--------------------------|--------------------------|
| Liability(A)  | 40,417,925               | 36,742,257               |
| Equity(B)   | 25,211,664               | 23,498,536               |
| Cash and cash equivalents(C)                          | 7,573,036                | 8,487,563                |
| Borrowings and lease liabilities(D)                   | 15,242,402               | 14,513,834               |
| Liability to equity ratio(A/B)                        | 160.3%                   | 156.4%                   |
| Net borrowings ratio((D-C)/B)                         | 30.4%                    | 25.6%                    |

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**37.3 Fair value estimation**

(a) The carrying amounts and fair values of the Group's financial assets and liabilities as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                                | December 31, 2024      |            |                      |            |
|---|------------------------|------------|----------------------|------------|
|   | Current                |            | Non-current          |            |
|   | Carrying amount        | Fair value | Carrying amount      | Fair value |
| <b>Assets at fair value</b>                                       |                        |            |                      |            |
| Financial assets at fair value through profit or loss             |                        |            |                      |            |
| Other financial assets and others                                 | 13,450                 | 13,450     | 167,590              | 167,590    |
| Financial assets at fair value through other comprehensive income |                        |            |                      |            |
| Trade receivables   | 2,652,562 <sup>1</sup> | -          | -                    | -          |
| Other financial assets  | -                      | -          | 140,904              | 140,904    |
| Derivatives for hedging purposes                                  |                        |            |                      |            |
| Other financial assets  | 62,776                 | 62,776     | 350,533              | 350,533    |
| <b>Assets at amortized cost</b>                                   |                        |            |                      |            |
| Financial assets at amortized cost                                |                        |            |                      |            |
| Cash and cash equivalents   | 7,573,036 <sup>1</sup> | -          | -                    | -          |
| Deposits held by financial institutions                           | 46,681 <sup>1</sup>    | -          | 193,637 <sup>1</sup> | -          |
| Trade receivables   | 7,596,479 <sup>1</sup> | -          | 131,664              | 131,664    |
| Other receivables   | 1,583,477 <sup>1</sup> | -          | 1,022,169            | 986,210    |
| <b>Other assets</b>   |                        |            |                      |            |
| Trade receivables   | 286,573 <sup>1</sup>   | -          | 1,514,052            | 1,514,052  |
| <b>Total</b>  | <b>19,815,034</b>      | <b>-</b>   | <b>3,520,549</b>     | <b>-</b>   |

| <i>(in millions of Korean won)</i>                         | December 31, 2024      |            |                      |            |
|--|------------------------|------------|----------------------|------------|
|  | Current                |            | Non-current          |            |
|  | Carrying amount        | Fair value | Carrying amount      | Fair value |
| <b>Liabilities at fair value</b>                           |                        |            |                      |            |
| Financial liabilities at fair value through profit or loss |                        |            |                      |            |
| Other financial liabilities and others                     | 2,685                  | 2,685      | 25,201               | 25,201     |
| Derivatives for hedging purposes                           |                        |            |                      |            |
| Other financial liabilities                                | 167                    | 167        | 31,838               | 31,838     |
| <b>Liabilities at amortized cost</b>                       |                        |            |                      |            |
| Financial liabilities at amortized cost                    |                        |            |                      |            |
| Trade payables   | 9,884,770 <sup>1</sup> | -          | -                    | -          |
| Borrowings   | 2,889,260 <sup>1</sup> | -          | 11,093,282           | 11,597,228 |
| Other payables   | 5,729,464 <sup>1</sup> | -          | 319,949              | 318,701    |
| <b>Other liabilities</b>                                   |                        |            |                      |            |
| Lease liabilities  | 385,675 <sup>2</sup>   | -          | 874,185 <sup>2</sup> | -          |
| Other financial liabilities                                | 115 <sup>3</sup>       | -          | -                    | -          |
| <b>Total</b>   | <b>18,892,136</b>      | <b>-</b>   | <b>12,344,455</b>    | <b>-</b>   |

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

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

<sup>1</sup> Excluded from disclosure such as fair value hierarchy and measurement method as the carrying amount is the reasonable approximate of fair value.

<sup>2</sup> Lease liabilities were excluded from the fair value disclosures in accordance with KIFRS 1107 *Financial Instruments: Disclosures*.

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<sup>3</sup> Measured at the higher of the amount of the loss allowance determined in accordance with KIFRS 1109 *Financial Instruments*, and the amount initially recognized less cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*, and excluded from disclosure as there is no significant difference between the carrying 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 Group maximizes the use of market information and minimizes the use of unobservable inputs.

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

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

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

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

The fair value of financial instruments traded in active markets is based on quoted market prices as of December 31, 2024. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, an entity within the same industry, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price for financial assets held by the Group is the closing price as of December 31, 2024. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments and others classified as financial assets at fair value through other comprehensive income.

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

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

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                                | <b>December 31, 2024</b> |                |                |              |
|---|--------------------------|----------------|----------------|--------------|
|   | <b>Level 1</b>           | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| <b>Assets</b>   |                          |                |                |              |
| Other financial assets  |                          |                |                |              |
| Financial assets at fair value through other comprehensive income | 46,398                   | -              | 94,506         | 140,904      |
| Financial assets at fair value through profit or loss             | 552                      | 19,021         | 161,467        | 181,040      |
| Derivatives for hedging purposes                                  | -                        | 413,309        | -              | 413,309      |
| <b>Liabilities</b>  |                          |                |                |              |
| Other financial liabilities                                       |                          |                |                |              |
| Financial liabilities at fair value through profit or loss        | -                        | 6,174          | 21,712         | 27,886       |
| Derivatives for hedging purposes                                  | -                        | 32,005         | -              | 32,005       |

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| <i>(in millions of Korean won)</i>                                | December 31, 2023 |         |         |         |
|---|-------------------|---------|---------|---------|
|   | Level 1           | Level 2 | Level 3 | Total   |
| <b>Assets</b>   |                   |         |         |         |
| Other financial assets  |                   |         |         |         |
| Financial assets at fair value through other comprehensive income | 30,668            | -       | 87,204  | 117,872 |
| Financial assets at fair value through profit or loss             | 74,750            | 7,197   | 124,067 | 206,014 |
| Derivatives for hedging purposes                                  | -                 | 178,240 | -       | 178,240 |
| <b>Liabilities</b>  |                   |         |         |         |
| Other financial liabilities                                       |                   |         |         |         |
| Financial liabilities at fair value through profit or loss        | -                 | 11,634  | 6,528   | 18,162  |
| Derivatives for hedging purposes                                  | -                 | 43,769  | -       | 43,769  |

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 of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                         | Fair value        |                   | Valuation techniques                    | Inputs  |
|--|-------------------|-------------------|---|---|
|  | December 31, 2024 | December 31, 2023 |   |   |
| <b>Assets</b>  |                   |                   |   |   |
| Other financial assets                                     |                   |                   |   |   |
| Financial assets at fair value through profit or loss      | 19,021            | 7,197             | Discounted cash flow and binomial model | Discount rate and exchange rate<br>share price and volatility |
| Derivatives for hedging purposes                           | 413,309           | 178,240           | Discounted cash flow                    | Discount rate and exchange rate                               |
| <b>Liabilities</b>   |                   |                   |   |   |
| Other financial liabilities                                |                   |                   |   |   |
| Financial liabilities at fair value through profit or loss | 6,174             | 11,634            | Discounted cash flow and binomial model | Discount rate and exchange rate<br>share price and volatility |
| Derivatives for hedging purposes                           | 32,005            | 43,769            | Discounted cash flow                    | Discount rate and exchange rate                               |

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

As of December 31, 2024 and 2023, financial instruments measured at fair value categorized within Level 3 comprise unmarketable equity securities, debt securities, other financial liabilities and are measured using discounted cash flow considering discount rate and others as inputs.

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

Financial instruments not measured at fair value but for which the fair value is disclosed as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | <b>December 31, 2024</b> |                |                |              |
|------------------------------------|--------------------------|----------------|----------------|--------------|
|                                    | <b>Level 1</b>           | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| <b>Assets</b>                      |                          |                |                |              |
| Non-current trade receivables      | -                        | -              | 1,645,716      | 1,645,716    |
| Non-current other receivables      | -                        | -              | 986,210        | 986,210      |
| <b>Liabilities</b>                 |                          |                |                |              |
| Non-current borrowings             | -                        | -              | 11,597,228     | 11,597,228   |
| Non-current other payables         | -                        | -              | 318,701        | 318,701      |

| <i>(in millions of Korean won)</i> | <b>December 31, 2023</b> |                |                |              |
|------------------------------------|--------------------------|----------------|----------------|--------------|
|                                    | <b>Level 1</b>           | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| <b>Assets</b>                      |                          |                |                |              |
| Non-current trade receivables      | -                        | -              | 639,439        | 639,439      |
| Non-current other receivables      | -                        | -              | 1,717,168      | 1,717,168    |
| <b>Liabilities</b>                 |                          |                |                |              |
| Non-current borrowings             | -                        | -              | 10,466,597     | 10,466,597   |
| Non-current other payables         | -                        | -              | 210,745        | 210,745      |

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

As of December 31, 2024 and 2023, 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.

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- 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 of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | December 31, 2024 |            | December 31, 2023 |            | Valuation techniques | Inputs                          | Significant but unobservable inputs | Range of significant but unobservable inputs |
|------------------------------------|-------------------|------------|-------------------|------------|----------------------|---------------------------------|-------------------------------------|--|
|                                    | Carrying amount   | Fair value | Carrying amount   | Fair value |                      |                                 |                                     |  |
| <b>Assets</b>                      |                   |            |                   |            |                      |                                 |                                     |  |
| Non-current trade receivables      | 1,645,716         | 1,645,716  | 639,439           | 639,439    | Discounted cash flow | Discount rate and exchange rate | Discount rate                       | 5.2% ~ 6.1%                                  |
| Non-current other receivables      | 1,022,169         | 986,210    | 1,779,637         | 1,717,168  | Discounted cash flow | Discount rate and exchange rate | Discount rate                       | 1.9% ~ 10.8%                                 |
| <b>Liabilities</b>                 |                   |            |                   |            |                      |                                 |                                     |  |
| Non-current borrowings             | 11,093,282        | 11,597,228 | 10,719,175        | 10,466,597 | Discounted cash flow | Discount rate and exchange rate | Discount rate                       | 3.1% ~ 4.7%                                  |
| Non-current other payables         | 319,949           | 318,701    | 212,648           | 210,745    | Discounted cash flow | Discount rate and exchange rate | Discount rate                       | 3.2% ~ 4.1%                                  |

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**38. Business combinations**

(a) On June 5, 2024, the Group acquired 80.0% of shares in Athom Holding B.V. and its subsidiaries for the purposes of acquiring and enhancing its capacity in smart space business. The following table summarizes the consideration paid and the fair value of assets acquired and liabilities assumed:

| <i>(in millions of Korean won)</i>   | <b>Amount</b> |
|--|---------------|
| Consideration  |               |
| Cash and cash equivalents  | 69,106        |
| Other liabilities <sup>1</sup>   | 17,251        |
| Recognized amounts of identifiable assets acquired and liabilities assumed |               |
| Current assets   |               |
| Cash and cash equivalents  | 1,967         |
| Trade receivables <sup>2</sup>   | 853           |
| Other receivables <sup>2</sup>   | 118           |
| Inventories  | 4,400         |
| Other assets   | 168           |
| Non-current assets   |               |
| Property, plant and equipment  | 186           |
| Intangible assets  | 10,338        |
| Current liabilities  |               |
| Trade payables   | 106           |
| Other liabilities  | 565           |
| Provisions   | 446           |
| Non-current liabilities  |               |
| Deferred tax liabilities   | 2,667         |
| <b>Fair value of total identifiable net assets</b>                         | <b>14,246</b> |
| Non-controlling interests  | -             |
| <b>Goodwill<sup>3</sup></b>  | <b>72,111</b> |

<sup>1</sup> The Group recognized this obligation as a financial liability upon the business combination, in accordance with the conditional purchase agreement for the remaining shares of Athom Holding B.V.

<sup>2</sup> The fair value of above trade receivables and other receivables is the same as the contractual amount in gross.

<sup>3</sup> Goodwill of ₩72,111 million is assumed from the business combination with Athom Holding B.V. as the Group's sales increased thereafter and is not included in a non-deductible expense for taxation purposes.

The direct costs related to the acquisition arising from the business combination amount to ₩2,134 million and are expensed as incurred.

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The sales and net loss of Athom Holding B.V. and its subsidiaries, which have been included in the consolidated statement of profit or loss from June 5, 2024 (the acquisition date), amount to ₩6,815 million and ₩1,671 million, respectively. If Athom Holding B.V. and its subsidiaries had been included in the scope of consolidation from January 1, 2024, the sales and net income that would have been recorded in the consolidated statement of profit or loss are as follows:

| <i>(in millions of Korean won)</i> | <b>Pre-adjustment</b> | <b>Adjustment</b> | <b>Post-adjustment</b> |
|------------------------------------|-----------------------|-------------------|------------------------|
| Net sales                          | 87,728,182            | 3,936             | 87,732,118             |
| Income (loss)                      | 591,365               | 405               | 591,770                |

**39. Assets and liabilities classified as held for sale**

(a) Details of assets classified as held for sale as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>  | <b>December 31, 2024<sup>1</sup></b> | <b>December 31, 2023<sup>2</sup></b> |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Assets held for sale                |                                      |                                      |
| Land                                | 682                                  | 663                                  |
| Building                            | 2,929                                | 3,287                                |
| Machinery                           | -                                    | 198                                  |
| Other property, plant and equipment | 7                                    | 7                                    |
| <b>Total</b>                        | <b>3,618</b>                         | <b>4,155</b>                         |

<sup>1</sup> The sale is in progress as of December 31, 2024 and expected to be completed by 2025.

<sup>2</sup> The sale of machinery was completed for the year ended December 31, 2024 and the sale of buildings and other assets held by the Group is in progress.

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

(c) Details of other components of equity as held for sale as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                        | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
|---|--------------------------|--------------------------|
| Exchange differences on translation of foreign operations | (457)                    | (136)                    |

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**40. Discontinued operations**

In 2024, the Group discontinued the operations of the battery pack business in order to focus on the Group's core business through firmwide resource efficiency and to secure financial resources for preparing new business for future growth by improving its financial structure.

Profit and loss from discontinued operations for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>   | <b>2024</b>      | <b>2023</b>      |
|--------------------------------------|------------------|------------------|
| Net sales                            | 134              | 1,965,902        |
| Operating income (loss)              | (342,036)        | (102,756)        |
| Profit (Loss) before income tax      | (380,714)        | (143,743)        |
| Income tax expense (benefit)         | (98,804)         | (36,428)         |
| <b>Loss for the year, net of tax</b> | <b>(281,910)</b> | <b>(107,315)</b> |

Cash flows from discontinued operations for each of the two years in the period ended December 31, 2024 are as follows:

| <i>(in millions of Korean won)</i>                 | <b>2024</b> | <b>2023</b> |
|--|-------------|-------------|
| Net cash flows from (used in) operating activities | (106,733)   | (310,441)   |
| Net cash flows from (used in) investing activities | 13,472      | 433         |
| Net cash flows from (used in) financing activities | 93,261      | 310,008     |

**41. Approval of the consolidated financial statements**

The consolidated financial statements of the Group were approved by the Board of Directors on January 22, 2025, and are scheduled to be finally approved at the regular general meeting of shareholders to be held on March 25, 2025.

**42. Events after the reporting period**

On January 22, 2025, the Board of Directors resolved to acquire a 30% stake in Bear Robotics, Inc., in accordance with an existing shareholders' agreement.