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# Business Report

FOR THE YEAR ENDED 31 DECEMBER 2021

Business year                      from 01 January 2021  
   to 31 December 2021

To: The Financial Services Commission

Korea Exchange

14 March 2022

Type of corporation for submission:      Listed company

Occurrence of exemption reason:      Not applicable

Company Name:                      LX Semicon Co., Ltd.

Representative Director:              Son Bo-Ik

Address of the Headquarters:      222 Techno 2-ro, Yuseong-gu, Daejeon, Korea

(Tel) 02-6924-3114

(Webpage) <http://www.lxsemicon.com>

Person responsible for this report:      (Position) CFO                      (Name) Lee Hyuk-Joo

(Tel) 02-6924-3114

# 【Confirmation by Representative Director】

## Confirmation and Signature of Representative Director

### Letter of Confirmation

We are representative director and others responsible for reporting. Based on the review and confirmation of this annual report with significant care, we confirm that all the important matters to be provided have been given without omission, falsification or any such signs and that nothing inducing critical misunderstanding of users of this report has been provided or expressed.

We also hereby confirm that the Company has established and manages its internal accounting management system based on Article 8 of the [Act on External Auditors of Share Companies] (Limited to the companies subject to external audit based on Article 8 of the same Act).

14 March 2022

LX Semicon Co., Ltd.

Representative Director      Son Bo-Ik (Signature)

Director of Reporting Choi Sung-Kwan (Signature)

# I. Company overview

## 1. Company overview

### A. Outline of consolidated subsidiaries

Status (summary) of consolidated subsidiaries

(Unit: companies)

Division	Number of consolidated companies				Number of major subsidiaries
	01 January 2021	Increase	Decrease	31 December 2021	
Listed	-	-	-	-	-
Unlisted	2	1	-	3	-
Total	2	1	-	3	-

※ Refer to '1. Status (detailed) of consolidated subsidiaries.

Note) For details of consolidated subsidiaries, refer to '1. Status (detailed) of consolidated subsidiaries in XII. Detailed Table.

Changes in consolidated companies

Division	Subsidiary	Reason
Newly consolidated	LX Semicon Japan Co., Ltd.	Newly established for the year ended 31 December 2021
	-	-
Excluded from consolidation	-	-
	-	-

Note) LX Semicon Japan Co., Ltd. has been established on 3 September with new investment.

### B. Legal and commercial name of the Company

The Company's name is LX Semicon Co., Ltd.

### C. Date of establishment

The Company was established on 11 November 1999.

### D. Address, telephone number and website of the headquarters

Address: (H.Q) 222 Techno 2-ro, Yuseong-gu, Daejeon (Tamnip-dong)

Telephone: +82 2 6924-3114

Website: www.lxsemicon.com

## Whether the Company is an SME

Whether the Company is an SME	Not applicable
Whether the Company is a venture company	Not applicable
Whether the Company is a middle-standing enterprise	Not applicable

## E. Major areas of businesses

The Company is engaged in design, manufacturing, and sales of system semiconductor IC as its main business, and consists of a single display business division.

For details of the Company's major business activities, please refer to "II. Business Activities".

## F. Credit rating

In the past three years, the Company has not requested credit ratings to domestic or overseas credit rating agencies which offer ratings and private rating agency's interest rates not as in the credit inquiry business.

## G. Stock listing (or registration and designation) and special listing of the Company

Stock listing (or registered/designated)	Stock listing Stock listing date (or registration / designation)	Special listing	Applicable regulations such as special listing
KOSDAQ market	08 June 2010	-	-

# 2. Company History

## A. The Company's major historical events are as follows:

Date	Major contents
October 2016	Awarded the prize of sales tower KRW 500 billion (Daejeon City)
March 2017	Change of representative director (Han Dae-Keun --> Son Bo-Ik)
October 2017	Awarded the prize of sales tower KRW 600 billion (Daejeon City)
May 2018	Acquired part of System IC business from LG Electronics Co., Ltd. (entire assets and manpower related to T-Con chips for OLED TV)
June 2018	The 10th Korea KOSDAQ Award (KOSDAQ Association) (awarded with Best Job Creating Company Prize)
October 2019	Awarded the prize of sales tower KRW 700 billion (Daejeon City)
June 2021	Change of name (Silicon Works Co., Ltd. → LX Semicon Co., Ltd.)

Note) The Company changed its name from Silicon Works Co., Ltd. to LX Semicon Co., Ltd. by the extraordinary general meeting of shareholders on 25 June 2021, and the effective date of the change of name is 1 July 2021.

**B. The major historical events of LX Semicon U.S.A., Inc (USA), one of the Company's subsidiaries are as follows:**

Date	Major contents
October 2012	Establishment of legal entity (Paid in capital USD 500,000)
July 2021	Change of the company name (SILICON WORKS, INC. → LX Semicon U.S.A., Inc)

**C. The major historical events of Silicon Works China Co., Ltd., one of the Company's subsidiaries are as follows:**

Date	Major contents
March 2017	Establishment of legal entity (Paid in capital CNY 4,085,400)
May 2018	Capital increase with consideration (CNY 4,085,400 → CNY 13,012,920)

**D. The major historical events of LX Semicon Japan Co., Ltd., one of the Company's subsidiaries are as follows:**

Date	Major contents
September 2021	Establishment of legal entity (Paid in capital JPY 30,000,000)

**E. The headquarters location and changes of the address**

11 November 1999: 4th Fl., Jeil Bank Building, 1299 Dunsan-dong, Seo gu, Daejeon, Korea  
 15 December 2000: 5th Fl., Semyung Hoekwan Building, 1299 Dunsan-dong, Seo gu, Dae jeon, Korea  
 04 October 2005: 104-13 Munji-dong, Yuseong-gu, Daejeon, Korea  
 31 January 2011: 222 Techno 2-ro Yuseong gu, Daejeon , Korea

**F. Major changes to the management**

Date of change	Type of the general meeting of shareholders	Appointment		Expiration or dismissal
		Newly appointed	Re-appointed	
17 Mar. 2017	Regular general meeting of shareholders	Representative director Son Bo-Ik, Non-executive director Min Byeong-Hun, External director Yoon Il-Goo	-	Representative director Han Dae-Keun, Non-executive director Son Bo-Ik, External director Lee Sang-Guk
16 Mar. 2018	Regular general meeting of shareholders	Internal director Choi Sung-Kwan, Non-executive director Jeong Hyeon-Ok, External director Shin Yeong-Soo	-	Internal director Bae Dong-Su, Non-executive director Min Byeong-Hun, External director Moon Geon-Woo
15 Mar. 2019	Regular general meeting of shareholders	Non-executive director Jeong Yeon-Chae, External director Wi Kyung-Woo	-	Non-executive director Jeong Hyeon-Ok, External director Lee Nam-Joo
26 Mar. 2020	Regular general meeting of shareholders	-	Representative director Son Bo-Ik, External director Yoon Il-Goo	-
18 Mar. 2021	Regular general meeting of shareholders	Non-executive director Roh Jin-Seo	Internal director Choi Sung-Kwan, External director Shin Yeong-Soo	Non-executive director Jeong Yeon-Chae

Note 1) Please refer to "VIII. Executives and Employees" for more details on change in management.

Note 2) Internal director Choi Sung-Kwan and external director Shin Yeong-Soo has been reappointed, other non-

executive director Jeong Yeon-Chae had resigned and other non-executive director Roh Jin-Seo, newly appointed on 18 March 2021.

## G. Changes of the largest shareholder

According to the spin-off of LG, which was the previous largest shareholder, the largest shareholder was changed from LG Corp. to LX Holdings Co., Ltd., and the changes in the largest shareholder, etc. are described in “2. Shareholding of the largest shareholder of VII. Shareholders”.

## H. Change of company name

Date of change	Before change	After change	Reason for change
25 June 2021	Silicon Works Co., Ltd.	LX Semicon Co., Ltd.	Change of governance and improving image as a semiconductor company

Note 1) The date of change is the date of approval of the general meeting of shareholders for the change of Articles of Incorporation reflecting the change of company name.

Note 2) The effective date of the changed name is 1 July 2021.

## 3. Matters Pertaining to Changes to Capital

The Company has not changed its capital for the last five years.

(Unit: KRW, shares)

Types	Division	31 December 2021
Ordinary shares	Total issued shares	16,264,300
	Par value	500
	Capital	8,132,150,000
Preferred shares	Total issued shares	-
	Par value	-
	Capital	-
Others	Total issued shares	-
	Par value	-
	Capital	-
Total	Capital	8,132,150,000

## 4. Total Number of Shares

The total issued shares are 16,264,300 ordinary shares as of 31 December 2021.

(Based on 30 September 2021)

(Unit: shares)

Division	Type of share			Remarks
	Ordinary shares	Preferred shares	Total	
I. Total number of shares to be issued	-	-	50,000,000	-



II. Total number of shares issued so far	16,264,300	-	16,264,300	-
III. Total number of shares decreased so far	-	-	-	-
1. Capital decrease	-	-	-	-
2. Interest distribution	-	-	-	-
3. Redemption of redeemable shares	-	-	-	-
4. Others	-	-	-	-
IV. Total number of shares issued (II-III)	16,264,300	-	16,264,300	-
V. Number of treasury shares	-	-	-	-
VI. Number of outstanding shares (IV-V)	16,264,300	-	16,264,300	-

Note) The total shares of the Company to be issued is 50 million shares, of which the issuing limit of preferred stock is 7 million shares.

## 5. Matters Pertaining to the Articles of Incorporation

### A. History of changes to the articles of incorporation

Changed date	Name of general meeting of shareholders	Major changes	Reason for change
15.03.2019	The 20th ordinary general meeting of shareholders	Establishing electronic registration basis provisions, changing business handling details of transfer agent and adding notification contents	Preparing the basis for electronic registration and clarifying the contents of the provisions
18.03.2021	The 22nd ordinary general meeting of shareholders	Revising items regarding separate election for audit officer, and changing texts to be able to make a resolution through proxy by assigning an officer in board of directors	Revising items regarding separate election for audit officer and flexibility of regulations related to the committee
25.06.2021	The 1st extraordinary general meeting of shareholders	Revising articles due to change of the company name, clarifying business purposes and changing website in notification method according to name change	Revising articles due to change of the company name

## II. Business Activities

### 1. Business Overview

The Company is in the business of designing, producing and selling core parts (System IC) that drive display panels, and consists of a single display business division.

The main products are Driver-ICs and Timing controllers that drive panels, and the Driver-ICs account for 87.9% of total sales during the year ended 31 December 2021 (86.4% during the year ended 31 December 2020). Exports account for 99.1% of the total sales for the year ended 31 December 2021 (97.0% in the previous year).

The product development is carried out through continuous discussions with electronic companies, which are consumers, about product specifications and characteristics, and manufacturing is outsourced to semiconductor manufacturers.

### 2. Major Products and Services

[Based on 31 December 2021]

(Unit: KRW million)

Business sector	Product	Product details	Major product	31 December 2021		31 December 2020		31 December 2019	
				Sales	Ratio(%)	Sales	Ratio(%)	Sales	Ratio(%)
Semicond uctor	System IC	Panel driver IC and others	Driver - IC	16,683	87.86	10,036	86.38	7,236	83.44
			Driver - IC, etc.	2,305	12.14	1,583	13.62	1,435	16.56
Total				18,988	100.00	11,619	100.00%	8,671	100.00

### 3. Raw Materials and Facilities

#### A. Major raw materials

[Based on 30 June 2021]

(Unit: KRW million)

Raw material	Purchased amount	Major supplier
Wafer, etc.	8,850	SK hynix systemic Inc., LG Innotek Co., Ltd., etc.
Processing cost, etc.	4,108	LB Semicon Co., Ltd., LB Lusem Co., Ltd., etc.

Note) LG Innotek Co., Ltd. among the Company's suppliers belong to LG affiliates.

As the Company is a fabless company placing orders and commissioning semiconductor manufacturing processes and the cost for the purchase of wafers is a very important element for the management performance and it is considered to be confidential. Hence, the Company will not provide the unit cost and trends of wafer prices.

#### B. Manufacturing capacity and facilities

The Company is a fabless company and has no manufacturing facilities. All the necessary manufacturing is commissioned to professional semiconductor manufacturers (foundries). Accordingly, it has no separate manufacturing facilities and the details are not provided.

### C. Commissioned Manufacturing

Fabless companies depend on commissioned processing from wafer manufacturing to package and testing. As wafer manufacturing foundries, package and testing businesses involve large scaled investment due the characteristics of semiconductor industry, the businesses are divided accordingly.

## 4. Sales and Orders

### A. Sales performance

[Based on 30 June 2021]

(Unit: KRW million)

Business sector	Sales type	Product		31 December 2021	31 December 2020	31 December 2019
Semiconductor	Products and others	System IC	Exports	18,816	11,271	8,359
			Domestic	172	348	312
Total			Total	18,988	11,619	8,671

### B. Sales channels, methods, strategies, and major customers

#### (1) Sales and mass production support organizations

As of 31 December 2021, the departments of the Company are composed of TI divisions (TV/IT/Display) and MS divisions (Mobile Solution), and TI and MS sales divisions under the TI department and MS department are in charge of domestic and overseas sales.

#### (2) Sales channels

Our sales consist of direct sales from the head office, and are produced by outsourced companies and delivered to customers. The Company develops and sells products based on consistent discussions on the product specifications and characteristics with electronic companies, which are the buyers.

Division	Sales channels
Domestic	Order → LX Semicon (OEM → release → delivery)
Overseas	

Note) Domestic sales are sales within Korea

#### (3) Sales strategy

The Company is expected to maintain its competitiveness in the market through the development of new products and technologies as well as differentiated customer support to strengthen the customer base and to expand subjects of new customers. Also, it will keep its market status by providing the optimum solutions requested by customers as tailor made products.

#### (4) Main source of sales

There are two customers whose sales from a single external customer accounted for more than 10% of the Group's sales for the current half year, the sales were KRW 1352.6 billion (KRW 861.8 billion in the previous year) and KRW 312.4 billion (KRW 143.3 billion in the previous year), respectively.

#### C. Order situation

Driver chips for displays manufactured by the Company vary according to the size and characteristics of display panels. Due to the nature of the purchasing policies of major panel makers, orders for necessary quantities are usually made every 10 weeks with additional requests at any given time thereafter.

### 5. Risk Management and Derivatives

The Group is exposed to credit risk, liquidity risk and market risk with regard to financial instruments. Information on the aforesaid risk to which the Group is exposed is disclosed in the notes with the goal, policy, risk evaluation and management procedure, and capital management of the Group. Additional quantitative information is also disclosed throughout these financial statements.

#### A. Credit risk management

Credit risk refers to risk where the Group may have financial losses as customers or transactional counterpart fails to fulfill contractual obligations for financial instruments, and it may mainly break out from trade receivables for customers and investment assets. the Company is trading with customers with the certain level or higher of credit rating in an effort to reduce financial losses due to default, while reviewing the credit ratings of customers with exposure to credit risk periodically. Credit risk may break out even from transactions with financial institutions as well, and the Company is in principle trading only with the banks of higher credit ranking in an effort to reduce this risk. The Company ensures that new transactions are carried out for deposits with the higher likelihood of credit risk such as trust deposits only after approval by the executive in charge. The exposure level of the Group to credit risk as of 31 December 2021 is maximum KRW 813.7 billion, including cash, cash equivalents, trade receivables and other receivables.

#### B. Management of liquidity risk

Maintaining and managing adequate liquidity is a very important matter for the Company. The Company currently maintains non-debt management and has an adequate cash level. In addition, the Company is making every effort to maintain and manage appropriate liquidity through periodic forecasting of funds balance, estimating the required cash level, and managing income and expenses.

Separately, the Company is actively communicating with the financial market to secure early liquidity in preparation for liquidity risks. We are actively reviewing overdraft and other borrowing limits to secure abundant liquidity.

#### C. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices.

#### (1) Exchange rate risk management

The Group is exposed to the exchange rate risk related to the sales profits and costs indicated in KRW, which is the functioning currency. The major presentation currency for these transactions is the USD. The carrying amounts of the cash assets and liabilities presented in major currencies other than the functioning currency as of 31 December 2021 and 2020 are, as follows:

(Unit: KRW billion)

Division	31 December 2021		31 December 2020	
	USD	JPY	USD	JPY
Assets in foreign currency	853.2	0.0	1,316.7	0.0
Liabilities in foreign currency	910.4	19.1	286.2	0.0

The effect of changes in the exchange rate of Korean Won against foreign currencies on profit and loss (before income tax) as of 31 December 2021 and 2020 on the losses and gains, is as follows.

(Unit: KRW billion)

Division	31 December 2021	31 December 2020
	(If 5% changed)	(If 5% changed)
USD	±2.9	±51.5
JPY	±1.0	±0.0

## (2) Interest rate risk management

The Group is not recognizing the fixed interest rate financial instruments as the financial instruments for which the profits or losses should be recognized in the current business year. Therefore, the revenues and operating cash flows of the Group are actually independent of variations in the market interest rate.

## D. Capital risk management

The capital management of the Group is for maintaining the existence of the Company as a going concern, minimizing the capital cost for funding, maximizing the profits of the shareholders, and maintaining an appropriate equity structure. The Group is managing its capital based on the liability ratio. The Group manages the capital based on the ratio of liability, which is calculated by dividing the total liability in the statement of financial position with capital.

The Group maintains a proper liability ratio at 46.51% as of 31 December 2021.

## E. Transaction of Derivatives

As of the reporting date, there is no relevant information.

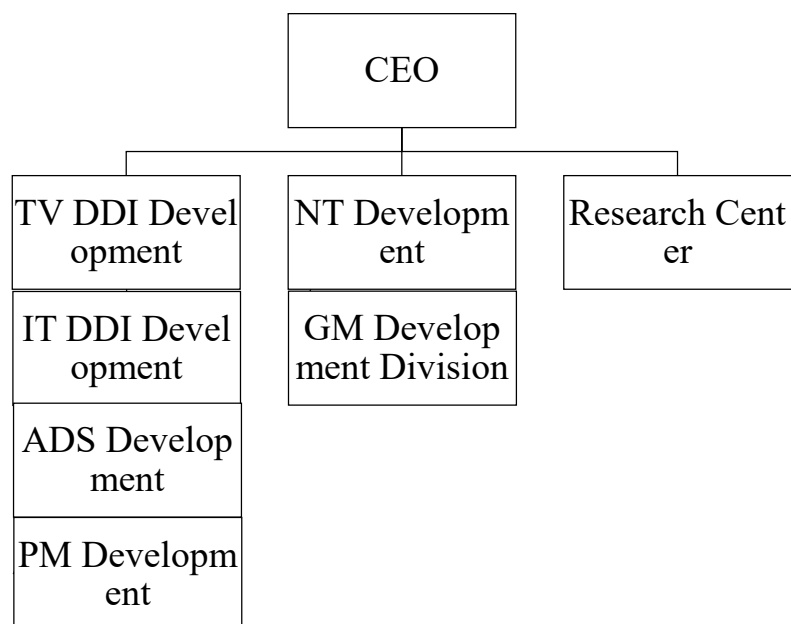
## 6. Major Contracts and Research

### A. Major contracts in management

As of the reporting date, there is no relevant information.

### B. Research and development

(1) Research and development organization



(2) Research and development expenses

(Unit: KRW million)

Category		31 December 2021	31 December 2020	31 December 2019
Total R&D expenses		1,714	120,928	100,030
(Government subsidies)		(0.4)	(72)	(196)
Total R&D expenses after deducting government subsidies		1,714	120,856	99,834
Accounting	Selling and administrative expenses	1,714	120,856	99,834
	Manufacturing cost	-	-	-
	Development expenses (intangible assets)	-	-	-
R&D expenses/sales ratio [R&D expenses÷current sales×100]		9.0	10.4	11.5

Note) The percentage of sales was calculated based on the total amount of R&D expenses before deducting government subsidies.

(3) Performances in research and development

The Company is specialized in display components and has secured a variety of product technological power over the entire area of displays from components for IT products such as laptops, monitors and tablet PCs to other components for TV and mobile devices during the recent years.

Our main products are Driver-IC, T-CON, and PMIC, and the Company is growing sales by expanding our product lineup with mobile-oriented P-OLED DDI and Touch Controller, etc. In addition, the Company is developing Power Ics and MCUs, which are system semiconductors for home appliances and electronic devices, by expanding our technological power to various application areas other than displays.

## 7. Other Matters

### A. Status of intellectual property rights possession

The Company has 1,135 applications (before acquisition of patent) and 668 patents regarding semiconductor as of 31 December 2021. The above number of applications can vary anytime by new applications, acquisition, expiration, waiver, etc.

The patents are managed by a dedicated organization composed of experts, who are in charge of patent development, registration, follow-up management, and dispute response.

[Based on 31 December 2021]

(Unit: cases)

Division	Status	Patent	Total
Domestic	542	278	820
Overseas	593	390	983
Total	1,135	668	1,803

### B. System IC

#### (1) Characteristics of the industry

The products have been growing in scale with the development of the display industry as a key component to drive the display panel. The key competitive factor in the display parts market is to strengthen technological competitiveness based on the original technology and to enter the market in the early stage of display technology development. As the complex product designing technology is required recently, technology gap is getting bigger between companies that have differentiated technology and those who have not.

#### (2) Market scale and growth

The medium and large scale (TV/IT/automotive) display IC market is growing in size thanks to qualitative growth due to the increasing proportion of premium products such as high-resolution (8K) LCDs and OLED TVs, as well as aggressive investments made by Chinese panel makers. In addition, in the small (smart phone/smart watch) display IC market, starting with Apple's first P-OLED phone release (2017), Chinese panel producers are accelerating their entry into the P-OLED market, and growth centered on P-OLED products is expected to continue in the future. As such, the display IC market is expected to grow continuously due to the rapid growth of Chinese panel makers and the trend of panel generation conversion.

[Annual panel sales]

(Unit : M units)	2020	2021(E)	2022(E)	2023(E)	2024(E)	2025(E)	2026(E)	2027(E)	2028(E)
<b>TV</b>	276.2	266.8	266.3	267.9	275.2	275.1	276.5	276.7	277.6
<b>Monitor</b>	165.0	171.0	183.6	171.9	165.3	165.2	165.8	163.8	164.8
<b>Notebook</b>	228.9	290.1	300.1	283.1	282.3	283.8	290.2	283.4	285.4
<b>Tablet</b>	278.6	278.1	259.2	249.4	238.7	232.8	232.6	229.3	231.0
<b>Automotive Display</b>	182.4	260.3	279.5	289.8	298.9	309.1	313.1	315.9	322.3
<b>Large Panel Total</b>	<b>1,131.1</b>	<b>1,266.3</b>	<b>1,288.6</b>	<b>1,262.1</b>	<b>1,260.4</b>	<b>1,266.1</b>	<b>1,278.1</b>	<b>1,269.1</b>	<b>1,281.0</b>
<b>Featurephone</b>	229.2	177.9	157.4	144.4	130.4	118.0	105.5	94.4	86.2
<b>Smartphone</b>	1,544.7	1,740.6	1,616.3	1,698.3	1,751.3	1,816.9	1,878.4	1,906.3	1,920.9
<b>Smartwatch</b>	177.4	215.9	232.9	257.6	273.3	285.4	296.0	305.5	312.6
<b>HeadMountDisplay</b>	5.9	8.5	11.0	13.5	16.8	20.1	22.3	24.1	25.1
<b>Small Panel Total</b>	<b>1,957.2</b>	<b>2,142.8</b>	<b>2,017.6</b>	<b>2,113.7</b>	<b>2,171.8</b>	<b>2,240.4</b>	<b>2,302.2</b>	<b>2,330.4</b>	<b>2,344.9</b>

① Medium and large sized (TV/ IT/automobile) display IC

The display IC market for LCD TVs is growing due to the increase in the number of ICs required per panel as the proportion of UHD panels increases. The UHD TV penetration rate in 2021 is expected to be about 61% on a global average, and in particular, the spread of 8K TVs is also growing, leading the growth of display ICs for LCD TVs.

In addition, the proportion of OLED TVs in the premium TV market is increasing steadily, and the number of TV set makers who have selected OLED panels as a strategy for product differentiation is increasing. The display IC market for large OLED TVs is also showing high growth. The market size is small as LG Display is the only company that is mass-producing OLED TV panels so far. However, rapid growth is expected in the future as Chinese panel producers are making aggressive facility investments based on enormous capital power. Unlike LCD products, display ICs for OLED TVs are based on panel compensation technology in addition to driving technology, so companies with competitive power are expected to lead the market.

IT products are expected to increase in short-term demand due to the expansion of the non-face-to-face living environment caused by COVID-19. In addition, some premium brands are increasing the added value by adding new functions such as increasing the resolution and utilizing the touch panel..

② Small (smart phone/smart watch) display IC

The smartphone market has entered the stage of maturity. The smartphone panel market size was about 1.6 billion units in 2019 and reached about 1.5 billion units in 2020 and is expected to reach 1.6 billion units in 2021. The smartphone market in developed countries is expected to grow less than that of the emerging market, and the growth of the emerging market is driving the growth of the overall smartphone market.

Major global set makers are actively pursuing form factor evolution strategies to create new demand, so the proportion of smartphones equipped with P-OLED panels is expected to continue to increase. Currently, domestic panel makers are leading the P-OLED market due to the technological gap between Korean and Chinese panel makers, but Chinese makers' share in the P-OLED panel market is expected to gradually increase as the makers expand their capacity.

The smart watch market is expected to continue to grow at a high level every year after the great growth in 2020, and the size of the related market is expected to increase continuously through services linked to various devices such as IoT in the future.

(3) Characteristics of economic fluctuations and competitive elements

The core competitive element in the display component market is the market entry at the initial stage with the development of display, as well as the strengthening technological competitiveness based on



original technologies. It is to create a barrier to entry through differentiation through technological competitiveness by securing a meaningful share in a new market where new technologies are applied. The display industry is a field that requires both technology and capital-intensive characteristics and economies of scale, and has the characteristic that the barrier to entry increases as the degree of technical completion increases. In the past, the supply capacity has improved through fierce competition among panel makers, and in line with the increase in demand, the overall display industry has recorded a high growth rate. However, in recent years, due to the high maturity of the market and limited demand, it has entered a low-growth phase. Due to its high sensitivity to economic fluctuations, replacement demand does not increase significantly. Without creating new demand through innovative products, it is difficult to expect continuous growth in the market.

#### (4) Market share

According to market research firm Omdia, based on the year 2020, the Company has ranked the 51st place in the global semiconductor companies ranking, and in the top 3 among display driver IC companies. In recent years, securing competitive power in new technologies rather than the size of sales itself has become an important criterion for determining the Company's competitive advantage. Thus, we are successfully entering the premium market such as OLED/P-OLED through close cooperation with panel and set customers. In addition to the display, the Company is also continuing to expand our business to new areas such as home appliances, automobiles and batteries etc.

#### (5) Strength of the Company

Company not only provide the core components of Display System Semiconductor as a total solution, but also localize the products that have been highly dependent on imports, contributing to stable parts procurement and price competitiveness of domestic downstream companies. We are also actively supporting customer's market by providing customized premium products through continuous technology development. The win-win strategy based on trust with forward looking companies plays a major role in our competitiveness.

Through these efforts, we have secured technological response power to comply with market change in more prompt and flexible ways than other companies from new product development to delivery.

Accordingly, the Company is realizing customer diversification through securing domestic and overseas customers based on our unique designing technological power.

### C. Overseas subsidiaries

The Company has overseas subsidiaries in the US, China and Japan for sales support such as customer support. Please refer to "B. System IC" for the characteristics and the market size in the overseas subsidiaries.

### III. Financial Matters

#### 1. Summarized financial information

##### A. Summarized consolidated financial information

The consolidated financial statements during the year ended 31 December 2021 were prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS) and were reviewed by an external auditor. The financial statements during the year ended 31 December 2020 and 2019 presented for comparison were prepared in accordance with the K-IFRS.

(Unit: KRW million)

Division	The 23 <sup>rd</sup> year	The 22 <sup>nd</sup> year	The 21 <sup>st</sup> year
	31 December 2021	31 December 2020	31 December 2019
[Current assets]	1,031,063	629,332	519,233
• Quick assets	829,946	494,067	400,390
• Inventories	201,117	135,265	118,843
[Non-current assets]	141,468	121,270	110,500
• Transferrable financial assets	-	-	-
• Tangible assets	57,942	41,793	31,623
• Intangible assets	50,216	52,145	52,680
• Other non-current assets	33,310	27,332	26,197
Total assets	1,172,531	750,602	629,733
[Current liabilities]	363,583	209,089	144,852
[Non-current liabilities]	8,616	9,229	12,674
Total liabilities	372,199	218,318	157,526
[Capital]	8,132	8,132	8,132
[Capital surplus]	76,343	76,343	76,343
[Other capital items]	15	(455)	(433)
[Retained earnings]	715,842	448,264	388,165
[Non-controlling interest]	-	-	-
Total equities	800,332	532,284	472,207
	(01 January 2021 ~ 31 December 2021)	(01 January 2020 ~ 31 December 2020)	(01 January 2019 ~ 31 December 2019)
Sales	1,898,846	1,161,896	867,122
Operating profit	369,622	94,227	47,255
Net income	296,424	72,529	38,539
Owners of the parent	296,424	72,529	38,539
Non-controlling interest	-	-	-
Net earnings per share (KRW)	18,225	4,459	2,370
Net diluted earnings per share (KRW)	18,225	4,459	2,370
Number of companies included in the consolidation	3	2	2

## B. Summarized financial information

The consolidated financial statements during the year ended 31 December 2021 were prepared in accordance with the K-IFRS and were reviewed by an external auditor. The financial statements during the year ended 31 December 2020 and 2019 presented for comparison were prepared in accordance with the K-IFRS.

(Unit: KRW million)

Division	The 23 <sup>rd</sup> year	The 22 <sup>nd</sup> year	The 21 <sup>st</sup> year
	31 December 2021	31 December 2020	31 December 2019
[Current assets]	1,028,631	627,617	517,493
• Quick assets	827,514	492,352	398,650
• Inventories	201,117	135,265	118,843
[Non-current assets]	140,903	122,271	111,771
• Transferrable financial assets	-	-	-
• Tangible assets	55,552	40,476	30,647
• Intangible assets	50,060	51,962	52,619
• Other non-current assets	35,291	29,833	28,505
Total assets	1,169,534	749,888	629,264
[Current liabilities]	363,973	209,675	145,432
[Non-current liabilities]	8,491	9,195	12,675
Total liabilities	372,464	218,870	158,107
[Capital]	8,132	8,132	8,132
[Capital surplus]	76,343	76,343	76,343
[Other capital items]	(381)	(381)	(381)
[Retained earnings]	712,976	446,924	387,063
Total equities	797,070	531,018	471,157
Evaluation method for investment securities of dependent joint company	Cost method	Cost method	Cost method
	(01 January 2021 ~ 31 December 2021)	(01 January 2020 ~ 31 December 2020)	(01 January 2019 ~ 31 December 2019)
Sales	1,898,846	1,161,896	867,122
Operating profit	368,630	93,723	46,811
Net income	294,898	72,291	38,240
Net earnings per share (KRW)	18,132	4,445	2,351
Net diluted earnings per share (KRW)	18,132	4,445	2,351

## 2. Consolidated Financial Statements

### Consolidated Statement of Financial Position

As of 31 December 2021

As of 31 December 2020

As of 31 December 2019

(Unit: KRW)

	31 December 2021	31 December 2020	31 December 2019
<b>Assets</b>			
Current assets	1,031,063,337,504	629,332,380,326	519,232,824,508
Cash and cash equivalents	135,613,700,789	100,567,267,243	109,686,194,681
Short-term financial instruments	470,000,000,000	150,846,049,384	100,000,000,000
Trade receivables	175,265,047,069	210,368,392,594	159,275,850,982
Other payables	20,459,407,455	14,492,581,250	4,571,715,172
Other current assets	28,607,668,627	17,630,142,242	26,584,770,094
Financial assets at FVPL	0	163,039,267	270,925,629
Inventories	201,117,513,564	135,264,908,346	118,843,367,950
Non-current assets	141,467,644,416	121,269,958,547	110,500,465,809
Non-current other receivables	12,361,412,928	13,157,235,410	11,551,657,859
Investments in associates and joint ventures	11,668,130,191	4,088,947,195	4,295,935,074
Tangible assets	48,601,655,568	33,160,184,544	21,656,585,106
Right-of-use assets	9,340,077,402	8,632,767,975	9,966,572,403
Intangible assets	50,215,624,104	52,144,579,630	52,680,432,003
Non-current other assets	879,900,722	1,124,251,174	2,393,994,075
Deferred tax assets	8,400,843,501	8,961,992,619	7,955,289,289
Total assets	1,172,530,981,920	750,602,338,873	629,733,290,317
<b>Liabilities</b>			
Current liabilities	363,583,458,447	209,088,958,240	144,851,947,627
Trade payables	213,463,276,070	144,000,394,513	112,842,199,455
Other payables	59,424,740,446	36,200,157,048	17,722,080,835
Other current liabilities	12,793,771,468	9,852,133,137	9,490,866,003
Current lease liabilities	3,576,706,160	2,857,091,653	2,800,707,185
Current tax liabilities	74,324,964,303	16,179,181,889	1,996,094,149
Non-current liabilities	8,614,815,226	9,228,876,340	12,674,547,196
Non-current other payables	20,000,000	20,000,000	0
Non-current other liabilities	4,046,218,481	3,065,517,123	1,616,864,455
Non-current lease liabilities	3,927,949,636	5,380,313,919	7,077,760,245
Defined benefit liabilities	620,647,109	763,045,298	3,979,922,496
Total liabilities	372,198,273,673	218,317,834,580	157,526,494,823
<b>Assets</b>			
Owners' equity	800,332,708,247	532,284,504,293	472,206,795,494
Capital	8,132,150,000	8,132,150,000	8,132,150,000
Capital surplus	76,343,170,500	76,343,170,500	76,343,170,500
Other capital items	15,303,715	(454,724,156)	(433,012,471)
Retained earnings (deficits)	715,842,084,032	448,263,907,949	388,164,487,465
Non-controlling interest	0	0	0
Total equities	800,332,708,247	532,284,504,293	472,206,795,494

Total equities and liabilities	1,172,530,981,920	750,602,338,873	629,733,290,317
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### Consolidated Income Statement

From 01 January 2021 to 31 December 2021

From 01 January 2020 to 31 December 2020

From 01 January 2019 to 31 December 2019

(Unit: KRW)

	31 December 2021	31 December 2020	31 December 2019
Revenue (sales)	1,898,845,716,028	1,161,896,286,020	867,122,049,614
Cost of goods sold ("COGS")	1,240,353,258,754	865,870,102,742	654,231,514,747
Gross profit	658,492,457,274	296,026,183,278	212,890,534,867
Selling and administrative expenses	288,870,505,140	201,799,544,122	165,635,907,186
Operating profit (loss)	369,621,952,134	94,226,639,156	47,254,627,681
Financial income	4,111,403,212	2,806,106,787	3,909,582,790
Financial expense	2,998,580,902	1,251,981,014	456,681,665
Other non-operating income	20,909,117,134	10,840,104,740	3,602,289,324
Other non-operating losses	11,710,952,976	15,498,650,234	7,298,899,135
Equity method gains and losses	743,409,996	(206,987,879)	(123,334,840)
Profit (loss) before income tax	380,676,348,598	90,915,231,556	46,887,584,155
Income tax expenses	84,252,328,037	18,386,320,992	8,349,065,922
Net income (loss)	296,424,020,561	72,528,910,564	38,538,518,233
Attribution of net income (loss)			
Net income (loss) attributable to the owners of the controlling company	296,424,020,561	72,528,910,564	38,538,518,233
Earnings per share			
Basic earnings (loss) per share (Unit: KRW)	18,225	4,459	2,370
Diluted earnings (loss) per share (Unit: KRW)	18,225	4,459	2,370

### Consolidated Comprehensive Income Statement

From 01 January 2021 to 31 December 2021

From 01 January 2020 to 31 December 2020

From 01 January 2019 to 31 December 2019

(Unit: KRW)

	31 December 2021	31 December 2020	31 December 2019
Net income (loss)	296,424,020,561	72,528,910,564	38,538,518,233
Other comprehensive income	(6,419,011,607)	1,048,167,235	554,077,922
Items that are not reclassified to profit or loss (other comprehensive income before tax)			
Gains or losses on remeasurement of defined benefit plans (other comprehensive income before tax)	(9,088,442,583)	1,411,449,763	659,021,828
Gain (loss) on valuation of financial assets at FVOCI	2,199,403,105	(341,570,843)	(159,483,282)
Income tax related to items that are not reclassified to profit or loss			
Items that can be reclassified to current profit or loss (other comprehensive profit or loss before tax)			
Foreign exchange difference in translation at overseas business sites (Other comprehensive income before tax)	470,027,871	(21,711,685)	54,539,376
Total comprehensive income	290,005,008,954	73,577,077,799	39,092,596,155
Attribution of total comprehensive income			
Total comprehensive income, equity attributable to the owners of the parent	290,005,008,954	73,577,077,799	39,092,596,155

## Consolidated Statement of Changes in Equity

From 01 January 2021 to 31 December 2021  
From 01 January 2020 to 31 December 2020  
From 01 January 2019 to 31 December 2019

(Unit: KRW)

		Assets						
		Owners' equity					Non-controlling interest	Total capital
		Capital	Capital surplus	Other components of capital	Retained earnings	Total capital attributable to owners of the parent		
01 January 2019		8,132,150,000	76,343,170,500	(487,551,847)	362,625,799,686	446,613,568,339	0	446,613,568,339
Total comprehensive income	Net income	0	0	0	38,538,518,233	38,538,518,233	0	38,538,518,233
	Remeasurement related to defined benefit plan	0	0	0	499,538,546	499,538,546	0	499,538,546
	Overseas business profit and loss	0	0	54,539,376	0	54,539,376	0	54,539,376
Transactions with shareholders recognized directly in equity	Annual dividends	0	0	0	(13,499,369,000)	(13,499,369,000)	0	(13,499,369,000)
31 December 2019		8,132,150,000	76,343,170,500	(433,012,471)	388,164,487,465	472,206,795,494	0	472,206,795,494
01.01.2020 (at the beginning)		8,132,150,000		(433,012,471)	388,164,487,465	472,206,795,494	0	472,206,795,494
Total comprehensive income	Net income	0	0	0	72,528,910,564	72,528,910,564	0	72,528,910,564
	Remeasurement related to defined benefit plan	0	0	0	1,069,878,920	1,069,878,920	0	1,069,878,920
	Overseas business profit and loss	0	0	(21,711,685)	0	(21,711,685)	0	(21,711,685)
Transactions with shareholders recognized directly in equity	Annual dividends	0	0		(13,499,369,000)	(13,499,369,000)	0	(13,499,369,000)
31.12.2020 (Term-end capital)		8,132,150,000	76,343,170,500	(454,724,156)	448,263,907,949	532,284,504,293	0	532,284,504,293
01.01.2021 (at the beginning)		8,132,150,000		(454,724,156)	448,263,907,949	532,284,504,293	0	532,284,504,293
Total comprehensive income	Net income		0		296,424,020,561	296,424,020,561	0	296,424,020,561
	Remeasurement related to defined benefit plan	0	0	0	(6,889,039,478)	(6,889,039,478)	0	(6,889,039,478)
	Overseas business profit and loss	0	0	470,027,871	0	470,027,871	0	470,027,871
Transactions with shareholders recognized directly in equity	Annual dividends	0	0	0		(21,956,805,000)	0	(21,956,805,000)
31 December 2021		8,132,150,000	76,343,170,500	15,303,715	715,842,084,032	800,332,708,247	0	800,332,708,247

## Consolidated Cash Flow Statement

From 01 January 2021 to 31 December 2021  
From 01 January 2020 to 31 December 2020  
From 01 January 2019 to 31 December 2019

(Unit: KRW)

	31 December 2021	31 December 2020	31 December 2019
Operating cash flows	421,502,665,587	82,955,981,196	20,694,847,797
Cash flows from operating activities	441,930,890,928	85,702,950,983	36,682,081,187
Net income (loss)	296,424,020,561	72,528,910,564	38,538,518,233
Increase or decrease for adjustment to current net profit	125,440,233,092	49,986,116,015	31,329,609,333
Change to equities/liabilities on sales operations	20,066,637,275	(36,812,075,596)	(33,186,046,379)
Gain on interest	3,092,416,977	3,018,502,520	3,386,621,936
Payment on interest	(174,344,490)	(216,065,535)	(251,687,433)
Payment of income tax (return)	(23,346,297,828)	(5,549,406,772)	(19,122,167,893)
Cash flows from investing activities	(361,251,241,958)	(75,441,378,163)	(117,201,380,408)

Increase in short-term financial instruments	(550,000,000,000)	(250,865,913,505)	(170,000,000,000)
Decrease in short term financial instruments	230,899,104,829	200,000,000,000	70,000,000,000
Increase in other receivables	(3,171,707,813)	(5,907,800,500)	(2,751,374,404)
Decrease in other receivables	2,350,106,212	2,549,772,938	2,410,805,819
Increase in advanced payments	0	(577,903,883)	(744,023,205)
Increase in other non-current liabilities	0	20,000,000	0
Acquisition of tangible assets	(31,025,024,629)	(17,272,943,553)	(10,402,438,679)
Acquisition of intangible assets	(4,999,488,735)	(3,683,737,075)	(6,421,916,939)
Disposal of tangible assets	1,401,138,014	10,747,415	92,567,000
Disposal of intangible assets	0	286,400,000	0
Disposition of financial assets at FVPL	130,403,164	0	615,000,000
Acquisition of investments in associates	(6,835,773,000)	0	0
Cash flows from financing activities	(25,277,580,616)	(16,610,251,300)	(16,267,098,811)
Payment of lease liabilities	(3,320,775,616)	(3,110,882,300)	(2,767,729,811)
Dividend payment	(21,956,805,000)	(13,499,369,000)	(13,499,369,000)
Net increase in cash and cash equivalents before the effect of exchange rate fluctuations	34,973,843,013	(9,095,648,267)	(112,773,631,422)
Cash and cash equivalents at the beginning	100,567,267,243	109,686,194,681	222,527,311,948
Effects of exchange rate changes on cash and cash equivalents	72,590,533	(23,279,171)	(67,485,845)
Cash and cash equivalents at the end	135,613,700,789	100,567,267,243	109,686,194,681

### 3. Notes on Consolidated Financial Statements

#### 1. Company overview

##### (1) Summary of the parent

LX Semicon Co., Ltd. (hereinafter referred to as the “Company”) was established on 11 November 1999 for the purpose of designing and manufacturing FPD (flat panel display) semiconductor IC. The Company is located in 222 Techno 2-ro, Daedeok-gu, Daejeon, Republic of Korea. The parent was certified by the Korea Institute for Advancement of Technology as a corporate subsidiary research facility in accordance with Article 16 of the Technology Development Promotion Act and Clause 1 of Article 15 of the Enforcement Decree of the same Act on 19 October 2001. The Company has also been designated as a high-tech company in accordance with Clause 1 of Article 9 of the Special Law on the Cultivation of the Special Research and Development Daedeok-gu and more on 23 October 2011.

The parent was then listed on KOSDAQ market as of 8 June 2010. After several increases in capital with or without considerations, the amount of paid-in capital of the Company as of 31 December 2021 is KRW 8,132,150,000 (16,264,300 issued shares and 50,000,000 authorized shares).

The parent changed the name from Silicon Works Co., Ltd. to LX Semicon Co., Ltd. on 1 July 2021.

The shareholders of the controlling company at the end of current year are as follows;

(Unit: shares)			
Shareholders	No. of shares held	Ownership stake	Remarks
LX Holdings Co., Ltd.	5,380,524	33.08%	Largest shareholder
Others	10,883,776	66.92%	-
Total amount	16,264,300	100.00%	

The current consolidated financial statements for the reporting period ending on 31 June 2021 are comprised of shares in the controlling company and its subsidiaries (hereinafter the "Group").

## (2) Overview of consolidated subsidiaries as of 31 December 2021 and 2020

Company name	Location	Major business activity	Month of account closing	Ownership(%)	
				31 December 2021	31 December 2020
LX Semicon U.S.A., Inc(*1)	USA	Semiconductor manufacturing and designing	December	100.00%	100.00%
Silicon Works China Co., Ltd.	China	Semiconductor manufacturing and designing	December	100.00%	100.00%
LX Semicon Japan Co., Ltd.(*2)	Japan	Semiconductor manufacturing and designing	December	100.00%	-

(\*1) SILICON WORKS, INC. changed its name to LX Semicon U.S.A., Inc. on 16 July.

(\*2) Silicon Works China Co., Ltd. changed its name to LX Semicon China Co., Ltd. on 27 December.

(\*3) It was established through new investment during the year ended 31 December 2021.

## (3) Summarized financial information of subsidiaries

The financial information of subsidiaries as of 31 December 2021 and 2020, is as follows:

(Unit: KRW)						
Division	LX Semicon U.S.A., Inc		LX Semicon China Co., Ltd.		LX Semicon Japan Co., Ltd.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Assets	840,960,849	628,272,171	5,696,797,384	3,783,843,776	317,427,329	-
Liabilities	147,226,926	94,078,991	1,173,187,625	414,253,882	60,857,647	-
Assets	693,733,923	534,193,180	4,523,609,759	3,369,589,894	256,569,682	-
Sales	2,102,017,269	1,874,769,602	9,255,323,187	5,254,498,454	-	-
Net Income	107,799,993	118,339,510	728,264,021	326,852,485	(53,073,595)	-
Total comprehensive income	159,540,743	81,837,350	1,154,019,865	341,642,960	(60,542,318)	-

## 2. Standards for preparing consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as the 'Group') have been prepared in accordance with the K-IFRS.

The material accounting policies applied to preparation of the consolidated financial statements are described below, and the policies applied to preparation of the current consolidated financial statements



are the same as those adopted in the preparation of the annual consolidated financial statements for the business year ending 31 December 2020.

The consolidated financial statements have been prepared on a historical cost basis, excluding certain non-current assets and financial assets that are measured at revaluation or fair value at the end of each reporting period, as explained in the accounting policies below. The historical cost is generally measured at the fair value of the consideration paid to acquire the asset.

Fair value is the price that would be received to sell assets or paid to transfer liabilities in an ordinary transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using valuation techniques. In estimating the fair value of assets or liabilities, the Group considers the characteristics of the assets or liabilities that market participants consider when pricing the assets or liabilities at the measurement date. For measurement or disclosure purposes, fair value is determined in accordance with the principles described above with the exception of measurements that are similar to fair value but not fair value such as share-based compensation transactions included in the scope of IFRS 1102 'Share-based compensation', lease transactions included in the scope of IFRS 1116 'Lease', net realizable value of IFRS 1002 'Inventories', and value in use of IFRS 1036 'Asset Impairment'.

The management has a reasonable expectation at the time of approving the financial statements that the Group has sufficient resources to continue as a going concern for the foreseeable future period. Accordingly, the management has prepared the financial statements on the assumption of going concern.

- 1) The new standards and interpretations introduced from the current year and the resulting changes in accounting policies are as follows:
  - IFRS 1116 Lease (amendment)

The amendments provide practical relief for lessees to account for rent discounts that are a direct result of COVID-19, which will be provided after 30 June 2021. The practical and simple method allows lessees to choose not to evaluate whether a COVID-19-related rental discount, etc. is a lease change. The lessee who has made this choice will account for changes in lease fees due to the COVID-19 related rental fee discount, etc., consistent with the method that the lessee accounts for when such changes are not lease changes.

The practical and simple method applies only to rent discounts, etc. that occurred as a direct result of COVID-19, and applies when all of the following conditions are met.

- ① The lease consideration modified due to changes in lease payments is substantially the same as or less than the lease consideration before the change.
- ② The lease fee reduction only affects the lease payments due before 30 June 2022.
- ③ Other lease terms and conditions are not substantially changed.

These enactments and amendments do not have a significant effect on the amount recognized in the consolidated financial statements of the Group.

- 2) The details of the Korea International Financial Reporting Standards, which were enacted and announced as of the date of approval for issuance of the financial statements, but have not yet reached the effective date and have not been applied early by the Group, are as follows:

- IFRS 1001 'Classification of the current and non-current liabilities' (amendment)

The amendments only affect the indication of current and non-current liabilities in the financial statements, and does not affect the amount of assets, liabilities and gains or losses, the time of recognition, or the disclosure information for those items.

The amendments clarify that the classification of the current and non-current liabilities is based on the entity's rights that exist at the end of the reporting period, and also highlights that it is irrelevant to expectations of whether the entity will exercise its right to defer settlement of the debt. At the end of the reporting period, if the loan agreement is complied with, the right exists, and settlement is clarified as the transfer of cash, equity instruments, or other assets or services to the counterparty.

The amendments are applied retroactively after the commencement date of the first business year starting after 1 January 2023, and early application is permitted.

- IFRS 1103 'Business combination' - Reference to conceptual system (amendment)

The amendments include the contents that IFRS 1103 refers to the 'Conceptual system' (2018) instead of the previous system ('Conceptual system' (2007)). In addition, the amendments also add a requirement that in the case of provisions or contingent liabilities that fall within the scope of application of IFRS 1037, the acquirer applies IFRS 1037 to determine whether a current obligation exists as a result of past events at the acquisition date. In the case of contributions that fall within the scope of application of Interpretation of IFRS 2121, the acquirer applies interpretation of IFRS 2121 to determine whether an obligatory event that creates a payment liability for the contribution has occurred by the acquisition date.

The amendments add an explicit statement that the acquirer does not recognize contingent assets in a business combination.

The amendments apply to business combinations after the commencement date of the business year for which the acquisition date first begins on or after 1 January 2022. Early application of the amendments is allowed only when all the amendments under the 'Amendments to the Conceptual System References in the K-IFRS' published together with the amendments are applied before or simultaneously with the amendments.

- IFRS 1016 'Tangible assets' - The sale amount and related costs of goods produced before they are used in their intended manner (amendment)

The amendments prohibit deducting from the cost of tangible assets the sale of goods produced in the process of bringing them to the location and condition necessary to operate in the manner intended by management. Accordingly, such sales and related costs are recognized in profit or loss, and the costs are measured in accordance with IFRS 1002.

Unless the goods produced are the output of the entity's ordinary activities and the sale amount and costs included in profit or loss are separately indicated in the statement of comprehensive income, the Company should disclose an account in the statement of comprehensive income that includes the size of the amount and cost of the sale, and the amount and cost of the sale.

The amendments apply retrospectively only to tangible assets that has reached a location and condition capable of operating in the manner intended by management after the commencement date of the earliest period indicated in the financial statements for which the amendments is first applied. The cumulative

effect of the initial application of the amendments is recognized by adjusting the opening balance of retained earnings (or other components of equity, if appropriate) at the beginning of the earliest indicated period. The amendments will be applied from the first business year beginning on or after 1 January 2022 and early application is permitted.

- IFRS 1037 'Provisions, contingent liabilities and contingent assets' - Loss-bearing contract and contract execution cost (amendment)

The amendments clarify that the cost of executing a contract consists of costs directly related to the contract. The costs directly related to a contract consist of the incremental costs (e.g. direct labor cost and direct material cost) to perform the contract and any other cost allocations (e.g. depreciation of tangible assets used in the performance of the contract) directly related to the performance of the contract.

The amendments apply to contracts for which all obligations have not been fulfilled on the commencement date of the business year in which the amendments are first applied. The comparative financial statements are not rewritten, but instead, the cumulative effect by the first adoption of the amendments is recognized as retained earnings at the date of initial application or, as appropriate, other elements of equity.

The amendments will be applied from the first business year beginning on or after 1 January 2022 and early application is permitted.

- Annual improvements of 2018-2020 cycle based on K-IFRS

This annual improvement includes some amendments to the first adoption of K-IFRS under IFRS 1101, IFRS 1109 'Financial instruments', IFRS 1116 'Lease' and IFRS 1041 'Agriculture, forestry and fisheries'.

① K-IFRS 1101 'First adoption of K-IFRS'

The amendments provide an additional exemption from accounting for cumulative translation differences in subsidiaries that become first adopters later than the parent. Subsidiaries subject to the exemption provisions in paragraph D16(1) of IFRS 1101 may choose to measure the cumulative translation difference of all overseas operations at the carrying amount to be included in the parent's consolidated financial statements on the basis of the date of transition of the parent to the K-IFRS. However, the effect of the business combination in which the parent acquires a subsidiary and adjustments in accordance with the consolidation procedure are excluded. A similar choice may be made if an associate or joint venture applies the exemption provisions in paragraph D16(1) of IFRS 1101.

This amendment will be applied from the first business year beginning on or after 1 January 2022 and early application is permitted.

② K-IFRS 1109 'Financial instruments'

The amendments include only fees received or paid between the entity (borrower) and the lender when applying the '10%' test to assess whether financial liabilities have been removed, which clarifies that it includes fees paid or received by businesses or lenders on behalf of other parties. The amendments will be applied prospectively to changes and exchanges that have occurred after the initial application date.

The amendments will be applied from the first business year beginning on or after 1 January 2022 and early application is permitted.

③ IFRS 1116 'Lease'

The amendments have deleted the contents of the lease improvement reimbursement amount in case 13 of IFRS 1116. Since The amendments is only relevant to applicable cases, the effective date has not been specified.

④ IFRS 1041 'Agriculture, forestry and fisheries'

The amendments eliminate the requirement to exclude tax-related cash flows when measuring the fair value of biological assets. This ensures that the fair value measurement in IFRS 1041 is consistent with the requirement in IFRS 1113 to use internally consistent cash flows and discount rates., and entities can choose to use pre- or post-tax cash flows and discount rates to determine the most appropriate fair value measurement.

The amendments will be applied from the first business year beginning on or after 1 January 2022 and early application is permitted.

- IFRS 1001 'Presentation of financial statements' and international accounting standards practice 2 'Judgment of materiality' (amendment)' - Disclosure of accounting policies

These amendments change the requirements of IFRS 1001 for the disclosure of accounting policies, and replace all the terms 'Significant accounting policies' with 'Material Accounting policy information'.

The paragraph relating to IFRS 1001 is also amended to clarify that accounting policy information relating to non-material transactions, other events or circumstances is not material and does not need to be disclosed. Accounting policy information, although insignificant in amount, can be material because of the nature of the transaction, other event or circumstance with which it is involved. However, not all accounting policy information relating to a material transaction, other event or situation is material in itself.

In addition, guidelines and examples have been developed to explain and apply the application of ' Step 4 of the Materiality Process' described in International Financial Reporting Standards, Practical Guide 2.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2023, with early adoption permitted. The amendments to International Financial Reporting Standards, Practical Guide 2 do not include the effective date or transitional provisions.

- IFRS 1008 'Accounting policy, changes and errors in accounting estimates' (amendment) - Definition of Accounting estimates

The amendments replace the definition of a change in an accounting estimate with the definition of an accounting estimate. Under the new definition, an accounting estimate is "a monetary amount in the financial statements that is subject to measurement uncertainty".

The amendments will be applied from the first business year beginning on or after 1 January 2023 and early application is permitted. The amendments are applied to changes in accounting estimates and changes in accounting policies that occur after the beginning of the fiscal year in which this amendment is first applied.

- IFRS 1012 'Income tax' - Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of application of the first recognition exception. According to the amendment, the exception to initial recognition does not apply to transactions that give rise to a taxable temporary difference and a deductible temporary difference in the same amount.

Under relevant tax laws, the same amount of taxable and deductible temporary differences may arise when an asset or liability is initially recognized in a transaction that is not a business combination and does not affect accounting or taxable income. For example, this situation may arise when a lease liability and a corresponding right-of-use asset are recognized by applying IFRS 1116 at the commencement date of the lease.

In accordance with the amendments of IFRS 1012, related deferred tax assets and deferred tax liabilities should be recognized. Recognition of deferred tax assets is subject to the recoverability requirements of IFRS 1012.

The amendments will be applied from the first business year beginning on or after 1 January 2023 and early application is permitted.

The Group is reviewing the impact of the above enactments and amendments on the financial statements.

### 3. Significant accounting policies

The Group's financial statements are prepared in K-IFRS. The significant accounting policies applied in the preparation of financial statements are stated below and the accounting policies applied are identical to ones used in the preparation of the consolidated financial statements for the years ended 31 December 2021 and 2020.

#### (1) Sales division

The Group classifies the divisions based on internal reporting data that is periodically reviewed by the chief operating decision maker to make decisions on resources to be allocated to the divisions and evaluate the performance of the divisions. The Group identifies and reports operating segments as a single segment.

#### (2) Consolidation

##### ① Business combinations

Business combinations are accounted for using the acquisition method, except for combinations of entities and businesses under common control.

Transfer considerations are generally measured at fair value in the same way as identifiable net assets are measured at fair value. When goodwill is generated as a result of a business combination, impairment tests are conducted annually and the excess is recognized immediately in net income as a bargain purchase gain. Acquisition-related costs are expensed in the period in which they are incurred and provided for services, except for the cost of issuance of debt securities and equity securities, which are recognized in accordance with IFRS 1032 and IFRS 1109.

Transfer considerations do not include any amounts related to the settlement of existing relationships. The settlement of existing relationships is generally recognized in profit or loss.

Contingent consideration is measured at fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and subsequent settlements are accounted for in equity. When the contingent consideration is not classified as equity, the change in fair value of the conditional consideration is subsequently recognized in profit or loss.

In the case of an acquirer's share-based payment exchanged for compensation held by the acquiree's employees, all or part of the market-based measurement of the acquirer's replacement compensation is included in the transfer consideration of the business combination. Substitutional remuneration and remuneration for post-combination services, which are part of the consideration transferred to the acquiree, are determined by comparing market-based measurements of the acquiree's remuneration with the amount of replacement compensation for pre-combination services.

##### ② Non-controlling interest

Non-controlling interests are measured as the proportionate share of the current equity instruments among recognized amounts of the acquiree's identifiable net assets at the acquisition date. The changes in the ownership interest of a parent to a subsidiary that do not lose control are accounted for as equity transactions.

### ③ Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee 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 over the investee. Subsidiaries' financial statements are included in consolidated financial statements from the date the parent company acquires control over the subsidiaries until it loses control.

### ④ Loss of control

If the parent company loses control of a subsidiary, the Group eliminates assets and liabilities of the previous subsidiary from the consolidated statement of financial position and recognizes gains and losses on loss of the control. Remaining investments in subsidiaries are recognized at fair value when control is lost.

### ⑤ Equity in the equity method investment company

The Group's equity interest in the equity investments consists of equity interests of associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over financial and operating policies. Joint ventures are entities in which the Group does not have a right to assets or liabilities for contracts, but rather net assets to the contracts.

Investments in associates and joint ventures are recognized initially at cost, including transaction costs. After acquisition, they are accounted for using the equity method. In other words, the carrying amount of the investee's profit or loss and other comprehensive income after the acquisition date is added to or subtracted from the carrying amount. The distribution received from the investee is deducted from its carrying amount.

### ⑥ Elimination of internal transactions

Transactions in the Group, related balances, income and expenses, and unrealized gains and losses are eliminated when the consolidated financial statements are prepared. On the other hand, the Group removes the unrealized gains from transactions with equity-invested companies. Unrealized losses are eliminated in the same manner as unrealized gains, unless there is evidence of impairment.

### ⑦ Business combinations under common control

For combinations of entities or businesses under common control, assets acquired and liabilities assumed are recognized at the carrying amounts in the consolidated financial statements of the top-level parent. The Group adds or subtracts the difference between the consideration transferred and the carrying amount of the acquired net assets from capital surplus.

## (3) Cash and cash equivalents

The Group classifies investments with maturities of three months or less after the acquisition date as cash and cash equivalents. Equity instruments are excluded from cash equivalents, but are included in cash equivalents if they are actually cash equivalents, such as preference shares with a fixed redemption date and a short period from the acquisition date to redemption date.

#### (4) Inventories

The unit cost of inventories is determined by the moving average method. The cost of acquisition includes acquisition costs, conversion costs and other costs necessary to prepare the inventory for use.

The inventories are measured at the lower of cost or net realizable value. The valuation losses and net loss on the reduction of inventories to net realizable value are recognized as expenses in the period in which the reduction or loss occurs, and reversal of the loss on the valuation of inventories resulting from the increase in net realizable value of the inventory is reversed. It is deducted from the cost of sales of the inventory recognized as an expense in the period in which it occurred.

#### (5) Non-derivative financial assets

##### ① Recognition and initial measurement

Trade receivables and debt securities are recognized for the first time as they are issued. Other financial instruments and financial liabilities are recognized only when the Group becomes a contracting party for financial instruments.

Except for trade receivables that do not include any significant financial elements, financial assets or liabilities are measured at fair value at the date of initial recognition and are not measured at FVPL. In such cases, transaction costs that are directly attributable to the acquisition of the financial asset or the issue of the financial liability are added to or deducted from fair value. Trade receivables that do not contain significant financial factors are initially measured at the transaction price.

##### ② Classification and subsequent measurement

At initial recognition, financial assets are classified as measured at amortized cost, debt instruments at FVOCI, equity instruments at FVOCI, or financial assets at FVPL.

Financial assets are not reclassified after initial recognition unless the Group changes the business model that manages them. In this case, all affected financial assets are reclassified on the first day of the first reporting period after the change in the business model.



When a financial asset meets both of the following conditions and is not designated as at FVPL, the asset is measured at amortized cost.

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows..
- Debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal outstanding..

When a debt instrument meets both of the following conditions and is not designated as at FVPL, the instrument is measured at FVOCI:

- Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets.
- Debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal outstanding..

Upon initial recognition of an equity instrument that is not held for trading, the Group may choose to present the subsequent change in the fair value of the investment in other comprehensive income. However, the designation is irrevocable. On the other hand, these choices are made by investment.

All financial assets that are not carried at amortized cost or other comprehensive income - fair value, measured above, are measured at FVPL. These financial assets include all derivative financial assets. If a financial asset carried at amortized cost or FVOCI at initial recognition is designated as at FVPL and the accounting inconsistency is eliminated or significantly reduced, the Group may designate the financial asset as measured at FVPL. However, the designation is irrevocable.

## 1) Business model

The Group evaluates the way business is being managed, and the purpose of the business model for managing a financial asset best reflects the way information is provided to the management at its portfolio level. Such information considers the following:

- The accounting policies and purpose specified for the portfolio, the actual operation of such policies. This includes the acquisition of contractual interest income and the duration of the liability to raise the financial asset to maintain a specified level of interest rate, and management's strategy focused on matching the duration of the financial asset and the outflow or realization of expected cash flows from the sale of the asset.
- The way the performance of a financial asset held under the business model is evaluated, and the way such evaluation is being reported to the management.
- The risk affecting the performance of the business model (and financial assets held under the business model), and the way such risk is being managed.
- The compensation plan for the management (e.g., whether the management is being compensated based on the fair value of assets or based on contractual cash flows received).
- The frequency, amount, timing, reason, and forecast of future selling activities of financial assets in the past period

For this purpose, a transaction that transfers a financial asset to a third party in a transaction that does not qualify for derecognition is not considered a sale.

Financial asset portfolios that meet the definition of short-term trading or whose performance is measured at fair value, are measured at FVPL.

## 2) Assessing whether contractual cash flows consist only of principal and interest

The principal is defined to be the fair value of a financial asset at initial recognition. Interest is not only composed of consideration for the time value of money, consideration for the credit risk related to remaining principal at a certain period of time and consideration for other cost (e.g., liquidity risk and cost of operation) and fundamental risk associated with lending but also profit.

When evaluating whether contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the financial instrument. When a financial asset contains contractual conditions that modify the timing and amount of contractual cash flows, the Group is required to determine whether contractual cash flows that arise during the remaining life of the financial instrument due to such contractual condition are solely payments of principal and interest.

The Group considers the following elements when evaluating the above:

- Conditional situation that changes the amount or timing of cash flows
- A clause that adjusts the contractual par interest rate, including the variable interest rate characteristic
- Characteristics of interim repayment and maturity extension
- Contractual terms that limit the Group's claim on cash flows arising from certain asset

If the prepayment amount represents interest on principal and outstanding principal, which is substantially outstanding, and includes reasonable additional compensation for early settlement of the contract, the early repayment characteristics are consistent with the terms of payment of principal and interest on a particular day.

Also, for financial assets acquired by significant discounts or premiums on contractual par value, the intermediate repayment amount substantially represents the contractual par value and contractual interest accruals (but not paid) (in this case, upon early settlement of the contract). If the fair value of the characteristic is minor at the time of initial recognition, the condition is determined to be satisfied.

### ③ Subsequent measurement and profit and loss

#### 1) Financial assets at FVPL

These assets are subsequently valued at fair value. Net gain or loss (including interest or dividend income) is recognized in net income.

#### 2) Financial assets measured at amortized cost

These are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and losses are recognized in profit or loss. Gains or losses arising from removals are recognized in net income.

#### 3) Other comprehensive income-debt instruments measured at fair value

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method and impairment loss in foreign exchange translation is recognized in profit or loss. Other net income is recognized in other comprehensive income. Gains or losses on disposal are reclassified to profit or loss from other comprehensive income.

#### 4) Other comprehensive income-debt instruments measured at fair value

These assets are subsequently measured at fair value. Dividends are recognized in net income unless they expressly recover the investment. Other net income is recognized in other comprehensive income and will not be reclassified to profit or loss.

### ④ Derecognition of financial assets

When the contractual right to cash flows of a financial asset expires, the Group transfers the contractual right to receive the cash flows of the financial asset and substantially transfers most of the risks and rewards of ownership of the transferred financial asset., or removes financial assets if the Group does not control its financial assets without retaining or transferring most of its risks and rewards.

The Group does not remove a transferred asset if the parent company has made a transaction that transfers the assets recognized in the consolidated statement of financial position, but holds most of the risks and rewards of ownership of the transferred asset.

### ⑤ Offset of financial assets

Financial assets and liabilities are presented as a net amount in the consolidated statement of financial position when the Group has an enforceable legal right and an intention to settle on a net basis or to realize an asset and settle the liability simultaneously.

## ⑥ Impairment of financial assets

1) The Group recognizes loss allowance for expected credit losses on the following assets.

- Financial assets measured at amortized cost
- Other comprehensive income-debt instruments measured at fair value
- Lease receivables

Provisions for loss on trade receivables and other receivables measured at amortized cost are always measured at an amount equivalent to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating expected credit losses, the Group considers information that is available, reasonable and supportable without excessive cost or effort. This includes qualitative and quantitative information and analysis based on past experiences and known credit ratings of the Group, including forward-looking information.

Expected credit loss for the entire period is expected credit loss for all defaults that can occur during the expected life of a financial instrument.

The longest period the Group considers when measuring expected credit loss is the longest contract period in which it is exposed to credit risk.

2) Measurement of expected credit loss

Expected credit loss is a probability weighted estimate of credit loss. Credit losses are measured at the present value of all cash deficits (difference between all contractual cash flows expected to be paid under the contract and all contractual cash flows expected to be received). These expected credit losses are discounted at the effective interest rate on the financial asset.

### 3) Financial assets with damaged credit

At the end of each reporting period, the Group evaluates financial assets measured at amortized cost for impairment. If one or more events that adversely affect the estimated future cash flows of a financial asset have occurred, the financial asset is impaired.

Evidence of impaired credit on financial assets includes the following observable information:

- Significant financial difficulties for issuers or borrowers

### 4) Indication of allowance for credit loss in the consolidated statement of financial position

Financial assets at amortized cost, debt instruments at FVOCI and provision for loss on lease receivables are deducted from the carrying amount of the assets.

### 5) Write-off

Financial assets are derecognized when there is no reasonable expectation of recovery of all or part of its contractual cash flows. The Group evaluates each period and amount individually by assessing whether there are reasonable expectations for recovery from corporate customers. The Group has no expectation that the write-off will be significantly recovered. However, the retired financial assets may be subject to retrieval activities in accordance with the recovery procedures for the maturity of the Group.

## (6) Tangible assets

Premises and equipment are initially measured at cost. The cost of premises and equipment includes costs that are directly attributable to the management's intentional method of bringing the asset to its place and condition, and what is estimated to be incurred in the decommissioning, removal, or restoration of the property.

After initial recognition, the premises and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

As for the cost of replacing part of tangible assets, it is highly probable that future economic benefits from those assets will flow to the Group, and they are included in the carrying amount of the asset when its cost can be measured reliably or recognized as a separate asset where appropriate. The carrying amount of the replaced part is derecognized. The general costs occurred in maintenance and repair are recorded as the net income as it occurs.

Land is not depreciated among premises and equipment, and other premises and equipment are amortized using the straight-line method, which best reflects the expected consumption pattern of future economic benefits inherent in the asset over its useful life.

If the cost of a part of the premises and equipment is significant in relation to the total cost of the premises and equipment, the part is depreciated separately.

The gain or loss arising from the removal of the premises and equipment is determined by the difference between the net sale and the carrying amount and the difference is recognized as other non-operating income and other non-operating expenses.

The estimated useful lives of tangible assets for the years ended 31 December 2021 and 2020, are as follows:

Division	Useful lives
Buildings and structures	20, 40 years
Machinery	5 years
Office equipment	4 years
Other tangible assets	2~5 years

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period.

(7) Intangible assets

Intangible assets are initially measured at cost, and after initial recognition, the carrying amount is recognized at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized using the straight-line method with no residual value over their estimated useful lives as of the date of their availability. However, as there are no foreseeable limits on the period over which some intangible assets are expected to be used, they are evaluated as having indefinite useful lives and not amortized.

The estimated useful lives of intangible assets for the years ended 31 December 2021 and 2020, are as follows:

Division	Useful lives
Goodwill	Unlimited
Industrial rights	10 years
Software	5 years
Rights of membership	Unlimited
Other intangible assets	5 years

Amortization period and amortization method for finite intangible assets are reviewed at the end of each reporting period. Intangible assets with indefinite useful lives are reviewed at the end of each reporting period to determine whether the assessment of their useful life is indefinite. If it is deemed appropriate to change this, it is treated as a change in the accounting estimate.

The subsequent expenditures are capitalized only if the future economic benefits of the related asset are increased. Other expenses, including internally generated goodwill and trade names, are immediately expensed.



## (8) Goodwill

Goodwill is the consideration paid in excess of the fair value of the net identifiable assets acquired at the time of the business combination and is recognized as intangible assets. Goodwill is not amortized, but is tested for impairment annually and presented at cost less accumulated impairment losses.

## (9) Government subsidies

Government subsidies are recognized only if the Group has reasonable assurance that the Group will comply with the conditions attached to it.

### ① Asset-related subsidies

The Group receives a government subsidy with the basic condition that it must be used to acquire or construct non-current assets. When calculating the carrying amount of the asset, the Group recognizes it in net income over the useful life of the depreciable asset, after deducting government subsidies.

### ② Income-related subsidies

The Group recognizes net income by subtracting the relevant expenses from the relevant expense over the period in which the related costs that it intends to preserve as government grants are recognized as expenses.

## (10) Damage of non-financial assets

In the end of each reporting period for all non-financial assets, except for non-current assets classified as assets, inventories and deferred tax assets, the Group examines whether there are any indications of impairment and, if so, estimates the recoverable amount of the asset. However, intangible assets acquired in a business combination with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment annually by comparing their recoverable amount with their carrying amount, regardless of any indication of impairment.

Recoverable amount is estimated for each asset or if the recoverable amount of an individual asset cannot be estimated, recoverable amount is estimated for each cash-generating unit to which the asset belongs. Recoverable amount is decided as the higher between the pure fair value or value in use. The value in use is discounted by discounting future cash flows expected to be generated from the asset or cash-generating unit at an appropriate discount rate that reflects the current market's assessment of the specific risks of the asset that have not been adjusted in estimating the time value of the money and future cash flows.

If the recoverable amount of an asset or cash generating unit is less than its carrying amount, the carrying amount of the asset is reduced and recognized immediately in profit or loss.

At the end of each reporting period, the Group reviews for assets, excluding goodwill, that there are indications that the impairment loss recognized between and no longer exists or has been reduced. Subsequently, reversal is made only if there is a change in the estimate used to determine recoverable amount since the date of the impairment loss. The carrying amount increased by reversal of an impairment loss cannot exceed the depreciation or amortization of the carrying amount before the impairment loss is recognized in the past.

Goodwill acquired in a business combination is allocated to each cash-generating unit that is expected to benefit from the synergies of the business combination. Impairment losses on cash-generating units reduce the carrying amount of goodwill allocated to the cash-generating unit first, and then reduce the carrying amount of the asset in proportion to the carrying amount of each of the other assets in the cash-generating unit. The impairment losses recognized for goodwill cannot be reversed later. At the end of each reporting period, the Group reviews for assets, excluding goodwill, that there are indications that the impairment loss recognized between and no longer exists or has been reduced. Subsequently, reversal is made only if there is a change in the estimate used to determine recoverable amount since the date of the impairment loss. The carrying amount increased by reversal of an impairment loss cannot exceed the depreciation or amortization of the carrying amount before the impairment loss is recognized in the past.

#### (11) Lease

##### 1) If the Group is a lessee

The Group evaluates whether a contract is a lease or contains a lease at the contract inception date. In the case of lessees, the Group recognizes right-of-use assets and corresponding lease liabilities in relation to all lease agreements, except for short-term leases (with a lease term of 12 months or less) and leases on small-value basic assets. The Group recognizes lease payments related to short-term leases and leases of small underlying assets as expenses on a straight-line basis over the lease term, unless other systematic criteria better represent the form of the lessee's benefits.

Lease liabilities are initially measured at the present value of the lease payments that have not been paid as of the date of commencement of the lease, discounted using the implied interest rate of the lease. If the implied interest rate of the lease cannot be easily calculated, the incremental borrowing rate of the lessee is used.

The incremental borrowing interest rate varies depending on the lease term, currency and the initiation of the lease, and is determined based on inputs, including:

- Risk-free interest rate based on KTB interest rate
- Company-specific risk management
- Credit risk adjustment based on bond yield
- If the risk attribute of the entity entering into the lease is different from the risk attribute of the Group and the lease does not receive benefits from the Company's guarantee, the company-specific risk management

The lease payments included in the lease liability measurement consist of the following items:

- Fixed lease (including actual fixed lease and deducting lease incentives to be received)
- Fluctuating lease rates that depend on the index or Rate(interest rate). Initially measured using an index or rate(interest rate) on the starting day of lease.
- Amount expected to be paid in accordance with the residual value guarantee
- If it is evident that purchase option will be carried out, then the purchase option's event price
- If the lease term reflects the lessee's exercise of the termination option, amount paid to terminate the lease

The Group presents lease liabilities separately from other liabilities in the statement of financial position.

Lease liabilities are subsequently measured by increasing (using the effective interest rate method) the carrying amount by reflecting interest on the lease liabilities and decreasing the carrying amount by reflecting the lease payments paid.

The Group remeasures lease liabilities and makes corresponding adjustments to the related right-of-use assets in the following cases:

- When the lease term changes, the circumstances that give rise to a change in the valuation of the exercise of the purchase option change, or a significant event occurs. In this case, the lease liabilities are measured again by discounting the adjusted lease payments at the adjusted discount rate.
- When the lease payment is changed due to a change in the index or rate (interest rate) or the amount expected to be paid under the residual value guarantee. In this case, the lease liabilities are measured again by discounting the adjusted lease payments at the unchanged discount rate. However, if there is a change in lease payments due to a change in the variable interest rate, an adjusted discount rate that reflects the change in the interest rate is used.
- When the lease agreement is changed and not accounted for as a separate lease. In this case, the lease liabilities are measured again by discounting the adjusted lease payments at the adjusted discount rate as of the effective date of the lease change based on the lease term of the changed lease.

The right-of-use assets consist of the initial measurement of the lease liabilities, the lease payments paid on or before the commencement of the lease (received lease incentives are deducted) and the direct cost of initiating the lease borne by the lessee. The right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

For the estimated cost of dismantling and removing the underlying asset, restoring the site on which the underlying asset is located, or restoring the underlying asset itself as required by the terms of the lease, the Group recognizes and measures in accordance with IFRS 1037. If those costs relate to right-of-use assets, unless those costs are incurred to produce inventories, those costs are recognized as part of the cost of the right-of-use assets.

If ownership of the underlying asset is transferred to the lessee prior to the end of the lease term, or if the cost of the right-of-use assets reflect that the lessee will exercise the purchase option, The lessee depreciates the right-of-use assets from the commencement of the lease to the end of the useful life of the right-of-use asset. In other cases, the lessee depreciates the right-of-use assets from the commencement of the lease until the end of the useful lives of the assets and the end of the lease term, whichever is earlier.

The Group presents right-of-use assets separately from other assets in the statement of financial position.

The Group applies IFRS 1036 to determine whether the right-of-use assets are impaired, and the accounting for the identified impairment loss is described in the accounting policy for 'tangible assets' (refer to Note 3.(6)).

The Group does not include variable lease payments (except for variable lease payments that depend on an index or rate (interest rate)) in the measurement of right-of-use assets and lease liabilities, and such lease payments are recognized in profit or loss in the period in which the event or condition giving rise to the variable lease payments arises.

As a practical and simple method, the lessee may choose to account for each lease element and the related non-lease element as a single lease element for each type of underlying asset, rather than separating the non-lease element from the lease element, but the Group does not use this practical and simple method. In a contract containing one lease element and one or more additional lease or non-lease elements, the lessee allocates the contract consideration to each lease element based on the relative stand-alone price of the lease element and the total stand-alone price of the non-lease element.

## 2) If the Group is a lessor

The Group classifies each lease as either an operating lease or a finance lease. A lease that transfers most of the risks and rewards of ownership of the underlying asset is classified as a finance lease, and a lease that does not transfer most of the risks and rewards of ownership of the underlying asset is classified as an operating lease.

If the Group is an intermediate lessor, the Group accounts for the upper lease and the sub-lease as two separate contracts. The Group classifies sub-leases as finance leases or operating leases according to the right-of-use assets arising from the parent lease rather than the underlying asset.

The Group recognizes lease payments from operating leases as revenue on a straight-line or other systematic basis. If other systematic standards better represent the pattern in which the benefits resulting from the use of the underlying asset are diminished, the Group applies that standard. The Group adds the direct cost of establishing a lease to the carrying amount of the underlying asset and recognizes it as an expense over the lease term on the same basis as the rental income.

In finance leases, the amount received from lessees is recognized as receivables as net investment in the lease of the Group. The Group allocates financial revenue over the lease term in such a way that a certain period of return is reflected in the Group's net investment in lease.

After initial recognition, the Group periodically reviews the estimated unguaranteed residual value, and recognizes expected credit loss on lease receivables as a loss allowance by applying the requirements for derecognition and impairment of IFRS 1109.

Finance lease income is calculated by referring to the total carrying amount of lease receivables. However, in the case of financial lease receivables with impaired credit, financial income is calculated by referring to amortized cost (ie, amount after deducting loss allowance).

If both the lease and non-lease elements are included in the agreement, the Group allocates the contract consideration by applying IFRS 1115.

## (12) Non-Derivative Financial Liabilities

The Group classifies financial liabilities as financial liabilities at FVPL and other financial liabilities, and recognizes them in the statement of financial position as part of the contract.

### ① Financial liabilities at FVPL

Financial liabilities at FVPL include short-term trading financial liabilities or financial liabilities designated at financial liabilities at FVPL or loss on initial recognition. Financial liabilities at FVPL are measured at fair value after initial recognition, and changes in fair value are recognized in profit or loss. Meanwhile, at the time of initial recognition, transaction expenses incurred in connection with the issuance of financial liabilities at FVPL are recognized immediately in profit or loss.

### ② Other financial liabilities

Non-derivative financial liabilities other than financial liabilities at FVPL are classified as other financial liabilities. Other financial liabilities are initially measured at fair value less transaction costs directly attributable to issuance. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method and related interest expense is recognized.

The financial liabilities are derecognized from the statement of financial position only when it is extinguished, ie when the contractual obligation is discharged, canceled or expires.

### (13) Employee benefits

#### ① Short-term employee benefits

Short-term employee benefits that will be settled within 12 months from the end of the reporting period when an employee provides related service are recognized in profit or loss when the service is provided. Short-term employee benefits are measured at undiscounted amount.

#### ② Other long-term employee benefits

Other long-term employee benefits that will not be paid within 12 months after the end of the reporting period for which the employee provided the related service are discounted to present value of future salaries earned in exchange for the service provided in the current and past periods. The changes from remeasurement are recognized in profit or loss in the period in which they arise.

#### ③ Severance payments: Defined benefit plan

The defined benefit liabilities related to the defined benefit plan are recognized at the end of the reporting period less the fair value of plan assets.

Defined benefit liabilities are calculated under the predictive unit accumulation method annually by an independent public accountant. Where the net amount calculated by subtracting the fair value of plan assets from the present value of defined benefit obligations is an asset, the asset is recognized only to the extent of its present value of available annual benefits, either in the form of a refund from the plan or a reduction in future contributions to the plan.

The remeasurement component of net defined benefit liabilities is a change in the upper limit on recognition of assets, except for actuarial gains and losses, net interest on net defined benefit liabilities, and net interest on defined benefit liabilities. It is immediately recognized in other comprehensive income. The Group's net interest in the defined benefit liabilities (assets) is determined by multiplying the net defined benefit liabilities (assets) by the discount rate determined at the beginning of the annual reporting period. During in consideration of changes in net defined benefit liabilities (assets) due to contributions and payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

In the event of amendment or reduction of the plan, gains or losses on changes or reductions in benefits for the past service are recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the cumulative settlement occurs.

#### (14) Provisions

Provisions are present (legal or statutory) obligation that exists as a result of a past event, and it is recognized that resources with economic benefits are likely to be leaked in order to fulfill the obligation, and the amount of money required to fulfill the obligation can be estimated reliably.

The amount recognized as provisions is the best estimate of the expenditures required to carry out the present obligation at the end of the reporting period, taking into account the inevitable risks and uncertainties associated with the events and circumstances.

When the time value effect of money is significant, the provisions are valued at the present value of the expenditures expected to settle the obligation.

When a third party is expected to reimburse some or all of the expenditure required to settle the provisions, the Company recognizes the reimbursement amount and accounts for it as a separate asset only when it is almost certain that the entity will be reimbursed.

The balance of the provisions is reviewed at the end of each reporting period and adjusted to reflect the best estimate as of the reporting date. If the possibility of the outflow of resources in which economic benefits are embedded for the performance of the obligation is no longer high, the related provisions are reversed.

Provisions for warranty are recognized when products or services are sold or provided, and are estimated by weighted average of all possible outcomes and related probabilities based on historical warranty data.

The provisions are used only for expenditures related to initial recognition.



#### (15) Foreign currency transaction

In the preparation of the financial statement, transactions in currencies other than functional currencies are recorded at the exchange rate on the trading day. At the end of each reporting period, foreign currency monetary items are translated at the closing rate at the end of the reporting period. Non-monetary items measured at fair value are translated at the exchange rate on the day at which the fair value is determined, and non-monetary items measured at historical cost are translated at the exchange rate on the trading day.

Foreign exchange differences at the time of settlement of monetary items and foreign exchange differences resulting from the translation of monetary items are recognized in profit or loss as other non-operating income and other non-operating expenses when they are related to operating activities, and non-operating activities are recognized in profit or loss as finance income and finance expenses.

When gains or losses on non-monetary items are recognized in other comprehensive income, the effect of foreign exchange fluctuations included in the gain or loss is recognized in other comprehensive income, and any gains or losses are recognized in profit or loss.

#### (16) Paid-in capital

Ordinary shares are classified as capital, and incremental costs that arise in direct relation to capital transactions (the net amount that reflects the tax effect) are deducted from the capital.

If the Group reacquires its own equity instruments, such instruments are directly deducted from the capital as reacquired shares. If the company buys, sells, issues, or cancels its own equity instruments, the profit or loss is not recognized as that for the current year. When the Group acquires and retains treasury stock, the consideration paid or received is recognized directly in equity.

## (17) Revenue from contracts with customers

The Group recognizes revenue by applying IFRS 1115 for the first time on 1 January 2018 and applying the 5-step (① Contract identification → ② Performance obligation identification → ③ Transaction price calculation → ④ Allocating transaction price to performance obligation → ⑤ Revenue recognition when performance obligation is fulfilled) revenue recognition model to all types of contracts.

### ① Contract identification

The Group identifies a contract with a customer when all of the following criteria are met:

- The contracting parties accept the contract and commit to performing their respective obligations.
- The rights of each party in relation to the goods or services to be transferred can be identified.
- The terms of payment for the goods or services to be transferred can be identified.
- The contract has commercial performances.
- It is probable that the entity will recover the consideration to which it would be entitled for the goods or services transferred to the customer.

The Group identifies contracts with customers for the supply of products and services that satisfy all of the above criteria as contracts with customers.

### ② Performance obligation identification

At the inception of the contract, the Group identifies the promise to transfer any of the following to the customer as a performance obligation by reviewing the goods or services promised in the contract with the customer.

- Distinct goods or services (or a bundle of goods or services)
- 'A set of distinct goods or services' that are substantially the same and have the same method of transfer to the customer'

The performance obligations of the Group to customers identified in contracts with customers are the supply of promised products and provision of services.

### ③ Transaction price calculation

The Group refers to the terms of the contract and the company's business practices to calculate the transaction price. The transaction price is the amount the entity expects to be entitled to receive in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of a third party.

The Group calculates the consideration to be received from customers for the supply of products and services as the transaction price. However, the consideration to be received from customers may change because the Group allows returns in the contract to supply the product. The Group estimates variable consideration using the expected value method, which it expects to better predict the consideration to which it will be entitled, and recognizes revenue by including variable consideration in the transaction price only to the amount that is highly unlikely to cause a significant reversal of the accumulated revenue recognized when the return deadline has elapsed. Any consideration received or receivable by the Group for which the Group does not expect to be entitled is recognized as a refund liability and recognized as a new asset for the right to recover the returned asset.

### ④ Allocating transaction price to performance obligation

The Group allocates the transaction price to each performance obligation at an amount representing the right to receive in exchange for the promised goods or services to the customer.

In contracts entered into by the Group with customers, the performance obligations of the Group consist of a single performance obligation identified as distinct goods and services, such as the supply of products and services, and thus the transaction price is not allocated.

### ⑤ Revenue recognition when performance obligation is fulfilled

When the Group fulfills a performance obligation by transferring the promised goods or services to the customer, the transaction price allocated to the performance obligation is recognized as revenue when the customer controls the goods or services.

The Group recognizes revenue as if the performance obligations to supply products and provide services are satisfied at a point in time. In particular, in the case of the provision of services, the assets created by the performance of the obligations of the Group have no alternative use for the company itself, and satisfy the requirements of performance obligations over a period in which there must be an enforceable right to payment for the parts that have been performed so far. Revenue is recognized as a performance obligation to be satisfied at a point in time.

## (18) Financial income and expenses

Financial income includes interest income, foreign exchange gains and losses on foreign currency financial instruments, and net profit or loss on financial assets at FVPL. Interest income is recognized in profit or loss by applying the effective interest method over the period.

Financial expenses include interest expense on borrowings, translation losses and foreign exchange losses on foreign currency financial instruments, and net profit or loss on financial assets at FVPL. Interest expense on borrowings is recognized in profit or loss over the period by applying the effective interest method.

The effective interest method accurately matches the future cash payment estimated during the expected duration of the financial instrument or the current value of the received amount with the total book value of the financial asset or the amortized cost of the financial liability.

When calculating the interest income or interest expenses, the effective interest is applied to the total book value of the assets (if the credit of the asset is undamaged) or to the amortized cost of the liabilities. However, for financial assets whose credit has been damaged after the initial recognition, the interest income is calculated by applying the effective interest to the amortized cost of the financial assets. If such assets' credit can no longer be deemed to be damaged, the interest income is calculated by applying the effective interest to the total book value.

## (19) Corporate tax

Corporate tax expenses consist of current tax and deferred tax expenses, and they are all recognized for the profit or loss for the current year except the tax amounts that occur from transactions or incidents directly recognized for other comprehensive income or capital or from business combination.

### ① Current tax

The current corporate tax is calculated on the basis of taxable income for the year ended 31 December 2021. Taxable income is different from profit and loss on the consolidated statement of income as it excludes gains and losses to be added or deducted in other taxable periods and non-taxable items or non-deductible items from pre-tax income on the consolidated statement of income. The current tax liabilities related to the Group's current tax are calculated using the tax rates actually enacted.

### ② Deferred tax

When measuring the deferred tax liabilities and the deferred tax assets, the Group reflects the tax effects based on the expected method of collecting or paying the book value of the assets or liabilities at the end of the reporting period. For the temporary differences to add for subsidiaries, associates and joint venture investment equity, the Group can control the extinction time point of the temporary differences, and deferred tax liabilities are recognized for all cases except where there is a high possibility that the temporary differences would not be extinct within the predictable future. Also, deferred tax assets that arise due to temporary differences to deduct are recognized in cases where there is a high possibility that the temporary differences will be extinct in predictable future and that taxable income for which the temporary differences can be used will occur.

The book value of the deferred tax assets is reviewed at the end of each reporting period and is lowered when there is no longer a high possibility that taxable income will occur sufficiently enough for the benefits due to deferred tax assets can be used.

Deferred tax assets and liabilities are being measured using the tax rate expected to be applied to the period when the assets would be realized or the liabilities be paid based on the tax law enacted or virtually enacted at the end of the reporting period.

Deferred tax assets and liabilities are the corporate tax levied by the same tax office and are offset only when the Group has the right to offset the recognized amounts and is willing to pay the net amount of the income tax liabilities and assets for the current year. If there exists income tax amount that additionally occur from dividend payment, it is recognized at the time point when the liabilities related to dividend payment are recognized.

## (20) Earnings per share

The Group calculates basic earnings per share and diluted earnings per share for the year ended 31 December 2021 and presents them in the consolidated statement of income. Basic earnings per share is calculated by dividing the net profit or loss for the common shares by the weighted-average common shares of the common shares circulated during the reporting period. Diluted earnings per share by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average No. of ordinary shares outstanding, taking into account the effects of all dilutive potential ordinary shares, including share-based compensation granted to employees.

## (21) Business combinations

Business combinations are accounted for using the acquisition method, except for combinations of entities and businesses under common control.

Transfer considerations are generally measured at fair value in the same way as identifiable net assets are measured at fair value. When goodwill is generated as a result of a business combination, impairment tests are conducted annually and the excess is recognized immediately in net income as a bargain purchase gain. Acquisition-related costs are expensed in the period in which they are incurred and provided for services, except for the cost of issuance of debt securities and equity securities, which are recognized in accordance with IFRS 1032 and IFRS 1109.

Transfer considerations do not include any amounts related to the settlement of existing relationships. The settlement of existing relationships is generally recognized in profit or loss.

Contingent consideration is measured at fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and subsequent settlements are accounted for in equity. When the contingent consideration is not classified as equity, the change in fair value of the conditional consideration is subsequently recognized and recognized in profit or loss.

#### 4. Significant decisions and major source of estimation uncertainty

In applying the Group's accounting policies described in Note 3, management should make judgments that have a significant effect on the amounts recognized in the consolidated financial statements (excluding matters related to estimates), and make estimates and assumptions about the carrying amounts of assets and liabilities that cannot be readily identified from other sources. Estimates and related assumptions are based on past experiences and other factors deemed relevant. In addition, actual results may differ from these estimates.

Estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognized in the period in which the revision is made if the revision affects only that period, and in the period in which the adjustment is made and in future periods if they affect both current and future periods.

##### (1) Management's judgments

The following notes include information on the management's main judgments related to application of accounting policies that significantly affect the amounts recognized in the consolidated financial statements: - Note 3: Significant accounting policies

##### (2) Uncertainty of assumptions and estimates

The information on the uncertainty of premise and estimation with significant risk that may cause major adjustment on the next reporting term is included in the following notes:

- Note 13: Inventories - Assumptions for inventory valuation allowance
- Note 18: Lease liabilities - Determination of lease term
- Note 20: Provisions - Possibility of resource leak and amount assumption
- Note 32: Measurement of the defined benefit obligation - Actuarial assumptions

### (3) Fair value measurement

The Group's accounting policy and disclosures require measurement of various financial and non-financial assets and debts at fair values, and the Group has established fair value evaluation policies and procedures. These policies and procedures include the operation of the evaluation department responsible for reviewing all significant fair value measurements, including those classified as Level 3 in the fair value hierarchy, and the results are reported directly to the finance executive.

The evaluation department regularly reviews significant unobservable inputs and valuation adjustments. When fair value measurement uses third-party information such as broker prices or rating agencies, the evaluation based on information obtained from third parties by the rating department includes classification by level within the fair value hierarchy, and determines whether it can be concluded that the requirements of the standard are met.

When measuring the fair values of assets and debts, the Group uses input variables that are as observable in the market as possible. Fair values are classified within the fair value hierarchy based on the input variables used in the valuation method as follows:

- Level 1: The unadjusted declared value of the same asset or liability in the accessible active market on the measurement date
- Level 2: An input variable directly or indirectly observable with regard to the asset or liability apart from the declared value of Level 1
- Level 3: An input variable unobservable with regard to the asset or liability

In case where various input variables used to measure assets or debts at fair values are classified into different levels within the fair value hierarchy, the Group classifies all the fair value measurements by the lowest-level input variable within the significant fair value hierarchy for the entire measurements and recognizes movements along the fair value hierarchy at the end of the reporting period in which changes occurred.

The following notes contain the information of the assumptions used in fair value measurements:

- Note 7: Management of financial risk

### 5. Sales division

The Group consists of a single research and development organization, while applying the same marketing strategy. It also identifies the sales division as a single division and provides reporting on such a basis.

There are two companies whose sales from a single external customer account for more than 10% of the Group's sales, and their sales for the years ended 31 December 2021 and 2020 were KRW 1,352,588 million (KRW 861,761 million in the previous year) and KRW 312,403 million (KRW 143,322 million in the previous year).



## 6. Classification of financial instruments by category

### (1) Financial instruments by category

The details of the carrying amount of financial instruments by category for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Financial assets:		
Items at FVPL		
Financial assets at FVPL	-	163,039,267
Items at FVOCI		
Trade receivables	55,832,162,670	105,806,689,122
Items measured at amortized cost		
Cash and cash equivalents	135,613,700,789	100,567,267,243
Short-term financial instruments	470,000,000,000	150,846,049,384
Trade receivables	119,432,884,399	104,561,703,472
Other receivables	29,272,763,246	22,796,261,979
Subtotal	754,319,348,434	378,771,282,078
Lease receivables	3,548,057,137	4,853,554,681
Total	813,699,568,241	489,594,565,148
Financial liabilities:		
Items measured at amortized cost		
Trade payables	213,463,276,070	144,000,394,513
Other payables(*2)	14,411,648,102	11,400,788,678
Subtotal	227,874,924,172	155,401,183,191
Lease liabilities	7,504,655,796	8,237,405,572
Total	235,379,579,968	163,638,588,763

(\*1) Lease receivables are excluded.

(\*2) Employee-related debts that are not included in financial liabilities are excluded.

## (2) Financial incomes and costs by category

The details of financial incomes and financing costs recognized in the net income during the year ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)				
Division	Interest income (interest expense)		Other income(*)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial liabilities at FVPL	-	-	(32,636,103)	(107,886,362)
Financial assets at FVOCI	-	-	13,311,927,152	(8,524,015,184)
Financial assets at amortized cost	4,021,780,756	2,594,003,650	(1,109,296,234)	1,568,032,952
Lease receivables	89,622,456	124,192,931	-	-
Financial liabilities at amortized cost	-	-	(5,173,959,094)	2,838,403,354
Lease liabilities	(174,344,490)	(216,065,535)	-	-
Total	3,937,058,722	2,502,131,046	6,996,035,721	(4,225,465,240)

(\*) Other gains and losses consist of gains and losses on financial assets at FVPL, financial assets at FVOCI, financial assets at amortized cost and financial liabilities at amortized cost, and losses on disposal of trade receivables, foreign currency translation gains and losses and foreign exchange differences form gains or losses on foreign exchange.

## (3) Transfer of financial assets

The Group transferred trade receivables according to the account receivable factoring contract with the Export-Import Bank, etc. In this transaction, if the relevant trade receivables are not recovered at maturity, the Group is not obligated to pay the unrecovered amount of trade receivables to banks.

There is no carrying amount of trade receivables accounted for as collateralized borrowing as the Group transferred all or part of the transferred financial assets through factoring of accounts receivable as of 31 December 2021.

## 7. Management of financial risk

### (1) Credit risk

Credit risk refers to the risk that the Group will suffer financial loss as a result of a customer or counterparty not fulfilling its contractual obligations for a financial instrument. It mainly arises from trade receivables and investment assets to customers.

#### ① Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk of the Group as of 31 December 2021 and 2020, is as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Cash and cash equivalents	135,613,700,789	100,567,267,243
Short-term financial instruments	470,000,000,000	150,846,049,384
Trade receivables (*1)	175,265,047,069	210,368,392,594
Other receivables (*2)	32,820,820,383	27,649,816,660
Financial liabilities at FVPL	-	163,039,267
Total	813,699,568,241	489,594,565,148

(\*1) Includes trade receivables classified as financial assets at FVOCI.

(\*2) Includes lease receivables.

## ② Impairment loss

The Group has established an allowance for losses expected to occur on trade receivables. The allowance for a group of financial assets is determined based on historical data on the recovery of similar financial assets.

The trade receivables are net amount after loss allowance is deducted, and as indicated in the consolidated statement of financial position, details of trade receivables and related loss allowances based on the total amount before loss allowance as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Account receivables	175,265,047,069	210,368,392,594
Allowance for bad debts	-	-
Net carrying amount of trade receivables	175,265,047,069	210,368,392,594

As of 31 December 2021 and 2020, the age of trade receivables and the amount impaired by each year are as follows:

(Unit: KRW)						
Division	31 December 2021			31 December 2020		
	Total amount of receivables	Impaired amount	Carrying amount	Total amount of receivables	Impaired amount	Carrying amount
Within the due date	170,544,442,333	-	170,544,442,333	187,909,227,718	-	187,909,227,718
Due date ~ 3 months	4,735,821,767	-	4,735,821,767	22,211,033,246	-	22,211,033,246
3 ~ 6 months	(15,217,031)	-	(15,217,031)	19,651,630	-	19,651,630
More than 6 months	-	-	-	228,480,000	-	228,480,000
Total	175,265,047,069	-	175,265,047,069	210,368,392,594	-	210,368,392,594

There was no change in allowance for bad debts for trade receivables for the years ended 31 December 2021 and 2020.

## (2) Liquidity risk

Liquidity risk refers to the risk that the Group will have difficulty in meeting its obligations related to financial liabilities that are settled through the delivery of cash or other financial assets. The Group's liquidity management method is to maintain sufficient liquidity to repay liabilities at maturity without the risk of incurring abnormally excessive losses or damaging the Group's reputation even in financially difficult circumstances.

The Group manages liquidity risk by maintaining sufficient cash and cash equivalents and short-term financial instruments.

The contractual maturity of financial liabilities for the years ended 31 December 2021 and 2020, is as follows: The amount does not include the effect of trade agreements.

### ① 31 December 2021

(Unit: KRW)				
Division	Carrying amount	Contractual cash flow	Less than 1 year	More than 1 year and less than 5 years
Trade payables	213,463,276,070	213,463,276,070	213,463,276,070	-
Other payables(*)	14,411,648,102	14,411,648,102	14,391,648,102	20,000,000
Total	227,874,924,172	227,874,924,172	227,854,924,172	20,000,000

(\*) Employee-related liabilities not included in financial liabilities are excluded, and the contractual maturity of lease liabilities is indicated in Note 18.

### ② 31 December 2020

(Unit: KRW)				
Division	Carrying amount	Contractual cash flow	Less than 1 year	More than 1 year and less than 5 years
Trade payables	144,000,394,513	144,000,394,513	144,000,394,513	-
Other payables(*)	11,400,788,678	11,400,788,678	11,380,788,678	20,000,000
Total	155,401,183,191	155,401,183,191	155,381,183,191	20,000,000

(\*) Employee-related liabilities not included in financial liabilities are excluded, and the contractual maturity of lease liabilities is indicated in Note 18.

The contractual maturity is based on the earliest date on which the Group can be demanded for payment.

### (3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices.

#### ① Currency risks

The Group is exposed to the currency risk that arises from operating revenue and operating expenses in currencies other than KRW, which is the functional currency of the company. The major currencies in these transactions are USD.

#### A) Exposure to foreign exchange risk

The carrying amounts of monetary assets and liabilities denominated in foreign currencies other than the functional currency as of for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)								
Division	31 December 2021					31 December 2020		
	USD	JPY	CNY	EUR	INR	USD	JPY	CNY
Foreign currency assets:								
Cash and cash equivalents	629,258,175	-	-	-	-	449,195,683	-	-
Advanced payments	-	-	-	-	57,180,894	-	-	-
Trade receivables	84,127,890,315	-	-	-	-	129,387,804,356	-	-
Receivables	559,325,456	-	-	-	-	1,837,010,274	-	-
Total	85,316,473,946	-	-	-	57,180,894	131,674,010,313	-	-
Foreign currency liabilities:								
Trade payables	89,222,219,441	-	-	-	-	26,023,632,422	-	-
Payables	1,819,938,881	1,911,477,975	176,946	14,067,723	53,862,389	2,596,042,625	79,734	158,612
Total	91,042,158,322	1,911,477,975	176,946	14,067,723	53,862,389	28,619,675,047	79,734	158,612

The exchange rates applied to the conversion of monetary assets and liabilities denominated in foreign currencies are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
USD	1,185.50	1,088.00
JPY	10.30	10.54
CNY	186.26	166.96
EUR	1,342.34	-
INR	15.93	-

## B) Sensitivity analysis

If the exchange rate of the Korean won (“KRW”) against the major foreign currencies constituting the Group's financial assets and liabilities as of the end of the current and as of 31 December 2021 and 2020, years had risen, the Group's capital and profit and loss would have increased or decreased. This analysis assumes the level of change that the Group believes is reasonably possible at the end of each period. The sensitivity analysis also assumes that other variables, such as the interest rate, do not change. The effect of the changes in foreign exchange rate for Korean won (before income tax) as of 31 December 2021 and 2020 on the losses and gains, are as follows.:

(Unit: KRW)				
Division	31 December 2021		31 December 2020	
	Increase by 5% point	Decrease by 5% point	Increase by 5% point	Decrease by 5% point
USD	(286,284,219)	286,284,219	5,152,716,763	(5,152,716,763)
JPY	(95,573,899)	95,573,899	(3,987)	3,987
CNY	(8,847)	8,847	(7,931)	7,931
EUR	(703,386)	703,386	-	-
INR	165,925	(165,925)	-	-

### ② Interest rate risk

The Group's interest-bearing assets are fixed at a fixed interest rate, and the Group does not treat fixed interest rate financial instruments as financial instruments measured at fair value. Therefore, the revenues and operating cash flows of the Group are actually independent of variations in the market interest rate.

(4) Fair value

Carrying amount and fair value of financial assets and liabilities include current fair value rank system for the years ended 31 December 2021 and 2020, are as follows:

① 31 December 2021

(Unit: KRW)					
Division	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value:					
Trade receivables (*1)	55,832,162,670	-	-	-	-
Financial assets not measured at fair value:					
Cash and cash equivalents	135,613,700,789	-	-	-	-
Short-term financial instruments	470,000,000,000	-	-	-	-
Trade receivables	119,432,884,399	-	-	-	-
Other receivables (*2)	29,272,763,246	-	-	-	-
Subtotal	754,319,348,434	-	-	-	-
Total amount	810,151,511,104	-	-	-	-
Financial liabilities not measured at fair value:					
Trade payables	213,463,276,070	-	-	-	-
Other payables(*2,*3)	14,411,648,102	-	-	-	-
Total amount	227,874,924,172	-	-	-	-

(\*1) Since the carrying amount is a reasonable approximation of the fair value, the fair value hierarchy and measurement method are not included in the disclosure.

(\*2) Lease receivables and lease liabilities are excluded.

(\*3) Employee-related debts that are not included in financial liabilities are excluded.



② 31 December 2020

(Unit: KRW)					
Division	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value:					
Financial liabilities at FVPL	163,039,267	-	-	163,039,267	163,039,267
Trade receivables (*1)	105,806,689,122	-	-	-	-
Subtotal	105,969,728,389	-	-	163,039,267	163,039,267
Financial assets not measured at fair value:					
Cash and cash equivalents	100,567,267,243	-	-	-	-
Short-term financial instruments	150,846,049,384	-	-	-	-
Trade receivables	104,561,703,472	-	-	-	-
Other receivables (*2)	22,796,261,979	-	-	-	-
Subtotal	378,771,282,078	-	-	-	-
Total	484,741,010,467	-	-	163,039,267	163,039,267
Financial liabilities not measured at fair value:					
Trade payables	144,000,394,513	-	-	-	-
Other payables(*2,*3)	11,400,788,678	-	-	-	-
Total	155,401,183,191	-	-	-	-

(\*1) Since the carrying amount is a reasonable approximation of the fair value, the fair value hierarchy and measurement method are not included in the disclosure.

(\*2) Lease receivables and lease liabilities are excluded.

(\*3) Employee-related debts that are not included in financial liabilities are excluded.

The changes in Level 3 fair value for the year ended 31 December 2020 are as follows:

(Unit: KRW)				
Division	01 January 2021	Evaluation	Disposal	31 December 2021
Financial liabilities at FVPL	163,039,267	-	(163,039,267)	-

## (5) Capital management

The Group's capital management aims to maintain its ability to continue as a going concern while minimizing capital raising costs to maximize shareholder returns and to maintain an appropriate capital structure. The Group manages the capital based on the ratio of liability, which is calculated by dividing the total liability in the consolidated statement of financial position with capital. The debt-to-equity ratio of the Group as of 31 December 2021 and 2020, is as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Total liabilities	372,198,273,673	218,317,834,580
Total equities	800,332,708,247	532,284,504,293
Debt-to-equity ratio	46.51%	41.02%

## 8. Cash and cash equivalents

The details of cash and cash equivalents for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Demand deposits	30,313,700,789	10,567,267,243
Term deposit, etc.(*)	105,300,000,000	90,000,000,000
Total	135,613,700,789	100,567,267,243

(\*) This is a financial instrument whose maturity is within 3 months from the acquisition date, has very high liquidity, is easy to convert to a fixed amount, and has a slight risk of value fluctuation.

## 9. Short-term financial instruments

The details of short-term financial instruments as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Term deposit	470,000,000,000	150,846,049,384

## 10. Trade and other receivables

(1) Trade and other receivables as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)				
Division	31 December 2021		31 December 2020	
	Current	Non-current	Current	Non-current
Trade receivables	175,265,047,069	-	210,368,392,594	-
Receivables	15,703,271,449	-	11,067,830,772	-
Accrued income	1,743,516,473	-	721,852,856	-
Loan	1,683,384,338	7,650,673,846	1,403,207,680	7,548,533,982
Deposits	-	2,491,917,140	-	2,054,836,689
Lease receivables	1,329,235,195	2,218,821,942	1,299,689,942	3,553,864,739
Total	195,724,454,524	12,361,412,928	224,860,973,844	13,157,235,410

(2) The changes in lease receivables for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
01 January 2021	4,853,554,681	6,124,481,750
Interest income	89,622,456	124,192,931
Collection	(1,395,120,000)	(1,395,120,000)
31 December 2021	3,548,057,137	4,853,554,681

(3) Maturity analysis of lease receivables as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Within one year	1,395,120,000	1,395,120,000
Over 1 year and less than 2 years	1,395,120,000	1,395,120,000
Over 2 year and less than 3 years	866,324,509	1,395,120,000
Over 3 year and less than 4 years	-	866,324,509
Total undiscounted lease	3,656,564,509	5,051,684,509
Unrealized financial income	(108,507,372)	(198,129,828)
Lease net investment	3,548,057,137	4,853,554,681

#### 11. Financial liabilities at FVPL

(1) The details of the financial assets at FVPL for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Items at FVPL		
LB Investment	-	163,039,267

(2) The changes in the financial assets at FVPL for the years ended 31 December 2021, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
01 January 2021	163,039,267	270,925,629
Disposal amount	(163,039,267)	-
Valuation loss	-	(107,886,362)
31 December 2021	-	163,039,267

## 12. Other assets

Other assets as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)				
Division	31 December 2021		31 December 2020	
	Current	Non-current	Current	Non-current
Advanced payments	1,796,148,736	186,959,330	654,965,524	145,142,494
Prepaid expenses	26,807,033,814	692,941,392	16,965,080,131	979,108,680
VAT refundable	4,486,077	-	10,096,587	-
Total	28,607,668,627	879,900,722	17,630,142,242	1,124,251,174

## 13. Inventories

(1) The details of inventories for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Finished goods	68,414,211,584	40,247,274,592
Work in process	142,699,548,169	116,647,392,008
Inventory return assets	367,742,961	189,116,375
Inventory valuation allowances	(10,363,989,150)	(21,818,874,629)
Total	201,117,513,564	135,264,908,346

(2) Gain (loss) on valuation on valuation of inventories for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Cost of goods sold:		
Establishment of allowance for return of inventories	(178,626,586)	(71,623,569)
Establishment (return) of allowance for valuation of inventories	(11,454,885,479)	6,542,567,734

#### 14. Investment of associates and joint ventures

(1) The investment of associates and joint ventures as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)							
Company name	Location	Main sales activities	Month of account closing	31 December 2021		31 December 2020	
				Ratio(%)	Carrying amount	Ratio(%)	Carrying amount
Advance Power Device Technologies Co. Ltd.	Korea	R&D and design of semiconductor devices	March	49.00	4,229,627,079	49.00	4,088,947,195
FJ Composite Materials Co., LTD(*)	Japan	Development, manufacturing and sales of composite materials	May	29.98	7,438,503,112	-	-
Total					11,668,130,191		4,088,947,195

(\*) Equity was acquired in the year ended 31 December 2021.

(2) The changes in the investments in associates for the years ended 31 December 2021 and 2020, are as follows:

##### ① 31 December 2021

(Unit: KRW)				
Company name	01 January 2021	Acquisition	Equity method gains and losses	31 December 2021
Advance Power Device Technologies Co. Ltd.	4,088,947,195		140,679,884	4,229,627,079
FJ Composite Materials Co., LTD	-	6,835,773,000	602,730,112	7,438,503,112
Total	4,088,947,195	6,835,773,000	743,409,996	11,668,130,191

##### ② 31 December 2020

(Unit: KRW)				
Company name	01 January 2021	Acquisition	Equity method gains and losses	31 December 2021
Advance Power Device Technologies Co. Ltd.	4,295,935,074		(206,987,879)	4,088,947,195

- (3) The financial position of associates and joint ventures as of 31 December 2021 and 2020, are as follows:

① 31 December 2021

(Unit: KRW)							
Company name	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total equities
Advance Power Device Technologies Co. Ltd.	8,197,680,024	808,815,562	9,006,495,586	184,230,102	190,373,485	374,603,587	8,631,891,999
FJ Composite Materials Co., LTD	4,229,805,505	8,896,860,639	13,126,666,144	875,952,350	3,904,393,250	4,780,345,600	8,346,320,544

② 31 December 2020

(Unit: KRW)							
Company name	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total equities
Advance Power Device Technologies Co. Ltd.	7,688,654,320	939,523,118	8,628,177,438	118,746,689	164,640,555	283,387,244	8,344,790,194

- (4) The items of profit and loss in the investments in associates for the years ended 31 December 2021 and 2020, are as follows:

① 31 December 2021

(Unit: KRW)					
Company name	Sales	Operating income	Income tax expenses	Net Income	Total comprehensive income
Advance Power Device Technologies Co. Ltd.	2,801,913,354	254,719,394	28,520,362	287,101,805	287,101,805
FJ Composite Materials Co., LTD(*)	2,852,191,075	2,056,323,955	-	2,052,759,763	2,052,759,763

(\*) Sales, net profit or loss, and comprehensive income are amounts after incorporation into associates.

② 31 December 2020

(Unit: KRW)					
Company name	Sales	Operating income	Tax income	Net Income	Total comprehensive income
Advance Power Device Technologies Co. Ltd.	2,650,940,551	(558,578,589)	(949,310)	(422,424,242)	(422,424,242)

- (5) The adjustments of the financial information amount of investment in associates and joint ventures to the carrying amount of equity in associates and joint ventures as of 31 December 2021 and 2020, are as follows:

① 31 December 2021

(Unit: KRW)						
Company name	Net asset as of 31 December 2021 (A)	Group's share (B)	Net asset equity (A*B)	(+)Goodwill	(±)Others	Carrying amount at the end
Advance Power Device Technologies Co. Ltd.	8,631,891,999	49.00%	4,229,627,079	-	-	4,229,627,079
FJ Composite Materials Co.,LTD	8,346,320,544	29.98%	2,502,226,899	4,075,123,848	861,152,365	7,438,503,112

② 31 December 2020

(Unit: KRW)						
Company name	Net asset as of 31 December 2021 (A)	Group's share (B)	Net asset equity (A*B)	(+)Goodwill	(±)Others	Carrying amount at the end
Advance Power Device Technologies Co. Ltd.	8,344,790,194	49.00%	4,088,947,195	-	-	4,088,947,195



## 15. Tangible assets

(1) The details of tangible assets for the years ended 31 December 2021 and 2020, are as follows:

### ① 31 December 2021

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Acquisition cost	6,419,595,262	6,043,324,341	188,300,000	56,560,490,481	17,166,431,234	7,886,547,942	94,264,689,260
Accumulated amortization	-	(2,714,191,507)	(16,476,264)	(24,380,737,654)	(12,412,009,661)	(4,033,159,176)	(43,556,574,262)
Accumulated impairment loss	-	-	-	(239,798,395)	-	-	(239,798,395)
Government subsidies	-	-	-	(38,922)	(10,675,296)	(195,000,000)	(205,714,218)
Carrying amount	6,419,595,262	3,329,132,834	171,823,736	31,939,915,510	4,743,746,277	3,658,388,766	50,262,602,385

(\*) Other tangible assets include facility equipment, leasehold improvements, vehicles and assets construction in-progress.

### ② 31 December 2020

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Acquisition cost	5,015,382,334	4,847,249,181	188,300,000	23,905,890,867	15,682,919,553	16,576,118,246	66,215,860,181
Accumulated amortization	-	(2,451,894,452)	(11,768,760)	(15,921,112,331)	(10,835,377,095)	(3,005,808,205)	(32,225,960,843)
Accumulated impairment loss	-	-	-	(564,056,013)	-	-	(564,056,013)
Government subsidies	-	-	-	(935,118)	(9,723,663)	(255,000,000)	(265,658,781)
Carrying amount	5,015,382,334	2,395,354,729	176,531,240	7,419,787,405	4,837,818,795	13,315,310,041	33,160,184,544

(\*) Other tangible assets include facility equipment, leasehold improvements and assets construction in-progress.

- (2) The changes in the carrying amount of tangible assets for the years ended 31 December 2021 and 2020, are as follows:

① 31 December 2021

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Carrying amount at the beginning	5,015,382,334	2,395,354,729	176,531,240	7,419,787,405	4,837,818,795	13,315,310,041	33,160,184,544
Acquisition cost during the period	1,404,212,928	1,196,075,160	-	5,534,445,750	2,171,393,204	20,766,240,019	31,072,367,061
Disposal cost during the period	-	-	-	(12,806)	(2,696,584)	(1,319,130,944)	(1,321,840,334)
Substitution of assets under construction	-	-	-	28,047,579,602	92,500,000	(28,140,079,602)	-
Depreciation	-	(262,297,055)	(4,707,504)	(9,201,774,512)	(2,376,659,274)	(966,243,085)	(12,811,681,430)
Other increase or decrease	-	-	-	139,890,071	21,390,136	2,292,337	163,572,544
Carrying amount as of 31 December 2021	6,419,595,262	3,329,132,834	171,823,736	31,939,915,510	4,743,746,277	3,658,388,766	50,262,602,385

(\*) Other tangible assets include facility equipment, leasehold improvements, vehicles and assets construction in-progress.

② 31 December 2020

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Carrying amount at the beginning	5,015,382,334	2,637,717,199	181,238,744	6,909,629,215	4,819,396,508	2,288,930,197	21,852,294,197
Acquisition cost during the period	-	-	-	2,166,792,403	2,272,020,072	13,145,083,912	17,583,896,387
Disposal cost during the period	-	-	-	(31,738)	(3,497,340)	-	(3,529,078)
Substitution of assets under construction	-	-	-	975,605,167	-	(975,605,167)	-
Substitute with right-of-use assets	-	-	-	-	-	(410,559,310)	(410,559,310)
Depreciation	-	(242,362,470)	(4,707,504)	(2,638,519,820)	(2,248,670,176)	(732,539,591)	(5,866,799,561)
Other increase or decrease	-	-	-	6,312,178	(1,430,269)	-	4,881,909
Carrying amount as of 31 December 2020	5,015,382,334	2,395,354,729	176,531,240	7,419,787,405	4,837,818,795	13,315,310,041	33,160,184,544

(\*) Other tangible assets include facility equipment, leasehold improvements and assets construction in-progress.

## 16. Intangible assets

(1) The details of intangible assets for the years ended 31 December 2021 and 2020, are as follows:

### ① 31 December 2021

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Acquisition cost	27,913,122,677	4,469,422,204	14,303,854,103	4,513,064,600	35,092,460,000	3,531,914,928	89,823,838,512
Accumulated amortization	-	(1,680,563,449)	(8,597,594,514)	-	(29,056,391,672)	-	(39,334,549,635)
Accumulated impairment loss	-	-	-	(243,581,400)	-	-	(243,581,400)
Government subsidies	-	(22,141,642)	-	-	-	(7,941,731)	(30,083,373)
Carrying amount	27,913,122,677	2,766,717,113	5,706,259,589	4,269,483,200	6,036,068,328	3,523,973,197	50,215,624,104

(\*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

### ② 31 December 2020

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Acquisition cost	27,913,122,677	3,326,441,693	12,370,081,725	3,593,114,600	35,101,040,000	3,059,117,441	85,362,918,136
Accumulated amortization	-	(1,335,163,253)	(6,572,416,403)	-	(25,036,298,340)	-	(32,943,877,996)
Accumulated impairment loss	-	-	-	(243,581,400)	-	-	(243,581,400)
Government subsidies	-	(12,203,765)	-	-	-	(18,675,345)	(30,879,110)
Carrying amount	27,913,122,677	1,979,074,675	5,797,665,322	3,349,533,200	10,064,741,660	3,040,442,096	52,144,579,630

(\*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

- (2) The changes in the carrying amount of intangible for the years ended 31 December 2021 and 2020, are as follows:

① 31 December 2021

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Carrying amount at the beginning	27,913,122,677	1,979,074,675	5,797,665,322	3,349,533,200	10,064,741,660	3,040,442,096	52,144,579,630
Acquisition cost during the period	-	48,669,002	448,643,277	919,950,000	-	3,290,518,618	4,707,780,897
Disposal cost during the period	-	(1,688,805)	-	-	-	(91,936,055)	(93,624,860)
Substitution of assets under construction	-	1,108,771,462	1,606,280,000	-	-	(2,715,051,462)	-
Amortization of intangible assets	-	(368,109,221)	(2,165,163,178)	-	(4,028,673,332)	-	(6,561,945,731)
Others	-	-	18,834,168	-	-	-	18,834,168
Carrying amount as of 31 December 2021	27,913,122,677	2,766,717,113	5,706,259,589	4,269,483,200	6,036,068,328	3,523,973,197	50,215,624,104

- (\*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

② 31 December 2020

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*1)	Intangible assets under construction	Total
Carrying amount at the beginning	27,913,122,677	1,566,942,928	6,270,597,276	2,445,333,200	14,374,000,003	110,435,919	52,680,432,003
Acquisition cost during the period	-	372,821,412	552,539,845	1,124,200,000	-	2,315,781,770	4,365,343,027
Disposal cost during the period	-	(2,924,702)	-	(220,000,000)	-	(173,348,284)	(396,272,986)
Substitute(*2)	-	331,112,083	955,025,453	-	-	785,664,157	2,071,801,693
Reclassification of accounts	-	-	(179,988,673)	-	179,988,673	-	-
Amortization of intangible assets	-	(288,877,046)	(1,796,216,036)	-	(4,489,247,016)	-	(6,574,340,098)
Others	-	-	(4,292,543)	-	-	1,908,534	(2,384,009)
Carrying amount as of 31 December 2020	27,913,122,677	1,979,074,675	5,797,665,322	3,349,533,200	10,064,741,660	3,040,442,096	52,144,579,630

- (\*1) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

- (\*2) 31 December 2020, the amount of long-term advance payment related to the acquisition of industrial rights was replaced with intangible assets under construction of KRW 2,072 million.

(3) Intangible assets with indefinite useful life

The Group classifies goodwill and membership among intangible assets as intangible assets with indefinite useful lives and is not amortized, and reviews impairment annually along with intangible assets construction in-progress, which are intangible assets that have not yet been used. There was no impairment recognized for goodwill, intangible assets construction in-progress, and memberships for the years ended 31 December 2021 and 2020.

## 17. Government subsidies

The Group has concluded the technology development agreements with the managing organizations regarding the following new technology development projects as national projects. The Group has spent government subsidies received in connection with such development projects as purchases of tangible and intangible assets, and the government subsidies are presented as a deduction of the assets and expenses. Settlement due to the completion of tasks for the year ended 31 December 2021.

Government subsidies	Coordinating company
Development of micro liquid lens array panel for the implementation of 3D image in the eyeball adaptive type	Electronics and Telecommunications Research Institute

## 18. Lease

- (1) The Group leased buildings and vehicles, and the average lease period is about two years.
- (2) The carrying amount of right-of-use assets for the years ended 31 December 2021 and 2020, are as follows:

### ① 31 December 2021

(Unit: KRW)			
Division	Buildings	Vehicles	Total
Acquisition amount	14,612,259,352	1,357,570,289	15,969,829,641
Accumulated depreciations	(7,877,987,172)	(412,711,884)	(8,290,699,056)
Carrying amount	6,734,272,180	944,858,405	7,679,130,585

### ② 31 December 2020

(Unit: KRW)			
Division	Buildings	Vehicles	Total
Acquisition amount	13,568,462,734	638,526,620	14,206,989,354
Accumulated depreciations	(5,213,867,541)	(360,353,838)	(5,574,221,379)
Carrying amount	8,354,595,193	278,172,782	8,632,767,975

- (3) The changes in carrying amount of right-of-use assets for the years ended 31 December 2021 and 2020, are as follows:

① 31 December 2021

(Unit: KRW)			
Division	Buildings	Vehicles	Total
Amount as of the beginning of year	8,354,595,193	278,172,782	8,632,767,975
Acquisition amount	1,567,384,949	1,272,049,429	2,839,434,378
Decrease (contract termination)	(30,552,418)	(187,108,676)	(217,661,094)
Depreciation	(3,165,277,602)	(416,614,048)	(3,581,891,650)
Others	8,122,058	(1,641,082)	6,480,976
Amount as of the end of year	6,734,272,180	944,858,405	7,679,130,585

② 31 December 2020

(Unit: KRW)			
Division	Buildings	Vehicles	Total
Amount as of the beginning of year	9,445,476,190	325,387,122	9,770,863,312
Acquisition amount	2,077,032,954	300,655,649	2,377,688,603
Decrease (contract termination)	(107,735,369)	(51,287,923)	(159,023,292)
Depreciation	(3,064,822,681)	(298,068,966)	(3,362,891,647)
Others	4,644,099	1,486,900	6,130,999
Amount as of the end of previous year	8,354,595,193	278,172,782	8,632,767,975

- (4) The amount recognized in profit or loss during the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Depreciation of right-of-use assets	3,581,891,650	3,362,891,647
Interest cost on lease liabilities	174,344,490	216,065,535
Expenses related to short-term leases and small assets lease	906,198,448	590,368,747

- (5) The Group's total cash outflow due to leases for the years ended 31 December 2021 and 2020, is KRW 4,401 million and KRW 3,917 million.

- (6) The details of lease liabilities as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)				
Division	31 December 2021		31 December 2020	
	Minimum lease	Present value of minimum lease	Minimum lease	Present value
Within one year	3,709,908,605	3,576,706,160	3,010,998,676	2,857,091,653
Over one year and less than five years	3,895,865,745	3,815,727,544	5,498,344,557	5,380,313,919
Over five years and less than ten years	121,745,160	112,222,092	-	-
Total	7,727,519,510	7,504,655,796	8,509,343,233	8,237,405,572

- (7) The current components of lease liabilities as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Current liabilities	3,576,706,160	2,857,091,653
Non-current liabilities	3,927,949,636	5,380,313,919
Total	7,504,655,796	8,237,405,572

## 19. Trade and other receivables

The details of trade and other payables as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)				
Division	31 December 2021		31 December 2020	
	Current	Non-current	Current	Non-current
Trade payables	213,463,276,070	-	144,000,394,513	-
Payables	45,953,977,593	-	31,644,626,030	-
Accrued expenses	13,470,762,853	-	4,555,531,018	-
Rental deposits	-	20,000,000	-	20,000,000
Total	272,888,016,516	20,000,000	180,200,551,561	20,000,000

## 20. Other liabilities

(1) The details of other liabilities as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)				
Division	31 December 2021		31 December 2020	
	Current	Non-current	Current	Non-current
Advances	7,673,013,672	-	4,230,541,855	-
Withholdings	2,983,973,941	-	2,044,382,715	-
Provisions	2,136,783,855	-	3,577,208,567	-
Long-term employee salary liabilities	-	3,014,803,029	-	2,136,061,671
Provision for restoration	-	1,031,415,452	-	929,455,452
Total	12,793,771,468	4,046,218,481	9,852,133,137	3,065,517,123



(2) The changes in the provisions during the current and prior periods are as follows:

① 31 December 2021

(Unit: KRW)					
Division	01 January 2021	Setting	De-recognition	Paid	31 December 2021
Provision for sales warrant	3,332,437,307	1,541,176,166	(647,873,599)	(2,646,803,552)	1,578,936,322
Provision for return	244,771,260	6,055,530,653	(5,742,454,380)	-	557,847,533
Provision for restoration	929,455,452	101,960,000	-	-	1,031,415,452
Total	4,506,664,019	7,698,666,819	(6,390,327,979)	(2,646,803,552)	3,168,199,307

② 31 December 2020

(Unit: KRW)					
Division	01 January 2021	Setting	De-recognition	Paid	31 December 2021
Provision for sales warrant	3,946,189,306	1,391,438,719	(1,883,876,933)	(121,313,785)	3,332,437,307
Provision for return	159,587,501	2,434,156,344	(2,348,972,585)	-	244,771,260
Provision for restoration	582,365,174	347,090,278	-	-	929,455,452
Total	4,688,141,981	4,172,685,341	(4,232,849,518)	(121,313,785)	4,506,664,019

The Group recognizes warranty expense in the provision for product warranties as expected to be borne by the Group related to sales guarantee for the products and recognizes the corresponding transferred amount in selling and administrative expenses. On the other hand, the Group recognizes the amount corresponding to the portion of revenue to be canceled at the time of product return as allowance liability for return and deduction to sales in accordance with the IFRS 1115.

## 21. Capital and capital surplus

(1) The details of capital as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Number of authorized shares	50,000,000	50,000,000
Par value	500	500
Number of shares issued	16,264,300	16,264,300
Capital	8,132,150,000	8,132,150,000

(2) There are no changes in the number of shares outstanding (16,264,300 shares) in the current and prior periods.

(3) The details of capital surplus at the end of the current and the prior quarters are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Paid-in capital in excess of par value	66,560,617,129	66,560,617,129
Other capital surplus	9,782,553,371	9,782,553,371
Total amount	76,343,170,500	76,343,170,500

## 22. Other capital items

The details of other capital items as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Exchange differences on translation of foreign operations.	396,111,446	(73,916,425)
Gain (loss) on valuation of financial assets at FVOCI	(380,807,731)	(380,807,731)
Total	15,303,715	(454,724,156)

## 23. Retained earnings

(1) The details of current retained earnings as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Statutory reserves	4,066,075,000	4,066,075,000
Unappropriated retained earnings	711,776,009,032	444,197,832,949
Total	715,842,084,032	448,263,907,949

(2) The changes in the unappropriated retained earnings for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Amount as of the beginning of year	444,197,832,949	384,098,412,465
Dividends paid	(21,956,805,000)	(13,499,369,000)
Net income attributable to shareholders of the parent company	296,424,020,561	72,528,910,564
Remeasurement loss on defined benefit plan	(6,889,039,478)	1,069,878,920
Amount as of the end of year	711,776,009,032	444,197,832,949

## 24. Dividends

The details of dividends for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021(*)	31 December 2020
No. of shares to be distributed	16,264,300	16,264,300
Face value per share	500	500
Par dividend	1,080%	270%
Dividend per share	5,400	1,350
Dividends	87,827,220,000	21,956,805,000

(\*) It is scheduled to be put on the agenda at the general shareholders' meeting scheduled for 22 March 2022.

## 25. Earnings per share

### (1) Basic earnings per share

The calculation details of basic earnings per share in the current and the prior periods are as follows:

(Unit: KRW, shares)		
Division	31 December 2021	31 December 2020
Net income attributable to shareholders of the parent company	296,424,020,561	72,528,910,564
Weighted average No. of ordinary shares outstanding	16,264,300	16,264,300
Basic earnings per share	18,225	4,459

#### ② Calculation of weighted average No. of ordinary shares outstanding as of 31 December 2021

Division	Number of shares issued (1)	Number of treasury shares (2)	No. of ordinary shares outstanding (1-2)	Weighting	Weighted average No. of ordinary shares outstanding
01 January 2021	16,264,300	-	16,264,300	365 days/365 days	16,264,300

#### ③ Calculation of weighted average No. of ordinary shares outstanding as of 31 December 2020

Division	Number of shares issued (1)	Number of treasury shares (2)	No. of ordinary shares outstanding (1-2)	Weighting	Weighted average No. of ordinary shares outstanding
01 January 2021	16,264,300	-	16,264,300	366 days/366 days	16,264,300

### (2) Diluted EPS from continuing operations

The Group does not have any dilutive securities in the current and the prior periods. Therefore, the diluted earnings per share is the same as the basic earnings per share.

## 26. Financial revenues and expenses

(1) The details of financial income for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Interest income	4,111,403,212	2,718,196,581
Gain on foreign exchange (financial)	-	56,629,376
Gain on valuation of financial assets at FVPL	-	31,280,830
Total	4,111,403,212	2,806,106,787

(2) The details of financial expenses for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Interest expenses	174,344,490	216,065,535
Loss on foreign exchange (financial)	11,229,058	30,547,844
Loss on disposal of trade receivables	2,780,371,251	866,200,443
Loss on disposal of financial assets at FVPL	32,636,103	-
Loss on valuation of financial assets at FVPL	-	139,167,192
Total	2,998,580,902	1,251,981,014

27. Other non-operating income and expenses

- (1) The details of other non-operating income for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Profit on foreign exchange (non-financial)	20,279,910,594	10,193,540,207
Profit on foreign currency conversion (non-financial)	406,329,768	496,995,916
Gain on disposal of tangible assets	83,374,772	16,029,468
Gain on disposal of intangible assets	-	66,400,000
Miscellaneous income	139,502,000	67,139,149
Total	20,909,117,134	10,840,104,740

- (2) The details of other non-operating expenses for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Loss on foreign exchange (non-financial)	10,520,346,491	10,278,959,915
Loss on foreign currency conversion (non-financial)	345,621,738	3,689,036,175
Loss on disposal of tangible assets	19,510,474	7,478,127
Loss on disposal on intangible assets	93,624,860	176,272,986
Donations	9,957,583	59,213,337
Miscellaneous losses	721,891,830	1,287,689,694
Total	11,710,952,976	15,498,650,234

## 28. Sales

(1) The details of sales for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Key geographic markets:		
Domestic	465,127,993,967	495,043,275,399
China	825,043,499,064	515,436,539,060
Vietnam	415,855,606,590	123,382,133,701
Taiwan	163,128,718,052	13,327,254,868
Japan	26,187,933,597	9,345,018,449
Others	3,501,964,758	5,362,064,543
Total amount	1,898,845,716,028	1,161,896,286,020
Main service lines:		
Product sales	1,892,600,857,598	1,155,019,536,086
Service sales	3,808,946,060	4,538,473,785
Other sales	2,347,518,399	2,179,935,418
Merchandise	88,393,971	158,340,731
Total amount	1,898,845,716,028	1,161,896,286,020
When revenue is recognized:		
Implementation to one point	1,898,004,516,028	1,160,988,486,020
Implementation over time	841,200,000	907,800,000
Total amount	1,898,845,716,028	1,161,896,286,020

## (2) Contract balance

The details of contract liabilities arising from contracts with customers as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Contract liabilities	6,173,093,982	4,116,875,584

As of 31 December 2021, there are no contract assets arising from contracts with customers, and contract liabilities of KRW 6,173 million are classified as advance payment accounts for other liabilities. The amount recognized as revenue for the year ended 31 December 2021 is KRW 3,809 million of the outstanding contract liabilities of KRW 4,117 million as of 01 January 2021. In addition, the timing of conversion of contract liabilities into revenue as of 31 December 2021 is subject to uncertainty. However, the Company expects that most contract liabilities will be recognized as revenue within one year.

## (3) Contract performance costs

The Group recognized costs incurred prior to the conclusion of a contract with a customer as a prepaid expense because it is directly related to the contract and the feasibility and recoverability of the contract are very high. The asset is recognized as cost of sales over the period in which the related sales are generated after the contract is entered into. The changes in the contract performance costs during the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
01 January 2021	1,250,350,646	1,810,095,936
Generation	8,099,295,953	1,341,843,768
Decrease	(2,174,195,012)	(1,901,589,058)
31 December 2021	7,175,451,587	1,250,350,646



## 29. Operating profit

The main items and amounts included in operating profit calculation for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Sales	1,898,845,716,028	1,161,896,286,020
Sales from sales of goods	1,892,600,857,598	1,155,019,536,086
Other sales	6,244,858,430	6,876,749,934
COGS	1,240,353,258,754	865,870,102,742
Cost of finished goods sold	1,237,931,936,455	863,479,276,578
Other COGS	2,421,322,299	2,390,826,164
Selling and general administrative expenses	288,870,505,140	201,799,544,122
Salary and bonuses	58,545,329,329	41,942,009,042
Severance payments	3,022,256,095	3,092,087,608
Employee benefits	11,155,434,103	7,781,620,265
Travel expenses	1,647,425,099	870,120,723
Rent	2,085,493,839	1,377,603,014
Service fees	22,051,484,375	12,916,925,840
Depreciation	6,710,205,637	6,034,597,641
Amortization of intangible assets	2,185,220,808	1,780,516,019
Establishment of provision for sales guarantee (reversal)	893,302,567	(492,438,214)
Ordinary R&D expenses	171,356,511,946	120,855,500,944
Others	9,217,841,342	5,641,001,240
Operating profit	369,621,952,134	94,226,639,156

### 30. Selling and general administrative expenses

The details of selling and general administrative expenses for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Salaries	29,285,192,657	22,740,381,338
Bonuses	29,260,136,672	19,201,627,704
Severance payments	3,022,256,095	3,092,087,608
Employee benefits	11,155,434,103	7,781,620,265
Travel expenses	1,647,425,099	870,120,723
Communication expenses	580,575,224	534,761,795
Consumables	1,969,512,364	775,806,572
Taxes and dues	806,084,628	511,260,668
Rent	2,085,493,839	1,377,603,014
Service fees	22,051,484,375	12,916,925,840
Depreciation	6,710,205,637	6,034,597,641
Repair expenses	157,885,126	269,922,640
Insurance	1,559,242,526	574,527,553
Entertainment	893,917,803	543,253,636
Advertisement	79,455,425	70,186,723
Meeting	3,284,562	2,138,578
Printing expenses	22,791,702	11,263,698
Transportation	1,036,248,902	681,613,724
Samples	774,434,084	640,690,578
Training expenses	871,056,289	640,121,792
Vehicle maintenance	276,142,279	204,313,317
Gas, water, oil expenses	187,210,428	181,139,966
Establishment of provision for sales guarantee (reversal)	893,302,567	(492,438,214)
Ordinary R&D expenses	171,356,511,946	120,855,500,944
Amortization of intangible assets	2,185,220,808	1,780,516,019
Total	288,870,505,140	201,799,544,122

### 31. Disclosure by nature of expenses

The details of disclosure by nature of expenses for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Changes in inventories	(65,852,605,218)	(16,421,540,396)
Employee cost	166,689,893,973	119,382,947,552
Depreciation and amortization of intangible assets	22,955,518,811	15,804,031,306
Outsourcing cost	1,298,894,263,313	878,842,369,954
Process cost	(3,070,630,947)	8,793,078,545
R&D expenses	68,735,378,790	49,042,155,547
Rent	2,085,493,839	1,377,603,014
Service fees	26,635,069,837	15,813,968,066
Transportation	6,839,952,032	3,511,177,865
Travel expenses	3,672,642,330	1,655,953,326
Establishment of provision for sales guarantee (reversal)	893,302,567	(492,438,214)
Samples	774,434,084	640,690,578
Others	(28,949,517)	(10,280,350,279)
Total(*)	1,529,223,763,894	1,067,669,646,864

(\*) It is the sum of the cost of sales and sales and administrative expenses in the income statement.

## 32. Employee benefits

The Group pays its retiring employees with the predetermined amount of retirement benefits in lump sum, based on the level of salaries and the years in service, and this is classified as defined benefit system. Such retirement benefit can be withdrawn before the resignation of the employee as interim settlement when the legal requirements apply, and the number of years of service for calculating severance pay after the interim settlement is newly calculated from the time of settlement.

(1) The details of defined benefit liabilities as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Present value of defined benefit liability	66,233,664,676	43,512,383,794
Fair value of plan assets	(65,613,017,567)	(42,749,338,496)
Defined benefit liabilities	620,647,109	763,045,298

(2) The major estimates used for actuarial valuation as of 31 December 2021 and 2020, are as follows:

Division	31 December 2021	31 December 2020
Future wage growth rate	4.60%	4.30%
Discount rate	2.83%	2.30%

The discount rate is calculated based on the Group's credit rating as of 31 December 2022 and the corporate bond yield similar to the expected payment period of the defined benefit obligation. the future wage increase rate is calculated in consideration of the Group's empirical promotion index and wage increase rate reflecting inflation and wage agreements.

- (3) The changes in defined benefit liabilities during the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Beginning balance of defined benefit obligation	43,512,383,794	39,248,760,042
Current service cost	7,482,452,487	6,470,243,584
Interest cost	965,490,307	816,042,229
Remeasurement factors (before income tax):		
Demographic assumptions	296,977,113	791,766,552
Financial assumptions	(1,083,296,821)	(901,089,659)
Experience adjustment, etc.	9,706,940,378	(1,300,721,615)
Transfer between affiliates	8,195,050,138	1,047,882,787
Payment of severance payment	(2,842,332,720)	(2,660,500,126)
Defined benefit obligation as of 31 December 2021	66,233,664,676	43,512,383,794

- (4) The changes in fair value of plan assets during the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Plan assets as of 01 January 2021	42,749,338,496	35,268,837,546
Payments of plan assets	25,000,000,000	9,400,000,000
Interest income	873,555,894	683,062,055
Remeasurement factors of plan assets (before income tax)	(167,821,913)	1,405,041
Payment of severance payment form plan assets	(2,842,054,910)	(2,603,966,146)
Plan assets as of 31 December 2021	65,613,017,567	42,749,338,496

For the defined benefit plan, a reasonable estimate of the employer's contribution expected to be paid in 2022 is KRW 9,924,365 thousand.

- (5) The expenses recognized in the net income regarding the defined benefit plans during the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Current service cost	7,482,452,487	6,470,243,584
Net interest cost	91,934,413	132,980,174
Total	7,574,386,900	6,603,223,758

- (6) The details of plan assets as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Short-term financial product, etc.	65,613,017,567	42,749,338,496

- (7) Sensitivity analysis

With all other assumptions remaining for the year ended 31 December 2021, if meaningful actuarial assumptions change in reasonable and possible range, the effects to definite benefit liabilities are as follows:

(Unit: KRW)		
Division	Increase	Decrease
Discount rate (1% change)	(5,659,217,377)	6,595,988,999
Expected wage growth rate (1% change)	6,427,360,875	(5,634,582,888)

The sensitivity analysis does not take into account the variance of all cash flows expected to arise from the plan, but provides an approximation of the sensitivity to the assumptions used.

As of 31 December 2021 and 2020, the weighted average durations of defined benefit obligations were 9.6 years and 9.9 years, respectively. The remeasurement factors for defined benefit plan recognized in other comprehensive income for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Cumulative remeasurement factor as of the beginning of year	4,893,446,928	5,963,325,848
Current change amount	9,088,442,583	(1,411,449,763)
Income tax effect on changes	(2,199,403,105)	341,570,843
Cumulative remeasurement factor as of the ending of year	11,782,486,406	4,893,446,928

### 33. Income tax expenses

- (1) The details of income tax expenses during the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Current tax	82,789,091,205	19,504,310,924
Adjustments recognized in the current year in relation to the tax expense of prior periods	(1,297,315,391)	230,284,241
Changes in deferred tax expense (income) relating to the temporary differences	561,149,118	(1,006,703,330)
Tax expense (income) related to items not recognized in profit or loss	2,199,403,105	(341,570,843)
Income tax expenses	84,252,328,037	18,386,320,992

- (2) The deferred taxes related to items not recognized in profit or loss during the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Deferred tax:		
Actuarial gains and losses	2,199,403,105	(341,570,843)
Income tax expense (income) reflected directly in equity	2,199,403,105	(341,570,843)

- (3) The relationship between income tax expense and accounting profit during the years ended 31 December 2020 and 2019, is as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Profit (loss) before tax	380,676,348,598	90,915,231,556
Applicable tax rate	24.78%	23.69%
Details of liability according to applicable tax rate	94,323,995,864	21,539,486,036
Adjustments		
Non-taxable income	(5,456,559)	(13,617,432)
Non-deductible expenses	2,121,291,120	301,045,251
Tax credits	(8,718,470,558)	(3,651,706,445)
Adjustments recognized in the current year in relation to the tax expense of prior periods	(1,297,315,391)	230,284,241
Changes in unrecognized deferred tax	(1,774,751,249)	50,091,067
Others (effect of change in tax rate, etc.)	(396,965,190)	(69,261,726)
Income tax expenses	84,252,328,037	18,386,320,992
Average effective tax rates	22.13%	20.22%

- (4) The changes in deferred tax assets and liabilities during the years ended 31 December 2021 and 2020, are as follows:

① 31 December 2021

(Unit: KRW)				
Division	Amount as of the beginning of year	Reflecting net income	Reflecting other comprehensive income	Amount as of the end of year
Accrued income	(173,275,315)	(248,169,111)	-	(421,444,426)
Net employee defined benefit liabilities	-	(2,199,403,105)	2,199,403,105	-
Impairment loss on intangible assets	58,946,699	-	-	58,946,699
Loss valuation of inventory	5,234,401,497	(2,815,309,920)	-	2,419,091,577
Exceeded amortization limit	542,099,996	784,580,621	-	1,326,680,617
Impairment loss on tangible assets	136,501,555	(78,470,343)	-	58,031,212
Accrued expenses	1,423,519,394	1,832,964,128	-	3,256,483,522
Prepaid expenses	51,712,636	(16,664,796)	-	35,047,840
Provisions	1,090,612,693	(323,908,461)	-	766,704,232
Financial liabilities at FVPL	(22,515,503)	22,515,503	-	-
Financial assets at FVOCI	121,000,000	-	-	121,000,000
Long-term employee salary liabilities	516,926,924	212,655,409	-	729,582,333
Others	(17,937,957)	68,657,852	-	50,719,895
Total	8,961,992,619	(2,760,552,223)	2,199,403,105	8,400,843,501

② 31 December 2020

(Unit: KRW)				
Division	Amount as of the beginning of year	Reflecting net income	Reflecting other comprehensive income	Amount as of the end of year
Accrued income	(247,395,606)	74,120,291	-	(173,275,315)
Net employee defined benefit liabilities	-	341,570,843	(341,570,843)	-
Impairment loss on intangible assets	977,350,870	(918,404,171)	-	58,946,699
Loss valuation of inventory	3,668,433,010	1,565,968,487	-	5,234,401,497
Exceeded amortization limit	688,973,346	(146,873,350)	-	542,099,996
Impairment loss on property, plant and equipment	136,501,555	-	-	136,501,555
Accrued expenses	1,066,171,958	357,347,436	-	1,423,519,394
Prepaid expenses	68,403,681	(16,691,045)	-	51,712,636
Provisions	1,037,887,508	52,725,185	-	1,090,612,693
Financial assets at FVPL	(48,624,002)	26,108,499	-	(22,515,503)
Financial assets at FVOCI	121,000,000	-	-	121,000,000
Long-term employee salary liabilities	250,348,826	266,578,098	-	516,926,924
Others	236,238,143	(254,176,100)	-	(17,937,957)
Total	7,955,289,289	1,348,274,173	(341,570,843)	8,961,992,619



- (5) Temporary differences between items not recognized as deferred tax assets for the years ended 31 December 2021 and 2020, is as follows:

(Unit: KRW)		
Associated Assets	31 December 2021	31 December 2020
Investments in subsidiaries	418,177,955	418,177,955
Transfer price (subsidiaries)	807,301,385	807,301,385

As of 31 December 2021, with respect to investment interests and transfer prices in subsidiaries, the Group does not believe that it is highly probable that temporary differences will dissipate in the foreseeable future.

- (6) Temporary differences between items not recognized as deferred tax liabilities for the years ended 31 December 2021 and 2020, is as follows:

(Unit: KRW)		
Associated Assets	31 December 2021	31 December 2020
Investments in associates	(6,132,588,099)	321,052,805

As of 31 December 2021, with respect to investments in associates, the Group does not believe that it is highly probable that temporary differences will dissipate in the foreseeable future.

### 34. Statement of Cash Flow

- (1) The details of reconciliation of income and expenses during business activities for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Income tax expenses	84,252,328,037	18,386,320,992
Depreciation	16,393,573,080	9,229,691,208
Establishment (return) of allowance for valuation of inventories	(11,454,885,479)	6,542,567,734
Establishment of allowance for return of inventories	(178,626,586)	(71,623,569)
Establishment of provisions for returns	313,076,273	85,183,759
Loss on stock disposal	21,945,232,603	-
Gain on disposal of tangible assets	(83,374,772)	(16,029,468)
Gain on intangible assets	-	(66,400,000)
Loss on disposal of tangible assets	19,510,474	7,478,127
Loss on disposal on intangible assets	93,624,860	176,272,986
Amortization of intangible assets	6,561,945,731	6,574,340,098
Severance payments	7,574,386,900	6,627,658,231
Gain on foreign currency translation	(406,329,768)	(496,995,916)
Loss on foreign currency translation	356,850,796	3,719,584,019
Interest income	(4,111,403,212)	(2,718,196,581)
Interest expenses	174,344,490	216,065,535
Establishment of provision for sales guarantee (reversal)	893,302,567	(492,438,214)
Gain on valuation of financial assets at FVPL	-	(31,280,830)
Loss on valuation of financial assets at FVPL	-	139,167,192
Loss on disposal of financial assets at FVPL	32,636,103	-
Long-term employee benefits	946,441,358	1,101,562,390
Gain on equity method	(743,409,996)	-
Loss on equity method	-	206,987,879
Loss on disposal of trade receivables	2,780,371,251	866,200,443
Establishment of restoration cost	60,650,000	-
Miscellaneous losses	19,988,382	-
Total	125,440,233,092	49,986,116,015

- (2) The changes in assets and liabilities due to business activities for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Trade receivables	32,683,101,520	(55,449,194,647)
Other receivables	(4,635,134,354)	(9,824,284,455)
Other current assets	(10,684,698,562)	8,385,061,950
Other non-current assets	-	(6,120,927)
Inventories	(76,164,325,756)	(22,892,484,561)
Trade payables	69,299,182,802	31,475,466,669
Other current liabilities	1,734,230,756	769,553,695
Other payables	23,401,710,997	17,892,085,277
Long-term employee salary liabilities	(67,700,000)	-
Net employee defined benefit liabilities	(16,805,227,672)	(8,433,085,666)
Lease receivables	1,305,497,544	1,270,927,069
Total	20,066,637,275	(36,812,075,596)

- (3) The Group has prepared the cash flows based on operating activities on the cash flow statement using the indirect method. The significant transactions that do not involve cash inflows and outflows for the years ended 31 December 2021 and 2020 are, as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Substitution of tangible assets under construction	28,354,079,602	1,559,761,239
Substitution of intangible assets under construction	2,715,051,462	1,286,137,536
Substitution of intangible assets for advance payments	-	2,440,562,604
Increase in right-of-use assets due to restoration obligations	41,310,000	347,090,278
Increase in payables related to acquisition of tangible assets	61,976,432	310,952,834
Increase (decrease) in payables related to acquisition of intangible assets	(291,707,838)	312,845,041
Recognition of lease liabilities under the lease agreement	2,774,111,738	1,630,176,738
Liquidity substitution of lease liabilities	4,234,490,578	3,327,623,064
Liquidity substitution of lease receivables	1,335,042,797	1,299,689,942
Liquidity substitution of loans	1,677,991,974	1,461,005,203

#### (4) Financial activity cash flow

The changes in liabilities arising from financial activities during the years ended 31 December 2021 and 2020, are as follows:

##### ① 31 December 2021

(Unit: KRW)				
Division	01 January 2021	Cash flows from financial activities	Non-cash transaction	31 December 2021
Dividends payable	-	(21,956,805,000)	21,956,805,000	-
Lease liabilities(current)	2,857,091,653	(3,320,775,616)	4,040,390,123	3,576,706,160
Lease liabilities (non-current)	5,380,313,919	-	(1,452,364,283)	3,927,949,636

##### ② 31 December 2020

(Unit: KRW)				
Division	01 January 2021	Cash flows from financial activities	Non-cash transaction	31 December 2020
Dividends payable	-	(13,499,369,000)	13,499,369,000	-
Lease liabilities(current)	2,800,707,185	(3,110,882,300)	3,167,266,768	2,857,091,653
Lease liabilities (non-current)	7,077,760,245	-	(1,697,446,326)	5,380,313,919

#### 35. Financial instruments with the restricted use

There are no financial instruments with restricted use as of 31 December 2021 and 2020.

### 36. Insured assets

The details of insured assets of the Group as of 31 December 2021, are as follows:

(Unit: KRW)				
Insurance type	Assets	Carrying amount	Insured amount	Insurance company
Gas accident liability insurance	Buildings and structures	3,500,956,570	580,000,000	KB Insurance Co., Ltd.
Fire insurance				
	Machinery	30,260,260,572	2,659,000,000	
	Office equipment	4,534,396,107	2,659,000,000	
	Other tangible assets	1,898,958,940	500,000,000	
Total		40,194,572,189	12,398,000,000	

In addition to the above insurance, the Group is also subscribed to workers' compensation insurance and fire liability insurance.

### 37. Related parties

(1) The details of specially related parties with the Group as of 31 December 2021 and 2020, are as follows:

Type of related parties	31 December 2021	31 December 2020
Associates and joint ventures	Advance Power Device Technologies Co. Ltd.	Advance Power Device Technologies Co. Ltd.
	FJ Composite Materials Co., LTD(*1)	-
Companies exercising significant influence on the Group	LX Holdings Co., Ltd.(*2)	LG Corp.
Others	Joint ventures of LX Holdings Co., Ltd.	Subsidiaries of and joint ventures LG Corp.
	Large corporate group affiliates(*3)	Large corporate group affiliates(*3)

(\*1) Newly acquired during the year ended 31 December 2021,

(\*2) The Group that exerts significant influence on the Company has been changed from LG Corp. to LX Holdings Co., Ltd for the years ended 31 December 2021 and 2020.

(\*3) Not included in scope of related party pursuant to IFRS 1024 'Disclosure of related parties', but it belongs to the same large corporate group under the Monopoly Regulation and Fair Trade Act. Accordingly, subsidiaries and associates of LG Corp. and associates of LX Holdings Co., Ltd. are classified as affiliates of a large corporate group.

(2) The transactions with the related parties for the years ended 31 December 2021 and 2020, are as follows:

1) The transactions with the related parties after changing the largest shareholder

(Unit: KRW)			
Division	Name	Details	31 December 2021(*1)
Associates and joint ventures	FJ Composite Materials Co., LTD	Sales expenses	2,064,280,000
Other large corporate group affiliates	LG CNS Co., Ltd.	Sales expenses	3,180,411,577
		Acquisition of tangible and intangible assets	1,066,068,200
	S&I Corp.	Sales expenses	420,957,388
	S&I atxpert Co., Ltd. (*2)	Sales expenses	148,941,200
		Acquisition of tangible and intangible assets	18,177,125
	LG Management Development Institute	Sales expenses	615,763,000
	LG Electronics USA Inc.	Sales	1,239,949,121
	LG Display (China) Co., Ltd.	Sales	14,140,575,073
	LG Display (Guangzhou) Co., Ltd.	Sales	340,096,471,743
	LG Display Vietnam Haiphong Co.Ltd.	Sales	231,388,571,563
	LG Display Yantai	Sales	45,241,204,645
	LG Display High-Tech(China) Co.,Ltd.	Sales	29,149,667
	LG Display (Nanjing) Co., Ltd.	Sales	29,575,793,575
	LG Display Co., Ltd.	Sales	308,945,447,112
		Sales expenses	2,550,934,059
	LG Electronics Co., Ltd.	Sales	11,971,870,222
		Other incomes	411,450,851
		Sales expenses	3,973,647,248
		Acquisition of tangible and intangible assets	43,742,000
	LX Hausys Co., Ltd. (*3)	Sales expenses	42,955,051
		Acquisition of tangible and intangible assets	210,644,949
	LG Innotek Co., Ltd.	Other incomes	829,931
		Sales expenses	44,746,597,509
		Acquisition of tangible and intangible assets	1,500,000,000
	LG U Plus Co., Ltd.	Sales	3,800,000
		Sales expenses	104,373,837
	LX Pantos Co., Ltd. (*3)	Other incomes	1,456,540
		Sales expenses	3,577,906,742
	Biztech Partners Co., Ltd.	Sales expenses	166,668,000
	Hi-Teleservice Co., Ltd.	Sales expenses	1,023,638
	HS Ad Co., Ltd.	Sales expenses	510,918,000
	LG Chemicals Co., Ltd.	Acquisition of tangible and intangible assets	164,973,875

- (\*1) Transaction amount after May when the largest shareholder was changed.
- (\*2) S&I atxpert Co., Ltd. is a corporation newly established through physical division from S&I Corporation on 1 October.
- (\*3) LG Hausys Co., Ltd. and Pantos Co., Ltd. changed their names to LX Hausys Co., Ltd. and LX Pantos Co., Ltd. respectively as of 1 July.

2) The transactions with the related parties before changing the largest shareholder

(Unit: KRW)				
Division	Name	Details	31 December 2021(*)	31 December 2020
Other subsidiaries of LG Corp.	LG CNS Co., Ltd.	Sales expenses	1,372,705,479	3,987,487,120
		Acquisition of tangible and intangible assets	212,392,500	1,905,055,712
	S&I Corp.	Sales expenses	371,712,744	1,192,326,185
	LG Management Development Institute	Sales expenses	729,812,000	828,033,400
Other large corporate group affiliates	LG Electronics USA Inc.	Sales	534,926,511	1,307,665,256
	LG Display (China) Co., Ltd.	Sales	2,274,927,448	7,033,737,203
	LG Display (Guangzhou) Co., Ltd.	Sales	112,237,908,135	238,450,961,498
	LG Display Vietnam Haiphong Co.Ltd.	Sales	123,838,406,957	123,382,133,701
	LG Display Yantai	Sales	15,387,423,425	36,850,930,595
	LG Display Co., Ltd.	Sales	133,532,403,964	456,142,667,881
		Sales expenses	-	36,125,353
		Other incomes	175,747,619	3,866,238,099
	LG Electronics Co., Ltd.	Sales	3,674,107,945	12,450,071,180
		Sales expenses	1,947,780,936	5,454,446,364
	LG Innotek Co., Ltd.	Sales	-	300,000,000
		Sales expenses	33,832,007,574	55,613,054,932
	LG U Plus Co., Ltd.	Sales	-	3,200,000
		Sales expenses	40,488,371	125,105,833
	LX Pantos Co., Ltd.	Sales expenses	1,990,251,402	2,733,993,476
	Biztech Partners Co., Ltd.	Sales expenses	83,332,000	230,000,000
	HS Ad Co., Ltd.	Sales expenses	-	25,000,000
	Hi-Teleservice Co., Ltd.	Sales expenses	590,909	3,717,011

(\*) The accumulated transaction amount until April when the largest shareholder was changed.



(3) The receivables and payables of related parties as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)					
Division	Name	31 December 2021		31 December 2020	
		Receivables	Payables	Receivables	Payables
Associates and joint ventures	FJ Composite Materials Co., LTD	-	1,854,432,000	-	-
Other large corporate group affiliates	LG CNS Co., Ltd.	-	431,090,795	-	688,038,477
	LG Management Development Institute	-	11,487,300	-	8,339,320
	S&I Corp.	900,000,000	13,558,585	900,000,000	96,605,340
	LG Electronics USA Inc.	439,327,332	-	118,972,800	-
	LG Display (China) Co., Ltd.	5,604,645,589	-	1,741,711,200	-
	LG Display (Guangzhou) Co., Ltd.	5,796,094,580	-	14,533,818,780	-
	LG Display Vietnam Haiphong Co. Ltd.	5,069,403,435	-	45,157,716,047	-
	LG Display Yantai	8,225,912,949	-	862,775,514	-
	LG Display High-Tech(China) Co.,Ltd.	11,587,456	-	-	-
	LG Display (Nanjing) Co., Ltd.	1,518,674,461	-	-	-
	LG Display Co., Ltd.(*)	84,582,694,139	116,758,229	74,419,080,668	-
	LG Electronics Co., Ltd.(*)	6,046,280,481	224,000	4,121,489,880	27,609,504
	LG Innotek Co., Ltd.(*)	-	9,109,574,607	-	16,891,644,426
	LX Pantos Co., Ltd.	-	928,500,869	-	800,105,543
	Biztech Partners Co., Ltd.	-	22,920,700	-	21,091,400
	HS Ad Co., Ltd.	-	4,026,000	-	-
	S&I atxpert Co., Ltd.	-	71,706,580	-	-

(\*) In addition to the above receivables and payables as of 31 December 2021 and 2020, lease liabilities of KRW 5,573 million and right-of-use assets of KRW 5,758 million have been recorded. As of 31 December 2021, LG Display Co., Ltd., LG Electronics Co., Ltd. and LG Innotek Co., Ltd. have recorded KRW 2,856 million, KRW 2,154 million, and KRW 300 million of the in advance payments for service activities of the Group.

(4) The details on major financial transactions with the concerned entity for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)				
Division	Name	31 December 2021		31 December 2020
		Dividends paid	Purchase of investments	Dividends paid
Other large corporate group affiliates(*1)	LG Corp.	7,263,707,400	-	4,465,834,920
Other large corporate group affiliates	LG Chemicals Co., Ltd. (*2)	-	6,835,773,000	-
Total		7,263,707,400	6,835,773,000	4,465,834,920

(\*1) The largest shareholder of the Group was changed from LG Corp. to LX Holdings Co., Ltd., but currently the Group and LX Holdings Co., Ltd. are affiliated with LG's corporate group under the Monopoly Regulation and Fair Trade Act. LG is classified as an affiliate of a large corporate group.

(\*2) 31 December 2021, we acquired a 29.98% stake in FJ Composite Material Co.,LTD from LG Chem to promote new business.

- (5) The details of the compensation for major management for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Short-term salaries	10,197,880,206	5,582,497,801
Severance payments	735,154,445	667,025,838
Total amount	10,933,034,651	6,249,523,639

The major management of the Group includes directors (including external directors) who are registered executives and members of the audit committee.

- (6) The Group has no security and guarantee details providing to or provided by the related parties as of 31 December 2021 and 2020.

### 38. Commitments and contingencies

- (1) The Group is receiving payment and payment guarantee of KRW 393 million from Seoul Guarantee Insurance as of 31 December 2021.
- (2) The Group has a credit limit contract, and the Group's credit limit details as of 31 December 2021 are as follows:

(Unit: USD)		
Division	Financial institutions	Foreign currency
Bills bought	Shinhan Bank	16,000,000
Bills bought	NH Bank	15,000,000
Bills bought	Mizuho Bank	60,000,000

- (3) The Group has an export receivable transfer transaction agreement with the Export-Import Bank and two other banks in relation to the collection of trade receivables as follows: The limit details of the Group as of 31 December 2021 are as follows:

(Unit: USD)		
Division	Financial institutions	Foreign currency
Factoring	Export-Import Bank	380,000,000
Factoring	BNP Paribas	40,000,000
Factoring	MUFG	110,000,000

- (4) The Group has no details of providing collateral for financial assets as of 31 December 2021.
- (5) The Group has no ongoing litigation or disputes as of 31 December 2021.

### 39. Cases after the reporting period

The Group decided to acquire tangible assets worth about 28 billion in accordance with the resolution of the board of directors on 27 January 2022.

## 4. Financial Statements

### Statement of Financial Position

As of 31 December 2021

As of 31 December 2020

As of 31 December 2019

(Unit: KRW)

	31 December 2021	31 December 2020	31 December 2019
<b>Assets</b>			
Current assets	1,028,631,447,764	627,616,746,055	517,493,203,044
Cash and cash equivalents	133,729,223,245	100,049,526,121	108,327,650,225
Short-term financial instruments	470,000,000,000	150,000,000,000	100,000,000,000
Trade receivables	175,265,047,069	210,368,392,594	159,275,850,982
Other receivables	20,456,050,261	14,486,382,161	4,571,332,149
Other current assets	28,063,613,625	17,284,497,566	26,204,076,109
Financial liabilities at FVPL	0	163,039,267	270,925,629
Inventories	201,117,513,564	135,264,908,346	118,843,367,950
Non-current assets	140,902,576,244	122,271,171,730	111,770,974,942
Non-current other receivables	12,156,860,570	13,020,381,435	11,428,837,064
Investments in subsidiaries	2,633,748,045	2,316,636,045	2,316,636,045
Investments in associates and joint ventures	11,245,773,000	4,410,000,000	4,410,000,000
Tangible assets	48,275,114,268	32,014,043,860	20,680,754,982
Right-of-use assets	7,276,251,793	8,462,114,244	9,966,572,403
Intangible assets	50,060,179,549	51,961,752,353	52,618,891,084
Non-current other assets	879,900,722	1,124,251,174	2,393,994,075
Deferred tax assets	8,374,748,297	8,961,992,619	7,955,289,289
Total assets	1,169,534,024,008	749,887,917,785	629,264,177,986
<b>Liabilities</b>			
Liabilities	363,972,864,359	209,674,814,791	145,432,437,089
Trade payables	213,463,276,070	144,000,394,513	112,842,199,455
Other payables	60,211,350,802	36,948,461,153	18,302,570,297
Other current liabilities	12,781,810,552	9,839,933,991	9,490,866,003
Current lease liabilities	3,294,661,488	2,718,391,566	2,800,707,185
Current tax liabilities	74,221,765,447	16,167,633,568	1,996,094,149
Non-current liabilities	8,490,973,912	9,194,692,925	12,674,547,196
Non-current other payables	20,000,000	20,000,000	0
Non-current other liabilities	4,046,218,481	3,065,517,123	1,616,864,455
Non-current lease liabilities	3,804,108,322	5,346,130,504	7,077,760,245

Defined benefit liabilities	620,647,109	763,045,298	3,979,922,496
Total liabilities	372,463,838,271	218,869,507,716	158,106,984,285
Assets			
Capital	8,132,150,000	8,132,150,000	8,132,150,000
Capital surplus	76,343,170,500	76,343,170,500	76,343,170,500
Other capital items	(380,807,731)	(380,807,731)	(380,807,731)
Retained earnings (loss)	712,975,672,968	446,923,897,300	387,062,680,932
Total equities	797,070,185,737	531,018,410,069	471,157,193,701
Total equities and liabilities	1,169,534,024,008	749,887,917,785	629,264,177,986

### Income statement

From 01 January 2021 to 31 December 2021

From 01 January 2020 to 31 December 2020

From 01 January 2019 to 31 December 2019

(Unit: KRW)

	31 December 2021	31 December 2020	31 December 2019
Revenue (sales)	1,898,845,716,028	1,161,896,286,020	867,122,049,614
Cost of goods sold ("COGS")	1,240,353,258,754	865,870,102,742	654,231,514,747
Gross profit	658,492,457,274	296,026,183,278	212,890,534,867
Selling and general administrative expenses	289,862,890,738	202,302,921,814	166,079,673,338
Operating profit (loss)	368,629,566,536	93,723,261,464	46,810,861,529
Finance income	4,097,621,498	2,795,486,785	3,889,663,374
Financial cost	2,981,480,733	1,213,411,980	447,232,176
Other non-operating income	20,842,473,054	10,816,972,892	3,599,039,425
Other non-operating losses	11,708,026,546	15,496,039,953	7,298,889,077
Profit (loss) before tax	378,880,153,809	90,626,269,208	46,553,443,075
Income tax expenses	83,982,533,663	18,335,562,760	8,313,655,111
Net income (loss)	294,897,620,146	72,290,706,448	38,239,787,964
Earnings per share			
Basic earnings (loss) per share (Unit: KRW)	18,132	4,445	2,351
Diluted earnings (loss) per share (Unit: KRW)	18,132	4,445	2,351

## Comprehensive Income Statement

From 01 January 2021 to 31 December 2021  
From 01 January 2020 to 31 December 2020  
From 01 January 2019 to 31 December 2019

(Unit: KRW)

	31 December 2021	31 December 2020	31 December 2019
Net income (loss)	294,897,620,146	72,290,706,448	38,239,787,964
Other comprehensive income	(6,889,039,478)	1,069,878,920	499,538,546
Items that are not reclassified to profit or loss (other comprehensive income before tax)			
Gains or losses on remeasurement of defined benefit plans (other comprehensive income before tax)	(9,088,442,583)	1,411,449,763	659,021,828
Income tax related to items that are not reclassified to profit or loss	2,199,403,105	(341,570,843)	(159,483,282)
Total comprehensive income	288,008,580,668	73,360,585,368	38,739,326,510

## Statement of Changes in Equity

From 01 January 2021 to 31 December 2021  
From 01 January 2020 to 31 December 2020  
From 01 January 2019 to 31 December 2019

(Unit: KRW)

		Assets				
		Capital	Capital surplus	Other components of capital	Retained earnings	Total capital
01 January 2019		8,132,150,000	76,343,170,500	(380,807,731)	361,822,723,422	445,917,236,191
Total comprehensive income	Net Income	0	0	0	38,239,787,964	38,239,787,964
	Remeasurement loss on defined benefit plan	0	0	0	499,538,546	99,538,546
Transactions with shareholders recognized directly in equity	Annual dividends	0	0	0	(13,499,369,000)	(13,499,369,000)
31 December 2019		8,132,150,000	76,343,170,500	(380,807,731)	387,062,680,932	471,157,193,701
01.01.2020 (at the beginning)		8,132,150,000	76,343,170,500	(380,807,731)	387,062,680,932	471,157,193,701
Total comprehensive income	Net Income	0	0	0	72,290,706,448	72,290,706,448
	Remeasurement loss on defined benefit plan	0	0	0	1,069,878,920	1,069,878,920
Transactions with shareholders recognized directly in equity	Annual dividends				(13,499,369,000)	(13,499,369,000)
31 December 2020		8,132,150,000	76,343,170,500	(380,807,731)	446,923,897,300	531,018,410,069
01.01.2021 (at the beginning)		8,132,150,000	76,343,170,500	(380,807,731)	446,923,897,300	531,018,410,069
Total comprehensive income	Net Income	0	0	0	294,897,620,146	294,897,620,146
	Remeasurement loss on defined benefit plan	0	0	0	(6,889,039,478)	(6,889,039,478)
Transactions with shareholders recognized directly in equity	Annual dividends	0	0	0	(21,956,805,000)	(21,956,805,000)
31 December 2021		8,132,150,000	76,343,170,500	(380,807,731)	712,975,672,968	797,070,185,737

## Statement of Cash Flow

From 01 January 2021 to 31 December 2021  
From 01 January 2020 to 31 December 2020  
From 01 January 2019 to 31 December 2019

(Unit: KRW)

	31 December 2021	31 December 2020	31 December 2019
Operating cash flows	419,948,901,604	81,979,972,522	20,167,443,972
Cash from operating activities	440,186,821,975	84,686,257,009	36,059,332,923
Net income (loss)	294,897,620,146	72,290,706,448	38,239,787,964
Increase or decrease for adjustment to current net profit	125,115,494,680	49,053,820,204	30,875,951,394
Changes in assets and liabilities from business activities	20,173,707,149	(36,658,269,643)	(33,056,406,435)
Gain on interest (sales)	3,072,129,306	3,013,858,771	3,383,592,980
Payment on interest (sales)	(168,295,320)	(207,845,744)	(251,687,433)
Payment of income tax (return)	(23,141,754,357)	(5,512,297,514)	(19,023,794,498)
Cash flows from investing activities	(361,260,997,478)	(73,916,685,186)	(117,089,381,868)
Increase in short-term financial instruments	(550,000,000,000)	(250,000,000,000)	(170,000,000,000)
Decrease in short term financial instruments	230,000,000,000	200,000,000,000	70,000,000,000
Increase in other receivables	(3,121,793,184)	(5,896,000,000)	(2,722,000,000)
Decrease in other receivables	2,350,106,212	2,552,748,205	2,410,805,819
Increase in advanced payments	0	(577,903,883)	(744,023,205)
Increase in other non-current liabilities	0	20,000,000	0
Decrease in other liabilities	0	0	0
Acquisition of tangible assets	(29,868,477,949)	(16,786,515,250)	(10,385,338,673)
Acquisition of intangible assets	(4,999,488,735)	(3,524,632,758)	(6,356,392,809)
Proceeds from tangible assets	1,401,138,014	9,218,500	92,567,000
Proceeds from intangible assets	0	286,400,000	0
Disposition of financial assets at FVPL	130,403,164	0	615,000,000
Disposition of financial assets at FVOCI	0	0	0
Acquisition of investments in subsidiaries	(317,112,000)	0	0
Acquisition of investments in associates	(6,835,773,000)	0	0
Cash flows from financing activities	(25,008,028,943)	(16,341,212,839)	(16,267,098,811)
Payment of lease liabilities	(3,051,223,943)	(2,841,843,839)	(2,767,729,811)
Payment of dividends	(21,956,805,000)	(13,499,369,000)	(13,499,369,000)
Net increase in cash and cash equivalents before the effect of exchange rate fluctuations	33,679,875,183	(8,277,925,503)	(113,189,036,707)
Cash and cash equivalents at the beginning	100,049,526,121	108,327,650,225	221,572,194,951
Net foreign exchange difference	(178,059)	(198,601)	(55,508,019)
Cash and cash equivalents at the end	133,729,223,245	100,049,526,121	108,327,650,225

## 5. Notes on Financial Statements

### 1. Company overview

LX Semicon Co., Ltd. (hereinafter referred to as “the Company”) was established on 11 November 1999 for the purpose of designing and manufacturing FPD (flat panel display) semiconductor IC. The Company is located in 222 Techno 2-ro, Daedeok-gu, Daejeon, Republic of Korea. The Company was certified by the Korea Institute for Advancement of Technology as a corporate subsidiary research facility in accordance with Article 16 of the Technology Development Promotion Act and Clause 1 of Article 15 of the Enforcement Decree of the same Act on 19 October 2001. The Company has also been designated as a high-tech company in accordance with Clause 1 of Article 9 of the Special Law on the Cultivation of the Special Research and Development Daedeok-gu and more on 23 October 2011.

The Company was then listed on KOSDAQ market as of 8 June 2010. After several increases in capital with or without considerations, the amount of paid-in capital of the Company as of 31 December 2021 and 2020, is 8,132,150,000 won (16,264,300 issued shares and 50,000,000 authorized shares).

The Company changed the name from Silicon Works Co., Ltd. to LX Semicon Co., Ltd. on 1 July 2021.

The shareholders of the Company as of 31 December 2021 are as follows:

(Unit: shares)			
Name of shareholders	No. of shares held	Ratio	Remarks
LX Holdings Co., Ltd.	5,380,524	33.08%	Largest shareholder
Others	10,883,776	66.92%	-
Total	16,264,300	100.00%	



## 2. Financial statement preparation standards and significant accounting policies

### (1) Standards for the preparation of financial statements

The Company has prepared its financial statements by applying the K-IFRS, the financial statements are separate financial statements by IFRS 1027 'Separate financial statements'. These are the financial statements of the parent company or an investor with joint control or significant influence over the investee, using either the cost method or the equity method prescribed in IFRS 1109 'Financial instruments', IFRS 1028 'Investments in associates and joint ventures'.

The material accounting policies applied to preparation of the financial statements are described below, and the policies applied to preparation of the current financial statements are the same as those adopted in the preparation of the annual financial statements for the business year ending 31 December 2021.

The financial statements have been prepared on a historical cost basis, excluding certain non-current assets and financial assets that are measured at revaluation or fair value at the end of each reporting period, as explained in the accounting policies below. The historical cost is generally measured at the fair value of the consideration paid to acquire the asset.

Fair value is the price that would be received to sell assets or paid to transfer liabilities in an ordinary transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using valuation techniques. In estimating the fair value of assets or liabilities, the Company considers the characteristics of the assets or liabilities that market participants consider when pricing the assets or liabilities at the measurement date. For measurement or disclosure purposes, fair value is determined in accordance with the principles described above with the exception of measurements that are similar to fair value but not fair value such as share-based compensation transactions included in the scope of IFRS 1102 'Share-based compensation', lease transactions included in the scope of IFRS 1116 'Lease', net realizable value of IFRS 1002 'Inventories', and value in use of IFRS 1036 'Asset Impairment'.

The management has a reasonable expectation at the time of approving the financial statements that the Company has sufficient resources to continue as a going concern for the foreseeable future period. Accordingly, the management has prepared the financial statements on the assumption of going concern. Our financial statements have been approved by the board of directors on 27 January 2022, and final approval is expected at the general meeting of shareholders on 22 March 2022.

1) The new standards and interpretations introduced from the current year and the resulting changes in accounting policies are as follows:

- IFRS 1116 Lease (amendment)

The amendments provide practical relief for lessees to account for rent discounts that are a direct result of COVID-19, which will be provided after 30 June 2021. The practical and simple method allows lessees to choose not to evaluate whether a COVID-19-related rental discount, etc. is a lease change. The lessee who has made this choice will account for changes in lease fees due to the COVID-19 related rental fee discount, etc., consistent with the method that the lessee accounts for when such changes are not lease changes.

The practical and simple method applies only to rent discounts, etc. that occurred as a direct result of COVID-19, and applies when all of the following conditions are met.

- ① The lease consideration modified due to changes in lease payments is substantially the same as or less than the lease consideration before the change.
- ② The lease fee reduction only affects the lease payments due before 30 June 2022.
- ③ Other lease terms and conditions are not substantially changed.

These enactments and amendments do not have a significant effect on the amount recognized in the consolidated financial statements of the Company.

- 2) The details of the K-IFRS, which were enacted and announced as of the date of approval for issuance of the financial statements, but have not yet reached the effective date and have not been applied early by the Company, are as follows:

IFRS 1001 'Classification of the current and non-current liabilities' (amendment)

The amendments only affect the indication of current and non-current liabilities in the financial statements, and does not affect the amount of assets, liabilities and gains or losses, the time of recognition, or the disclosure information for those items.

The amendments clarify that the classification of the current and non-current liabilities is based on the entity's rights that exist at the end of the reporting period, and also highlights that it is irrelevant to expectations of whether the entity will exercise its right to defer settlement of the debt. . At the end of the reporting period, if the loan agreement is complied with, the right exists, and settlement is clarified as the transfer of cash, equity instruments, or other assets or services to the counterparty.

The amendments are applied retroactively after the commencement date of the first business year starting after 1 January 2023, and early application is permitted.

- IFRS 1103 'Business combination' - Reference to Conceptual System (amendment)

The amendments include the contents that IFRS 1103 refers to the 'Conceptual System' (2018) instead of the previous system ('Conceptual system' (2007)). In addition, the amendments also add a requirement that in the case of provisions or contingent liabilities that fall within the scope of application of IFRS 1037, the acquirer applies IFRS 1037 to determine whether a current obligation exists as a result of past events at the acquisition date. In the case of contributions that fall within the scope of application of Interpretation of IFRS 2121, the acquirer applies interpretation of IFRS 2121 to determine whether an obligatory event that creates a payment liability for the contribution has occurred by the acquisition date.

The amendments add an explicit statement that the acquirer does not recognize contingent assets in a business combination.

The amendments apply to business combinations after the commencement date of the business year for which the acquisition date first begins on or after 1 January 2022. Early application of the amendments is allowed only when all the amendments under the 'Amendments to the Conceptual System References in the K-IFRS' published together with the amendments are applied before or simultaneously with the amendments.

- IFRS 1016 'Tangible assets' - The sale amount and related costs of goods produced before they are used in their intended manner (amendment)

The amendments prohibit deducting from the cost of tangible assets the sale of goods produced in the process of bringing them to the location and condition necessary to operate in the manner intended by management. Accordingly, such sales and related costs are recognized in profit or loss, and the costs are measured in accordance with IFRS 1002.

Unless the goods produced are the output of the entity's ordinary activities and the sale amount and costs included in profit or loss are separately indicated in the statement of comprehensive income, the Company should disclose an account in the statement of comprehensive income that includes the size of the amount and cost of the sale, and the amount and cost of the sale.

The amendments apply retrospectively only to tangible assets that has reached a location and condition capable of operating in the manner intended by management after the commencement date of the earliest period indicated in the financial statements for which the amendments is first applied. The cumulative effect of the initial application of the amendments is recognized by adjusting the opening balance of retained earnings (or other components of equity, if appropriate) at the beginning of the earliest indicated period. The amendments will be applied from the first business year beginning on or after 1 January 2022 and early application is permitted.

- IFRS 1037 'Estimated liabilities, contingent liabilities and contingent assets' - Loss-bearing contract and contract execution cost (amendment)

The amendments clarify that the cost of executing a contract consists of costs directly related to the contract. The costs directly related to a contract consist of the incremental costs (e.g. direct labor cost and direct material cost) to perform the contract and any other cost allocations (e.g. depreciation of tangible assets used in the performance of the contract) directly related to the performance of the contract.

The amendments apply to contracts for which all obligations have not been fulfilled on the commencement date of the business year in which the amendments are first applied. The comparative financial statements are not rewritten, but instead, the cumulative effect by the first adoption of the amendments is recognized as retained earnings at the date of initial application or, as appropriate, other elements of equity.

The amendments will be applied from the first business year beginning on or after 1 January 2022 and early application is permitted.

- Annual improvements of 2018-2020 cycle based on K-IFRS

This annual improvement includes some amendments to IFRS 1101 'First adoption of K-IFRS', IFRS 1109 'Financial instruments', IFRS 1116 'Lease' and IFRS 1041 'Agriculture, forestry and fisheries'.

① K-IFRS 1101 'First adoption of K-IFRS'

The amendments provide an additional exemption from accounting for cumulative translation differences in subsidiaries that become first adopters later than the parent. Subsidiaries subject to the exemption provisions in paragraph D16(1) of IFRS 1101 may choose to measure the cumulative translation difference of all overseas operations at the carrying amount to be included in the parent's consolidated financial statements on the basis of the date of transition of the parent to the K-IFRS. However, the effect of the business combination in which the parent acquires a subsidiary and adjustments in accordance with the consolidation procedure are excluded. A similar choice may be made if an associate or joint venture applies the exemption provisions in paragraph D16(1) of IFRS 1101.

The amendments will be applied from the first business year beginning on or after 1 January 2022 and early application is permitted.

② K-IFRS 1109 'Financial instruments'

The amendments include only fees received or paid between the entity (borrower) and the lender when applying the '10%' test to assess whether financial liabilities have been removed, which clarifies that it includes fees paid or received by businesses or lenders on behalf of other parties. The amendments will be applied prospectively to changes and exchanges that have occurred after the initial application date.

The amendments will be applied from the first business year beginning on or after 1 January 2022 and early application is permitted.

③ IFRS 1116 'Lease'

The amendments have deleted the contents of the lease improvement reimbursement amount in case 13 of IFRS 1116. Since The amendments is only relevant to applicable cases, the effective date has not been specified.

④ IFRS 1041 'Agriculture, forestry and fisheries'

The amendments eliminate the requirement to exclude tax-related cash flows when measuring the fair value of biological assets. This ensures that the fair value measurement in IFRS 1041 is consistent with the requirement in IFRS 1113 to use internally consistent cash flows and discount rates., and entities can choose to use pre- or post-tax cash flows and discount rates to determine the most appropriate fair value measurement.

The amendments will be applied from the first business year beginning on or after 1 January 2022 and early application is permitted.

- IFRS 1001 'Presentation of financial statements' and international accounting standards practice 2 'Judgment of materiality' (amendment)' - Disclosure of accounting policies

These amendments change the requirements of IFRS 1001 for the disclosure of accounting policies, and replace all the terms 'Significant accounting policies' with 'Material Accounting policy information'.

The paragraph relating to IFRS 1001 is also amended to clarify that accounting policy information relating to non-material transactions, other events or circumstances is not material and does not need to be disclosed. Accounting policy information, although insignificant in amount, can be material because of the nature of the transaction, other event or circumstance with which it is involved. However, not all accounting policy information relating to a material transaction, other event or situation is material in itself.

In addition, guidelines and examples have been developed to explain and apply the application of ' Step 4 of the Materiality Process' described in International Financial Reporting Standards, Practical Guide 2.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2023, with early adoption permitted. The amendments to International Financial Reporting Standards, Practical Guide 2 do not include the effective date or transitional provisions.

- IFRS 1008 'Accounting policy, changes and errors in accounting estimates' (amendment) - Definition of Accounting estimates

The amendments replace the definition of a change in an accounting estimate with the definition of an accounting estimate. Under the new definition, an accounting estimate is "a monetary amount in the financial statements that is subject to measurement uncertainty".

The amendments will be applied from the first business year beginning on or after 1 January 2023 and early application is permitted. The amendments are applied to changes in accounting estimates and changes in accounting policies that occur after the beginning of the fiscal year in which this amendment is first applied.

- IFRS 1012 'Income tax' - Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of application of the first recognition exception. According to the amendment, the exception to initial recognition does not apply to transactions that give rise to a taxable temporary difference and a deductible temporary difference in the same amount.

Under relevant tax laws, the same amount of taxable and deductible temporary differences may arise when an asset or liability is initially recognized in a transaction that is not a business combination and does not affect accounting or taxable income. For example, this situation may arise when a lease liability and a corresponding right-of-use asset are recognized by applying IFRS 1116 at the commencement date of the lease.

In accordance with the amendments of IFRS 1012, related deferred tax assets and deferred tax liabilities should be recognized. Recognition of deferred tax assets is subject to the recoverability requirements of IFRS 1012.

The amendments will be applied from the first business year beginning on or after 1 January 2023 and early application is permitted.

The Company is reviewing the impact of the above enactments and amendments on the financial statements.



### 3. Significant accounting policies

The Company's financial statements are prepared in K-IFRS. The significant accounting policies applied in the preparation of financial statements are stated below and the accounting policies applied are identical to ones used in the preparation of the financial statements for the years ended 31 December 2021 and 2020.

#### (1) Cash and cash equivalents

The Company classifies investments with maturities of three months or less after the acquisition date as cash and cash equivalents. Equity instruments are excluded from cash equivalents, but are included in cash equivalents if they are actually cash equivalents, such as preference shares with a fixed redemption date and a short period from the acquisition date to redemption date.

#### (2) Inventories

The unit cost of inventories is determined by the moving average method. The cost of acquisition includes acquisition costs, conversion costs and other costs necessary to prepare the inventory for use.

The inventories are measured at the lower of cost or net realizable value. The valuation losses and net loss on the reduction of inventories to net realizable value are recognized as expenses in the period in which the reduction or loss occurs, and reversal of the loss on the valuation of inventories resulting from the increase in net realizable value of the inventory is reversed. It is deducted from the cost of sales of the inventory recognized as an expense in the period in which it occurred.

### (3) Non-derivative financial assets

#### ① Recognition and initial measurement

Trade receivables and debt securities are recognized for the first time as they are issued. Other financial instruments and financial liabilities are recognized only when the Company becomes a contracting party for financial instruments.

Except for trade receivables that do not include any significant financial elements, financial assets or liabilities are measured at fair value at the date of initial recognition and are not measured at FVPL. In such cases, transaction costs that are directly attributable to the acquisition of the financial asset or the issue of the financial liability are added to or deducted from fair value. Trade receivables that do not contain significant financial factors are initially measured at the transaction price.

#### ② Classification and subsequent measurement

At initial recognition, financial assets are classified as measured at amortized cost, debt instruments at FVOCI, equity instruments at FVOCI, or financial assets at FVPL.

Financial assets are not reclassified after initial recognition unless the Company changes the business model that manages them. In this case, all affected financial assets are reclassified on the first day of the first reporting period after the change in the business model.

When a financial asset meets both of the following conditions and is not designated as at FVPL, the asset is measured at amortized cost.

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows..
- Debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal outstanding.

When a debt instrument meets both of the following conditions and is not designated as at FVPL, the instrument is measured at FVOCI:

- Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets.
- Debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal outstanding.

Upon initial recognition of an equity instrument that is not held for trading, the Company may choose to present the subsequent change in the fair value of the investment in other comprehensive income. However, the designation is irrevocable. On the other hand, these choices are made by investment.

All financial assets that are not carried at amortized cost or other comprehensive income - fair value, measured above, are measured at FVPL. These financial assets include all derivative financial assets. If a financial asset carried at amortized cost or FVOCI at initial recognition is designated as at FVPL and the accounting inconsistency is eliminated or significantly reduced, the Company may designate the financial asset as measured at FVPL. However, the designation is irrevocable.

#### 1) Business model

The Company evaluates the way business is being managed, and the purpose of the business model for managing a financial asset best reflects the way information is provided to the management at its portfolio level. Such information considers the following:

- The accounting policies and purpose specified for the portfolio, the actual operation of such policies. This includes the acquisition of contractual interest income and the duration of the liability to raise the financial asset to maintain a specified level of interest rate, and management's strategy focused on matching the duration of the financial asset and the outflow or realization of expected cash flows from the sale of the asset.
- The way the performance of a financial asset held under the business model is evaluated, and the way such evaluation is being reported to the management.
- The risk affecting the performance of the business model (and financial assets held under the business model), and the way such risk is being managed.
- The compensation plan for the management (e.g., whether the management is being compensated based on the fair value of assets or based on contractual cash flows received).
- The frequency, amount, timing, reason, and forecast of future selling activities of financial assets in the past period

For this purpose, a transaction that transfers a financial asset to a third party in a transaction that does not qualify for derecognition is not considered a sale.

Financial asset portfolios that meet the definition of short-term trading or whose performance is measured at fair value, are measured at FVPL.

Assessing whether contractual cash flows consist only of principal and interest

The principal is defined to be the fair value of a financial asset at initial recognition. Interest is not only composed of consideration for the time value of money, consideration for the credit risk related to remaining principal at a certain period of time and consideration for other cost (e.g., liquidity risk and cost of operation) and fundamental risk associated with lending but also profit.

When evaluating whether contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the financial instrument. When a financial asset contains contractual conditions that modify the timing and amount of contractual cash flows, the Group is required to determine whether contractual cash flows that arise during the remaining life of the financial instrument due to such contractual condition are solely payments of principal and interest.

The Company considers the following elements when evaluating the above:

- Conditional situation that changes the amount or timing of cash flows
- A clause that adjusts the contractual par interest rate, including the variable interest rate characteristic
- Characteristics of interim repayment and maturity extension
- Contractual terms that limit the Company's claim on cash flows arising from certain asset

If the prepayment amount represents interest on principal and outstanding principal, which is substantially outstanding, and includes reasonable additional compensation for early settlement of the contract, the early repayment characteristics are consistent with the terms of payment of principal and interest on a particular day.

Also, for financial assets acquired by significant discounts or premiums on contractual par value, the intermediate repayment amount substantially represents the contractual par value and contractual interest accruals (but not paid) (in this case, upon early settlement of the contract). If the fair value of the characteristic is minor at the time of initial recognition, the condition is determined to be satisfied.

### ③ Subsequent measurement and profit and loss

#### 1) Financial assets at FVPL

These assets are subsequently valued at fair value. Net gain or loss (including interest or dividend income) is recognized in net income.

#### 2) Financial assets measured at amortized cost

These are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and losses are recognized in profit or loss. Gains or losses arising from removals are recognized in net income.

#### 3) Other comprehensive income-debt instruments measured at fair value

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method and impairment loss in foreign exchange translation is recognized in profit or loss. Other net income is recognized in other comprehensive income. Gains or losses on disposal are reclassified to profit or loss from other comprehensive income.

#### 4) Debt instruments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized in net income unless they expressly recover the investment. Other net income is recognized in other comprehensive income and will not be reclassified to profit or loss.

#### ④ Derecognition of financial assets

When the contractual right to cash flows of a financial asset expires, the Company transfers the contractual right to receive the cash flows of the financial asset and substantially transfers most of the risks and rewards of ownership of the transferred financial asset., or removes financial assets if the Company does not control its financial assets without retaining or transferring most of its risks and rewards.

The Company does not remove a transferred asset if the parent company has made a transaction that transfers the assets recognized in the statement of financial position, but holds most of the risks and rewards of ownership of the transferred asset.

#### ⑤ Offset of financial assets

Financial assets and liabilities are presented as a net amount in the statement of financial position when the Company has an enforceable legal right and an intention to settle on a net basis or to realize an asset and settle the liability simultaneously.

#### ⑥ Impairment of financial assets

1) The Company recognizes loss allowance for expected credit losses on the following assets.

- Financial assets measured at amortized cost
- Debt instruments at FVOCI
- Lease receivables

Provisions for loss on trade receivables and other receivables measured at amortized cost are always measured at an amount equivalent to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating expected credit losses, the Company considers information that is available, reasonable and supportable without excessive cost or effort. This includes qualitative and quantitative information and analysis based on past experiences and known credit ratings of the Company, including forward-looking information.

Expected credit loss for the entire period is expected credit loss for all defaults that can occur during the expected life of a financial instrument.

The longest period the Company considers when measuring expected credit loss is the longest contract period in which it is exposed to credit risk.

## 2) Measurement of expected credit loss

Expected credit loss is a probability weighted estimate of credit loss. Credit losses are measured at the present value of all cash deficits (difference between all contractual cash flows expected to be paid under the contract and all contractual cash flows expected to be received). These expected credit losses are discounted at the effective interest rate on the financial asset.

## 3) Financial assets with damaged credit

At the end of each reporting period, the Company evaluates financial assets measured at amortized cost for impairment. If one or more events that adversely affect the estimated future cash flows of a financial asset have occurred, the financial asset is impaired.

Evidence of impaired credit on financial assets includes the following observable information:

- Significant financial difficulties for issuers or borrowers

## 4) Indication of allowance for credit loss in the statement of financial position

Financial assets at amortized cost, debt instruments at FVOCI and provision for loss on lease receivables are deducted from the carrying amount of the assets.

## 5) Write-off

Financial assets are derecognized when there is no reasonable expectation of recovery of all or part of its contractual cash flows. The Company evaluates each period and amount individually by assessing whether there are reasonable expectations for recovery from corporate customers. The Company has no expectation that the write-off will be significantly recovered. However, the retired financial assets may be subject to retrieval activities in accordance with the recovery procedures for the maturity of the Company.

## (4) Investments in subsidiaries and associates in separate financial statements

The financial statements of the Company are separate financial statements in accordance with IFRS 1027. For investment assets in subsidiaries and associates, the Company selected and accounted for the cost method in accordance with IFRS 1027. However, in the separate statement of financial position according to the K-IFRS at the date of transition, IFRS 1101 'First adoption of K-IFRS' was applied, and the carrying amount according to the previous GAAP was used as deemed cost. On the other hand, dividends received from subsidiaries are recognized in net income when the right to receive dividends is established.

## (5) Tangible assets

Premises and equipment are initially measured at cost. The cost of premises and equipment includes costs that are directly attributable to the management's intentional method of bringing the asset to its place and condition, and what is estimated to be incurred in the decommissioning, removal, or restoration of the property.

After initial recognition, the premises and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

As for the cost of replacing part of tangible assets, it is highly probable that future economic benefits from those assets will flow to the Company, and they are included in the carrying amount of the asset when its cost can be measured reliably or recognized as a separate asset where appropriate. The carrying amount of the replaced part is derecognized. The general costs occurred in maintenance and repair are recorded as the net income as it occurs.



Land is not depreciated among premises and equipment, and other premises and equipment are amortized using the straight-line method, which best reflects the expected consumption pattern of future economic benefits inherent in the asset over its useful life.

If the cost of a part of the premises and equipment is significant in relation to the total cost of the premises and equipment, the part is depreciated separately.

The gain or loss arising from the removal of the premises and equipment is determined by the difference between the net sale and the carrying amount and the difference is recognized as other non-operating income and other non-operating expenses.

The estimated useful lives of tangible assets for the years ended 31 December 2021 and 2020, are as follows:

Division	Useful lives
Buildings and structures	20, 40 years
Machinery	5 years
Office equipment	4 years
Other tangible assets	2~5 years

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period.

## (6) Intangible assets

Intangible assets are initially measured at cost, and after initial recognition, the carrying amount is recognized at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized using the straight-line method with no residual value over their estimated useful lives as of the date of their availability. However, as there are no foreseeable limits on the period over which some intangible assets are expected to be used, they are evaluated as having indefinite useful lives and not amortized.

The estimated useful lives of intangible assets for the years ended 31 December 2021 and 2020, are as follows:

Division	Useful lives
Goodwill	Unlimited
Industrial rights	10 years
Software	5 years
Rights of membership	Unlimited
Other intangible assets	5 years

Amortization period and amortization method for finite intangible assets are reviewed at the end of each reporting period. Intangible assets with indefinite useful lives are reviewed at the end of each reporting period to determine whether the assessment of their useful life is indefinite. If it is deemed appropriate to change this, it is treated as a change in the accounting estimate.

The subsequent expenditures are capitalized only if the future economic benefits of the related asset are increased. Other expenses, including internally generated goodwill and trade names, are immediately expensed.

## (7) Goodwill

Goodwill is the consideration paid in excess of the fair value of the net identifiable assets acquired at the time of the business combination and is recognized as intangible assets. Goodwill is not amortized, but is tested for impairment annually and presented at cost less accumulated impairment losses.

## (8) Government subsidies

Government subsidies are recognized only if the Company has reasonable assurance that the Company will comply with the conditions attached to it.

### ① Asset-related subsidies

The Company receives a government subsidy with the basic condition that it must be used to acquire or construct non-current assets. When calculating the carrying amount of the asset, the Group recognizes it in net income over the useful life of the depreciable asset, after deducting government subsidies.

### ② Income-related subsidies

The Company recognizes net income by subtracting the relevant expenses from the relevant expense over the period in which the related costs that it intends to preserve as government grants are recognized as expenses.

## (9) Damage of non-financial assets

In the end of each reporting period for all non-financial assets, except for non-current assets classified as assets, inventories and deferred tax assets, the Company examines whether there are any indications of impairment and, if so, estimates the recoverable amount of the asset. However, intangible assets acquired in a business combination with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment annually by comparing their recoverable amount with their carrying amount, regardless of any indication of impairment.

Recoverable amount is estimated for each asset or if the recoverable amount of an individual asset cannot be estimated, recoverable amount is estimated for each cash-generating unit to which the asset belongs. Recoverable amount is decided as the higher between the pure fair value or value in use. The value in use is discounted by discounting future cash flows expected to be generated from the asset or cash-generating unit at an appropriate discount rate that reflects the current market's assessment of the specific risks of the asset that have not been adjusted in estimating the time value of the money and future cash flows.

If the recoverable amount of an asset or cash generating unit is less than its carrying amount, the carrying amount of the asset is reduced and recognized immediately in profit or loss.

At the end of each reporting period, the Group reviews for assets, excluding goodwill, that there are indications that the impairment loss recognized between and no longer exists or has been reduced. Subsequently, reversal is made only if there is a change in the estimate used to determine recoverable amount since the date of the impairment loss. The carrying amount increased by reversal of an impairment loss cannot exceed the depreciation or amortization of the carrying amount before the impairment loss is recognized in the past.

Goodwill acquired in a business combination is allocated to each cash-generating unit that is expected to benefit from the synergies of the business combination. Impairment losses on cash-generating units reduce the carrying amount of goodwill allocated to the cash-generating unit first, and then reduce the carrying amount of the asset in proportion to the carrying amount of each of the other assets in the cash-generating unit. The impairment losses recognized for goodwill cannot be reversed later. At the end of each reporting period, the Group reviews for assets, excluding goodwill, that there are indications that the impairment loss recognized between and no longer exists or has been reduced. Subsequently, reversal is made only if there is a change in the estimate used to determine recoverable amount since the date of the impairment loss. The carrying amount increased by reversal of an impairment loss cannot exceed the depreciation or amortization of the carrying amount before the impairment loss is recognized in the past.

#### (10) Lease

##### 1) If the Company is a lessee

The Company evaluates whether a contract is a lease or contains a lease at the contract inception date. In the case of lessees, the Company recognizes right-of-use assets and corresponding lease liabilities in relation to all lease agreements, except for short-term leases (with a lease term of 12 months or less) and leases on small-value basic assets. The Company recognizes lease payments related to short-term leases and leases of small underlying assets as expenses on a straight-line basis over the lease term, unless other systematic criteria better represent the form of the lessee's benefits.

Lease liabilities are initially measured at the present value of the lease payments that have not been paid as of the date of commencement of the lease, discounted using the implied interest rate of the lease. If the implied interest rate of the lease cannot be easily calculated, the incremental borrowing rate of the lessee is used.

The incremental borrowing interest rate varies depending on the lease term, currency and the initiation of the lease, and is determined based on inputs, including:

- Risk-free interest rate based on KTB interest rate
- Company-specific risk management
- Credit risk adjustment based on bond yield
- If the risk attribute of the entity entering into the lease is different from the risk attribute of the Company and the lease does not receive benefits from the Company's guarantee, the company-specific risk management

The lease payments included in the lease liability measurement consist of the following items:

- Fixed lease (including actual fixed lease and deducting lease incentives to be received)
- Fluctuating lease rates that depend on the index or Rate(interest rate). Initially measured using an index or rate(interest rate) on the starting day of lease.
- Amount expected to be paid in accordance with the residual value guarantee
- If it is evident that purchase option will be carried out, then the purchase option's event price
- If the lease term reflects the lessee's exercise of the termination option, amount paid to terminate the lease

The Company presents lease liabilities separately from other liabilities in the statement of financial position.

Lease liabilities are subsequently measured by increasing (using the effective interest rate method) the carrying amount by reflecting interest on the lease liabilities and decreasing the carrying amount by reflecting the lease payments paid.

The Company remeasures lease liabilities and makes corresponding adjustments to the related right-of-use assets in the following cases:

- When the lease term changes, the circumstances that give rise to a change in the valuation of the exercise of the purchase option change, or a significant event occurs. In this case, the lease liabilities are measured again by discounting the adjusted lease payments at the adjusted discount rate.
- When the lease payment is changed due to a change in the index or rate (interest rate) or the amount expected to be paid under the residual value guarantee. In this case, the lease liabilities are measured again by discounting the adjusted lease payments at the unchanged discount rate. However, if there is a change in lease payments due to a change in the variable interest rate, an adjusted discount rate that reflects the change in the interest rate is used.
- When the lease agreement is changed and not accounted for as a separate lease. In this case, the lease liabilities are measured again by discounting the adjusted lease payments at the adjusted discount rate as of the effective date of the lease change based on the lease term of the changed lease.

The right-of-use assets consist of the initial measurement of the lease liabilities, the lease payments paid on or before the commencement of the lease (received lease incentives are deducted) and the direct cost of initiating the lease borne by the lessee. The right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

For the estimated cost of dismantling and removing the underlying asset, restoring the site on which the underlying asset is located, or restoring the underlying asset itself as required by the terms of the lease, the Company recognizes and measures in accordance with IFRS 1037. If those costs relate to right-of-use assets, unless those costs are incurred to produce inventories, those costs are recognized as part of the cost of the right-of-use assets.

If ownership of the underlying asset is transferred to the lessee prior to the end of the lease term, or if the cost of the right-of-use assets reflect that the lessee will exercise the purchase option, The lessee depreciates the right-of-use assets from the commencement of the lease to the end of the useful life of the right-of-use asset. In other cases, the lessee depreciates the right-of-use assets from the commencement of the lease until the end of the useful lives of the assets and the end of the lease term, whichever is earlier.

The Company presents right-of-use assets separately from other assets in the statement of financial position.

The Company applies IFRS 1036 to determine whether the right-of-use assets are impaired, and the accounting for the identified impairment loss is described in the accounting policy for 'tangible assets' (refer to Note 3.(5)).

The Company does not include variable lease payments (except for variable lease payments that depend on an index or rate (interest rate)) in the measurement of right-of-use assets and lease liabilities, and such lease payments are recognized in profit or loss in the period in which the event or condition giving rise to the variable lease payments arises.

As a practical and simple method, the lessee may choose to account for each lease element and the related non-lease element as a single lease element for each type of underlying asset, rather than separating the non-lease element from the lease element, but the Company does not use this practical and simple method. In a contract containing one lease element and one or more additional lease or non-lease elements, the lessee allocates the contract consideration to each lease element based on the relative stand-alone price of the lease element and the total stand-alone price of the non-lease element.

## 2) If the Company is a lessor

The Company classifies each lease as either an operating lease or a finance lease. A lease that transfers most of the risks and rewards of ownership of the underlying asset is classified as a finance lease, and a lease that does not transfer most of the risks and rewards of ownership of the underlying asset is classified as an operating lease.

If the Company is an intermediate lessor, the Company accounts for the upper lease and the sub-lease as two separate contracts. The Company classifies sub-leases as finance leases or operating leases according to the right-of-use assets arising from the parent lease rather than the underlying asset.

The Company recognizes lease payments from operating leases as revenue on a straight-line or other systematic basis. If other systematic standards better represent the pattern in which the benefits resulting from the use of the underlying asset are diminished, the Company applies that standard. The Company adds the direct cost of establishing a lease to the carrying amount of the underlying asset and recognizes it as an expense over the lease term on the same basis as the rental income.

In finance leases, the amount received from lessees is recognized as receivables as net investment in the lease of the Company. The Company allocates financial revenue over the lease term in such a way that a certain period of return is reflected in the Company's net investment in lease.

After initial recognition, the Company periodically reviews the estimated unguaranteed residual value, and recognizes expected credit loss on lease receivables as a loss allowance by applying the requirements for derecognition and impairment of IFRS 1109.

Finance lease income is calculated by referring to the total carrying amount of lease receivables. However, in the case of financial lease receivables with impaired credit, financial income is calculated by referring to amortized cost (ie, amount after deducting loss allowance).

If both the lease and non-lease elements are included in the agreement, the Company allocates the contract consideration by applying IFRS 1115.

#### (11) Non-Derivative Financial Liabilities

The Company classifies financial liabilities as financial liabilities at FVPL and other financial liabilities, and recognizes them in the statement of financial position as part of the contract.

##### ① Financial liabilities at FVPL

Financial liabilities at FVPL include short-term trading financial liabilities or financial liabilities designated at financial liabilities at FVPL or loss on initial recognition. Financial liabilities at FVPL are measured at fair value after initial recognition, and changes in fair value are recognized in profit or loss. Meanwhile, at the time of initial recognition, transaction expenses incurred in connection with the issuance of financial liabilities at FVPL are recognized immediately in profit or loss.

##### ② Other financial liabilities

Non-derivative financial liabilities other than financial liabilities at FVPL are classified as other financial liabilities. Other financial liabilities are initially measured at fair value less transaction costs directly attributable to issuance. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method and related interest expense is recognized.

The financial liabilities are derecognized from the statement of financial position only when it is extinguished, ie when the contractual obligation is discharged, canceled or expires.



## (12) Employee benefits

### ① Short-term employee benefits

Short-term employee benefits that will be settled within 12 months from the end of the reporting period when an employee provides related service are recognized in profit or loss when the service is provided. Short-term employee benefits are measured at undiscounted amount.

### ② Other long-term employee benefits

Other long-term employee benefits that will not be paid within 12 months after the end of the reporting period for which the employee provided the related service are discounted to present value of future salaries earned in exchange for the service provided in the current and past periods. The changes from remeasurement are recognized in profit or loss in the period in which they arise

### ③ Severance payments: Defined benefit plan

The defined benefit liabilities related to the defined benefit plan are recognized at the end of the reporting period less the fair value of plan assets.

Defined benefit liabilities are calculated under the predictive unit accumulation method annually by an independent public accountant. Where the net amount calculated by subtracting the fair value of plan assets from the present value of defined benefit obligations is an asset, the asset is recognized only to the extent of its present value of available annual benefits, either in the form of a refund from the plan or a reduction in future contributions to the plan.

The remeasurement component of net defined benefit liabilities is a change in the upper limit on recognition of assets, except for actuarial gains and losses, net interest on net defined benefit liabilities, and net interest on defined benefit liabilities. It is immediately recognized in other comprehensive income. The Company's net interest in the defined benefit liabilities (assets) is determined by multiplying the net defined benefit liabilities (assets) by the discount rate determined at the beginning of the annual reporting period. During in consideration of changes in net defined benefit liabilities (assets) due to contributions and payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

In the event of amendment or reduction of the plan, gains or losses on changes or reductions in benefits for the past service are recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the cumulative settlement occurs.

### (13) Provisions

Provisions are present (legal or statutory) obligation that exists as a result of a past event, and it is recognized that resources with economic benefits are likely to be leaked in order to fulfill the obligation, and the amount of money required to fulfill the obligation can be estimated reliably.

The amount recognized as provisions is the best estimate of the expenditures required to carry out the present obligation at the end of the reporting period, taking into account the inevitable risks and uncertainties associated with the events and circumstances. When the time value effect of money is significant, the provisions are valued at the present value of the expenditures expected to settle the obligation.

When a third party is expected to reimburse some or all of the expenditure required to settle the provisions, the Company recognizes the reimbursement amount and accounts for it as a separate asset only when it is almost certain that the entity will be reimbursed.

The balance of the estimated liabilities is reviewed at the end of each reporting period and adjusted to reflect the best estimate as of the reporting date. If the possibility of the outflow of resources in which economic benefits are embedded for the performance of the obligation is no longer high, the related provisions are reversed.

Provisions for warranty are recognized when products or services are sold or provided, and are estimated by weighted average of all possible outcomes and related probabilities based on historical warranty data.

The provisions are used only for expenditures related to initial recognition.

### (14) Foreign currency transaction

In the preparation of the financial statement, transactions in currencies other than functional currencies are recorded at the exchange rate on the trading day. At the end of each reporting period, foreign currency monetary items are translated at the closing rate at the end of the reporting period. Non-monetary items measured at fair value are translated at the exchange rate on the day at which the fair value is determined, and non-monetary items measured at historical cost are translated at the exchange rate on the trading day.

Foreign exchange differences at the time of settlement of monetary items and foreign exchange differences resulting from the translation of monetary items are recognized in profit or loss as other non-operating income and other non-operating expenses when they are related to operating activities, and non-operating activities are recognized in profit or loss as finance income and finance expenses.

When gains or losses on non-monetary items are recognized in other comprehensive income, the effect of foreign exchange fluctuations included in the gain or loss is recognized in other comprehensive income, and any gains or losses are recognized in profit or loss.

## (15) Paid-in capital

Ordinary shares are classified as capital, and incremental costs that arise in direct relation to capital transactions (the net amount that reflects the tax effect) are deducted from the capital.

If the Company reacquires its own equity instruments, such instruments are directly deducted from the capital as reacquired shares. If the company buys, sells, issues, or cancels its own equity instruments, the profit or loss is not recognized as that for the current year. When the Company acquires and retains treasury stock, the consideration paid or received is recognized directly in equity.

## (16) Revenue from contracts with customers

The Company recognizes revenue by applying IFRS 1115 for the first time on 1 January 2018 and applying the 5-step (① Contract identification → ② Performance obligation identification → ③ Transaction price calculation → ④ Allocating transaction price to performance obligation → ⑤ Revenue recognition when performance obligation is fulfilled) revenue recognition model to all types of contracts.

### ① Contract identification

The Company identifies a contract with a customer when all of the following criteria are met:

- The contracting parties accept the contract and commit to performing their respective obligations.
- The rights of each party in relation to the goods or services to be transferred can be identified.
- The terms of payment for the goods or services to be transferred can be identified.
- The contract has commercial performances.
- It is probable that the entity will recover the consideration to which it would be entitled for the goods or services transferred to the customer.

The Company identifies contracts with customers for the supply of products and services that satisfy all of the above criteria as contracts with customers.

### ② Performance obligation identification

At the inception of the contract, the Company identifies the promise to transfer any of the following to the customer as a performance obligation by reviewing the goods or services promised in the contract with the customer.

- Distinct goods or services (or a bundle of goods or services)
- 'A set of distinct goods or services' that are substantially the same and have the same method of transfer to the customer'

The performance obligations of the Company to customers identified in contracts with customers are the supply of promised products and provision of services.

### ③ Transaction price calculation

The Company refers to the terms of the contract and the company's business practices to calculate the transaction price. The transaction price is the amount the entity expects to be entitled to receive in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of a third party.

The Company calculates the consideration to be received from customers for the supply of products and services as the transaction price. However, the consideration to be received from customers may change because the Company allows returns in the contract to supply the product. The Company estimates variable consideration using the expected value method, which it expects to better predict the consideration to which it will be entitled, and recognizes revenue by including variable consideration in the transaction price only to the amount that is highly unlikely to cause a significant reversal of the accumulated revenue recognized when the return deadline has elapsed. Any consideration received or receivable by the Company for which the Company does not expect to be entitled is recognized as a refund liability and recognized as a new asset for the right to recover the returned asset.

### ④ Allocating transaction price to performance obligation

The Company allocates the transaction price to each performance obligation at an amount representing the right to receive in exchange for the promised goods or services to the customer.

In contracts entered into by the Company with customers, the performance obligations of the Company consist of a single performance obligation identified as distinct goods and services, such as the supply of products and services, and thus the transaction price is not allocated.

### ⑤ Revenue recognition when performance obligation is fulfilled

When the Company fulfills a performance obligation by transferring the promised goods or services to the customer, the transaction price allocated to the performance obligation is recognized as revenue when the customer controls the goods or services.

The Company recognizes revenue as if the performance obligations to supply products and provide services are satisfied at a point in time. In particular, in the case of the provision of services, the assets created by the performance of the obligations of the Company have no alternative use for the company itself, and satisfy the requirements of performance obligations over a period in which there must be an enforceable right to payment for the parts that have been performed so far. Revenue is recognized as a performance obligation to be satisfied at a point in time.

## (17) Financial income and expenses

Financial income includes interest income, foreign exchange gains and losses on foreign currency financial instruments, and net profit or loss on financial assets at FVPL. Interest income is recognized in profit or loss by applying the effective interest method over the period.

Financial expenses include interest expense on borrowings, translation losses and foreign exchange losses on foreign currency financial instruments, and net profit or loss on financial assets at FVPL. Interest expense on borrowings is recognized in profit or loss over the period by applying the effective interest method.

The effective interest method accurately matches the future cash payment estimated during the expected duration of the financial instrument or the current value of the received amount with the total book value of the financial asset or the amortized cost of the financial liability.

When calculating the interest income or interest expenses, the effective interest is applied to the total book value of the assets (if the credit of the asset is undamaged) or to the amortized cost of the liabilities. However, for financial assets whose credit has been damaged after the initial recognition, the interest income is calculated by applying the effective interest to the amortized cost of the financial assets. If such assets' credit can no longer be deemed to be damaged, the interest income is calculated by applying the effective interest to the total book value.

## (18) Corporate tax

Corporate tax expenses consist of current tax and deferred tax expenses, and they are all recognized for the profit or loss for the current year except the tax amounts that occur from transactions or incidents directly recognized for other comprehensive income or capital or from business combination.

### ① Current tax

The current corporate tax is calculated on the basis of taxable income for the year ended 31 December 2021. Since taxable income excludes profits or losses to be added to or deducted from the profit on the income statement before taxation during other taxation periods and the non-taxable items and excluded items from deductible expenses, it is different from the profit or loss on the income statement. The income tax payables related to the Company's current tax are calculated using the tax rates actually enacted.

### ② Deferred tax

When measuring the deferred tax liabilities and the deferred tax assets, the Company reflects the tax effects based on the expected method of collecting or paying the book value of the assets or liabilities at the end of the reporting period. For the temporary differences to add for subsidiaries, associates and joint venture investment equity, the Company can control the extinction time point of the temporary differences, and deferred tax liabilities are recognized for all cases except where there is a high possibility that the temporary differences would not be extinct within the predictable future. Also, deferred tax assets that arise due to temporary differences to deduct are recognized in cases where there is a high possibility that the temporary differences will be extinct in predictable future and that taxable income for which the temporary differences can be used will occur.

The book value of the deferred tax assets is reviewed at the end of each reporting period and is lowered when there is no longer a high possibility that taxable income will occur sufficiently enough for the benefits due to deferred tax assets can be used.

Deferred tax assets and liabilities are being measured using the tax rate expected to be applied to the period when the assets would be realized or the liabilities be paid based on the tax law enacted or virtually enacted at the end of the reporting period.

Deferred tax assets and liabilities are the corporate tax levied by the same tax office and are offset only when the Company has the right to offset the recognized amounts and is willing to pay the net amount of the income tax liabilities and assets for the current year. If there exists income tax amount that additionally occur from dividend payment, it is recognized at the time point when the liabilities related to dividend payment are recognized.

## (19) Earnings per share

The Company calculates basic earnings per share and diluted earnings per share for the current period and presents them in the consolidated statement of income. Basic earnings per share is calculated by dividing the net profit or loss for the common shares by the weighted-average common shares of the common shares circulated during the reporting period. Diluted earnings per share by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average No. of ordinary shares outstanding, taking into account the effects of all dilutive potential ordinary shares, including share-based compensation granted to employees.

## (20) Business combinations

Business combinations are accounted for using the acquisition method, except for combinations of entities and businesses under common control.

Transfer considerations are generally measured at fair value in the same way as identifiable net assets are measured at fair value. When goodwill is generated as a result of a business combination, impairment tests are conducted annually and the excess is recognized immediately in net income as a bargain purchase gain. Acquisition-related costs are expensed in the period in which they are incurred and provided for services, except for the cost of issuance of debt securities and equity securities, which are recognized in accordance with IFRS 1032 and IFRS 1109.

Transfer considerations do not include any amounts related to the settlement of existing relationships. The settlement of existing relationships is generally recognized in profit or loss.

Contingent consideration is measured at fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and subsequent settlements are accounted for in equity. When the contingent consideration is not classified as equity, the change in fair value of the conditional consideration is subsequently recognized and recognized in profit or loss.

#### 4. Significant decisions and major source of estimation uncertainty

In applying the Company's accounting policies described in Note 3, management should make judgments that have a significant effect on the amounts recognized in the financial statements (excluding matters related to estimates), and make estimates and assumptions about the carrying amounts of assets and liabilities that cannot be readily identified from other sources. Estimates and related assumptions are based on past experiences and other factors deemed relevant. In addition, actual results may differ from these estimates.

Estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognized in the period in which the revision is made if the revision affects only that period, and in the period in which the adjustment is made and in future periods if they affect both current and future periods.

##### (1) Management's judgments

The following notes include information on the management's main judgments related to application of accounting policies that significantly affect the amounts recognized in the financial statements:

- Note 3: Significant accounting policies

##### (2) Uncertainty of assumptions and estimates

The information on the uncertainty of premise and estimation with significant risk that may cause major adjustment on the next reporting term is included in the following notes:

- Note 12: Inventories - Assumptions for inventory valuation allowance
- Note 17: Lease liabilities - Determination of lease term
- Note 19: Provisions - Possibility of resource leak and amount assumption
- Note 31: Measurement of the defined benefit obligation - Actuarial assumptions



### (3) Fair value measurement

The Company's accounting policy and disclosures require measurement of various financial and non-financial assets and debts at fair values, and the Company has established fair value evaluation policies and procedures. These policies and procedures include the operation of the evaluation department responsible for reviewing all significant fair value measurements, including those classified as Level 3 in the fair value hierarchy, and the results are reported directly to the finance executive.

The evaluation department regularly reviews significant unobservable inputs and valuation adjustments. When fair value measurement uses third-party information such as broker prices or rating agencies, the evaluation based on information obtained from third parties by the rating department includes classification by level within the fair value hierarchy, and determines whether it can be concluded that the requirements of the standard are met.

When measuring the fair values of assets and debts, the Company uses input variables that are as observable in the market as possible. Fair values are classified within the fair value hierarchy based on the input variables used in the valuation method as follows:

- Level 1: The unadjusted declared value of the same asset or liability in the accessible active market on the measurement date
- Level 2: An input variable directly or indirectly observable with regard to the asset or liability apart from the declared value of Level 1
- Level 3: An input variable unobservable with regard to the asset or liability

In case where various input variables used to measure assets or debts at fair values are classified into different levels within the fair value hierarchy, the Company classifies all the fair value measurements by the lowest-level input variable within the significant fair value hierarchy for the entire measurements and recognizes movements along the fair value hierarchy at the end of the reporting period in which changes occurred.

The following notes contain the information of the assumptions used in fair value measurements:

- Note 6: Management of financial risk

## 5. Classification of financial instruments by category

### (1) Financial instruments by category

The details of the carrying amount of financial instruments by category for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Financial assets:		
Items at FVPL		
Financial assets at FVPL	-	163,039,267
Items at FVOCI		
Trade receivables	55,832,162,670	105,806,689,122
Items measured at amortized cost		
Cash and cash equivalents	133,729,223,245	100,049,526,121
Short-term financial instruments	470,000,000,000	150,000,000,000
Trade receivables	119,432,884,399	104,561,703,472
Other receivables (*1)	29,064,853,694	22,653,208,915
Subtotal	752,226,961,338	377,264,438,508
Lease receivables	3,548,057,137	4,853,554,681
Total	811,607,181,145	488,087,721,578
Financial liabilities:		
Items measured at amortized cost		
Trade payables	213,463,276,070	144,000,394,513
Other payables(*2)	15,736,374,180	12,369,802,783
Subtotal	229,199,650,250	156,370,197,296
Lease liabilities	7,098,769,810	8,064,522,070
Total	236,298,420,060	164,434,719,366

(\*1) Lease receivables are excluded.

(\*2) Employee-related debts that are not included in financial liabilities are excluded.

## (2) Financial incomes and costs by category

The details of financial incomes and financing costs recognized in the net income during the year ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)				
Division	Interest income(expenses)		Other income(*)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial assets at FVPL	-	-	(32,636,103)	(107,886,362)
Financial assets at FVOCI	-	-	13,311,927,152	(8,524,015,184)
Financial assets at amortized cost	4,007,999,042	2,583,383,648	(1,098,245,235)	1,598,382,195
Lease receivables	89,622,456	124,192,931	-	-
Financial liabilities at amortized cost	-	-	(5,173,959,094)	2,838,403,354
Lease liabilities	(168,295,320)	(207,845,744)	-	-
Total	3,929,326,178	2,499,730,835	7,007,086,720	(4,195,115,997)

(\*) Other gains and losses consist of gains and losses on financial assets at FVPL, financial assets at FVOCI, financial assets at amortized cost and financial liabilities at amortized cost, and losses on disposal of trade receivables, Foreign currency translation gains and losses and foreign exchange differences form gains or losses on foreign exchange.

## (3) Transfer of financial assets

The Company transferred trade receivables according to the account receivable factoring contract with the Export-Import Bank, etc. In this transaction, if the relevant trade receivables are not recovered at maturity, the Company is not obligated to pay the unrecovered amount of trade receivables to banks.

There is no carrying amount of trade receivables accounted for as collateralized borrowing as the Company transferred all or part of the transferred financial assets through factoring of accounts receivable as of 31 December 2021 and 2020.

## 6. Management of financial risk

### (1) Credit risk

Credit risk refers to the risk that the Company will suffer financial loss as a result of a customer or counterparty not fulfilling its contractual obligations for a financial instrument. It mainly arises from trade receivables and investment assets to customers.

#### ① Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk of the Company as of 31 December 2021 and 2020, is as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Cash and cash equivalents	133,729,223,245	100,049,526,121
Short-term financial instruments	470,000,000,000	150,000,000,000
Trade receivables (*1)	175,265,047,069	210,368,392,594
Other receivables (*2)	32,612,910,831	27,506,763,596
Financial assets at FVPL	-	163,039,267
Total	811,607,181,145	488,087,721,578

(\*1) Includes trade receivables classified as financial assets at FVOCI.

(\*2) Includes lease receivables.

## ② Impairment loss

The Company has established an allowance for losses expected to occur on trade receivables. Reserves from financial asset groups are determined based on past data on collection of similar financial assets.

The trade receivables are net amount after loss allowance is deducted, and as indicated in the statement of financial position, details of trade receivables and related loss allowances based on the total amount before loss allowance as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Trade receivables	175,265,047,069	210,368,392,594
Allowance for bad debts	-	-
Net carrying amount of trade receivables	175,265,047,069	210,368,392,594

As of 31 December 2021 and 2020, the age of trade receivables and the amount impaired by each year are as follows:

(Unit: KRW)						
Division	31 December 2021			31 December 2020		
	Total amount of receivables	Impaired amount	Carrying amount	Total amount of receivables	Impaired amount	Carrying amount
Within the due date	170,544,442,333	-	170,544,442,333	187,909,227,718	-	187,909,227,718
Due date ~ 3 months	4,735,821,767	-	4,735,821,767	22,211,033,246	-	22,211,033,246
3 ~ 6 months	(15,217,031)	-	(15,217,031)	19,651,630	-	19,651,630
More than 6 months	-	-	-	228,480,000	-	228,480,000
Total	175,265,047,069	-	175,265,047,069	210,368,392,594	-	210,368,392,594

There was no change in allowance for bad debts for trade receivables for the years ended 31 December 2021 and 2020.

## (2) Liquidity risk

Liquidity risk refers to the risk that the Company will have difficulty in meeting its obligations related to financial liabilities that are settled through the delivery of cash or other financial assets. The Company's liquidity management method is to maintain sufficient liquidity to repay liabilities at maturity without the risk of incurring abnormally excessive losses or damaging the Company's reputation even in financially difficult circumstances.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents and short-term financial instruments.

The contractual maturity of financial liabilities for the years ended 31 December 2021 and 2020, is as follows: The amount does not include the effect of trade agreements.

### ① 31 December 2021

(Unit: KRW)				
Division	Carrying amount	Contractual cash flow	Less than 1 year	More than 1 year and less than 5 years
Trade payables	213,463,276,070	213,463,276,070	213,463,276,070	-
Other payables(*)	15,736,374,180	15,736,374,180	15,716,374,180	20,000,000
Total	229,199,650,250	229,199,650,250	229,179,650,250	20,000,000

(\*) Employee-related liabilities not included in financial liabilities are excluded, and the contractual maturity of lease liabilities is indicated in Note 17.

### ② 31 December 2020

(Unit: KRW)				
Division	Carrying amount	Contractual cash flow	Less than 1 year	More than 1 year and less than 5 years
Trade payables	144,000,394,513	144,000,394,513	144,000,394,513	-
Other payables(*)	12,369,802,783	12,369,802,783	12,349,802,783	20,000,000
Total	156,370,197,296	156,370,197,296	156,350,197,296	20,000,000

(\*) Employee-related liabilities not included in financial liabilities are excluded, and the contractual maturity of lease liabilities is indicated in Note 17.

The contractual maturity is based on the earliest date on which the Company can be demanded for payment.

### (3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices.

#### ① Currency risks

The Company is exposed to the currency risk that arises from operating revenue and operating expenses in currencies other than KRW, which is the functional currency of the company. The major currencies in these transactions are USD.

#### A) Exposure to foreign exchange risk

The carrying amounts of monetary assets and liabilities denominated in foreign currencies other than the functional currency as of for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)								
Division	31 December 2021					31 December 2020		
	USD	JPY	CNY	EUR	INR	USD	JPY	CNY
Foreign currency assets:								
Cash and cash equivalents	159,023,728	-	-	-	-	21,096,102	-	-
Advanced payments	-	-	-	-	57,180,894	-	-	-
Trade receivables	84,127,890,315	-	-	-	-	129,387,804,356	-	-
Receivables	559,325,456	-	-	-	-	1,837,010,274	-	-
Total	84,846,239,499	-	-	-	57,180,894	131,245,910,732	-	-
Foreign currency liabilities:								
Trade payables	89,222,219,441	-	-	-	-	26,023,632,422	-	-
Payables	2,019,375,570	1,911,477,975	1,447,016,311	14,067,723	53,862,389	2,870,986,666	79,734	785,220,580
Total	91,241,595,011	1,911,477,975	1,447,016,311	14,067,723	53,862,389	28,894,619,088	79,734	785,220,580

The exchange rates applied to the conversion of monetary assets and liabilities denominated in foreign currencies are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
USD	1,185.50	1,088.00
JPY	10.30	10.54
CNY	186.26	166.96
EUR	1,342.34	-
INR	15.93	-

## B) Sensitivity analysis

If the exchange rate of the Korean won (“KRW”) against the major foreign currencies constituting the Company's financial assets and liabilities as of 31 December 2021 and 2020, had risen, the Company's capital and profit and loss would have increased or decreased. This analysis assumes the level of change that the Company believes is reasonably possible at the end of each period. The sensitivity analysis also assumes that other variables, such as the interest rate, do not change. The effect of changes in the exchange rate of Korean Won against foreign currencies on profit and loss (before income tax) as of 31 December 2021 and 2020 on the losses and gains, is as follows.

(Unit: KRW)				
Division	31 December 2021		31 December 2020	
	Increase by 5% point	Decrease by 5% point	Increase by 5% point	Decrease by 5% point
USD	(319,767,776)	319,767,776	5,117,564,582	(5,117,564,582)
JPY	(95,573,899)	95,573,899	(3,987)	3,987
CNY	(72,350,816)	72,350,816	(39,261,029)	39,261,029
EUR	(703,386)	703,386	-	-
INR	165,925	(165,925)	-	-

## ② Interest rate risk

The Company's interest-bearing assets are fixed at a fixed interest rate, and the Company does not treat fixed interest rate financial instruments as financial instruments measured at fair value. Therefore, the revenues and operating cash flows of the Company are actually independent of variations in the market interest rate.



#### (4) Fair value

Carrying amount and fair value of financial assets and liabilities include current fair value rank system for the years ended 31 December 2021 and 2020, are as follows:

##### ① 31 December 2021

(Unit: KRW)					
Division	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value:					
Trade receivables (*1)	55,832,162,670	-	-	-	-
Financial assets not measured at fair value:					
Cash and cash equivalents	133,729,223,245	-	-	-	-
Short-term financial instruments	470,000,000,000	-	-	-	-
Trade receivables	119,432,884,399	-	-	-	-
Other receivables (*2)	29,064,853,694	-	-	-	-
Subtotal	752,226,961,338	-	-	-	-
Total	808,059,124,008	-	-	-	-
Financial liabilities not measured at fair value:					
Trade payables	213,463,276,070	-	-	-	-
Other payables(*2,*3)	15,736,374,180	-	-	-	-
Total	229,199,650,250	-	-	-	-

(\*1) Since the carrying amount is a reasonable approximation of the fair value, the fair value hierarchy and measurement method are not included in the disclosure.

(\*2) Lease receivables and lease liabilities are excluded.

(\*3) Employee-related debts that are not included in financial liabilities are excluded.

② 31 December 2020

(Unit: KRW)					
Division	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value					
Financial assets at FVPL	163,039,267	-	-	163,039,267	163,039,267
Trade receivables (*1)	105,806,689,122	-	-	-	-
Subtotal	105,969,728,389	-	-	163,039,267	163,039,267
Financial assets not measured at fair value					
Cash and cash equivalents	100,049,526,121	-	-	-	-
Short-term financial instruments	150,000,000,000	-	-	-	-
Trade receivables	104,561,703,472	-	-	-	-
Other receivables (*2)	22,653,208,915	-	-	-	-
Subtotal	377,264,438,508	-	-	-	-
Total	483,234,166,897	-	-	163,039,267	163,039,267
Financial liabilities not measured at fair value					
Trade payables	144,000,394,513	-	-	-	-
Other payables(*2.3)	12,369,802,783	-	-	-	-
Total	156,370,197,296	-	-	-	-

(\*1) Since the carrying amount is a reasonable approximation of the fair value, the fair value hierarchy and measurement method are not included in the disclosure.

(\*2) Lease receivables and lease liabilities are excluded.

(\*3) Employee-related debts that are not included in financial liabilities are excluded.

The changes in Level 3 fair value for the year ended 31 December 2020 are as follows:

(Unit: KRW)				
Division	01 January 2021	Evaluation	Disposal	31 December 2021
Financial assets at FVPL	163,039,267	-	(163,039,267)	-

## (5) Capital management

The Company's capital management aims to maintain its ability to continue as a going concern while minimizing capital raising costs to maximize shareholder returns and to maintain an appropriate capital structure. The Company manages the capital based on the ratio of liability, which is calculated by dividing the total liability in the statement of financial position with the total capital. The debt-to-equity ratio of the Company as of 31 December 2021 and 2020, is as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Total liabilities	372,463,838,271	218,869,507,716
Total equities	797,070,185,737	531,018,410,069
Debt-to-equity ratio	46.73%	41.22%

## 7. Cash and cash equivalents

The details of cash and cash equivalents for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Demand deposits	28,429,223,245	10,049,526,121
Term deposit, etc. (*)	105,300,000,000	90,000,000,000
Total	133,729,223,245	100,049,526,121

(\*) This is a financial instrument whose maturity is within 3 months from the acquisition date, has very high liquidity, is easy to convert to a fixed amount, and has a slight risk of value fluctuation.

## 8. Short-term financial instruments

The details of short-term financial instruments as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Term deposit	470,000,000,000	150,000,000,000

9. Trade and other receivables

(1) Trade and other receivables as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)				
Division	31 December 2021		31 December 2020	
	Current	Non-current	Current	Non-current
Trade receivables	175,265,047,069	-	210,368,392,594	-
Receivables	15,701,924,837	-	11,067,470,840	-
Accrued income	1,741,505,891	-	716,013,699	-
Loan	1,683,384,338	7,650,673,846	1,403,207,680	7,548,533,982
Deposits	-	2,287,364,782	-	1,917,982,714
Lease receivables	1,329,235,195	2,218,821,942	1,299,689,942	3,553,864,739
Total	195,721,097,330	12,156,860,570	224,854,774,755	13,020,381,435

(2) The changes in lease receivables for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
01 January 2021	4,853,554,681	6,124,481,750
Interest income	89,622,456	124,192,931
Collection	(1,395,120,000)	(1,395,120,000)
31 December 2021	3,548,057,137	4,853,554,681

(3) Maturity analysis of lease receivables as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Within one year	1,395,120,000	1,395,120,000
Over 1 year and less than 2 years	1,395,120,000	1,395,120,000
Over 2 year and less than 3 years	866,324,509	1,395,120,000
Over 3 year and less than 4 years	-	866,324,509
Total undiscounted lease	3,656,564,509	5,051,684,509
Unrealized financial income	(108,507,372)	(198,129,828)
Lease net investment	3,548,057,137	4,853,554,681

## 10. Financial assets at FVPL

- (1) The details of the financial assets at FVPL for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Items at FVPL		
LB Investment	-	163,039,267

- (2) The changes in the financial assets at FVPL for the years ended 31 December 2021, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
01 January 2021	163,039,267	270,925,629
Disposal amount	(163,039,267)	-
Valuation loss	-	(107,886,362)
31 December 2021	-	163,039,267

## 11. Other assets

Other assets as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)				
Division	31 December 2021		31 December 2020	
	Current	Non-current	Current	Non-current
Advanced payments	1,794,361,385	186,959,330	625,735,336	145,142,494
Prepaid expenses	26,269,252,240	692,941,392	16,658,762,230	979,108,680
Total	28,063,613,625	879,900,722	17,284,497,566	1,124,251,174

## 12. Inventories

(1) The details of inventories for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Finished goods	68,414,211,584	40,247,274,592
Work in process	142,699,548,169	116,647,392,008
Inventory return assets	367,742,961	189,116,375
Inventory valuation allowances	(10,363,989,150)	(21,818,874,629)
Total	201,117,513,564	135,264,908,346

(2) Gain or loss on valuation of inventories for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Cost of goods sold:		
Establishment of allowance for return of inventories	(178,626,586)	(71,623,569)
Establishment (return) of allowance for valuation of inventories	(11,454,885,479)	6,542,567,734

### 13. Investments in subsidiaries, associates and joint ventures

- (1) The details of investments in subsidiaries for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)							
Company name	Location	Main sales activities	Month of account closing	31 December 2021		31 December 2020	
				Ratio(%)	Carrying amount	Ratio(%)	Carrying amount
LX Semicon U.S.A., Inc.(*1)	USA	Semiconductor manufacturing and designing	December	100.00	137,322,045	100.00	137,322,045
LX Semicon China Co., Ltd.(*2)	China	Semiconductor manufacturing and designing	December	100.00	2,179,314,000	100.00	2,179,314,000
LX Semicon Japan Co., Ltd.(*3)	Japan	Semiconductor manufacturing and designing	December	100.00	317,112,000	-	-
Total					2,633,748,045		2,316,636,045

(\*1) SILICON WORKS, INC. changed its name to LX Semicon U.S.A., Inc. on 16 July.

(\*2) Silicon Works China Co., Ltd. changed its name to LX Semicon China Co., Ltd. on 27 December.

(\*3) It was established through new investment during the year ended 31 December 2021.

- (2) The investment of associates and joint ventures as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)							
Company name	Location	Main sales activities	Month of account closing	31 December 2021		31 December 2020	
				Ratio(%)	Carrying amount	Ratio(%)	Carrying amount
Advance Power Device Technologies Co. Ltd.	Korea	R&D and design of semiconductor devices	March	49.00	4,410,000,000	49.00	4,410,000,000
FJ Composite Material Co.,LTD(*)	Japan	Development, manufacturing and sales of composite materials	May	29.98	6,835,773,000	-	-
Total					11,245,773,000		4,410,000,000

(\*) Equity was acquired in the year ended 31 December 2021.

## 14. Tangible assets

(1) The details of tangible assets for the years ended 31 December 2021 and 2020, are as follows:

### ① 31 December 2021

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Acquisition cost	6,419,595,262	6,043,324,341	188,300,000	53,758,176,076	16,809,210,165	7,764,561,812	90,983,167,656
Accumulated amortization	-	(2,714,191,507)	(16,476,264)	(23,258,078,187)	(12,264,138,762)	(4,009,656,055)	(42,262,540,775)
Accumulated impairment loss	-	-	-	(239,798,395)	-	-	(239,798,395)
Government subsidies	-	-	-	(38,922)	(10,675,296)	(195,000,000)	(205,714,218)
Carrying amount	6,419,595,262	3,329,132,834	171,823,736	30,260,260,572	4,534,396,107	3,559,905,757	48,275,114,268

(\*) Other tangible assets include facility equipment, leasehold improvements and assets construction in-progress.

### ② 31 December 2020

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Acquisition cost	5,015,382,334	4,847,249,181	188,300,000	22,297,405,395	15,435,827,782	16,576,118,246	64,360,282,938
Accumulated amortization	-	(2,451,894,452)	(11,768,760)	(15,273,610,355)	(10,773,442,512)	(3,005,808,205)	(31,516,524,284)
Accumulated impairment loss	-	-	-	(564,056,013)	-	-	(564,056,013)
Government subsidies	-	-	-	(935,118)	(9,723,663)	(255,000,000)	(265,658,781)
Carrying amount	5,015,382,334	2,395,354,729	176,531,240	6,458,803,909	4,652,661,607	13,315,310,041	32,014,043,860

(\*) Other tangible assets include facility equipment, leasehold improvements and assets construction in-progress.



(2) The changes in the carrying amount of tangible assets for the years ended 31 December 2021 and 2020, are as follows:

① 31 December 2021

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Carrying amount at the beginning	5,015,382,334	2,395,354,729	176,531,240	6,458,803,909	4,652,661,607	13,315,310,041	32,014,043,860
Acquisition cost during the period	1,404,212,928	1,196,075,160	-	4,574,333,248	2,093,544,933	20,647,654,112	29,915,820,381
Disposal cost during the period	-	-	-	(12,806)	(2,696,584)	(1,319,130,944)	(1,321,840,334)
Substitution of assets under construction	-	-	-	28,047,579,602	92,500,000	(28,140,079,602)	-
Depreciation	-	(262,297,055)	(4,707,504)	(8,820,443,381)	(2,301,613,849)	(943,847,850)	(12,332,909,639)
Carrying amount as of 31 December 2021	6,419,595,262	3,329,132,834	171,823,736	30,260,260,572	4,534,396,107	3,559,905,757	48,275,114,268

(\*) Other tangible assets include facility equipment, leasehold improvements and assets construction in-progress.

② 31 December 2020

(Unit: KRW)							
Division	Land	Buildings	Structures	Machinery	Office equipment	Other tangible assets(*)	Total
Carrying amount at the beginning	5,015,382,334	2,637,717,199	181,238,744	5,978,557,331	4,774,638,268	2,288,930,197	20,876,464,073
Acquisition cost during the period	-	-	-	1,864,349,926	2,088,034,246	13,145,083,912	17,097,468,084
Disposal cost during the period	-	-	-	(31,738)	(439,510)	-	(471,248)
Substitution of assets under construction	-	-	-	975,605,167	-	(975,605,167)	-
Substitute with right-of-use assets	-	-	-	-	-	(410,559,310)	(410,559,310)
Depreciation	-	(242,362,470)	(4,707,504)	(2,359,676,777)	(2,209,571,397)	(732,539,591)	(5,548,857,739)
Carrying amount as of 31 December 2020	5,015,382,334	2,395,354,729	176,531,240	6,458,803,909	4,652,661,607	13,315,310,041	32,014,043,860

(\*) Other tangible assets include facility equipment, leasehold improvements and assets construction in-progress.

## 15. Intangible assets

(1) The details of intangible assets for the years ended 31 December 2021 and 2020, are as follows:

### ① 31 December 2021

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Acquisition cost	27,913,122,677	4,469,422,204	14,061,269,452	4,513,064,600	35,092,460,000	3,531,914,928	89,581,253,861
Accumulated amortization	-	(1,680,563,449)	(8,510,454,418)	-	(29,056,391,672)	-	(39,247,409,539)
Accumulated impairment loss	-	-	-	(243,581,400)	-	-	(243,581,400)
Government subsidies	-	(22,141,642)	-	-	-	(7,941,731)	(30,083,373)
Carrying amount	27,913,122,677	2,766,717,113	5,550,815,034	4,269,483,200	6,036,068,328	3,523,973,197	50,060,179,549

(\*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

### ② 31 December 2020

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Acquisition cost	27,913,122,677	3,326,441,693	12,152,633,355	3,593,114,600	35,101,040,000	3,059,117,441	85,145,469,766
Accumulated amortization	-	(1,335,163,253)	(6,537,795,310)	-	(25,036,298,340)	-	(32,909,256,903)
Accumulated impairment loss	-	-	-	(243,581,400)	-	-	(243,581,400)
Government subsidies	-	(12,203,765)	-	-	-	(18,675,345)	(30,879,110)
Carrying amount	27,913,122,677	1,979,074,675	5,614,838,045	3,349,533,200	10,064,741,660	3,040,442,096	51,961,752,353

(\*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

- (2) The changes in the carrying amount of intangible for the years ended 31 December 2021 and 2020, are as follows:

① 31 December 2021

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*)	Intangible assets under construction	Total
Carrying amount at the beginning	27,913,122,677	1,979,074,675	5,614,838,045	3,349,533,200	10,064,741,660	3,040,442,096	51,961,752,353
Acquisition cost during the period	-	48,669,002	448,643,277	919,950,000	-	3,290,518,618	4,707,780,897
Disposal cost during the period	-	(1,688,805)	-	-	-	(91,936,055)	(93,624,860)
Substitution of assets under construction	-	1,108,771,462	1,606,280,000	-	-	(2,715,051,462)	-
Amortization of intangible assets	-	(368,109,221)	(2,118,946,288)	-	(4,028,673,332)	-	(6,515,728,841)
Carrying amount as of 31 December 2021	27,913,122,677	2,766,717,113	5,550,815,034	4,269,483,200	6,036,068,328	3,523,973,197	50,060,179,549

- (\*) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

② 31 December 2020

(Unit: KRW)							
Division	Goodwill	Industrial rights	Software	Rights of membership	Other intangible assets(*1)	Intangible assets under construction	Total
Carrying amount at the beginning	27,913,122,677	1,566,942,928	6,270,597,276	2,445,333,200	14,374,000,003	48,895,000	52,618,891,084
Acquisition cost during the period	-	372,821,412	393,435,528	1,124,200,000	-	2,315,781,770	4,206,238,710
Disposal cost during the period	-	(2,924,702)	-	(220,000,000)	-	(173,348,284)	(396,272,986)
Substitute(*2)	-	331,112,083	891,576,000	-	-	849,113,610	2,071,801,693
Reclassification of accounts	-	-	(179,988,673)	-	179,988,673	-	-
Amortization of intangible assets	-	(288,877,046)	(1,760,782,086)	-	(4,489,247,016)	-	(6,538,906,148)
Carrying amount as of 31 December 2020	27,913,122,677	1,979,074,675	5,614,838,045	3,349,533,200	10,064,741,660	3,040,442,096	51,961,752,353

- (\*1) Other intangible assets consist of customer-related intangible assets and technological capabilities generated through business acquisition.

- (\*2) 31 December 2020, the amount of long-term advance payment related to the acquisition of industrial rights was replaced with intangible assets under construction of KRW 2,072 million.

(3) Intangible assets with indefinite useful life

Among intangible assets, goodwill and membership are classified as intangible assets with indefinite useful lives, are not amortized, and are reviewed annually for impairment along with intangible assets construction in-progress, which are not yet used. There was no impairment recognized for goodwill, intangible assets construction in-progress, and memberships for the years ended 31 December 2021 and 2020.

## 16. Government subsidies

The Company has concluded the technology development agreements with the managing organizations regarding the following new technology development projects as national projects. The Company has spent government subsidies received in connection with such development projects as purchases of tangible and intangible assets, and the government subsidies are presented as a deduction of the assets and expenses. Settlement due to the completion of tasks for the year ended 31 December 2021.

Government subsidies	Coordinating company
Development of micro liquid lens array panel for the implementation of 3D image in the eyeball adaptive type	Electronics and Telecommunications Research Institute

## 17. Lease

- (1) The Company leased buildings and vehicles, and the average lease period is about two years.
- (2) The carrying amount of right-of-use assets for the years ended 31 December 2021 and 2020, are as follows:

### ① 31 December 2021

(Unit: KRW)			
Division	Buildings	Vehicles	Total
Acquisition amount	14,024,960,245	1,233,173,521	15,258,133,766
Accumulated depreciations	(7,616,048,378)	(365,833,595)	(7,981,881,973)
Carrying amount	6,408,911,867	867,339,926	7,276,251,793

### ② 31 December 2020

(Unit: KRW)			
Division	Buildings	Vehicles	Total
Acquisition amount	13,211,943,075	563,262,039	13,775,205,114
Accumulated depreciations	(5,016,066,837)	(297,024,033)	(5,313,090,870)
Carrying amount	8,195,876,238	266,238,006	8,462,114,244

- (3) The changes in carrying amount of right-of-use assets for the years ended 31 December 2021 and 2020, are as follows:

① 31 December 2021

(Unit: KRW)			
Division	Buildings	Vehicles	Total
Amount as of the beginning of year	8,195,876,238	266,238,006	8,462,114,244
Acquisition amount	1,203,419,925	1,122,807,248	2,326,227,173
Decrease (contract termination)	(30,552,418)	(167,116,582)	(197,669,000)
Depreciation	(2,959,831,878)	(354,588,746)	(3,314,420,624)
Amount as of the end of year	6,408,911,867	867,339,926	7,276,251,793

② 31 December 2020

(Unit: KRW)			
Division	Buildings	Vehicles	Total
Amount as of the beginning of year	9,445,476,190	325,387,122	9,770,863,312
Acquisition amount	1,720,513,295	225,391,068	1,945,904,363
Decrease (contract termination)	(107,735,369)	(51,287,923)	(159,023,292)
Depreciation	(2,862,377,878)	(233,252,261)	(3,095,630,139)
Amount as of the end of previous year	8,195,876,238	266,238,006	8,462,114,244

- (4) The amount recognized in profit or loss during the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Depreciation of right-of-use assets	3,314,420,624	3,095,630,139
Interest cost on lease liabilities	168,295,320	207,845,744
Expenses related to short-term leases and small assets lease	361,966,235	132,949,006

- (5) The Company's total cash outflow due to leases for the years ended 31 December 2021 and 2020, is KRW 3,581 million and KRW 3,183 million.

(6) The details of lease liabilities as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)				
Division	31 December 2021		31 December 2020	
	Minimum lease	Present value of minimum lease	Minimum lease	Present value of minimum lease
Within one year	3,425,005,384	3,294,661,488	2,870,442,844	2,718,391,566
Over one year and less than five years	3,769,516,194	3,691,886,230	5,498,344,557	5,346,130,504
Over five years and less than ten years	121,745,160	112,222,092	-	-
Total	7,316,266,738	7,098,769,810	8,368,787,401	8,064,522,070

(7) The current components of lease liabilities as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Current liabilities	3,294,661,488	2,718,391,566
Non-current liabilities	3,804,108,322	5,346,130,504
Total	7,098,769,810	8,064,522,070

## 18. Trade and other receivables

The details of trade and other payables as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)				
Division	31 December 2021		31 December 2020	
	Current	Non-current	Current	Non-current
Trade payables	213,463,276,070	-	144,000,394,513	-
Payables	46,754,807,321	-	32,392,930,135	-
Accrued expenses	13,456,543,481	-	4,555,531,018	-
Rental deposits	-	20,000,000	-	20,000,000
Total	273,674,626,872	20,000,000	180,948,855,666	20,000,000

## 19. Other liabilities

(1) The details of other liabilities as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)				
Division	31 December 2021		31 December 2020	
	Current	Non-current	Current	Non-current
Advances	7,673,013,672	-	4,230,541,855	-
Withholdings	2,972,013,025	-	2,032,183,569	-
Provisions	2,136,783,855	-	3,577,208,567	-
Long-term employee salary liabilities	-	3,014,803,029	-	2,136,061,671
Provision for restoration	-	1,031,415,452	-	929,455,452
Total	12,781,810,552	4,046,218,481	9,839,933,991	3,065,517,123

(2) The changes in the provisions during the current and prior periods are as follows:

### ① 31 December 2021

(Unit: KRW)					
Division	01 January 2021	Setting	De-recognition	Paid	31 December 2021
Provision for sales warrant	3,332,437,307	1,541,176,166	(647,873,599)	(2,646,803,552)	1,578,936,322
Provision for return	244,771,260	6,055,530,653	(5,742,454,380)	-	557,847,533
Provision for restoration	929,455,452	101,960,000	-	-	1,031,415,452
Total	4,506,664,019	7,698,666,819	(6,390,327,979)	(2,646,803,552)	3,168,199,307

### ② 31 December 2020

(Unit: KRW)					
Division	01 January 2021	Setting	De-recognition	Paid	31 December 2021
Provision for sales warrant	3,946,189,306	1,391,438,719	(1,883,876,933)	(121,313,785)	3,332,437,307
Provision for return	159,587,501	2,434,156,344	(2,348,972,585)	-	244,771,260
Provision for restoration	582,365,174	347,090,278	-	-	929,455,452
Total	4,688,141,981	4,172,685,341	(4,232,849,518)	(121,313,785)	4,506,664,019

The Company counted guarantee expenses to be borne for product sales guarantee as provision for sales guarantee and recognized its equivalent transfer as the selling and administrative expenses. On the other hand, the Company recognizes the amount corresponding to the portion of revenue to be canceled at the time of product return as allowance liability for return and deduction to sales in accordance with the IFRS 1115.

## 20. Capital and capital surplus

(1) The details of capital as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Number of authorized shares	50,000,000	50,000,000
Par value	500	500
Number of shares issued	16,264,300	16,264,300
Capital	8,132,150,000	8,132,150,000

(2) There are no changes in the number of shares outstanding (16,264,300 shares) in the current and prior periods.

(3) The details of capital surplus at the end of the current and the prior quarters are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Paid-in capital in excess of par value	66,560,617,129	66,560,617,129
Other capital surplus	9,782,553,371	9,782,553,371
Total	76,343,170,500	76,343,170,500

## 21. Other capital items

The details of other capital items as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Gain (loss) on valuation of financial assets at FVOCI	(380,807,731)	(380,807,731)



## 22. Retained earnings

(1) The details of current retained earnings as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Statutory reserves	4,066,075,000	4,066,075,000
Unappropriated retained earnings	708,909,597,968	442,857,822,300
Total	712,975,672,968	446,923,897,300

(2) The changes in the unappropriated retained earnings for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Amount as of the beginning of year	442,857,822,300	382,996,605,932
Dividends paid	(21,956,805,000)	(13,499,369,000)
Net Income	294,897,620,146	72,290,706,448
Remeasurement loss on defined benefit plan	(6,889,039,478)	1,069,878,920
Amount as of the end of year	708,909,597,968	442,857,822,300

(3) The statement of appropriation of retained earnings for the current and previous years is as follows:

(Unit: KRW)				
Division	31 December 2021		31 December 2020	
	Scheduled for disposal: 2 March 2022		Confirmation for disposal: 18 March 2021	
I. Unappropriated retained earnings		708,909,597,968		442,857,822,300
Unappropriated earned surplus carried over	420,901,017,300		369,497,236,932	
Net Income	294,897,620,146		72,290,706,448	
Remeasurement loss on defined benefit plan	(6,889,039,478)		1,069,878,920	
II. Appropriation of retained earnings		(87,827,220,000)		(21,956,805,000)
Dividends paid	(87,827,220,000)		(21,956,805,000)	
III. Unappropriated retained earnings carried forward		621,082,377,968		420,901,017,300

## 23. Dividends

(1) The details of dividends for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021(*)	31 December 2020
No. of shares to be distributed	16,264,300	16,264,300
Face value per share	500	500
Par dividend	1,080%	270%
Dividend per share	5,400	1,350
Dividends	87,827,220,000	21,956,805,000

(\*) It is scheduled to be put on the agenda at the general shareholders' meeting scheduled for 22 March 2022.

## 24. Earnings per share

### (1) Basic earnings per share

The calculation details of basic earnings per share in the current and the prior periods are as follows:

(Unit: KRW, shares)		
Division	31 December 2021	31 December 2020
Earnings per ordinary share	294,897,620,146	72,290,706,448
Weighted average No. of ordinary shares outstanding	16,264,300	16,264,300
Basic earnings per share	18,132	4,445

### ② Calculation of weighted average No. of ordinary shares outstanding as of 31 December 2021

Division	Number of shares issued (1)	Number of treasury shares (2)	No. of outstanding ordinary shares (1-2)	Weighting	Weighted average No. of ordinary shares outstanding
01 January 2021	16,264,300	-	16,264,300	365 days/365 days	16,264,300

### ③ Calculation of weighted average No. of ordinary shares outstanding as of 31 December 2020

Division	Number of shares issued (1)	Number of treasury shares (2)	No. of outstanding ordinary shares (1-2)	Weighting	Weighted average No. of ordinary shares outstanding
01 January 2021	16,264,300	-	16,264,300	366 days/366 days	16,264,300

### (2) Diluted EPS from continuing operations

The Company does not have any dilutive securities in the current and the prior periods. Therefore, the diluted earnings per share is the same as the basic earnings per share. The Company does not have any dilutive securities in the current and the prior periods. Therefore, the diluted earnings per share is the same as the basic earnings per share.

## 25. Financial revenues and expenses

(1) The details of financial income for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Interest income	4,097,621,498	2,707,576,579
Gain on foreign exchange (financial)	-	56,629,376
Gain on valuation of financial assets at FVPL	-	31,280,830
Total	4,097,621,498	2,795,486,785

(2) The details of financial expenses for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Interest expenses	168,295,320	207,845,744
Loss on foreign exchange (financial)	178,059	198,601
Loss on disposal of trade receivables	2,780,371,251	866,200,443
Loss on disposal of financial assets at FVPL	32,636,103	-
Loss on valuation of financial assets at FVPL	-	139,167,192

## 26. Other non-operating income and expenses

- (1) The details of other non-operating income for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Profit on foreign exchange (non-financial)	20,279,910,594	10,193,540,207
Profit on foreign currency conversion (non-financial)	406,329,768	496,995,916
Gain on disposal of tangible assets	83,374,772	16,029,468
Gain on intangible assets	-	66,400,000
Miscellaneous income	72,857,920	44,007,301
Total	20,842,473,054	10,816,972,892

- (2) The details of other non-operating expenses for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Loss on foreign exchange (non-financial)	10,520,346,491	10,278,959,915
Loss on foreign currency conversion (non-financial)	345,621,738	3,689,036,175
Loss on disposal of tangible assets	16,934,602	5,949,212
Loss on disposal on intangible assets	93,624,860	176,272,986
Donations	9,957,583	59,213,337
Miscellaneous losses	721,541,272	1,286,608,328
Total	11,708,026,546	15,496,039,953

## 27. Sales

(1) The details of sales for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Key geographic markets:		
Domestic	465,127,993,967	495,043,275,399
China	825,043,499,064	515,436,539,060
Vietnam	415,855,606,590	123,382,133,701
Taiwan	163,128,718,052	13,327,254,868
Japan	26,187,933,597	9,345,018,449
Others	3,501,964,758	5,362,064,543
Total amount	1,898,845,716,028	1,161,896,286,020
Main service lines:		
Product sales	1,892,600,857,598	1,155,019,536,086
Service sales	3,808,946,060	4,538,473,785
Other sales	2,347,518,399	2,179,935,418
Merchandise	88,393,971	158,340,731
Total amount	1,898,845,716,028	1,161,896,286,020
When revenue is recognized:		
Implementation to one point	1,898,004,516,028	1,160,988,486,020
Implementation over time	841,200,000	907,800,000
Total amount	1,898,845,716,028	1,161,896,286,020

(2) Contract balance

The details of contract liabilities arising from contracts with customers as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Contract liabilities	6,173,093,982	4,116,875,584

As of 31 December 2021, there are no contract assets arising from contracts with customers, and contract liabilities of KRW 6,173 million are classified as advance payment accounts for other liabilities. The amount recognized as revenue for the current period is KRW 3,809 million of the outstanding contract liabilities of KRW 4,117 million as of 01 January 2021. In addition, the timing of conversion of contract liabilities into revenue as of 31 December 2021 is subject to uncertainty. However, the Company expects that most contract liabilities will be recognized as revenue within one year.

(3) Contract performance costs

The Company recognized costs incurred prior to the conclusion of a contract with a customer as a prepaid expense because it is directly related to the contract and the feasibility and recoverability of the contract are very high. The asset is recognized as cost of sales over the period in which the related sales are generated after the contract is entered into. The changes in the contract performance costs during the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
01 January 2021	1,250,350,646	1,810,095,936
Generation	8,099,295,953	1,341,843,768
Decrease	(2,174,195,012)	(1,901,589,058)
31 December 2021	7,175,451,587	1,250,350,646

- (4) There are two companies whose sales from a single external customer account for more than 10% of the Company's sales, and their sales for the years ended 31 December 2021 and 2020 were KRW 1,352,588 million (KRW 861,761 million in the previous year) and KRW 312,403 million (KRW 143,322 million in the previous year).

## 28. Operating profit

The main items and amounts included in operating profit calculation for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Sales	1,898,845,716,028	1,161,896,286,020
Sales from sales of goods	1,892,600,857,598	1,155,019,536,086
Other sales	6,244,858,430	6,876,749,934
COGS	1,240,353,258,754	865,870,102,742
Cost of finished goods sold	1,237,931,936,455	863,479,276,578
Other COGS	2,421,322,299	2,390,826,164
Selling and general administrative expenses	289,862,890,738	202,302,921,814
Salary and bonuses	52,581,116,981	38,040,277,021
Severance payments	3,022,256,095	3,067,653,135
Employee benefits	10,211,375,316	7,287,696,846
Travel expenses	1,340,683,675	674,856,322
Rent	1,152,363,156	836,939,796
Service fees	33,051,278,609	19,791,723,679
Depreciation	5,963,989,690	5,449,394,310
Amortization of intangible assets	2,139,003,918	1,745,082,069
Establishment of provision for sales guarantee (reversal)	893,302,567	(492,438,214)
Ordinary R&D expenses	171,347,514,557	120,855,500,944
Others	8,160,006,174	5,046,235,906
Operating profit	368,629,566,536	93,723,261,464



## 29. Selling and general administrative expenses

The details of selling and general administrative expenses for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Salaries	24,017,603,602	19,091,494,758
Bonuses	28,563,513,379	18,948,782,263
Severance payments	3,022,256,095	3,067,653,135
Employee benefits	10,211,375,316	7,287,696,846
Travel expenses	1,340,683,675	674,856,322
Communication expenses	542,170,409	484,060,349
Consumables	1,925,761,010	744,329,934
Taxes and dues	725,777,654	443,814,970
Rent	1,152,363,156	836,939,796
Service fees	33,051,278,609	19,791,723,679
Depreciation	5,963,989,690	5,449,394,310
Repair expenses	153,655,700	235,368,788
Insurance	946,577,433	315,409,295
Entertainment	785,102,151	488,606,504
Advertisement	79,455,425	59,566,273
Meeting	3,284,562	2,138,578
Printing expenses	14,863,016	10,975,839
Transportation	1,035,762,117	681,613,724
Samples	774,434,084	640,690,578
Training expenses	855,384,221	639,238,342
Vehicle maintenance	137,770,706	124,129,740
Gas, water, oil expenses	180,007,686	176,292,992
Establishment of provision for sales guarantee (reversal)	893,302,567	(492,438,214)
Ordinary R&D expenses	171,347,514,557	120,855,500,944
Amortization of intangible assets	2,139,003,918	1,745,082,069
Total	289,862,890,738	202,302,921,814

### 30. Disclosure by nature of expenses

The details of disclosure by nature of expenses for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Changes in inventories	(65,852,605,218)	(16,421,540,396)
Employee cost	159,772,652,318	114,962,857,639
Depreciation and amortization of intangible assets	22,163,059,104	15,183,394,026
Outsourcing cost	1,298,894,263,313	878,842,369,954
Process cost	(3,070,630,947)	8,793,078,545
R&D expenses	68,735,378,790	49,042,155,547
Rent	1,152,363,156	836,939,796
Service fees	37,634,864,071	22,688,765,905
Transportation	6,839,465,247	3,511,177,865
Travel expenses	3,365,900,906	1,460,688,925
Establishment of provision for sales guarantee (reversal)	893,302,567	(492,438,214)
Samples	774,434,084	640,690,578
Others	(1,086,297,899)	(10,875,115,614)
Total(*)	1,530,216,149,492	1,068,173,024,556

(\*) It is the sum of the cost of sales and sales and administrative expenses in the income statement.

### 31. Employee benefits

The Company pays its retiring employees with the predetermined amount of retirement benefits in lump sum, based on the level of salaries and the years in service, and this is classified as defined benefit system. Such retirement benefit can be withdrawn before the resignation of the employee as interim settlement when the legal requirements apply, and the number of years of service for calculating severance pay after the interim settlement is newly calculated from the time of settlement.

(1) The details of defined benefit liabilities as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Present value of defined benefit liability	66,233,664,676	43,512,383,794
Fair value of plan assets	(65,613,017,567)	(42,749,338,496)
Defined benefit liabilities	620,647,109	763,045,298

(2) The major estimates used for actuarial valuation as of 31 December 2021 and 2020, are as follows:

Division	31 December 2021	31 December 2020
Future wage growth rate	4.60%	4.30%
Discount rate	2.83%	2.30%

The discount rate is calculated based on the Company's credit rating as of 31 December 2022 and the corporate bond yield similar to the expected payment period of the defined benefit obligation. the future wage increase rate is calculated in consideration of the Company's empirical promotion index and wage increase rate reflecting inflation and wage agreements.

- (3) The changes in defined benefit liabilities during the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Beginning balance of defined benefit obligation	43,512,383,794	39,248,760,042
Current service cost	7,482,452,487	6,470,243,584
Interest cost	965,490,307	816,042,229
Remeasurement factors (before income tax):		
Demographic assumptions	296,977,113	791,766,552
Financial assumptions	(1,083,296,821)	(901,089,659)
Experience adjustment, etc.	9,706,940,378	(1,300,721,615)
Transfer between affiliates	8,195,050,138	1,047,882,787
Payment of severance payment	(2,842,332,720)	(2,660,500,126)
Defined benefit obligation as of 31 December 2021	66,233,664,676	43,512,383,794

- (4) The changes in fair value of plan assets during the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Plan assets as of 01 January 2021	42,749,338,496	35,268,837,546
Payments of plan assets	25,000,000,000	9,400,000,000
Interest income	873,555,894	683,062,055
Remeasurement factors of plan assets (before income tax)	(167,821,913)	1,405,041
Payment of severance payment form plan assets	(2,842,054,910)	(2,603,966,146)
Plan assets as of 31 December 2021	65,613,017,567	42,749,338,496

- (5) For the defined benefit plan, a reasonable estimate of the employer's contribution expected to be paid in 2022 is KRW 9,924,365 thousand.

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Current service cost	7,482,452,487	6,470,243,584
Net interest cost	91,934,413	132,980,174
Total	7,574,386,900	6,603,223,758

- (6) The details of plan assets as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Short-term financial product, etc.	65,613,017,567	42,749,338,496

- (7) Sensitivity analysis

With all other assumptions remaining for the year ended 31 December 2021, if meaningful actuarial assumptions change in reasonable and possible range, the effects to definite benefit liabilities are as follows:

(Unit: KRW)		
Division	Increase	Decrease
Discount rate (1% change)	(5,659,217,377)	6,595,988,999
Expected wage growth rate (1% change)	6,427,360,875	(5,634,582,888)

The sensitivity analysis does not take into account the variance of all cash flows expected to arise from the plan, but provides an approximation of the sensitivity to the assumptions used.

As of 31 December 2021 and 2020, the weighted average durations of defined benefit obligations were 9.6 years and 9.9 years, respectively.

- (8) The remeasurement factors for defined benefit plan recognized in other comprehensive income for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Cumulative remeasurement factor as of the beginning of year	4,893,446,928	5,963,325,848
Current change amount	9,088,442,583	(1,411,449,763)
Income tax effect on changes	(2,199,403,105)	341,570,843
Cumulative remeasurement factor as of the ending of year	11,782,486,406	4,893,446,928

### 32. Income tax expenses

- (1) Income tax expenses during the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Current tax	82,493,201,627	19,453,552,692
Adjustments recognized in the current year in relation to the tax expense of the previous years	(1,297,315,391)	230,284,241
Changes in deferred tax expense (income) relating to the temporary differences	587,244,322	(1,006,703,330)
Tax expense (income) related to items not recognized in profit or loss	2,199,403,105	(341,570,843)
Income tax expenses	83,982,533,663	18,335,562,760

- (2) The deferred taxes related to items not recognized in profit or loss during the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Deferred tax:		
Actuarial gains and losses	2,199,403,105	(341,570,843)
Income tax expense (income) reflected directly in equity	2,199,403,105	(341,570,843)

- (3) The relationship between income tax expense and accounting profit during the years ended 31 December 2020 and 2019, is as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Profit (loss) before tax	378,880,153,809	90,626,269,208
Applicable tax rate	24.77%	23.69%
Details of liability according to applicable tax rate	93,830,042,297	21,469,557,148
Adjustments		
Non-taxable income	(5,456,559)	(13,617,432)
Non-deductible expenses	2,121,291,120	301,045,251
Tax credits	(8,718,470,558)	(3,651,706,445)
Adjustments recognized in the current year in relation to the tax expense of the previous years	(1,297,315,391)	230,284,241
Changes in unrecognized deferred tax	(1,570,313,500)	-
Others (effect of change in tax rate, etc.)	(377,243,746)	(3)
Income tax expenses	83,982,533,663	18,335,562,760
Average effective tax rates	22.17%	20.23%

- (4) The changes in deferred tax assets and liabilities during the years ended 31 December 2021 and 2020, are as follows:

① 31 December 2021

(Unit: KRW)				
Division	Amount as of the beginning of year	Reflecting net income	Reflecting other comprehensive income	Amount as of the end of year
Accrued income	(173,275,315)	(248,169,111)	-	(421,444,426)
Net employee defined benefit liabilities	-	(2,199,403,105)	2,199,403,105	-
Impairment loss on intangible assets	58,946,699	-	-	58,946,699
Loss valuation of inventory	5,234,401,497	(2,815,309,920)	-	2,419,091,577
Exceeded amortization limit	542,099,996	784,580,621	-	1,326,680,617
Impairment loss on property, plant and equipment	136,501,555	(78,470,343)	-	58,031,212
Accrued expenses	1,423,519,394	1,832,964,128	-	3,256,483,522
Prepaid expenses	51,712,636	(16,664,796)	-	35,047,840
Provisions	1,090,612,693	(323,908,461)	-	766,704,232
Financial assets at FVPL	(22,515,503)	22,515,503	-	-
Financial assets at FVOCI	121,000,000	-	-	121,000,000
Long-term employee salary liabilities	516,926,924	212,655,409	-	729,582,333
Others	(17,937,957)	42,562,648	-	24,624,691
Total	8,961,992,619	(2,786,647,427)	2,199,403,105	8,374,748,297

② 31 December 2020

(Unit: KRW)				
Division	Amount as of the beginning of year	Reflecting net income	Reflecting other comprehensive income	Amount as of the end of year
Accrued income	(247,395,606)	74,120,291	-	(173,275,315)
Net employee defined benefit liabilities	-	341,570,843	(341,570,843)	-
Impairment loss on intangible assets	977,350,870	(918,404,171)	-	58,946,699
Loss valuation of inventory	3,668,433,010	1,565,968,487	-	5,234,401,497
Exceeded amortization limit	688,973,346	(146,873,350)	-	542,099,996
Impairment loss on property, plant and equipment	136,501,555	-	-	136,501,555
Accrued expenses	1,066,171,958	357,347,436	-	1,423,519,394
Prepaid expenses	68,403,681	(16,691,045)	-	51,712,636
Provisions	1,037,887,508	52,725,185	-	1,090,612,693
Financial assets at FVPL	(48,624,002)	26,108,499	-	(22,515,503)
Financial assets at FVOCI	121,000,000	-	-	121,000,000
Long-term employee salary liabilities	250,348,826	266,578,098	-	516,926,924
Others	236,238,143	(254,176,100)	-	(17,937,957)
Total	7,955,289,289	1,348,274,173	(341,570,843)	8,961,992,619



- (5) Temporary differences between items not recognized as deferred tax assets for the years ended 31 December 2021 and 2020, is as follows:

(Unit: KRW)		
Associated Assets	31 December 2021	31 December 2020
Investments in subsidiaries	418,177,955	418,177,955
Transfer price (subsidiaries)	807,301,385	807,301,385

As of 31 December 2021, with respect to investment interests and transfer prices in subsidiaries, the Company does not believe that it is highly probable that temporary differences will dissipate in the foreseeable future.

- (6) Temporary differences between items not recognized as deferred tax liabilities for the years ended 31 December 2021 and 2020, is as follows:

(Unit: KRW)		
Associated Assets	31 December 2021	31 December 2020
Investments in associates	(5,710,230,908)	-

As of 31 December 2021, with respect to investments in associates, the Company does not believe that it is highly probable that temporary differences will dissipate in the foreseeable future.

### 33. Statement of Cash Flow

- (1) The details of reconciliation of income and expenses during business activities for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Income tax expenses	83,982,533,663	18,335,562,760
Depreciation	15,647,330,263	8,644,487,878
Establishment (return) of allowance for valuation of inventories	(11,454,885,479)	6,542,567,734
Establishment of allowance for return of inventories	(178,626,586)	(71,623,569)
Loss on stock disposal	21,945,232,603	-
Establishment of provisions for returns	313,076,273	85,183,759
Gain on disposal of tangible assets	(83,374,772)	(16,029,468)
Gain on intangible assets	-	(66,400,000)
Loss on disposal of tangible assets	16,934,602	5,949,212
Loss on disposal on intangible assets	93,624,860	176,272,986
Amortization of intangible assets	6,515,728,841	6,538,906,148
Severance payments	7,574,386,900	6,603,223,758
Gain on foreign currency translation	(406,329,768)	(496,995,916)
Loss on foreign currency translation	345,799,797	3,689,234,776
Interest income	(4,097,621,498)	(2,707,576,579)
Interest expenses	168,295,320	207,845,744
Establishment of provision for sales guarantee (reversal)	893,302,567	(492,438,214)
Gain on valuation of financial assets at FVPL	-	(31,280,830)
Loss on valuation of financial assets at FVPL	-	139,167,192
Loss on disposal of financial assets at FVPL	32,636,103	-
Long-term employee benefits	946,441,358	1,101,562,390
Loss on disposal of trade receivables	2,780,371,251	866,200,443
Establishment of restoration cost	60,650,000	-
Miscellaneous losses	19,988,382	-
Total	125,115,494,680	49,053,820,204

- (2) The changes in assets and liabilities due to business activities for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Trade receivables	32,544,111,919	(55,429,099,520)
Other receivables	(4,634,169,544)	(9,824,284,455)
Other current assets	(10,533,369,188)	8,346,321,675
Other non-current assets	-	(6,120,927)
Inventories	(76,164,325,756)	(22,892,484,561)
Trade payables	69,299,182,802	31,475,466,669
Other current liabilities	1,735,497,721	756,322,443
Other payables	23,494,209,323	18,053,333,157
Long-term employee salary liabilities	(67,700,000)	-
Net employee defined benefit liabilities	(16,805,227,672)	(8,408,651,193)
Lease receivables	1,305,497,544	1,270,927,069
Total	20,173,707,149	(36,658,269,643)

- (3) The Company has prepared the cash flows based on operating activities on the cash flow statement using the indirect method. The significant transactions that do not involve cash inflows and outflows for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Substitution of tangible assets under construction	28,354,079,602	1,559,761,239
Substitution of intangible assets under construction	2,715,051,462	1,222,688,083
Substitution of intangible assets for advance payments	-	2,440,562,604
Increase in right-of-use assets due to restoration obligations	41,310,000	347,090,278
Increase in payables related to acquisition of tangible assets	61,976,432	310,952,834
Increase (decrease) in payables related to acquisition of intangible assets	(291,707,838)	312,845,041
Recognition of lease liabilities under the lease agreement	2,284,917,173	1,188,254,775
Liquidity substitution of lease liabilities	3,826,939,355	2,919,884,516
Liquidity substitution of lease receivables	1,335,042,797	1,299,689,942
Liquidity substitution of loans	1,677,991,974	1,461,005,203

#### (4) Financial activity cash flow

The changes in liabilities arising from financial activities during the years ended 31 December 2021 and 2020, are as follows:

##### ① 31 December 2021

(Unit: KRW)				
Division	01 January 2021	Cash flows from financial activities	Non-cash transaction	31 December 2021
Dividends payable	-	(21,956,805,000)	21,956,805,000	-
Lease liabilities(current)	2,718,391,566	(3,051,223,943)	3,627,493,865	3,294,661,488
Lease liabilities (non-current)	5,346,130,504	-	(1,542,022,182)	3,804,108,322

##### ② 31 December 2020

(Unit: KRW)				
Division	01 January 2021	Cash flows from financial activities	Non-cash transaction	31 December 2020
Dividends payable	-	(13,499,369,000)	13,499,369,000	-
Lease liabilities(current)	2,800,707,185	(2,841,843,839)	2,759,528,220	2,718,391,566
Lease liabilities (non-current)	7,077,760,245	-	(1,731,629,741)	5,346,130,504

#### 34. Financial instruments with the restricted use

There are no financial instruments with restricted use as of 31 December 2021 and 2020.

### 35. Insured assets

The details of insured assets of the Company as of 31 December 2021, are as follows:

(Unit: KRW)				
Insurance type	Assets	Carrying amount	Insured amount	Insurance company
Gas accident liability insurance	Buildings and structures	3,500,956,570	580,000,000	KB Insurance Co., Ltd.
Fire insurance				
	Machinery	30,260,260,572	2,659,000,000	
	Office equipment	4,534,396,107	2,659,000,000	
	Other tangible assets	1,898,958,940	500,000,000	
Total		40,194,572,189	12,398,000,000	

In addition to the above insurance, the Company is also subscribed to workers' compensation insurance and fire liability insurance.

### 36. Specially related persons

(1) The details of related parties of the Company as of 31 December 2021 and 2020, are as follows:

Type of related parties	31 December 2021	31 December 2020
Subsidiaries	LX Semicon U.S.A., Inc(*1)	SILICON WORKS, INC.
	LX Semicon China Co., Ltd.(*2)	Silicon Works China Co., Ltd.
	LX Semicon Japan Co., Ltd.(*3)	-
Associates and joint ventures	Advance Power Device Technologies Co. ltd.	Advance Power Device Technologies Co. ltd.
	FJ Composite Materials Co., LTD(*4)	-
Companies exercising significant influence on the Company	LX Holdings Co., Ltd.(*5)	LG Corp.
Others	Joint ventures of LX Holdings Co., Ltd.	Subsidiaries of and joint ventures LG Corp.
	Large corporate group affiliates(*6)	Large corporate group affiliates(*6)

(\*1) SILICON WORKS, INC. changed its name to LX Semicon U.S.A., Inc. on 16 July.

(\*2) Silicon Works China Co., Ltd. changed its name to LX Semicon China Co., Ltd. on 27 December.

(\*3) It was established through new investment during the year ended 31 December 2021.(\*4) Newly acquired during the year ended 31 December 2021,

(\*5) The Company that exerts significant influence on the Company has been changed from LG Corp. to LX Holdings Co., Ltd for the years ended 31 December 2021 and 2020.

(\*6) Not included in scope of related party pursuant to IFRS 1024 'Disclosure of related parties', but it belongs to the same large corporate group under the Monopoly Regulation and Fair Trade Act. Accordingly, subsidiaries and associates of LG Corp. and associates of LX Holdings Co., Ltd. are classified as affiliates of a large corporate group.

(2) The transactions with the related parties during the years ended 31 December 2021 and 2020, are as follows:

1) The transactions with the related parties after changing the largest shareholder

(Unit: KRW)			
Division	Name	Details	31 December 2021(*1)
Subsidiaries	LX Semicon U.S.A., Inc	Sales expenses	2,104,015,930
	LX Semicon China Co., Ltd.	Sales expenses	9,910,563,475
Associates and joint ventures	FJ Composite Materials Co., LTD	Sales expenses	2,064,280,000
Other large corporate group affiliates	LG CNS Co., Ltd.	Sales expenses	3,180,411,577
		Acquisition of tangible and intangible assets	1,066,068,200
	S&I Corp.	Sales expenses	420,957,388
	S&I atxpert Co., Ltd. (*2)	Sales expenses	148,941,200
		Acquisition of tangible and intangible assets	18,177,125
	LG Management Development Institute	Sales expenses	615,763,000
	LG Electronics USA Inc.	Sales	1,239,949,121
	LG Display (China) Co., Ltd.	Sales	14,140,575,073
	LG Display (Guangzhou) Co., Ltd.	Sales	340,096,471,743
	LG Display Vietnam Haiphong Co. Ltd.	Sales	231,388,571,563
	LG Display Yantai	Sales	45,241,204,645
	LG Display High-Tech(China) Co.,Ltd.	Sales	29,149,667
	LG Display (Nanjing) Co., Ltd.	Sales	29,575,793,575
	LG Display Co., Ltd.	Sales	308,945,447,112
		Sales expenses	2,550,934,059
	LG Electronics Co., Ltd.	Sales	11,971,870,222
		Other incomes	411,450,851
		Sales expenses	3,973,647,248
		Acquisition of tangible and intangible assets	43,742,000
	LX Hausys Co., Ltd. (*3)	Sales expenses	42,955,051
		Acquisition of tangible and intangible assets	210,644,949
	LG Innotek Co., Ltd.	Other incomes	829,931
		Sales expenses	44,746,597,509
		Acquisition of tangible and intangible assets	1,500,000,000
	LG U Plus Co., Ltd.	Sales	3,800,000
		Sales expenses	104,373,837
	LX Pantos Co., Ltd. (*3)	Other incomes	1,456,540
		Sales expenses	3,577,906,742
	Biztech Partners Co., Ltd.	Sales expenses	166,668,000
	Hi-Teleservice Co., Ltd.	Sales expenses	1,023,638
	HS Ad Co., Ltd.	Sales expenses	510,918,000
	LG Chemicals Co., Ltd.	Acquisition of tangible and intangible assets	164,973,875

(\*1) Transaction amount after May when the largest shareholder was changed.

(\*2) S&I atxpert Co., Ltd. is a corporation newly established through physical division from S&I Corporation on 1 October.

(\*3) LG Hausys Co., Ltd. and Pantos Co., Ltd. changed their names to LX Hausys Co., Ltd. and LX Pantos Co.,

Ltd. respectively as of 1 July.



2) The transactions with the related parties before changing the largest shareholder

(Unit: KRW)				
Division	Name	Details	31 December 2021(*)	31 December 2020
Subsidiaries	LX Semicon U.S.A., Inc	Sales expenses	741,974,758	1,865,088,607
	LX Semicon China Co., Ltd.	Sales expenses	2,403,956,088	5,550,534,654
Other subsidiaries of LG Corp.	LG CNS Co., Ltd.	Sales expenses	1,372,705,479	3,987,487,120
		Acquisition of tangible and intangible assets	212,392,500	1,905,055,712
	S&I Corp.	Sales expenses	371,712,744	1,192,326,185
	LG Management Development Institute	Sales expenses	729,812,000	828,033,400
Other large corporate group affiliates	LG Electronics USA Inc.	Sales	534,926,511	1,307,665,256
	LG Display (China) Co., Ltd.	Sales	2,274,927,448	7,033,737,203
	LG Display (Guangzhou) Co., Ltd.	Sales	112,237,908,135	238,450,961,498
	LG Display Vietnam Haiphong Co. Ltd.	Sales	123,838,406,957	123,382,133,701
	LG Display Yantai	Sales	15,387,423,425	36,850,930,595
	LG Display Co., Ltd.	Sales	133,532,403,964	456,142,667,881
		Sales expenses	-	36,125,353
		Other incomes	175,747,619	3,866,238,099
	LG. Electronics Co., Ltd.	Sales	3,674,107,945	12,450,071,180
		Sales expenses	1,947,780,936	5,454,446,364
	LG Innotek Co., Ltd.	Sales	-	300,000,000
		Sales expenses	33,832,007,574	55,613,054,932
	LG U Plus Co., Ltd.	Sales	-	3,200,000
		Sales expenses	40,488,371	125,105,833
	LX Pantos Co., Ltd.	Sales expenses	1,990,251,402	2,733,993,476
	Biztech Partners Co., Ltd.	Sales expenses	83,332,000	230,000,000
	HS Ad Co., Ltd.	Sales expenses	-	25,000,000
	Hi-Teleservice Co., Ltd.	Sales expenses	590,909	3,717,011

(\*) The accumulated transaction amount until April when the largest shareholder was changed.

(3) The receivables and payables of related parties as of 31 December 2021 and 2020, are as follows:

(Unit: KRW)					
Division	Name	31 December 2021		31 December 2020	
		Receivables	Payables	Receivables	Payables
Subsidiaries	LX Semicon U.S.A., Inc	-	199,436,689	-	274,944,041
	LX Semicon China Co., Ltd.	-	1,446,839,364	-	785,061,968
Associates and joint ventures	FJ Composite Materials Co., LTD	-	1,854,432,000	-	-
Other large corporate group affiliates	LG CNS Co., Ltd.	-	431,090,795	-	688,038,477
	LG Management Development Institute	-	11,487,300	-	8,339,320
	S&I Corp.	900,000,000	13,558,585	900,000,000	96,605,340
	LG Electronics USA Inc.	439,327,332	-	118,972,800	-
	LG Display (China) Co., Ltd.	5,604,645,589	-	1,741,711,200	-
	LG Display (Guangzhou) Co., Ltd.	5,796,094,580	-	14,533,818,780	-
	LG Display Vietnam Haiphong Co. Ltd.	5,069,403,435	-	45,157,716,047	-
	LG Display Yantai	8,225,912,949	-	862,775,514	-
	LG Display High-Tech(China) Co.,Ltd.	11,587,456	-	-	-
	LG Display (Nanjing) Co., Ltd.	1,518,674,461	-	-	-
	LG Display Co., Ltd.(* )	84,582,694,139	116,758,229	74,419,080,668	-
	LG Electronics Co., Ltd.(* )	6,046,280,481	224,000	4,121,489,880	27,609,504
	LG Innotek Co., Ltd.(* )	-	9,109,574,607	-	16,891,644,426
	LX Pantos Co., Ltd.	-	928,500,869	-	800,105,543
	Biztech Partners Co., Ltd.	-	22,920,700	-	21,091,400
	HS Ad Co., Ltd.	-	4,026,000	-	-
	S&I atxpert Co., Ltd.	-	71,706,580	-	-

(\*) In addition to the above receivables and payables as of 31 December 2021 and 2020, lease liabilities of KRW 5,573 million and right-of-use assets of KRW 5,758 million have been recorded. As of 31 December 2021, LG Display Co., Ltd., LG Electronics Co., Ltd. and LG Innotek Co., Ltd. have recorded KRW 2,856 million, KRW 2,154 million, and KRW 300 million of the in advance payments for service activities of the Company.

(4) The details on major financial transactions with the concerned entity for the years ended 31 December 2021 and 2020, are as follows:

(Unit: KRW)					
Division	Name	31 December 2021			31 December 2020
		Dividends paid	Cash contribution	Purchase of investments	Dividends paid
Other large corporate group affiliates(*1)	LG Corp.	7,263,707,400	-	-	4,465,834,920
Other large corporate group affiliates	LG Chemicals Co., Ltd. (*2)	-	-	6,835,773,000	-
Subsidiaries	LX Semicon Japan Co.,Ltd	-	317,112,000	-	-
Total		7,263,707,400	317,112,000	6,835,773,000	4,465,834,920

(\*1) The largest shareholder of the Company was changed from LG Corp. to LX Holdings Co., Ltd., but currently the Company and LX Holdings Co., Ltd. are affiliated with LG's corporate group under the Monopoly Regulation and Fair Trade Act. LG is classified as an affiliate of a large corporate group.

(\*2) 31 December 2021, we acquired a 29.98% stake in FJ Composite Material Co.,LTD from LG Chem to promote new business.

- (5) The details of the compensation for major management for the years ended 31 December 2021 and 2020 are, as follows:

(Unit: KRW)		
Division	31 December 2021	31 December 2020
Short-term salaries	10,197,880,206	5,582,497,801
Severance payments	735,154,445	667,025,838
Total amount	10,933,034,651	6,249,523,639

The major management of the Company includes directors (including external directors) who are registered executives and members of the audit committee.

- (6) The Company has no security and guarantee detail providing to or provided by special interest parties as of 31 December 2021 and 2020.

### 37. Commitments and contingencies

- (1) The Company is receiving payment and payment guarantee of KRW 393 million from Seoul Guarantee Insurance as of 31 December 2021.
- (2) The Company has a credit limit contract, and the Company's credit limit details as of 31 December 2021 are as follows:

(Unit: USD)		
Division	Financial institutions	Foreign currency
Bills bought	Shinhan Bank	16,000,000
Bills bought	NH Bank	15,000,000
Bills bought	Mizuho Bank	60,000,000

- (3) The Company has an export receivable transfer transaction agreement with the Export-Import Bank and two other banks in relation to the collection of trade receivables as follows: The limit details of the Company as of 31 December 2021 are as follows:

(Unit: USD)		
Division	Financial institutions	Foreign currency
Factoring	Export-Import Bank	380,000,000
Factoring	BNP Paribas	40,000,000
Factoring	MUFG	110,000,000

- (4) The Company has no details of providing collateral for financial assets as of 31 December 2021.
- (5) The Company has no ongoing litigation or disputes as of 31 December 2021.

- (6) Cases after the reporting period

The Company decided to acquire tangible assets worth about KRW 28 billion in accordance with the resolution of the board of directors on 27 January 2022.

## **6. Matters Pertaining to Dividends**

### **A. Matters Pertaining to Dividends**

The Company, pursuant to its Articles of Incorporation, is distributing dividends by the decisions of the board of directors and resolutions of general meeting of shareholders. In order to enhance shareholder value and expand shareholder return, the Company plans to maintain an appropriate level of dividend policy in the future by using the free cash flow that comprehensively considers investment, cash flow, financial structure, and dividend stability. Moreover, Article 55 and 57 of the Company's Articles of Incorporation provides profit dividend and the prescription of extinction for rights of dividend payment claim.

#### Article 55 of the Articles of Incorporation [Profit Distribution]

- ① The dividends may be carried out with money or other properties than money.
- ② If the dividends are carried out with shares, the Company may use other types of stocks upon a resolution of the general meeting of shareholders when it issues a number of shares.
- ③ The dividend under ① shall be paid to the shareholders listed in the Register of Shareholders as of the end of each business year or registered pledgees.

#### Article 57 [Extinctive Prescription of Claims for the Payment of Dividend]

- ① The extinctive prescription of the right to request the payment of dividends shall be completed if it is not exercised for five years.
- ② The dividends resulting from the completion of the extinctive prescription under ① shall belong to the Company.

## B. Dividends over the recent three business years

### (1) Major dividends indexes

Division	Type of share	The 23 <sup>rd</sup> year	The 22 <sup>nd</sup> year	The 21 <sup>st</sup> year
		31 December 2021	31 December 2020	31 December 2019
Face value per share (KRW)		500	500	500
(Consolidated) net income (KRW million)		296,424	72,529	38,539
(Individual) net income (KRW million)		294,898	72,291	38,240
(Consolidated) earnings per share (KRW)		18,225	4,459	2,370
Total dividends in cash (KRW million)		87,827	21,957	13,499
Total of dividends (KRW million)		-	-	-
(Consolidated) Cash dividend payout ratio (%)		29.6	30.3	35.0
Cash dividend rate (%)	Ordinary shares	3.4	2.5	2.1
	Preferred shares	-	-	-
Share dividend rate (%)	Ordinary shares	-	-	-
	Preferred shares	-	-	-
Dividend in cash per share (KRW)	Ordinary shares	5,400	1,350	830
	Preferred shares	-	-	-
Share allocation per share (shares)	Ordinary shares	-	-	-
	Preferred shares	-	-	-

Note 1) (Consolidated) current net income is attributable to the parent's interest in the consolidated net income, and (consolidated) earnings per share is the basic earnings per share of common share for the parent interest in the consolidated net income.

Note 2) (Consolidated) cash dividend payout ratio is the percentage of the total cash dividend amount to the parent interest in consolidated net income.

### (2) Past dividend history

(Unit: times, %)

No. of consecutive dividends		Average dividend yield	
Quarterly (intermediate) dividends	Settlement dividend	Last 3 years	Last 5 years
-	11	2.4	2.4

Note) The number of consecutive dividends from the 12th to the 22nd years is a total of 11 times.

## 7. Matters pertaining to Financing by Issuance of Securities

### 7-1. Performance of financing by issuance of securities

[Matters related to issuance of equity securities, etc.]

As of the reporting date, there is no relevant information.

Status of capital increase (decrease)

(Based on 31 December 2021)

(Unit: KRW, shares)

Date of issue (decrease)	Type of issue (decrease)	Contents of issue (decrease)				
		Types	Quantity	Par value per share	Issuance (decrease) price per share	Remarks
-	-	-	-	-	-	-
-	-	-	-	-	-	-

[Matters related to issuance of debt securities, etc.]

### Record on issue of liability securities

(Based on 31 December 2021)

(Unit: KRW, %)

Issuer	Type of securities	Method of issue	Date of issue	Total (electronic registration)	Interest rate	Rating grade (Rating organization)	Maturity	Redemption	Undertaking company
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Total amount	-	-	-	-	-	-	-	-	-

### Outstanding balance of corporate paper

(Based on 31 December 2021)

(Unit: KRW)

Remaining to maturity		10 days or less	Over 10 days 30 days or less	Over 30 days 90 days or less	Over 90 days 180 days or less	Over 180 days 1 year or less	Over 1 year 2 years or less	Over 2 years 3 years or less	Over 3 years	Total amount
Outstanding balance	Public offering	-	-	-	-	-	-	-	-	-
	Private offering	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-

### Outstanding balance of short-term bonds

(Based on 31 December 2021)

(Unit: KRW)

Remaining to maturity		10 days or less	Over 10 days 30 days or less	Over 30 days 90 days or less	Over 90 days 180 days or less	Over 180 days 1 year or less	Total	Limit of issue	Remaining limit
Outstanding balance	Public offering	-	-	-	-	-	-	-	-
	Private offering	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

### Outstanding balance of corporate bonds

(Based on 31 December 2021)

(Unit: KRW)

Remaining to maturity		1 year or less	Over 1 year 2 years or less	Over 2 years 3 years or less	Over 3 years 4 years or less	Over 4 years 5 years or less	Over 5 years 10 years or less	Over 10 years	Total
Outstanding balance	Public offering	-	-	-	-	-	-	-	-
	Private offering	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

### Outstanding balance of hybrid securities

(Based on 31 December 2021)

(Unit: KRW)

Remaining to maturity		1 year or less	Over 1 year 5 years or less	Over 5 years 10 years or less	Over 10 years 15 years or less	Over 15 years 20 years or less	Over 20 years 30 years or less	Over 30 years	Total
Outstanding balance	Public offering	-	-	-	-	-	-	-	-
	Private offering	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-



## Outstanding balance of conditional capital securities

(Based on 31 December 2021)

(Unit: KRW)

Issuer	Type of securities	Method of issue	Date of issue	Total (electronic registration)	Interest rate	Rating grade (Rating organization)	Maturity	Redemption	Undertaking company
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

## 7-2. Usage of financing by issuance of securities

As of the reporting date, there is no relevant information.

## 8. Other Financial Matters

### A. Cautions such as reparation of financial statements

- (1) If the (consolidated) financial statements are reprepared, the reasons for the reparation, the contents and the impact on the (consolidated) financial statements

As of the reporting date, there is no relevant information.

- (2) Merger, division, asset transfer, business transfer

Division	Contract date Resolution date	Counterparty	Contents	Transfer amount (KRW billion)	Transferred date	Submission date of key report
Business transfer	29 May 2018	LG Electronics Co., Ltd.	All of assets and personnel related to the business of T-Con chip for OLED TV	461	01 July 2018	-

Note) For losses and profits arising from the transactions, refer to 'XI. Other matters necessary for the protection of investors --> 4. Other information such as sanctions --> Information after the merger --> B. Financial comparison tables before and after the merger, etc.

### B. Establishment of allowance for bad debts

- (1) Allowance for bad debts by account item

[Based on 31 December 2021]

(Unit: KRW million, %)

Division	Items	Receivables	Allowance for bad debts	Ratio of allowance establishment
31 December 2021	Trade receivables	175,265	-	0.0
	Other receivables	20,460	-	0.0
	Non-current other receivables	12,361	-	0.0
	Total	208,086	-	0.0

31 December 2020	Trade receivables	210,368	-	0.0
	Other receivables	14,493	-	0.0
	Non-current other receivables	13,157	-	0.0
	Total	238,018	-	0.0
31 December 2019	Trade receivables	159,276	-	0.0
	Other receivables	4,572	-	0.0
	Non-current other receivables	11,552	-	0.0
	Total	175,400	-	0.0

Note) The consolidated subsidiaries of the Company have no record of establishing allowance for bad debts.

## (2) Changes in allowance for bad debts

The changes in the allowance for bad debts from trade receivables in the year are as follows:

[Based on 31 December 2021]

(Unit: KRW million)

Division	31 December 2021	31 December 2020	31 December 2019
1. Total allowance for bad debts at the beginning	-	-	-
2. Net recognition as bad debts(①+②±③)	-	-	-
① Amount processed as bad debts (receivables written off)	-	-	-
② Recollected receivables	-	-	-
③ Other increases/decreases	-	-	-
3. Amount in reflection of allowance for bad debts	-	-	-
4. Total allowance for bad debts at the end	-	-	-

Note) The consolidated subsidiaries of the Company have no change of establishing allowance for bad debts.

## (3) Policy on establishing the allowance for bad debts over the trade receivables

The assumed bad debt amounts are set to allowances for bad debts in parallel use of the individual analysis method and age analysis for the balances of trade receivables.

- 100% bad debt was established for bonds with more than one year according to the bond age analysis.
- The experience ratio of bad debts is calculated and established on the basis of the accrued bad debts in reality on the average balance of receivables in the past three years.

(4) Outstanding amount of trade receivables by their elapsed duration as of 31 December 2021 and 2020.

[Based on 31 December 2021]

(Unit: KRW million)

Division	Elapsed period		Total
	Within 6 months	Over 6 months	
Trade receivables	175,265	-	175,265
Total	175,265	-	175,265
Ratio (%)	100.00	-	100.00

**C. Status on inventories, etc.**

(1) Status on inventories by business division

[Based on 31 December 2021]

(Unit: KRW million)

Business sector	Items	31 December 2021	31 December 2020	31 December 2019	Remarks
Semiconductor	Inventories	201,118	135,265	118,843	-
Total		201,118	135,265	118,843	-
Portion of inventory over gross assets (%) [Total inventory ÷ total assets at the end × 100]		17.2	18.0	18.9	-
Inventory turnover ratio (recollection) [Converted annual sales cost ÷ {(Inventory at the beginning + Inventory at the end) ÷ 2}]		7.4	6.8	5.9	-

(2) Due diligence results on inventories

① Date of due diligence

Due diligence on inventories is carried out twice a year on the basis at the end of June and December.

② Method of due diligence

Examination with samples is carried out for some items with less importance although total quantity shall be examined in principle.

The external auditor shall be present in the due diligence of inventory, take samples and check out the existence of inventories.

③ Status on long-term overstock, etc.

Loss due to obsolescence evaluation of inventories is determined, and the evaluation details of inventories as of 31 December 2021 are as follows:.

[Based on 31 December 2021]

(Unit: KRW million)

Items	Acquisition cost	Holding amount	Valuation allowance	Balance 31 December 2021
Inventories	211,482	211,482	(10,364)	201,118

## **D. Status on contracts**

As of the reporting date, there is no relevant information.

## **E. Evaluation details of fair value**

### **(1) Summary of fair value evaluation procedures**

[Non-derivative financial assets]

The Group classifies non-derivative financial assets into four categories: financial assets recognized in the net income, financial assets held to maturity, loans and receivables, and transferable financial assets, which are recognized in the consolidated statement of financial position when it becomes a contractual party.

Non-derivative financial assets are measured at fair value at initial recognition. If they are not financial assets recognized in the net income, the transactional cost directly related to the acquisition of the financial assets are added to the fair value at initial recognition.

#### **① Financial liabilities at FVPL**

Financial assets carried at FVTPL at initial recognition are classified as financial assets at FVTPL. Financial assets at FVPL are measured at fair value after initial recognition, and changes in fair value are recognized in the net income. Meanwhile, transactional costs related to acquisition incurred at the time of initial recognition are recognized immediately in the net income as incurred.

#### **② Financial assets held to maturity**

They are classified as financial assets held to maturity if their maturity is fixed and the amounts to be paid are fixed or determinable for non-derivative financial assets when the Group has the aggressive intent and ability to hold to maturity. After initial recognition, are measured at amortized cost using the effective interest method.

#### **③ Loans and receivables**

Non-derivative financial assets with fixed or determinable payments and their transaction price not quoted in an active market are classified as loans and receivables. After initial recognition, they are measured at amortized cost using the effective interest rate method. After initial recognition, are measured at amortized cost using the effective interest method.

#### **④ AFS financial assets**

Non-derivative financial assets designated as available for sale or not classified as financial assets recognized in the net income, financial assets held to maturity or loans and receivables are classified as transferable financial assets. They are measured at fair value after initial recognition, and changes in fair value are recognized in other comprehensive profit or loss. However, equity securities that do not have a quoted market price in an active market and whose fair value cannot be measured reliably are measured at cost.

## **IV. Directors' Management Diagnoses and Analytic Opinions**

### **1. Notes on forecasts**

This document contains "forecasts" for the future.

Activities, events or phenomena expected or predicted by the Company in the future in this business report reflect the Company's views on the events and financial performance at the time of the preparation of the disclosure documents. These forecasts are based on various assumptions related to the future business environment, and these assumptions may turn out to be inaccurate as a result. In addition, these assumptions involve risks, uncertainties and other factors that could cause material differences between the estimates and actual results expressed in the forecasts. We inform you that factors that can cause material differences include factors related to the Company's internal management, factors related to the external environment, and other related factors.

The Company is not obligated to disclose a correction report that revises the matters recorded in the forecasts to reflect the risks or uncertainties that arise after the time of preparing the forecasts. As a result, we cannot provide assurance that the results or matters anticipated by the Company in this business report will be realized or that the originally anticipated impacts of the Company will occur. Please note that the forecasts in this report was prepared as of the time of writing this report and the Company does not plan to revise these risk factors or forecasts.

### **2. Overview**

The board of directors of LX Semicon Co., Ltd. reports the opinions on the management diagnosis of directors as follows regarding the accounting and business of the 23rd business year from 1 January 2021 to 31 December 2021. In order to understand the overall management of the Company, the books and related documents were read, and the financial statements and accompanying statements were also thoroughly reviewed. We have received sufficient reports on documents deemed necessary for management diagnosis, and have used appropriate methods to understand the details of the Company's management, such as perusing documents related to important business and thoroughly examining the contents.

In 2021, despite fierce market competition, the Company achieved sales of KRW 1.89 trillion, a 63.4% increase compared to 2020. In this year, we will focus on R&D, which is our main business, to not only launch competitive products, but also expand the proportion of overseas markets through active sales activities to grow into a global company beyond the domestic market.

### 3. Financial position and business performance

#### A. Financial position - summary Statement of financial position (consolidated)

(Unit: KRW million, %)

Category	31 December 2021	31 December 2020	Increase or decrease	Increase/decrease rate (%)
Assets	1,172,531	750,602	421,929	56.2
[Current assets]	1,031,063	629,332	401,731	63.8
[Non-current assets]	141,468	121,270	20,198	16.7
Liabilities	372,199	218,318	153,881	70.5
[Current liabilities]	363,583	209,089	154,494	73.9
[Non-current liabilities]	8,616	9,229	(613)	(6.7)
Assets	800,332	532,284	268,048	50.4
[Paid-in capital]	8,132	8,132	-	-
[Retained earnings]	715,842	448,264	267,578	59.7
Debt-to-equity ratio	46.5%	41.0%	5.5%p	-

##### (1) Assets

As of the end of 2021, the Company's total assets amounted to KRW 1,172.5 billion, an increase of KRW 421.9 billion compared to the previous year, due to the increase in accounts receivable and inventories due to the increase in sales, of which, current assets account for 87.9% of total assets and non-current assets account for 12.1% of total assets.

##### (2) Liabilities

As of the end of 2021, the Company's total liabilities increased by KRW 153.9 billion from the previous year to KRW 372.2 billion due to the effects of trade receivables, etc., of which 97.7% or KRW 363.6 billion, and non-current liabilities, 2.3%, or KRW 8.6 billion.

##### (3) Assets

As of the end of 2021, the Company's total capital stood at KRW 800.3 billion, an increase of KRW 268 billion from the previous year, mainly due to the contribution of net profit excluding dividends to retained earnings of capital.

**B. Operating performance - summary income statement (consolidated)**

(Unit: KRW million, %)

Category	31 December 2021	31 December 2020	Increase or decrease	Increase/decrease rate (%)
Sales	1,898,846	1,161,896	736,950	63.4
COGS	1,240,353	865,870	374,483	43.2
Gross profit	658,493	296,026	362,467	122.4
- SG&A expenses	288,871	201,799	87,072	43.1
Operating profit	369,622	94,227	275,395	292.3
Net income before tax	380,676	90,915	289,761	318.7
Income tax expenses	84,252	18,386	65,866	358.2
Net Income	296,424	72,529	223,895	308.7
Gross profit margin	34.7%	25.5%	9.2%p	-
Operating margin	19.5%	8.1%	11.4%p	-
Ratio of ordinary development expenses to sales	9.0%	10.4%	(1.4%p)	-
Effective tax rate	22.1%	20.2%	1.9%p	-

In 2021, the Company's sales reached KRW 1.898.8 trillion, an increase of KRW 737 billion from the previous year. The main factors are the increase in sales of large driver-ICs due to the increase in OLED TV and LCD TV volumes, the increase in demand for the Home Economy due to the Covid-19 impact, and the increase in mobile DDI sales due to the increase in the number of mobile devices.

With an increase in the proportion of high-end products, centering on OLED, gross profit reached KRW 658.5 billion, an increase of KRW 362.5 billion compared to the previous year, and SG&A expenses increased by KRW 87.1 billion compared to the previous year due to an increase in personnel and R&D expenses for business expansion, and operating profit increased by KRW 275.4 billion to KRW 369.6 billion.

### C. Sales performance by business

(Unit: KRW million, %)

Division	Business sector	31 December 2021	31 December 2020	Increase or decrease	Increase/decrease rate (%)
Sales	System IC	1,898,846	1,161,896	736,950	63.4
Operating profit	System IC	369,622	94,227	275,395	292.3

[System IC]

In 2021, cd 63.4% from the previous year to KRW 1.89 trillion, and operating profit was KRW 369.6 billion, up 292.3% from the previous year.

Although the cost burden increased by about 43.1% compared to the previous year, the operating profit recorded an increase of about 292.3% compared to the previous year due to the higher sales and gross profit due to the increase in labor cost due to the reinforcement of the product lineup and the reinforcement of personnel for business expansion, and the increase in R&D expenses due to the future preparation for the high-tech process and the promotion of product expansion in the Chinese market.

### D. Key considerations

The Company's sales and purchases are based on USD-based unit price calculation and settlement, so fluctuations in the won-dollar exchange rate are a major factor affecting our business performance.

As wafer price varies greatly depending on the market supply and demand environment, it is necessary to carefully monitor the price fluctuations of wafers.



## 4. Liquidity and financing and spending, etc.

### A. Liquidity indicators

(Unit: KRW million, %)

Category	31 December 2021	31 December 2020	Increase or decrease	Increase/decrease rate (%)
I. Current assets	1,031,063	629,332	401,731	63.8
Cash and cash equivalents	135,614	100,567	35,047	34.8
Deposit in financial institution	470,000	150,846	319,154	211.6
Trade receivables	175,265	210,368	(35,103)	(16.7)
Inventories	201,118	135,265	65,853	48.7
II. Current liabilities	363,583	209,089	154,494	73.9
Trade payables	213,463	144,000	69,463	48.2
Current ratio	283.6%	301.0%	(17.4%p)	-

As the Company maintains a stable financial position, liquidity risk due to rapid economic fluctuations is not expected to be significant.

As of December 2021, since it has cash and cash equivalents, deposits of KRW 605.6 billion in financial institutions, and KRW 175.3 billion in trade receivables, it is judged that the Company has adequate liquidity to meet its financial needs, and is preparing for uncertainties such as changes in the financial environment that may affect liquidity in the future. Looking at the current ratio, it is still high at 283.6%, and the Company maintains a stable current ratio while maintaining a non-borrowing management.

### B. Financing, etc.

As of the report submission date, the Company is conducting a non-borrowing business without borrowing from financial institutions based on sound cash flow. Therefore, it is expected that the exposure to fluctuations in interest rates and other risks that may arise from external financing is low.

### C. Expenditure of funds

During the period subject to the disclosure, there were no large-scale investments that had a significant impact other than ordinary investments.

## **5. Other matters necessary for investment decision making**

### **A. Important accounting policies and estimates**

The Company's financial statements are prepared by applying K-IRFS. For the details of the important accounting policies and estimates, refer to 'III. the 'Financial Matters'.

### **B. Environment and employees, etc.**

For the details of the environmental sanctions and administrative measures, refer to 'XI. Other matters necessary for the protection of investors --> 3. Restrictions, etc.'.

There are no significant employee-related changes during the year, such as the transfer of key personnel.

### **C. Matters pertaining to the regulation of the statutes**

For the details of major regulations under the statutes related to the Company's business, refer to 'XI. Other matters necessary for the protection of investors --> 3. Restrictions, etc.'.

### **D. Derivatives and risk management policies**

For derivatives and risk management policies of the Company, refer to 'II. Business Activities' and 'III. Financial Matters'--> '3.Notes on Consolidated Financial Statements' and '5.Notes on Financial Statements'.

## V. Auditor's Audit Opinion, etc.

### 1. Matters pertaining to external audit

#### A. Name and audit opinion of auditor

Business year	Auditor	Audit opinion	Special remarks	Key audit matters
31 December 2021	Anjin Accounting Corp.	Appropriate	Not applicable	Evaluation of inventories
31 December 2020	Anjin Accounting Corp.	Appropriate	Not applicable	Evaluation of inventories
31 December 2019	KPMG Samjong Accounting Corp.	Appropriate	Not applicable	Evaluation of inventories

#### B. Audit service contract (Unit: KRW million, hour(s))

Business year	Auditor	Contents	Audit contracts		Actual performances	
			Remuneration	Hours	Remuneration	Hours
31 December 2021	Anjin Accounting Corp.	Review of quarterly/half year Audit of separate and consolidated financial statements Audit of the internal accounting management system	420	3,818	420	3,575
31 December 2020	Anjin Accounting Corp.	Review of quarterly/half year Audit of separate and consolidated financial statements Audit of the internal accounting management system	379	3,443	379	3,644
31 December 2019	KPMG Samjong Accounting Corp.	Review of quarterly/half year Audit of separate and consolidated financial statements Review of the internal accounting management system	200	2,145	200	2,587

#### C. Non-audit service contracts with auditor (Unit: KRW million)

Business year	Contract date	Services	Period	Remuneration	Remarks
31 December 2021	28 December 2021	Implementation of agreed procedures for verification of financial information written in the application for independent management accreditation	One week from the date of contract	3	-
31 December 2020	-	-	-	-	-
31 December 2019	-	-	-	-	-

#### D. Result of the internal audit organization's discussion with the accounting auditor on matters that may have a significant influence on the judgment of stakeholders in the financial statements

Division	Date	Attendees	Method	Details of major discussion
----------	------	-----------	--------	-----------------------------

1	27 January 2021	Company: 3 members of the audit committee Auditor: executive director	Face to face	Report on audit result and operation evaluation of internal accounting management policy
2	31 December 2021	Company: 3 members of the audit committee Auditor: Executive director	In writing	Report on year-end audit plan, report on key audit matters
3	27 January 2022	Company: 3 members of the audit committee Auditor: executive director	Face to face	Report on audit result and operation evaluation of internal accounting management policy

#### **E. Auditor's opinion on subsidiaries**

There is no subsidiary which has received any audit opinion other than appropriate from auditor for the year ended 31 December 2021.

#### **F. Change of auditors**

The Company has been selected as a corporation subject to periodic designation from the 2020 business year, and has been subject to Article 11-1 and 11-2 of the Act on External Audit of Stock Companies, Article 17 of the Enforcement Decree of the Act on External Audit of Stock Companies, and in accordance with Articles 10 and 15-1 of its enforcement. The Company was notified by the Financial Supervisory Service that an external auditor was designated as Anjin Accounting Firm and reported the above to the audit committee and the 21st general meeting of shareholders.

For reference, the designated audit period is from 2020 to the 2022 business year.

## 2. Internal accounting management system

### A. A. Status of operation of internal accounting management system

#### (1) Report by the internal accounting manager

Business year	Reporting date	Details	Remarks
31 December 2021	27 January 2021\2	The Company's internal accounting control system as of 31 December 2021 is thought to be effectively designed and operated in terms of importance, considering the standard regulations on the internal accounting control system.	-
31 December 2020	27 January 2021	The Company's internal accounting control system as of 31 December 2020 is thought to be effectively designed and operated in terms of importance, considering the standard regulations on the internal accounting control system.	-
31 December 2019	11 February 2020	The Company's internal accounting control system as of 01 December 2019 is thought to be effectively designed and operated in terms of importance, considering the standard regulations on the internal accounting control system.	-
31 December 2018	30 January 2019	The Company's internal accounting control system as of 31 December 2018 is thought to be effectively designed and operated in terms of importance, considering the standard regulations on the internal accounting control system.	-

#### (2) Overall opinions represented in the audit report by auditor

The Company's internal accounting control system as of 31 December 2021 is thought to be effectively designed and operated in terms of importance, considering the standard regulations on the internal accounting control system.

## VI. Company's Organizations such as the Board of Directors

### 1. Board of Directors

#### A. Overview of the structure of board of directors

As of the day this report is prepared, the board of directors comprises of 2 full time directors, 1 uncategorized non-executive director and 3 external directors. executive director and 3 independent directors. Our representative director Shon Bo-Ik also takes charge of the chairman of the board of directors and he was elected as chairman in accordance with Article 5 of the Board of Directors Regulations. With regard to the history and roles of each director, please refer to "VIII. Executives and Employees 1. Executives and Employees".

An audit committee has been established and operated within the board of directors.

Name of committee	Configuration	Name of director	Purpose and authority
Audit committee	3 external directors	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	Audit of overall company business including financial position
Finance committee	2 internal directors	Son Bo-Ik, Choi Sung-Kwan	Deliberation and resolution on matters delegated by the board of directors and daily financial matters

External directors and their changes

(Unit : person)

No. of directors	No. of external directors	Changes in external directors		
		Appointment	Dismissal	Early retirement
6	3	-	-	-

Note) Shin Yeong-Soo, an external director and a member of the audit committee, was re-appointed at the 22nd general meeting of shareholders in 2021 and has a term of three years.

#### B. Major resolutions

No.	Date held	Agenda		Passed or not	Name of director						
					Son Bo-Ik (Attendance rate: 100%)	Choi Sung-Kwan (Attendance rate: 100%)	Jeong Yeon-Chae (Attendance rate: 100%)	Yoon Il-Go (Attendance rate: 100%)	Shin Yeong-Soo (Attendance rate: 100%)	Wi Kyung-Woo (Attendance rate: 100%)	Roh Jin-Seo (Attendance rate: 100%)
					Agreed or not						
1	27.01.2021	Report	1. Report in the business performance and annual performance for the fourth quarter of 2020 2. Report on the operational status of the compliance control system 3. Report on the operation status of the internal accounting management system	Reported matters	-	-	-	-	-	Before appointment (Appointed on Mar.2021)	
		Approved	1. Approval of the 22nd financial statements and business report 2. Approval of the introduction of the electronic voting system 3. Approval of appointment of compliance officers 4. Approval of equipment investment 5. Approval of occupational safety and health plans	Approved	Agreed	Agreed	Agreed	Agreed	Agreed		Agreed
2	26.02.2021	Report	1- Report on the evaluation result of the operation status of the internal accounting management system	Reported matters	-	-	-	-	-		-

		Approved	1- Approval of convocation and purpose of the 22nd regular meeting of shareholders	Approved	Agreed	Agreed	Agreed	Agreed	Agreed	Agreed	
3	18.03.2021	Approved	Approval of the amendment of executive officers' personnel management regulations Approval of payment of performance incentives for executive officers Approval of execution of remuneration for directors	Approved	Agreed	Agreed	Before resignation (Resigned on Mar.2021)	Agreed	Agreed	Agreed	Agreed
4	11.05.2021	Report	1- Report on business performance for the Q1 2021	Reported matters	-	-		-	-	-	-
		Approved	Approval of the convening of an extraordinary general meeting of shareholders and the purpose of the meeting Approval of setting the base date and closing period of the shareholder list Approval of establishment of a Japanese corporation Approval of revisions to executive officer personnel management regulations Approval of executive officer personnel Approval of revision of performance incentive standards for executive officers	Approved	Agreed	Agreed		Agreed	Agreed	Agreed	Agreed
5	23.07.2021	Report	1- Report on business performance for the Q2 2021	Reported matters	-	-		-	-	-	-
		Approved	1- Establishment of Finance committee and enactment of operational regulations	Approved	Agreed	Agreed		Agreed	Agreed	Agreed	Agreed
6	22.10.2021	Report	1. Report on business performance for the Q3 2021	Reported matters	-	-		-	-	-	-
		Approved	1. Approval of amendments to operational regulations of the board of directors and regulations of audit committee 2. Approval of amendments to executive officer personnel management regulations 3. Promotion of new business for heat dissipation substrates and acquisition of shares in FJ Composite Materials Co., LTD	Approved	Agreed	Agreed		Agreed	Agreed	Agreed	Agreed
7	15.11.2021	Approved	1. Approval of business plan for 2022 2. Approval of executive officer personnel	Approved	Agreed	Agreed		Agreed	Agreed	Agreed	Agreed

Note 1) Choi Sung-Kwan was reappointed at the 22nd general meeting of shareholders and has a term of three years.

Note) Shin Yeong-Soo, an external director and a member of the audit committee, was re-appointed at the 22nd general meeting of shareholders and has a term of three years.

Note 3) Roh Jin-Seo was appointed at the 22nd general meeting of shareholders and has a term of three years.

Note 4) Jeong Yeon-Chae, non-executive director, resigned at the 22nd general meeting of shareholders

## C. Committee within the BOD

### (1) Composition of committee within the board of directors

Name of committee	Configuration	Name of director	Purpose and authority
Finance committee	2 internal directors	Son Bo-Ik, Choi Sung-Kwan	Deliberation and resolution on matters delegated by the board of directors and daily financial matters

Note 1) The audit committee was excluded according to the standards for preparing the corporate disclosure form.

### (2) Activities of the Committee within the BOD

No.	Date held	Agenda	Passed or not		Name of director	
					Son Bo-Ik	Choi Sung-Kwan
					(Attendance rate: 100%)	(Attendance rate: 100%)
					Agreed or not	
1	09.08.2021	Approved	1. Approval of establishment of Taiwan liaison office	Approved	Agreed	Agreed
2	12.10.2021	Approved	1. Approval for establishment of a workplace	Approved	Agreed	Agreed

## D. Independence of directors

The directors are elected at the general meeting of shareholders, and the candidates for the directors to be elected at the general meeting of shareholders are appointed by the board of directors meeting and submitted to the general meeting shareholders as an agenda. If there is a shareholder's proposal in accordance with the relevant laws regarding the appointment of directors, the board of directors submits it as an agenda to the general meeting of shareholders within the legal scope.

As the total assets as of 31 December 2021 are less than KRW 2 trillion, the Company has no obligation to establish a recommendation committee for external directors. In order to secure fairness and obligation to establish a recommendation committee for external directors.

The six directors elected in accordance with these procedures as of 31 December 2021 are as follows:

Job title	Name	Background of appointment	Recommender	Field of activity (business in charge)	Deal with the Company	Relationship with the largest or major shareholders	Term of office	Consecutive term or not (No. of consecutive terms)
Internal director	Son Bo-Ik	He served as the head of the SIC Center at LG Electronics, as the leading authority in the field of system semiconductors. Based on his abundant experience and competence, he was appointed as the CEO of LX Semicon from 2017 and has excellent capabilities in the overall operation of the Company, such as continuing the Company's growth. Therefore, he was appointed as the internal director.	Board of directors	Board chairman, representative director	Not applicable	Executives of affiliates (LX Semicon)	3 years	Reappointment (1)
Internal director	Choi Sung-Kwan	Since he was appointed CFO in 2018, he has demonstrated excellent capabilities in the overall operation of the Company, and has made a lot of contributions to the profit creation of the Company and shareholders even in the rapidly changing internal and external economic conditions, therefore, he was appointed as the executive director.	Board of directors	CFO, internal accounting manager		Executives of affiliates (LX Semicon)	3 years	Reappointment (1)



Other non-executive director	Roh Jin-Seo	He was appointed as other non-executive director since he has long-standing management and planning experience at LG and LG Electronics, and based on sufficient experience and knowledge in related fields and experience in justice management, he is expected to contribute to development of the Company through his stable performance of his work.	Board of directors	Business for overall management	Executives of affiliates	3 years	-
External director	Wi Kyung-Woo	He is currently a professor at the department of business administration at Sookmyung Women's Uni., and is expected to contribute to the Company's development by providing advice on overall management and a lot of experience from the perspective of a financial expert.	Board of directors	Business for overall management, Chairman of the audit committee	Not applicable	3 years	-
External director	Yoon Il-Go	He is currently working in the department of electronic engineering at Yonsei university, and because of his expertise in the IT industry, he is expected to be able to appropriately serve as an outside director, such as reinforcing decision-making expertise and preparing for the future of LX Semicon.	Board of directors	Business for overall management, audit committee member	Not applicable	3 years	Reappointment (1)
External director	Shin Yeong-Soo	He is a Ph.D. in electronic engineering at Seoul National Uni., and is currently serving as a professor in the department of electronic engineering at KAIST. He was appointed as an outside director because he was judged to be able to contribute to the Company's business development based on his knowledge and experience in the semiconductor business field.	Board of directors	Business for overall management, audit committee member	Not applicable	3 years	Reappointment (1)

Note 1) Choi Sung-Kwan was reappointed at the 22nd general meeting of shareholders and has a term of three years.

Note) Shin Yeong-Soo, an external director and a member of the audit committee, was re-appointed at the 22nd general meeting of shareholders and has a term of three years.

Note 3) Roh Jin-Seo was newly appointed at the 22nd general meeting of shareholders and has a term of three years.

#### ■ Authorities of the board of directors

1) The board of directors decides important corporate issues pursuant to Chapter 5 of the articles of incorporation.

2) The board of directors must review and decide the following issues pursuant to Article 393-2 of the Commercial Act:

- Proposal of issues requiring the approval of the general meeting of shareholders
- Appointment and dismissal of the CEO
- Establishment of the committee and the appointment and dismissal of its members
- Matters determined by the articles of association

#### E. Professionalism of external directors

(1) Job performance support organizations for external directors

- CFO finance/IR team
- Main task: Support for the operation of the board of directors and the performance of duties of external directors
- Team staff: 3 people

Department	No. of staff	Job title (Service years)	Work period	Major activities
Financial team	3	Senior manager (2 years) Staff (3 years) Staff (1 year)	Average 2 years	Pre-explanation of the board agenda for external directors Perform tasks such as support for requests necessary for the performance of external director duties Establishment of external director workshops and seminar training schedules

Note) The number of years of service is calculated based on the number of years of service at the Company.

## (2) Education for external directors

### - Status of education implementation for external directors

Education date	Organizer	Participating independent directors	Reason for absence	Key education details
25.04.2018	LG Management Development Institute Co., Ltd.	Shin Yeong-Soo	-	Activities of the board of directors and major items related to company management
17.04.2019	LG Management Development Institute Co., Ltd.	Wi Kyung-Woo	Education for new external directors	Activities of the board of directors and major items related to company management
10.05.2019	Financial, IR and business management team	Wi Kyung-Woo	Education for new external directors	Major items related to company management
22.08.2019	Financial, IR and lead product planning team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Company's main product presentation

### - Status of workshop implementation of external directors

Date	Organizer	Participating independent directors	Reason for absence	Details
11.02.2020	Finance, Accounting and tax and Integrity management team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Internal audit work plan Matters concerning the independence of external auditors
06.03.2020	Finance, Accounting management and Integrity management team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Evaluation results of the operation status of the internal accounting management system Evaluation result of the internal accounting management system
03.06.2020	Finance, accounting management and Integrity management team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Operation schedule of the internal accounting management system, evaluation plan of the internal accounting management system, and support of the audit committee in 2020
27.01.2021	Finance, Accounting management and Integrity management team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Report on internal audit department business performance and plan; External audit progress and key audit items
26.02.2021	Finance, Accounting management and Integrity management team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Evaluation result of the internal accounting management system, evaluation of internal monitoring system operation status, audit report of audit committee
11.05.2021	Finance, Accounting management and Management improvement team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Operation schedule of the internal accounting management system, evaluation plan of the internal accounting management system, and support of the audit committee in 2021
22.10.2021	Finance, Accounting management and Management improvement team	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Report on internal accounting management system design evaluation results and internal audit department performance

## 2. Matters Pertaining to Audit System

### A. Audit committee

#### (3) The composition of the Audit Committee and inclusion of independent directors

Name	Outside director or not	Career Information	Accounting and financial experts		
			Yes or no	Type of expert	Related career
Wi Kyung-Woo	Yes	BA in Economics, SNU MA in Business Administration and Ph.D. Business Administration, UCLA Professor of Business Administration, Sookmyung Women's Uni. (1997~present) Chairman of Election Management Committee, Korean Finance Association (2006~Current) external director of Mirae Asset Life Insurance (2020~Present)	Yes	Accounting and finance degree holders	BA in Economics, SNU MA in Business Administration and Ph.D. Business Administration, UCLA (Current) Professor of Business Administration, Sookmyung Women's Uni. (1997~present) Chairman of Election Management Committee, Korean Finance Association (2006~Current) external director of Mirae Asset Life Insurance (2020~Present)
Yoon Il-Go	Yes	Bachelor of Electrical and Electronic Engineering, Yonsei Uni., Master of Electrical and Ph.D. Computer Engineering, Georgia Institute of Technology, USA  Georgia Tech Microelectronics Research Center Research Fellow, USA (1997~1999) Senior Researcher, Source Technology Research Division, Electronics and Telecommunications Research Institute (1999~2000) Songdo Campus Coordination Team Leader (2009~2010) Professor of Electrical and Electronic Engineering, Yonsei Uni. College of Engineering (2010~present) Dean of International Engineering College, Yonsei Uni. (2010~2012) Member of the Internationalization Advisory Committee directly under the President of Yonsei Uni. (2012-2014) Vice-Chairman of Industry-Academic Center, Yonsei Uni. (2012-present) Yonsei Uni. Planning Office Vice President (2016~Present)	-	-	-
Shin Yeong-Soo	Yes	BS in Electronic Engineering, Seoul National Uni., MS in Electronic Engineering, Seoul National Uni., Ph.D. in Electronic Engineering, Seoul National Uni. Research Staff Member, IBM T. J. Watson Research Center, Yorktown Heights, NY, USA (2001~2004) Advisory Professor of LG Electronics Future Technology Forum (2011~2014) Professor of KAIST Electrical and Electronic Engineering (2013~Present)	-	-	-

Note) Shin Yeong-Soo, an external director and a member of the audit committee, was re-appointed at the 22nd general meeting of shareholders and has a term of three years.

#### (4) Independence of the members of the Audit Committee

The members of the Audit Committee (three persons) are all independent directors who do not have any reasons for disqualification in accordance with the Commercial Act. They are maintaining their independence and the appointment of the members has been made after a thoroughly review by the board of directors and the final approval by the general meeting of shareholders.

The Company is complying with the procedures set forth in the Commercial Act and other relevant laws. Also, the organization, authority, and the scope of works are clearly stated in the relevant rules in order to carry out the auditory works.

Main contents of election criteria	Whether selection criteria are satisfied	Related laws
Consisting of three directors	Satisfied (3 people)	Article 415-2 (2) of the Commercial Act
Two thirds or more of independent directors as members	Satisfied (all are independent directors)	
One or more members as an accounting or financial expert	Satisfied (Wi Kyung-Woo 1 person)	Article 542-11 (2) of the Commercial Act
Independent director as the representative of the Audit Committee	Satisfied	
Other disqualification requirements (specially related parties with the largest shareholder)	Satisfied (not applicable)	Article 542-11 (3) of the Commercial Act

Audit committee	Background of appointment	Recommender	Deal with the Company	Relationship with the largest or major shareholders
Wi Kyung-Woo	Appointed as a qualified financial and accounting expert	Board of directors	Not applicable	Not applicable
Yoon Il-Go	Appointed as a semiconductor expert, judged as the right person	Board of directors	Not applicable	Not applicable
Shin Yeong-Soo	Appointed as a semiconductor expert, judged as the right person	Board of directors	Not applicable	Not applicable

(5) Activities of the Audit Committee

No.	Date held	Agenda		Agreed or not	External director			Remarks
					Wi Kyung-Woo (attendance rate: 100%)	Yoon Il-Go (attendance rate: 100%)	Shin Yeong-Soo (attendance rate: 100%)	
					Agreed or not			
1	27.01.2021	Report	1.Report on business performance and annual performance for the fourth quarter of 2020 2.Report on the operation status of the internal accounting management system 3.Report of the 22nd financial statements and business report 4.Report on the progress of the audit by an outside auditor	Reported matters	-	-	-	-
		Approved	1.Approval for the Audit compensation, time and labor necessary for the external auditor	Approved	Agreed	Agreed	Agreed	-
2	26.02.2021	Approved	1.Approval of the evaluation report by the Audit Committee on the operation status of the internal accounting management system 2.Approval of the audit committee's evaluation opinion on the operation status of the internal monitoring system 3.Approval of the audit report by the audit committee for financial statements and business reports	Approved	Agreed	Agreed	Agreed	-
3	11.05.2021	Report	1.Report on business performance for the 1st quarter of 2021	Reported matters	-	-	-	-
4	23.07.2021	Report	1.Report on business performance for the 2nd quarter of 2021	Reported matters	-	-	-	-
5	22.10.2021	Report	1.Report on business performance for the 3rd quarter of 2021	Reported matters				

(6) Training implementation for the Audit Committee

Education date	Organizer	Participating audit committee	Reason for absence	Key education details
26.11.2020	Samil PwC	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	The role and responsibility of the Audit Committee due to the contents of changes and responses to the advancement of the internal accounting management system and the expansion of the internal accounting management system.
22.10.2021	Samil PwC	Wi Kyung-Woo, Yoon Il-Goo, Shin Yeong-Soo	-	Review of major issues on internal accounting management system operation status and internal accounting management system certification trend

(7) Status of support organizations for the Audit Committee

Dept. (team) name	No. of employees (persons)	Position (service years)	Major activity details
Financial team	3	1 senior manager, 2 staff (average 2 years)	Support for the operation and job performance of the Audit Committee and Establishment of Audit Committee workshops and seminar training schedules
Management improvement team	3	2 senior managers, 1 junior manager (average 1.5 years)	Support for evaluation of internal accounting management system and exercise of audit authority

Note) The number of years of service is calculated based on the number of years of service at the Company.

## B. Compliance officer

### (1) Personal information of compliance officers, etc. (including major experience)

Name	Date of Birth	Major career	Date of appointment
Lee, Ji-Hyung	Mar. 1985	<ul style="list-style-type: none"> <li>- Bachelor of Electronic Engineering, KAIST</li> <li>- Master of Laws, Ewha Womans Uni. Law School</li> <li>- Master of Laws, Georgetown Uni.</li> <li>- Attorney (Korea, California, USA)</li> <li>- Barun Law Firm (Limited)</li> <li>- Legal team, LG International</li> <li>- Legal team, LG Household &amp; Health Care</li> <li>- Legal team manager, LX Semicon Co., Ltd.</li> </ul>	27 January 2021

Note) The compliance officer Lee Ji-hyung, is a lawyer, and has met the compliance control standards and requirements of a Compliance Officer pursuant to Clause 5 of Article 542-13 of the Commercial Act.

### (2) Major activities and results of the compliance officer

As a result of evaluating the effectiveness of our compliance control standards and checking compliance with them, our compliance control standards have been created and adhered to in accordance with all laws and regulations and control standards for compliance.

Checking on	Main check details	Check results
Always	Ensure that matters specified by the Commercial Act are stipulated in the compliance control standards	Details compliance control standards - Appropriately established in accordance with the requirements of the Commercial Code and standard compliance control criteria.
	Ensure that compliance control systems, procedures, instruments, training and compliance support matters are effectively established	Evaluation and management system of legal risks - Formalizing legal risks and preparing detailed check items by type in progress
		Independent business performance system of compliance support officer - Compliance officers are appointed by the board of directors, and their tenure is guaranteed.
		Sanctions system for violations - Relevant contents are appropriately reflected in the employment rules and disciplinary regulations.
		Compliance check and reporting system - Relevant contents are appropriately reflected in the employment rules and disciplinary regulations.
	Ensure that the categorization of risky actions, compliance check, matters relating to the compliance officer are effectively implemented	Compliance check and reporting system - Preparing to carry out the regular annual compliance check and prepare and operate a process to report to the board of directors.

### (3) Status of support organizations for the compliance officer

Dept. (team) name	No. of employees (persons)	Position (service years)	Major activity details
Legal affairs team	3	1 senior manager, 2 junior managers (average 2 years)	Important matters related to the operation of the compliance control criteria

### 3. Matters Pertaining to General Meeting of Shareholders, etc.

#### A. Voting system

##### (1) Status of voting system

(Based on 31 December 2021)

Type of voting system	Concentrated voting system	Written voting system	Electronic voting system
Introduction	Exclusion	Not introduced	Introduced
Implementation	-	-	22nd (2021) 1st extraordinary general meeting of shareholders

Note 1) The Company implements a voting system by proxy, and the methods of delegation include direct issuance of a written power of attorney, post or fax, posting on the Internet website, etc., and sending it by e-mail.

Note 2) In accordance with Article 382-2 of the Commercial Act, shareholders who own 3% of the total number of issued stocks may request that the directors be appointed by the intensive voting method. The Company does not stipulate matters concerning the written voting system in the articles of incorporation, and the electronic voting system can be implemented by the resolution of the board of directors. It was approved for the implementation of the electronic voting system by the resolution of the first board of directors, which was held on 27 January 2021.

##### (8) Exercise of the right of the minority shareholders

As of the reporting date, there is no relevant information. As of the reporting date, there is no relevant information.

##### (9) Competition over management right

As of the reporting date, there is no relevant information. As of the reporting date, there is no relevant information.

## B. Voting rights

### (1) Status of Voting Rights

(Based on 31 December 2021)

(Unit: shares)

Division	Type of share	Number of shares	Remarks
Total number of shares issued (A)	Common shares	16,264,300	-
	Preferred shares	-	-
Number of shares without voting rights (B)	Common shares	-	-
	Preferred shares	-	-
Number of shares with restricted voting rights based on the Articles of Association laws (C)	Common shares	-	-
	Preferred shares	-	-
Number of shares with restricted voting rights based on other laws (D)	Common shares	-	-
	Preferred shares	-	-
Number of shares with resurrected voting rights (E)	Common shares	-	-
	Preferred shares	-	-
Number of shares with voting rights (F = A - B - C - D + E)	Common shares	16,264,300	-
	Preferred shares	-	-

### (2) Operations for shares

Division	Details
Preemptive rights based on the Articles of Association	<p>① Shareholders have the rights to receive new shares in proportion to the number of shares held by themselves.</p> <p>② Despite Clause 1, the Company may distribute new shares in the event of the following,</p> <ol style="list-style-type: none"> <li>When the Company issues new shares via the general capital increase by public offering based on their solution of the board of directors according to Article 165 6 of the 「Act on Capital Market and Financial Investment」</li> <li>When the Company issues new shares via stock option according to Article 542-3 of the 「Commercial Act」</li> <li>Primary distribution to the members of the Employee Stock Ownership Association within 20% of the total number of shares issued</li> <li>When necessary to achieve the management goals such as the introduction of new technology and improvement of the financial structure according to Article 418 of the Commercial Act</li> <li>In the case of collecting new shares or having the acquirers take over the shares to be listed in the security market or KOSDAQ;</li> <li>When the Company issues new shares for foreigners' investment based on the reasons of management according to the Foreigners Investment Promotion Act</li> <li>When issuing new shares according to the issuance of depository receipts (DR) within 50% of the total number of shares issued</li> </ol> <p>③ The handling of odd lots generated from the allocation of shares and new shares based on the abandonment or loss of preemptive rights shall be Decided based on the resolution of the board of directors.</p> <p>④ Pursuant to Section 2, in the event one other than a shareholder assigns a new stock, he/she shall notify the shareholder at least two weeks prior to the date of payment the provisions prescribed in Sections 1,2 and 2(2), 3 and 4 of Article 416 of the Commercial Act.</p>
Settlement date	31 December
Regular general meeting of shareholders	Within three months after the closing of each business year
Period closing the shareholders' list	1 January ~ 7 January, every year (the closing date of the shareholders' list: 31 December, every year)
Type of shares	One share, 5 share, 10 share, 50 share, 100 share, 500 share, 1000 share, and 10,000 share certificates (8 types)
Transfer agent	The Korea Securities Depository / Busan International Finance Center (BIFC), 40, Munhyeon Geumyung Road, Nam gu, Busan, Korea / (Tel) +82 51 519 1500
Public notices	The Company's public announcement is posted at its website (www.lxsemicon.com). When network glitches or other unavoidable factors prevent the posting at its Website, the Company makes notices at the Maeil Economic Daily published in Seoul.



(3) Summary of minutes of general meeting of shareholders

Date	Agenda	Resolution
2021 1st extraordinary general meeting of shareholders (25 June 2021)	1. Approval of amendment to the articles of incorporation	Approved
22nd Regular general meeting of shareholders (18 March 2021)	Approval of the 22nd consolidated financial statements and financial statements Approval of amendment to the articles of incorporation Appointment of directors Election of internal director Choi Sung-Kwan Election of other non-executive director Roh Jin-Seo Appointment of members of the Audit Committee (external director Shin Young-Soo) Approval of limit of remuneration for directors	Approved
21st Regular general meeting of shareholders (26 March 2020)	Approval of the 21st consolidated financial statements and financial statements Appointment of directors Election of internal director Son Bo-Ik Election of internal director Yoon Il-Goo Appointment of members of the Audit Committee (external director Yoon Il-Goo) Approval of limit of remuneration for directors	Approved
20th Regular general meeting of shareholders (15 March 2019)	Approval of the 20st consolidated financial statements and financial statements Approval of amendment to the articles of incorporation Appointment of directors Election of other non-executive director Jeong Yeon-Chae Election of external director Wi Kyung-Woo Appointment of members of the Audit Committee (external director Wi Kyung-Woo) Approval of limit of remuneration for directors Approval of the regulation for the payment of executive retirement pay	Approved

## VII. Shareholders

### 1. Shareholding of the Largest Shareholder and its Special Interest Parties

#### A. Shareholding of the Largest Shareholder and its Special Interest Parties

(Based on 31 December 2021)

(Unit: shares, %)

Name	Relation	Type of share	Number of shares owned and the stake				Remarks
			At the beginning		At the end		
			Number of shares	Ratio	Number of shares	Ratio	
LX Holdings Co., Ltd.	Largest shareholder	Common shares	0	0.00	5,380,524	33.08	-
Son Bo-Ik	Executive	Common shares	1,826	0.01	2,600	0.02	-
Choi Sung-Kwan	Executive	Common shares	0	0.00	1,600	0.01	-
Total amount		Common shares	1,826	0.01	5,384,724	33.11	-
		-	-	-	-	-	-

Note 1) Please refer to “VIII. Executives and Employees” for more details on change in management.

Note 2) LX Holdings Co., Ltd., the largest shareholder of the Company, was established through a spin-off from LG Corp. with the date of the spin-off on 1 May 2021.

#### B. Important issues related to the largest shareholder

##### (1) Basic information of the largest shareholder

Name	Number of investors	CEO (Representative member)		Business executive (Business executive member)		Largest shareholder (The largest investor)	
		Name	Stake (%)	Name	Stake (%)	Name	Stake (%)
LX Holdings Co., Ltd.	78,809	Koo Bon-Joon	20.37	-	-	Koo Bon-Joon	20.37
		Song Chi-Ho	-	-	-	-	-

Note 1) Stake is based on common shares.

Note 2) The above stake is Based on 31 December 2021 is the closing date of the shareholder list of LX Holdings Co., Ltd.

[Changes of representative directors, business executives, and largest shareholder of corporations or groups]

Date of change	CEO (Representative member)		Business executive (Business executive member)		Largest shareholder (The largest investor)	
	Name	Stake (%)	Name	Stake (%)	Name	Stake (%)
03.05.2021	Koo Bon-Joon	7.72	-	-	Koo Kwang-Mo	15.95
03.05.2021	Song Chi-Ho	-	-	-	-	-
13.12.2021	Koo Bon-Joon	40.04	-	-	Koo Bon-Joon	40.04
24.12.2021	Koo Bon-Joon	20.37	-	-	Koo Bon-Joon	20.37

Note 1) New CEO Koo Bon-Joon and Song Chi-Ho were appointed by the board of directors on 3 May 2021.

Note 2) Stake is based on common shares.

## (2) Financial status of the largest shareholder

(Unit: KRW million)

Division	
Name of corporation or organization	LX Holdings Co., Ltd.
Total assets	1,398,205
Total liabilities	26,123
Total equities	1,372,082
Sales	129,921
Operating profit	103,667
Net income	101,121

Note 1) LX Holdings Co., Ltd. has been newly established for the year ended 31 December 2021, and the financial status as of the end of the half-year (30 June 2021) is described.

Note 2) For the financial status as of the end of September 2021, refer to the quarterly report of LX Holdings Co., Ltd. to be disclosed within November 2021.

## (3) Major contents that may affect the stability of the Company's business including business status

LX Holdings Co., Ltd., the largest shareholder of the Company, was established through a spin-off from LG Corp. with the date of the spin-off on 1 May 2021. LX Holdings Co., Ltd. is a holding company that controls all business contents through stock ownership of LX International Co., Ltd., LX Hausys Co., Ltd., LX Semicon Co., Ltd., and LX MMA Co., Ltd. All operating income of LX Holdings Co., Ltd. consists of equity method income.

## 2. Changes to the largest shareholder

### Details for changes to the largest shareholder

(Based on 31 December 2021)

(Unit: shares, %)

Date of change	Name of the largest shareholder	Number of shares owned	Ratio	Reason for change	Remarks
03.05.2021	LX Holdings Co., Ltd.	5,384,724	33.11	Shares succession due to spin-off of LG Corp.	-

Note 1) The largest shareholder changed from LG Corp. to LX Holdings Co., Ltd. according to the spin-off of LG Co., Ltd., which was the prior largest shareholder. (Registered on 3 May 2021)

Note 2) The number of shares and ownership ratio above are the sum of the shares owned by the largest shareholder and specially related persons at the time of the change of the largest shareholder.

## 3. Distribution of Shares

### - Status of shares held

(Based on 31 December 2021)

(Unit: shares)

Division	Name of shareholders	Number of shares owned	Ratio (%)	Remarks
5% or higher shareholders	LX Holdings Co., Ltd.	5,380,524	33.08	-
	-	-	-	-
Employee stock ownership association		5,506	0.03	-

Note) The number of shares owned and the share ratio are as of 26 May 2021, the date of the recent closing of the shareholders' list.

### - Status of minority shareholder

(Based on 31 December 2021)

(Unit: shares)

Division	Shareholders			Shares hold			Remarks
	Minority shareholders	Total shareholders	Stake (%)	Minority shares	Total number of shares issued	Stake (%)	
Minority shareholders	33,969	33,978	99.97	9,562,460	16,264,300	58.79	

Note 1) Shareholders having shares under 1/100 of the total shares issued.

Note 2) Date of the recent closing of the shareholders' list as of 26 May 2021

## 4. Share Price and Share Trading

### A. Domestic share market

(Unit: KRW, shares)

Types			Year 2021					
			Sep.	Aug.	Jul.	Jun.	May	Apr.
LX Semicon Common shares	Share price	Maximum	167,300	119,000	111,100	121,600	126,700	126,400
		Minimum	108,600	107,000	94,000	101,200	109,500	113,300
		Average	149,095	113,995	104,274	113,121	118,262	119,568
	Volume of transaction	Maximum (days)	2,506,661	483,436	401,215	545,465	685,737	494,524
		Minimum (days)	108,648	73,756	107,406	112,184	135,944	116,187
		Monthly	13,340,855	4,021,631	4,303,940	5,264,217	5,275,454	4,664,434

※ The highest and lowest share prices and trading volume are based on the closing price and daily trading volume of the day.

### B. Overseas share market

As of the reporting date, there is no relevant information. As of the reporting date, there is no relevant information.

## VIII. Executives and Employees

### 1. Status of Executives and Employees

#### A. Status of executives

(Based on 31 December 2021)

(Unit: shares)

Name	Sex	DOB	Position	Registered or not	Full time or not	Responsibilities	Major career	No. of shares owned		Relationship with the largest shareholder	Service period	Term expiration date
								Shares with voting rights	Shares without voting rights			
Son Bo-Ik	M	Sep. 1961	Representative Director	Registered director	Regular	Chairman of the board of directors, representative director	MIT (MA) CTO SIC Center Director, LG Electronics Co., Ltd.	2,600	-	Registered director of affiliates (LX Semicon)	01.12.16 ~present	25.03.2023
Choi Sung-Kwan	M	Feb. 1973	Internal director	Registered director	Regular	CFO, internal accounting manager	Dept. of Business Administration, Yonsei Uni. General manager of Finance Team, LG Co., Ltd.	1,600	-	Registered director of affiliates (LX Semicon)	01.01.18 ~present	17.03.2024
Roh, Jin-Seo	M	Sep. 1968	Other non-executive director	Registered director	Non-regular	Business for overall management	MIT (MA) Strategy division of LG Electronics Co., Ltd.			Unregistered director of affiliates (LG Electronics Co., Ltd.)	18.03.21 ~present	17.03.2024
Wi Kyung-Woo	M	Jul. 1962	External director	Registered director	Non-regular	Business for overall management, the chairman of Audit Committee	Business Administration (Ph.D), UCLA Professor of Business Administration, Sookmyung Women's Uni.	-	-	Not applicable	15.03.19 ~present	14.03.2022
Yoon Il-Goo	M	Jun. 1967	External director	Registered director	Non-regular	Business for overall management, member of Audit Committee	Georgia Tech (Ph.D) Professor of Electrical and Electronic Engineering, Yonsei Uni.	-	-	Not applicable	17.03.17~present	25.03.2023
Shin Yeong-Soo	M	Aug. 1967	External director	Registered director	Non-regular	Business for overall management, member of Audit Committee	PhD. Dept. of Electronic Engineering, Seoul National Uni. Professor, Dept. of Electrical and Electronics Engineering, KAIST	-	-	Not applicable	16.03.18 ~present	17.03.2024
Koo Bon-Joon	M	Dec. 1951	Chairman	Unregistered director	Regular	Business for overall management	Business Administrative, Uni. of Chicago (MA) Vice chairman of LG Corp.	-	-	Registered director of affiliates	11.05.21 ~present	-
Na Joon-ho	M	Sep. 1968	Managing director	Unregistered director	Regular	Product planning and research and development	Dept. of Electronic Engineering (MA), Inha Uni. LG Semiconductor	20,636	-	Unregistered director of affiliates	01.01.19 ~present	-
Lee Jae-Deok	M	Jun. 1962	Managing director	Unregistered director	Regular	R&D	Yonsei Uni. Dept. of Physics (PhD) LG Electronics Co., Ltd. SIC Center DIC Business Team	500	-	Unregistered director of affiliates	03.01.21~present	-
Go Dae-Hyeop	M	Sep. 1965	Director	Unregistered director	Regular	Product planning and research and development	Seoul National Uni. Dept. of Electronic Engineering (MA) LG Electronics Co., Ltd. SIC Center DTV SoC development director	-	-	Unregistered director of affiliates	31.07.17 ~present	-
Hong Min-Seok	M	Jul. 1969	Director	Unregistered director	Regular	CHO	Cornell Univ. MILR (MA) LG Electronics	1,800	-	Unregistered director of affiliates	01.12.18 ~present	-
Na Young-Sun	M	May 1971	Director	Unregistered director	Regular	R&D	Hanyang Uni. Dept. of Electrical and Computer Engineering (PhD) LG Electronics Co., Ltd. SIC Center DIC business team	527	-	Unregistered director of affiliates	01.07.15 ~present	-
Woo Young-Jin	M	Feb. 1977	Director	Unregistered director	Regular	R&D	KAIST Dept. of Electrical and Electronics Engineering (PhD) Korea Advanced Institute of Science and Technology	-	-	Unregistered director of affiliates	10.02.11 ~present	-
Jeon Hyeon-Gyu	M	Feb. 1971	Director	Unregistered director	Regular	R&D	KAIST, Dept. of Electrical and Electronics Engineering (PhD) Korea Advanced Institute of Science and Technology	20,691	-	Unregistered director of affiliates	01.09.03 ~present	-

Jang Jae-Ryang	M	Jan. 1964	Director	Unregistered director	Regular	Quality Management	KAIST, Techno management major (MA) LG Electronics Co., Ltd., SIC center business support department head	-	-	Unregistered director of affiliates	15.02.16 ~present	-
Kim Eon-Young	M	May. 1968	Director	Unregistered director	Regular	Head of Manufacturing Control Group	Kumoh National Institute of Technology, Dept. of Electronic Engineering (BA) LG semiconductors	-	-	Unregistered director of affiliates	15.11.99~present	-
Hwang Gyung-Ha	M	Jun. 1971	Director	Unregistered director	Regular	Operation/Marketing Strategy	Sogang Uni. Business Administration (BA) LG Electronics Co., Ltd.	-	-	Unregistered director of affiliates	02.03.17 ~present	-
Jeong Yong-Ik	M	Feb. 1975	Director	Unregistered director	Regular	R&D	Korea Uni., Dept. of Electronic Engineering (MA) Magna Chip Semiconductor	-	-	Unregistered director of affiliates	01.06.06~present	-
Lee Ji-Won	F	Nov. 1976	Senior Researcher (director)	Unregistered director	Regular	R&D	Sogang Uni., Dept. of Electronic Engineering (Ph.D.) LG Electronics Co., Ltd.	200	-	Unregistered director of affiliates	12.08.19~present	-
Lee Min-Ho	M	Feb. 1973	Director	Unregistered director	Regular	R&D	Hanyang Uni., Dept. of Electronic Engineering (MA), LG Electronics Co., Ltd.	-	-	Unregistered director of affiliates	17.04.17 ~presnet	-
Kim Gi-Sang	M	Aug. 1968	Director	Unregistered director	Regular	Head of sales group	KAIST, Executive MBA (MA) LG Display Co., Ltd.	-	-	Unregistered director of affiliates	01.12.19 ~presnet	-
Sagong Young-Jae	M	Jan. 1969	Director	Unregistered director	Regular	SCM manager	Aalto Univ. MBA (MA) LG Electronics Co., Ltd.	-	-	Unregistered director of affiliates	17.04.17 ~presnet	-
Han Young-Soo	M	Sep. 1971	Director	Unregistered director	Regular	Business strategy manager	KAIST, Dept. Materials Science and Technology (Ph.D.) LG Corp.	-	-	Unregistered director of affiliates	17.04.17 ~presnet	-

Note 1) The number of shares owned includes allocations of shares under the employee stock ownership plan to unregistered executives (NA Joon-Ho, Jeon Hyeon-Gyu).

Note 2) Choi Sung-Kwan is the internal director of Advanced Power Device Technology Co., Ltd.

Note 3) Jeon Hyeon-Gyu also serves the director of Advanced Power Device Technology Co., Ltd.

Note 4) Non-executive director Roh Jin-Seo concurrently serves as the vice president of LX Holdings Co., Ltd.

Note 5) Non-executive director Jeong Yeon-Chae resigned on 18 March 2021.

Note 6) Director Lee Min-ho, Director Kim Gi-Sang, Director Sagong YoungJae, and Director Han Young-soo have been newly appointed on 1 January 2022, respectively.

## B. Status of employees

(Based on 31 December 2021)

(Unit: KRW million)

Employees										Non-affiliated worker			Remarks
Business sector	Gender	Number of employees					Average service years	Total annual salary	Average salary per person	Male	Female	Total amount	
		Employees without defined term		Term based employees		Total amount							
		Total	(Short term employees)	Total	(Short term employees)								
Total	Male	1,008	0	21	11	1,029	4.84	80,369	78	17	25	42	-
Total	Female	229	0	14	9	243	3.33	12,292	51				-
Total amount		1,237	0	35	20	1,272	4.56	92,661	73				-

## Status of remuneration for non-registered executives

(Based on 31 December 2021)

(Unit: KRW million)

Division	Number of persons	Total annual salary	Average salary per person	Remarks
Unregistered director	13	5,240	403	-

Note 1) The number of people is based on the reporting date.

Note 2) The total amount of remuneration is the sum of remuneration received in the current business year.

## 2. Remuneration to Executives

<Remuneration to all directors and auditors>

### A. Amount approved by shareholders' meeting

(Unit: KRW million)

Division	Number of persons	Amount approved by shareholders' meeting	Remarks
Registered director	3	-	The approval amount of the shareholders' meeting is based on the sum of registered executives.
External director	-	-	The approval amount of the shareholders' meeting is based on the sum of registered executives.
Members of the Audit Committee or auditor	3	-	The approval amount of the shareholders' meeting is based on the sum of registered executives.
Total amount	6	3,000	-

Note) Since the Company pays directors' remuneration pay based on the "executive remuneration pay provisions" that have been resolved at the general meeting of shareholders in accordance with Article 38 of the Articles of Incorporation, severance pay is not included in the compensation limit approved by the general meeting of shareholders.

### B. Amount of remuneration

(1) All directors and auditors

(Unit: KRW million)

Number of persons	Total amount	Average per capita remuneration	Remarks
5	2,088	418	-

Note) Other non-executive directors (Roh Jin-Seo) are excluded from the number of people.



## (2) Types

(Unit: KRW million)

Division	Number of persons	Total amount	Average per capita remuneration	Remarks
Registered director (Excluding external directors and members of the Audit Committee)	2	1,872	936	-
External directors (excluding members of the Audit Committee)	-	-	-	-
Members of the Audit Committee	3	216	72	-
Auditors	-	-	-	-

Note1) The number of people is based on the reporting date.

Note2) The total amount of remunerations is based on the income on the Income Tax Act, which has been paid under the qualification of the registered executive by the serving or resigned registered directors, external directors and members of the Audit Committee pursuant to the provisions of Article 159 of the Capital Market and Financial Investment Services Act and Article 168 of the Enforcement Decree of the same Act.

Note 3) The average amount paid per member of the Audit Committee was calculated by dividing the total remuneration by the number of people (3).

Note4) Other non-executive directors (Roh Jin-Seo) are excluded from the number of people.

### <Individual remuneration status of directors and auditors who paid KRW 500 million or more>

#### A. Individual remuneration amount

(Unit: KRW million)

Name	Position	Total amount	Remuneration not included in the total remuneration
Son Bo-Ik	President	1,374	-

#### B. Calculation criteria and method

(Unit: KRW million)

Name	Type of remuneration	Total	Calculation criteria and method
Son Bo-Ik	Earned income	Salaries	968
		Bonuses	404
		Profit from exercise of stock option	-
		Other earned income	2
		Severance income	-
		Other income	-

<Remuneration status of the top 5 individuals among the remuneration payments of 500 million or more>

A. Individual remuneration amount

(Unit: KRW million)

Name	Position	Total amount	Remuneration not included in the total remuneration
Son Bo-Ik	President	1,374	-
Koo Bon-Joon	CEO	717	-
NA Joon-Ho	Executive director	640	-
Go Dae-Hyeop	Managing director	516	-

B. Calculation criteria and method

(Unit: KRW million)

Name	Type of remuneration	Total	Calculation criteria and method
Son Bo-Ik	Earned income	Salaries	968 1. Basic salary Considering the executive remuneration regulations determined by the board of directors, the basic salary is determined by considering the position, etc., and about KRW 60.9 million from January to March and KRW 62.4 million from April to December is paid monthly. 2. Remuneration by the position - Considering the importance of duties and roles, about KRW 18.3 million from January to March and about KRW 18.7 million from April to December are paid monthly.
		Bonuses	404 It is decided by the board of directors based on performance evaluation in accordance with the special bonus provisions among executive remuneration regulations. It is paid within 0%~150% of annual salary by evaluating non-metric indicators such as quantitative indicators consisting of sales and operating profit of the previous year, evaluation of core tasks, and mid-to-long-term key tasks for future preparation. regarding the metrics, considering the facts that, the sales increased by 34% from KRW 867.1 billion in 2019 to KRW 1161.9 billion in 2020, and operating profit increased 99.2% from the previous year from KRW 47.3 billion in 2019 to KRW 94.2 billion in 2020, and increased 88.3% compared to the previous year from 38.5 billion in 2020 to 72.5 billion in 2020, and in relation to non-metric indicators, internal control-related accidents do not occur at all, so that the company's internal controls work smoothly so that compliance management and ethical management culture can be spread, and considering the facts that, in relation to non-metric indicators, internal control-related accidents do not occur at all, so that the company's internal controls work smoothly so that compliance management and ethical management culture can be spread, and that the Company demonstrated leadership to achieve the company's management goals, a bonus of KRW 403.7 million was calculated and paid.
		Profit from exercise of stock option	-
		Other earned income	2 Paid as welfare benefits, etc. by internal regulations
		Severance income	-
		Other income	-
Koo Bon-Joon	Earned income	Salaries	717 1. Basic salary - Considering the executive remuneration regulations determined by the board of directors, the basic salary is determined by considering the position million from January to March and KRW 89.6 million from May to December is paid monthly.
		Bonuses	-
		Profit from exercise of stock option	-
		Other earned income	-
		Severance income	-
		Other income	-
NA Joon-Ho	Earned income	Salaries	397 1. Basic salary Considering the executive remuneration regulations determined by the board of directors, the basic salary is determined by considering the position, etc., and about KRW 29.6 million from January to March and KRW 30.3 million from April to December is paid monthly. 2. Remuneration by the position - Considering the importance of duties and roles, about KRW 2.9 million from January to December are paid monthly.
		Bonuses	228 It is decided by the board of directors based on performance evaluation in accordance with the special bonus provisions among executive remuneration regulations. It is paid within 0%~150% of annual salary by evaluating non-metric indicators such as quantitative indicators consisting of sales and operating profit of the previous year, evaluation of core tasks, and mid-to-long-term key tasks for future preparation. regarding the metrics, considering the facts that, the sales increased by 34% from KRW 867.1 billion in 2019 to KRW 1161.9 billion in 2020, and operating profit increased 99.2% from the previous year from KRW 47.3 billion in 2019 to KRW 94.2 billion in 2020,

				and increased 88.3% compared to the previous year from 38.5 billion in 2020 to 72.5 billion in 2020, and in relation to non-metric indicators, internal control-related accidents do not occur at all, so that the company's internal controls work smoothly so that compliance management and ethical management culture can be spread, and considering the facts that, in relation to non-metric indicators, internal control-related accidents do not occur at all, so that the company's internal controls work smoothly so that compliance management and ethical management culture can be spread, and that the Company demonstrated leadership to achieve the company's management goals, a bonus of KRW 227.5 million was calculated and paid.
		Profit from exercise of stock option	-	-
		Other earned income	15	Paid as welfare benefits, etc. by internal regulations
		Severance income	-	-
		Other income	-	-
Go Dae-Hyeop	Earned income	Salaries	310	1. Basic salary Considering the executive remuneration regulations determined by the board of directors, the basic salary is determined by considering the position, etc., and about KRW 22.5 million from January to March and KRW 23.1 million from April to December is paid monthly.  2. Remuneration by the position - Considering the importance of duties and roles, about KRW 2.9 million from January to December are paid monthly.
		Bonuses	203	It is decided by the board of directors based on performance evaluation in accordance with the special bonus provisions among executive remuneration regulations. It is paid within 0%~150% of annual salary by evaluating non-metric indicators such as quantitative indicators consisting of sales and operating profit of the previous year, evaluation of core tasks, and mid-to-long-term key tasks for future preparation. regarding the metrics, considering the facts that, the sales increased by 34% from KRW 867.1 billion in 2019 to KRW 1161.9 billion in 2020, and operating profit increased 99.2% from the previous year from KRW 47.3 billion in 2019 to KRW 94.2 billion in 2020, and increased 88.3% compared to the previous year from 38.5 billion in 2020 to 72.5 billion in 2020, and in relation to non-metric indicators, internal control-related accidents do not occur at all, so that the company's internal controls work smoothly so that compliance management and ethical management culture can be spread, and considering the facts that, in relation to non-metric indicators, internal control-related accidents do not occur at all, so that the company's internal controls work smoothly so that compliance management and ethical management culture can be spread, and that the Company demonstrated leadership to achieve the company's management goals, a bonus of KRW 203.3 million was calculated and paid.
		Profit from exercise of stock option	-	-
		Other earned income	3	Paid as welfare benefits, etc. by internal regulations
		Severance income	-	-
		Other income	-	-

## IX. Affiliates

## 5. Name of the relevant corporate group and names of affiliates

Name of corporate group: LG affiliates

Name of the affiliate: LX Semicon

- Corporate Registration No.: 160111-0089395
- Business Registration No.: 314-81-29147

### A. Status of affiliates (summary)

(Based on 31 December 2021)

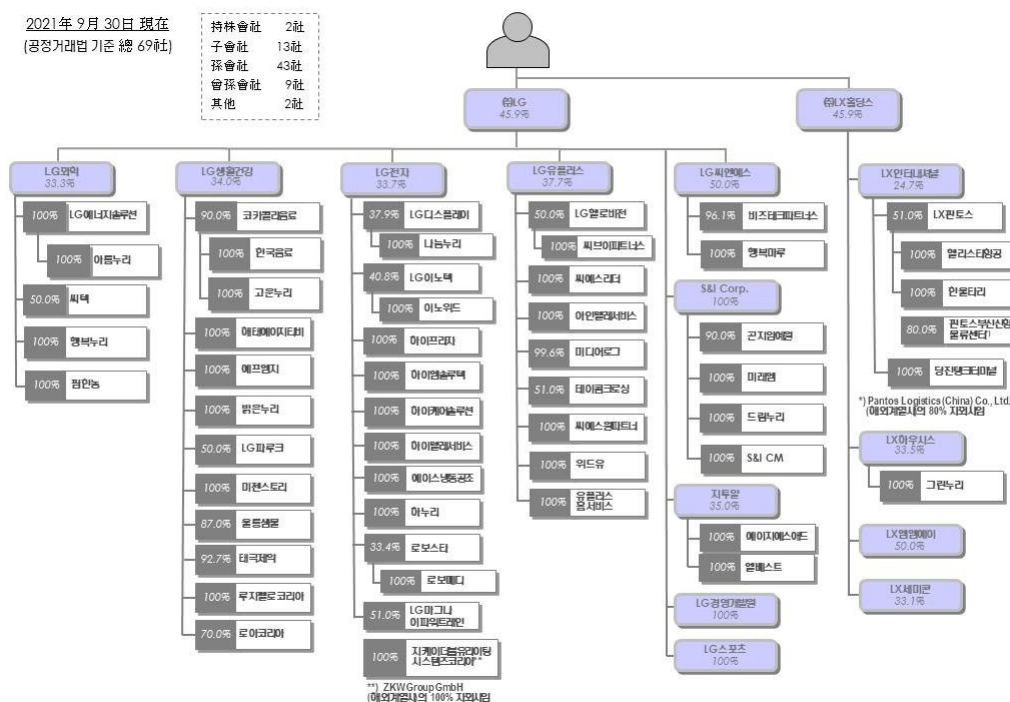
(Unit: companies)

Name of corporate group:	Number of affiliates		
	Listed	Unlisted	Total amount
LG affiliates	14	57	71

※ Refer to 'Table-2. Status of affiliates (detailed)'.

Note) For details of status of investment in other companies, refer to ‘2. Status (detailed) of investment in other companies in XII. Detailed Table.

## 6. Diagram to identify the control, dependence and investment among affiliates



## 7. Name of companies and details among the affiliates, which directly or indirectly affects the management of the Company

Company name	Details
LX Holdings Co., Ltd.	Holding company

## 8. Status of additional positions between the Company and the affiliates

[Based on 31 December 2021]

Name	Job title	Status of additional positions		
		Company name	Position	Regular or not
Roh Jin-Seo	Other non-executive director	LX Hausys Co., Ltd.	Other non-executive director	Non-regular
		LX MMA Co., Ltd.	Other non-executive director	Non-regular

## 9. Status of investment in other companies (summary)

(Based on 31 December 2021)

(Unit: KRW million)

Purpose of investment	Number of investment company			Total investment amount			
	Listed	Unlisted	Total amount	Beginning carrying amount	Increase(decrease)		Ending carrying amount
					Acquisition (disposition)	Assessed profit and loss	
Management participation	-	4	4	6,726	317	-	7,043
General investment	-	1	1	-	6,836	-	6,836
Simple investment	-	1	1	0	-	-	0
Total amount	-	6	6	6,726	7,153	-	13,879

※ Refer to 'Table-3. Status (detailed) of investment in other companies'

Note) For details of status of investment in other companies, refer to '3. Status (detailed) of investment in other companies in XII. Detailed Table.

## X. Transactions with Large Shareholders

### 1. Credit granting to large shareholders

As of the reporting date, there is no relevant information. As of the reporting date, there is no relevant information.

### 2. Transfer or succession of assets to or from large shareholders

(Unit: KRW million)

Contracting party	Relationship	Transaction type	Date	Purpose	Object	Amount	Remarks
LG Innotek Co., Ltd.	Affiliate	Acquisition of assets from related parties	Aug.2021~Oct.2021	EPI equipment purchase	Tangible and intangible assets and others	1,500	Enforcement after internal reporting
LG Chemicals Co., Ltd.	Affiliate	Acquisition of shares and assets from related parties	25.11.2021	Promotion of new business to strengthen business competitiveness	Tangible and intangible assets	164	Approved by BOD on 22.10.2021
					Equity securities (FJ Composite Materials Co.,LTD)	6,836	

### 3. Operational transactions with large shareholders

[Based on 31 December 2021]  
million)

(Unit: KRW

Company name	Relationship	Transaction type	Period	Details	Amount
LG Display (Guangzhou) Co., Ltd.	Affiliate	Sales and purchases	01.01.2021~31.12.2021	Products and others	452,334
LG Display Vietnam Haiphong Co. Ltd.	Affiliate	Sales and purchases	01.01.2021~31.12.2021	Products and others	355,227
LG Display Co., Ltd.	Affiliate	Sales and purchases	01.01.2021~31.12.2021	Products and others	445,205

Note) For details, refer to 'III. Financial Matters, 5. Notes on Financial Statements, 36. Related parties.

### 4. Transactions with stakeholders other than major shareholders

As of the reporting date, there is no relevant information. As of the reporting date, there is no relevant information.

## XI. Other Matters Necessary for the Protection of Investors

### 1. Progress and Change Status of Disclosure

<Progress and change status of disclosure>

As of the reporting date, there is no relevant information.

### 2. Matters Pertaining to Contingent Liabilities

<Important Litigations>

As of 31 December 2021, it is judged that there are no significant litigation cases that could have a significant impact on the Company's business as a lawsuit has been filed against the Company's property.

<Status of promissory note, notes and checks as collateral>

(Based on 31 December 2021)

(Unit: sheets, KRW million)

Submitted to	Sheets	Amount	Remarks
Bank	-	-	-
Financial institution (Except for banks)	-	-	-
Incorporated entity	-	-	-
Others (individual)	-	-	-

<Status of debt guarantees and debt acceptance agreements, other contingent liabilities, etc.>

As of the reporting date, there is no relevant information. As of the reporting date, there is no relevant information.

### 3. Matters Pertaining to Sanctions

<Status of sanctions>

There is no case of any violation against domestic and/or international financial and tax obligations from laws and regulations such as the Commercial Act, Capital Market Act, External Audit Act, Fair Trade Act.

<Sanctions from the Korea Exchange, etc.>

As of the reporting date, there is no relevant information. As of the reporting date, there is no relevant information.

<Matters pertaining to the occurrence and return of profits from short-term trading>

As of the reporting date, there is no relevant information. As of the reporting date, there is no relevant information.

### 4. Other Matters Such as Significant Incidents after the Basic Date for Preparation

<Significant incidents after the basic date for preparation>

The Company received approval from LG Chem through a resolution of the board of directors on 22 October to acquire a stake in FJ Composite Materials Co., LTD and related tangible and intangible assets for 7 billion to promote new business.

<Use of direct financed funds>

As of the reporting date, there is no relevant information. As of the reporting date, there is no relevant information.

<Information after merger>

#### A. General matters

Division	Details
Transferred date	01 July 2018
Transfer amount	48 billion
Company name	LG Electronics Co., Ltd.
Representative director	Jeong Do-Hyun
Address of head office	LG Twin Tower, 128, Yeoui Road, □ Yeongdeungpo gu, Seoul
Background of business transfer	Total solution construction for system semiconductors for OLED TV
Legal form	Business transfer



Specific details	Acquired all assets and manpower related to OLED TV T-Con chip business for 48 billion
Key schedule	Date of contract (date of resolution of the board of directors): 29.05.2018

Note) The difference in the working capital between the valuation time and the acquisition time was settled, and the final acquisition amount was changed from 48.0 billion to 46.1 billion.

## B. Comparison table of financial matters before and after business transfer

\* Mergers, etc. (mergers, important business/asset transfers, comprehensive exchange and transfer of shares and division)

(Unit: KRW million)

Applicable company	Items	Forecast		Performance				Remarks
		1st year	2nd year	1st year		2nd year		
				Performance	Difference rate	Performance	Difference rate	
LG Electronics Co., Ltd.	Sales	16,209	38,766	19,698	-22	38,210	1	-
	Operating profit	1,888	4,755	1,622	14	3,152	34	-
	Net income	947	2,636	748	21	2,589	2	-

Note 1) The first year is 1 July 2018 (from the date of transfer) to 31 December 2018, and the second year is 2019.

Note2) Difference rate: (Forecast-Performance)/Forecast, which is the units described in the table above are %.

Note3) Reason for the difference ratio of over 10%

- Sales increased due to increased customer demand compared to the business environment predicted at the time of acquisition, but operating profit decreased due to increased development expenses.

## XII. Detailed Table

### 1. Status of Consolidated Subsidiaries (Detailed)

(Unit: KRW million)

Company name	Foundation	Address	Main businesses	Total asset at the end of the recent year	Basis of controlling relationship	Whether it is major subsidiary
LX Semicon U.S.A., Inc	15.10.2012	2952 BUNKER HILL LN #101 SANTA CLARA, CA 95054	Sales support, etc.	841	Control over the investee (paragraph 5 to 18 of K IFRS 1110 consolidated financial statements)	Not applicable
Silicon Works China Co., Ltd.	3.3.2017	Room 609 Zhongchen Building No-1 Lizezhong 2Road, Wangjing Chaoyangqu, Beijing, 100102, China	Sales support, etc.	5,697	Control over the investee (paragraph 5 to 18 of K IFRS 1110 consolidated financial statements)	Not applicable
LX Semicon Japan Co., Ltd.	3.9.2021	Tokyo Sankei Building 25F, 1-7-2, Otemachi, Chiyoda-ku, Tokyo, 100-0004, Japan	Sales support, etc.	317	Control over the investee (paragraph 5 to 18 of K IFRS 1110 consolidated financial statements)	Not applicable

Note 1) The total assets of LX Semicon U.S.A., Inc, LX Semicon China Co., Ltd. and LX Semicon Japan Co., Ltd. at the end of the business year are based on as of 31 December 2021.

Note 2) SILICON WORKS, INC. (USA), a subsidiary of the Group, changed its name to LX Semicon U.S.A., Inc. on 16 July 2021.

Note 3) Silicon Works China Co., Ltd., a subsidiary of the Group, has been changed its name to LX Semicon China Co., Ltd. on 27 December 2021.

### 2. Status of Affiliates (Detailed)

#### ① Domestic corporations

(Based on 31 December 2021)

(Unit: companies)

Listed or not	No. of Companies	Company name	Business Reg. No.
Listed	14	LG Corp.	110111-0003543
		LX Holdings Co., Ltd.	110111-7875359
		LG Electronics Co., Ltd.	110111-2487050
		LX International Co., Ltd.	110111-0004632
		LG Chemicals Co., Ltd.	110111-2207995
		LG Life & Health Co., Ltd.	110111-2208000
		LG Display Co., Ltd.	110111-0393134
		LG U Plus Co., Ltd.	110111-1296676
		LG Innotek Co., Ltd.	110111-0192180
		GIIR Corporation	110111-0375398
		LG Hausys Co., Ltd.	110111-4071207
		LX Semicon Co., Ltd.	160111-0089395
		Robostar Co., Ltd.	110111-1655393
		LG HelloVision Co., Ltd.	110111-1144297

		LG CNS Co., Ltd.	110111-0516695
Unlisted	57	LG Sports Co., Ltd.	110111-0359300
		LG Institute of Management Development Co., Ltd.	110111-0423494
		LX MMA Co., Ltd.	206211-0001805
		Media Log Co., Ltd.	110111-1905441
		Dacom Crossing Co., Ltd.	110111-2234683
		S&I Corporation Co., Ltd.	110111-2411520
		Hiplaza Co., Ltd.	131111-0028801
		Seetech Co., Ltd.	110111-0589171
		CS Leader Co., Ltd.	110111-2271924
		A-in Teleservice Co., Ltd.	180111-0367581
		Biz Tech Partners Co., Ltd.	110111-2689507
		Coca Cola Beverages Co., Ltd.	110111-1342130
		Hi-M Solutek Co., Ltd.	110111-3371989
		CS One Partners Co., Ltd.	110111-3961756
		HS Ad Co., Ltd.	110111-3076662
		L Best Co., Ltd.	110111-3806267
		Hi-Teleservice Co., Ltd.	110111-4251552
		Korea Beverage Co., Ltd.	211311-0005197
		Gonjjam Yewon Co., Ltd.	134211-0111354
		Hatai HTB Co., Ltd.	110111-0900004
		Ace Freezing Air Conditioning Co., Ltd.	135111-0047493
		Nanum Nuri Co., Ltd.	176011-0075546
		Innowith Co., Ltd.	200111-0343156
		Hanuri Co., Ltd.	134811-0262254
		Haengbok Nuri Co., Ltd.	150111-0172829
		With You Co., Ltd.	110111-5145556
		LX Pantos Co., Ltd.	110111-0208127
		Pantos Busan Newport Logistics Center Co., Ltd.	180111-0641133
		Helistar Air Co., Ltd.	120111-0528086
		FMG Co., Ltd.	140111-0020096
		Bargeunnuri Co., Ltd.	150111-0206876
		Dangjin Tank Terminal Co., Ltd.	165011-0011709
		Farmhannong Co., Ltd.	110111-4362482
		Haengbokmaru Co. Ltd.	110111-6140993
		LG Farouk Co., Ltd.	110111-6210647
		Migene Story Co., Ltd.LG Farouk Co., Ltd.	131111-0466580
		Miraem Co., Ltd.Migene Story Co., Ltd.	134211-0190259

		Dreamnuri Co., Ltd.Miraem Co., Ltd.	110111-6560282
		Taegeuk Pharmaceutical Co., Ltd.Dreamnuri Co., Ltd.	134811-0004367
		Greennuri Co., Ltd.Taegeuk Pharmaceutical Co., Ltd.	230111-0286144
		Hanultari Co., Ltd.Greennuri Co., Ltd.	110111-6628337
		Ulleung Saemmul Co. Ltd.Robomedi Co., Ltd.	175811-0003526
		Rucipello Korea Inc.Ulleung Saemmul Co. Ltd.	110111-5089316
		S&I CM Co., Ltd.Rucipello Korea Inc.	110111-7030507
		Uplus Home Service Co., Ltd.S&I CM Co., Ltd.	110111-7343215
		ZKW Lighting Systems Korea Co., Ltd.	120111-1013094
		Loa Korea Co., Ltd.	110111-6932019
		CV Partners Co., Ltd.	110111-7687027
		LG Energy Solutions Co., Ltd.	110111-7701356
		Hi-Care Solutions Co., Ltd..	110111-7737070
		Ahreumnuri Co., Ltd.	150111-0302103
		Gwoonnuri Co., Ltd..	134111-0575239
		LG Magna e-Powertrain Co., Ltd.	120111-1161330
		S&I Construction Co., Ltd.	110111-8041529
		S&I atxpert Co., Ltd.	110111-8041537
		LG BCM Co., Ltd.	176011-0152534

- \* The former Serveone Co., Ltd. carried out its drop down for the MRO business division as of 3 December 2018, and divided into a 100% subsidiary Serveone Co., Ltd. which was newly incorporated then, and it was included in our affiliates as of 1 January 2019.
- \* Sejong Green Power Co., Ltd. was included in our affiliates on 1 February 2019.
- \* East Arrow Partners LLC was included in our affiliates on 1 February 2019.
- \* Ulleung Saemmul Co. Ltd. was included in our affiliates on 1 March 2019.
- \* Rucipello Korea Inc. was included in our affiliates on 1 March 2019.
- \* S&I CM Co., Ltd. was included in our affiliates on 1 April 2019.
- \* East Arrow Partners LLC was excluded from our affiliates on 20 June 2019.
- \* Promotion of the development of the spring water Ulleung Chusan Yongchunsu was excluded from our affiliates on 21 June 2019.
- \* Serveone Co., Ltd. was excluded from our affiliates on 24 July 2019.
- \* Korea Elecom Co., Ltd. was excluded from our affiliates on 30 August 2019.
- \* Global Dynasty Overseas Resource Development Private Placement Investment Company was excluded from our affiliates on 1 November 2019.
- \* LG Fuel Cell Systems Korea Co., Ltd. was excluded from our affiliates on 13 December 2019.
- \* Hi-entech Co., Ltd. was excluded from our affiliates on 30 December 2019.
- \* LG Hitachi Water Solution Co., Ltd. was excluded from our affiliates on 31 December 2019.
- \* LG HelloVision Co., Ltd. was included in our affiliates on 3 February 2020.
- \* Hana Broadcasting Co., Ltd. was included in our affiliates on 3 February 2020.
- \* Uplus Home Service Co., Ltd. was included in our affiliates on 3 February 2020.
- \* JS Pharm. Co., Ltd. was excluded from our affiliates on 14 April 2020.
- \* ZKW Lighting Systems Korea Co., Ltd. was included in our affiliates on 1 May 2020.
- \* Sal de Vida Korea Co., Ltd. was excluded from our affiliates on 13 July 2020.
- \* Hana Broadcasting Co., Ltd. was excluded from our affiliates on 22 September 2020.
- \* LG Tostem BM Co., Ltd. was excluded from our affiliates on 21 October 2020.

- \* KNI Co., Ltd. was excluded from our affiliates on 21 December 2020.
- \* THEFACESHOP Co., Ltd. was excluded from our affiliates on 21 December 2020.
- \* CNP Cosmetics Co., Ltd. was excluded from our affiliates on 21 December 2020.
- \* Loa Korea Co., Ltd. was included in our affiliates on 4 January 2021.
- \* CV Partners Co., Ltd. was included in our affiliates on 4 January 2021.
- \* LG Energy Solution Co., Ltd. was included in our affiliates on 4 January 2021.
- \* Hi Care Solution Co., Ltd. was included in our affiliates on 1 February 2021.
- \* Ahreumnuri Co., Ltd. was included in our affiliates on 1 April 2021.
- \* Gowoonnuri Co., Ltd. was included in our affiliates on 1 April 2021.
- \* LX Holdings Co., Ltd. was included in our affiliates on 1 June 2021.
- \* Clean Soul LLC was excluded from our affiliates on 28 June 2021.
- \* LG International Co., Ltd. changed its name to LX International Co., Ltd. on 1 July 2021.
- \* LG Hausys Co., Ltd. changed its name to LX Hausys Co., Ltd. on 1 July 2021.
- \* Silicon Works Co., Ltd. changed its name to LX Semicon Co., Ltd. on 1 July 2021.
- \* LG MMA Co., Ltd. changed its name to LX MMA Co., Ltd. on 1 July 2021.
- \* LG Pantos Co., Ltd. changed its name to LX Pantos Co., Ltd. on 1 July 2021.
- \* LG Magna e-Powertrain Co., Ltd. was included in our affiliates on 1 August 2021.
- \* Sejong Green Power Co., Ltd. was excluded in our affiliates on 20 August 2021.
- \* Ugimag Korea Co., Ltd. was excluded in our affiliates on 20 August 2021.
- \* S&I Construction Co., Ltd. was included in our affiliates on 1 October 2021.
- \* S&I atxper Co., Ltd. was included in our affiliates on 1 October 2021.
- \* LG BCM Co., Ltd. was included in our affiliates on 2 December 2021.
- \* Robomedi Co., Ltd. was excluded from our affiliates on 22 December 2021

## ② Overseas corporations

No.	Name of affiliate	Location
1	Arcelik-LG Klima Sanayi ve Ticaret A.S.	Turkey
2	BEIJING LG HOUSEHOLD CHEMICAL CO., LTD.	China
3	Beijing Yuanzhimeng Advertising Co., Ltd.	China
4	DACOM AMERICA, INC.	USA
5	EIC PROPERTIES PTE, LTD.	Singapore
6	LG CNS BRASIL SERVICOS DE TI LTDA	Brazil
7	GIIR America Inc.	USA
8	GIIR Communications India Private Limited	India
9	GIIR UK Limited	UK
10	Hi Logistics China Co., Ltd.	China
11	KM Resources Inc.	Malaysia
12	Korea Carbon International Co., Ltd.	China
13	L&T Display Technology (Fujian) Limited	China
14	LG Chem (China) Investment Co., Ltd.	China
15	LG Energy Solution (Nanjing) Co., Ltd.	China
16	LG Chem (Taiwan), Ltd.	Taiwan
17	LG Chem (Tianjin) Engineering Plastics Co., Ltd.	China
18	LG Chem America, Inc.	USA

19	LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMICO LTDA.	Brazil
20	LG Chem Europe Gmbh	Germany
21	LG Energy Solution Michigan, Inc.	USA
22	LG Chem Poland Sp. z o.o.	Poland
23	LG Chemical (Guangzhou) Engineering Plastics Co., Ltd.	China
24	LG Chemical India Pvt. Ltd.	India
25	LG CNS America Inc.	USA
26	LG CNS China Inc.	China
27	LG CNS Europe B.V	Netherlands
28	LG CNS India Pvt. Ltd.	India
29	LG CNS PHILIPPINES, INC.	Philippines
30	LG Consulting corp.	Panama
31	LG Display America, Inc.	USA
32	LG Display Germany GmbH	Germany
33	LG Display Guangzhou Co., Ltd	China
34	LG Display Japan Co., Ltd.	Japan
35	LG Display Nanjing Co., Ltd.	China
36	LG Display Shanghai Co., Ltd.	China
37	LG Display Shenzhen Co., Ltd	China
38	LG Display Singapore Pte. Ltd.	Singapore
39	LG Display Taiwan Co., Ltd.	Taiwan
40	LG Display Yantai Co., Ltd.	China
41	LG Electronics (China) Co., Ltd.	China
42	LG Electronics (China) Research and Development Center Co., Ltd.	China
43	LG Electronics (Levant) Jordan	Jordan
44	LG Electronics Alabama Inc.	USA
45	LG Electronics Algeria SARL	Algeria
46	LG Electronics Almaty Kazakhstan Limited Liability Partnership	Kazakhstan
47	LG Electronics Argentina S.A.	Argentina
48	LG Electronics Australia Pty, Ltd.	Australia
49	LG Electronics Benelux Sales B.V.	Netherlands
50	LG Electronics Canada, Inc.	Canada
51	LG Electronics Colombia Limitada	Columbia
52	LG Electronics do Brasil Ltda.	Brazil
53	LG Electronics Deutschland GmbH	Germany
54	LG Electronics Dubai FZE	UAE
55	LG Electronics Egypt S.A.E	Egypt
56	LG Electronics Espana S.A	Spain
57	LG Electronics European Holding B.V.	Netherlands

58	LG Electronics European Shared Service Center B.V.	Netherlands
59	LG Electronics France S.A.S.	France
60	LG Electronics Guatemala S.A.	Guatemala
61	LG Electronics Gulf FZE	UAE
62	LG Electronics Hellas Single Member SA	Greece
63	LG Electronics HK Ltd.	China
64	LG Electronics Honduras S.de R.L.	Honduras
65	LG Electronics Huizhou Ltd.	China
66	LG Electronics Inc Chile Limitada	Chile
67	LG Electronics India Pvt. Ltd.	India
68	LG Electronics Italia S.P.A.	Italy
69	LG Japan Lab. Inc.	Japan
70	LG Electronics Japan, Inc.	Japan
71	LG Electronics Latvia, Ltd	Latvia
72	LG Electronics Magyar K.F.T.	Hungary
73	LG Electronics M Sdn. Bhd	Malaysia
74	LG Electronics Mexico S.A.DE C.V.	Mexico
75	LG Electronics Middle East Co., Ltd.	UAE
76	LG Electronics Mlawa Sp. z.O.O.	Poland
77	LG Electronics Mobile Research U.S.A.,LLC.	USA
78	LG Electronics Morocco S.A.R.L.	Morocco
79	LG Electronics Nanjing New Technology co.,LTD	China
80	LG Electronics Nigeria Limited	Nigeria
81	LG Electronics Nordic AB	Sweden
82	LG Electronics North Africa Service Company SARL	Tunisia
83	LG Electronics Overseas Trading FZE	UAE
84	LG Electronics Panama, S.A.	Panama
85	LG Electronics Peru S.A.	Peru
86	LG Electronics Philippines Inc.	Philippines
87	LG Electronics Polska Sp. Z.O.O	Poland
88	LG Electronics Portugal S.A.	Portugal
89	LG Electronics Qinhuangdao Co.,LTD	China
90	LG Electronics Reynosa S.A. DE C.V.	Mexico
91	LG Electronics RUS, LLC	Russian Federation
92	LG Electronics S.A. (Pty) Ltd.	South Africa
93	LG Electronics Shenyang Inc.	China
94	LG Electronics Singapore PTE LTD	Singapore
95	LG Electronics Taiwan Taipei Co., Ltd.	Taiwan
96	LG Electronics Thailand Co., Ltd.	Thailand
97	LG Electronics Tianjin Appliances Co., Ltd.	China

98	LG Electronics Ticaret A.S.	Turkey
99	LG Electronics U.S.A., Inc.	USA
100	LG Electronics Ukraine	Ukraine
101	LG Electronics U.K. Ltd.	UK
102	LG Electronics Venezuela S.A	Venezuela
103	LG Electronics Wroclaw Sp.z.O.O.	Poland
104	LG Electronics Africa Logistics FZE	UAE
105	LX Hausys America, Inc.	USA
106	LX Hausys Europe GmbH	Germany
107	LX Hausys India Private Limited	India
108	LX Hausys RUS, LLC.	Russia
109	LG Hausys Trading Co., Ltd.	China
110	LG Household & Health Care (Taiwan), Ltd.	Taiwan
111	LG H&H USA, Inc.	USA
112	LG Household & Health Care Trading (Shanghai) Co., Ltd	China
113	LG Innotek (Taiwan) Co., Ltd.	Taiwan
114	LG Innotek Huizhou Co., Ltd.	China
115	PT. LG Innotek Indonesia	Indonesia
116	LG Innotek Poland Sp. z o.o.	Poland
117	LG Innotek USA, Inc.	USA
118	LG Innotek Yantai Co., Ltd.	China
119	LX International Yakutsk	Russia
120	LX International(America) Inc.	USA
121	Bowen Investment(Australia) Pty Ltd	Australia
122	LX International (Shanghai) Corp.	China
123	LX International(Deutschland) GmbH.	Germany
124	LX International (HK) Ltd.	China
125	LX International Japan Ltd.	Japan
126	LG International(Saudi) LLC	Saudi Arabia
127	LX_International(Singapore) Pte. Ltd.	Singapore
128	LG Jiansheng Life Sciences (Beijing) Co., Ltd.	China
129	LG Chem Life Sciences India Pvt. Ltd.	India
130	LG Chem Life Sciences Poland Ltd.	Poland
131	LG Polymers India Pvt. Ltd.	India
132	LG Soft India Private Limited	India
133	LG VINA Chemical Co., Ltd.	Vietnam
134	LG VINA COSMETICS COMPANY LIMITED	Vietnam
135	LG-Shaker Co. Ltd.	Saudi Arabia
136	Nanjing LG-Panda Appliances Co., Ltd.	China
137	Ningbo LG Yongxing Chemical Co., Ltd.	China



138	Ningbo Zhenhai LG Yongxing Trade Co., Ltd.	China
139	P.T. LG Electronics Indonesia	Indonesia
140	Philco Resources Ltd.	Malaysia
141	PT. LG CNS Indonesia	Indonesia
142	PT. Batubara Global Energy	Indonesia
143	PT. Green Global Lestari	Indonesia
144	PT.LX International Indonesia	Indonesia
145	PT. Mega Global Energy	Indonesia
146	Resources Investment (H.K) Limited	China
147	S&I Nanjing Company Limited	China
148	Steel Flower Electric Machinery (Tianjin) Co., Ltd.	China
149	Taizhou LG Electronics Refrigeration Co., Ltd.	China
150	THEFACESHOP(SHANGHAI) CO., LTD	China
151	Tianjin LG Bohai Chemical Co., Ltd.	China
152	Tianjin LG Botian Chemical Co., Ltd.	China
153	LX Hausys Tianjin Co., Ltd.	China
154	Zenith Electronics LLC	USA
155	LG Chem(HUIZHOU) Petrochemical Co., Ltd.	China
156	GIIR Rus LLC	Russia
157	GIIR Do Brasil Ltda	Brazil
158	LG Hausys (Wuxi) Co., Ltd.	China
159	Yantai LX international VMI Co., LTD	China
160	PT. Mega Prima Persada	Indonesia
161	PT. Parna Agromas	Indonesia
162	LG Electronics Air-Conditioning(Shandong) Co., Ltd.	China
163	LG Electronics Angola Limitada	Angola
164	Colmineral S.A. de C.V	Mexico
165	Ginza Stefany Inc.	Japan
166	LG CNS COLOMBIA SAS	Columbia
167	LHC Solar. LLC	USA
168	LX PANTOS SOLUTIONS INDIA PVT. LTD.	India
169	LG Electronics Saudi Arabia LLC	Saudi Arabia
170	GIIR Thailand Ltd.	Thailand
171	PT. Ganda Alam Makmur	Indonesia
172	LG Innotek Trading (Shanghai) Co., Ltd	China
173	Global OLED Technology LLC.	USA
174	GIIR Germany GmbH	Germany
175	LG Display (China) Co., Ltd.	China
176	LG Chem Life Sciences (Thailand) Ltd.	Thailand
177	Everlife Co., Ltd.	Japan

178	LG H&H Singapore Private Limited	Singapore
179	Everlife Agency Co., Ltd.	Japan
180	Everlife H&B Co., Ltd.	Taiwan
181	LG Electronics Pasig Inc.	Philippines
182	LG Innotek Mexico S.A. de C.V.	Mexico
183	LGC Petrochemical India Private Ltd.	India
184	LX International India Private Limited	India
185	LG Electronics Vietnam Haiphong Co Ltd	Vietnam
186	Fertilizer Resources Investment Limited	China
187	LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.	Turkey
188	LG CNS MALAYSIA SDN BHD	Malaysia
189	LG Hausys(Tianjin) Engineering Co., Ltd.	China
190	LG CNS Saudi Arabia LLC	Saudi Arabia
191	LG CNS JAPAN Co., Ltd.	Japan
192	LG Chem Japan Co., Ltd.	Japan
193	UNIFIED INNOVATIVE TECHNOLOGY, LLC	USA
194	LG NanoH2O, LLC	USA
195	LG Holdings Japan Co., Ltd	Japan
196	PT. Binsar Natorang Energi	Indonesia
197	PT.LG Electronics Service Indonesia	Indonesia
198	Farmhannong America, Inc.	USA
199	LX Semicon U.S.A., Inc	USA
200	Hi Logistics Egypt	Egypt
201	HS Ad MEA FZ-LLC	UAE
202	HSAD LATIN AMERICA,S.A.	Panama
203	LG Energy Solution Battery (Nanjing) Co., Ltd.	China
204	LG Chem (Chongqing) Engineering Plastics Co., Ltd.	China
205	LG Chem Malaysia SDN.BHD	Malaysia
206	LG CNS UZBEKISTAN, LLC	Uzbekistan
207	LG Electronics Finland Lab Oy	Finland
208	LG Display Guangzhou Trading Co., Ltd.	China
209	Haiphong Steel Flower Electrical & Machinery Company Limited	Vietnam
210	Pantos Logistics (China) Co., Ltd.	China
211	Pantos Logistics (Shanghai) Co., Ltd.	China
212	Pantos Logistics (Ningbo) Co., Ltd.	China
213	LX PANTOS LOGISTICS (SHENZHEN) CO., LTD.	China
214	Pantos Logistics (HK) Company limited	China
215	Pantos Logistics (Taiwan) Co., Ltd.	Taiwan
216	PT. LX PANTOS INDONESIA	Indonesia
217	PT. LX PANTOS JAKARTA	Indonesia

218	PT. Pantos Express Indonesia	Indonesia
219	LX PANTOS SINGAPORE PTE. LTD.	Singapore
220	LX PANTOS (THAILAND) CO., LTD.	Thailand
221	LX PANTOS MALAYSIA SDN. BHD.	Malaysia
222	LX PANTOS (INDIA) PVT. LTD.	India
223	LX PANTOS (CAMBODIA) CO., LTD.	Cambodia
224	LX PANTOS VIETNAM CO., LTD.	Vietnam
225	LX PANTOS AUSTRALIA PTY LTD.	Australia
226	LX PANTOS PHILIPPINES, INC.	Philippines
227	LX PANTOS HOLDINGS (THAILAND) CO., LTD.	Thailand
228	Pantos Logistics Myanmar Co., Ltd.	Myanmar
229	LX PANTOS U.K. LTD.	UK
230	LX PANTOS NETHERLANDS B.V	Netherlands
231	Pantos Logistics France	France
232	LX PANTOS POLAND SP.Z.O.O.	Poland
233	LX PANTOS GERMANY GMBH	Germany
234	LX PANTOS SPAIN, SLU	Spain
235	LX PANTOS TURKEY LOJISTIK VE TICARET LTD. STL.	Turkey
236	LX PANTOS MEXICO, S.A. DE C.V.	Mexico
237	LX PANTOS LOGISTICA DO BRASIL LTDA	Brazil
238	LX PANTOS COLOMBIA S.A.S	Columbia
239	Pantos Logistics Chile SPA	Chile
240	LX PANTOS PANAMA, S.A	Panama
241	FNS CIS LLC	Russia
242	Pantos Logistics Kazakhstan	Kazakhstan
243	Pantos Logistics UKRAINE LTD.	Ukraine
244	ZAO Contrans	Russia
245	Pantos Logistics L.L.C (DUBAI)	UAE
246	PANTOS LOGISTICS CO., LTD. SAUDI ARABIA	Saudi Arabia
247	LX PANTOS JAPAN INC.	Japan
248	LG Electronics Nanjing Battery Pack Co., Ltd.	China
249	LG Electronics Nanjing Vehicle Components Co., Ltd.	China
250	HI M SOLUTEK HVAC SERVICE AND MAINTENANCE L.L.C	UAE
251	S&I POLAND sp.z o.o.	Poland
252	LX PANTOS AMERICA, INC.	USA
253	LG Display Vietnam Haiphong Co., Ltd.	Vietnam
254	LG H&H HK LIMITED	China
255	HI-M SOLUTEK PHILIPPINES INC.	Philippines
256	LG Energy Solution Wroclaw sp. z o.o.	Poland
257	Suzhou Lehui Display Co., Ltd.	China

258	Toiletry Japan Inc.	Japan
259	LG Innotek Vietnam Haiphong Co., Ltd	Vietnam
260	LG HOUSEHOLD AND HEALTH CARE COSMETICS R AND D(SHANGHAI) CO.,LTD	China
261	LX PANTOS SOLUCOES LOGISTICAS DO BRASIL LTDA.	Brazil
262	PANTOS LOGISTICS AR S.A.	Argentina
263	HI-M SOLUTEK VIETNAM CO., LTD.	Vietnam
264	c2i(s.r.o)	Slovakia
265	FJ Composite Material Co., Ltd.	Japan
266	LG CNS VIETNAM CO., LTD	Vietnam
267	LG Corp. U.S.A.	USA
268	LX Hausys Canada, Inc.	Canada
269	LX Semicon China Co., Ltd.	China
270	LGEUS Power, LLC	USA
271	LG Electronics Vehicle Component U.S.A., LLC	USA
272	LG Chem Hai Phong Vietnam Co., Ltd.	Vietnam
273	LG HOUSEHOLD & HEALTH CARE MALAYSIA SDN. BHD.	Malaysia
274	HS AD VIETNAM CO., LTD.	Vietnam
275	LG Energy Solution Australia Pty Ltd	Australia
276	CCP-LGE OWNER, LLC	USA
277	LG Chem Mexico S.A. de C.V.	Mexico
278	FarmHannong(Thailand) Ltd.	Thailand
279	LG ELECTRONICS FUND I LLC	USA
280	LG Technology Ventures LLC	USA
281	LG Chem Hai Phong Engineering Plastics LCC.	Vietnam
282	LG Chem (Guangzhou) Information & Electronics Materials Co., Ltd.	China
283	LG CHEM FUND I LLC	USA
284	LG UPLUS FUND I LLC	USA
285	LG DISPLAY FUND I LLC	USA
286	HS GTM Germany GmbH	Germany
287	LEYOU NEW ENERGY MATERIALS(WUXI) Co.,LTD	China
288	PT. Grand Utama Mandiri	Indonesia
289	PT. Tintin Boyok Sawit Makmur	Indonesia
290	PT. Tintin Boyok Sawit Makmur Dua	Indonesia
291	LG Household & Health Care (Thailand) Limited	Thailand
292	FMG & MISSION Company Limited	Japan
293	ZKW Holding GmbH	Austria
294	ZKW Group GmbH	Austria
295	ZKW Lichtsysteme GmbH	Austria
296	ZKW Elektronik GmbH	Austria

297	KES - kablove a elektrické systémy spol. s.r.o.	Czech
298	KES Poland Sp.z o.o.	Poland
299	ZKW Slovakia s.r.o.	Slovakia
300	ZKW Lighting Systems USA, Inc.	USA
301	ZKW Mexico, S.A. de C.V.	Mexico
302	ZKW Mexico Inmobiliaria, S.A. de C.V.	Mexico
303	ZKW Lighting Systems (Dalian) Co. Ltd.	China
304	ZKW Austria Immobilien Holding GmbH	Austria
305	ZKW Austria Immobilien GmbH	Austria
306	LG Display High-Tech (China) Co., Ltd.	China
307	Fleuve Beaute Inc.	Japan
308	ROBOSTAR (SHANGHAI) CO.,LTD	China
309	LG CNS FUND I LLC	USA
310	S&I Vietnam construction Co., Ltd	Vietnam
311	PANTOS LOGISTICS SWEDEN AB.	Sweden
312	Uniseal, Inc.	USA
313	LG Energy Solution Technology (Nanjing) Co., Ltd.	China
314	LG Chem Life Science Innovation Center, Inc.	USA
315	Avon Manufacturing (Guangzhou), Ltd.	China
316	QINGGONGLIAN ELECTRICAL INSTALLATION ENGINEERING CO.,LTD	China
317	LX PANTOS HUNGARY KFT.	Hungary
318	S&I CM NANJING	China
319	S&I CM POLAND SP. Z o. o	Poland
320	FarmHannong(Malaysia) SDN. BHD.	Malaysia
321	S&I CM VIETNAM COMPANY LIMITED	Vietnam
322	The Avon Company	USA
323	The Avon Company Canada Limited	Canada
324	LG H&H Tokyo R&D Center Inc.	Japan
325	Onecube International Logistics Co., Ltd.	China
326	PT Farm Hannong Indonesia	Indonesia
327	PT. Green Global Utama	Indonesia
328	Ultium Cells LLC	USA
329	Alphonso Inc.	USA
330	Alphonso Labs Private Limited	India
331	LG Energy Solution Europe GmbH	Germany
332	ZKW Automotive Engineering CZ s.r.o.	Czech
333	LG H&H UK LTD	UK
334	PT. Energy Metal Indonesia	Indonesia
335	PT. Global Investment Institusi	Indonesia
336	PT. Satu Gen Indonesia	Indonesia

337	LG Chem Asia Pte. Ltd.	Singapore
338	LG Chem China Tech Center	China
339	Shanjin Optoelectronics (Taiwan) Co., Ltd.	Taiwan
340	LG Energy Solution (Taiwan), Ltd.	Taiwan
341	LG INNOTEK FUNDI LLC	USA
342	LG Magna e-Powertrain USA Inc.	USA
343	LG Magna Nanjing e-Powertrain Vehicle Components Co., Ltd.	China
344	HI-M.SOLUTEK LLC	Egypt
345	HI-M SOLUTEK POLAND Sp. z o.o.	Poland
346	LG PETRONAS CHEMICALS Malaysia Sdn.Bhd.	Malaysia
347	LG Energy Solution Fund I LLC	USA
348	LX Semicon Japan Co., Ltd.	Japan
349	Boinca Inc.	USA
350	PT.HLI Green Power	Indonesia
351	LG Chem Ohio Petrochemical, Inc.	USA
352	FarmHannong do Brasil Limitada	Brazil
353	LG Chem Hangzhou Advanced Materials Co., Ltd.	China
354	LG Electronics Vehicle Components Europe GmbH	Germany
355	PT LGE INDONESIA RESEARCH AND DEVELOPMENT CENTER	Indonesia
356	CYBELLUM TECHNOLOGIES LTD	Israel
357	CYBELLUM TECHNOLOGIES USA, INC.	USA
358	CYBELLUM TECHNOLOGIES LTD Japan	Japan

### 3. Status of investment in other companies (detailed)

(Based on 31 December 2021)

(Unit: million, thousand shares, %)

Company name	Listed or not	First acquisition date	Purpose of investment	Amount of the 1st acquisition	Beginning balance			Increase(decrease)			Ending balance			Financial status of the recent business year	
					Quantity	Ratio	Book value	Acquisition (disposition)		Valuation gain/loss	Quantity	Ratio	Book value	Total assets	Net Income
								Quantity	Amount						
Daedeok Investment	Unlisted	20.05.2011	Simple investment	500	100	6.8	0	-	-	-	100	6.8	0	3,372	454
LX Semicon U.S.A., Inc	Unlisted	15.10.2012	Participation in management	555	2,000	100	137	-	-	-	2,000	100	137	628	118
Silicon Works China Co., Ltd.	Unlisted	03.03.2017	Participation in management	674	-	100	2,179	-	-	-	-	100	2,179	3,784	327
LX Semicon Japan Co., Ltd.	Unlisted	03.09.2021	Participation in management	317	-	-	-	15	317	-	15	100	317	-	-
Advanced Power Device Technology	Unlisted	12.03.2018	Participation in management	4,410	176	49	4,089	-	-	107	176	49	4,196	8,773	98
FJ Composite Materials Co.,LTD	Unlisted	25.11.2021	General investment	6,836	-	-	-	70	6,836	-	70	29.98	6,836	11,849	145
Total amount					2,276	-	6,726	85	7,153	-	2,361	-	13,879	32,360	4,003

Note 1) Daedeok Investment Co., Ltd.'s total assets and the net profit or loss are as of 31 December 2021.

Note 2) LX Semicon U.S.A., Inc., Silicon Works China Co., Ltd. and LX Semicon Japan Co., Ltd. are December-settled corporations, and total assets and the net profit or loss are as of 31 December 2021.

Note 3) Advanced Power Device Technology Co., Ltd. is a March-settlement corporation, and total assets and net profit or loss are as of 31 March 2021.

Note 4) FJ Composite Materials Co.,LTD is a May-settlement corporation, and total assets and net profit or loss are as of 31 May 2021.

## **【Confirmation by Expert】**

### **1. Confirmation by Expert**

As of the reporting date, there is no relevant information.

### **2. Interests with Expert**

As of the reporting date, there is no relevant information.