

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from to
Commission file number 1-32238

LG Display Co., Ltd.

(Exact name of Registrant as specified in its charter)

LG Display Co., Ltd.

(Translation of Registrant's name into English)

The Republic of Korea

(Jurisdiction of incorporation or organization)

LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 07336, Republic of Korea

(Address of principal executive offices)

Jinjo Kim

LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 07336, Republic of Korea

Telephone No.: +82-2-3777-0748

Facsimile No.: +82-2-3777-0797

(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of each exchange on which registered
American Depositary Shares, each representing one-half of one share of Common Stock	LPL	New York Stock Exchange
Common Stock, par value ₩5,000 per share	LPL	New York Stock Exchange*

*Not for trading, but only in connection with the registration of the American Depositary Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

357,815,700 shares of common stock, par value ₩5,000 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP <input type="checkbox"/>	International Financial Reporting Standards as issued by the International Accounting Standards Board <input checked="" type="checkbox"/>	Other <input type="checkbox"/>
------------------------------------	---	--------------------------------

Auditor Name: KPMG Samjong Accounting Corp. Auditor Location: Seoul, Korea Auditor Firm ID: 1357

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

TABLE OF CONTENTS

	Page
Presentation of Financial and Other Information.....	3
Forward-Looking Statements.....	4
PART I	
Item 1. Identity of Directors, Senior Management and Advisers.....	5
Item 2. Offer Statistics and Expected Timetable.....	5
Item 3. Key Information.....	5
Item 3.A. [RESERVED].....	5
Item 3.B. Capitalization and Indebtedness	5
Item 3.C. Reasons for the Offer and Use of Proceeds	5
Item 3.D. Risk Factors	5
Item 4. Information on the Company.....	25
Item 4.A. History and Development of the Company	25
Item 4.B. Business Overview	27
Item 4.C. Organizational Structure	38
Item 4.D. Property, Plants and Equipment	39
Item 4A. Unresolved Staff Comments	40
Item 5. Operating and Financial Review and Prospects.....	40
Item 5.A. Operating Results	40
Item 5.B. Liquidity and Capital Resources.....	52
Item 5.C. Research and Development, Patents and Licenses, etc.....	56
Item 5.D. Trend Information.....	59
Item 5.E. Critical Accounting Estimates	59
Item 6. Directors, Senior Management and Employees.....	59
Item 6.A. Directors and Senior Management	59
Item 6.B. Compensation	62
Item 6.C. Board Practices	63
Item 6.D. Employees	64
Item 6.E. Share Ownership	65
Item 6.F. Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation.....	65
Item 7. Major Shareholders and Related Party Transactions.....	65
Item 7.A. Major Shareholders.....	65
Item 7.B. Related Party Transactions	66
Item 7.C. Interests of Experts and Counsel	67
Item 8. Financial Information	67
Item 8.A. Consolidated Statements and Other Financial Information.....	67
Item 8.B. Significant Changes	68
Item 9. The Offer and Listing	68
Item 9.A. Offer and Listing Details	68
Item 9.B. Plan of Distribution.....	69
Item 9.C. Markets	69
Item 9.D. Selling Shareholders	69

	<u>Page</u>
Item 9.E. Dilution	69
Item 9.F. Expenses of the Issue	69
Item 10. Additional Information	69
Item 10.A. Share Capital.....	69
Item 10.B. Memorandum and Articles of Association	69
Item 10.C. Material Contracts.....	74
Item 10.D. Exchange Controls.....	74
Item 10.E. Taxation	78
Item 10.F. Dividends and Paying Agents	83
Item 10.G. Statements by Experts	83
Item 10.H. Documents on Display.....	83
Item 10.I. Subsidiary Information.....	83
Item 10.J. Annual Report to Security Holders.....	83
Item 11. Quantitative and Qualitative Disclosures about Market Risk.....	84
Item 12. Description of Securities Other than Equity Securities	87
PART II	
Item 13. Defaults, Dividend Arrearages and Delinquencies.....	89
Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.....	89
Item 15. Controls and Procedures	89
Item 16. [RESERVED]	89
Item 16A. Audit Committee Financial Expert	89
Item 16B. Code of Ethics.....	89
Item 16C. Principal Accountant Fees and Services	90
Item 16D. Exemptions from the Listing Standards for Audit Committees	90
Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers	90
Item 16F. Change in Registrant’s Certifying Accountant.....	90
Item 16G. Corporate Governance	91
Item 16H. Mine Safety Disclosure	93
Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	93
Item 16J. Insider Trading Policies	93
Item 16K. Cybersecurity	93
PART III	
Item 17. Financial Statements	95
Item 18. Financial Statements	95
Item 19. Exhibits	96

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this annual report, the terms “we,” “us,” “our” and “LG Display” refer to LG Display Co., Ltd. and, unless otherwise indicated or required by context, our consolidated subsidiaries. Notwithstanding the foregoing, in the context of any legal proceedings or governmental investigations, “LG Display” refers to LG Display Co., Ltd. and does not include any of its subsidiaries, or any other entities or persons.

The financial statements included in this annual report are prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. As such, we make an explicit and unreserved statement of compliance with IFRS, as issued by the IASB, with respect to our consolidated financial statements as of December 31, 2022 and 2023 and for each of the years ended in the three-year period ended December 31, 2023 included in this annual report.

In addition to preparing financial statements in accordance with IFRS as issued by the IASB included in this annual report, we also prepare financial statements in accordance with Korean International Financial Reporting Standards, or K-IFRS, as adopted by the Korean Accounting Standards Board, or KASB, which we are required to file with the Financial Services Commission and the Korea Exchange under the Financial Investment Services and Capital Markets Act of Korea. See “Item 10.B. Memorandum and Articles of Association—Business Report.” English translations of such financial statements are furnished to the SEC on Form 6-K, which are not incorporated by reference to this or any of our previous annual reports on Form 20-F. The operating profit or loss presented in the consolidated statements of comprehensive income or loss prepared in accordance with K-IFRS for the years ended December 31, 2022 and 2023 included in the Form 6-K furnished to the SEC on March 8, 2024 is a loss of ₩2,085 billion and ₩2,510 billion, respectively. For further information, please see the Form 6-K furnished to the SEC on March 8, 2024, which is not incorporated by reference to this annual report.

Pursuant to the IFRS as issued by the IASB, we are not required to separately present operating profit or loss in our consolidated statements of comprehensive income or loss prepared in accordance with IFRS. Therefore, the financial statements included in this annual report, which are prepared in accordance with IFRS as issued by the IASB, do not present operating profit or loss as a separate line item.

Unless expressly stated otherwise, all financial data included in this annual report are presented on a consolidated basis.

All references to “Korean Won,” “Won” or “₩” in this annual report are to the currency of the Republic of Korea, all references to “U.S. dollars” or “US\$” are to the currency of the United States, all references to “Japanese Yen,” “Yen” or “¥” are to the currency of Japan, all references to “CNY” or “Chinese Yuan” are to the currency of the People’s Republic of China, all references to “Vietnamese Dong” or “VND” are to the currency of Vietnam, all references to “TWD” are to the currency of Taiwan, all references to “Euro” or “€” are to the official currency of the European Economic and Monetary Union, and all references to “R\$” are to the currency of Brazil.

Any discrepancies in any table between the totals and the sums of the amounts listed are due to rounding.

For your convenience, this annual report contains translations of Won amounts into U.S. dollars at the noon buying rate in New York City for cable transfers in Korean Won as certified by the Federal Reserve Bank of New York for customs purposes in effect on December 31, 2023, which was ₩1,290.97 = US\$1.00.

FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this annual report. Our forward-looking statements contain information regarding, among other things, our financial condition, future plans and business strategy. Words such as “contemplate,” “seek to,” “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan” and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect management’s present expectations and projections about future events and are not a guarantee of future performance. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions about us, including, among other things:

- the cyclical nature of our industry;
- adverse developments in the global financial markets and industry;
- our dependence on introducing new products on a timely basis;
- our dependence on growth in the demand for our products, which in turn is partly dependent on the growth of our downstream industries;
- our ability to compete effectively;
- our dependence on a select group of key customers;
- our ability to successfully manage our capacity expansion and allocation in response to changing industry and market conditions;
- our dependence on key personnel;
- general economic and political conditions, including those related to the display panel industry;
- possible disruptions in commercial activities caused by events such as natural disasters, health epidemics, terrorist activity and armed conflict;
- fluctuations in interest rates and foreign currency exchange rates; and
- those other risks identified in the “Risk Factors” section of this annual report.

Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the events discussed in the forward-looking statements in this annual report might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.

All subsequent forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

PART I

Item 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

Item 3. KEY INFORMATION

Item 3.A. [RESERVED]

Item 3.B. *Capitalization and Indebtedness*

Not applicable.

Item 3.C. *Reasons for the Offer and Use of Proceeds*

Not applicable.

Item 3.D. *Risk Factors*

You should carefully consider the risks described below.

Risks Relating to Our Industry

Our revenue depends on continuing demand for IT products, mobile and other application products, and televisions with panels of the type we produce. Our sales may not grow at the rate we expect if consumers do not purchase these products.

The business in which we are engaged is directly affected by the business conditions of the downstream industries which utilize display panels in their products. Currently, our total sales are derived principally from customers who use our products in IT products, televisions and mobile and other application products with display devices. In particular, a substantial percentage of our sales is derived from end-brand customers, or their designated system integrators, who use our panels in their IT products, which accounted for 41.7%, 42.5% and 36.8% of our total revenue in 2021, 2022 (prior to deduction of forward exchange hedging loss, which had previously been treated as accumulated other comprehensive loss but was reclassified to a deduction from revenue in 2022, when the sales from the hedged forecast transactions were recognized) and 2023, respectively. A substantial portion of our sales is also derived from end-brand customers, or their designated system integrators, who use our panels in their mobile and other applications, which accounted for 26.4%, 30.9% and 42.5% of our total revenue in 2021, 2022 and 2023 (in the case of 2022, adjusted as described above), respectively, and those who use our panels in their televisions, which accounted for 31.7%, 26.4% and 20.3% of our total revenue in 2021, 2022 and 2023 (in the case of 2022, adjusted as described above), respectively.

As the increase in demand for certain types of our products, including IT and television products, due to increased levels of working remotely, online schooling and social distancing, following the outbreak of the COVID-19 pandemic in 2020 began to taper in the second half of 2021 as social distancing measures began to ease around the world, demand for end products that apply such display panels have become weaker in recent periods in light of rising inflation and interest rates and increasing economic volatility and uncertainty globally. See “Risks Relating to Our Industry — A global economic downturn may result in reduced demand for our products and adversely affect our profitability.” As each of our IT products, mobile and other applications (including automotive products) and televisions product segments significantly contributes to our total sales, we will continue to be dependent on continuing demand from each of the IT products industry, the mobile device industry, the automobile industry and the television industry for a substantial portion of our sales. A prolonged downturn in any of those industries in which our customers operate would result in reduced demand for our products, which may in turn result in reduced revenue, lower average selling prices and/or reduced margins.

The display panel industry is subject to cyclical fluctuations, including recurring periods of capacity increases, that may adversely affect our results of operations.

The current global supply of medium- and large-sized display panels is manufactured primarily based on thin-film transistor liquid crystal display, or TFT-LCD, technology, and to a lesser but increasing extent, organic light-emitting diode, or OLED, technology, and a majority of small-sized display panels is now manufactured primarily based on OLED technology. Display panel manufacturers are vulnerable to cyclical market conditions. Intense competition and expectations of growth in demand across the display panel industry may cause manufacturers to make additional investments in manufacturing capacity on similar schedules, resulting in a surge in capacity when production is ramped up at new fabrication facilities. During such surges in capacity growth, as evidenced by past experiences, customers can exert strong downward pricing pressure, resulting in sharp declines in average selling prices and significant fluctuations in the panel manufacturers' gross margins. Conversely, demand surges and fluctuations in the supply chain can lead to price increases.

From time to time, we have been affected by overcapacity in the display panel industry relative to the general demand for such panels which, together with uncertainties in the current global economic environment, has contributed to a general decline in the average selling prices of a number of our display panel products. We attempt to counteract, at least in part, the effects of overcapacity in the industry by increasing the proportion of high-value, differentiated specialty products based on newer technologies in our product mix, including products that utilize OLED technology, which accounted for 48% of our revenues in 2023 and are relatively less affected by the industry-wide overcapacity problems, while also engaging in cost reduction efforts. We also address overcapacity issues by, in the short-term, adjusting the utilization rates of our existing fabrication facilities based on our assessment of industry inventory levels and demand for our products and, in the mid- to long-term, by fine-tuning our investment strategies relating to product development and capacity growth in light of our assessment of future market conditions.

Our average revenue per square meter of net display area, which is derived by dividing our total revenue by total square meters of net display area shipped, decreased by 2.4% from ₩849 thousand in 2021 to ₩829 thousand in 2022, which was largely the result of weakening demand for our television and IT panel products in part due to rising inflation and interest rates and increasing economic volatility and uncertainty globally, which contributed to downward pricing pressure. Our average revenue per square meter of net display area increased by 33.1% to ₩1,103 thousand in 2023, which primarily reflected our ongoing efforts to increase the proportion of higher-priced OLED panels (especially the small- and medium-sized panels which generally have higher sales price per net display area compared to large-sized panels) in our product mix in light of the continued overcapacity and further capital investments by other suppliers, particularly from China, in the global TFT-LCD market, as well as depreciation of the Korean Won against the U.S. dollar during 2023, the effects of which were partly offset by the continued weak demand for our television and IT panel products, among others, due to continued inflationary pressure and the higher interest rate environment and global economic volatility and uncertainty in 2023.

While we believe that overcapacity and other cyclical issues in the industry are best addressed by increasing the proportion of high-value, differentiated specialty products based on newer technologies (such as OLED technology) in our product mix that are tailored to our customers' evolving needs, we cannot provide any assurance that an increase in demand, which has helped to mitigate the impact of industry-wide overcapacity in the past, will recur or be sustained in future periods. We will therefore continue to closely monitor any overcapacity issues in the industry and respond accordingly. However, construction of new fabrication facilities and other capacity expansion projects in the display panel industry, including those currently under construction or planned to be constructed by us and other major display panel manufacturers in China and Korea, are undertaken with a multi-year time horizon based on expectations of future market trends. Therefore, even if overcapacity issues persist in the industry, there may be continued capacity expansion in the near future due to pre-committed capacity expansion projects in the industry that were undertaken in past years. Any significant industry-wide capacity increases that are not accompanied by a sufficient increase in demand could further drive down the average selling price of our panels, which would negatively affect our gross margin. Any decline in prices may be further compounded by a seasonal weakening in demand growth for end products such as personal computer products, consumer electronics products and mobile and other application products. Furthermore, once the differentiated products that had a positive impact on our performance mature in their technology cycle, if we are not able to develop and commercialize newer products to offset the price erosion of such maturing products in a timely manner, our ability to counter the impact of cyclical market conditions on our gross margins would be further limited. We cannot provide assurance that any future downturns resulting from any large increases in capacity or other factors affecting the industry would not have a material adverse effect on our business, financial condition and results of operations.

In addition, we may recognize impairment losses on our property, plant and equipment and intangible assets in connection with deteriorating market conditions. For example, in 2022, partly due to less favorable industry outlook in light of continued and exacerbated uncertainty in the prospects of the global economy, we recognized impairment losses of ₩1,331 billion, attributable to a decrease in the estimated recovery value of our property, plant and equipment and intangible assets relating to our large-sized OLED display panel business. See “Item 5.A. Operating Results—Comparison of 2023 to 2022”, “Item 5.A. Operating Results—Comparison of 2022 to 2021” and Note 10(d) of the notes to our financial statements for further discussion of our assessment of impairment with respect to our large-sized OLED display panel business. We cannot provide assurance that any future downturns will not result in additional recognition of impairment losses on our property, plant and equipment and intangible assets, which may have a material adverse effect on our financial condition and results of operations.

A global economic downturn may result in reduced demand for our products and adversely affect our profitability.

In recent years, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices and the general weakness of the global economy have contributed to the uncertainty of global economic prospects in general and have adversely affected, and may continue to adversely affect, the Korean economy. Global economic downturns in the past have adversely affected demand for consumer products manufactured by our customers in Korea and overseas, including IT products (which term is used by us to collectively refer to notebook computers, desktop monitors and tablet computers), televisions and mobile and other application products utilizing display panels, which in turn led them to reduce or plan reductions of their production.

The overall prospects for the global economy remain uncertain. In particular, the COVID-19 pandemic that began in late 2019 and rapid increases in interest rates globally starting in the second half of 2021 to combat inflation have materially and adversely affected the global economy and financial markets. See “—Risks Relating to Our Company—Earthquakes, tsunamis, floods, severe health epidemics (including the global COVID-19 pandemic and any possible recurrence of other types of widespread infectious diseases) and other natural calamities could materially adversely affect our business, results of operations or financial condition.” Such uncertainties have been, and continue to be, exacerbated by, among other things, deterioration in economic and trade relations between major economies (particularly between the United States and China), the invasion of Ukraine by Russia and ensuing sanctions against Russia, the slowdown of economic growth in China and other major emerging market economies, adverse economic and political conditions in Europe and Latin America and continuing geopolitical and social instability in North Korea and various parts of the Middle East, including escalating hostilities in the Middle East following the Israel-Hamas war. We cannot provide any assurance that demand for our products can be sustained at current levels in future periods or that the demand for our products will not decrease in the future due to such economic downturns, which may adversely affect our profitability.

We have from time to time adjusted, and may decide to adjust in the future, our production levels subject to market demand for our products, the production outlook of the global display panel industry, any significant disruptions in our supply chain and global economic conditions in general. For example, as part of our continued efforts to increase the proportion of higher-value OLED panels in our product mix, we have been reducing the production level of TFT-LCD panels in recent years. In particular, in 2020, we significantly reduced the production level of TFT-LCD television display panels by substantially ceasing the production of most types of such panels in Korea, in light of continued overcapacity in the market and our increased focus on producing OLED panels and higher value TFT-LCD panels for IT products. In 2021, we increased our production capacity of larger-sized eighth-generation OLED panels and high-end TFT-LCD panels for IT products in light of increased market demand. In 2022, we reduced our production capacity of TFT-LCD panels for televisions at our manufacturing facilities in China. In addition, we ceased production at, and closed, our P5 fabrication facility (where we had produced TFT-LCD panels for notebook computers and mobile and other applications) in June 2022, our P7 fabrication facility (where we had produced TFT-LCD panels for televisions) in December 2022, and our P62 fabrication facility (where we had produced TFT-LCD panels for notebook computers and desktop monitors) in June 2023, in light of our continued efforts to increase the proportion of OLED panels in our product mix and the production capacity for such panels and further reduce our production level of TFT-LCD panels, which we believe to be relatively more sensitive to market conditions and generally allow for fewer opportunities for product differentiation. Any decline in demand for display panel products may adversely affect our business, results of operations and/or financial condition.

Our industry continues to experience steady declines in the average selling prices of display panels irrespective of cyclical fluctuations in the industry, and our margins would be adversely impacted if prices decrease faster than we are able to reduce our costs.

The average selling prices of display panels have declined in general and are expected to continually decline with time irrespective of industry-wide cyclical fluctuations as a result of, among other factors, technological advancements and cost reductions. Although we may be able to take advantage of the higher selling prices typically associated with new products and technologies when they are first introduced in the market, such prices decline over time, and in certain cases, very rapidly, as a result of market competition or otherwise, and we may have difficulties with setting the prices of our display panels at levels at which we can secure sufficient margins. In particular, in part due to weaker market demand and increased competition, our gross margin decreased from 17.8% in 2021 to 4.3% in 2022 and further to 1.6% in 2023. If we are unable to effectively anticipate and counter the price erosion that accompanies our products, or if the average selling prices of our display panels decrease faster than the speed at which we are able to reduce our manufacturing costs, our gross margin would decrease and our results of operations and financial condition may be materially and adversely affected.

We operate in a highly competitive environment and we may not be able to sustain our current market position.

The display panel industry is highly competitive. Our main competitors in the industry include leading display manufacturers in China, Korea, Taiwan and Japan. We have experienced pressure on the prices and margins of our major products due largely to additional capacity from panel makers in Asia, particularly in China. The market share of Chinese manufacturers in the global TFT-LCD display market has significantly increased in recent years primarily due to their large investments in production facilities and production of large volumes of lower-priced panels with the support of the Chinese government as part of its efforts to encourage Chinese consumers to purchase domestically manufactured products. Chinese display panel manufacturers have also been increasingly making capital investments in OLED technology, especially with respect to small- and mid-sized OLED display panels. For example, BOE, China's largest display panel manufacturer, announced in November 2023 that it plans to make significant new investments to build a new OLED production line in Chengdu, China. Moreover, Samsung Display, which is one of our primary competitors based in Korea, announced in April 2023 its plans to make significant capital investments in a new OLED manufacturing facility in Asan, Korea. Increased production capacity resulting from such investments as well as additional investments by our competitors in China and elsewhere may result in further intensified competition. See "Item 4.B. Business Overview—Competition."

Some of our competitors may currently, or at some point in the future, have greater financial, sales and marketing, manufacturing, research and development or technological resources than we do. In addition, our competitors may be able to manufacture panels on a larger scale or with greater cost efficiencies than we do, and we anticipate increases in production capacity in the future by other display panel manufacturers using similar display panel technologies as ours. Any price erosion resulting from strong global competition or additional industry capacity may materially adversely affect our financial condition and results of operations.

Mergers or consolidations within the industry in which we operate may result in increased competition as the entities emerging from such consolidation may have greater financial, manufacturing, research and development and other resources than we do, especially if such mergers or consolidations result in vertical integration and operational efficiencies. Increased competition resulting from such mergers or consolidations may lead to decreased margins, which may have a material adverse effect on our financial condition and results of operations.

Our ability to compete successfully also depends on factors both within and outside our control, including product pricing, performance and reliability, our relationship with customers, successful and timely investment and product development, success or failure of our end-brand customers in marketing their brands and products, newly established industry standards, component and raw material supply costs, and general economic and industry conditions. We cannot provide assurance that we will be able to maintain a competitive advantage with respect to all these factors and, as a result, we may be unable to sustain our current market position.

Our operating results fluctuate from period to period, so you should not rely on period-to-period comparisons to predict our future performance.

Our industry is affected by market conditions that are often outside the control of manufacturers. Our results of operations may fluctuate significantly from period to period due to a number of factors, including seasonal variations in consumer demand, capacity ramp-up by competitors, industry-wide technological changes, the loss of a key customer and the postponement, rescheduling or cancellation of large orders by a key customer, any of which may or may not reflect a continued trend from one period to the next. As a result of these factors and other risks discussed in this section, you should not rely on period-to-period comparisons to predict our future performance.

Risks Relating to Our Company

Our financial condition may be adversely affected if we cannot introduce new products to adapt to rapidly evolving customer needs on a timely basis.

Our success will depend greatly on our ability to respond quickly to rapidly evolving customer requirements and to develop and efficiently manufacture new and differentiated products in anticipation of future demand. A failure or delay on our part to develop and efficiently manufacture products of such quality and technical specifications that meet our customers' evolving needs may adversely affect our business.

Close cooperation with our customers to gain insights into their product needs and to understand general trends in the end-product market is a key component of our strategy to produce successful products. In addition, when developing new products, we often work closely with equipment suppliers to design equipment that will make our production processes for such new products more efficient. If we are unable to work together effectively with our customers and equipment suppliers, or to sufficiently understand their respective needs and capabilities or general market trends, we may not be able to introduce or efficiently manufacture new products in a timely manner, which may have a material adverse effect on our financial situation.

In addition, product differentiation, especially the ability to develop and market differentiated specialty products that command higher premiums in a timely manner, has become a key competitive strategy in the display panel market. This is in part due to trends in consumer electronics and other markets, such as IT products, televisions and mobile and other applications, where the growth in demand is led by end products employing newer technologies with specifications tailored to deliver enhanced performance, convenience and user experience in a cost-efficient and timely manner. Accordingly, we have focused our efforts on developing and marketing differentiated specialty products, such as OLED display panels for televisions and commercial displays including our next-generation "META" display panels (which apply advanced technologies to offer brighter and more stable images), "CSO (Cinematic Sound OLED)" sound integrated panels, rollable OLED display panels, transparent OLED display panels as well as OLED display panels for gaming monitors. We also strive to deliver differentiated values to meet our consumers' demand for various display panels including (i) panels utilizing ultra-high definition, or Ultra HD, technology and low power consumption with oxide TFT backplanes, (ii) Advanced High-Performance In-Plane Switching, or AH-IPS, panels for IT products and televisions, and (iii) plastic OLED display panels for smartphones, automotive products and wearable devices. We have also focused our efforts on cost reductions in the production process, in particular of our OLED display panels, in order to improve or maintain our profit margins while offering competitive prices to our customers.

We have developed differentiated sales and marketing strategies to promote our panels for differentiated specialty products as part of our strategy to grow our operations to meet increasing demand for new applications in consumer electronics and other markets. However, we cannot provide assurance that the differentiated products we develop and market will be responsive to our end customers' needs nor that our products will be successfully incorporated into end products or new applications that lead market growth in consumer electronics or other markets.

Problems with product quality, including defects, in our products could result in a decrease in customers and sales, unexpected expenses and loss of market share.

Our products are manufactured using advanced, and often new, technology and must meet stringent quality requirements. Products manufactured using more advanced and newer technology, such as our OLED technology, may contain undetected errors or defects, especially when first introduced. For example, our latest display panels may contain defects that are not detected until after they are shipped or installed because we cannot test for all possible scenarios. Such defects could cause us to incur significant re-designing costs, divert the attention of our technology personnel from product development efforts and significantly affect our customer relations and business reputation. In addition, future product failures could cause us to incur substantial expense to repair or replace defective products. We recognize a provision for warranty obligations based on the estimated costs that we expect to incur under our basic limited warranty for our products, which covers defective products and is valid for a period of time mutually agreed between us and the relevant customer from the date of purchase by such customer. The warranty provision is largely based on historical and anticipated rates of warranty claims, and therefore we cannot provide assurance that the provision would be sufficient to cover any surge in future warranty expenses that significantly exceed historical and anticipated rates of warranty claims. In addition, if we deliver products with errors or defects, or if there is a perception that our products contain errors or defects, our credibility and the market acceptance and sales of our products could be harmed. Widespread product failures may damage our market reputation, and/or reduce our market share and cause our sales to decline.

We sell our products to a select group of key customers, including our largest shareholder and its affiliates, and any significant decrease in their order levels or material deterioration in their financial condition will negatively affect our financial condition and results of operations.

A substantial portion of our sales is attributable to a limited group of end-brand customers and their designated system integrators. In particular, our sales of high value-added display panels are largely concentrated to a limited number of leading global end-brand customers and their system integrators with the requisite technological capabilities to produce products that require such high-value-added display panels. Sales attributed to our end-brand customers are for their end-brand products and do not include sales to these customers for their system integration activities for other end-brand products, if any. Our top ten end-brand customers, including LG Electronics Inc., our largest shareholder, together accounted for a substantial majority of our sales in each of 2021, 2022 and 2023.

We benefit from the strong collaborative relationships we maintain with our end-brand customers by participating in the development of their products and gaining insights about levels of future demand for our products and other industry trends. Customers look to us for a dependable supply of quality products, even during downturns in the industry, and we benefit from the brand recognition of our customers' end products. The loss of these end-brand customers, as a result of their entering into strategic supplier arrangements with our competitors or otherwise, would thus result not only in reduced sales, but also in the loss of these benefits. We cannot provide assurance that a select group of key end-brand customers, including our largest shareholder, will continue to place orders with us in the future at the same levels as in prior periods, or at all.

We expect that we will continue to be dependent upon LG Electronics and its affiliates for a significant portion of our revenue for the foreseeable future. See "Item 7.B. Related Party Transactions" for a description of these related party transactions with LG Electronics and its affiliates. Our results of operations and financial condition could therefore be affected by the overall performance of LG Electronics and its affiliates.

Furthermore, although we have not experienced any material problems relating to customer payments to date, as a result of our significant dependence on a concentrated group of end-brand customers and their designated system integrators, we are exposed to credit risks associated with these entities.

Consolidation and other changes at our end-brand customers could cause sales of our products to decline.

Mergers, acquisitions, divestments or consolidations involving our end-brand customers can present risks to our business, as management at the new entity may change the way they do business, including their transactions with us, or may decide not to use us as one of their suppliers of display panels. In addition, we cannot provide assurance that a combined entity resulting from a merger, acquisition or consolidation or a newly formed entity resulting from a divestment will continue to purchase display panels from us at the same level, if at all, as each entity purchased in the aggregate when they were separate companies or that a divested company will purchase panels from us at the same level, if at all, as prior to the divestment.

Our results of operations depend on our ability to keep pace with changes in technology.

Advances in technology typically lead to rapid declines in sales volumes for products made with older technologies and may lead to these products becoming less competitive in the marketplace, or even obsolete. As a result, we have made, and will likely be required to continue to make, significant expenditures to develop or acquire new process and product technologies, along with corresponding manufacturing capabilities. For example, we commenced mass production of large-sized OLED panels at our CO fabrication facility, located in Guangzhou, China, in July 2020. In August 2021, we announced plans to make investments in an aggregate amount of up to ₩3.3 trillion in a new fabrication complex in Paju, Korea, P10, which will be used for the production of small- and medium-sized OLED panels. We completed the construction of our new AP5 fabrication facility located within such complex in February 2024, and have subsequently commenced mass production of medium-sized panels at such facility.

With the latest addition of 97-inch OLED televisions to the line-up of available products in 2022, following the prior launch of OLED televisions in various sizes up to 88-inches, we are continuing to deploy resources into large-sized OLED panel fabrication capabilities in order to maintain our competitive edge in the OLED television panel market. We have also deployed and are continuing to deploy significant resources into plastic OLED panels for mobile and other applications (especially automotive products) and medium-sized OLED panels for tablets in order to expand our market presence. Our ability to develop differentiated products with new display technologies and utilize advanced manufacturing processes to increase production yields while lowering production cost will be critical to our sustained competitiveness. However, we cannot provide assurance that we will be able to continue to successfully develop new products or manufacturing processes through our research and development efforts or through obtaining technology licenses, or that we will keep pace with technological changes in the marketplace.

Earthquakes, tsunamis, floods, severe health epidemics (including the global COVID-19 pandemic and any possible recurrence of other types of widespread infectious diseases) and other natural calamities could materially adversely affect our business, results of operations or financial condition.

If earthquakes, tsunamis, floods, severe health epidemics or any other natural calamities were to occur in the future in any area where any of our assets, suppliers or customers are located, our business, results of operations or financial condition could be adversely affected. A number of suppliers of our raw materials, components and manufacturing equipment, as well as certain of our manufacturing facilities, are located in countries which have historically suffered natural calamities from time to time, such as China, Japan, Taiwan and Vietnam, as well as Korea. Any occurrence of such natural calamities in countries where our suppliers are located may lead to shortages or delays in the supply of raw materials, components or manufacturing equipment. In addition, natural calamities in areas where our customers are located, including China, the United States, Europe, Korea and Japan, may cause disruptions in their businesses, which in turn could adversely impact their demand for our products.

In particular, the global outbreak of COVID-19, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 which was declared a “pandemic” by the World Health Organization in March 2020, had led to global economic and financial disruptions and had adversely affected our business operations in recent years, including temporary suspension of operations at certain of our manufacturing facilities.

While we believe that the overall impact of COVID-19 on our business and results of operations to date has generally been mixed, as the increase in demand that ensued in 2020 and 2021 for certain types of our products, including IT products, due to increased levels of working remotely, online schooling and social distancing, helped offset the negative effects of such pandemic, including those listed below, risks associated with a prolonged outbreak of COVID-19 or other types of widespread infectious diseases include:

- an increase in unemployment among, and/or decrease in disposable income of, consumers who purchase the products manufactured by our end-brand customers and a decline in overall consumer confidence and spending levels, which in turn may decrease demand for our products;
- disruption in the normal operations of the businesses of our customers, which in turn may decrease demand for our products;
- disruption in the supply of raw materials, components and equipment, including semiconductors, from our suppliers and vendors;
- disruption in the delivery of our products to our customers;
- disruption in the normal operations of our business resulting from contraction of COVID-19 or other types of widespread infectious diseases by our employees, which may necessitate our employees to be quarantined and/or our manufacturing facilities or offices to be temporarily shut down;
- disruption resulting from the necessity for social distancing, including implementation of temporary adjustment of work arrangements requiring employees to work remotely and restriction on overseas and domestic business travel, which may lead to a reduction in labor productivity;
- fluctuations of the Won against major foreign currencies (see “—*Our results of operations are subject to exchange rate fluctuations*”);
- unstable global and Korean financial markets, which may adversely affect our ability to meet our funding needs on a timely and cost-effective basis; and
- decreases in the fair value of our investments in companies that may be adversely affected by the pandemic.

While demand for certain types of our products increased in 2020 and 2021 as a result of social distancing caused by COVID-19, demand for such products has generally decreased since the second half of 2021 due in part to a general decrease in consumer consumption levels in light of rising inflation and interest rates and economic volatility and uncertainty globally. See “Item 5.A. Operating Results — Overview — Market Conditions.” In the event that COVID-19 or other types of widespread infectious diseases cannot be effectively and timely contained, our business, financial condition and results of operations may be materially adversely affected.

The emergence of OLED technology as an alternative to panels with TFT-LCD technology may erode sales of our TFT-LCD panels, which may have a material adverse effect on our financial condition and results of operations.

While our revenue and sales volume have historically been predominantly derived from the sale of display panels with TFT-LCD technology, OLED technology is widely seen in the display industry as a successor technology to TFT-LCD technology and is gaining wider market acceptance for use in display panels for IT products, televisions and mobile and other applications, including commercial displays, entertainment systems, automotive displays, portable navigation devices and medical diagnostic equipment, and the proportion of our sales derived from our panel products utilizing OLED technology have been increasing in recent years. For example, all of our currently produced display panels for mobile devices and a majority of our currently produced display panels for televisions utilize OLED technology. We have recognized the importance and potential of OLED technology and have in recent years engaged in research and development and invested in production facilities to develop and commercialize OLED panels for small-, medium- and large-sized products. We have been producing OLED panels for televisions and smartphones since 2013. We also began production of plastic OLED panels at our AP3 and AP4 fabrication facilities in August 2017 and July 2019, respectively, in each case for mobile and other applications. In July 2020, we commenced mass production of large-sized OLED panels at our CO fabrication facility, located in Guangzhou, China. In August 2021, we announced plans to make investments in an aggregate amount of up to ₩3.3 trillion in a new fabrication complex in Paju, Korea, P10, which will be used for the production of small- and medium-sized OLED panels. We completed the construction of our new AP5 fabrication facility located within such complex in February 2024 and have subsequently commenced mass production of medium-sized panels at such facility.

Our early efforts in developing and commercializing OLED technology have been recognized by various display panel industry groups in recent years. For example, in June 2021, our 65-inch rollable OLED television panels received the Display of the Year Award by the Society for Information Display and in November 2021, our plastic OLED panels for automotive products received the Presidential Award at the 2021 Korea Tech Show. In November 2022, our newly launched large-sized OLED.Ex television panels received the Technology Award at the HiVi Grand Prix 2022. In January 2023, our newly developed thin actuator sound solution for automobiles received the CES 2023 Innovation Award. While we strive to maintain our early competitive edge in the market for OLED panels, the market for OLED panels is still relatively small compared to the market for TFT-LCD panels, and we expect competition will continue to intensify in the future. In addition, the speed at which we achieve cost reduction for our OLED technology-based new products or at which significant demand for such products develops may be slower than our current expectations.

As OLED panels continue to gain market acceptance as an alternative to TFT-LCD panels, if we are unable to continue to develop and commercialize OLED technology in a commercially viable and timely manner to offset declining sales of our TFT-LCD panels, or if customers prefer panels developed and manufactured by our competitors utilizing competing technologies to OLED technology, this would have a material adverse effect on our financial condition and results of operations. See also “—We operate in a highly competitive environment and we may not be able to sustain our current market position.” above.

We will have significant capital requirements in connection with our business strategy and if capital resources are not available we may not be able to implement our strategy and future plans.

In connection with our strategy to further enhance the diversity and capacity of our display panel production, we anticipate that we will continue to incur significant capital expenditures for the construction of new production facilities and the maintenance and enhancement of existing production facilities, particularly in connection with our continued investments in OLED technology. Our significant recent and pending capital expenditures include the following:

- In August 2021, we announced plans to make investments in an aggregate amount of up to ₩3.3 trillion in a new fabrication complex in Paju, Korea, P10, which will be used for the production of small- and medium-sized OLED panels. We completed the construction of our new AP5 fabrication facility located within such complex in February 2024 and have subsequently commenced mass production of medium-sized panels at such facility.
- In response to and in anticipation of growing demand in the China market, we established a joint venture with the government of Guangzhou to construct a new fabrication facility to manufacture next generation large-sized OLED panels, which was established under the name of LG Display High-Tech (China) Co., Ltd., in July 2018. We currently hold a 70% ownership interest in the joint venture and the government of Guangzhou holds the remaining 30% ownership interest. We have invested approximately ₩7 trillion in capital expenditures for the joint venture as of December 31, 2023 and commenced mass production of large-sized OLED panels at such fabrication facility in July 2020.

- In July 2017, we announced plans to make investments in an aggregate amount of up to ₩7.8 trillion mainly in new large-sized and plastic OLED production lines in Paju, Korea. In July 2019, we announced plans to make additional investments of ₩3.0 trillion in the previously announced new large-sized OLED production lines. Certain of such investments have already been completed with respect to plastic OLED panels and we commenced mass production of such panels in July 2019. However, our scheduled investments in large-sized OLED panels pursuant to the July 2017 and July 2019 announcements have been extended until the first quarter of 2028 due in part to increased uncertainties in the global economic environment. We are in the process of developing and assessing the specifics of such planned investments, including the timing.

We have continued to make investments to construct new production facilities as well as for other purposes in order to proactively respond to the technological changes in the display industry and maintain a competitive market position. However, we have reduced our capital expenditure levels in recent periods as part of our efforts to gain financial stability by focusing on certain essential investments required to operate our business. In 2023, our total cash outflows for capital expenditure, consisting of cash used in acquisition of property, plant and equipment, amounted to ₩3.5 trillion, which represented a 31.4% decrease from ₩5.1 trillion in 2022. We currently expect that, in 2024, our total cash outflows for capital expenditure will be lower compared to 2023 and will be used primarily to continue to fund our previously announced investments related to facilities for OLED panels as well as other essential recurring investments. Such expected capital expenditures are subject to periodic assessment, and we cannot provide any assurance that such expected capital expenditures may not change materially after assessment.

These capital expenditures will be made well in advance of any additional sales that will be generated from these expenditures. However, in the event of adverse market conditions, or if our actual expenditures significantly exceed our planned expenditures, our external financing activities combined with our internal sources of liquidity may not be sufficient to carry out our current and future operational plans, and we may decide not to expand the capacity of certain of our facilities or construct new production facilities as scheduled or at all. Our ability to obtain additional financing will depend upon a number of factors outside our control, including general economic, financial, competitive, regulatory and other considerations.

In the past, difficulties affecting the global financial sectors, adverse conditions and volatility in the worldwide credit and financial markets, fluctuations in oil and commodity prices and the general weakness of the global economy have increased the uncertainty of global economic prospects in general and have adversely affected the global and Korean economies. Because we rely on financing both within and outside of Korea from time to time, difficulties affecting the global and Korean economies, including any increase in market volatility and their lingering effects (including those in relation to the global COVID-19 pandemic and rapid increases in interest rates globally starting in the second half of 2021 to combat inflation, deterioration in economic and trade relations between major economies (particularly between the United States and China), the invasion of Ukraine by Russia and ensuing sanctions against Russia, the slowdown of economic growth in China and other major emerging market economies, adverse economic and political conditions in Europe and Latin America and continuing geopolitical and social instability in North Korea and various parts of the Middle East, including escalating hostilities in the Middle East following the Israel-Hamas war), could adversely affect our ability to obtain sufficient financing on commercially reasonable terms. The failure to obtain sufficient financing on commercially reasonable terms to complete our expansion plans could delay or impair our ability to pursue our business strategy, which could materially and adversely affect our business and results of operations.

Our manufacturing processes are complex and periodic improvements to increase efficiency can expose us to potential disruptions in operations.

The manufacturing processes for TFT-LCD, OLED and other display products are highly complex, requiring sophisticated and costly equipment that is periodically modified and upgraded to improve manufacturing yields and product performance, and reduce unit manufacturing costs. These updates expose us to the risk that from time to time production difficulties will arise that could cause delivery delays, reduced output or both. We cannot provide assurance that we will not experience manufacturing problems in achieving acceptable output, product delivery delays or both as a result of, among other factors, construction delays, difficulties in upgrading or modifying existing production lines or building new plants, difficulties in modifying existing or adopting new manufacturing line technologies or processes or delays in equipment deliveries, any of which could constrain our capacity and adversely affect our results of operations.

We may be unable to successfully execute our growth strategy or manage and sustain our growth on a timely basis, if at all, and, as a result, our business may be harmed.

We have experienced, and expect to continue to experience, periods of rapid growth in the scope and/or complexity of our operations due to the building of new fabrication facilities and the expansion and conversion of existing fabrication facilities to meet the evolving and anticipated demands of our customers. For example, we established our AP4 fabrication facility to increase our production capacity of plastic OLED panels for mobile and other applications in July 2019, and we completed the construction of our new AP5 fabrication facility (which constitutes a part of, and is located within, the larger P10 fabrication complex) to increase our production capacity of medium-sized OLED panels in February 2024. See “Item 4.D. Property, Plants and Equipment—Current Facilities.” With respect to our overseas facilities in recent years, in response to and in anticipation of growing demand in the China market, in July 2018, we established and acquired a majority ownership interest in, a joint venture with the government of Guangzhou to construct our new CO fabrication facility to manufacture next generation large-sized OLED panels in Guangzhou, China. We have invested approximately ₩7 trillion in capital expenditures for the joint venture as of December 31, 2023 and commenced mass production of large-sized OLED panels at the CO fabrication facility in July 2020. See also “—We will have significant capital requirements in connection with our business strategy and if capital resources are not available we may not be able to implement our strategy and future plans.” above.

As part of our continued efforts to increase the proportion of higher-value OLED panels with higher degrees of manufacturing complexity in our product mix, we have also been reducing the production level of TFT-LCD panels in recent years, including by ceasing production of such panels at, and closing several of, our manufacturing facilities. See “—Risks Relating to Our Industry—A global economic downturn may result in reduced demand for our products and adversely affect our profitability.” In addition, we are currently considering a phased exit strategy for our TFT-LCD television panel manufacturing facility in China in light of TFT-LCD television panels’ higher degree of sensitivity to market volatility and the current oversupply in the TFT-LCD television display panel market.

Sustained growth in the scope and complexity of our operations may strain our managerial, financial, manufacturing and other resources. We may experience manufacturing difficulties in starting new production lines, upgrading existing facilities or building new plants as a result of cost overruns, construction delays or shortages of, or quality problems with, materials, labor or equipment, any of which could result in a loss of future revenue. We may also incur opportunity costs if we misjudge the anticipated demand for certain display panel products and allocate our limited resources in increasing production capacity for such display panel products at the cost of maintaining existing or increasing production capacity of other display panel products that turn out to be more popular. In addition, we may incur various costs and/or losses in connection with closing or disposing of certain facilities in connection with rebalancing our product portfolio. Moreover, failure to keep up with our competitors in future investments in next-generation panel fabrication facilities or in the upgrading of manufacturing capacity of existing facilities would impair our ability to effectively compete within the display panel industry. Failure to obtain intended economic benefits from expansion and other strategic projects could adversely affect our business, financial condition and results of operations.

If we cannot maintain high capacity utilization rates, our profitability will be adversely affected.

The production of display panels entails high fixed costs resulting from considerable expenditures for the construction of complex fabrication and assembly facilities and the purchase of costly equipment, particularly for productions involving new technologies, such as OLED. We aim to maintain high capacity utilization rates so that we can allocate these fixed costs over a greater number of panels produced and realize a higher gross margin. However, due to any number of reasons, including fluctuating demand for our products, overcapacity in the display industry or a significant disruption in the supply chain of raw materials, equipment and labor, we may need to reduce or delay the production of our products, resulting in lower-than-optimal capacity utilization rates. The high degree of uncertainty regarding global economic prospects resulting from global pandemics, rapid increases in policy interest rates globally to combat rising inflationary pressures, deterioration in economic and trade relations between major economies (particularly between the United States and China), the invasion of Ukraine by Russia and ensuing sanctions against Russia, the slowdown of economic growth in China and other major emerging market economies, adverse economic and political conditions in Europe and Latin America and continuing geopolitical and social instability in North Korea and various parts of the Middle East, including escalating hostilities in the Middle East following the Israel-Hamas war, have adversely impacted and may further adversely impact global demand for our products. For example, in November 2022, we temporarily reduced the production of large-sized OLED television display panels in one of our manufacturing facilities as part of our efforts to further optimize our inventory levels as well as due to the weakening demand for our products as a result of economic volatility and uncertainty. As such, we cannot provide assurance that we will be able to sustain our capacity utilization rates in the future nor can we provide assurance that we will not reduce our utilization rates in the future as market and industry conditions change.

Limited availability of raw materials, components and manufacturing equipment could materially and adversely affect our business, results of operations or financial condition.

Our production operations depend on obtaining adequate supplies of quality raw materials and components on a timely basis. As a result, it is important for us to control our raw material and component costs and reduce the effects of fluctuations in price and availability. In general, we source most of our raw materials as well as key components, such as glass substrates, driver integrated circuits and polarizers used in both our TFT-LCD and OLED products, backlight units and liquid crystal materials used in our TFT-LCD products and hole transport materials and emission materials used in our OLED products, from two or more suppliers for each key component. However, we may establish a working relationship with a single supplier if we believe it is advantageous to do so due to performance, quality, support, delivery, capacity, price or other considerations. We may experience shortages in the supply of these key components, as well as other components or raw materials, as a result of, among other things, anticipated capacity expansion in the display industry, our dependence on a limited number of suppliers or temporary disruptions in the supply chain thereof due to factors outside of our control (including military conflicts such as the ongoing invasion of Ukraine by Russia and escalating hostilities in the Middle East following the Israel-Hamas war, natural disasters, health hazards such as the COVID-19 pandemic, civil unrest, work stoppages, strikes or other labor-related disruptions involving our key suppliers, or trade sanctions or restrictions). Our results of operations would be adversely affected if we were unable to obtain adequate supplies of high-quality raw materials or components in a timely manner or make alternative arrangements for such supplies in a timely manner.

Furthermore, we may be limited in our ability to pass on increases in the cost of raw materials and components to our customers. We do not typically enter into binding long-term contracts with our customers, and even in those cases where we do enter into long-term agreements with certain of our major end-brand customers, the price terms are contained in the purchase orders which are generally placed by them several weeks in advance of delivery. Except under certain special circumstances, the price terms in the purchase orders are not subject to change. Prices for our products are generally determined through negotiations with our customers, based generally on the complexity of the product specifications and the labor and technology involved in the design or production processes. However, if we become subject to any significant increase in the cost of raw materials or components that were not anticipated when negotiating the price terms after the purchase orders have been placed, we may be unable to pass on such cost increases to our customers.

We have purchased, and expect to purchase, a substantial portion of our equipment from a limited number of qualified foreign and local suppliers. From time to time, increased demand for new equipment or replacement parts may cause lead times to extend beyond those normally required by the equipment vendors. The unavailability of equipment, delays in the delivery of equipment, or the delivery of equipment that does not meet our specifications, in each case including replacement parts, could delay implementation of our expansion or other capital expenditure plans and impair our ability to meet customer orders. This could result in a loss of revenue and cause financial stress on our operations.

Advance purchase orders from our customers vary in volume from period to period, and we operate with a modest level of inventory, which may make it difficult for us to efficiently allocate capacity on a timely basis in response to changes in demand.

While we have been actively seeking, and plan to continue, to increase the proportion of our products that are manufactured pursuant to binding, “order-based” supply projects as part of our efforts to better manage our inventory levels, enhance profitability and reduce volatility in our production levels, a majority of our sales have historically been, and continue to be, generated from products that are not subject to binding supply contracts with our customers. See “Item 4.B. Business Overview—Sales.” With respect to our products that are not subject to binding supply contracts, our major customers and their designated system integrators provide us with advance rolling forecasts of their product requirements. However, firm orders are typically not placed until negotiations on purchase prices are subsequently finalized a few weeks prior to delivery. As a result, firm orders may be less than anticipated based on these prior forecasts. Due to the cyclical nature of the display industry, purchase order levels from our customers have varied from period to period. Although we typically operate with an inventory level estimated for several weeks, it may be difficult for us to adjust production costs or to allocate production capacity in a timely manner to compensate for any such volatility in order volumes. Our inability to respond quickly to changes in overall demand for display products as well as changes in product mix and specifications may result in lost revenue, which would adversely affect our results of operations.

We may experience losses on inventories.

The lifecycle of products in the consumer electronics industries, which constitute the primary downstream industries of our business, is continuing to decrease due to rapid technological advancements. Accordingly, frequent new product introductions in the consumer electronics industries can result in a decline in the average selling prices of our display panels and the obsolescence of our existing display panel inventory. In addition, from time to time, we have experienced, and may continue to experience, inventory accumulation of certain of our display panel products as a result of continued slowdown in demand from downstream industries, which in turn was in part due to longer replacement cycles for products that utilize our display panels. Such events can result in a decrease in the stated value of our panel inventory, which we value at the lower of cost or net realizable value.

We manage our inventory based on our customers' and our own forecasts and typically operate with an inventory level estimated for several weeks. Although adjustments are regularly made based on market conditions, we typically deliver our goods to the customers within several weeks after a firm order has been placed. While we maintain open channels of communication with our major customers to avoid unexpected decreases in firm orders or subsequent changes to placed orders, and try to minimize our inventory levels, such actions by our customers may have an adverse effect on our inventory management. An increase in our inventory levels may cause, among other things, an increase in the cost of managing such inventories and a reduction in the value of inventory over time, which in turn may negatively affect our results of operations due to higher cost of sales resulting from the recognition of inventory valuation losses.

Unfavorable outcomes in investigations and proceedings against us and other TFT-LCD panel producers for possible anti-competitive activities may have a direct and indirect material impact on our operations.

Since 2006, we and certain other TFT-LCD panel producers have been subject to an investigation by the U.S. Department of Justice, various and separate claims brought by direct and indirect purchasers, and a number of legal proceedings brought by attorneys general of various states in the United States, with respect to possible anti-competitive activities in the TFT-LCD industry. We have since settled and resolved the investigation and various subsequent legal proceedings, with the exception of the attorney general of the Commonwealth of Puerto Rico. The settlements were duly approved by the applicable courts and, in the case of the state attorneys general actions, by their respective state governments. In October 2022, the United States District Court for the District of Puerto Rico dismissed the case without prejudice for failure to prosecute.

We have also been subject to investigations outside of the United States, including by the European Commission, with respect to the same subject matter. We have since settled, resolved, and/or paid fines for such actual investigations brought by the relevant competition authorities. Following the European Commission's decision, various follow-on claims were initiated in the United Kingdom by various claimants alleging damages as a result of violation of European competition laws. We have since reached settlements with each of the claimants, with the exception of a follow-on damages claim filed by Granville Technology Group and others ("Granville") in the U.K. in December 2016. In February 2024, the court rendered its judgment on such follow-on damages claim against the defendants, including us. As of April 24, 2024, the amount for which we will be liable remains subject to further determination by the court.

In addition, in December 2013, a class action complaint was filed by Hatzlacha, a consumer organization, on behalf of Israeli consumers against LG Display and other defendants in the Central District in Israel. As of April 24, 2024, we have not been served with the complaint from Hatzlacha.

See "Item 8.A. Consolidated Statements and Other Financial Information—Legal Proceedings—Antitrust and Others" for a more detailed description of these matters as well as other material legal proceedings that we are involved in.

In each of the foregoing matters that are ongoing, we are continually evaluating the merits of the respective claims and vigorously defending ourselves. Irrespective of the validity or the successful assertion of the claims described above, we may incur significant costs with respect to litigating or settling any or all of the asserted claims. While we continue to vigorously defend the various ongoing proceedings that we are involved in, it is possible that one or more proceedings may result in cash outflow to settle or resolve these claims, which may have an adverse effect on our operating results or financial condition.

We need to observe certain financial and other covenants under the terms of our debt obligations, the failure to comply with which would put us in default under such debt obligations.

In recent years, we have increasingly relied on debt financing primarily to satisfy our cash requirements for capital investments. As of December 31, 2023, we had outstanding short-term borrowings of ₩1,876 billion (US\$1,453 million) and long-term debt including current portion in the amount of ₩14,656 billion (US\$11,353 million) and prior to deducting discounts on bonds, consisting of ₩1,362 billion of Korean Won denominated bonds, US\$100 million of U.S. dollar denominated bonds, US\$3,222 million of U.S. dollar denominated long-term loans, CNY24,991 million of CNY denominated long-term loans and ₩4,491 billion of Korean Won denominated long-term loans. We are subject to financial and other covenants, including maintenance of credit ratings and debt-to-equity ratios, under certain of our debt obligations. The documentation for such debt also contains negative pledge provisions limiting our ability to provide liens on our assets as well as cross-default and cross-acceleration clauses, which give related creditors the right to accelerate the amounts due under such debt if an event of default or acceleration has occurred with respect to our existing or future indebtedness, or if any material part of our indebtedness or indebtedness of our subsidiaries is capable of being declared payable before the stated maturity date. In addition, such covenants restrict our ability to raise future debt financing.

If we breach the financial or other covenants contained in the documentation governing our debt obligations, our financial condition will be adversely affected to the extent we are not able to cure such breaches, obtain a waiver from the relevant lenders or debtholders or repay the relevant debt.

Our results of operations are subject to exchange rate fluctuations.

There has been considerable volatility in foreign exchange rates in recent years, including rates between the Korean Won on the one hand and the U.S. dollar, Chinese Yuan and the Japanese Yen on the other hand. To the extent that we incur costs in one currency and make sales in another, our profit margins may be affected by changes in the exchange rates between the two currencies.

Our sales of display panels are denominated mainly in U.S. dollars, while our purchases of raw materials are denominated mainly in U.S. dollars and, to a much lesser extent, Chinese Yuan and Japanese Yen. The largest proportion of our expenditures on capital equipment are denominated in Korean Won and, to a lesser extent, U.S. dollars, Japanese Yen and Chinese Yuan. Accordingly, fluctuations in exchange rates, in particular between the U.S. dollar and the Korean Won, between the Chinese Yuan and the Korean Won as well as between the Japanese Yen and the Korean Won, affect our pre-tax income, and in recent years, the value of the Won relative to the U.S. dollar, Chinese Yuan and Japanese Yen has fluctuated widely. Although a depreciation of the Korean Won against the U.S. dollar increases the Korean Won value of our export sales and enhances the price-competitiveness of our products in foreign markets in U.S. dollar terms, it also increases the cost of imported raw materials and components in Korean Won terms and our cost in Korean Won of servicing our U.S. dollar denominated debt. A depreciation of the Korean Won against the Chinese Yuan or Japanese Yen increases the Korean Won cost of our Chinese Yuan- or Japanese Yen-denominated purchases of equipment, raw materials or components, as applicable, and, to the extent we have any debt denominated in Chinese Yuan or Japanese Yen, our cost in Korean Won of servicing such debt, but has relatively little impact on our sales as most of our sales are denominated in U.S. dollars. In addition, continued exchange rate volatility may also result in foreign exchange losses for us. Although a depreciation of the Korean Won against the U.S. dollar, in general, has a net positive impact on our results of operations that more than offsets the net negative impact caused by a depreciation of the Korean Won against the Chinese Yuan or Japanese Yen, we cannot provide assurance that the exchange rate of the Korean Won against foreign currencies will not be subject to significant fluctuations, or that the impact of such fluctuations will not adversely affect the results of our operations.

Our business relies on our patent rights which may be narrowed in scope or found to be invalid or otherwise unenforceable.

Our success will depend, to a significant extent, on our ability to obtain and enforce our patent rights both in Korea and worldwide. The coverage claimed in a patent application can be significantly reduced before a patent is issued, either in Korea or abroad. Consequently, we cannot provide assurance that any of our pending or future patent applications will result in the issuance of patents. Patents issued to us may be subjected to further proceedings limiting their scope and may not provide significant proprietary protection or competitive advantage. Our patents also may be challenged, circumvented, invalidated or deemed unenforceable. In addition, because patent applications in certain countries generally are not published until more than 18 months after they are first filed, and because publication of discoveries in scientific or patent literature often lags behind actual discoveries, we cannot be certain that we were, or any of our licensors was, the first creator of inventions covered by pending patent applications, that we or any of our licensors will be entitled to any rights in purported inventions claimed in pending or future patent applications, or that we were, or any of our licensors was, the first to file patent applications on such inventions.

Furthermore, pending patent applications or patents already issued to us or our licensors may become subject to dispute, and any dispute could be resolved against us. For example, we may become involved in re-examination, reissue or interference proceedings and the result of these proceedings could be the invalidation or substantial narrowing of our patent claims. We also could be subject to court proceedings that could find our patents invalid or unenforceable or could substantially narrow the scope of our patent claims. In addition, depending on the jurisdiction, statutory differences in patentable subject matter may limit the protection we can obtain on some of our inventions.

Failure to protect our intellectual property rights could impair our competitiveness and harm our business and future prospects.

We believe that developing new products and technologies that can be differentiated from those of our competitors is critical to the success of our business. We take active measures to obtain international protection of our intellectual property by obtaining patents and undertaking monitoring activities in our major markets. However, we cannot assure you that the measures we are taking will effectively deter competitors from improper use of our proprietary technologies. Our competitors may misappropriate our intellectual property, disputes as to ownership of intellectual property may arise and our intellectual property may otherwise become known or independently developed by our competitors.

Any failure to protect our intellectual property could impair our competitiveness and harm our business and future prospects.

Our rapid introduction of new technologies and products may increase the likelihood that third parties will assert claims that our products infringe upon their proprietary rights.

The rapid technological changes that characterize our industry require that we quickly implement new processes and components with respect to our products. Often with respect to recently developed processes and components, a degree of uncertainty exists as to who may rightfully claim ownership rights in such processes and components. Uncertainty of this type increases the risk that claims alleging that such components or processes infringe upon third party rights may be brought against us. Although we take and will continue to take steps to ensure that our new products do not infringe upon third party rights, if our products or manufacturing processes are found to infringe upon third party rights, we may be subject to significant liabilities and be required to change our manufacturing processes or be prohibited from manufacturing certain products, which could have a material adverse effect on our operations and financial condition.

We may be required to defend against charges of infringement of patent or other proprietary rights of third parties. Although patent and other intellectual property disputes in our industry have often been settled through licensing or similar arrangements, such defense could require us to incur substantial expense and to divert significant resources of our technical and management personnel, and could result in our loss of rights to develop or make certain products or require us to pay monetary damages or royalties to license proprietary rights from third parties. Furthermore, we cannot be certain that the necessary licenses would be available to us on acceptable terms, if at all. Accordingly, an adverse determination in a judicial or administrative proceeding or failure to obtain necessary licenses could prevent us from manufacturing and selling certain of our products. Any such litigation, whether successful or unsuccessful, could result in substantial costs to us and diversions of our resources, either of which could adversely affect our business.

We rely on technology provided by third parties and our business will suffer if we are unable to renew our licensing arrangements with them.

From time to time, we have obtained licenses for patent, copyright, trademark and other intellectual property rights to process and device technologies used in the production of our display panels. We have entered into key licensing arrangements with third parties, for which we have made, and continue to make, periodic license fee payments. In addition, we also have cross-license agreements with certain other third parties. These agreements terminate upon the expiration of the respective terms of the patents. See “Item 5.C. Research and Development, Patents and Licenses, etc.—Intellectual Property—License Agreements.”

If we are unable to renew our technology licensing arrangements on acceptable terms, we may lose the legal protection to use certain of the processes we employ to manufacture our products and be prohibited from using those processes, which may prevent us from manufacturing and selling certain of our products, including our key products. In addition, we could be at a disadvantage if our competitors obtain licenses for protected technologies on more favorable terms than we do.

In the future, we may also need to obtain additional patent licenses for new or existing technologies. We cannot provide assurance that these license agreements can be obtained or renewed on acceptable terms or at all, and if not, our business and operating results could be adversely affected.

We rely upon trade secrets and other unpatented proprietary know-how to maintain our competitive position in the display panel industry and any loss of our rights to, or unauthorized disclosure of, our trade secrets or other unpatented proprietary know-how could negatively affect our business.

We rely upon trade secrets, unpatented proprietary know-how and information, as well as continuing technological innovation in our business. The information we rely upon includes price forecasts, core technology and key customer information. We enter into confidentiality agreements with each of our employees and consultants upon the commencement of an employment or consulting relationship. These agreements generally provide that all inventions, ideas, discoveries, improvements and copyrightable material made or conceived by the individual arising out of the employment or consulting relationship and all confidential information developed or made known to the individual during the term of the relationship is our exclusive property. We cannot provide assurance that these types of agreements will be sufficient to prevent the misappropriation of our intellectual property rights, will be fully enforceable, or that they will not be breached. We also cannot be certain that we will have adequate remedies for any such breach. The disclosure of our trade secrets or other know-how as a result of such a breach could adversely affect our business. In addition, our competitors may come to know about or determine our trade secrets and other proprietary information through a variety of methods. Disputes may arise concerning the ownership of intellectual property or the applicability or enforceability of our confidentiality agreements, and there can be no assurance that any such disputes would be resolved in our favor. Furthermore, others may acquire or independently develop similar technology, or if patents are not issued with respect to technologies arising from our research, we may not be able to maintain information pertinent to such research as proprietary technology or trade secrets and that could have an adverse effect on our competitive position within the display panel industry.

If our cybersecurity is breached, we may incur significant legal and financial exposure, damage to our reputation and a loss of confidence of our customers.

Our business involves the storage and transmission of confidential information relating to us as well as our customers and suppliers, and any breach in our cybersecurity could expose us to a risk of loss, the improper use or disclosure of such information, ensuing potential liability or litigation, any of which could harm our reputation and adversely affect our business. Although there has been no material instance where an unauthorized party was able to obtain access to our data or our customers' data, there can be no assurance that we will not be vulnerable to cyber-attacks in the future. See "Item 16K. Cybersecurity."

Our cybersecurity measures may also fail due to employee error, malfeasance or otherwise. Instituting appropriate access controls and safeguards across our information technology infrastructure is challenging. Furthermore, outside parties may attempt to fraudulently induce employees to disclose sensitive information in order to gain access to our data or our customers' data or accounts or may otherwise obtain access to such data or accounts. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of our cybersecurity occurs or the market perception of the effectiveness of our cybersecurity measures is adversely affected, we may incur significant legal and financial exposure, including legal claims and regulatory fines and penalties, damage to our reputation and a loss of confidence of our customers, which could have an adverse effect on our business, financial condition and results of operations.

We rely on key researchers and engineers, senior management and production facility operators, and the loss of the services of any such personnel or the inability to attract and retain them may negatively affect our business.

Our success depends to a significant extent upon the continued service of our research and development and engineering personnel, and on our ability to continue to attract, retain and motivate qualified researchers and engineers, especially during periods of rapid growth. In particular, our focus on leading the market in introducing new products and advanced manufacturing processes has meant that we must aggressively recruit research and development personnel and engineers with expertise in cutting-edge technologies.

We also depend on the services of experienced key senior management, and if we lose their services, it would be difficult to find and integrate replacement personnel in a timely manner, if at all. We also employ highly skilled line operators at our various production facilities.

Although as part of our efforts to recruit and retain key personnel, we offer various benefits such as salary increases, promotions, housing and children's education expenses, there can be no assurance that such benefits will be sufficient to attract and retain key personnel. The loss of the services of any of our key research and development and engineering personnel, senior management or skilled operators without adequate replacement, or the inability to attract new qualified personnel, would have a material adverse effect on our operations.

The interests of LG Electronics, our largest shareholder, and any directors or officers nominated by it, may differ from or conflict with those of us or our other shareholders.

When exercising its rights as our largest shareholder, LG Electronics may take into account not only our interests but also its interests and the interests of its affiliates. LG Electronics' interests may at times conflict with ours in a number of areas relating to our business, including potential acquisitions of businesses or properties, incurrence of indebtedness, financial commitments, sales and marketing functions, indemnity arrangements, service arrangements and the exercise by LG Electronics of significant influence over our management and affairs. See "Item 6.A. Directors and Senior Management" for a description of the composition of our current board of directors and senior management.

Labor unrest may disrupt our operations.

As of December 31, 2023, more than half of our employees based in Korea were union members, and production employees accounted for substantially all of these members. We have a collective bargaining arrangement with our labor union, which is negotiated once a year. Any deterioration in our relationship with our employees or labor unrest resulting in a work stoppage or strike may have a material adverse effect on our financial condition and results of operations.

We are subject to strict safety and environmental regulations and we may be subject to fines or restrictions that could cause our operations to be interrupted.

Our manufacturing processes involve hazardous materials and generate chemical waste, waste water and other industrial waste at various stages in the manufacturing process, and we are subject to a variety of laws and regulations relating to the use, storage, discharge and disposal of such chemical by-products and waste substances. We have enacted safety measures, engaged in employee education on handling such materials and installed various types of safety and anti-pollution equipment, consistent with industry standards, for the treatment of chemical waste and equipment for the recycling of treated waste water at our various facilities. See "Item 4.B. Business Overview—Environmental Matters" for a description of the anti-pollution equipment that we have installed in our various facilities. However, we cannot provide assurance that our protocols will always be followed and safety or environmental related claims will not be brought against us or that the local or national governments will not take steps toward adopting more stringent safety or environmental standards.

Any failure on our part to comply with any present or future safety and environmental regulations could result in the assessment of damages or imposition of fines and penalties against us, suspension of production or a cessation of operations. From January 1, 2021 to December 31, 2023, we and certain of our current and former employees have received and paid aggregate fines and penalties of approximately ₩177 million in connection with violations of applicable safety and environmental regulations under Korean law. We have also implemented certain measures to facilitate future compliance with such regulations. In addition, in January 2021, there was an incident involving a leakage of tetramethylammonium hydroxide chemicals, which occurred during refurbishment of equipment at one of our production facilities in Paju, Korea, causing casualties to several of the workers performing such task. In connection with such incident, we and our employees involved in the incident were prosecuted for violating the Industrial Safety and Health Act and the Chemicals Control Act. In January 2023, the Goyang Branch of the Uijeongbu District Court ordered a fine of ₩20 million on us, which we have paid in full. The prosecution filed an appeal with respect to several of the prosecuted employees, which was dismissed by the Uijeongbu District Court in December 2023. In addition, some of our prosecuted employees filed a final appeal with the Supreme Court, which was dismissed in March 2024, leading to the final conclusion of the case. In March 2022, an accident occurred at our contracted construction site in Paju, Korea, resulting in injuries to several contracted workers. In February 2023, the government authorities closed the investigation on such accident without any charges against us.

Furthermore, safety and environmental regulations could require us to acquire costly equipment or to incur other significant compliance expenses that may materially and negatively affect our financial condition and results of operations.

Risks Relating to our American Depositary Shares, or ADSs, or our Common Stock

Future sales of shares of our common stock or convertible securities in the public market may depress our stock price and make it difficult for you to recover the full value of your investment in our common stock or our ADSs.

We cannot predict the effect, if any, that market sales of shares of our common stock or other securities that may be converted into shares of our common stock or the availability of such shares or securities for sale will have on the market price of our common stock prevailing from time to time.

In March 2024, as part of our ongoing efforts to improve our financial condition and liquidity, we issued 142,184,300 new shares of common stock (including 1,038,078 new shares represented by 2,076,156 ADSs) at a subscription price of ₩9,090 per share (and US\$3.4500019 per ADS) pursuant to a preemptive rights offering to our existing shareholders, including ADS holders, followed by a public offering in Korea with respect to the fractional shares from the rights offering. We plan to use the proceeds of such offering to fund our capital investments, general corporate purposes (including purchases of raw materials) and repay certain of our outstanding debt. Immediately following the completion of such offering, the number of issued and outstanding shares of our common stock increased to 500,000,000 as of March 15, 2024. In particular, our largest shareholder, LG Electronics, subscribed for 47,968,206 new shares of our common stock for a cash consideration of Won 436 billion under such offering. As a result of its participation, following the completion of such offering, LG Electronics' shareholding in us decreased from 37.9% to 36.7% as of March 15, 2024. There is no assurance that LG Electronics will not sell all or a part of its ownership interest in us in the future.

We have no current plans for any additional offerings of our common stock, ADSs or securities exchangeable for or convertible into such securities. However, it is possible that we may decide to offer or sell such securities in the future. Any future sales by LG Electronics or any future issuance by us of a significant number of shares of our common stock or other securities that may be converted into shares of our common stock in the public market, or the perception that any of these events may occur, could cause the market price of our common stock to decrease or to be lower than it might be in the absence of these events or perceptions.

Our public shareholders may have more difficulty protecting their interests than they would as shareholders of a U.S. corporation.

Our corporate affairs are governed by our articles of incorporation and by the laws governing Korean corporations. The rights and responsibilities of our shareholders and members of our board of directors under Korean law may be different from those that apply to shareholders and directors of a U.S. corporation. For example, minority shareholder rights afforded under Korean law often require the minority shareholder to meet minimum shareholding requirements in order to exercise certain rights. In the case of public companies, a shareholder must own, individually or collectively with other shareholders, at least 1% of our common stock, or 0.01% of our common stock for at least six consecutive months, in order to file a derivative suit on our behalf. While the facts and circumstances of each case will differ, the duty of care required of a director under Korean law may not be the same as the fiduciary duty of a director of a U.S. corporation. Therefore, holders of our common stock or our ADSs may have more difficulty protecting their interests against actions of our management, members of our board of directors or largest shareholders than they would as shareholders of a U.S. corporation.

You may be limited in your ability to deposit or withdraw the common stock underlying the ADSs, which may adversely affect the value of your investment.

Under the terms of our deposit agreement, holders of common stock may deposit such common stock with the depository's custodian in Korea and obtain ADSs, and holders of ADSs may surrender ADSs to the depository and receive common stock. However, to the extent that a deposit of common stock exceeds the difference between:

- the aggregate number of shares of common stock we have consented to allow to be deposited for the issuance of ADSs (including deposits in connection with offerings of ADSs and stock dividends or other distributions relating to ADSs); and
- the number of shares of common stock on deposit with the custodian for the benefit of the depository at the time of such proposed deposit,

such common stock will not be accepted for deposit unless (1) our consent, subject to governmental authorization, with respect to such deposit has been obtained or (2) such consent is no longer required under Korean laws and regulations.

Under the terms of the deposit agreement, no consent is required if the shares of common stock are obtained through a dividend, free distribution, rights offering or reclassification of such stock. The current limit on the number of shares that may be deposited into our ADR facility is 68,095,700 as of April 24, 2024. The number of shares issued or sold in any subsequent offering by us or our major shareholders, subject to government authorization, raises the limit on the number of shares that may be deposited into the ADR facility, except to the extent such deposit is prohibited by applicable laws or violates our articles of incorporation, or we decide with the ADR depository to limit the number of shares of common stock so offered that would be eligible for deposit under the deposit agreement in order to maintain liquidity for the shares in Korea as may be requested by the relevant Korean authorities. We might not consent to the deposit of any additional shares of common stock. As a result, if a holder surrenders ADSs and withdraws common stock, it may not be able to deposit the common stock again to obtain ADSs.

Holders of ADSs will not have preemptive rights in some circumstances.

The Korean Commercial Code, as amended, and our articles of incorporation require us, with some exceptions, to offer shareholders the right to subscribe for new shares of our common stock in proportion to their existing shareholding ratio whenever new shares are issued, except under certain circumstances as provided in our articles of incorporation. Accordingly, if we issue new shares to non-shareholders based on such exception, a holder of our ADSs may experience dilution in its holdings. Furthermore, if we offer any right to subscribe for additional shares of our common stock or any rights of any other nature to existing shareholders subject to their preemptive rights, the depository, after consultation with us, may make the rights available to holders of our ADSs or use reasonable efforts to dispose of the rights on behalf of such holders and make the net proceeds available to such holders. The depository, however, is not required to make available to holders any rights to purchase any additional shares of our common stock unless it deems that doing so is lawful and feasible and

- a registration statement filed by us under the U.S. Securities Act of 1933, as amended, is in effect with respect to those shares; or
- the offering and sale of those shares is exempt from or is not subject to the registration requirements of the Securities Act.

We are under no obligation to file any registration statement with the SEC or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, a holder of our ADSs may be unable to participate in our rights offerings and may experience dilution in its holdings. If a registration statement is required for a holder of our ADSs to exercise preemptive rights but is not filed by us or is not declared effective, the holder will not be able to exercise its preemptive rights for additional ADSs and it will suffer dilution of its equity interest in us. If the depository is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or feasible, it will allow the rights to lapse, in which case the holder will receive no value for these rights.

Holders of ADSs will not be able to exercise dissent and appraisal rights unless they have withdrawn the underlying shares of our common stock and become our direct shareholders.

In some limited circumstances, including the transfer of the whole or any significant part of our business and our merger or consolidation with another company, dissenting shareholders have the right to require us to purchase their shares under Korean law. However, a holder of our ADSs will not be able to exercise such dissent and appraisal rights if the depository refuses to do so on their behalf. Our deposit agreement does not require the depository to take any action in respect of exercising dissent and appraisal rights. In such a situation, holders of our ADSs must initiate the withdrawal of the underlying common stock from the ADS facility (and incur charges relating to that withdrawal) by the day immediately following the date of public disclosure of our board of directors' resolution of a merger or other events triggering appraisal rights and become our direct shareholder prior to the record date of the shareholders' meeting at which the relevant transaction is to be approved, in order to exercise dissent and appraisal rights.

Dividend payments and the amount you may realize upon a sale of our common stock or ADSs that you hold will be affected by fluctuations in the exchange rate between the U.S. dollar and the Korean Won.

Cash dividends, if any, in respect of the shares represented by our ADSs will be paid to the depository in Korean Won and then converted by the depository into U.S. dollars, subject to certain conditions. Accordingly, fluctuations in the exchange rate between the Korean Won and the U.S. dollar will affect, among other things, the amounts a holder will receive from the depository in respect of dividends, the U.S. dollar value of the proceeds that a holder would receive upon sale in Korea of the shares of our common stock obtained upon surrender of ADSs and the secondary market price of ADSs. Such fluctuations will also affect the U.S. dollar value of dividends and sales proceeds received by holders of our common stock.

Risks Relating to Korea

If economic conditions in Korea deteriorate, our current business and future growth could be materially and adversely affected.

We are incorporated in Korea, and a substantial portion of our operations and assets are located in Korea. As a result, we are subject to political, economic, legal and regulatory risks specific to Korea, and our performance and successful fulfillment of our operational strategies are dependent in large part on the overall Korean economy. Due to the debilitating effects of the COVID-19 pandemic on the Korean economy and the economies of Korea's major trading partners, the economic indicators in Korea have shown mixed signs of deterioration and uncertain recovery since the outbreak of the COVID-19 pandemic. See “— Earthquakes, tsunamis, floods, severe health epidemics (including the global COVID-19 pandemic and any possible recurrence of other types of widespread infectious diseases) and other natural calamities could materially adversely affect our business, results of operations or financial condition.” As a result, future growth of the Korean economy is subject to many factors beyond our control, including developments in the global economy.

In recent years, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices, supply chain disruptions and the increasing weakness of the global economy, mainly due to the COVID-19 pandemic and rapid increases in policy interest rates globally to combat rising inflationary pressures, which have been, and continue to be, exacerbated by, among other things, deterioration in economic and trade relations between major economies (particularly between the United States and China), the invasion of Ukraine by Russia and ensuing sanctions against Russia, the slowdown of economic growth in China and other major emerging market economies, adverse economic and political conditions in Europe and Latin America and continuing geopolitical and social instability in North Korea and various parts of the Middle East, including escalating hostilities in the Middle East following the Israel-Hamas war, have contributed to the uncertainty of global economic prospects in general and have adversely affected, and may continue to adversely affect, the Korean economy. The value of the Won relative to major foreign currencies has fluctuated significantly and, as a result of uncertain global and Korean economic, social and political conditions, there has been significant volatility in the stock prices of Korean companies recently. Future declines in the Korea Composite Stock Price Index (the “KOSPI”), and large amounts of sales of Korean securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Won, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies to raise capital. Any future deterioration of the Korean or global economy could adversely affect our business, financial condition and results of operations.

Developments that could have an adverse impact on Korea's economy include:

- declines in consumer confidence and a slowdown in consumer spending, including as a result of the global COVID-19 pandemic and increases in market interest rates;
- rising inflationary pressures leading to increases in the costs of goods and services and a decrease in purchasing power;
- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of deteriorating economic and trade relations between the United States and China and increased uncertainties in the global financial markets and industry;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the U.S. dollar, the Euro or the Japanese Yen exchange rates or revaluation of the Chinese Yuan), interest rates, inflation rates or stock markets;
- the occurrence of severe health epidemics, such as the COVID-19 pandemic, or other severe health epidemics in Korea or other parts of the world;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy;
- increased sovereign default risk in select countries and the resulting adverse effects on the global financial markets;
- a deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Korean government's policies to increase minimum wages and limit working hours of employees;

- investigations of large Korean business groups and their senior management for possible misconduct;
- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;
- shortages of imported raw materials, natural resources, rare earth minerals or component parts, including semiconductors, due to disruptions to the global supply chain;
- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;
- social and labor unrest;
- substantial changes in the market prices of Korean real estate;
- a substantial decrease in tax revenues and a substantial increase in the Korean government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs, in particular in light of the Korean government's ongoing efforts to provide emergency relief payments to households and emergency loans to corporations in need of funding in light of COVID-19 as well as recent interest rate increases, which, together, would likely lead to a national budget deficit as well as an increase in the Korean government's debt;
- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues concerning certain Korean companies;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- geopolitical uncertainty and the risk of further attacks by terrorist groups around the world;
- political uncertainty or increasing strife among or within political parties in Korea;
- hostilities or political or social tensions involving countries in the Middle East (including those resulting from escalating hostilities in the Middle East following the Israel-Hamas war) and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;
- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners;
- hostilities, political or social tensions involving Russia (including the invasion of Ukraine by Russia and the ensuing actions that the United States and other countries have taken or may take in the future, such as the imposition of sanctions against Russia) and the resulting adverse effects on the global supply of oil and other natural resources and the global financial markets; and
- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States.

Escalations in tensions with North Korea could have an adverse effect on us and the market value of our common stock and ADSs.

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon, ballistic missile and satellite programs as well as its hostile military actions against Korea. Some of the significant incidents in recent years include the following:

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs and warheads that can be mounted on ballistic missiles. Over the years, North Korea has also conducted a series of ballistic missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. North Korea has increased the frequency of such activities since the beginning of 2022, firing numerous ballistic missiles, including intercontinental ballistic missiles, and in November 2023, successfully launched its first spy satellite. In response, the Korean

government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the Korean government also closed the inter-Korea Gaeseong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.

- In March 2010, a Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The Korean government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than one hundred artillery shells that hit Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between Korea and North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The Korean government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea.

Although bilateral summit meetings were held between Korea and North Korea in April, May and September 2018 and between North Korea and the United States in June 2018, February 2019 and June 2019, there can be no assurance that the level of tensions affecting the Korean peninsula will not escalate in the future. Any further increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between Korea and North Korea or between the United States and North Korea break down or further military hostilities occur, could have a material adverse effect on the Korean economy and on our business, financial condition and results of operations and the market value of our common stock and ADSs.

If the Korean government deems that emergency circumstances are likely to occur, it may restrict holders of our ADSs and the depositary from converting and remitting dividends and other amounts in U.S. dollars.

Under the Korean Foreign Exchange Transaction Law, if the Korean government deems that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilizing the balance of payments or substantial disturbance in the Korean financial and capital markets, are likely to occur, it may impose any necessary restrictions as requiring Korean or foreign investors to obtain prior approval from the Minister of Strategy and Finance for the acquisition of Korean securities or the repatriation of interest, dividends or sales proceeds arising from disposition of such securities or other transactions involving foreign exchange. See "Item 10.D. Exchange Controls."

Item 4. INFORMATION ON THE COMPANY

Item 4.A. History and Development of the Company

We are a leading innovator of TFT-LCD, OLED and other display panel technologies. We manufacture display panels in a broad range of sizes and specifications primarily for use in IT products (comprising notebook computers, desktop monitors and tablet computers), televisions and various other applications, including mobile devices and automotive displays.

The origin of our display business, which first started with TFT-LCD panels, can be traced to the TFT-LCD research that began in 1987 at the Goldstar R&D Center, which was then part of LG Electronics Inc. TFT-LCD research continued at the Anyang R&D Center, a research and development center established by LG Electronics in 1990 in Anyang, Korea, which was subsequently moved to our Paju Display Cluster in 2008, and which today continues to lead our technology innovation efforts. In 1993, the TFT-LCD business division was launched within LG Electronics, and in September 1995 mass production of TFT-LCD panels began at P1, its first fabrication facility, producing mainly TFT-LCD panels for notebook computers and other applications. In December 1997, LG Semicon Inc., a subsidiary of LG Electronics, began mass production at P2, producing mainly TFT-LCD panels for notebook computers.

We were incorporated in 1985 under the laws of the Republic of Korea under the original name of Goldstar Software Co., Ltd., a subsidiary of LG Electronics whose main business was the development and marketing of software, which changed its name to LG Software, Ltd. in January 1995 and subsequently to LG Soft, Ltd. in January 1997. At the end of 1998, LG Electronics and LG Semicon transferred their respective TFT-LCD-related businesses to LG Soft, which, as part of the business transfer, changed its name to LG LCD Co., Ltd.

In July 1999, LG Electronics entered into a joint venture agreement with Koninklijke Philips Electronics N.V., pursuant to which Philips Electronics acquired a 50% interest in LG LCD. In connection with this transaction, LG LCD transferred its existing software-related business to LG Electronics in order to focus solely on the TFT-LCD business. The joint venture, which was renamed LG.Philips LCD Co., Ltd., was officially launched in August 1999. In July 2004, we completed our initial public offering and listed shares of our common stock on the Korea Exchange under the identifying code “034220” and our ADSs on the New York Stock Exchange under the symbol “LPL”. Prior to the listings, LG Electronics and Philips Electronics terminated the joint venture agreement and entered into a shareholders’ agreement to reflect new arrangements between them as controlling shareholders. The shareholders’ agreement automatically terminated upon Philips Electronics’ sale of all of its remaining ownership interest in us in March 2009. Effective March 3, 2008, we changed our name from LG.Philips LCD Co., Ltd. to LG Display Co., Ltd. in order to reflect the expansion of our business scope and shift in business model, fully expressing our commitment to the future.

We launched our OLED Business Unit in June 2008 in anticipation of future growth of the OLED business. The origin of our OLED business began with our acquisition of LG Electronics’ active matrix OLED, or AMOLED, business in January 2008 by way of taking over its inventory, intellectual property rights and employees related to the AMOLED business. In 2012, partly in recognition of the growing importance of OLED to the future of our business, especially in connection with large-sized products, we restructured our internal organization relating to our OLED business, breaking up the OLED Business Unit and transferring our mobile-related business (including OLED products for mobile and other applications) to the newly created IT/Mobile Business Division and transferring our OLED television panel business to the Television Business Division. We were the first in the world to commence mass production of 55-inch OLED television panels in 2013. In December 2014, we established a separate OLED Business Division to strengthen our OLED business and solidify our competitive advantages. In December 2016, partly in an effort to expand our OLED business across our display panel applications (including mobile products and other applications), we restructured our internal organization by product type, and integrated the capabilities of our OLED business into the Television Business Division, the IT Business Division and the Mobile Business Division. In December 2021, as part of our efforts to increase the synergies between our products, we integrated our Television Business Division into a new Large Display Business Unit and combined our IT Business Division and the Mobile Business Division into a new Medium-Small Display Business Unit. In order to secure and maintain competitiveness of our overall business and facilitate our sustainable growth, we are continuing to engage in various activities to accelerate the transition of the focus of our overall business to OLEDs and restructure our TFT-LCD business. In 2022, we reduced our production capacity of TFT-LCD panels for televisions at our manufacturing facilities in China. In addition, we ceased production at, and closed, our P5 fabrication facility (where we had produced TFT-LCD panels for notebook computers and mobile and other applications) in June 2022, our P7 fabrication facility (where we had produced TFT-LCD panels for televisions) in December 2022, and our P62 fabrication facility (where we had produced TFT-LCD panels for notebook computers and desktop monitors) in June 2023, in light of our continued efforts to increase the proportion of OLED panels in our product mix and the production capacity for such panels and further reduce our production level of TFT-LCD panels, which we believe to be relatively more sensitive to market conditions and generally allow for fewer opportunities for product differentiation. Moreover, we are currently considering a phased exit strategy for our TFT-LCD television panel manufacturing facility in China in light of TFT-LCD television panels’ higher degree of sensitivity to market volatility and the current oversupply in the TFT-LCD television display panel market.

Our principal executive offices are located at LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 07336 and our telephone number is +82-2-3777-0748. Our website address is <http://www.lgdisplay.com>.

We have continued to develop our manufacturing process technologies and expand our production facilities. Each successive generation of our fabrication facilities has been designed to process increasingly larger-size glass substrates, which allows us to cut a larger number of panels, sometimes with larger sizes, from each glass substrate. The ability to process larger glass substrates allows us to produce a larger variety of display sizes to accommodate evolving business and consumer demands. In addition, due to the large number of fabrication facilities we operate, we have the flexibility to make strategic decisions based on market demand to convert existing production lines housed within a fabrication facility to manufacture display panels based on newer technologies.

As part of our ongoing expansion plans, we have constructed several manufacturing facilities for OLED panels in Korea in recent years, including our AP4 fabrication facility for plastic OLED panels for mobile and other applications, which commenced mass production in July 2019. Furthermore, in response to and in anticipation of growing demand in the China market, we established a joint venture with the government of Guangzhou to construct our new CO fabrication facility to manufacture next generation large-sized OLED panels, which was established under the name of LG Display High-Tech (China) Co., Ltd., in July 2018. We currently hold a 70% ownership interest in the joint venture and the government of Guangzhou holds the remaining 30% ownership interest. We have invested approximately ₩7 trillion in capital expenditures for the joint venture as of December 31, 2023, and we commenced mass production of large-sized OLED panels at the CO

fabrication facility in July 2020. More recently, in February 2024, we completed the construction of our new AP5 fabrication facility and have subsequently commenced mass production of medium-sized OLED panels at such facility. Each of our on-going expansion projects are generally subject to market conditions and any changes in our investment timetable. See “Item 4.D. Property, Plants and Equipment—Capital Expenditures.”

With respect to our assembly facilities, from 1995 to early 2003, we assembled all panels in our Gumi assembly facility adjacent to our P1 facility. Since 2003, in order to better serve the needs of our global customers, we have commenced operations at various assembly facilities in Korea and several other countries. For more information on our module assembly facilities, see “Item 4.D. Property, Plants and Equipment—Current Facilities.”

For a description of cash outflows relating to our capital expenditures in the past three fiscal years, see “Item 5.A. Operating Results—Overview—Manufacturing Productivity and Costs.”

The U.S. Securities and Exchange Commission, or the SEC, maintains a website (<http://www.sec.gov>), which contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Item 4.B. Business Overview

Overview

We manufacture TFT-LCD and OLED technology-based display panels in a broad range of sizes and specifications primarily for use in IT products (comprising notebook computers, desktop monitors and tablet computers), televisions and mobile devices, including smartphones, and we are one of the world’s leading suppliers of large-sized OLED television panels. We also manufacture display panels for industrial and other applications, including entertainment systems, automotive displays, portable navigation devices and medical diagnostic equipment. In 2023, we sold a total of 104.4 million display panels that are nine inches or larger. According to OMDIA, we had a global market share for display panels of nine inches or larger of approximately 15% and for those smaller than nine inches of approximately 11%, each based on sales revenue in 2023.

We currently operate fabrication facilities, which include separately designated sets of fabrication production lines housed in certain facilities, located in our Display Clusters in Gumi and Paju, Korea and in Guangzhou, China. We also operate module assembly facilities in Korea and abroad. For a full description of our current facilities, see “Item 4.D. Property, Plants and Equipment—Current Facilities.”

We seek to build our market position based on collaborative relationships with our customers and suppliers, a focus on high-end differentiated specialty display products and manufacturing productivity. Our end-brand customers include many of the world’s leading manufacturers of IT products, televisions and mobile phones such as LG Electronics. For a description of our sales to LG Electronics, our largest shareholder, see “Item 7.B. Related Party Transactions.”

At the direction of our end-brand customers, we typically ship our display panels to their original equipment manufacturers, known as “system integrators,” who use our display panels in products they assemble on a contract basis for our end-brand customers. We engage in direct sales (including through our overseas subsidiaries), as well as indirect sales through trading companies, including our formerly affiliated trading company, LX International (formerly known as “LG International Corp.”) and its subsidiaries, to end-brand customers and their system integrators. Pursuant to the separation of certain companies, including LX International, from the LG Group to form a separate business group named the LX Group, which separation was approved by the Korea Fair Trade Commission in June 2022, LX International is no longer our affiliated company.

Our sales were ₩29,878 billion in 2021, ₩26,152 billion in 2022 and ₩21,331 (US\$16,523 million) in 2023.

Technology Description

TFT-LCD Technology

A TFT-LCD panel consists of two thin glass substrates and polarizer films between which a layer of liquid crystals is deposited and behind which a light source called a backlight unit is mounted. The frontplane glass substrate is fitted with a color filter, while the backplane glass substrate, also called a TFT array, has many thin film transistors, or TFT, formed on its surface. The liquid crystals are normally aligned to allow the polarized light from the backlight unit to pass through the two glass panels. When voltage is applied to the transistors on the TFT array, the liquid crystals change their alignment and alter

the amount of light that passes through them. Meanwhile, the color filter on the frontplane glass substrate gives each pixel its own color. The combination of these pixels in different colors and levels of brightness forms the image on the panel.

The process for manufacturing a TFT-LCD panel consists of four steps:

- *TFT array process* – involves fabricating a large number of thin film transistors on the backplane glass substrate. The number of transistors corresponds to the number of pixels on the screen. The process is similar to the process for manufacturing semiconductor chips, except that transistors are fabricated on large glass substrates instead of silicon wafers. Unlike in the semiconductor industry, however, the number of transistors per glass substrate is not a primary driver of the manufacturing costs for TFT-LCDs;
- *Color filter process* – involves fabricating a large number of color regions on the frontplane glass substrate that will overlay the TFT array prior to the cell process. The colored dots of red, green and blue combine to form various colors. The process is similar to the TFT array process but involves depositing colored pigments instead of transistors;
- *Cell process* – involves joining together the backplane glass substrate that is arrayed with transistors and the frontplane glass substrate that is patterned with a color filter. The space between the two glass substrates is filled with liquid crystal materials. The resulting adjoined substrate is called a cell; and
- *Module assembly process* – involves connecting additional components, such as driver integrated circuits and backlight units, to the cell.

The TFT array, color filter and cell processes are capital-intensive and require highly automated production equipment and are the primary determinants of fixed manufacturing cost. In contrast, the module assembly process involves semi-automated production equipment and manual labor to assemble the various components. Materials are the primary drivers of variable manufacturing cost.

IPS Technology

In-Plane Switching, or IPS, is a liquid crystal switching technology that was developed to address commonly faced problems with TFT-LCD panels that utilized other liquid crystal technologies, namely narrow viewing angles, inconsistent picture uniformity and slow response times. Unlike other liquid crystal technologies where the liquid crystals are aligned vertically or at an angle in relation to the glass substrate, with IPS technology, the liquid crystals are aligned horizontally in parallel to the glass substrate, which allows for wider viewing angles, greater picture uniformity and faster response times. Our TFT-LCD display panels, including our TFT-LCD television panels, utilize IPS technology.

Advanced High Performance IPS, or AH-IPS, is an IPS technology that integrates ultra-fine pitch technology and high transmittance technology, which allows for ultra-high resolution imagery, increased luminance and greater energy efficiency. AH-IPS is currently utilized in our panels for certain types of IT products, smartphones and other mobile display products.

OLED Technology

An OLED panel consists of a thin film of organic material encased between anode and cathode electrodes. When a current is applied, light is emitted directly from the organic material. Because a separate backlight is not needed, OLED panels can be lighter and thinner compared to TFT-LCD panels, which require a separate backlight. In addition, images projected on OLED panels have higher contrast ratios and more realistic color reproduction compared to images projected on TFT-LCD panels.

We utilize different types of sub-pixel and backplane technologies in our OLED panels. Under the RGB sub-pixel structure, a combination of red, green and blue sub-pixels without color filters or white sub-pixels are used to produce a range of colors. While we, along with most of our competitors, utilize RGB sub-pixel technology for small- and medium-sized products, there are various technical challenges in scaling RGB sub-pixel technology for large-sized products, such as television panels. For our OLED television panels, we have overcome these challenges by opting to utilize our WRGB sub-pixel structure, whereby red, green and blue color filters are placed over white OLED sub-pixels to produce a range of colors and began production of OLED television panels at our OP1 fabrication facility in 2013. Mass production of our plastic OLED panels for mobile and other applications began at our AP3 and AP4 fabrication facilities in August 2017 and July 2019, respectively. In July 2020, we commenced mass production of large-sized OLED panels at our CO fabrication facility, located in Guangzhou, China. More recently, in February 2024, we completed the construction of our new AP5 fabrication facility and have subsequently commenced mass production of medium-sized OLED panels at such facility. As for backplane

technology, our large-sized OLED products are produced using oxide TFT backplane technology as compared to our smaller-sized OLED products which utilize low-temperature polycrystalline silicon (“LTPS”), or low-temperature polycrystalline oxide (“LTPO”), backplane technology, as described in greater detail below.

Backplane Technology

Oxide TFT

We use oxide TFT technology to produce backplanes for use in our large-sized OLED panels, such as the panels used in OLED television products. The traditional amorphous silicon-based TFT, or a-Si TFT, backplane technology has certain limitations that render it unsuitable for producing backplanes for use in large-sized OLED panels with high resolutions and fast refresh rates. For example, in larger and higher-resolution display panels, a-Si TFT backplanes consume increased rates of power and experience a decrease in the rate at which each transistor is able to switch between images, or the rate of mobility.

As an alternative to a-Si TFT backplane technology, we have successfully adopted a metal oxide-based TFT, or simply oxide TFT, backplane technology. In place of the amorphous silicon-based semiconductors used in a-Si TFT backplanes, oxide TFT backplanes utilize metal oxide-based semiconductors, which consume less energy, have a higher rate of mobility and allow for construction of display panels with narrower bezels as compared to display panels with traditional a-Si TFT backplanes.

We were the first company in the display industry to successfully adopt oxide TFT technology in large-sized OLED products, which has been a key factor in reducing the costs of manufacturing large-sized OLED panels in large quantities. Because the manufacturing process of oxide TFT-based OLED panels is similar to the process used to manufacture TFT-LCD panels, we are able to use our existing TFT-based production lines with relatively little modification to mass produce large-sized OLED panels.

LTPS and LTPO

LTPS backplanes are suitable for use in the production of high-resolution display panels due to their higher mobility rates compared to a-Si TFT or oxide TFT backplanes. However, due to a complex manufacturing process, LTPS backplanes have relatively higher production costs compared to a-Si TFT or oxide TFT backplanes, making it uneconomical to use in the production of large-sized panels. As a result, we generally utilize LTPS backplanes in the production of small- and medium-sized TFT-LCD panels and OLED smartphone and other applications.

We also use LTPO backplane technology in our wearable devices and smartphones, which combines elements of both LTPS and oxide TFT technologies to produce backplanes with greater energy savings than LTPS backplanes.

Products

We manufacture display panels of various specifications that are integrated by our customers into principally the following products:

- IT products, which comprise notebook computers (utilizing display panels ranging from 12.3 inches to 18 inches in size), desktop monitors (utilizing display panels ranging from 15.6 inches to 49 inches in size) and tablet computers (utilizing display panels ranging from 7.85 inches to 13 inches in size);
- Televisions, which utilize large-sized display panels ranging from 21.5 inches to 98 inches in size; and
- Mobile and other applications, which utilize a wide array of display panel sizes, including smartphones and other types of mobile phones and industrial and other applications, such as entertainment systems, automotive displays, portable navigation devices and medical diagnostic equipment.

Unless otherwise specified, when we refer to panels in this annual report, we mean assembled cells with added components, such as driver integrated circuits and backlight units.

We design and manufacture our panels to meet the various size and performance specifications of our customers, including specifications relating to thinness, weight, resolution, color quality, power consumption, response times and viewing angles. The specifications vary from product to product. For television panels, a premium is placed on faster response times, wider viewing angles, higher resolution and greater color fidelity. Notebook computer panels require an

emphasis on thinness, light weight and power efficiency, while desktop monitor panels demand a greater focus on brightness, color brilliance, faster response times and wide viewing angles. For mobile panels, particularly smartphones, an emphasis is placed on brightness and power efficiency.

In addition to manufacturing and selling display panels, we also manufacture and sell desktop monitors through our joint venture companies. See “—Joint Ventures.”

IT Products

Our panels for IT products comprise display panels for notebook computers (ranging from 12.3 inches to 18 inches in size), desktop monitors (ranging from 15.6 inches to 49 inches in size) and tablet computers (display panels ranging from 7.85 inches to 13 inches in size). Revenue from sales of our IT product panels was ₩12,459 billion, or 41.7% of our total revenue, in 2021, ₩11,198 billion, or 42.5% of our total revenue (prior to deduction of forward exchange hedging loss, which had previously been treated as accumulated other comprehensive loss but was reclassified to a deduction from revenue in 2022, when the sales from the hedged forecast transactions were recognized), in 2022 and ₩7,853 billion (US\$6,083 million), or 36.8% of our total revenue in 2023. In 2023, our principal products in terms of sales revenue in this category included panels of various sizes ranging from 13.3 inches to 16.0 inches for notebook computers, 23.5 inches to 27 inches for desktop monitors and 10.2 inches to 12.9 inches for tablet computers.

During 2021, increased levels of working remotely, online schooling and social distancing mainly resulting from the global pandemic of the COVID-19 contributed to a significant increase in global demand for IT products, especially in the first half of the year. However, such demand for IT products generally declined in 2022 and further declined in 2023, which declines were primarily attributable to a general decrease in consumer consumption levels due in part to rising inflation and interest rates and economic volatility and uncertainty globally. In addition, there has been an increase in demand in recent years for products with higher specifications such as desktop monitors with increased color brilliance and faster response times, as specialized market segments such as gaming monitors continue to grow, and notebook computers with higher resolution displays.

Televisions

Our television display panels range from 21.5 inches to 98 inches in size. We began mass production of television display panels in 2001. Our sales of display panels for televisions were ₩9,466 billion, or 31.7% of our total revenue, in 2021 and ₩6,975 billion, or 26.4% of our total revenue (prior to deduction of forward exchange hedging loss, which had previously been treated as accumulated other comprehensive loss but was reclassified to a deduction from revenue in 2022, when the sales from the hedged forecast transactions were recognized), in 2022 and ₩4,331 billion (US\$3,355 million, or 20.3% of our total revenue, in 2023. In 2023, our principal products in this category in terms of sales revenue consisted of display panels of sizes between 55 inches and 77 inches. Our sales of television display panels, which had historically been our largest product category by revenue in prior years, have declined in recent years, as we have reduced, and continue to reduce, our production level of TFT-LCD panels (which have historically comprised a substantial majority of our television display panels) in light of the weakening demand for our television products in part due to rising inflation and interest rates and increasing economic volatility and uncertainty globally, which contributed to downward pricing pressure. In 2022, we reduced our production capacity of TFT-LCD panels for televisions at our manufacturing facilities in China and ceased production at, and closed, our P7 facility (where we had produced TFT-LCD panels for televisions) in December 2022, in light of our continued efforts to increase the proportion of OLED television panels in our product mix and the production capacity for such panels and further reduce our production level of TFT-LCD panels, which we believe to be relatively more sensitive to market conditions and generally allow for fewer opportunities for product differentiation. In addition, we are currently considering a phased exit strategy for our TFT-LCD television panel manufacturing facility in China in light of TFT-LCD television panels' higher degree of sensitivity to market volatility and the current oversupply in the TFT-LCD television display panel market. Consumer demand for both TFT-LCD and OLED televisions generally became more robust in 2021 due to increased levels of social distancing following the outbreak of the global COVID-19 pandemic in 2020. However, demand for both TFT-LCD and OLED televisions decreased in both 2022 and 2023 due in part to the tapering of the temporary surge in demand for such products caused by the COVID-19 pandemic, while such products purchased during the peak of the pandemic had not reached their replacement cycles, as well as a prolonged general decrease in consumer consumption levels due to rising inflation and interest rates and economic volatility and uncertainty globally.

Brand manufacturers of televisions and their distribution channels prefer long-term arrangements with a limited number of display panel suppliers that can offer a full product line, and we believe that we will continue to be well positioned

to meet their requirements with our strengths in technology, manufacturing scale and efficiency as well as the breadth of our product portfolio.

Mobile and Other Applications

Our product portfolio also includes panels for mobile and other applications, which utilize a wide array of display panel sizes, including smartphones and other types of mobile phones and industrial and other applications, including automotive displays, entertainment systems, portable navigation devices and medical diagnostic equipment. Display panels that are nine inches and smaller are referred to as small- and medium-sized panels.

The market for smartphones recorded negative growth in 2022 compared to 2021, and in 2023 compared to 2022, mainly due to a decline in demand for smartphones as a result of geopolitical conflicts, rising inflation and interest rates and economic volatility and uncertainty globally, as well as an increase in the penetration rate of smartphones, according to Counterpoint Technology Market Research. Revenue from sales of our display panels for mobile and other applications were ₩7,900 billion, or 26.4% of our total revenue, in 2021, ₩8,146 billion, or 30.9% of our total revenue (prior to deduction of forward exchange hedging loss, which had previously been treated as accumulated other comprehensive loss but was reclassified to a deduction from revenue in 2022, when the sales from the hedged forecast transactions were recognized), in 2022 and ₩9,070 billion (US\$7,026 million), or 42.5% of our total revenue, in 2023. In 2023, sales of panels for smartphones constituted a majority in terms of both sales revenue and sales volume in the mobile and other applications category. In recent years, we have increased the proportion of OLED panels (including plastic OLED panels) for mobile and other applications that command relatively higher prices in our product mix.

Some of the panels we produce for industrial products, such as medical diagnostic equipment and automotive products, are highly specialized niche products manufactured and designed to the specifications of our clients, while others, such as industrial controllers, may be manufactured by slightly modifying a standard product design for our other products, such as desktop monitors. Display panels for these other applications broaden our sales base and product mix. They are also often a good channel through which we can commercialize a particular technology that we have developed. We generally determine the production level and specification of our display panels for mobile and other applications by assessing various business opportunities as they arise. In recent years, we have been focusing on developing and manufacturing large-sized OLED automotive display panels in light of the rapid growth of the electric vehicle market and the development of autonomous driving technology.

Sales and Marketing

Customer Profile

Our display panels are included primarily in IT products, televisions and mobile and other applications sold by our global end-brand customers, including LG Electronics. LG Electronics is our largest shareholder, and the terms of our sales to LG Electronics are negotiated based on then-prevailing market prices as adjusted for LG Electronics' requirements, including volume and specifications. See "Item 7.B. Related Party Transactions" for further description of our sales to LG Electronics.

We negotiate directly with our end-brand customers concerning the terms and conditions of the sales, but typically ship our display panels to designated system integrators at the direction of these end-brand customers. Sales data to end-brand customers include direct sales to these end-brand customers as well as sales to their designated system integrators, including through our formerly affiliated trading company, LX International, and its subsidiaries, as further discussed below under "—Sales."

A substantial portion of our sales is attributable to a limited number of our end-brand customers. Our top ten end-brand customers together accounted for a significant majority of our sales in each of 2021, 2022 and 2023. Of our top ten end-brand customers, two of them each accounted for more than 10% of our sales on an individual basis for each of the past three years. For example, sales to LG Electronics, including as a system integrator, amounted to approximately 20%, 18% and 16% of our sales in 2021, 2022 and 2023, respectively.

In addition to our top ten end-brand customers, we sell a portion of our display panels to a variety of other manufacturers of computers and electronic products.

The following table sets forth for the years indicated the geographic breakdown of our sales based on the location of our customers. The figures below reflect orders from our end-brand customers, their system integrators and our formerly affiliated trading company, LX International, and its subsidiaries:

	Year ended December 31,										
	2021		2022 ⁽⁴⁾		2023						
	Sales	%	Sales	%	Sales	Sales ⁽³⁾			%		
	(in billions of Won and millions of US\$, except for percentages)										
Korea	₩	632	2.1%	₩	678	2.6%	₩	634	US\$	491	3.0%
China		19,867	66.5		17,434	66.1		14,704		11,390	68.9%
Asia (excluding China) ⁽¹⁾		3,256	10.9		2,797	10.6		2,398		1,858	11.3%
Americas ⁽²⁾		3,263	10.9		3,079	11.7		2,080		1,611	9.7%
Europe (excluding Poland)		1,160	3.9		989	3.7		614		476	2.9%
Poland		1,700	5.7		1,388	5.3		901		698	4.2%
Total ⁽³⁾	₩	29,878	100.0%	₩	26,365	100.0%	₩	21,331	US\$	16,523	100.0%

(1) Includes Oceania, Africa and the Middle East.

(2) Includes North and South America.

(3) For convenience, the Korean Won amounts are expressed in U.S. dollars at the rate of ₩1,290.97 to US\$1.00, the noon buying rate in effect on December 31, 2023 as certified by the Federal Reserve Bank of New York for customs purposes. This translation should not be construed as a representation that the Korean Won amounts represent, have been or could be converted to U.S. dollars at that rate or any other rate.

(4) Prior to deduction of forward exchange hedging loss of ₩213 billion, which had previously been treated as accumulated other comprehensive loss but was reclassified to a deduction from revenue in 2022, when the sales from the hedged forecast transactions were recognized.

Sales

Our sales and marketing departments seek to maintain and strengthen relationships with our current customers in existing markets as well as expand our business in new markets and with new customers. We currently have wholly-owned sales subsidiaries in the United States, Japan, Germany, Taiwan, China and Singapore.

The focus of our sales activities is on strengthening our relationships with large end-brand customers, with whom we maintain strong collaborative relationships. Customers look to us for a reliable supply of a wide range of display products. We believe our reliability and scale as a supplier helps support our customers' product positions. We view our relationships with our end-brand customers as important to their product development strategies, and we collaborate with our end-brand customers in the design and development stages of their new products. In addition, our sales teams coordinate closely with our end-brand customers' designated system integrators to ensure timely delivery. For each key customer, we appoint an account manager who is primarily responsible for our relationship with that specific customer, complemented by a product development team consisting of engineers who participate in meetings with that customer to understand the customer's specific needs.

While a majority of our sales in 2023 were generated from products that are not subject to binding supply contracts with our customers, we have been actively seeking, and plan to continue, to increase the proportion of our products that are manufactured pursuant to binding order-based projects as part of our efforts to better manage our inventory levels, enhance profitability and reduce volatility in our production levels. For such binding order-based projects, which typically have durations of a year or longer, we and our end-brand customers generally agree on the volume, price and delivery terms in advance, in each case subject to any future adjustments as may be contemplated under the terms of each contract, for the development and production of our display products on a product-by-product basis. By entering into such binding order-based projects, we are able to mitigate our exposure to the risk of market price fluctuations of our display products. In addition, we have in place relatively longer-term non-binding supply and purchase agreements with certain major end-brand customers, whereby we and our end-brand customers agree on general volume parameters and, in some cases, product specifications and delivery terms. These agreements serve as an indication of the size and key components of a customer's order, and neither party is committed to supply or purchase any products until a firm purchase order is issued.

With respect to our products that are not subject to binding supply contracts, our end-brand customers or their system integrators generally place purchase orders with us a few weeks prior to delivery based on our non-binding supply and purchase agreements with them. Generally, the head office of an end-brand customer provides us with advance rolling forecasts, which, together with our own forecasts, enable us to plan our production schedule in advance. Our customers usually issue monthly purchase orders containing prices we have negotiated with the end-brand customer a few weeks prior to delivery, at which point the customer becomes committed to the order at the volumes and prices indicated in the purchase orders. Under certain special circumstances, however, a negotiated price may be subject to change during the committed period prior to delivery. Pricing of our display panel products that are not subject to binding supply contracts is generally market-driven, based on the complexity of the product specifications and the labor and technology involved in the design or production processes.

We primarily engage in direct sales (including through our overseas subsidiaries), and to a lesser extent, indirect sales through trading companies and its subsidiaries, to end-brand customers and their system integrators. Our sales subsidiaries procure purchase orders from, and distribute our products to, system integrators and end-brand customers located in their region. In regions where we do not have a sales subsidiary, or where doing so is consistent with local market practices, we sell our products to trading companies and its subsidiaries. These subsidiaries of trading companies process orders from and distribute products to customers located in their region.

We generally provide a limited warranty to our end-brand customers, including the provision of replacement parts and warranty services for our products. Costs incurred under our warranty liabilities consist primarily of repairs. We set aside a warranty reserve based on our historical experience and future expectations as to the rate and cost of claims under our warranties.

Where system integrators located in certain regions are invoiced directly, we have established certain measures, such as factoring arrangements and accounts receivable insurance programs, to protect us from excessive exposure to credit risks.

Competition

The display panel industry is highly competitive. Due to the capital intensive nature of the display panel industry and the high production volumes required to achieve economies of scale, the international market for display devices is characterized by significant barriers to entry, but the competition among the relatively small number of major producers is intense. In the case of TFT-LCD panel manufacturers, currently almost all of them are located in Asia, and we compete principally with manufacturers from Korea, Taiwan, China and Japan. We have experienced pressure on the prices and margins of our major products due largely to additional capacity from panel makers in Asia, particularly in China. The market share of Chinese manufacturers in the global TFT-LCD display market has significantly increased in recent years primarily due to their large investments in production facilities and production of large volumes of lower-priced panels with the support of the Chinese government as part of its efforts to encourage Chinese consumers to purchase domestically manufactured products. Chinese display panel manufacturers have also been increasingly making capital investments in OLED technology, especially with respect to small- and mid-sized OLED display panels. For example, BOE, China's largest display panel manufacturer, announced in November 2023 that it plans to make significant new investments to build a new OLED production line in Chengdu, China. Moreover, Samsung Display, which is one of our primary competitors based in Korea, announced in April 2023 its plans to make significant capital investments in a new OLED manufacturing facility in Asan, Korea. Increased production capacity resulting from such investments as well as additional investments by our competitors in China and elsewhere may result in further intensified competition.

The principal elements of competition for customers in the display panel market include:

- product portfolio range and availability;
- product specifications and performance;
- price;
- capacity allocation and reliability;
- customer service, including product design support; and
- logistics support and proximity of regional stocking facilities.

Our principal competitors are:

- Samsung Display in Korea;
- Innolux, AU Optronics and Hannstar in Taiwan;
- Japan Display and Sharp in Japan; and
- BOE, China Star Optoelectronics Technology and HKC in China.

According to OMDIA, in 2023, Korean display panel manufacturers had a market share of 18% of the 9-inch or larger display panel market based on revenue, Chinese manufacturers had 59%, Taiwanese manufacturers had 19% and Japanese manufacturers had 5%. Our market share of the 9-inch or larger panel market based on revenue was approximately 15%. Also according to the same source, in 2023, Korean display panel manufacturers had a market share of 51% of the smaller than 9-inch display panel market based on revenue, Chinese manufacturers had 34%, Taiwanese manufacturers had 7% and Japanese manufacturers had 8%. Our market share of the smaller than 9-inch display panel market based on revenue was approximately 14%.

Components, Raw Materials and Suppliers

Components and raw materials accounted for approximately 60%, 59% and 55% of our cost of sales in 2021, 2022 and 2023, respectively. The key components and raw materials of our display products include glass substrates, driver integrated circuits and polarizers used in both our TFT-LCD and OLED products, backlight units and liquid crystal materials used in our TFT-LCD products, and hole transport materials and emission materials used in our OLED products. We source these components and raw materials from outside sources, although, unlike many other display panel manufacturers, we produce a substantial portion of the color filters we use. With respect to glass substrates, Paju Electric Glass Co., Ltd., a joint venture company in which we own a 40% equity interest, provides us with a stable supply at competitive prices.

We generally negotiate non-binding master supply agreements with our suppliers several times a year, but pricing terms are negotiated on a quarterly basis, or if necessary, on a monthly basis. Firm purchase orders are issued generally six weeks prior to the scheduled delivery, except in the case of purchase orders for driver integrated circuits, which are issued generally several months prior to the scheduled delivery. We purchase our components and raw materials based on forecasts from our end-brand customers as well as our own assessments of our end-brand customers' needs.

In order to reduce our component and raw material costs and our dependence on any one supplier, we generally develop compatible components and raw materials and purchase our components and raw materials from more than one source. However, we source certain key components and raw materials from a limited group of suppliers in order to ensure timely supply and consistent quality. Also, in order to facilitate implementation of our cost reduction strategies, we continually review for potential cost savings in sourcing our components and raw materials from suppliers based in Korea and those based abroad, including competitiveness of the prices offered by such suppliers and any potential for reduction in logistics and transportation costs. We perform periodic evaluations of our component and raw material suppliers based on a number of factors, including the quality and price of the components, delivery and response time, the quality of the services and the financial health of the suppliers. We reassess our supplier pool accordingly.

We maintain a strategic relationship with many of our material suppliers, and from time to time, we make equity investments in our material suppliers as part of our efforts to secure a stable supply of key components and raw materials.

In addition to components and raw materials, the manufacturing of our products requires significant quantities of electricity and water. In order to obtain and maintain reliable electric power and water supplies, we have our own back-up power generation facilities and water storage tanks as well as easy access to nearby water sources.

Equipment, Suppliers and Third Party Processors

We depend on a limited number of equipment manufacturers for equipment tailored to specific requirements. Since our manufacturing processes depend on the quality and technological capacity of our equipment, we work closely with the equipment manufacturers in the design process to ensure that the equipment meets our specifications. The principal types of equipment we use to manufacture display panels include deposition equipment, steppers, developers and coaters.

We purchase equipment from a small number of qualified vendors to ensure consistent quality, timely delivery and performance. We maintain strategic relationships with many equipment manufacturers as part of our efforts to ensure quality while reducing costs.

Historically, we have relied on a small number of overseas vendors for equipment purchases, but in recent years, we have diversified and localized our equipment purchases by shifting some of our purchases to Korean vendors. As a result of such efforts, most of our equipment for our facilities in Korea in 2023 was purchased from Korean vendors on an invoiced basis.

Our engineers begin discussions with equipment manufacturers far in advance of the planned installation of equipment in a new fabrication facility, and we typically execute a letter of intent with the vendors in advance of our planned installation to ensure timely delivery of main equipment with long-term delivery schedules. Engineers from our vendors typically accompany the new equipment to our fabrication facilities to assist in the installation process to ensure proper operation. In addition, we outsource certain manufacturing processes to third party processors from time to time to supplement our processing capacity, and in certain cases, we maintain strategic relationships with such third party processors.

Quality Control

We believe that our advanced production capabilities and our reputation for high quality and reliable products have been important factors in attracting and retaining key customers. We have implemented quality inspection and testing procedures at all of our fabrication facilities and assembly facilities. Our quality control procedures are carried out at three stages of the manufacturing process:

- incoming quality control with respect to components and raw materials;
- in-process quality control, which is conducted at a series of control points in the manufacturing process; and
- outgoing quality control, which focuses on packaging, delivery and post-delivery services to customers.

With respect to incoming quality control, we perform quality control procedures for the raw materials and components that we purchase. These procedures include testing samples of large batches, obtaining vendor testing reports and testing to ensure compatibility with other components and raw materials, as well as vendor qualification and vendor rating. Our in-process quality control includes various programs designed to detect, as well as prevent, quality deviations, reduce manufacturing costs, ensure on-time delivery, increase in-process yields and improve field reliability of our products. We perform outgoing quality control based on burn-in testing and final visual inspection of our products and accelerated life testing of samples. We inspect and test our completed display panels to ensure that they meet our high production standards. We also provide post-delivery services to our customers, and maintain warranty exchange inventories in regional hubs to meet our customers' needs.

Our quality assurance team works to ensure effective and consistent application of our quality control procedures, which include six-sigma quality control procedures, and to introduce new methodologies that could further enhance our quality control procedures. Our quality assurance programs have received accredited ISO/IATF 16949 certifications. The ISO/IATF certification process involves subjecting our manufacturing processes and quality management systems to reviews and observation for various fixed periods. ISO/IATF certification is required by certain European countries and the United States in connection with sales of industrial products in those countries, and provides independent verification to our customers regarding the quality control measures employed in our manufacturing and assembly processes.

Insurance

We currently have property insurance coverage, including business interruption coverage, for our production facilities in Gumi and Paju, Korea, for up to ₩2.3 trillion in the aggregate, and for our panel fabrication facilities located in Guangzhou, China for up to CNY 12.2 billion in the aggregate. We also have insurance coverage for work-related injuries to our employees, accidents during overseas business travel, damage during construction, damage to products and equipment during shipment, damage to equipment during installation at our fabrication facilities, automobile accidents, bodily injury and property damage from gas accidents, as well as mandatory unemployment insurance for our workers and director and officer liability insurance. In addition, we maintain general and product liability, employment practice liability, aviation product liability and world-wide cargo insurance. Our dormitories in Gumi and Paju, Korea, have fire insurance coverage for up to approximately ₩0.6 trillion in the aggregate. Our subsidiaries also have insurance coverage for damage to office fixtures and equipment and life and disability insurance for their employees. All of our overseas manufacturing subsidiaries also carry property insurance, business interruption insurance and commercial general liability insurance.

Environmental Matters

Our production processes generate various forms of chemical and other industrial waste, waste water and greenhouse gas emissions at various stages in the manufacturing process. We have installed various types of anti-pollution equipment for the treatment and recycling of such waste products and aggressively engage in greenhouse gas emission reduction and energy conservation efforts.

As a member of the World Display device Industry Cooperation Committee, or WDICC, a display industry organization focusing on environmental issues, we have voluntarily agreed to reduce emission of greenhouse gases, such as nitrogen trifluoride, or NF₃, sulfur hexafluoride, or SF₆, and carbon tetrafluoride, or CF₄, gases, by developing and adopting cost-effective abatement technologies and systems and increasing the number of abatement systems installed in our facilities. We installed NF₃ abatement systems at all of our production lines when the production facilities were being constructed. In addition, we have installed SF₆ and CF₄ abatement systems, and developed and applied processes that utilize substitute gases with lower global warming potential than SF₆, in each of our facilities in Gumi and Paju, Korea. In addition, starting in 2021, we have begun to use electricity generated from eco-friendly sources such as solar power, wind power and hydropower instead of fossil fuels to satisfy our electricity needs in part and plan to further expand our reliance on renewable energy in the future.

In order to respond to applicable domestic and overseas environmental regulations, such as the European Union’s Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) that restrict the use of certain hazardous substances, we operate a hazardous substance management program that implements a four-step procedure that manages various stages of our production cycle, beginning with the registration process of our business partners up to the mass production stage. In addition, in order to preemptively address four types of phthalate substances that became additionally regulated pursuant to the RoHS in 2016 and officially went into effect in July 2019, we replaced the latent risk elements in advance as well as implemented a more stable management process with respect to such substances. In implementing this process, we collaborated with external agencies to ascertain regulatory trends and establish our response strategy, and we formulated and applied effective management measures through the collaborative efforts of our development, procurement, quality assurance and analysis teams. For the more efficient operation of our waste water treatment equipment, we have also entered into an agreement with Techcross Environmental Services Inc. for the operation of our water treatment system.

We also operate a “Hazardous Substance Management System for Products” that effectively manages hazardous substances by classifying them into four levels: A-I, A-II, B-I, and B-II. In particular, in addition to substances prohibited by global hazardous substance regulations on products, we have designated substances causing harm to the human body and the environment as Level B substances, which categories represent substances subject to voluntary reduction or under observation for future action. By developing alternative technologies and parts and applying them to our products, we continually strive to achieve a gradual reduction and elimination of non-prohibited hazardous substances.

Operations at our manufacturing plants are subject to regulation and periodic scheduled and unscheduled on-site inspections by the Korean Ministry of Environment and local environmental protection authorities. We believe that we have adopted adequate anti-pollution measures for the effective maintenance of environmental protection standards consistent with local industry practice, and that we are in compliance in all material respects with the applicable environmental laws and regulations in Korea, including the Framework Act on Low Carbon, Green Growth, the Korean government, under which we are required to submit periodic greenhouse gas emission and energy usage statements, performance reports and greenhouse gas emission and energy usage reduction plans to the Korean government. Expenditures related to such compliance may be substantial and are generally included in capital expenditures. As required by Korean law, we employ licensed environmental specialists for each environmental area, including air quality, water quality, toxic materials and radiation.

As part of our efforts to establish and operate environmental-friendly energy management systems at our domestic and overseas fabrication facilities and production plants, we have received the International Organization for Standardization (“ISO”) 14001 (environmental management system) and ISO 50001 (energy management system) certifications for all of our domestic and overseas production sites. Our overseas subsidiary in Yantai earned Platinum Zero Waste to Landfill (“ZWTL”) validation in 2021, and all of our domestic production facilities earned Gold ZWTL validation, and our overseas subsidiary in Nanjing earned Platinum ZWTL validation in 2022. Also, in 2022, we introduced a resource recirculation recognition program in accordance with the Korean government’s waste management policy and received circular resource certification on eight types of our discarded trays and vinyl. In 2023, we obtained quality certification for certain of our recycled items recognized as circular resources, and we plan to continue our efforts to reinforce our resource circulation program by minimizing waste and maximizing recycling rates.

In addition, we are continually pursuing ESG management activities based on the spirit of “value creation for consumers” and “human-first management,” and we plan to obtain further recognitions for our eco-friendly management and share relevant information with our stakeholders.

In 2021, we received the “Green Technology Certification” from the Korean Ministry of Science and ICT for our advanced incell touch display technology, an eco-friendly technology, which reduces carbon emissions and the use of rare metals. Also, since 2021, we have continued to obtain an eco-friendly certification from TUV SUD, a globally recognized accreditation agency based in Germany, for excellence in resource circulation and non-use of specific hazardous substances in our OLED television and plastic OLED mobile display products. In 2022, we became the first company in the industry to receive the SGS Eco Label accreditation for our automotive display products utilizing plastic OLED and low-temperature polycrystalline silicon LCD, in recognition for the reduction of their power consumption by increasing the luminous efficiency of their organic elements, improving their liquid crystal transmittance rates, and minimizing hazardous substances. We also obtained the SGS performance accreditation for our IT display products applying antibacterial films. In 2023, we received the SGS Eco Label accreditation for our high-end LCD display panels for certain IT products (27 inches or smaller in size) applying recycled materials for the first time and was the first in the industry to receive such accreditation for our 30-inch and 55-inch transparent display products applying hazardous substance reduction technology. We also received the SGS Performance Mark accreditation for our commercial display products applying energy consumption reduction technology and

for our high-end IT display products (27 inches or smaller in size) for reducing energy consumption through the implementation of proprietary algorithms and improving panel transmittance. In addition, we received the Product Carbon Footprint (PCF) certification from TÜV Rheinland, a global independent testing, inspection and certification agency, for our high-end IT display products (27-inch or smaller in size) for achieving reduction of carbon emission through the application of recycled materials and low energy consumption technologies. Our OLED panels for automotive products also received the same certification for achieving reduction of carbon emission through the application of light-control film integration technology.

Joint Ventures

We consider joint ventures an important part of our business, both operationally and strategically. We have used joint ventures to enter into new geographic markets, in particular China, to gain new customers and/or strengthen positions with existing customers and to procure certain components and raw materials. When entering new geographic markets where we do not have substantial local experience and infrastructure, teaming up with a local partner can reduce capital investment by leveraging the pre-existing infrastructure of local partners. In addition, local partners in these markets can provide knowledge and insight into local customs and practices and access to local suppliers of raw materials and components. All of these advantages can reduce the risk, and thereby enhance the prospects for the success, of an entry into a new geographic market. If the partner of the joint venture already has an established customer base, it can also be an effective means to acquire such new customers. Joint venture arrangements also allow us to access technology we would otherwise have to develop independently, thereby reducing the time and cost of development. They can also provide the opportunity to create synergies and applications of technology that would not otherwise be possible.

From time to time, we have pursued a number of joint venture initiatives. For example, in September 2012, we entered into a joint venture agreement with Guangzhou GET Technologies Development Co., Ltd., or GET Tech, and Shenzhen SKYWORTH-RGB Electronic Co., Ltd., or Skyworth, establishing LG Display (China) Co., Ltd., which owns and operates our CA fabrication facility in Guangzhou, China. See “Item 4.D. Property, Plants and Equipment — Current Facilities.” We acquired a 70.0% equity interest in LG Display (China) and invested a total of approximately US\$927 million over a period of two years from the date of incorporation of LG Display (China). Each of GET Tech and Skyworth owns a 20.0% and 10.0% equity interest in LG Display (China), respectively. In addition, in July 2018, we established and acquired a 69% ownership interest in a joint venture with the government of Guangzhou, LG Display High-Tech (China) Co., Ltd., to construct our new CO fabrication facility to manufacture next generation large-sized OLED panels in Guangzhou, China. We currently own a 70% equity interest in LG Display High-Tech (China) and have invested approximately ₩7 trillion in capital expenditures for the joint venture as of December 31, 2023, and we commenced mass production of large-sized OLED panels at the CO fabrication facility in July 2020.

We intend to continue to seek strategic acquisition and joint venture opportunities and conduct feasibility studies with respect to establishing new manufacturing subsidiaries in strategic locations to deepen our market penetration, achieve economies of scale, increase our customer base, expand our geographical reach and reduce costs.

Subsidiaries

The following table sets forth summary information for our subsidiaries as of December 31, 2023:

Subsidiary	Main Activities	Jurisdiction of Organization	Date of Organization	Capital Stock (in millions of the applicable currency)	Percentage of Our Ownership Interest	Percentage of Our Voting Power
LG Display Taiwan Co., Ltd.	Sales	Taiwan	April 1999	TWD 116	100%	100%
LG Display America, Inc.	Sales	U.S.A.	September 1999	US\$ 411	100%	100%
LG Display Japan Co., Ltd.	Sales	Japan	October 1999	¥ 95	100%	100%
LG Display Germany GmbH	Sales	Germany	October 1999	€ 1	100%	100%
LG Display Nanjing Co., Ltd.	Manufacturing	China	July 2002	CNY 3,020	100%	100%
LG Display Shanghai Co., Ltd.	Sales	China	January 2003	CNY 4	100%	100%
LG Display Guangzhou Co., Ltd.	Manufacturing	China	June 2006	CNY 1,655	100%	100%
LG Display Shenzhen Co., Ltd.	Sales	China	July 2007	CNY 4	100%	100%
LG Display Singapore Pte. Ltd.	Sales	Singapore	November 2008	US\$ 1	100%	100%
LG Display Yantai Co., Ltd.	Manufacturing	China	March 2010	CNY 1,008	100%	100%
L&T Display Technology (Fujian) Ltd.	Manufacturing and sales	China	December 2009	CNY 116	51%	51%
Nanumnuri Co., Ltd.	Workplace services	Korea	March 2012	₩ 800	100%	100%
LG Display (China) Co., Ltd.	Manufacturing and sales	China	December 2012	CNY 8,232	70%	70%
Unified Innovative Technology, LLC	Managing intellectual property	U.S.A.	March 2014	US\$ 9	100%	100%
Global OLED Technology LLC	Managing intellectual property	U.S.A.	December 2009	US\$ 138	100%	100%
LG Display Guangzhou Trading Co., Ltd.	Sales	China	April 2015	CNY 1	100%	100%
LG Display Vietnam Haiphong Co., Ltd.	Manufacturing and sales	Vietnam	May 2016	US\$ 600	100%	100%
Suzhou Lehui Display Co., Ltd.	Manufacturing and sales	China	July 2016	CNY 637	100%	100%
LG Display Fund I LLC	Investing in new emerging companies	U.S.A.	May 2018	US\$ 75	100%	100%
LG Display High-Tech (China) Co., Ltd	Manufacturing and sales	China	July 2018	CNY 15,600	70%	70%

N.B. See Note 1(b) of the notes to our financial statements for changes to our subsidiaries during the year ended December 31, 2023.

Item 4.C. Organizational Structure

These matters are discussed under Item 4.B. where relevant.

Item 4.D. Property, Plants and Equipment

Current Facilities

The following table sets forth the size, location and primary use of our current fabrication facilities.

Fabrication Facility	Generation ⁽¹⁾	Mass Production Commencement	Location	Gross Floor Area (in square meters)	Primary Types of Panels Produced
Korea					
P62 ⁽²⁾	6	April 2009	Gumi, Korea	—	TFT-LCD for notebook computer and desktop monitor
AP3	6	February 2014	Gumi, Korea	288,634	Plastic OLED for mobile and other applications
P8 ⁽³⁾	8	March 2009	Paju, Korea	506,895	TFT-LCD for television, desktop monitor and notebook computer
OP1 ⁽⁴⁾	8	January 2013	Paju, Korea	See P8 above	OLED for television
P9 ⁽⁵⁾	8	June 2012	Paju, Korea	534,545	TFT-LCD for desktop monitor, notebook computer and tablet computer
AP4 ⁽⁶⁾	6	July 2019	Paju, Korea	See P9 above	Plastic OLED for mobile and other applications
AP5	6	February 2024 ⁽⁷⁾	Paju, Korea	914,344	⁽⁸⁾ Glass OLED and plastic OLED for desktop monitor, notebook computer, tablet computer and other applications
Overseas					
CA ⁽⁹⁾	8	September 2014	Guangzhou, China	244,592	TFT-LCD for television and desktop monitor
CO	8	July 2020	Guangzhou, China	426,139	OLED for television

- (1) Based on internal reference to evolutions in facility design, material flows and input substrate sizes. There are several definitions of “generations” in the display industry. There has been no consensus in the display industry on a uniform definition. References to generations made in this annual report are based on our current definition of generations as indicated in the table below.

Substrate Sizes (in millimeters)	Gen 5	Gen 6	Gen 7	Gen 8
	1,000 x 1,200	1,500 x 1,800	1,870 x 2,200	2,200 x 2,500
	1,100 x 1,250	1,500 x 1,850	1,950 x 2,250	
	1,100 x 1,300			
	1,200 x 1,300			

- (2) We ceased production at, and closed, the P62 fabrication facility in June 2023.
(3) Gross floor area of P8 fabrication facility includes the gross floor area of OP1 fabrication facility, which is located in the same complex.
(4) The gross floor area of this fabrication facility is included within the P8 fabrication facility.
(5) Gross floor area of P9 fabrication facility includes the gross floor area of AP4 fabrication facility, which is located in the same complex.
(6) The gross floor area of this fabrication facility is included within the P9 fabrication facility.
(7) Based on the construction completion date.
(8) Represents the gross floor area for the overall P10 fabrication facility (in which AP5 facility is located), which is currently not yet completed.
(9) Gross floor area of CA fabrication facility includes the gross floor area of GP1, GP2 and extended facilities.

For input substrate size, initial design capacity and year-end input capacity as a result of ramp-up for each of our fabrication facilities, please see “Item 5.A. Operating Results—Overview—Manufacturing Productivity and Costs.”

We also operate module assembly facilities in China (Nanjing, Guangzhou and Yantai), Korea (Gumi and Paju) and Vietnam (Haiphong). In addition, we operate a research and development facility in Paju, Korea, which we refer to as the R&D Center. We opened the R&D Center in April 2012 to consolidate our research and development efforts for next-generation display technologies. The following table sets forth the size of our R&D Center and module assembly facilities.

Facility	Gross Floor Area (in square meters)	Mass Production Commencement
R&D Center	69,871	Not applicable (opened in April 2012)
Gumi assembly facility	301,779	January 1995
Nanjing assembly facility	159,448	May 2003
Paju assembly facility	225,093	January 2006
Guangzhou assembly facility	158,817	December 2007
Yantai assembly facility	45,170	May 2010
Haiphong assembly facility	358,787	July 2017

Capital Expenditures

In July 2017, we announced plans to make investments in an aggregate amount of up to ₩7.8 trillion mainly in new large-sized and plastic OLED production lines in Paju, Korea. In July 2019, we announced plans to make additional investments of ₩3.0 trillion in the previously announced new large-sized OLED production lines. Certain of such investments have already been completed with respect to plastic OLED panels and we commenced mass production of such panels in July 2019. However, our scheduled investments in large-sized OLED panels pursuant to the July 2017 and July 2019 announcements have been extended until the first quarter of 2028 due in part to increased uncertainties in the global economic environment. We are in the process of developing and assessing the specifics of such planned investments, including the timing. In August 2021, we announced plans to make investments in an aggregate amount of up to ₩3.3 trillion in a new fabrication complex in Paju, Korea, P10, which will be used for the production of small- and medium-sized OLED panels. We completed the construction of our new AP5 fabrication facility located within such complex in February 2024 and have subsequently commenced mass production of medium-sized panels at such facility. In response to and in anticipation of growing demand in the China market, in July 2018, we established and acquired a majority ownership interest in, a joint venture with the government of Guangzhou to construct our new CO fabrication facility to manufacture next generation large-sized OLED panels in Guangzhou, China. We currently hold a 70% ownership interest in the joint venture and the government of Guangzhou holds the remaining 30% ownership interest. We have invested approximately ₩7 trillion in capital expenditures for the joint venture as of December 31, 2023 and commenced mass production of large-sized OLED panels at the CO fabrication facility in July 2020.

We currently expect that, in 2024, our total cash outflows for capital expenditures will be lower compared to 2023 and will be used primarily to continue to fund our previously announced investments related to facilities for OLED panels as well as other essential recurring investments. Such expected capital expenditures are subject to periodic assessment, and we cannot provide any assurance that such expected capital expenditures may not change materially after assessment. We may undertake further expansion projects in the future with respect to our existing facilities as our overall business strategy may require.

Item 4A. UNRESOLVED STAFF COMMENTS

We do not have any unresolved comments from the SEC staff regarding our periodic reports under the Exchange Act.

Item 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Item 5.A. Operating Results

Overview

Our results of operations are affected principally by overall market conditions, our manufacturing productivity and costs, and our product mix.

Market Conditions

The display industry in which we operate is affected by market conditions that are often outside the control of individual manufacturers. Our results of operations might fluctuate significantly from period to period due to market factors, such as seasonal variations in demand, global economic conditions, external factors that impact the supply chain, surges in production capacity by competitors and changes in technology. Over the past decade, the display industry has been undergoing a transition from TFT-LCD panels to alternative display panels based on new technologies, primarily OLED panels. While TFT-LCD panels are still predominant in the display industry, OLED technology is widely seen in the display industry as the successor technology to TFT-LCD technology and is gaining wider market acceptance for use in display panels. With respect to the TFT-LCD industry, sales volume decreased from 2,706 million units in 2012 to 2,456 million units in 2023, and market revenue decreased from US\$92 billion to US\$73 billion during the same period according to OMDIA. With respect to the OLED industry, sales volume significantly increased from 188 million units in 2012 to 790 million units in 2023, and market revenue also significantly increased from US\$7 billion to US\$42 billion during the same period, also according to OMDIA.

Currently, small-sized panels for use in mobile devices such as smartphones make up the bulk of the OLED panel market, accounting for approximately 89% of industry revenue from global sales of OLED panels in 2023. However, as of the end of 2023, the OLED market was relatively small compared to the TFT-LCD market. We believe, however, that the market is changing rapidly as a growing array of OLED panels for various applications and sizes have been, and continue to be, introduced to the market and advances in the related technology and manufacturing processes enable mass production in a cost-efficient manner. We first commenced mass production of OLED panels for televisions in 2014 and plastic OLED panels for mobile and other applications in 2017. In July 2019, we commenced mass production of plastic OLED panels for mobile and other applications at our AP4 fabrication facility, and in July 2020, we commenced mass production of large-sized OLED panels at our CO fabrication facility, located in Guangzhou, China. In August 2021, we announced plans to make investments in an aggregate amount of up to ₩3.3 trillion in a new fabrication complex in Paju, Korea, P10, which will be used for the production of small- and medium-sized OLED panels. We completed the construction of our new AP5 fabrication facility located within such complex in February 2024, and have subsequently commenced mass production of medium-sized panels at such facility.

While the display industry has shown periods of rapid growth in the past, it has also experienced business cycles with significant and rapid price declines from time to time. Historically, display panel manufacturers have increased display area fabrication capacity rapidly. Capacity expansion occurs especially rapidly when several manufacturers ramp-up new factories at the same time. During such surges in the rate of supply growth, our customers are able to exert downward pricing pressure, leading to sharp declines in average selling prices and significant fluctuations in our gross margin. In addition, regardless of relative capacity expansion, we expect average selling prices of our existing products to decline as the cost of manufacturing declines due to technology advances and component cost reductions. Conversely, constraints in the industry supply chain or increased demand for new technology products have led to increased prices for display panels in some past periods.

According to OMDIA, the display industry for panels that are nine inches or larger contracted in 2023 compared to 2022, with total market revenue decreasing from US\$66 billion in 2022 to US\$61 billion in 2023. The average selling price of those panels increased during the same period by approximately 3% from approximately US\$74 in 2022 to US\$76 in 2023. Also, according to OMDIA, the display industry for panels that are nine inches or smaller contracted in 2023 compared to 2022, with total market revenue decreasing from US\$56 billion in 2022 to US\$55 billion in 2023. The average selling price of those panels decreased during the same period by approximately 5% from approximately US\$25 in 2022 to US\$20 in 2023.

We strive to mitigate the effect of industry cyclicity and the resulting price fluctuations by planning capacity expansions and capacity allocations, or shifting our product mix, to capture premium prices in specific emerging, high-end product categories. As part of our strategy, we have been proceeding with the construction of new fabrication facilities and additional investments to upgrade and convert existing facilities and production lines to produce differentiated specialty display panels based on OLED technology that command higher premiums. See “Item 4.D. Property, Plants and Equipment—Capital Expenditures.”

In addition, we are vigorously pursuing our strategy to develop differentiated specialty products and technologies that better address our customers’ needs, thereby delivering greater value to our customers. In many cases, these efforts go hand-in-hand with our efforts to develop products based on new technologies that allow us to realize greater premiums. For example, we have allocated significant resources to the development and production of specialized OLED panels for television and public displays (such as our next-generation “META” display panels (which apply advanced technologies to offer brighter and more stable images)), “CSO (Cinematic Sound OLED)” sound integrated panels, rollable OLED display panels, transparent OLED display panels as well as OLED display panels for gaming monitors), display panels utilizing Ultra HD technology, low power consumption and AH-IPS technology for various IT products and televisions and plastic OLED technology for smartphones, automotive products and wearable devices. In particular, we are deploying greater resources into small- and medium-sized plastic OLED panels for various applications in order to expand our market presence, and into large-sized OLED television panels in order to maintain our early competitive edge in such market.

Another key aspect of our strategy is to foster close cooperation with our customers and build on our strategic relationships with many of our key suppliers. Success of a new product depends on, among other things, working closely with our customers to gain insights into their product needs and to understand general trends in the market. At the same time, we often work with our equipment suppliers to design equipment that can enhance the efficiency of our production processes for such new products.

The overall prospects for the global economy and, in turn, the market conditions for the display panel industry, remain uncertain. In particular, the COVID-19 pandemic that began in late 2019 and rapid increases in interest rates globally starting in the second half of 2021 to combat inflation have materially and adversely affected the global economy and financial markets. Such uncertainties have been, and continue to be, exacerbated by, among other things, deterioration in economic and trade relations between major economies (particularly between the United States and China), Russia's invasion of Ukraine and ensuing sanctions against Russia, the slowdown of economic growth in China and other major emerging market economies, adverse economic and political conditions in Europe and Latin America and continuing geopolitical and social instability in North Korea and various parts of the Middle East, including escalating hostilities in the Middle East following the Israel-Hamas war. See "Item 3.D. Risk Factors—Risks Relating to Our Industry—A global economic downturn may result in reduced demand for our products and adversely affect our profitability" and "Item 3.D. Risk Factors—Risks Relating to Our Company—Earthquakes, tsunamis, floods, severe health epidemics (including the global COVID-19 pandemic and any possible recurrence of other types of widespread infectious diseases) and other natural calamities could materially adversely affect our business, results of operations or financial condition." While demand for certain types of our products, particularly display panels for IT products, increased in 2020 and 2021 partly as a result of increased levels of working remotely, online schooling and social distancing caused by COVID-19, overall demand for display panel products have generally decreased since the second half of 2021 due in part to a general decrease in consumer consumption levels in light of rising inflation and interest rates and the continued economic volatility and uncertainty globally as described above. We cannot provide any assurance that an increase in demand for our products will recur or be sustained in future periods or that demand for our products will not decrease in the future due to such economic downturns, which may adversely affect our profitability.

Manufacturing Productivity and Costs

We seek to continually enhance our manufacturing productivity and thereby reduce the cost of producing each panel. We have significantly expanded our production capacity by investing in fabrication facilities that can process increasingly larger-size glass substrates. The following table shows the input substrate size, initial design capacity and year-end input capacity as a result of ramp-up for each of our fabrication facilities as of the dates indicated:

Facility	Primary Input Substrates Size (in millimeters)	Year-end Input Capacity ⁽¹⁾		
		2021	2022	2023
(in thousands of input substrates per month)				
AP3	1,500 x 1,850	17	29	29
AP4	1,500 x 1,850	31	28	45
OP1	2,200 x 2,500	86	70	39
P5 ⁽²⁾	1,100 x 1,250	45	N/A ⁽⁵⁾	N/A ⁽⁵⁾
P62 ⁽³⁾	1,500 x 1,850	44	40	N/A ⁽⁵⁾
P7 ⁽⁴⁾	1,950 x 2,250	150	155 ⁽⁶⁾	N/A ⁽⁵⁾
P8	2,200 x 2,500	124	126	102
P9	2,200 x 2,500	81	71	70
CA	2,200 x 2,500	211	199	114
CO	2,200 x 2,500	89	90	65

(1) Year-end input capacity is the total input substrates for the month that had the highest monthly input substrates during the fiscal year.

(2) We ceased production at, and closed, the P5 fabrication facility in June 2022.

(3) We ceased production at, and closed, the P62 fabrication facility in June 2023.

(4) We ceased production at, and closed, the P7 fabrication facility in December 2022.

(5) N/A means not applicable.

(6) Includes input capacity prior to the closure of the P7 fabrication facility in December 2022.

Our cash outflows for capital expenditures amounted to ₩3,141 billion in 2021, ₩5,079 billion in 2022 and ₩3,483 billion (US\$2,698 million) in 2023. Such capital expenditures related mainly to our continued investments in production facilities for medium-sized and plastic OLED panels in 2023 and 2022 and continued investments in our CO fabrication facility in 2021. Capital expenditures were also incurred for the acquisition of new equipment during the same period. Our depreciation expense as a percentage of revenue increased from 13.3% in 2021 to 15.2% in 2022 and to 17.0% in 2023. Such increase in 2023 compared to 2022 was a result of a relatively larger decrease in our revenue compared to the decrease in our depreciation expense. We currently expect that, in 2024, our total capital expenditures on a cash out basis will be lower compared to 2023 and will be used primarily to continue to fund our previously announced investments related to facilities for OLED panels as well as other essential recurring investments. Such expected capital

expenditures are subject to periodic assessment, and we cannot provide any assurance that such expected capital expenditures may not change materially after assessment.

Since our inception, we have designed our fabrication facilities in-house and co-developed most equipment sets with our suppliers. These efforts have enabled us to gain valuable experience in designing and operating next-generation fabrication facilities capable of processing increasingly larger-size glass substrates. We have been able to leverage this experience to achieve and maintain high production output and yields at our fabrication facilities, thereby lowering costs. In addition, in recent years, we have substituted a portion of our equipment purchased from overseas vendors with purchases from local vendors to diversify our supply source and reduce costs.

We also continue to make various process improvements at our fabrication facilities, including enhancing the performance of process equipment, efficiency of material flows and quality of process and product designs. For example, we have reduced the number of mask steps in the TFT process from four to three with respect to certain models, thereby enabling us to process a higher number of substrates in a given period of time. Such process improvements result in increased unit output of our fabrication facilities without significant capital investment, thus enabling us to reduce fixed costs on a per panel basis. In addition, in commencing mass production of large-sized OLED products, we have made modifications to certain of our existing TFT-LCD production lines to convert them into OLED panel production lines. Because our large-sized OLED panels employ oxide TFT backplane technology, which can be produced using manufacturing processes similar to the processes used to manufacture TFT-LCD panels, relatively little modification has been necessary, thereby reducing the costs of additional investments needed for the conversion of our production lines. The size of our OLED manufacturing operations has also expanded considerably in recent years, enabling us to benefit from economies of scale.

Raw materials comprise the largest component of our costs. We monitor the prices at which we can procure raw materials from suppliers and to the extent overseas suppliers are able to provide raw materials at competitive prices, we have diversified our supplier base by procuring raw materials from such overseas suppliers. We have also been able to leverage our scale and leading industry position to obtain competitive prices from our suppliers.

Our cost reduction efforts in recent years also include our decision to substantially reduce the production of TFT-LCD panels in Korea and China in light of the continued overcapacity in the global TFT-LCD market and further capital investments by other suppliers, particularly from China. In 2022, we reduced our production capacity of TFT-LCD panels for televisions at our manufacturing facilities in China. In addition, we ceased production at, and closed, our P5 fabrication facility (where we had produced TFT-LCD panels for notebook computers and mobile and other applications) in June 2022, our P7 fabrication facility (where we had produced TFT-LCD panels for televisions) in December 2022, and our P62 fabrication facility (where we had produced TFT-LCD panels for notebook computers and desktop monitors) in June 2023, in light of our continued efforts to increase the proportion of OLED panels in our product mix and the production capacity for such panels and further reduce our production level of TFT-LCD panels, which we believe to be relatively more sensitive to market conditions and generally allow for fewer opportunities for product differentiation. Moreover, we are currently considering a phased exit strategy for our TFT-LCD television panel manufacturing facility in China in light of TFT-LCD television panels' higher degree of sensitivity to market volatility and the current oversupply in the TFT-LCD television display panel market. In addition, we commenced a voluntary retirement program in December 2023 with respect to our manufacturing personnel in Korea in order to optimize the size of our workforce in connection with the reduced production of TFT-LCD panels as described above.

As a result of the above factors, we had historically been able to reduce our cost of sales per square meter of net display area, which is derived by dividing total costs of sales by total square meters of net display area shipped. However, our cost of sales per square meter of net display area increased by 36.8% in 2023 compared to 2022 mainly due to an increase in our product mix of the proportion of OLED panels, which require more expensive raw materials and are generally more costly to manufacture than TFT-LCD panels, as we significantly reduced our production level of TFT-LCD panels as described above, as well as the continued overall depreciation of the Korean Won against the U.S. dollar, in which a significant portion of our purchases of raw materials and components are denominated, during 2023. Our cost of sales per square meter of net display area increased by 13.6% in 2022 compared to 2021, mainly due to the overall depreciation of the Korean Won against the U.S. dollar during 2022, as well as an overall increase in the market prices of key raw materials and components, which in turn were partly attributable to a global supply shortage of semiconductors during parts of 2022.

Product Mix

Our product mix reflects our strategic capacity allocation among various product markets, and is continually reviewed and adjusted based on the demand for, and our assessment of the profitability of, display panels in different markets and size categories. In recent years, we believe market demand has been shaped by a shift toward differentiated specialty

products based on newer technologies, including OLED technology, especially in the display panel markets for Ultra HD televisions, ultra-thin notebooks, tablet computers and mobile and other applications. In response to such market trends, we have increased our production capacity and sales of OLED panels, which accounted for 48% of our revenues in 2023, and have also developed and commercialized differentiated specialty products for a variety of applications. For example, with respect to our television display panel product portfolio, the proportion of sales of our television panels equipped with OLED technology increased between 2021 and 2023, and we have introduced various new products utilizing our differentiated technologies and features, such as Ultra HD and our next-generation “META” technologies, in recent years. In addition, with respect to our IT products, we have expanded our product portfolio to offer desktop panels with Full HD resolution in a variety of screen aspect ratios and additional features such as borderless bezels and curved displays, and display panels for gaming monitors with high resolutions, rapid response times and fast refresh rates. In recent years, we have also introduced and expanded our product offerings of panels for tablet computers utilizing AH-IPS technology with increasingly higher resolution and other features, and panels for smartphones, automotive products and wearable devices utilizing plastic OLED technology.

As part of our continued efforts to increase the proportion of higher-value OLED panels in our product mix, we have been reducing the production level of less profitable types of TFT-LCD panels in recent years, by reducing our TFT-LCD production capacity in China as well as closing some of our fabrication facilities (where we had produced TFT-LCD panels) in Korea, as described above.

The following table sets forth our revenue by product category for the years indicated and revenue in each product category as a percentage of our total revenue:

	Year ended December 31,					
	2021		2022 ⁽¹⁾		2023	
	Sales	%	Sales	%	Sales	Sales ⁽²⁾
	(in billions of Won and millions of US\$, except for percentages)					
Panels for:						
Televisions	₩ 9,466	31.7%	₩ 6,975	26.4%	₩ 4,331	US\$ 3,355
IT Products ⁽³⁾	12,459	41.7	11,198	42.5	7,853	6,083
Mobile and other applications ⁽⁴⁾	7,900	26.4	8,146	30.9	9,070	7,026
Sales of goods	₩ 29,825	99.8%	₩ 26,319	99.8%	₩ 21,254	US\$ 16,464
Royalties and others	53	0.2	46	0.2	77	59
Revenue	₩ 29,878	100.0%	₩ 26,365	100.0%	₩ 21,331	US\$ 16,523

- (1) Prior to deduction of forward exchange hedging loss of ₩213 billion, which had previously been treated as accumulated other comprehensive loss but was reclassified to a deduction from revenue in 2022, when the sales from the hedged forecast transactions were recognized.
- (2) For convenience, the Korean Won amounts are expressed in U.S. dollars at the rate of ₩1,290.97 to US\$1.00, the noon buying rate in effect on December 31, 2023 as certified by the Federal Reserve Bank of New York for customs purposes. This translation should not be construed as a representation that the Korean Won amounts represent, have been or could be converted to U.S. dollars at that rate or any other rate.
- (3) Comprises notebook computers, desktop monitors and tablet computers.
- (4) Includes, among others, panels for mobile devices, including smartphones and other types of mobile phones, and industrial and other applications, including entertainment systems, automotive displays, portable navigation devices and medical diagnostic equipment.

The following table sets forth our sales volume by product category for the years indicated and as a percentage of our total panels sold:

Panels for	Year ended December 31,					
	2021		2022		2023	
	Number of Panels	%	Number of Panels	%	Number of Panels	%
	(in thousands, except for percentages)					
Televisions	30,214	12.0%	29,305	13.3%	13,932	7.2%
IT Products ⁽¹⁾	107,943	43.0	87,376	39.8	78,176	40.2
Mobile and other applications ⁽²⁾	112,758	45.0	103,115	46.9	102,269	52.6
Total	250,915	100.0%	219,796	100.0%	194,377	100.0%

- (1) Comprises notebook computers, desktop monitors and tablet computers.
- (2) Includes, among others, panels for mobile devices, including smartphones and other types of mobile phones, and industrial and other applications, including entertainment systems, automotive displays, portable navigation devices and medical diagnostic equipment.

Average Selling Prices

Our product mix has an impact on our average selling prices. In addition to business cycles, industry-wide supply and demand balances and other market- or industry-wide variables, our product cost and price vary with the product display area, as well as the technology and specification of such product. Therefore, the average selling price of our products can vary over time as a result of business cycles and the choices we make in capacity allocation for specific products. The overall average selling price of our display panels can fluctuate significantly. Our average selling price per panel, which is derived by dividing total sales of goods by the total number of panels sold, increased by 0.8% to ₩120 thousand in 2022 from ₩119 thousand in 2021, but decreased by 9.2% to ₩109 thousand (US\$84) in 2023. In 2022 compared to 2021, our average selling price increased slightly due to an increase in the average selling price for IT products and mobile and other applications, which in turn was mainly attributable to our continued strategic focus to increase the proportion of higher-end and differentiated products in our product mix as well as the overall depreciation of the Korean won against the U.S. dollar during 2022, in which substantially all of our sales are denominated, partly offset by downward pricing pressure for display panels resulting from a general decrease in consumer consumption levels due to rising inflation and interest rates and economic volatility and uncertainty globally. Such increase in the average selling price for IT products and mobile and other applications was partially offset by a significant decrease in the average selling price for television products, which in turn was also mainly due to downward pricing pressure resulting from a general decrease in consumer consumption levels due to rising inflation and interest rates and economic volatility and uncertainty globally. In 2023 compared to 2022, our average selling price decreased primarily due to an increase in the proportion of panels for mobile and other applications (which are typically smaller in size, and are generally sold at a lower price per panel, compared to panels for televisions and IT products) in our product mix, as well as a decrease in the average selling price for IT products, which in turn was mainly attributable to downward pricing pressure for display panels resulting from a general decrease in consumer consumption levels due to rising inflation and interest rates and the continued economic volatility and uncertainty globally. The impact of such changes was partially offset by a significant increase in the average selling price for television products and, to a lesser extent, an increase in the average selling price for mobile and other applications, which in turn was mainly attributable to an increase in the proportion of OLED television panels and plastic OLED panels for mobile and other applications, which generally have higher selling prices, in our product mix.

The following table sets forth our average selling price per panel by markets for the years indicated:

	Average Selling Price ⁽¹⁾			
	Year ended December 31,			
	2021	2022 ⁽²⁾	2023	
	(in thousands, except for US\$)			
Televisions	₩ 313	₩ 238	₩ 311	US\$ 241
IT Products ⁽³⁾	115	128	100	77
Mobile and other applications ⁽⁴⁾	70	79	89	69
All panels	119	120	109	84

(1) Average selling price for each market represents revenue per market divided by unit sales per market.

(2) For convenience, the Korean Won amounts are expressed in U.S. dollars at the rate of ₩1,290.97 to US\$1.00, the noon buying rate in effect on December 31, 2023 as certified by the Federal Reserve Bank of New York for customs purposes. This translation should not be construed as a representation that the Korean Won amounts represent, have been or could be converted to U.S. dollars at that rate or any other rate.

(3) Comprises notebook computers, desktop monitors and tablet computers.

(4) Includes, among others, panels for mobile devices, including smartphones and other types of mobile phones, and industrial and other applications, including entertainment systems, automotive displays, portable navigation devices and medical diagnostic equipment.

Our average revenue per square meter of net display area, which is derived by dividing our total revenue by total square meters of net display area shipped, decreased by 2.4% from ₩849 thousand in 2021 to ₩829 thousand in 2022. In 2023, our average revenue per square meter of net display area shipped increased by 33.1% to ₩1,103 thousand (US\$855).

Recent Accounting Changes

For a discussion of new standards, interpretations and amendments to existing standards that have been published, see Note 3(a) of the notes to our financial statements.

Operating Results

The following presents our consolidated results of operation information and as a percentage of our revenue for the years indicated:

	Year ended December 31,						
	2021	%	2022 ⁽¹⁾	%	2023	2023	%
	(in billions of Won and in millions of US\$, except for percentages)						
Revenue	₩ 29,878	100.0%	₩ 26,365 ⁽²⁾	100.0%	₩ 21,331	US\$ 16,523	100.0%
Cost of sales	(24,573)	82.2	(25,028)	94.9	(20,986)	(16,256)	98.4
Gross profit	5,305	17.8	1,124	4.3	345	267	1.6
Selling expenses	(933)	3.1	(896)	3.4	(576)	(446)	2.7
Administrative expenses	(919)	3.1	(931)	3.5	(900)	(697)	4.2
Research and development expenses	(1,222)	4.1	(1,382)	5.2	(1,380)	(1,069)	6.5
Other income	1,252	4.2	3,186	12.1	1,472	1,140	6.9
Other expenses	(1,281)	4.3	(4,446)	16.9	(1,786)	(1,383)	8.4
Finance income	426	1.4	873	3.3	1,122	869	5.3
Finance costs	(917)	3.1	(966)	3.7	(1,635)	(1,266)	7.7
Equity in income of equity accounted investees, net	8	0.0	5	0.0	(3)	(2)	0.0
Profit (loss) before income tax	1,719	5.8	(3,433)	(13.0)	(3,339)	(2,586)	(15.7)
Income tax benefit (expense)	(385)	(1.3)	238	0.9	763	591	3.6
Profit (loss) for the year	1,334	4.5	(3,195)	(12.1)	(2,577)	(1,996)	(12.1)

- (1) For convenience, the Korean Won amounts are expressed in U.S. dollars at the rate of ₩1,290.97 to US\$1.00, the noon buying rate in effect on December 31, 2023 as certified by the Federal Reserve Bank of New York for customs purposes. This translation should not be construed as a representation that the Korean Won amounts represent, have been or could be converted to U.S. dollars at that rate or any other rate.
- (2) Prior to deduction of forward exchange hedging loss of ₩213 billion, which had previously been treated as accumulated other comprehensive loss but was reclassified to a deduction from revenue in 2022, when the sales from the hedged forecast transactions were recognized.

Comparison of 2023 to 2022

Revenue

Our revenue decreased by 19.1% from ₩26,365 billion in 2022 to ₩21,331 billion (US\$16,523 million) in 2023. The decrease in revenue resulted from decreases in revenue derived from sales of panels for IT products and televisions, which were in turn mainly due to decreases in both the average selling price and the numbers of panels sold for IT products and panels sold for televisions, offset in part by an increase in revenue derived from sales of panels for mobile and other applications.

Revenue attributable to sales of panels for IT products decreased by 29.9% from ₩11,198 billion in 2022 to ₩7,853 billion (US\$6,083 million) in 2023, resulting from a decrease in the average selling price of panels in this category in 2023 compared to 2022, accompanied by a decrease in the number of units sold of panels in this category in 2023 compared to 2022. The average selling price of panels in this category decreased by 21.9% from ₩128 thousand in 2022 to ₩100 thousand (US\$77) in 2023, and the total unit sales of panels for IT products decreased by 10.5% from 87.4 million panels in 2022 to 78.2 million panels in 2023. The decrease in the average selling price of our panels for IT products was mainly attributable to downward pricing pressure resulting from a prolonged general decrease in consumer consumption levels due in part to rising inflation and interest rates and the continued economic volatility and uncertainty globally, which more than offset the positive effects of the overall depreciation of the Korean won against the U.S. dollar on the average selling price of such products during 2023. The decrease in the sales volume of panels for IT products primarily reflected the tapering of the temporary surge in demand for such products caused by the COVID-19 pandemic, while at the same time such products purchased during the peak of the pandemic had not reached their replacement cycles, as well as a continued decrease in market demand for IT products due in part to a general decrease in consumer consumption levels as described above.

Revenue attributable to sales of panels for televisions decreased by 37.9% from ₩6,975 billion in 2022 to ₩4,331 billion (US\$3,355 million) in 2023, resulting from a significant decrease in the number of units sold of panels in this category in 2023 compared to 2022, which was partially offset by a significant increase in the average selling price of panels in this category in 2023 compared to 2022. The total unit sales of panels for televisions decreased by 52.6% from 29.3 million panels in 2022 to 13.9 million panels in 2023, whereas the average selling price of panels in this category increased by 30.7% from ₩238 thousand in 2022 to ₩311 thousand (US\$241) in 2023. The decrease in the sales volume of panels for televisions was mainly attributable to a decrease in the sales volume of our TFT-LCD television panels, primarily reflecting our continued strategic focus to increase the proportion of higher-value OLED television panels while decreasing the proportion

of TFT-LCD television panels in our product mix, as well as a continued decrease in market demand for televisions due in part to a prolonged general decrease in consumer consumption levels due in part to rising inflation and interest rates and the continued economic volatility and uncertainty globally, especially in Europe. The increase in the average selling price of television panels was mainly due to an increase in the proportion of OLED television panels, which generally command higher selling prices than TFT-LCD television panels, in our product mix, as well as the depreciation of the Korean Won against the U.S. dollar during 2023.

Revenue attributable to sales of panels for mobile and other applications increased by 11.3% from ₩8,146 billion in 2022 to ₩9,070 billion (US\$7,026 million) in 2023, resulting from an increase in the average selling price of panels in this category in 2023 compared to 2022, partially offset by a slight decrease in the number of units sold of panels in this category in 2023 compared to 2022. The average selling price of panels in this category increased by 12.7% from ₩79 thousand in 2022 to ₩89 thousand (US\$69) in 2023, whereas the total unit sales of panels for mobile and other applications decreased slightly by 0.8% from 103.1 million in 2022 to 102.3 million in 2023. The increase in the average selling price of panels in this category was mainly due to the depreciation of the Korean Won against the U.S. dollar during 2023 and the further increase in the proportion of panels with differentiated specialty features and larger panels, as well as an increase in the proportion of higher-value OLED panels for high-end smartphones and automotive products, in our product mix for panels in this category. The decrease in the sales volume of panels for mobile and other applications was attributable to a decrease in market demand for other applications due in part to a general decrease in consumer consumption levels due to rising inflation and interest rates and the continued economic volatility and uncertainty globally, as well as our continued strategic focus to increase the proportion of higher-end OLED products and reduce the production output of lower-end TFT-LCD products.

In addition, our revenue attributable to royalty and others increased by 67.4% from ₩46 billion in 2022 to ₩77 billion (US\$60 million) in 2023. The increase was due to a 76.5% increase in other revenue, consisting primarily of sales of sample products and certain raw materials and components, from ₩34 billion in 2022 to ₩60 billion (US\$46 million) in 2023 and a 33.3% increase in royalty from ₩12 billion in 2022 to ₩16 billion (US\$13 million) in 2023.

Cost of Sales

Cost of sales decreased by 16.1% from ₩25,028 billion in 2022 to ₩20,986 billion (US\$16,256 million) in 2023. The decrease in our cost of sales in 2023 compared to 2022 was attributable primarily to a decrease in raw materials and component costs mainly related to selling fewer panel units overall in 2023 compared to 2022, partially offset by an increase in the proportion of products with differentiated specialty features and newer technologies that require higher-cost raw materials and components in our product mix. In addition, a decrease in overhead costs, resulting mainly from the termination of our production of TFT-LCD panels at certain of our manufacturing facilities in Korea, as well as a decrease in depreciation costs, resulting mainly from the one-time effect of the impairment losses we incurred in 2022 on our property, plant and equipment and intangible assets relating to our large-sized OLED display panel business, which we newly distinguished as a separate cash-generating unit (“CGU”) from our existing Display CGU in 2022, contributed to the decrease in cost of sales in 2023 compared to 2022. Such decreases were offset in part by an increase in the value of our inventories due in part to the strengthening of the U.S. dollar, in which 89.6% of our raw materials and component part purchases were denominated in 2023, against the Korean Won in 2023 as a whole, compared to 2022 as a whole.

As a percentage of our total cost of sales, raw materials and component costs, labor costs, overhead costs, depreciation and amortization costs and change in inventory costs constituted 59.0%, 11.1%, 13.5%, 15.2% and 1.2%, respectively, in 2022 and 55.1%, 12.0%, 13.8%, 16.2% and 2.9%, respectively, in 2023.

As a percentage of revenue, cost of sales increased from 94.9% in 2022 to 98.4% in 2023. The increase in our cost of sales as a percentage of revenue in 2023 compared to 2022 was attributable mainly to an increased share of high-end products in our product mix during the same period as well as the continued increase in downward pricing pressure in the global display panel industry and weaker overall market demand for display panels.

Cost of sales per square meter of net display area, which is derived by dividing total cost of sales by total square meters of net display area shipped, increased by 36.8% from ₩794 thousand in 2022 to ₩1,086 thousand (US\$841) in 2023. Cost of sales per panel sold, which is derived by dividing total cost of sales by total number of panels sold, decreased by 5.2% from ₩114 thousand in 2022 to ₩108 thousand (US\$84) in 2023. Such changes were due mainly to decreases in the proportion of our large-sized television and IT panels, which generally have higher cost of sales per panel, but lower cost of sales per square meter of net display area, relative to our small- and medium-sized panels primarily in the mobile and others product category, sold in our product mix during the same period.

Gross Profit and Gross Margin

As a result of the cumulative effect of the reasons explained above, our gross profit decreased by 69.3% from ₩1,124 billion in 2022 to ₩345 billion (US\$267 million) in 2023, and our gross margin decreased from 4.3% in 2022 to 1.6% in 2023. Such decrease was primarily due to the overall decrease in the average selling prices of our panels mainly reflecting increased downward pricing pressure affecting the global display panel industry due in part to a general decrease in consumer consumption levels as described above, which outpaced the decrease in the cost of sales per panel sold in 2023 compared to 2022.

Selling and Administrative Expenses

Selling and administrative expenses decreased by 19.2% from ₩1,827 billion in 2022 to ₩1,476 billion (US\$1,143 million) in 2023. As a percentage of revenue, our selling and administrative expenses remained stable at 6.9% in each of 2022 and 2023. The decrease in selling and administrative expenses in 2023 compared to 2022 was attributable primarily to a decrease in warranty expenses, resulting primarily from a reduction in defects in our products equipped with newer technologies (including OLED) during such period and a general decrease in our overall sales volume in 2023 compared to 2022, and a decrease in shipping costs, resulting mainly from a decrease in our overall shipment volume (especially the volume of large-sized product shipments) in 2023 compared to 2022 as well as a decrease in international freight rates following the easing of the COVID-19 pandemic.

The following are the major components of our selling and administrative expenses for each of the years in the two-year period ended December 31, 2023:

	Year ended December 31,	
	2022	2023
	(in billions of Won)	
Salaries	₩ 355	₩ 373
Expenses related to defined benefit plan	27	25
Other employee benefits	91	87
Shipping	214	92
Fees and commissions	272	253
Depreciation	264	265
Taxes and dues	70	66
Advertising	108	76
Warranty	251	102
Insurance	15	14
Travel	18	18
Training	15	10
Others	127	95
Total	₩ 1,827	₩ 1,476

Research and Development Expenses

Research and development expenses decreased slightly by 0.1% from ₩1,382 billion in 2022 to ₩1,380 billion (US\$1,069 million) in 2023. As a percentage of revenue, our research and development expenses increased from 5.2% in 2022 to 6.5% in 2023. The research and development expenses in 2023 were incurred mainly in relation to research and development activities related to OLED and next generation technologies and products.

Other Income (Expense), Net

Other income includes primarily foreign currency gain, and other expenses include primarily foreign currency loss, impairment loss on property, plant and equipment and impairment loss on intangible assets. Our total net other expense decreased significantly from ₩1,260 billion in 2022 to ₩314 billion (US\$243 million) in 2023. Such decrease was primarily due to a significant decrease in net impairment loss on property, plant and equipment from ₩1,257 billion in 2022 to ₩60 billion (US\$47 million) in 2023, as well as a decrease in net impairment loss on intangible assets from ₩134 billion in 2022 to ₩55 billion (US\$42 million) in 2023. Such significant decreases in impairment losses on property, plant and equipment and on intangible assets in 2023 were primarily attributable to the one-time effect of the impairment losses we incurred in 2022 on our property, plant and equipment and intangible assets relating to our large-sized OLED display panel business, which we newly distinguished as a separate CGU from our existing Display CGU in 2022 following our decision to terminate our TFT-LCD television display panel manufacturing operations in Korea and the resulting reorganization of the related businesses. See Note 10(d) of the notes to our financial statements for a further discussion of our assessment of impairment with respect to our large-sized OLED display panel business. Such decreases were partially offset by a net foreign currency

loss of ₩118 billion (US\$92 million) in 2023 compared to a net foreign currency gain of ₩142 billion in 2022, reflecting higher exchange rate volatility in 2023 compared to 2022.

Finance Income (Costs), Net

Our total net finance costs increased significantly from ₩93 billion in 2022 to ₩512 billion (US\$397 million) in 2023. Such increase was mainly attributable to a 74.2% increase in interest expense from ₩415 billion in 2022 to ₩723 billion (US\$560 million) in 2023, which was mainly due to increases in market interest rates as well as the average amount of our long-term borrowings outstanding in 2023 compared to 2022, as well as net loss on valuation of derivatives of ₩76 billion (US\$59 million) in 2023 compared to net gain in valuation of derivatives of ₩128 billion in 2022, as a result of an overall depreciation of the Korean Won against the U.S. dollar and higher exchange rate volatility in 2023 compared to 2022. Against such fluctuations, we recognized net foreign currency gain of ₩48 billion (US\$37 million) in 2023 compared to net foreign currency loss of ₩132 billion in 2022, as well as net gain on transaction of derivatives of ₩49 billion in 2022 and ₩179 billion (US\$138 million) in 2023.

Income Tax Expense (Benefit)

Our income tax benefit increased significantly from ₩238 billion in 2022 to ₩763 billion (US\$591 million) in 2023, resulting from a significant increase in deferred tax benefit, which was partially offset by an increase in current tax expense in 2023 compared to 2022. Our deferred tax benefit increased by 148.1% from ₩385 billion in 2022 to ₩955 billion (US\$740 million) in 2023, whereas our current tax expense increased by 31.3% from ₩147 billion in 2022 to ₩193 billion (US\$149 million) in 2023, as we recorded loss before income tax of ₩3,339 billion (US\$2,586 million) in 2023 compared to loss before income tax of ₩3,433 billion in 2022. Furthermore, we recognized a change in unrecognized deferred tax assets of ₩458 billion in 2022, due mainly to applicable amendments to Korean tax laws and changes in our estimates of future taxable income, and ₩157 billion (US\$122 million) in 2023, primarily reflecting changes in our estimates of future taxable income. The impact of changes in our estimates of future taxable income on changes in unrecognized deferred tax assets was mainly related to tax credit carry forwards in both 2022 and 2023. Our effective tax rates were not calculated in 2022 and 2023 due to the loss before income tax we recorded in such years. See Notes 23 and 24 of the notes to our financial statements.

Profit (Loss) for the Year

As a result of the cumulative effect of the reasons explained above, we recorded a loss for the year of ₩3,195 billion in 2022 and a loss of ₩2,577 billion (US\$1,996 million) in 2023. Our loss for the year as a percentage of revenue was (12.1)% in 2022 and loss for the year as a percentage of revenue was (12.1)% in 2023.

Comparison of 2022 to 2021

Revenue

Our revenue decreased by 11.8% from ₩29,878 billion in 2021 to ₩26,365 billion in 2022. The decrease in revenue primarily resulted from decreases in revenue derived from sales of panels for televisions and IT products, which were in turn mainly due to a decrease in the number of those panels sold for IT products and a decrease in the average selling prices of panels for televisions, offset in part by an increase in revenue derived from sales of panels for mobile and other applications.

Revenue attributable to sales of panels for televisions decreased by 26.3% from ₩9,466 billion in 2021 to ₩6,975 billion in 2022, resulting from a significant decrease in the average selling price of panels in this category in 2022 compared to 2021, accompanied by a small decrease in the number of units sold of panels in this category in 2022 compared to 2021. The average selling price of panels for televisions decreased by 24.0% from ₩313 thousand in 2021 to ₩238 thousand in 2022, and the total unit sales of panels in this category decreased by 3.0% from 30.2 million panels in 2021 to 29.3 million panels in 2022. The decrease in the average selling price of television panels was mainly due to downward pricing pressure resulting from a decrease in market demand for both TFT-LCD and OLED televisions due in part to a general decrease in consumer consumption levels due to rising inflation and interest rates and economic volatility and uncertainty globally, which more than offset the positive effects of the depreciation of the Korean won against the U.S. dollar on average selling price during 2022. The negative effects of such factors were partially offset by an increase in the proportion of OLED television panels, which generally command higher selling prices than TFT-LCD television panels, in our product mix. The decrease in the sales volume of panels for televisions reflected a decrease in the sales volume of our TFT-LCD television panels, primarily reflecting our continued strategic focus to increase the proportion of higher-value OLED television panels

while decreasing the proportion of TFT-LCD television panels in our product mix, as well as a decrease in market demand for both TFT-LCD and OLED televisions as described above.

Revenue attributable to sales of panels for IT products decreased by 10.1% from ₩12,459 billion in 2021 to ₩11,198 billion in 2022, resulting from a significant decrease in the number of units sold of panels in this category in 2022 compared to 2021, partially offset by an increase in the average selling price of panels in this category in 2022 compared to 2021. The total unit sales of panels for IT products decreased by 19.0% from 107.9 million panels in 2021 to 87.4 million panels in 2022, while the average selling price of panels in this category increased by 11.3% from ₩115 thousand in 2021 to ₩128 thousand in 2022. The decrease in the sales volume of panels for IT products primarily reflected a decrease in market demand for IT products due in part to a general decrease in consumer consumption levels due to rising inflation and interest rates and economic volatility and uncertainty globally. The increase in the average selling price of our panels for IT products was mainly attributable to the depreciation of the Korean Won against the U.S. dollar during 2022, the continued increase in the proportion of panels with differentiated specialty features that command higher selling prices in our product mix for panels for IT products, reflecting the continued solidification of our position in the high-end IT product market as well as the further strengthening of our collaboration with our end-brand customers.

Revenue attributable to sales of panels for mobile and other applications increased by 3.1% from ₩7,900 billion in 2021 to ₩8,146 billion in 2022, resulting from an increase in the average selling price of panels in this category in 2022 compared to 2021, partially offset by a decrease in the number of units sold of panels in this category in 2022 compared to 2021. The average selling price of panels in this category increased by 12.9% from ₩70 thousand in 2021 to ₩79 thousand in 2022, whereas the total unit sales of panels for mobile and other applications decreased by 8.6% from 112.8 million in 2021 to 103.1 million in 2022. The increase in the average selling price of panels in this category was mainly due to the depreciation of the Korean Won against the U.S. dollar during 2022, the further increase in the proportion of panels with differentiated specialty features and larger panels, as well as an increase in the proportion of higher-value OLED panels for smartphones, automotive products and wearable devices, in our product mix for panels in this category. The decrease in the sales volume of panels for mobile and other applications was attributable to a decrease in market demand for smartphones and other mobile devices due in part to a general decrease in consumer consumption levels due to rising inflation and interest rates and economic volatility and uncertainty globally, as well as our continued strategic focus to increase the proportion of higher-end OLED products and reduce the production output of lower-end TFT-LCD products.

In addition, our revenue attributable to royalty and others decreased by 13.2% from ₩53 billion in 2021 to ₩46 billion in 2022. The decrease was due to a 12.8% decrease in other revenue, consisting primarily of sales of sample products and certain raw materials and components, from ₩39 billion in 2021 to ₩34 billion in 2022 and a 14.3% decrease in royalty from ₩14 billion in 2021 to ₩12 billion in 2022.

Cost of Sales

Cost of sales increased by 1.9% from ₩24,573 billion in 2021 to ₩25,028 billion in 2022. The increase in our cost of sales in 2022 compared to 2021 was attributable primarily to a change in the value of our inventories due in part to the strengthening of the U.S. dollar, in which 87.8% of our raw materials and component part purchases were denominated in 2022, against the Korean Won in 2022 as a whole, compared to 2021 as a whole, as well as an increase in overhead costs, which were offset in part by decreases in labor costs and raw materials and component costs related to selling fewer panel units overall in 2022 compared to 2021.

As a percentage of our total cost of sales, raw materials and component costs, labor costs, overhead costs, depreciation and amortization costs and change in inventory costs constituted 60.2%, 11.5%, 13.5%, 15.4% and (0.6)%, respectively, in 2021 and 59.0%, 11.1%, 13.5%, 15.2% and 1.2%, respectively, in 2022.

As a percentage of revenue, cost of sales increased from 82.2% in 2021 to 94.9% in 2022. The increase in our cost of sales as a percentage of revenue in 2022 compared to 2021 was attributable mainly to the continued increase in downward pricing pressure in the global display panel industry, particularly in relation to TFT-LCD panels and weaker overall market demand for display panels, as well as an increase in our raw materials and component costs, which in turn was mainly due to the overall depreciation of the Korean Won against the U.S. dollar during 2022, in which a significant portion of our purchases of raw materials and components are denominated, as well as an overall increase in the market prices of key raw materials and components in part due to a global supply shortage of semiconductors during parts of 2022.

Cost of sales per square meter of net display area, which is derived by dividing total cost of sales by total square meters of net display area shipped, increased by 13.6% from ₩699 thousand in 2021 to ₩794 thousand in 2022. Cost of sales per panel sold, which is derived by dividing total cost of sales by total number of panels sold, increased by 16.3% from ₩98 thousand in 2021 to ₩114 thousand in 2022. Such increase was due mainly to increases in the proportion within each of

our product categories of panel units with differentiated specialty features and newer technologies, which generally have higher cost of sales per panel relative to other panel units within each product category, sold in our product mix, as well as the strengthening of the U.S. dollar against the Korean Won, during the same period.

Gross Profit and Gross Margin

As a result of the cumulative effect of the reasons explained above, our gross profit decreased by 78.8% from ₩5,305 billion in 2021 to ₩1,124 billion in 2022, and our gross margin decreased from 17.8% in 2021 to 4.3% in 2022. The continued shift in our product mix toward higher-end products and the strengthening of the U.S. dollar against the Korean Won in 2022 resulted in increases in both the average selling price and cost of sales per panel sold in 2022 compared to 2021, but the increase in cost of sales per panel sold outpaced the increase in average selling price mainly due to weaker market demand that applied downward pricing pressure.

Selling and Administrative Expenses

Selling and administrative expenses decreased by 1.3% from ₩1,852 billion in 2021 to ₩1,827 billion in 2022. As a percentage of revenue, our selling and administrative expenses increased from 6.2% in 2021 to 6.9% in 2022. The decrease in selling and administrative expenses in 2022 compared to 2021 was attributable primarily to a decrease in shipping costs, resulting mainly from a general decrease in our overall sales volume in 2022 compared to 2021, as well as a decrease in salaries, resulting primarily from a decrease in performance-based incentive payments. The effects of such decreases were partially offset by increases in other expenses relating to our overseas market development, resulting from our increased efforts to further develop our overseas markets in light of the easing of COVID-19 pandemic-related social distancing and travel measures, as well as warranty expenses, resulting from an increase in the proportion of OLED panel products sold during 2022, which entail higher repair and replacement costs.

The following are the major components of our selling and administrative expenses for each of the years in the two-year period ended December 31, 2022:

	Year ended December 31,	
	2021	2022
	(in billions of Won)	
Salaries	₩ 387	₩ 355
Expenses related to defined benefit plan	23	27
Other employee benefits	87	91
Shipping costs	299	214
Fees and commissions	248	272
Depreciation	267	264
Taxes and dues	75	70
Advertising	126	108
Warranty expenses	217	251
Insurance	17	15
Travel	7	18
Training	16	15
Others	83	127
Total	<u>₩ 1,852</u>	<u>₩ 1,827</u>

Research and Development Expenses

Research and development expenses increased by 13.1% from ₩1,222 billion in 2021 to ₩1,382 billion in 2022. As a percentage of revenue, our research and development expenses increased from 4.1% in 2021 to 5.2% in 2022. Such increase in research and development expenses was mainly attributable to an increase in our research and development activities related to OLED and next generation technologies and products.

Other Income (Expense), Net

Other income includes primarily foreign currency gains from operating activities, and other expenses include primarily foreign currency losses from operating activities, impairment loss on property, plant and equipment and impairment loss on intangible assets. Our total net other expense increased significantly from ₩29 billion in 2021 to ₩1,260 billion in 2022. Such increase was primarily due to a significant increase in net impairment loss on property, plant and equipment from ₩18 billion in 2021 to ₩1,257 billion in 2022, as well as an increase in net impairment loss on intangible assets from ₩28 billion in 2021 to ₩134 billion in 2022. Such significant increases in impairment losses on property, plant and equipment and on intangible assets in 2022 were primarily attributable to impairment losses we incurred on our property, plant and

equipment and intangible assets relating to our large-sized OLED display panel business, which we newly distinguished as a separate CGU from our existing Display CGU in 2022 following our decision to terminate our TFT-LCD television display panel manufacturing operations in Korea and the resulting reorganization of the related businesses. Such impairment losses on our property, plant and equipment and intangible assets relating to our large-sized OLED display panel business in 2022 were mainly attributable to weaker market demand for premium televisions and less favorable industry outlook resulting from continued and exacerbated uncertainty in the prospects of the global economy. See Note 10(d) of the notes to our financial statements for a further discussion of our assessment of impairment with respect to our large-sized OLED display panel business.

Finance Income (Costs), Net

Our total net finance costs decreased by 81.1% from ₩491 billion in 2021 to ₩93 billion in 2022. Such decrease was mainly attributable to a 56.0% decrease in net foreign currency loss from ₩300 billion in 2021 to ₩132 billion in 2022, primarily due to an overall depreciation of the Korean Won against major foreign currencies and higher exchange rate volatility in 2022 compared to 2021, which was offset in part by a 39.9% decrease in net gain on valuation of derivatives from ₩213 billion in 2021 to ₩128 billion in 2022, also as a result of an overall depreciation of the Korean Won against the U.S. dollar and higher exchange rate volatility in 2022 compared to 2021. Against such fluctuations, we recognized net gains on transaction of derivatives of ₩8 billion in 2021 and ₩49 billion in 2022.

Income Tax Expense (Benefit)

We recognized income tax benefit of ₩238 billion in 2022 compared to income tax expense of ₩385 billion in 2021, primarily due to recording loss before income tax of ₩3,433 billion in 2022 compared to profit before income tax of ₩1,719 billion in 2021, which led to a decrease in current tax expense to ₩147 billion in 2022 from ₩363 billion in 2021, and the recognition of deferred tax benefit of ₩385 billion in 2022 compared to a deferred tax expense of ₩22 billion in 2021. Furthermore, due to applicable amendments to Korean tax laws in 2022 and changes in our estimates of future taxable income, we recognized a change in unrecognized deferred tax assets of ₩458 billion in 2022, which reflected the effect of reducing previously recognized deferred tax assets in relation to tax credit carry forwards. In addition, we recognized an effect on change in tax rate of ₩168 billion in 2022 in light of such tax law amendments. However, due to the loss before income tax we recorded in such year, our effective tax rate was not calculated in 2022, whereas our effective tax rate was 22.4% in 2021. See Notes 23 and 24 of the notes to our financial statements.

Profit (Loss) for the Year

As a result of the cumulative effect of the reasons explained above, we recorded a profit for the year of ₩1,334 billion in 2021 but recorded a loss for the year of ₩3,195 billion in 2022. Our profit for the year as a percentage of revenue was 4.5% in 2021 and loss for the year as a percentage of revenue was (12.1)% in 2022.

Item 5.B. Liquidity and Capital Resources

Our principal sources of liquidity have been net cash flows generated from our operating activities and debt financing activities. We had cash and cash equivalents of ₩3,542 billion, ₩1,825 billion and ₩2,258 billion (US\$1,749 million) as of December 31, 2021, 2022 and 2023, respectively.

Our cash and cash equivalents was held in the following currencies as at December 31, 2023:

	(in billions of Won)	
Korean Won	₩	94
Chinese Yuan		762
U.S. Dollar		1,379
Other currencies		23
Total	₩	<u>2,258</u>

We also had short-term deposits in banks of ₩743 billion, ₩1,723 billion and ₩906 billion (US\$702 million), respectively, as of December 31, 2021, 2022 and 2023. The significant decrease in short-term deposits in 2023 compared to 2022, was mainly due to a decrease in restricted cash deposits in connection with secured borrowings from our subsidiaries. The significant increase in short-term deposits in 2022 compared to 2021 was mainly due to an increase in restricted cash deposits in connection with secured borrowings from our subsidiaries. Our primary use of cash has been to fund capital expenditures related to the expansion and improvement of our production capacity with respect to existing and newly developed products, including the construction and ramping-up of new, or in certain cases, expansion or conversion of

existing, fabrication facilities and production lines and the acquisition of new equipment. We also use cash flows from operations for our working capital requirements and servicing our debt payments. We expect our cash requirements for 2024 to be primarily for capital expenditures, working capital requirements and repayment of maturing debt.

As of December 31, 2021, we had current assets of ₩13,187 billion and current liabilities of ₩13,995 billion, resulting in a working capital deficit of ₩808 billion. As of December 31, 2022, we had current assets of ₩9,444 billion and current liabilities of ₩13,962 billion, resulting in a working capital deficit of ₩4,518 billion. As of December 31, 2023, we had current assets of ₩9,503 billion (US\$7,361 million) and current liabilities of ₩13,885 billion (US\$10,755 million), resulting in a working capital deficit of ₩4,382 billion (US\$3,394 million). The increase in working capital deficit as of December 31, 2022, compared to the working capital deficit as of December 31, 2021, was primarily attributable to a ₩2,216 billion decrease in net trade accounts and notes receivable, which was mainly caused by a decrease in our sales revenue as described above, a ₩1,717 billion decrease in cash and cash equivalents, which was primarily due to a decrease in demand deposits, and a ₩1,420 billion increase in our current financial liabilities, which mainly reflected an increase in our short-term borrowings payable as of the end of 2022 compared to the end of 2021, the effects of which were partially offset by a ₩979 billion increase in deposits in banks and a ₩752 billion decrease in net trade accounts and notes payable mainly as a result of a decrease in our purchases of raw materials, components and equipment in light of weaker market demand for our products. The decrease in working capital deficit as of December 31, 2023, compared to the working capital deficit as of December 31, 2022, was primarily attributable to a ₩859 billion increase in net trade accounts and notes receivable, which was mainly caused by a decrease in the amount of trade accounts and notes receivable sold to financial institutions as well as the depreciation of the Korean Won against the U.S. dollar as of the end of 2023 compared to the end of 2022, a ₩433 billion increase in our cash and cash equivalents, reflecting the combined effect of changes in our cash flows as described below, and a ₩324 billion decrease in our other accounts payable, which was primarily attributable to a decrease in the level of our ongoing capital investments. The effects of such changes were partially offset by a ₩817 billion decrease in deposits in banks, which mainly reflected a decrease in our restricted deposits as of the end of 2023 compared to the end of 2022 as described above, and a ₩561 billion increase in our advances received, which was primarily attributable to advances received pursuant to long-term supply agreements in 2023, compared to no such advances received in 2022.

Our management constantly monitors our working capital, and we have historically been able to satisfy our cash requirements from cash flows from operations and debt financing. We believe that we have sufficient sources of working capital, including in the form of debt financing, for at least the next 12 months following the date of this annual report. In 2023, we issued domestic bonds in the aggregate principal amount of ₩337 billion (US\$261 million), and we entered into a number of short-term and long-term facility loan agreements, from which we have drawn down the full aggregate principal amount of ₩900 billion (US\$697 million) and US\$100 million as of December 31, 2023 in short-term loans and ₩2,215 billion (US\$1,716 million), US\$390 million and CNY 7,650 million in long-term loans, in each case as of December 31, 2023, primarily to fund our capital expenditures and refinance our existing borrowings maturing in 2023. In addition, on December 22, 2023, we entered into a syndicated loan agreement with The Korea Development Bank and certain other banks in Korea in the amount of ₩650 billion (US\$503 million), from which we have drawn down to date ₩200 billion (US\$155 million) in December 2023, ₩100 billion (US\$77 million) in February 2024 and ₩220 billion (US\$170 million) in April 2024.

Our ability to satisfy our cash requirements from cash flows from operations and financing activities will be affected by our ability to maintain and improve our margins and, in the case of external financing, market conditions, which in turn may be affected by various factors outside of our control. Therefore, we re-evaluate our capital requirements regularly in light of our cash flows from operations, the progress of our expansion plans and market conditions. To the extent that we do not generate sufficient cash flows from our operations to meet our capital requirements, we may rely on other financing activities, such as external borrowings and securities offerings, including the issuance of equity, equity-linked and other debt securities. In March 2024, as part of our ongoing efforts to improve our financial condition and liquidity, we issued 142,184,300 new shares of common stock (including 1,038,078 new shares represented by 2,076,156 ADSs) at a subscription price of ₩9,090 per share (and US\$3.450019 per ADS) pursuant to a preemptive rights offering to our existing shareholders, including ADS holders followed by a public offering in Korea. We plan to use the proceeds of such offering to fund our capital investments, general corporate purposes (including purchases of raw materials) and repay certain of our outstanding debt. Immediately following the completion of such offering, the number of issued and outstanding shares of our common stock increased to 500,000,000 as of March 15, 2024.

Our net cash provided by operating activities amounted to ₩5,753 billion in 2021, ₩3,011 billion in 2022 and ₩1,683 billion (US\$1,304 million) in 2023. The decrease in net cash provided by operating activities in 2022 compared to 2021 was mainly due to a decrease in cash collected from our customers primarily as result of a decrease in our sales revenue, as well as a decrease in trade accounts and notes payable of ₩282 billion in 2022 compared to an increase of ₩1,038 billion

in 2021, which principally reflected a decrease in our purchases of raw materials and components in light of weaker market demand for our products. The decrease in net cash provided by operating activities in 2022 compared to 2021 was offset in part by a decrease in trade accounts and notes receivable of ₩1,833 billion in 2022 compared to an increase of ₩964 billion in 2021, which primarily reflected an increase in the amount of trade accounts and notes receivable sold to financial institutions without recourse towards the end of 2022 compared to the end of 2021 as well as a decrease in our sales revenue. The decrease in net cash provided by operating activities in 2023 compared to 2022 was mainly due to a decrease in cash collected from our customers primarily as a result of a decrease in our sales revenue, as well as an increase in trade accounts and notes receivable of ₩1,014 billion in 2023 compared to a decrease of ₩1,833 billion in 2022, primarily resulting from a decrease in the amount of trade accounts and notes receivable sold to financial institutions without recourse towards the end of 2023 compared to the end of 2022. The decrease in net cash provided by operating activities in 2023 compared to 2022 was offset in part by an increase in long-term advances received of ₩1,580 billion in 2023 pursuant to long-term supply agreements, compared to no such long-term advances received in 2022.

The cyclical market conditions that are characteristic of our industry, as well as the regular ramp-up of our new fabrication facilities and production lines and our cost reduction measures, contribute to the fluctuations in our inventory levels from period to period. As of December 31, 2022, our inventory levels decreased by 14.2% compared to December 31, 2021. As of December 31, 2023, our inventory levels further decreased by 12.0% compared to December 31, 2022.

Inventories consisted of the following for the dates indicated:

	As of December 31,			
	2021	2022	2023	2023 ⁽¹⁾
	(in billions of Won and millions of US\$)			
Finished goods	₩ 1,180	₩ 822	₩ 751	US\$ 581
Work in process	1,202	1,235	1,146	888
Raw materials	787	652	457	354
Supplies	181	164	174	135
Total	₩ 3,350	₩ 2,873	₩ 2,528	US\$ 1,958

(1) For convenience, the Korean Won amounts are expressed in U.S. dollars at the rate of ₩1,290.97 to US\$1.00, the noon buying rate in effect on December 31, 2023, as certified by the Federal Reserve Bank of New York for customs purposes. This translation should not be construed as a representation that the Korean Won amounts represent, have been or could be converted to U.S. dollars at that rate or any other rate.

Our net cash used in investing activities amounted to ₩4,263 billion in 2021, ₩6,700 billion in 2022 and ₩2,589 billion (US\$2,005 million) in 2023. Net cash used in investing activities primarily reflected the substantial capital expenditures we have made in connection with the expansion and improvement of our OLED-focused production capacity in recent years, mainly relating to construction of our new, or in certain cases, expansion or conversion of existing, fabrication and module assembly facilities and acquisition of new equipment. These cash outflows from capital expenditures amounted to ₩3,141 billion, ₩5,079 billion and ₩3,483 billion (US\$2,698 million) in 2021, 2022 and 2023, respectively. We intend to fund our capital requirements associated with our expansion and construction projects with cash flows from operations and financing activities, including the issuance of 142,184,300 new shares of common stock in March 2024 as described above as well as external long-term borrowings and bond issuances.

We currently expect that, in 2024, our total capital expenditures on a cash out basis will be lower compared to 2023 and will be used primarily to continue to fund our previously announced investments related to facilities for OLED panels as well as other essential recurring investments. However, our overall expenditure levels and our allocation among projects are subject to many uncertainties. We review the amount of our capital expenditures and may make adjustments from time to time based on cash flows from operations, the progress of our expansion plans and market conditions. As of December 31, 2023, our commitments in relation to future acquisitions of property, plant and equipment and intangible assets amounted to ₩838 billion (US\$649 million).

Our net cash used in financing activities amounted to ₩2,466 billion in 2021 and our net cash provided by financing activities amounted to ₩1,946 billion in 2022 and ₩1,351 billion (US\$1,046 million) in 2023. The net cash provided by financing activities in 2022 compared to net cash used in financing activities in 2021 reflects primarily an increase in net proceeds from long-term borrowings and bonds and from short-term borrowings in 2022 compared to 2021. The decrease in net cash provided by financing activities in 2023 primarily reflects net repayment of short-term borrowings in 2023 compared to net proceeds from short-term borrowings in 2022, partially offset by increases in net proceeds from long-term borrowings and bonds in 2023 compared to 2022.

At our annual general meetings of shareholders on March 23, 2021, we did not declare any cash dividend to our shareholders. At our annual general meeting of shareholders that was held on March 23, 2022, we declared a cash dividend of ₩650 per share of common stock, amounting to a total cash dividend of ₩232.6 billion to our shareholders of record as of December 31, 2021. At each of our annual general meeting of shareholders that was held on March 21, 2023 and March 22, 2024, we did not declare any cash dividend to our shareholders.

We had a total of ₩614 billion, ₩2,579 billion and ₩1,876 billion (US\$1,453 million) of short-term borrowings outstanding as of December 31, 2021, 2022 and 2023, respectively. Approximately 20% of our outstanding short-term borrowings as of December 31, 2023 were subject to floating interest rates. For further information regarding our short-term borrowings, including their interest rate and currency structure, please see Note 12 of the notes to our financial statements.

As of December 31, 2023, we maintained accounts receivable sales negotiating facilities with several banks for up to an aggregate amount of US\$1,000 million at the parent company level in connection with our export sales transaction with our subsidiaries. In addition, we and our subsidiaries have also entered into various other accounts receivable sales negotiating facilities for up to an aggregate amount of US\$2,935 million. For further information regarding these facilities, please see Note 15 of the notes to our financial statements.

As of December 31, 2023, we had outstanding long-term debt including current portion in the amount of ₩14,656 billion (US\$11,353 million) and prior to deducting discounts on bonds, consisting of ₩1,362 billion of Korean Won denominated bonds, US\$100 million of U.S. dollar denominated bonds, US\$3,222 million of U.S. dollar denominated long-term borrowings, CNY24,991 million of CNY denominated long-term borrowings and ₩4,491 billion of Korean Won denominated long-term borrowings. As of December 31, 2023, 33% of our outstanding long-term debt were subject to fixed interest rates.

The terms of some of our long-term debt contain provisions that would trigger a requirement for early repayment. The principal and interest under these obligations may be accelerated if there is a default, including defaults triggered by failure to comply with financial covenants and cross defaults triggered under our other debt obligations. We believe we were in compliance with the covenants under our debt obligations at December 31, 2023. For further information about our short- and long-term debt obligations as of December 31, 2023, including their interest rate and currency structure, see Note 12 of the notes to our financial statements.

As of December 31, 2023, we have entered into six agreements to guarantee the payment obligations in the aggregate amount of US\$1,462 million of our subsidiary LG Display Vietnam Haiphong Co., Ltd. under credit facilities and payables facilities with various financial institutions, including Sumitomo Mitsui Banking Corporation, Standard Chartered Bank, Citibank, Export-Import Bank of Korea and Bank of Australia and New Zealand, among other lenders.

We also utilize cross-currency swap contracts and foreign currency forward contracts to hedge our foreign currency risk. See “Item 11. Quantitative and Qualitative Disclosures about Market Risk – Foreign Currency Risk.”

The following table summarizes our material short- and long-term cash requirements as of December 31, 2023:

(in billions of Won)	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Unsecured bank borrowings	₩ 11,879	3,573	7,145	915	246
Secured bank borrowings	4,430	1,862	2,356	212	—
Unsecured bond issues	1,598	430	1,042	126	—
Trade accounts and notes payable	4,175	4,175	—	—	—
Other accounts payable	1,830	1,830	—	—	—
Other accounts payable (enterprise procurement cards) ⁽¹⁾	1,092	1,092	—	—	—
Long-term other accounts payable	413	—	190	115	108
Securities deposits received	190	7	1	182	—
Lease Liabilities	77	51	18	5	3
Derivatives	46	23	21	2	—
Derivatives for fair value hedge	36	8	28	—	—
Total contractual cash obligations	₩ 25,766	13,051	10,801	1,557	357

(1) Represents the amount of utility expenses and other expenses paid using the enterprise procurement cards. For further information, please see Note 26 of the notes to our financial statements.

We intend to fund our cash commitments with cash flows generated from our operations as well as debt financing activities. In addition, we also have continuing obligations to make cash royalty payments under our technology license agreements, the amount of which are generally determined based on a percentage of sales of our display products.

Expenses relating to our license fees and royalty payments under existing license agreements were ₩150 billion in 2021, ₩152 billion in 2022 and ₩146 billion (US\$113 million) in 2023, representing 7.1%, 6.3% and 6.1% of our research and development related expenditures in 2021, 2022 and 2023, respectively. We expect to make additional license fee payments as we enter into new technology license agreements from time to time with third parties.

Taxation

In 2023, the statutory corporate income tax rate applicable to us was 9.9% (including local income surtax) for the first ₩200 million of our taxable income, 20.9% (including local income surtax) for our taxable income between ₩200 million and ₩20 billion, 23.1% (including local income surtax) for our taxable income between ₩20 billion and ₩300 billion, and 26.4% (including local income surtax) for our taxable income in excess of ₩300 billion.

In recent years, the Organization for Economic Cooperation and Development has introduced and implemented the Base Erosion and Profit Shifting 2.0 framework (“BEPS 2.0”), which imposes a minimum tax for multinational enterprise groups with total consolidated group revenue of €750 million or more in at least two of the four most recent fiscal years (the “global minimum tax requirement”). Under the model rules of BEPS 2.0, a multinational enterprise group meeting the above-described criteria would be required to pay a top-up tax on excess profits realized by a consolidated entity in any jurisdiction in which the effective tax rate for the jurisdiction is below a 15% minimum rate. The top-up tax must be paid to the tax authority of the country in which the controlling company that meets certain requirements is located. In 2023, the Korean government enacted a new tax legislation, which is effective for fiscal years that begin on or after January 1, 2024, that reflects the global minimum tax requirement. We are currently reviewing the potential impact of the global minimum tax requirement on our financial condition and results of operations. However, as many of the countries in which our consolidated subsidiaries are located have yet to enact, or in the process of enacting, related legislations, we are currently unable to provide a reasonable or detailed estimate of the potential impact of the global minimum tax requirement.

Tax Credits

We are entitled to a number of tax credits relating to certain investments in tangible assets for business use (excluding certain assets for which tax credits are not permitted under Korean tax laws) and facilities used for research and development and human resources development. For example, in 2023, under the Restriction of Special Taxation Act, we were entitled to a tax credit of 15% of our qualifying capital investments in certain national strategic technology facilities in 2023. Under the same law, we are also entitled to a tax credit on a percentage of our research and development expenses incurred for procuring certain national strategic technologies, which include OLED display technology. The applicable amount of such tax credit is calculated by multiplying the applicable research and development expenses by the sum of (x) 30% and (y) three times the proportion of such research and development expenses as a percentage of revenue.

Tax credits may be utilized for an amount up to the tax payable using the minimum tax rate for a given fiscal year. Tax credits not utilized in the fiscal year during which the relevant investment was made may be carried forward over the next ten years. As of December 31, 2023, we had recognized deferred tax assets related to these credits of ₩148 billion (US\$115 million), which may be utilized against future income tax liabilities through 2033. In addition, we also had unused tax credit carryforwards of ₩869 billion (US\$673 million) as of December 31, 2023 for which no deferred tax asset was recognized. See Note 24 of the notes to our financial statements.

Item 5.C. Research and Development, Patents and Licenses, etc.

Research and Development

The display panel industry is subject to rapid technological changes. We believe that effective research and development is essential to maintaining our position as one of the industry’s leading technology innovators.

To meet the demands of the future trends, we have formulated a long-term research and development strategy aimed at improving the process, performance and design of the existing products and diversifying the use of display panels as new

opportunities arise with the development of communication systems and information technology. The following are examples of products and technologies that have been developed through our research and development activities in recent years:

- In 2021, we produced a 65-inch UHD bendable OLED television display product and an 83-inch UHD OLED television display product. In addition, we developed the world's first 42-inch OLED television display product. For TFT-LCD products, we produced the world's first 15.6-inch QHD 240Hz gaming notebook products and the world's first 27-inch and 31.5-inch UHD high contrast ratio monitor products. We also produced our first LCD 750R extreme curvature automotive display product.
- In 2022, we produced the world's first 97-inch OLED television display product as well as the world's first large-sized (55-inch, 65-inch and 77-inch) television display products applying META OLED technology. In addition, we produced our first notebook display panel with a borderless design, which applies variable refresh rate technology with low power consumption, and we also produced the world's first 27.6-inch multi-tasking monitor display product with a 16:18 screen ratio as well as the world's first 34-inch 1900R IPS Black monitor product. For gaming display products, we developed the world's first 24.5-inch 480Hz FHD gaming monitor display that applies high-performance oxide-TFT, and we produced the world's first 27-inch and 45-inch gaming display panel applying META OLED technology. For automotive display products, we produced the world's first 12.3-inch automotive co-driver display panel that applies double LGP control technology as well as the world's first 12.3-inch automotive cluster display panel that applies glassless 3D technology.
- In 2023, we developed the world's first medium-sized transparent WOLED display product (30-inch HD) with a transparency rate of 45% and luminance of 600/200 nit. In addition, we produced the world's first 17-inch foldable pen touch notebook display panel applying the tandem OLED technology. For gaming display products, we developed the world's first 34-inch and 39-inch ultra-wide, full-size 240Hz gaming monitor display product that applies high-speed, fast response time, high-luminance and curved OLED technology.

As the product life cycle of display panels using certain of the existing TFT-LCD technology is approaching maturity, we plan to continue to focus on OLED and other newer display technologies, while also exploring new growth opportunities in the application of display panels, such as automotive displays and life displays. Life displays include gaming displays and transparent displays, among others.

In order to maintain our position as one of the industry's technology leaders, we believe it is important not only to increase direct spending on research and development, but also to manage our research and development capability effectively in order to successfully implement our long-term strategy. In connection with our efforts to enhance our research and development capability with respect to next-generation display technologies, we opened the R&D Center in Paju, Korea in April 2012. In addition, we have further expanded our research and development resources by allocating some of our research and development personnel to the newly-opened LG Science Park, which is located in western Seoul and commenced its operations in December 2017. LG Science Park accommodates researchers from various LG Group-affiliated companies with expertise in a broad range of disciplines, including electronics, chemistry, nanotechnology, display, fabrication, life sciences and new materials, to focus on developing and testing innovative new technologies.

We complement our in-house research and development capability through collaborations with universities and other third parties. For example, we provide project-based funding to both domestic and overseas universities as a means to recruit promising engineering students and to research and develop new technologies. As part of our such efforts, we have established cooperation centers within various universities, including Seoul National University and Korea Advanced Institute of Science and Technology, in order to promote the research and development of various technologies for use in future display panels. In 2021 and 2022, we entered into agreements with Yonsei University, Hanyang University and Sungkyunkwan University to establish a "Display Fusion Engineering Department" at each of these universities that offers specialized classes in technical fields such as electronics, electricity, physics, chemistry and materials with the aim to cultivate next-generation talents. We also enter into joint research and development agreements from time to time with third parties for the development of technologies in next-generation display fields. In addition, we belong to several display industry consortia, and we receive annual government funding to support our research and development efforts.

While we primarily rely on our own capacity for the development of new technologies in the display panel design and manufacturing process, we rely on third parties for certain key technologies to enhance our technology leadership, as further described in "—Intellectual Property" below.

Intellectual Property

Overview

Our business has benefited from our patent portfolio, which includes patents for display technologies, manufacturing processes, products and applications related to the production of TFT-LCD and OLED panels. We hold a large number of patents in Korea and in other countries, including in the United States, China, Japan, Germany, France, Great Britain, Taiwan, India and Vietnam. These patents will expire at various dates upon the expiration of their respective terms ranging from 2024 to 2043. In March 2014, we formed Unified Innovative Technology, LLC in the United States, a limited liability company solely owned by us for the purpose of patent portfolio management.

As part of our ongoing efforts to prevent infringements on our intellectual property rights and to keep abreast of critical technology developments by our competitors, we closely monitor patent applications in Korea and various other countries in which we sold our products. We intend to continue to file patent applications, where appropriate, to protect our proprietary technologies. We also enter into confidentiality agreements with each of our employees and consultants upon the commencement of an employment or consulting relationship. These agreements generally provide that all inventions, ideas, discoveries, improvements and copyrightable material made or conceived by the individual arising out of the employment or consulting relationship and all confidential information developed or made known to the individual during the term of the relationship are our exclusive property. In addition, we have increased our efforts to safeguard our proprietary information by engaging in in-house information protection awareness activities with our employees.

License Agreements

We enter into license or cross-license agreements from time to time with third parties with respect to various device and process technologies to complement our in-house research and development. We engage in regular discussions with third parties to identify potential areas for additional licensing of key technologies.

Expenses relating to our license fees and royalty payments under existing license agreements were ₩150 billion in 2021, ₩152 billion in 2022 and ₩146 billion (US\$113 million) in 2023 representing 7.1%, 6.3% and 6.1% of our research and development related expenditures in 2021, 2022 and 2023, respectively. We recognized royalty income in the amount of ₩14 billion in 2021, ₩12 billion in 2022 and ₩16 billion (US\$13 million) in 2023. The following are examples of license agreements we have entered into:

- We have a license agreement with each of Columbia University, Penn State University, Honeywell International, Honeywell Intellectual Properties, Plasma Physics Corporation and Ferguson Patent Properties. Each license agreement provides for a non-exclusive license under certain patents relating to TFT-LCD technologies.
- We have a license agreement with Universal Display Corporation for a non-exclusive license under certain patents relating to OLED technologies.
- We have a license agreement with Semiconductor Energy Laboratory for a non-exclusive license under certain patents relating to TFT-LCD and OLED technologies.
- We have a cross-license agreement with each of Hitachi, HannStar and Hydis for a non-exclusive license under certain patents relating to display technologies.
- We have separate cross-license agreements with each of NEC and AU Optronics in connection with the settlement of certain patent infringement lawsuits. Under the agreements, each party grants the other party a license under certain patents relating to TFT-LCD technologies.
- We are licensed to use certain patents for our TFT-LCD products pursuant to a cross-license agreement between Philips Electronics and Toshiba Corporation.

In addition to the above, we have also entered into license or cross-license agreements with other third parties in the course of our business operations in connection with certain patents, which such third parties own or control.

As well as licensing key technologies from third parties, we aim to benefit from our own patents and other intellectual property rights by granting licenses to third parties from time to time in return for royalty payments. We have also entered into certain patent purchase and license agreements with third parties, where we receive a portion of the license payments.

Item 5.D. Trend Information

These matters are discussed under Item 5.A. and Item 5.B. above where relevant.

Item 5.E. Critical Accounting Estimates

Our financial statements are prepared in accordance with IFRS as issued by the IASB. See Note 2(d) of the notes to our financial statements for a discussion on the accounting policies critical to an understanding of our consolidated financial statements.

Item 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Item 6.A. Directors and Senior Management

Board of Directors

Our board of directors has the ultimate responsibility for the management of our business affairs. Our articles of incorporation provide for a board consisting of between five and seven directors, more than half of whom must be outside directors. Our shareholders elect all directors at a general meeting of shareholders. Under the Korean Commercial Code, a representative director of a company established in Korea is authorized to represent and act on behalf of such company and has the power to bind such company. In March 2024, Hoyoung Jeong, our former representative director, retired from his position, and Cheoldong Jeong was duly appointed as a new non-outside director at the annual general meeting of shareholders held on March 22, 2024 and as our new sole representative director at the meeting of our board of directors also held on the same date.

The term of office for our directors shall not exceed the closing of the annual general meeting of shareholders convened in respect of the last fiscal year within three years after they take office. Our board must meet at least once every quarter, and may meet as often as the chairman of the board of directors or the person designated by the regulation of the board of directors deem necessary or advisable.

The tables below set forth information regarding our current directors and executive officers. The business address of all of the directors and executive officers is LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 07336, Korea.

Our Outside Directors

Our current outside directors are set out in the table below. Each of our outside directors meets the applicable independence standards set forth under the rules of the Korean Commercial Code and also meets the applicable independence criteria set forth under Rule 10A-3 of the Exchange Act.

<u>Name</u>	<u>Date of Birth</u>	<u>Position</u>	<u>First Elected/ Appointed</u>	<u>Term Expires</u>	<u>Principal Occupation Outside of LG Display</u>
Doocheol Moon	November 5, 1967	Director	March 2021 ⁽¹⁾	March 2027	Professor, School of Business, Yonsei University
Chung Hae Kang	May 20, 1964	Director	March 2022	March 2025	Professor, University of Seoul Law School
Jungsuk Oh	September 30, 1970	Director	March 2023 ⁽²⁾	March 2026	Professor, Operations Management, Seoul National University
Sang-Hee Park	December 2, 1965	Director	March 2023	March 2026	Professor, Materials Science and Engineering, Korea Advanced Institute of Science and Technology

(1) Mr. Moon was re-elected as an outside director at our annual general meeting of shareholders in March 2024.

(2) Prior to his election to our board of directors at our annual general meeting of shareholders in March 2023, Mr. Oh previously served as a court-appointed temporary outside director and member of the Audit Committee since April 2022.

Our Non-Outside Directors

Our current non-outside directors are set out in the table below:

Name	Date of Birth	Position	First Elected/ Appointed	Term Expires	Principal Occupation Outside of LG Display
Cheoldong Jeong	May 11, 1961	President, Chief Executive Officer, Representative Director	March 2024	March 2027	—
Sunghyun Kim	December 12, 1967	Executive Vice President, Chief Financial Officer, Director	March 2022	March 2025	—
Beom Jong Ha	July 16, 1968	Director	March 2022	March 2025	—

Our Non-Director Executive Officers

Our current non-director executive officers are set out in the table below:

Name	Position	Responsibility and Division	Age
Myoung Kyu Kim	President	Chief Cost Innovation Officer	61
Yong Min Ha	Executive Vice President	Head of Quality Management Center	57
Yoong Ki Min	Executive Vice President	Head of Medium Display Business Unit	58
Jong Woo Kim	Executive Vice President	Chief Production Officer	58
Soo Young Yoon	Executive Vice President	Chief Technology Officer	57
Byeong Koo Kim	Senior Vice President	Head of Auto Business Group	56
Hyun Chul Choi	Senior Vice President	Head of SC Business Unit	56
Jin Hyo Lee	Senior Vice President	Head of Legal Group	51
J. Kenneth Oh	Senior Vice President	Head of Intellectual Property Division	56
Sang Ho Song	Senior Vice President	Chief Human Resource Officer	55
Young Seok Choi	Senior Vice President	Head of Production Technology Center	55
Jeong Ki Park	Senior Vice President	Head of Medium Display Development Group	55
Hyeon Woo Lee	Senior Vice President	Head of Large Display Business Unit	56
Woo Sup Shin	Senior Vice President	Head of Large Display Development Group	54
Seong Hee Kim	Senior Vice President	Chief Safety Environment Officer	55
Yoo Seok Park	Senior Vice President	Head of Large Display Manufacture Center	53
Seung Min Lim	Senior Vice President	Head of Corporate Planning & Management Group	56
Kwang Jin Kim	Senior Vice President	Head of Large Display Strategy/Marketing Group	54
Jin Nam Park	Senior Vice President	Head of Purchasing Group	52
Myung Su Suk	Senior Vice President	Head of SC Module Center	53
Han Koo Lee	Vice President	Head of Business Support Group	56
Keuk Sang Kwon	Vice President	Head of Auto Product Development Division 1	53
Kwon-Shik Park	Vice President	Head of Foundation Technology Laboratory	54
Sang Yoon Park	Vice President	Head of SC Development Group	54
Eun Kuk Kyung	Vice President	Head of Accounting Division	54
Young Dall Park	Vice President	Head of Vietnam HR & Business Support Division	53
Jeong Min Kim	Vice President	Head of Jeong-do Management Division	52

Hoon Jeong	Vice President	Head of Medium Display Panel/Advanced Development Division	51
Han Wook Hwang	Vice President	Leader of Medium GA OLED Development Task	48
Seung Ho Kwon	Vice President	Head of Large Display Panel Division	52
Tae Rim Lee	Vice President	Head of Large Display Product Development Division 1	48
In Hyuk Song	Vice President	Leader of C Task	46
Sung Chun Kang	Vice President	Head of Medium Display Manufacture Center	54
Joon Young Yang	Vice President	Head of Precedence Technology Laboratory	53
Tae Hyung Lim	Vice President	Head of Medium Display Sales Division 2	54
Kyung Joon Kwon	Vice President	Head of SC Development Division 2	48
Sung Joon Bae	Vice President	Head of Large Display Panel Development Division	52
Won Gyun Youn	Vice President	Head of Medium Display Product Development Division 3	52
Ki Young Kim	Vice President	Head of SC Quality Division	52
Ji Ho Baek	Vice President	Head of OC Research/Development Division	52
Seung Do Kim	Vice President	Head of Module Technology Division	52
Heung Soo Kim	Vice President	Head of SC Panel Center	53
In Kwan Choi	Vice President	Head of Vietnam Subsidiary	52
Jong Suk Jeon	Vice President	Head of SC Strategy/Marketing Group	49
Sang Hyun Ahn	Vice President	Head of Auto Sales Division	53
Won Seok Kang	Vice President	Head of Large Display Product Planning Division	52
Whan Woo Park	Vice President	Head of SC Sales Division	51
Byung Seung Lee	Vice President	Head of DX Group	47
Woo Nam Jeong	Chief Research Fellow	Leader of MTB Task	57
Chun Ho Yeo	Vice President	Head of Large Display Sales Division 3	54
Hyung Jung Lee	Vice President	Head of Large Display SCM Division	54
Jae Hyeob Seo	Vice President	Head of Gumi Complex	53
Hu Kag Lee	Vice President	Head of Guangzhou Complex	53
Jong Uk Bae	Vice President	Head of Large Display Process Development Division	53
In Keun Jeong	Vice President	Head of Medium Display Quality Division	52
Jae Jun Ahn	Vice President	Leader of Y Task	50
Jun Hyuk Choi	Vice President	Head of Public Relations Division	50
Han Yong Nam	Vice President	Head of Purchasing Division 2	55
Juhn Suk Yoo	Chief Research Fellow	Leader of SC Advanced Technology Task	52
Tae Wook Kang	Vice President	Head of Medium Display Strategy/Marketing Group	47
Kyu Dong Kim	Vice President	Head of Finance & Risk Management Division	46
Gwang Tae Kim	Vice President	Head of Medium Display Product Development Division 2	51
Joon Hyeok Jang	Vice President	Head of Large Display Sales Division 2	50
Jong Seob Choi	Vice President	Head of HRM Division	46
Ki Hwan Son	Vice President	Head of Auto Marketing/Product Planning Division	45
Seong Gon Kim	Vice President	Head of Medium Display Sales Division 3	46
Jong Duck Kim	Vice President	Head of Large Display Planning & Management Division	53
Sang Hoon Jung	Vice President	Head of Large Display Advanced Research Division	47
Ui Jin Chung	Vice President	Leader of EXO Task	52
Seong Pil Shin	Vice President	Head of Public Affairs/ESG Division	50
Dong Hee Kim	Vice President	Head of SC Medium OLED Factory	52

Ki Sang Lee	Vice President	Head of Labor Management Division	53
Pyung Hun Kim	Vice President	Head of Auto Product Development Division 2	50
Jae Won Jang	Vice President	Head of Medium Display Product Planning Division	49
Heung Lyul Cho	Vice President	Head of Business Innovation Division	50
Nak Jin Seong	Vice President	Leader of A Task	46
Yun Seon Kang	Vice President	Head of Equipment Technology Division	53
Sang Goon Whang	Vice President	Head of Large Display Sales Division 1	49
Jun Tak Oh	Vice President	Head of Manufacture DX Division	47
Suk Hyun Lee	Vice President	Head of Paju Complex	51
Woong Gi Jun	Vice President	Head of R&D Strategy Division	47
Min Hyoung Lee	Vice President	Head of Strategy Division	53
Kyuong Hyung Lee	Vice President	Head of Medium Display Factory 2	49
Nack Bong Choi	Vice President	Head of SC Development Division 1	50
Yeoun Woo Sung	Vice President	Head of SC Customer Support Division	45
Seung Hyun Cho	Vice President	Head of Business Control & Management Division	47
Tae Hyoung Kwak	Vice President	Head of Material Research Division	49

Item 6.B. Compensation

The aggregate remuneration and benefits-in-kind we paid in 2023 to our directors was ₩2.2 billion (US\$1.7 million). This included ₩1.4 billion (US\$1.1 million) in salary paid to Hoyoung Jeong, our former chief executive officer, and ₩452 million (US\$0.3 million) in salary paid to Sunghyun Kim, our chief financial officer, in each case for the period during which each such person served on our board of directors in 2023.

The aggregate remuneration and benefits-in-kind we paid in 2023 to our non-director executive officers was ₩35.5 billion (US\$27.5 million).

The compensation of the five individuals who received the highest compensation among those who received total annual compensation exceeding ₩500 million in 2023 was as follows:

Name	Position	Composition of Total Compensation			Total Compensation
		Salary	Bonus ⁽¹⁾	Retirement Benefits	
		(in millions of Won)			
Chang Ho Oh ⁽²⁾	Executive Vice President	₩ 116	—	₩ 1,519	₩ 1,635
Hoyoung Jeong ⁽³⁾	President	₩ 1,407	—	—	₩ 1,407
Tae Seung Kim ⁽²⁾	Advisory Officer	₩ 298	—	₩ 1,105	₩ 1,403
Won Ho Cho ⁽²⁾	Senior Vice President	₩ 100	—	₩ 1,208	₩ 1,308
Jeom Jae Kim ⁽²⁾	Advisory Officer	₩ 227	—	₩ 557	₩ 784

(1) Based on our performance in 2022.

(2) Former officer who retired from his position as of March 31, 2023.

(3) Former officer who retired from his position as of March 31, 2024.

Our articles of incorporation provide for a stock option plan to aid retention of executives and key staff and to provide an incentive to meet strategic objectives. All of the stock options we have previously granted have expired and none are currently outstanding. In addition, remuneration for our directors is determined by shareholder resolution, and severance payments to our directors are made in accordance with our regulations on severance payments adopted by our shareholders. We also maintain a cash-based incentive plan for our executive officers and other key managerial employees adopted by our board of directors. Incentive payments are determined based on various long-term performance criteria and paid annually, subject to our cash resources and performance in such year. In addition, our executive officers and other key managerial employees are also eligible for bonuses payable under our employee profit sharing plan if certain performance criteria are met.

We carry liability insurance for the benefit of our directors and officers against certain liabilities incurred by them in their official capacities. This insurance covers our directors and officers, as well as those of our subsidiaries, against certain claims, damages, judgments and settlements, including related legal costs, arising from a covered individual's actual or alleged breaches of duty, neglect or other errors, arising in connection with such individual's performance of his or her official duties. The insurance protection also extends to claims, damages, judgments and settlements, including related legal costs, arising out of shareholders' derivative actions or otherwise relating to our securities. Policy exclusions include, but are

not limited to, claims relating to fraud, willful misconduct or criminal acts, as well as the payment of punitive damages. In 2023, we paid a premium of approximately US\$1.4 million in respect of this insurance policy.

Item 6.C. Board Practices

See “Item 6.A. Directors and Senior Management” above for information concerning the terms of office and contractual employment arrangements with our directors and executive officers.

Committees of the Board of Directors

We currently have five committees that serve under our board of directors:

- Audit Committee;
- Outside Director Nomination Committee;
- Management Committee;
- Related Party Transaction Committee; and
- ESG Committee;

Under our articles of incorporation, our board of directors may establish other committees if they deem them necessary. Our board of directors appoint each member of these committees except that candidates for the Audit Committee will first be elected by our shareholders at the general meeting of shareholders.

Audit Committee

Under Korean law and our articles of incorporation, we are required to have an Audit Committee. Our Audit Committee is currently comprised of four outside directors: Doocheol Moon, Chung Hae Kang, Jungsuk Oh and Sang-Hee Park. The chairman is Doocheol Moon. Members of the Audit Committee are elected by our shareholders at the annual general meeting of shareholders and all members must meet the applicable independence criteria set forth under the rules and regulations of the Sarbanes-Oxley Act of 2002 and the Korean Commercial Code. The committee reviews all audit and compliance-related matters and makes recommendations to our board of directors. The Audit Committee’s primary responsibilities include the following:

- engaging or dismissing independent auditors;
- approving independent audit fees;
- approving audit and non-audit services;
- reviewing annual and interim financial statements;
- reviewing audit results and reports, including management comments and recommendations;
- reviewing our system of controls and policies, including those covering conflicts of interest and business ethics;
- assessing compliance with disclosure and filing obligations;
- considering significant changes in accounting practices; and
- examining improprieties or suspected improprieties.

In addition, in connection with general meetings of shareholders, the committee examines the agenda for, and financial statements and other reports to be submitted by, the board of directors at each general meeting of shareholders. Our external auditor reports directly to the Audit Committee. Our external auditor is invited to attend meetings of this committee when needed or when matters pertaining to the audit are discussed.

The committee holds regular meetings at least once each quarter, and more frequently as needed.

Outside Director Nomination Committee

Under Korean law and our articles of incorporation, we are required to have an Outside Director Nomination Committee for the nomination of outside directors. Our Outside Director Nomination Committee is currently comprised of two outside directors, Doocheol Moon and Jungsuk Oh, and one non-outside director, Beom Jong Ha. The chairman is Jungsuk Oh. The Outside Director Nomination Committee reviews the qualifications of potential candidates for outside directors and proposes nominees to serve on our board of directors.

The committee holds meetings as necessary for the nomination of outside directors.

Management Committee

The Management Committee is comprised of two non-outside directors, Cheoldong Jeong and Sunghyun Kim. The chairman is Cheoldong Jeong. The committee's primary responsibilities include making recommendations regarding matters relating to our operation and other matters delegated to the committee by our board of directors.

The committee holds meetings from time to time as needed.

Related Party Transaction Committee

The Related Party Transaction Committee, which was newly created in July 2021, is comprised of three outside directors, Chung Hae Kang, Jungsuk Oh and Sang-Hee Park, and our chief financial officer and non-outside director, Sunghyun Kim. The chairman is Chung Hae Kang. The committee reviews related party and other internal transactions to ensure compliance with the Monopoly Regulation and Fair Trade Act and makes recommendations to our board of directors.

The committee holds regular meetings at least once each half-year, and more frequently as needed.

ESG Committee

The ESG Committee, which was newly created in April 2021, is comprised of four outside directors, Doocheol Moon, Chung Hae Kang, Jungsuk Oh and Sang-Hee Park, and our chief executive officer and non-outside director, Cheoldong Jeong. The chairman is Doocheol Moon. The committee is responsible for reviewing and establishing policies and strategies relating to the environment and safety, social responsibility, customer value, shareholder value and corporate governance, and making recommendations to our board of directors.

The committee holds regular meetings at least once each half-year, and more frequently as needed.

Item 6.D. Employees

As of December 31, 2023, we had 66,418 employees, including 38,626 employees in our overseas subsidiaries. The following table provides a breakdown of our employees by function as of December 31, 2021, 2022 and 2023:

Employees⁽¹⁾	As of December 31,		
	2021	2022	2023
Production	59,976	58,050	55,469
Technical ⁽²⁾	8,018	8,612	8,098
Sales & Marketing	1,526	1,700	1,603
Management & Administration	1,187	1,294	1,248
Total	<u>70,707</u>	<u>69,656</u>	<u>66,418</u>

(1) Includes employees of our subsidiaries.

(2) Includes research and development and engineering personnel.

To recruit promising engineering students at leading Korean universities, we work with these universities on research projects where these students can gain exposure to our research and development efforts. We also provide on-the-job training for our new employees and develop training programs to identify and promote new leaders.

As of December 31, 2023, more than half of our employees based in Korea were union members, and production employees accounted for substantially all of these members. We have a collective bargaining arrangement with our labor union, which is negotiated once a year. We consider our relationship with our employees to be good.

The salaries of our employees are reviewed annually. Salaries are adjusted based on individual and team performance, industry standards and inflation. As an incentive, discretionary bonuses may be paid based on the performance of individuals, and a portion of our profits may be paid to our employees under our profit sharing plan if certain performance criteria are achieved. We also provide a wide range of benefits to our employees including medical insurance, employment insurance, workers compensation, free medical examinations, child tuition and education fee reimbursements and low-cost housing for certain employees.

Under the Guarantee of Workers' Retirement Benefits Act, employees with one year or more of service are entitled to receive, upon termination of their employment, a lump-sum severance payment based on the length of their service and their average wage during the last three months of employment. As of December 31, 2023, the present value of our defined benefit obligations amounted to ₩1,491 billion (US\$1,155 million), while the fair value of our benefit plan assets amounted to ₩1,897 billion (US\$1,469 million), including amounts relating to employees of our foreign subsidiaries. See Note 13 of the notes to our financial statements for a discussion on the method of calculating our recognized liabilities for defined benefit obligations.

As of December 31, 2023, our employee stock ownership association owned approximately 0.00001% of our common stock. In March 2024, we offered to members of our employee stock ownership association 28,436,860 of the 142,184,300 new shares of common stock to be issued in our capital increase, and all such shares were subscribed by members of our employee stock ownership association. Following such transaction, approximately 5.7% of our common stock was held by our employee stock ownership association as of March 31, 2024.

Item 6.E. Share Ownership

Common Stock

The persons who are currently our executive officers held, as a group, 126,681 shares of our common stock as of April 24, 2024, the most recent date for which this information is available. Our executive officers acquired our shares of common stock through our employee stock ownership association and pursuant to open market purchases on the Korea Exchange. Due to Korean law restrictions, our registered executive officers, including our chief executive officer and chief financial officer do not participate in the employee stock ownership association. Each of our directors and executive officers beneficially owns less than one percent of our common stock on an individual basis.

In addition, our articles of incorporation provide for a stock option plan to aid retention of executives and key staff and to provide an incentive to meet strategic objectives. All of the stock options we have previously granted have expired and none are currently outstanding.

Item 6.F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

Item 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Item 7.A. Major Shareholders

The following table sets forth information regarding beneficial ownership of our common stock by each person or entity known to us as of March 31, 2024 to own beneficially more than 5% of our outstanding shares:

Beneficial Owner	Number of Shares of Common Stock	Percentage
LG Electronics ⁽¹⁾	183,593,206	36.7%
Employee Stock Ownership Association	28,420,883	5.7%

(1) In March 2024, as part of our ongoing efforts to improve our financial condition and liquidity, we issued 142,184,300 new shares of common stock (including 1,038,078 new shares represented by 2,076,156 ADSs) at a subscription price of ₩9,090 per share (and US\$3.450019 per ADS) pursuant to a preemptive rights offering to our existing shareholders, including ADS holders, followed by a public offering in Korea with respect to the fractional shares from the rights offering. Immediately following the completion of such offering, the number of issued and outstanding shares of our common stock increased to 500,000,000 as of March 15, 2024. LG Electronics subscribed for 47,968,206 new shares of our common stock for a cash consideration of Won 436 billion under such offering. As a result of its participation, following the completion of such offering, LG Electronics' shareholding in us decreased from 37.9% to 36.7% as of March 15, 2024.

Other than as set forth above, no other person or entity known by us to be acting in concert, directly or indirectly, jointly or severally, owned more than 5% or more of our outstanding common stock or exercised control or could exercise control over us as of March 31, 2024. None of our major shareholders identified above has voting rights different from those of our other shareholders.

Item 7.B. Related Party Transactions

We engage from time to time in a variety of transactions with related parties, including the sale of our products to, and the purchase of raw materials and components from, such related parties. See Notes 8 and 29 of the notes to our financial statements. In March 2023, we entered into a long-term borrowings agreement with LG Electronics, our largest shareholder. See “— Long-Term Borrowings Agreement with LG Electronics.” More recently, in March 2024, LG Electronics subscribed for additional shares of our common stock in our capital increase pursuant to a preemptive rights offering to existing shareholders. See “— Subscription to Our Common Stock by LG Electronics.” We have conducted our transactions with related parties based on arm’s length negotiations taking into account such considerations as we would in comparable transactions with a non-related party.

From time to time, we provide payment guarantees for the benefit of certain of our subsidiaries. For a discussion of such payment guarantee obligations, please see “Item 5.B. Liquidity and Capital Resources.”

Transactions with Companies in the LG Group

Sales to LG Electronics

We sell display panels, primarily large-sized panels for televisions, notebook computers and desktop monitors and small- and medium-sized panels for automotive screens and other applications, to LG Electronics and its subsidiaries on a regular basis, as both an end-brand customer and as a system integrator for use in products they assemble on a contract basis for other end-brand customers. Pricing and other principal terms of the sales to LG Electronics are negotiated based on then-prevailing market terms and prices as adjusted for LG Electronics’ requirements such as volume and product specifications and our internal projections regarding market trends, which are the same considerations that we take into account when negotiating pricing and principal terms of sales to our non-affiliated end-brand customers.

Sales to LG Electronics and its subsidiaries, which include sales to LG Electronics as an end-brand customer and system integrator, amounted to ₩3,371 billion (US\$2,611 million), or 15.8% of our sales, in 2023.

Purchases from LG Electronics

We purchase equipment, photo masks, components and certain services, such as transportation, warehousing and other related logistics services, from LG Electronics and its subsidiaries. Our purchases from LG Electronics and its subsidiaries amounted to ₩674 billion (US\$522 million), or 4.8% of our total purchases, in 2023.

Other Purchases

Under a master purchase agreement, we procure, on an “as-needed” basis, certain of the raw materials, components and other materials necessary for our production process from other companies in the LG Group. Our purchases of raw materials, such as polarizers, from LG Chem, an affiliate of LG Corp., amounted to ₩464 billion (US\$359 million), or 3.3% of our total purchases, in 2023.

Our total purchases, including purchases of materials, supplies and services, from companies in the LG Group, excluding LG Electronics and LG Chem and their respective subsidiaries, amounted to ₩1,072 billion (US\$830 million), or 7.7% of our total purchases, in 2023.

Intellectual Property Related Agreements with LG Corp. and LG Electronics

We have entered into successive trademark license agreements with LG Corp., the holding company of the LG Group, for use of the “LG” name. Under the terms of the current agreement, we are required to make monthly payments to LG Corp. in the aggregate amount per year of 0.2% of our sales after deducting advertising expenses. As of April 24, 2024, we have made all monthly payments required to be made to LG Corp. in accordance with the terms of the current agreement.

In addition, we benefit from certain licenses extended to us from license or cross-license agreements between LG Electronics and third parties. Under the terms of the joint venture agreement establishing LG.Philips LCD Co., Ltd., LG Electronics had assigned most of its patents relating to the development, manufacture and sale of TFT-LCD products to us and we had agreed to maintain joint ownership of those patents that were not assigned to us.

Long-Term Borrowings Agreement with LG Electronics

In March 2023, we entered into an agreement to obtain a long-term borrowing from LG Electronics, our largest shareholder, in the aggregate amount of ₩1 trillion with an interest rate of 6.06% per year. We received ₩0.65 trillion of the principal amount of such borrowing on March 30, 2023 and the remaining ₩0.35 trillion on April 20, 2023. We are responsible only for interest payments during the first two years of the borrowing term, while the principal amount is subject to repayment on a quarterly basis during the final year, until its maturity on March 30, 2026. We obtained such borrowing in order to strengthen the competitiveness of our OLED business as well as for general corporate purposes.

Subscription to Our Common Stock by LG Electronics

In March 2024, LG Electronics subscribed for 47,968,206 new shares of our common stock for a cash consideration of Won 436 billion in our capital increase pursuant to a preemptive rights offering to existing shareholders, including ADS holders, followed by a public offering in Korea with respect to the fractional shares from the rights offering. As a result of its participation, following the completion of such offering, LG Electronics' shareholding in us decreased from 37.9% to 36.7% as of March 15, 2024.

Transactions with Directors and Officers

Certain of our directors and executive officers also serve as executive officers of companies with which we do business. None of our directors or executive officers has or had any interest in any of our business transactions that are or were unusual in their nature or conditions or significant to our business.

Item 7.C. Interests of Experts and Counsel

Not applicable.

Item 8. FINANCIAL INFORMATION

Item 8.A. Consolidated Statements and Other Financial Information

See "Item 18. Financial Statements" and pages F-1 through F-109.

Legal Proceedings

We are involved from time to time in certain routine legal actions incidental to our business. However, except for the ongoing proceedings described below, we are not currently involved in any material litigation or other proceedings the outcome of which we believe might, individually or taken as a whole, have a material adverse effect on our results of operations or financial condition. In addition, except as described below, we are not aware of any other material pending or threatened litigation against us.

Antitrust and Others

In December 2006, LG Display received notices of investigation by the U.S. Department of Justice, the European Commission, the Korea Fair Trade Commission and the Japan Fair Trade Commission with respect to possible anti-competitive activities in the TFT-LCD industry. Subsequently, the Competition Bureau of Canada, the Secretariat of Economic Law of Brazil, the Taiwan Fair Trade Commission, and the Federal Competition Commission of Mexico announced investigations regarding the same. Between November 2008 and June 2014, each of such investigations and subsequent legal proceedings brought by the relevant competition authorities was settled or resolved, and we have paid fines of US\$400 million pursuant to our November 2008 settlement agreement with the U.S. Department of Justice, €210 million pursuant to a December 2010 decision by the European Commission and R\$33.9 million pursuant to an August 2014 settlement agreement with the Secretariat of Economic Law of Brazil.

After the commencement of the U.S. Department of Justice investigation, various class action complaints and separate claims by direct and indirect purchasers of our products were filed against us and other TFT-LCD panel manufacturers in the United States and Canada, alleging violations of respective antitrust and related laws. In addition, from 2010 to 2012, the attorneys general of Arkansas, California, Florida, Illinois, Michigan, Mississippi, Missouri, New York, Oklahoma, Oregon, South Carolina, Washington, West Virginia and Wisconsin filed complaints against us, alleging similar antitrust violations. In June 2018, the attorney general of the Commonwealth of Puerto Rico filed a complaint against us and other TFT-LCD panel manufacturers alleging unjust enrichment in connection with the aforementioned U.S. Department of Justice investigation. Since then, we have reached settlements with each of the plaintiff classes and separate plaintiffs, as well as with the aforementioned state attorneys general, with the exception of the attorney general of the Commonwealth of Puerto Rico, which settlements were duly approved by the applicable courts and, in the case of the state attorneys general actions, by their respective state governments. In October 2022, the United States District Court for the District of Puerto Rico dismissed the case without prejudice for failure to prosecute.

A number of claims alleging damages were filed against LG Display and other entities in the United Kingdom as follow-on claims from the above-described European Commission's decision in December 2010. We have since reached settlements with each of the claimants, with the exception of a follow-on damages claim filed by Granville in December 2016. In February 2024, the court rendered its judgment on such follow-on damages claim against the defendants, including us. As of April 24, 2024, the amount for which we will be liable remains subject to further determination by the court.

In December 2013, a class action complaint was filed by Hatzlacha, a consumer organization, on behalf of Israeli consumers against LG Display and other defendants in the Central District in Israel. As of April 24, 2024, we have not been served with the complaint from Hatzlacha.

In each of the foregoing matters that are ongoing, we are continually evaluating the merits of the respective claims and vigorously defending ourselves. Irrespective of the validity or the successful assertion of the claims described above, we may incur significant costs with respect to litigating or settling any or all of the asserted claims. While we continue to vigorously defend the various ongoing proceedings that we are involved in, it is possible that one or more proceedings may result in cash outflow to settle or resolve these claims, which may have an adverse effect on our operating results or financial condition.

Dividends

Annual dividends must be approved by the shareholders at the annual general meeting of shareholders and interim dividends must be approved by the board of directors. Cash dividends may be paid out of retained earnings that have not been appropriated to statutory reserves.

At our annual general meetings of shareholders on March 23, 2021, we did not declare any cash dividend to our shareholders. At our annual general meeting of shareholders that was held on March 23, 2022, we declared a cash dividend of ₩650 per share of common stock, amounting to a total cash dividend of ₩232.6 billion to our shareholders of record as of December 31, 2021. At each of our annual general meeting of shareholders that was held on March 21, 2023 and March 22, 2024, we did not declare any cash dividend to our shareholders.

Item 8.B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

Item 9. THE OFFER AND LISTING

Item 9.A. Offer and Listing Details.

Principal Trading Market

The principal trading market for our common stock is the Korea Exchange. Our common stock, which is in registered form and has a par value of ₩5,000 per share of common stock, has been listed on the Korea Exchange since July 23, 2004 under the identifying code 034220. As of December 31, 2023, 357,815,700 shares of common stock were outstanding. Our common stock is also listed on the New York Stock Exchange in the form of ADSs. The ADSs have been issued by Citibank as ADS depository and have been listed on the New York Stock Exchange under the ticker symbol "LPL"

since July 22, 2004. One ADS represents one-half of one share of common stock. As of December 31, 2023, 18,672,956 ADSs were outstanding.

In March 2024, as part of our ongoing efforts to improve our financial condition and liquidity, we issued 142,184,300 new shares of common stock (including 1,038,078 new shares represented by 2,076,156 ADSs) at a subscription price of ₩9,090 per share (and US\$3.450019 per ADS) pursuant to a preemptive rights offering to our existing shareholders, including ADS holders, followed by a public offering in Korea with respect to the fractional shares from the rights offering. Immediately following the completion of such offering, the number of outstanding shares of our common stock and ADSs increased to 500,000,000 (as of March 15, 2024) and 15,741,012 (as of March 26, 2024 and representing 7,870,506 shares of our common stock), respectively.

Item 9.B. *Plan of Distribution*

Not applicable.

Item 9.C. *Markets*

See “Item 9.A. Offering and Listing Details.”

Item 9.D. *Selling Shareholders*

Not applicable.

Item 9.E. *Dilution*

Not applicable.

Item 9.F. *Expenses of the Issue*

Not applicable.

Item 10. ADDITIONAL INFORMATION

Item 10.A. *Share Capital*

Not applicable.

Item 10.B. *Memorandum and Articles of Association*

Description of Capital Stock

This section provides information relating to our capital stock, including brief summaries of material provisions of our current articles of incorporation, the Financial Investment Services and Capital Markets Act and the Korean Commercial Code. The following summaries are subject to, and are qualified in their entirety by reference to, our articles of incorporation and the applicable provisions of the Financial Investment Services and Capital Markets Act and the Korean Commercial Code.

General

Under our articles of incorporation, which was last amended in March 2024, the total number of shares authorized to be issued by us is 500,000,000 shares, which consists of shares of common stock and non-voting preferred stock, both with par value of ₩5,000 per share. We are authorized to issue preferred stock of up to 40,000,000 shares. As of December 31, 2023, 357,815,700 shares of common stock were issued. All of the issued and outstanding shares are fully-paid and non-assessable and are in registered form.

In March 2024, as part of our ongoing efforts to improve our financial condition and liquidity, we issued 142,184,300 new shares of common stock (including 1,038,078 new shares represented by 2,076,156 ADSs) at a subscription price of ₩9,090 per share (and US\$3.450019 per ADS) pursuant to a preemptive rights offering to our existing shareholders, including ADS holders, followed by a public offering in Korea with respect to the fractional shares from the rights offering. Immediately following the completion of such offering, the number of outstanding shares of our common stock and ADSs increased to 500,000,000 (as of March 15, 2024) and 15,741,012 (as of March 26, 2024 and representing 7,870,506 shares of our common stock), respectively.

Our articles of incorporation reflect the adoption of the electronic securities system that launched in September 2019, pursuant to the Act on Electronic Registration of Stocks, Bonds, Etc. (the “Electronic Registration Act”). Accordingly, following the launch of such system, in lieu of issuing share certificates or certificates of preemptive rights, we electronically register the shares that would otherwise be indicated on certificates of preemptive rights on an electronic registry of an electronic registration institution.

Dividends

We distribute dividends to our shareholders in proportion to the number of shares owned by each shareholder. The shares represented by the ADSs have the same dividend rights as other outstanding shares.

Holders of preferred shares are entitled to receive dividends in priority to the holders of common stock. The amount of dividends for preferred shares is determined by our board of directors within a range of 1% to 10% of par value at the time the shares are issued, provided that if the dividend amount on the shares of common stock exceeds that on the preferred shares, holders of preferred shares will also participate in the distribution of the excess dividend amount in the same proportion as holders of common stock. If the amount available for dividends is less than the aggregate amount of such minimum dividend, the holders of preferred shares will be entitled to receive the accumulated unpaid dividends in priority to the holders of common stock from the dividends payable in respect of the next fiscal year.

We declare dividends annually at the annual general meeting of shareholders which is held within three months after the end of the fiscal year. We pay the annual dividend shortly after the annual general meeting to the shareholders of record as of the date determined and publicly notified two weeks in advance by the board of directors. We may distribute the annual dividend in cash or in shares. However, a dividend of shares must be distributed at par value. If the market price of the shares is less than their par value, dividends in shares may not exceed one-half of the annual dividend. We have no obligation to pay any annual dividend unclaimed for five years from the payment date.

Under the Korean Commercial Code, we may pay an annual dividend only out of the excess of our net assets, on a non-consolidated basis, over the sum of (1) our stated capital and (2) the total amount of our capital surplus reserve and legal reserve accumulated up to the end of the relevant dividend period. We may not pay an annual dividend unless we have set aside a legal reserve in an amount equal to at least 10% of the cash portion of the annual dividend or unless we have accumulated a legal reserve of not less than one-half of our stated capital. We may not use legal reserves to pay cash dividends but may transfer amounts from legal reserves to capital stock or use legal reserves to reduce an accumulated deficit.

Also, we may pay an interim dividend in accordance with a resolution of the board of directors to our shareholders who are registered in the shareholders’ register as of July 1 of the relevant fiscal year, and such an interim dividend shall be made in cash.

Distribution of Free Shares

In addition to paying dividends in shares out of our retained or current earnings, we may also distribute to our shareholders an amount transferred from our capital surplus or legal reserve to our stated capital in the form of free shares. Free shares are shares newly issued to existing shareholders without consideration, much like stock dividends, except that in the case of free shares a portion of the reserves, as opposed to earnings, is transferred to capital. We must distribute such free shares to all of our shareholders in proportion to their existing shareholdings. We may distribute free shares when we determine that our capital surplus or legal reserves are too large relative to our paid-in capital.

Preemptive Rights and Issuance of Additional Shares

We may issue authorized but unissued shares at the times and, unless otherwise provided in the Korean Commercial Code, on the terms our board of directors may determine. All of our shareholders are generally entitled to subscribe for any

newly issued shares in proportion to their existing shareholdings. We must offer new shares on uniform terms to all shareholders who have preemptive rights and are listed on our shareholders' register as of the relevant record date. However, under the Korean Commercial Code, we may vary the specific terms of these preemptive rights for different classes of shares without shareholder approval. To the extent that such different terms result in placing any particular class of shareholders at a disadvantage relative to other classes, a special resolution by that disadvantaged class of shareholders is necessary.

We must give public notice of the preemptive rights regarding new shares and their transferability at least two weeks before the relevant record date. Our board of directors may determine how to distribute shares for which preemptive rights have not been exercised or where fractions of shares occur.

Under our articles of incorporation, we may issue new shares pursuant to a board resolution to persons other than existing shareholders, who however will not have preemptive rights, if the new shares are, among others:

- publicly offered pursuant to the Financial Investment Services and Capital Markets Act;
- issued to members of our employee stock ownership association;
- represented by depositary receipts;
- issued upon exercise of stock options granted to our officers and employees;
- issued to corporations, institutional investors or domestic or overseas financial institutions to achieve our operational objectives; or
- issued for the purpose of drawing foreign investment when we deem it necessary for our business needs;

provided that the aggregate number of shares so issued do not exceed 20% of the total number of issued and outstanding shares.

In addition, we may issue convertible bonds or bonds with warrants, respectively, up to an aggregate face amount of ₩2.5 trillion to persons other than existing shareholders. The classes of shares to be issued upon conversion of bonds or exercise of warrants shall be common stock. In addition, since September 2019, pursuant to the Electronic Registration Act, in lieu of issuing bond or warrant certificates, we electronically register the bonds and warrant rights that would otherwise be indicated on warrant certificates on an electronic registry of an electronic registration institution.

Members of our employee stock ownership association, whether or not they are our shareholders, generally have a preemptive right to subscribe for up to 20% of the shares publicly offered pursuant to the Financial Investment Services and Capital Markets Act. As of December 31, 2023, approximately 0.00001% of our common stock was held by our employee stock ownership association. In March 2024, we offered to members of our employee stock ownership association 28,436,860 of the 142,184,300 new shares of common stock to be issued in our capital increase, and all such shares were subscribed by members of our employee stock ownership association. Following such transaction, approximately 5.7% of our common stock was held by our employee stock ownership association as of March 31, 2024.

General Meeting of Shareholders

We hold the annual general meeting of shareholders within three months after the end of each fiscal year. Subject to a board resolution or court approval, we may hold an extraordinary general meeting of shareholders:

- as necessary;
- at the request of holders of an aggregate of 3% or more of our outstanding shares;
- at the request of shareholders holding an aggregate of 1.5% or more of our outstanding shares for at least six consecutive months; or
- at the request of our audit committee.

Holders of preferred shares may request a general meeting of shareholders only after the preferred shares become entitled to vote or are enfranchised, as described under “—Voting Rights” below.

We must give shareholders written notice setting out the date, place and agenda of the meeting at least two weeks before the date of the general meeting of shareholders. However, for holders of less than 1% of the total number of issued and outstanding voting shares, we may provide such notice by public notice, either to be made at least twice in *Maeil Business*

Newspaper and *The Chosun Ilbo*, both daily newspapers of general circulation published in Seoul, or through the electronic disclosure system operated by the Financial Supervisory Service of Korea or the Korea Exchange.

Shareholders not on the shareholders' register as of the record date are not entitled to receive notice of the general meeting of shareholders, attend or vote at the meeting. Holders of non-voting preferred shares, unless enfranchised, are not entitled to receive notice of general meetings of shareholders.

The place of our general meetings of shareholders is decided by our board of directors, which can be held in our head office, our Paju Display Cluster or any other place as designated by our board of directors.

Directors

Under the Korean Commercial Code and our articles of incorporation, any director wishing to enter into a transaction with us in his or her capacity is required to obtain prior approval from the board of directors, and any director with an interest in the transaction may not vote at the meeting of the board of directors to approve the transaction.

Voting Rights

Holders of our common stock are entitled to one vote for each share of common stock, except that voting rights may not be exercised with respect to shares of common stock held by us or by a corporate shareholder in which we own, directly or indirectly, more than 10% of its voting stock. The Korean Commercial Code permits cumulative voting, under which voting method each shareholder would have multiple voting rights corresponding to the number of directors to be appointed in the voting and may exercise all voting rights cumulatively to elect one director. However, our articles of incorporation prohibit cumulative voting.

According to our current articles of incorporation, our shareholders may adopt resolutions at a general meeting by an affirmative majority vote of the voting shares present or represented at the meeting, where the affirmative votes also represent at least one-fourth of our total voting shares then issued and outstanding. However, under the Korean Commercial Code and our articles of incorporation, the following matters, among others, require approval by the holders of at least two-thirds of the shares present or represented at a meeting, where the affirmative votes also represent at least one-third of our total voting shares then issued and outstanding:

- amending our articles of incorporation;
- removing a director;
- effecting any dissolution, merger or consolidation of us;
- transferring the whole or any significant part of our business;
- effecting our acquisition of all of the business of any other company;
- effecting our acquisition of a part of the business of any other company that has a material effect on our business; or
- issuing any new shares at a price lower than their par value.

In general, holders of preferred shares are not entitled to vote on any resolution or receive notice of any general meeting of shareholders. However, in the case of amendments to our articles of incorporation, any merger or consolidation involving us, capital reductions or in certain other cases in which the rights or interests of the preferred shares are affected, approval of the holders of preferred shares is required. We may obtain such approval by a resolution of holders of at least two-thirds of the preferred shares present or represented at a class meeting of the holders of preferred shares, where the affirmative votes also represent at least one-third of our total issued and outstanding preferred shares. In addition, if we are unable to pay dividends on preferred shares as provided in our articles of incorporation, the holders of preferred shares will become enfranchised and will be entitled to exercise voting rights until those dividends are paid. The holders of enfranchised preferred shares have the same rights as holders of common stock to request, receive notice of, attend and vote at a general meeting of shareholders.

Shareholders may exercise their voting rights by proxy.

Holders of ADRs exercise their voting rights through the ADR depository, an agent of which is the record holder of the underlying shares. Subject to the provisions of the deposit agreement, ADR holders are entitled to instruct the ADR depository how to vote the shares underlying their ADSs.

Rights of Dissenting Shareholders

In some limited circumstances, including the transfer of all or any significant part of our business and our merger or consolidation with another company, dissenting shareholders have the right to require us to purchase their shares. To exercise this right, shareholders must submit to us a written notice of their intention to dissent before the general meeting of shareholders. Within 20 days after the relevant resolution is passed at such meeting, the dissenting shareholders must make a request to us in writing to purchase their shares. We are obligated to purchase the shares of dissenting shareholders no later than one month after the end of such 20-day period. The purchase price for the shares is required to be determined through negotiation between the dissenting shareholders and us. If we cannot agree on a price through negotiation, the purchase price will be the average of (1) the weighted average of the daily closing prices of shares on the Korea Exchange for the two-month period before the date of the adoption of the relevant board resolution, (2) the weighted average of the daily closing price of shares on the Korea Exchange for the one-month period before the date of the adoption of the relevant board resolution and (3) the weighted average of the daily closing price of shares on the Korea Exchange for the one-week period before the date of the adoption of the relevant board resolution. If we or the dissenting shareholders that had requested the purchase of their shares do not accept the purchase price, we or the dissenting shareholders may request a court to determine the purchase price. Holders of ADSs will not be able to exercise dissenter's rights unless they have withdrawn the underlying common stock and become our direct shareholders.

Register of Shareholders and Record Dates

Our transfer agent, Korea Securities Depository, maintains the register of our shareholders at its office in Seoul, Korea. It will register transfers of shares on the register of shareholders on presentation of the share certificates.

For the purpose of determining the shareholders entitled to annual dividends and to certain other rights pertaining to the shares, we may, on at least two weeks' public notice, set a record date.

Business Report

At least one week before the annual general meeting of shareholders, we must make our business report and audited consolidated Korean IFRS financial statements available for inspection at our principal office and at all of our branch offices. In addition, copies of business reports, the audited consolidated Korean IFRS financial statements and any resolutions adopted at the general meeting of shareholders will be available to our shareholders.

Under the Financial Investment Services and Capital Markets Act, we must file with the Financial Services Commission and the Korea Exchange (1) a yearly report (including audited non-consolidated financial statements and audited consolidated financial statements) within 90 days after the end of our fiscal year and (2) interim reports with respect to the three-month period, six-month period and nine-month period from the beginning of each fiscal year within 45 calendar days following the end of each such period. Copies of these reports will be available for public inspection at the Financial Services Commission and the Korea Exchange.

Transfer of Shares

Under the Korean Commercial Code, the transfer of shares is effected by delivery of share certificates. However, to assert shareholders' rights against us, the transferee must have his name and address registered on our register of shareholders. For this purpose, a shareholder is required to file his name, address and seal with us. A non-Korean shareholder may file a specimen signature in place of a seal, unless he is a citizen of a country with a sealing system similar to that of Korea. In addition, a non-resident shareholder must appoint an agent authorized to receive notices on his behalf in Korea and file a mailing address in Korea. The above requirements do not apply to the holders of ADSs.

However, the Electronic Registration Act requires listed securities to be automatically converted into electronic securities as of the business day immediately preceding the effective date of the Electronic Registration Act. The Electronic Registration Act also provides that, with respect to the transfer of electronically registered shares, the effect of transfer will occur upon the completion of the electronic registration of such transfer, and therefore, no entry of change will be required.

Under current Korean regulations, the Korea Securities Depository, foreign exchange banks (including domestic branches of foreign banks), financial investment companies with a dealing, brokerage or collective investment license and internationally recognized custodians may act as agents and provide related services for foreign shareholders. Certain foreign exchange controls and securities regulations apply to the transfer of shares by non-residents or non-Koreans. See “Item 10.D. Exchange Controls.”

Acquisition of Shares by Us

Under the Korean Commercial Code, we may acquire our own shares pursuant to a resolution adopted at a general meeting of shareholders through either (i) purchases on a stock exchange or (ii) with respect to shares other than any redeemable shares as set forth in Article 345, Paragraph (1) of the Korean Commercial Code, purchases from each shareholder in proportion to such shareholder’s existing shareholding ratio through the methods set forth in the Presidential Decree, provided that the aggregate purchase price does not exceed the amount of our profit that may be distributed as dividends in respect of the immediately preceding fiscal year.

In addition, pursuant to the Financial Investment Services and Capital Markets Act, we may acquire shares through purchases on the Korea Exchange or through a tender offer. We may also acquire interests in our own shares through agreements with trust companies or retrieve our own shares from a trust company upon termination of the trust agreement. The aggregate purchase price for shares purchased through such means may not exceed the total amount available for distribution of dividends at the end of the preceding fiscal year, subject to certain procedural requirements.

Liquidation Rights

In the event of our liquidation, after payment of all debts, liquidation expenses and taxes, our remaining assets will be distributed among shareholders in proportion to their shareholdings. Holders of preferred shares have no preference in liquidation.

Item 10.C. Material Contracts

We have not entered into any material contracts during the two years immediately preceding the date of this annual report, other than in the ordinary course of our business. For information regarding our agreements and transactions with certain related parties, see “Item 7.B. Related Party Transactions.” For descriptions of certain agreements related to our capital commitments and obligations and certain agreements related to our joint ventures, which we believe were not material to our results of operations and financial condition in the periods in which such agreements were entered, see “Item 5.B. Liquidity and Capital Resources” and “Item 4.B. Business Overview—Joint Ventures”, respectively.

Item 10.D. Exchange Controls

The Foreign Exchange Transaction Act of Korea and the Presidential Decree and regulations under that Act and Decree, which we refer to collectively as the Foreign Exchange Transaction Laws, regulate investments in Korean securities by non-residents and issuances of securities outside Korea by Korean companies. Non-residents may invest in Korean securities pursuant to the Foreign Exchange Transaction Laws. The Financial Services Commission has also adopted, pursuant to its authority under the Financial Investment Services and Capital Markets Act, regulations that restrict investments by foreigners in Korean securities and regulate issuances of securities outside Korea by Korean companies.

Subject to certain limitations, the Ministry of Economy and Finance has the authority to take the following actions under the Foreign Exchange Transaction Laws:

- if the Korean government deems it necessary on account of war, armed conflict, natural disaster or grave and sudden and significant changes in domestic or foreign economic circumstances or similar events or circumstances, the Ministry of Economy and Finance may temporarily suspend performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transaction Laws apply (including suspension of payment and receipt of foreign exchange), impose an obligation to deposit, safe-keep or sell any means of payment to The Bank of Korea or certain other governmental agencies, foreign exchange equalization funds or financial institutions, or require resident creditors to collect and recover debts owed by non-resident debtors and to send such amounts to the creditors' accounts in Korea; and
- if the Korean government concludes that the international balance of payments and international financial markets are experiencing or are likely to experience significant disruption or that the movement of capital between Korea and other countries is likely to adversely affect the Korean Won, exchange rates or other macroeconomic policies, the Ministry of Economy and Finance may take action to require any person who intends to effect a capital transaction to obtain permission or to require any person who effects a capital transaction to deposit a portion of the means of payment acquired in such transactions with The Bank of Korea, foreign exchange equalization funds or financial institutions.

Government Review of Issuance of ADSs

In order for us to issue ADSs outside Korea, we are required to submit a report to the Ministry of Economy and Finance or our designated foreign exchange bank (depending on the aggregate issue amount) with respect to the issuance of the ADSs. No further governmental approval is necessary for the offering and issuance of the ADSs.

Under current Korean laws and regulations and the terms of the deposit agreement, the depositary is required to obtain our consent for the number of shares of common stock to be deposited in any given proposed deposit that exceeds the difference between:

- (1) the aggregate number of shares of our common stock deposited by us for the issuance of our ADSs (including deposits in connection with the initial issuance and all subsequent offerings of our ADSs and stock dividends or other distributions related to these ADSs); and
- (2) the number of shares of our common stock on deposit with the depositary at the time of such proposed deposit.

We can give no assurance that we would, subject to governmental authorization, grant our consent, if our consent is required. Therefore, a holder of ADRs who surrenders ADRs and withdraws shares may not be permitted subsequently to deposit those shares and obtain ADRs.

Reporting Requirements for Holders of Substantial Interests

Under the Financial Investment Services and Capital Markets Act, any person whose direct or beneficial ownership of our common stock with voting rights, whether in the form of shares of common stock or ADSs, certificates representing the rights to subscribe for shares and equity-related debt securities including convertible bonds, bonds with warrants and exchangeable bonds, which we refer to collectively as equity securities, together with the equity securities directly or beneficially owned by certain related persons or by any person acting in concert with the person, accounts for 5% or more of our total outstanding equity securities, is required to report the status and purpose (in terms of whether the purpose of the shareholding is to influence corporate management of the issuer, to implement active shareholder engagement without an intent to influence corporate management or to exercise voting and other rights that are irrespective of the shareholding ratio) of the holdings to the Financial Services Commission and the Korea Exchange within five business days after reaching the 5% ownership interest. In addition, any change (i) in the ownership interest subsequent to the report that equals or exceeds 1% of the total outstanding equity securities from the previous report or (ii) in the shareholding purpose is required to be reported to the Financial Services Commission and the Korea Exchange within five business days from the date of the change (or, if the purpose of shareholding is to implement active shareholder engagement without an intent to influence corporate management, within ten days from the date of the change, or if the purpose is to exercise voting and other rights that are irrespective of the shareholding ratio, within ten days of the end of the month in which the change occurred).

Violation of these reporting requirements may subject a person to criminal sanctions such as fines or imprisonment and/or prohibition on the exercise of voting rights with respect to the ownership of equity securities exceeding the reported number of shares. Furthermore, the Financial Services Commission may order the disposal of the unreported equity securities.

When a person's shareholding ratio reaches or exceeds ten percent or more of the company's issued and outstanding shares with voting rights, the person must file a report to the Securities and Futures Commission and to the Korea Exchange within five business days following the date on which the person reached such shareholding limit. In addition, such person must file a report to the Securities and Futures Commission and to the Korea Exchange regarding any subsequent change in his/her shareholding. These subsequent reports on changes in shareholding are required within five business days after the relevant change has occurred. Violation of these reporting requirements may subject a person to criminal sanctions such as fines or imprisonment.

Restrictions Applicable to ADSs

No Korean governmental approval is necessary for the sale and purchase of our ADSs in the secondary market outside Korea or for the withdrawal of shares of our common stock underlying the ADSs and the delivery inside Korea of shares in connection with the withdrawal. The acquisition of the shares by a foreigner must be immediately reported to the governor of the Financial Services Commission, either by the foreigner or by his standing proxy in Korea.

Persons who have acquired shares of our common stock as a result of the withdrawal of shares underlying our ADSs may exercise their preemptive rights for new shares, participate in free distributions and receive dividends on shares without any further Korean governmental approval.

Restrictions Applicable to Shares

As a result of amendments to the Foreign Exchange Transaction Laws and Financial Services Commission regulations, adopted in connection with the stock market opening from January 1992, which we refer to collectively as the Investment Rules, after that date, foreigners may invest, with limited exceptions and subject to procedural requirements, in shares of all Korean companies listed on the KRX KOSPI Market or the KRX KOSDAQ Market unless prohibited by specific laws. Foreign investors may trade shares listed on the KRX KOSPI Market or the KRX KOSDAQ Market only through the KRX KOSPI Market or the KRX KOSDAQ Market, except in limited circumstances, including:

- odd-lot trading of shares;
- acquisition of shares, which we refer to as converted shares, by exercise of warrants, conversion rights or exchange rights under bonds with warrants, convertible bonds or exchangeable bonds or withdrawal rights under depositary receipts issued outside of Korea by a Korean company;
- acquisition of shares as a result of inheritance, donation, bequest or exercise of shareholders' rights, including preemptive rights or rights to participate in free distributions and receive dividends;
- subject to certain exceptions, over-the-counter transactions between foreigners of a class of shares for which the ceiling on aggregate acquisition by foreigners, as explained below, has been reached or exceeded;
- shares acquired by way of direct investment and/or the disposal of such shares by the investor;
- the disposal of shares pursuant to the exercise of appraisal rights of dissenting shareholders;
- the disposal of shares in connection with a tender offer;
- the acquisition of shares by a foreign depositary in connection with the issuance of depositary receipts;
- the acquisition and disposal of shares through an overseas stock exchange market if such shares are simultaneously listed on the KRX KOSPI Market or the KRX KOSDAQ Market and such overseas stock exchange; and
- arm's-length transactions between foreigners, if all of such foreigners belong to the investment group managed by the same person.

For over-the-counter transactions of shares between foreigners outside the KRX KOSPI Market or the KRX KOSDAQ Market for shares with respect to which the limit on aggregate foreign ownership has been reached or exceeded, a financial investment company with a brokerage license in Korea must act as an intermediary. Odd-lot trading of shares outside the KRX KOSPI Market or the KRX KOSDAQ Market must involve a financial investment company with a dealing

license in Korea as the other party. Foreign investors are prohibited from engaging in margin transactions by borrowing shares from financial investment companies with respect to shares that are subject to a foreign ownership limit.

The foreign investor registration system, which had been in place since 1992, previously required a foreign investor who wished to invest in shares on the KRX KOSPI Market or the KRX KOSDAQ Market (including converted shares and shares being issued for initial listing on the KRX KOSPI Market or the KRX KOSDAQ Market) to register its identity with the Financial Supervisory Service prior to making any such investment unless it has previously registered. However, on June 5, 2023, the Korean government approved a bill to revise the Presidential Decree of the Financial Investment Services and Capital Markets Act to abolish such foreign investors' registration requirements, and such bill came into effect on December 14, 2023.

Pursuant to such revisions to the Presidential Decree of the Financial Investment Services and Capital Markets Act, foreign investors are able to open investment accounts at securities firms without having to go through a prior registration process with the Financial Supervisory Service. Foreign corporate entities can use their legal entity identifiers, and foreign individuals can use their passport numbers, to open investment accounts in Korea. Foreign investors who have already obtained investment registration certificates in the past can continue to use their investor registration number to minimize the inconvenience that may be caused by the new system.

A foreign investor's acquisition or sale of shares outside the KRX KOSPI Market or the KRX KOSDAQ Market, in principle, has to be reported by the foreign investor or his standing proxy to the governor of the Financial Supervisory Service prior to such acquisition or sale; provided, however, post-transaction reporting obligations apply to such acquisition or sale of shares where the need for a prior report is deemed to be low, including in the cases of a tender offer, odd-lot trading of shares or trades of a class of shares for which the aggregate foreign ownership limit has been reached or exceeded. Exceptions permitting post-transaction reporting have been expanded to include dividend in kind or in-kind delivery of shares upon the liquidation of foreign funds, among others, following related amendments to the Financial Investment Business Regulations announced by the Financial Services Commission, which came into effect on December 14, 2023.

A foreign investor may appoint a standing proxy from among the Korea Securities Depository, foreign exchange banks (including domestic branches of foreign banks), financial investment companies with a dealing, brokerage or collective investment license and internationally recognized custodians which will act as a standing proxy to exercise shareholders' rights or perform any matters related to the foregoing activities if the foreign investor does not perform these activities itself. Generally, a foreign investor may not permit any person, other than its standing proxy, to exercise rights relating to its shares or perform any tasks related thereto on its behalf. However, a foreign investor may be exempted from complying with these standing proxy rules with the approval of the governor of the Financial Supervisory Service in cases deemed inevitable by reason of conflict between the laws of Korea and the home country of the foreign investor.

Certificates evidencing shares of Korean companies must be kept in custody with an eligible custodian in Korea. Only the Korea Securities Depository, foreign exchange banks (including domestic branches of foreign banks), financial investment companies with a dealing, brokerage or collective investment license and internationally recognized custodians are eligible to act as a custodian of shares for a non-resident or foreign investor; provided, however, that a foreign investor may have the certificate evidencing shares released from such custody when it is necessary to exercise its rights to such shares or to inspect and confirm the presence of the certificate(s) of such shares. A foreign investor must ensure that its custodian deposits its shares with the Korea Securities Depository. However, a foreign investor may be exempted from complying with this deposit requirement with the approval of the governor of the Financial Supervisory Service in circumstances where compliance with that requirement is made impracticable, including cases where compliance would contravene the laws of the home country of such foreign investor.

Under the Investment Rules, with certain exceptions, foreign investors may acquire shares of a Korean company without being subject to any foreign investment ceiling. As one such exception, unless otherwise stated in their articles of incorporation, designated public corporations are subject to a 40% ceiling on the acquisition of shares by foreigners in the aggregate. Furthermore, an investment by a foreign investor in 10% or more of the outstanding shares with voting rights of a Korean company is defined as a foreign direct investment under the Foreign Investment Promotion Act of Korea. Generally, a foreign direct investment must be reported to the foreign exchange bank designated by the Ministry of Trade, Industry & Energy or the Korea Trade-Investment Promotion Agency prior to such investment (within 60 days from the date of such investment, if the company is listed on the Korea Exchange). The acquisition of shares of a Korean company by a foreign investor may also be subject to certain foreign or other shareholding restrictions in the event that the restrictions are prescribed in a specific law that regulates the business of the Korean company.

Under the Foreign Exchange Transaction Laws, a foreign investor who intends to acquire shares must designate a foreign exchange bank at which he must open a foreign currency account and a Korean Won account exclusively for stock investments. No approval is required for remittance into Korea and deposit of foreign currency funds in the foreign currency account. Foreign currency funds may be transferred from the foreign currency account at the time required to place a deposit for, or settle the purchase price of, a stock purchase transaction to a Korean Won account opened at a financial investment company with a securities dealing or brokerage license. Funds in the foreign currency account may be remitted abroad without any Korean governmental approval.

Dividends on shares of Korean companies are paid in Korean Won. No Korean governmental approval is required for foreign investors to receive dividends on, or the Korean Won proceeds of the sale of, any shares to be paid, received and retained in Korea. Dividends paid on, and the Korean Won proceeds of the sale of, any shares held by a non-resident of Korea must be deposited either in a Korean Won account with the investor's financial investment company or in his Korean Won account. Funds in the investor's Korean Won account may be transferred to his foreign currency account or withdrawn for local living expenses, provided that any withdrawal of local living expenses in excess of a certain amount is reported to the Financial Supervisory Service by the foreign exchange bank at which the Won account is maintained. Funds in the Korean Won account may also be used for future investment in shares or for payment of the subscription price of new shares obtained through the exercise of preemptive rights.

Financial investment companies with a securities dealing, brokerage or collective investment license are allowed to open foreign currency accounts with foreign exchange banks exclusively for accommodating foreign investors' stock investments in Korea. Through these accounts, such financial investment companies may enter into foreign exchange transactions on a limited basis, such as conversion of foreign currency funds and Korean Won funds, either as a counterparty to or on behalf of foreign investors, without the investors having to open their own accounts with foreign exchange banks.

Item 10.E. Taxation

The following summary is based upon the tax laws of the United States and the Republic of Korea as in effect on the date of this annual report, and is subject to any change in U.S. or Korean law that may come into effect after such date. Investors in the shares of common stock or ADSs are advised to consult their own tax advisers as to the United States, Korean or other tax consequences of the purchase, ownership and disposition of such securities, including the effect of any national, state or local tax laws.

Korean Taxation

The following summary of Korean tax considerations applies to you so long as you are not:

- a resident of Korea;
- a corporation having its head office, principal place of business or place of effective management in Korea (i.e., a Korean corporation); or
- engaged in a trade or business in Korea through a permanent establishment or a fixed base to which the relevant income is attributable or with which the relevant income is effectively connected.

Taxation of Dividends on Shares of Common Stock or ADSs

We will deduct Korean withholding tax from dividends (whether in cash or in shares) paid to you at a rate of 22% (including local income surtax). If you are a beneficial owner of the dividends and a qualified resident in a country that has entered into a tax treaty with Korea, you may qualify for a reduced rate of Korean withholding tax. See “—Tax Treaties” below for a discussion of treaty benefits. If we distribute to you free shares representing a transfer of certain capital reserves or certain asset revaluation reserves into paid-in capital, that distribution may be subject to Korean withholding tax.

Taxation of Capital Gains from Transfer of Shares of Common Stock or ADSs

As a general rule, capital gains earned by non-residents upon transfer of shares of our common stock or ADSs are subject to Korean withholding tax at the lower of (1) 11% (including local income surtax) of the gross proceeds realized or (2) subject to the production of satisfactory evidence of acquisition costs and certain direct transaction costs of the shares or ADSs, 22% (including local income surtax) of the net realized gain, unless exempt from Korean income taxation under the applicable Korean tax treaty with the non-resident's country of tax residence. See “—Tax Treaties” below for a discussion on treaty benefits. Even if you do not qualify for an exemption under a tax treaty, you will not be subject to the foregoing

withholding tax on capital gains if you qualify under the relevant Korean domestic tax law exemptions discussed in the following paragraphs.

With respect to shares of our common stock, you will not be subject to Korean income taxation on capital gains realized upon the transfer of such shares through the Korea Exchange if you (1) have no permanent establishment in Korea and (2) did not own or have not owned (together with any shares owned by any entity with which you have a certain special relationship and possibly including the shares represented by the ADSs) 25% or more of our total issued and outstanding shares at any time during the calendar year in which the sale occurs and during the five calendar years prior to the calendar year in which the sale occurs.

Under the Korean tax laws for capital gains recognized or to be recognized from disposition of ADSs, ADSs are viewed as shares of stock for capital gains tax purposes. Accordingly, capital gains from sale or disposition of ADSs are taxed (if taxable) as if such gains are from sale or disposition of shares of our common stock. It should be noted that (i) capital gains earned by you (regardless of whether you have a permanent establishment in Korea) from a transfer of ADSs outside Korea will generally be exempt from Korean income taxation by virtue of the Special Tax Treatment Control Law of Korea, or the STTCL, provided that the issuance of ADSs is deemed to be an overseas issuance under the STTCL, but (ii) in the case where an owner of the underlying shares of stock transfers ADSs after conversion of the underlying shares into ADSs, the exemption under the STTCL described in (i) will not apply. In the case where an owner of the underlying shares of stock transfers the ADSs after conversion of the underlying shares of stock into ADSs, such person is obligated to file income tax returns and pay tax unless a purchaser or a financial investment company with a brokerage license, as applicable, withholds and pays the tax on capital gains derived from transfer of ADSs, as discussed below.

If you are subject to tax on capital gains with respect to the sale of ADSs, or of shares of common stock which you acquired as a result of a withdrawal, the purchaser or, in the case of the sale of shares of common stock on the Korea Exchange or through a financial investment company with a brokerage license in Korea, the financial investment company, is required to withhold Korean tax from the sales price in an amount equal to the lower of (i) 11% (including local income surtax) of the gross realization proceeds and (ii) subject to the production of satisfactory evidence of acquisition costs and certain direct transaction costs of the shares or ADSs, 22% (including local income surtax) of the net realized gain, and to make payment of these amounts to the Korean tax authority, unless you establish your entitlement to an exemption under an applicable tax treaty or domestic tax law. See the discussion under “—Tax Treaties” below for an additional explanation of claiming treaty benefits.

Tax Treaties

Korea has entered into a number of income tax treaties with other countries, including the United States, which reduce or exempt Korean withholding tax on dividend income and capital gains on transfer of shares of common stock or ADSs. For example, under the Korea-U.S. income tax treaty, reduced rates of Korean withholding tax on dividends of 16.5% or 11%, respectively (including local income surtax), depending on your shareholding ratio, and an exemption from Korean withholding tax on capital gains are available to residents of the United States that are beneficial owners of the relevant dividend income or capital gains. However, under Article 17 (Investment or Holding Companies) of the Korea-U.S. income tax treaty, such reduced rates and exemption do not apply if (1) you are a U.S. corporation, (2) by reason of any special measures, the tax imposed on you by the United States with respect to such dividends or capital gains is substantially less than the tax generally imposed by the United States on corporate profits, and (3) 25% or more of your capital is held of record or is otherwise determined, after consultation between competent authorities of the United States and Korea, to be owned directly or indirectly by one or more persons who are not individual residents of the United States. Also, under Article 16 (Capital Gains) of the Korea-U.S. income tax treaty, the exemption on capital gains does not apply if you are an individual, and (a) you maintain a fixed base in Korea for a period or periods aggregating 183 days or more during the taxable year and your ADSs or shares of common stock giving rise to capital gains are effectively connected with such fixed base or (b) you are present in Korea for a period or periods of 183 days or more during the taxable year. You should inquire for yourself whether you are entitled to the benefit of an income tax treaty with Korea. It is the responsibility of the party claiming the benefits of an income tax treaty in respect of dividend payments or capital gains to submit to us, the purchaser or the financial investment company, as applicable, a certificate as to his tax residence. In the absence of sufficient proof, we, the purchaser or the financial investment company, as applicable, must withhold tax at the normal rates.

Furthermore, in order for you to claim the benefit of a tax rate reduction or tax exemption on certain Korean source income (e.g., dividends and capital gains) under an applicable tax treaty, subject to certain exceptions, Korean tax law requires you (or your agent) as the beneficial owner of such Korean source income to submit the relevant application (Application for Entitlement to Reduced Tax Rate or Application for Tax Exemption, as the case may be) along with a

certificate of your tax residency issued by a competent authority of your country of tax residence (“BO Application”). However, if you are an entity seeking such tax exemption for an amount that is ₩1 billion or more (including where the aggregate amount exempted within one year from the last day of the month in which the payment was made, is ₩1 billion or more), in addition to the certificate of tax residency issued by a competent authority of your country of residence, you will be required to submit (i) the names and addresses of all of the members of your board of directors, (ii) the identities and shareholding percentages of all of your shareholders (provided that if there are more than 100 shareholders, you may instead provide a statement showing the total number of shareholders and the aggregate investment amount from each country), and (iii) audit reports for the most recent three years submitted to the country of residence (or, if you are an entity that has been in existence for less than three years, audit reports since incorporation). Such application should be submitted to the withholding agent prior to the payment date of such Korean source income. Subject to certain exceptions, where the Korean source income is paid to an overseas investment vehicle that is not the beneficial owner of such income (“OIV”), a beneficial owner claiming the benefit of an applicable tax treaty with respect to the Korean source income must submit its BO Application to such OIV, which must submit an OIV report and a schedule of beneficial owners (and the BO Applications collected from each beneficial owner, if such beneficial owner is applying for tax exemption) to the withholding agent prior to the payment date of such Korean source income. Effective from January 1, 2022, an OIV is deemed to be a beneficial owner of the Korean source income if (i) under the applicable tax treaty, the OIV bears tax liabilities in the country in which it is established and (ii) the Korean source income is eligible for the treaty benefits under the tax treaty. The benefits under a tax treaty between Korea and the country of such OIV’s residence will apply with respect to the relevant income paid to such OIV, subject to certain application requirements as prescribed by the Corporate Income Tax or Individual Income Tax Law. In the case of an application for tax exemption, the withholding agent is required to submit the application (together with the applicable OIV report in the case of income paid to an OIV) to the relevant district tax office by the ninth day of the month following the date of the payment of such income.

Inheritance Tax and Gift Tax

If you die while holding an ADS or donate an ADS, it is unclear whether, for Korean inheritance and gift tax purposes, you will be treated as the owner of the shares of common stock underlying the ADSs. If the tax authority interprets depositary receipts as the underlying share certificates, you may be treated as the owner of the shares of common stock and your heir or the donee (or in certain circumstances, you as the donor) will be subject to Korean inheritance or gift tax presently at the rate of 10% to 50% based on the value of the ADSs or shares of common stock and the identity of the individual against whom the tax is assessed.

If you die while holding a share of common stock or donate a share of common stock, your heir or donee (or in certain circumstances, you as the donor) will be subject to Korean inheritance or gift tax at the same rate as indicated above.

At present, Korea has not entered into any tax treaty relating to inheritance or gift taxes.

Securities Transaction Tax

If you transfer shares of common stock on the Korea Exchange in 2024, you will be subject to securities transaction tax at the rate of 0.03% (which rate is planned to be eliminated entirely beginning on January 1, 2025) and an agriculture and fishery special surtax at the rate of 0.15% of the sale price of the shares of common stock. If your transfer of the shares of common stock is not made on the Korea Exchange, subject to certain exceptions, you will be subject to a securities transaction tax at the rate of 0.35% and will not be subject to an agriculture and fishery special surtax.

Depositary receipts, which the ADSs constitute, are included in the scope of securities the transfers of which are subject to securities transaction tax. However, transfer of depositary receipts listed on a foreign securities exchange similar to that of Korea (e.g., the New York Stock Exchange or the Nasdaq Stock Market) will not be subject to the securities transaction tax.

In principle, the securities transaction tax, if applicable, must be paid by the transferor of the shares or certain rights including rights to subscribe to each shares. When the transfer is effected through a securities settlement company in Korea, such settlement company is generally required to withhold and pay the tax to the tax authorities. When such transfer is made through a financial investment company only, such financial investment company is required to withhold and pay the tax. Where the transfer is effected by a non-resident without a permanent establishment in Korea, other than through a securities settlement company or a financial investment company, the transferee is required to withhold the securities transaction tax.

Non-reporting or under-reporting of securities transaction tax will generally result in penalties equal to 20% to 60% of the non-reported tax amount or 10% to 60% of the under-reported tax amount, respectively. Also, a failure to timely pay

securities transaction tax will result in a penalty equal to 8.03% per annum of the due but unpaid tax amount. The penalties are imposed on the party responsible for paying the securities transaction tax or, if such tax is required to be withheld, on the party that has the obligation to withhold.

United States Taxation

This summary describes certain material U.S. federal income tax consequences for a U.S. holder (as defined below) of acquiring, owning, and disposing of shares of common stock or ADSs. This summary applies to you only if you hold shares of common stock or ADSs as capital assets for tax purposes. This summary does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;
- a bank or financial institution;
- a life insurance company;
- a tax-exempt organization;
- an entity treated as a partnership (and partners therein) or other pass-through entity for U.S. federal income tax purposes;
- a person that holds shares of common stock or ADSs that are a hedge or that are hedged against interest rate or currency risks;
- a person that holds shares of common stock or ADSs as part of a straddle or conversion transaction for tax purposes;
- a person whose functional currency for tax purposes is not the U.S. dollar; or
- a person that owns or is deemed to own 10% or more of our stock (by vote or by value).

This summary is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect and the United States – Republic of Korea Income Tax Convention (the “Treaty”). These laws are subject to change, possibly on a retroactive basis.

In addition, this summary does not discuss the application of the Medicare net investment income tax or any alternative minimum tax. Please consult your own tax advisers concerning the consequences of purchasing, owning, and disposing of shares of common stock or ADSs in your particular circumstances, including the possible application of state, local, non-U.S. or other tax laws.

For purposes of this summary, you are a “U.S. holder” if you are a beneficial owner of a share of common stock or an ADS and you are:

- a citizen or resident of the United States;
- a U.S. domestic corporation; or
- otherwise subject to U.S. federal income tax on a net income basis with respect to income from the share of common stock or ADS.

In general, if you are the beneficial owner of ADSs, you will be treated as the beneficial owner of the common stock represented by those ADSs for U.S. federal income tax purposes, and no gain or loss will be recognized if you exchange an ADS for the common stock represented by that ADS.

Dividends

The gross amount of cash dividends that you receive (prior to deduction of Korean taxes) generally will be subject to U.S. federal income taxation as foreign source ordinary dividend income. Dividends paid in Korean Won will be included in your income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date that you receive the dividend (or the date of the depository’s receipt of the dividend, in the case of ADSs), regardless of whether the payment is in fact converted into U.S. dollars. If such a dividend is converted into U.S. dollars on the date of receipt, you generally should not be required to recognize foreign currency gain or loss in respect of the dividend income.

Subject to certain exceptions for short-term (60 days or less) and hedged positions, the U.S. dollar amount of “qualified dividends” received by an individual U.S. holder in respect of shares of common stock or ADSs generally will be subject to taxation at a lower rate than other ordinary income. Dividends paid on the common stock or ADSs will be treated as qualified dividends if (i) we are eligible for the benefits of a comprehensive income tax treaty with the United States that the Internal Revenue Service (the “IRS”) has approved for purposes of the qualified dividend income rules or the dividends are paid with respect to ADSs that are readily tradable on an established securities market in the United States and (ii) we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a passive foreign investment company (a “PFIC”). The Treaty has been approved for purposes of the qualified dividend rules. The ADSs are listed on the New York Stock Exchange and will qualify as readily tradable on an established securities market in the United States so long as they are so listed. Based on our audited financial statements and relevant market and shareholder data, we believe that we were not treated as a PFIC for U.S. federal income tax purposes with respect to our 2023 taxable year. In addition, based on our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not anticipate becoming a PFIC for our 2024 taxable year.

Distributions of additional shares in respect of shares of common stock or ADSs that are made as part of a pro-rata distribution to all of our shareholders generally will not be subject to U.S. federal income tax, unless you have the right to receive cash or property instead, in which case you will be treated as if you received cash equal to the fair market value of the distribution.

Sale or Other Disposition

For U.S. federal income tax purposes, gain or loss you realize on the sale or other disposition of shares of common stock or ADSs will be treated as U.S. source capital gain or loss, and will be long-term capital gain or loss if the shares of common stock or ADSs were held for more than one year. Your ability to offset capital losses against ordinary income is limited. Long-term capital gain recognized by an individual U.S. holder generally is subject to taxation at a reduced rate.

Foreign Tax Credit Considerations

Subject to generally applicable limitations and conditions, Korean dividend withholding tax paid at the appropriate rate applicable to the U.S. holder may be eligible for a credit against such U.S. holder’s U.S. federal income tax liability. These generally applicable limitations and conditions include new requirements recently adopted by the IRS in regulations promulgated in December 2021, and any Korean tax will need to satisfy these requirements in order to be eligible to be a creditable tax for a U.S. holder. In the case of a U.S. holder that consistently elects to apply a modified version of these rules under recently issued temporary guidance and complies with specific requirements as set forth in such guidance, the Korean tax may be treated as meeting the new requirements and therefore as a creditable tax. In the case of all other U.S. holders, the application of these requirements to the Korean tax on dividends is uncertain, and we have not determined whether these requirements are met, including requirements applicable to the Treaty. If the Korean tax is not a creditable tax for a U.S. holder or the U.S. holder does not elect to claim a foreign tax credit for any foreign income taxes, the U.S. holder may be able to deduct the Korean tax in computing such U.S. holder’s taxable income for U.S. federal income tax purposes. Dividends will constitute income from sources without the United States and, if the withholding tax is a creditable tax for a U.S. holder that elects to claim foreign tax credits, generally will constitute “passive category income” for foreign tax credit purposes.

Additionally, under the new foreign tax credit requirements recently adopted by the IRS, any Korean tax imposed on the sale or other disposition of the shares of common stock or ADSs generally will not be treated as a creditable tax for U.S. foreign tax credit purposes except in the case of a U.S. holder that consistently elects to apply a modified version of the U.S. foreign tax credit rules that is permitted under recently issued temporary guidance and complies with the specific requirements set forth in such guidance. Additionally, capital gain or loss recognized by a U.S. holder on the sale or other disposition of the shares of common stock or ADSs generally will be U.S. source gain or loss for U.S. foreign tax credit purposes. Consequently, even if the withholding tax qualifies as a creditable tax, a U.S. holder may not be able to credit the tax against its U.S. federal income tax liability unless such credit can be applied (subject to generally applicable conditions and limitations) against tax due on other income treated as derived from foreign sources. If the Korean tax is not a creditable tax, the tax would reduce the amount realized on the sale or other disposition of the shares of common stock or ADSs even if the U.S. holder has elected to claim a foreign tax credit for other taxes in the same year. U.S. holders should consult their own tax advisors regarding the application of the foreign tax credit rules to a sale or other disposition of the shares of common stock or ADSs and any Korean tax imposed on such sale or disposition.

Any Korean securities transaction tax or agriculture and fishery special surtax that you pay will not be creditable for foreign tax credit purposes.

The availability and calculation of foreign tax credits and deductions for foreign taxes depend upon a U.S. holder's particular circumstances and involve the application of complex rules to those circumstances. The temporary guidance discussed above also indicates that the Treasury and the IRS are considering proposing amendments to the December 2021 regulations and that the temporary guidance can be relied upon until additional guidance is issued that withdraws or modifies the temporary guidance. U.S. holders should consult their own tax advisors regarding the application of these rules to their particular situations.

Specified Foreign Financial Assets

Certain U.S. holders that own "specified foreign financial assets" with an aggregate value in excess of US\$50,000 on the last day of the taxable year or US\$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on IRS Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which would include shares of common stock or ADSs) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. holders who fail to report the required information could be subject to substantial penalties. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in shares of common stock or ADSs, including the application of the rules to their particular circumstances.

U.S. Information Reporting and Backup Withholding Rules

Payments of dividends and sales proceeds that are made within the United States or through certain U.S. related financial intermediaries are subject to information reporting and may be subject to backup withholding unless the holder (i) establishes that it is a corporation or other exempt recipient or (ii) provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred.

Holders that are not U.S. persons generally are not subject to information reporting or backup withholding. However, such a holder may be required to provide a certification of its non-U.S. status in connection with payments received within the United States or through a U.S. related financial intermediary.

Item 10.F. Dividends and Paying Agents

Not applicable.

Item 10.G. Statements by Experts

Not applicable.

Item 10.H. Documents on Display

We are subject to the information requirements of the Exchange Act and, in accordance therewith, are required to file reports, including annual reports on Form 20-F, and other information with the SEC. These materials, including this annual report and the exhibits thereto, may be inspected and copied at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. As a foreign private issuer, we are also required to make filings with the SEC by electronic means. Any filings we make electronically will be available to the public over the Internet at the SEC's web site at <http://www.sec.gov>.

Item 10.I. Subsidiary Information

Not applicable.

Item 10.J. Annual Report to Security Holders

Not applicable.

Item 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Overview

Market risk is the risk of loss related to adverse changes in market prices, including interest rates and foreign exchange rates, of financial instruments. We are exposed to various financial market risks in our ordinary course of business transactions, primarily from changes in interest rates and foreign exchange rates. We utilize various financial derivatives, including forward and swap contracts to mitigate such risks as well as manage our exposure associated with net asset and liability positions and cash flows denominated in foreign currencies. We have used, and intend to continue to use, these financial derivatives only for hedging purposes and not for speculative purposes.

Our primary market risk exposures relate to interest rate movements on floating rate borrowings and exchange rate movements on foreign currency denominated accounts receivable, as well as foreign currency denominated future cash flows from sales, mostly denominated in U.S. dollars and foreign currency denominated accounts payable for purchases of raw materials and supplies, primarily denominated in U.S. dollars and, to a lesser extent, Chinese Yuan and Japanese Yen. The fair value of our financial instruments has been determined as the price, as of the applicable measurement date, that we would receive when selling an asset or that we would pay when transferring a liability, in an orderly transaction between market participants. Fair value is based on quoted market prices where available.

For a further discussion of our market risk and fair value of our financial assets and liabilities, see Note 26 of the notes to our financial statements.

Interest Rate Risks

Our exposure to interest rate risks relates primarily to our short-term and long-term debt obligations, which are typically incurred to fund capital expenditures and repay maturing debt, as well as for working capital and other general corporate purposes. As of December 31, 2023, we had outstanding short-term and long-term debt, including current portion and prior to deducting discounts on bonds, in the aggregate amount of ₩16,532 billion (US\$12,806 million). See Note 26(d) of the notes to our financial statements.

From time to time, we may enter into interest rate swap contracts to hedge against the effects of interest rate fluctuations of certain of our floating rate long-term debt. As of December 31, 2023, ₩980 billion (US\$759 million) of our Korean Won denominated floating rate long-term borrowings were hedged against interest rate fluctuations using variable-to-fixed interest rate swap contracts that expire in between 2024 and 2028. In connection with such contracts, we recognized a loss on valuation of derivatives of ₩15 billion (US\$12 million) in 2023. The table below provides information about our interest rate swap contracts. The table presents notional amounts used to calculate the contractual payments to be exchanged under such contracts.

	Expected Maturity Dates						Fair Value at December 31, 2023
	2024	2025	2026	2027	2028	Thereafter	
	(in billions of Won, except for interest rate percentages)						
Interest rate swaps							
Variable to fixed (₩) ⁽¹⁾	₩ 65	₩ 190	₩ 525	₩ 100	₩ 100	—	₩ 980
Average pay rate	4.02%	4.57%	5.19%	5.41%	5.41%	—	
Average receive rate	5.49%	4.57%	4.60%	4.44%	4.44%	—	

(1) Average pay rates and average receive rates are applicable to the total notional amounts outstanding until maturity.

We may be exposed to interest rate risks on additional debt financing that we may periodically undertake to fund capital expenditures required for our capacity expansion. Upward fluctuations in interest rates increase the cost of new debt. The interest rate that we will be able to obtain in a new debt financing will depend on market conditions at that time and may differ from the rates we have secured on our current debt.

As of December 31, 2023, we had US\$747 million aggregate principal amount of U.S. dollar denominated short-term loans, CNY345 million aggregate principal amount of CNY denominated short-term loans, ₩850 billion aggregate principal amount of Korean Won denominated short-term loans, US\$3,222 million aggregate principal amount of U.S. dollar denominated long-term loans, CNY24,991 million aggregate principal amount of CNY denominated long-term loans and ₩4,491 billion aggregate principal amount of Korean Won denominated long-term loans. As of December 31, 2023, the interest rates for our U.S. dollar denominated loans ranged from 1.82% to 8.60%, the interest rates for our CNY denominated

loans ranged from 2.48% to 4.35%, and the interest rates for our Korean Won denominated loans ranged from 1.90% to 7.50%.

If interest rates on borrowings with floating rates had been 1% higher or lower with all other variables held constant, the impact on the profit or loss of the applicable period would be as follows:

	For the Years Ended December 31,											
	2021		2022		2023							
	Increase	Decrease	Increase	Decrease	Increase	Decrease						
Increase or decrease in annual profit and net equity	₩	(41)	₩	41	₩	(50)	₩	50	₩	(57)	₩	57

The table below provides information about our financial instruments that are sensitive to changes in interest rates.

	Expected Maturity Dates						Fair Value at December 31, 2023	
	2024	2025	2026	2027	2028	Thereafter		Total
	(in billions of Won, except for interest rate percentages)							
Debt obligations								
Fixed rate (₩)	₩ 1,831.0	₩ 2,548.0	₩ 830	₩ 125.0	—	—	₩ 5,334.0	₩ 5,355.1
Average interest rate	3.8%	5.3%	5.1%	3.7%	—	—		
Variable rate (₩)	₩ 165.0	₩ 275.0	₩ 540.0	₩ 200.0	₩ 200.0	—	₩ 1,380.0	₩ 1,380.0
Average interest rate	5.4%	5.5%	5.6%	5.4%	5.4%	—		
Fixed rate (CNY)	₩ 62.5	—	—	—	—	—	₩ 62.5	₩ 63.7
Average interest rate	3.5%	—	—	—	—	—		
Variable rate (CNY)	₩ 675.2	₩ 2,094.6	₩ 1,749.6	—	—	—	₩ 4,519.4	₩ 4,519.4
Average interest rate	4.2%	3.3%	3.3%	—	—	—		
Fixed rate (US\$)	₩ 950.3	—	—	—	—	—	₩ 950.3	₩ 951.2
Average interest rate	4.7%	—	—	—	—	—		
Variable rate (US\$)	₩ 1,496.4	₩ 1,423.0	₩ 515.8	₩ 322.4	₩ 322.4	₩ 241.8	₩ 4,321.6	₩ 4,321.6
Average interest rate	7.1%	7.2%	6.6%	6.3%	6.3%	6.3%		

For a further discussion of our interest rate risk exposures, including a further sensitivity analysis on our interest rate risk exposures, see Notes 12 and 26 of the notes to our financial statements.

Foreign Currency Risk

The primary foreign currency to which we are exposed is the U.S. dollar. We are also exposed, to a lesser extent, to other foreign currencies, including the Chinese Yuan, the Japanese Yen and the Euro. As of December 31, 2023, we had U.S. dollar denominated sales-related trade accounts and notes receivable, net of US\$2,442 million, which represented approximately 98% of our trade accounts and notes receivable, and U.S. dollar denominated sales-related trade accounts payable of US\$1,721 million, which represented approximately 53% of our trade accounts payable, net. See Note 26 of the notes to our financial statements.

As of December 31, 2023, we also had CNY denominated sales-related trade accounts and notes receivable of CNY430 million, which represented approximately 2% of our trade accounts and notes receivable, net. In addition, we had CNY denominated sales-related trade accounts payable of CNY1,765 million and Japanese Yen denominated sales-related trade accounts payable of ¥9,837 million, which represented approximately 8% and 2% of our trade accounts and notes payable, net, respectively.

From time to time, we hedge against the effect of exchange rate fluctuations of the U.S. dollar and Chinese Yuan against the Korean Won on our U.S. dollar and Chinese Yuan debt exposure using cross-currency swap contracts. As of December 31, 2023, US\$1,930 million of our US\$2,280 million aggregate principal amount of U.S. dollar denominated bonds, short-term borrowings and long-term borrowings and CNY345 million of our CNY345 million aggregate principal amount of CNY denominated bonds, short-term borrowings and long-term borrowings were hedged against foreign exchange rate and interest rate fluctuations through cross-currency swap contracts.

Cross Currency Interest Rate Swap Contracts:

Contracts to sell Korean (Won)/buy US\$:

Outstanding contract amount	US\$	1,930 million
Average contractual exchange rate	(Won)	1,239.4/US\$
Change in fair value	(Won)	(57) billion

Contracts to sell Korean (Won)/buy CNY:

Outstanding contract amount	CNY	345 million
Average contractual exchange rate	(Won)	193.3/CNY
Change in fair value	(Won)	(4) billion

In addition to relying on natural hedges created by foreign currency assets and liabilities, we enter into foreign currency forward contracts with major financial institutions to minimize the impact of foreign currency fluctuations on our foreign currency liabilities. Gains and losses on foreign currency forward contracts are recorded in the period of the exchange rate changes as foreign exchange gain or loss. The table below sets forth our outstanding foreign currency forward contracts as of December 31, 2023.

Foreign Currency Forward Contracts:

Contracts to buy US\$/sell Korean (Won):

Outstanding contract amount	US\$	1,200 million
Average contractual exchange rate	(Won)	1,295.0/US\$
Change in fair value	(Won)	(36) billion

Our foreign currency exposure and changes in equity and profit or loss resulting from a 5% foreign exchange rate change against the Korean Won are as follows:

	For the Years Ended December 31,											
	2021		2022		2023							
	Equity	Profit or loss	Equity	Profit or loss	Equity	Profit or loss						
	(In billions of Won)											
U.S. Dollars (5% weakening)	₩	(74)	₩	2	₩	(114)	₩	(23)	₩	(69)	₩	44
U.S. Dollars (5% strengthening)		74		(2)		114		23		69		(44)
Chinese Yuan (5% weakening)		(65)		0		(106)		(0)		(172)		(0)
Chinese Yuan (5% strengthening)		65		(0)		106		0		172		0
Japanese Yen (5% weakening)		(5)		(3)		(9)		(9)		(8)		(8)
Japanese Yen (5% strengthening)		5		3		9		9		8		8
Vietnamese Dong (5% weakening)		(4)		(4)		(6)		(6)		(4)		(4)
Vietnamese Dong (5% strengthening)		4		4		6		6		4		4
Taiwanese Dollar (5% weakening)		0		0		0		0		0		0
Taiwanese Dollar (5% strengthening)		(0)		(0)		(0)		(0)		(0)		(0)
Euro (5% weakening)		0		(1)		1		(0)		(0)		(0)
Euro (5% strengthening)		(0)		1		(1)		0		0		0
Polish Zloty (5% weakening)		0		0		0		0		0		0
Polish Zloty (5% strengthening)		(0)		(0)		(0)		(0)		(0)		(0)

For a further discussion of our foreign currency risk exposures, including a sensitivity analysis on our currency risk exposures, see Note 26 of the notes to our financial statements.

Other Risks

We are exposed to credit risk in the event of non-performance by the counterparties under our foreign currency forward contracts at maturity. In order to minimize this risk, we limit the transaction amount with any one party and

continually monitor the credit quality of the counterparties to these financial instruments. We do not anticipate any material losses from these contracts, and we believe the risk of non-performance by the counterparties under these contracts is remote.

A substantial portion of our sales is attributable to a limited number of our end-brand customers. Our top ten end-brand customers, including our largest shareholder as an end-brand customer, together accounted for a substantial majority of our sales in each of 2021, 2022 and 2023. While we negotiate directly with our end-brand customers concerning the price and quantity of the sales, for some sales transactions we invoice the end-brand customers' designated system integrators. As a result of our significant dependence on a concentrated group of end-brand customers and their designated system integrators, we are exposed to credit risks associated with these entities. We have established certain measures, such as factoring arrangements and requirement of credit insurance from customers, to protect us from excessive exposure to such credit risks.

We manage our accounts receivable and credit exposure to customers by establishing credit limits for each customer to whom we supply products on an open account basis in accordance with our internal credit guidelines. We assess credit risk through quantitative and qualitative analysis, and based on this analysis, we establish credit limits and determine whether we will seek to use one or more credit support devices, such as obtaining some form of third-party guaranty or stand-by letter of credit, obtaining credit insurance or through factoring of all or part of accounts receivables. Our credit policy does not require credit limits on accounts receivable created on letters of credit. To date, we have not experienced any material problems relating to customer payments. For a further discussion of our credit risk exposures, see Note 26 of the notes to our financial statements.

Item 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Fees and Charges

Under the terms of the deposit agreement, as a holder of our ADSs, you are required to pay the following service fees to the depository:

Services	Fees
Issuance of ADSs	Up to US\$0.05 per ADS issued
Cancellation of ADSs	Up to US\$0.05 per ADS canceled
Distribution of cash dividends or other cash distributions	Up to US\$0.02 per ADS held
Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions or (ii) exercise of rights to purchase additional ADSs	Up to US\$0.02 per ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to US\$0.05 per ADS held
Other ADS services	Up to US\$0.02 per ADS held

As a holder of our ADSs, you are also responsible for paying certain fees and expenses incurred by the depository and certain taxes and governmental charges such as the following:

- Fees for the transfer and registration of shares charged by the registrar and transfer agent for the shares in Korea (i.e., upon deposit and withdrawal of shares).
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex and fax transmissions and for delivery of securities.
- Taxes and duties upon the transfer of securities (i.e., when shares are deposited or withdrawn from deposit).
- Fees and expenses incurred in connection with the delivery or servicing of shares on deposit.

Depository fees payable upon the issuance and cancellation of ADSs are typically paid to the depository by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depository and by the brokers (on behalf of their

clients) delivering the ADSs to the depository for cancellation. The brokers in turn charge these fees to their clients. Depository fees payable in connection with distributions of cash or securities to ADS holders and the depository services fee are charged by the depository to the holders of record of ADSs as of the applicable ADS record date.

The depository fees payable for cash distributions are deducted from the cash being distributed. In the case of distributions other than cash (i.e., stock dividend, rights), the depository charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depository sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via the Depository Trust Company, or DTC), the depository collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depository.

In the event of refusal to pay the depository fees, the depository may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depository fees from any distribution to be made to such holder of ADSs.

Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depository. You will receive prior notice of such changes.

Fees and Payments from the Depository to Us

In 2023, we received the following payments, after deduction of applicable U.S. taxes, from the depository:

Reimbursement of proxy process expenses (printing, postage and distribution) ⁽¹⁾	US\$	642,282
Contributions towards our investor relations efforts (i.e. non-deal roadshows, investor conferences and IR agency fees) and legal expenses incurred in connection with the preparation of our Form 20-F for the fiscal year 2022 ⁽¹⁾	US\$	642,282

(1) Under discussions with the depository for the amount of applicable payment with respect to 2023.

PART II

Item 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

Item 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

Item 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management has evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of December 31, 2023. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of such date. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and that it is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) under the Exchange Act. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2023. The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by our independent registered public accounting firm, as stated in its attestation report which is included in Item 18 of this Form 20-F.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16. [RESERVED]

Item 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Doocheol Moon qualifies as an "audit committee financial expert" and is independent within the meaning of this Item 16A.

Item 16B. CODE OF ETHICS

We have adopted a code of ethics, as defined in Item 16B of Form 20-F under the Exchange Act. Our Code of Ethics applies to our chief executive officer, chief financial officer and persons performing similar functions as well as to our non-executive directors and other officers and employees. Our Code of Ethics is available on our website at

www.lgdisplay.com. If we amend the provisions of our Code of Ethics that apply to our chief executive officer and chief financial officer and persons performing similar functions, or if we grant any waiver of such provisions, we will disclose such amendment or waiver on our website at the same address.

Item 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the fees billed to us by our independent registered public accounting firm, KPMG Samjong Accounting Corp., a member firm of KPMG International, and their respective affiliates, which we collectively refer to as KPMG, during the fiscal years ended December 31, 2022 and 2023:

	Year ended December 31,	
	2022	2023
	(in millions of Won)	
Audit fees	₩ 4,987	₩ 4,915
Tax fees	169	163
All other fees	—	—
Total fees	<u>₩ 5,156</u>	<u>₩ 5,078</u>

Audit fees in the above table are the aggregate fees billed or expected to be billed by KPMG in connection with the audit of our annual financial statements and the review of our interim financial statements.

Tax fees in the above table are fees billed by KPMG for tax compliance services.

All other fees in the above table are fees billed by KPMG for consulting services related to the establishment of an operational technology security management system for our production sites.

Audit Committee Pre-Approval Policies and Procedures

Under our Audit Committee’s pre-approval policies and procedures, all audit and non-audit services to be provided to us by our independent auditors must be pre-approved by our Audit Committee on a case-by-case basis. Our Audit Committee does not pre-approve any audit or non-audit services that are prohibited from being provided to us by an independent registered public accounting firm under the rules of the SEC and applicable law. In 2023, no fees were approved pursuant to the *de minimis* exception.

Item 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

Item 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Neither we nor any “affiliated purchaser,” as defined in Rule 10b-18(a)(3) of the Exchange Act, purchased any of our equity securities during the period covered by this annual report.

Item 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

In November 2023, our Audit Committee approved the appointment of Samil PricewaterhouseCoopers, or PwC, as our principal accountant to audit our financial statements prepared in accordance with IFRS as issued by the IASB for the fiscal years ending December 31, 2024, 2025 and 2026, and, in effect, dismissed KPMG Samjong, or KPMG, our independent registered public accountants (including for the fiscal years ending December 31, 2021, 2022 and 2023). PwC was engaged on December 15, 2023, with such appointment to be effective from January 1, 2024, and KPMG will be dismissed effective upon completion of its audit of our financial statements as of and for the year ended December 31, 2023, and the issuance of its report thereon.

The decision of our Audit Committee to dismiss KPMG, and to appoint PwC, as our principal accountant to audit our financial statements prepared in accordance with IFRS as issued by the IASB, was largely driven by the designation of PwC as our external auditor by the Securities and Futures Commission of Korea (“SFC”) in December 2023 pursuant to the requirement of the amended Act on External Audit of Stock Companies, which became effective in November 2018. The Act on External Audit of Stock Companies, as amended, requires that a publicly listed Korean company that was audited by an external auditor of its choice for six consecutive years change its external auditor to one designated by the SFC for a period of three consecutive years.

KPMG’s reports on our consolidated financial statements prepared in accordance with IFRS as issued by the IASB for each of the fiscal years ended December 31, 2023 and 2022 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. Furthermore, during the fiscal years ended December 31, 2023 and 2022 and in the subsequent interim period preceding KPMG’s dismissal, there were no disagreements with KPMG on any matter of accounting principles or practice, financial statement disclosure or auditing scope or procedure that if not resolved to the satisfaction of KPMG, would have caused KPMG to make reference to the subject matter of the disagreement in its reports. In addition, during the fiscal years ended December 31, 2023 and 2022 and in the subsequent interim period preceding KPMG’s dismissal, there were no “reportable events” requiring disclosure pursuant to Item 16F(a)(1)(v) of Form 20-F.

We provided a copy of the disclosure in this Item 16F to KPMG and requested that KPMG furnish us with a letter addressed to the Commission stating whether it agrees with such disclosure, and if it does not agree, stating the respects in which it does not agree. A copy of KPMG’s letter dated April 29, 2024 is filed as Exhibit 15.1 to this annual report on Form 20-F for the fiscal year ended December 31, 2023.

During the fiscal years ended December 31, 2023 and 2022 and in the subsequent interim period preceding KPMG’s dismissal, neither we nor anyone acting on our behalf consulted with PwC regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements and neither a written report nor oral advice was provided to us that PwC concluded was an important factor considered by us in reaching a decision as to any accounting, auditing or financial reporting issue or (ii) any matter that was either the subject of a “disagreement” as defined in Item 16F(a)(1)(iv) of Form 20-F (and the related instructions to Item 16F), or a “reportable event” as described in Item 16F(a)(1)(v) of Form 20-F.

Item 16G. CORPORATE GOVERNANCE

The following is a summary of the significant differences between the New York Stock Exchange’s corporate governance standards and those that we follow under Korean law.

NYSE Corporate Governance Standards	LG Display’s Corporate Governance Practice
<p>Director Independence Listed companies must have a majority of independent directors.</p>	<p>The majority of our board of directors is independent (as defined in accordance with the New York Stock Exchange’s standards), as four out of seven directors are outside directors.</p>
<p>Nomination/Corporate Governance Committee Listed companies must have a nomination/corporate governance committee composed entirely of independent directors. The committee must have a charter that addresses the purpose, responsibilities (including development of corporate governance guidelines) and annual performance evaluation of the committee.</p>	<p>Although we have not established a separate nomination/corporate governance committee, we maintain an Outside Director Nomination Committee, which is composed of two outside directors and one non-outside director, and an ESG Committee, which is composed of four outside directors and one non-outside director.</p>
<p>Compensation Committee Listed companies must have a compensation committee composed entirely of independent directors. The committee must have a charter that addresses the purpose, responsibilities and annual performance evaluation of the committee. The charter must be made available on the company’s website. In addition, in accordance with the U.S. Securities and Exchange Commission rules adopted pursuant to Section 952 of the Dodd-Frank Act, the New York Stock Exchange listing standards were amended to expand the factors relevant in determining whether a committee member has a relationship with the company that will materially affect that member’s duties to the compensation committee.</p>	<p>Under Korean law, we are not required to establish a compensation committee. Accordingly, we do not currently have a compensation committee, and our board of directors is directly responsible for matters relating to salaries and incentive compensation for our directors and executive officers.</p>

Executive Session

Non-management directors of listed companies must meet in regularly scheduled executive sessions without management. Independent directors should meet alone in an executive session at least once a year.

Audit Committee

Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act. All members must be independent. The committee must have a charter addressing the committee’s purpose, an annual performance evaluation of the committee, and the duties and responsibilities of the committee. The charter must be made available on the company’s website.

Audit Committee Additional Requirements

Listed companies must have an audit committee that is composed of at least three directors.

Shareholder Approval of Equity Compensation Plan

Listed companies must allow its shareholders to exercise their voting rights with respect to any material revision to the company’s equity compensation plan.

Shareholder Approval of Equity Offerings

Listed companies must allow its shareholders to exercise their voting rights with respect to equity offerings that do not qualify as public offerings for cash, and offerings of equity of related parties.

We do not normally hold executive sessions solely attended by non-management directors as that is not required under Korean law but we may elect to do so at the discretion of the directors.

We maintain an Audit Committee composed of three or more outside directors who meet the applicable independence criteria set forth under Rule 10A-3 of the Exchange Act.

Our Audit Committee currently has four directors.

We currently have two equity compensation plans: one providing for the grant of stock options to officers and key employees and an Employee Stock Ownership Plan, or ESOP.

Stock options to officers and key employees may be granted pursuant to a resolution of the shareholders in an amount not to exceed 15% of the total number of our issued and outstanding shares. However, the board of directors may grant stock options to non-director officers and employees up to 1% of the total number of our issued and outstanding shares, which grant must be approved by a resolution of the subsequent general meeting of shareholders.

All material matters related to the granting of stock options are provided in our articles of incorporation, and any amendments to the articles of incorporation are subject to shareholders’ approval. Matters related to the ESOP are not subject to shareholders’ approval under Korean law.

The Korean Commercial Code and our articles of incorporation provide that any and all terms and conditions for the issuance of new shares of the company shall be determined by a resolution of the board of directors. The company may allot new shares by a resolution of the board of directors to persons other than its shareholders when certain requirements are satisfied, including where new shares are issued by way of general public offering, and are issued to corporations, institutional investors, domestic and foreign financial institutions and others to further a management objective such as strengthening the company’s financials (provided, however, that such allotment of new shares to

Corporate Governance Guidelines

Listed companies must adopt and disclose corporate governance guidelines.

persons other than shareholders may only be made up to 20% of the total number of issued and outstanding shares of the company, except for any new shares to be listed on the Korea Exchange and any new shares to be underwritten for the listing of American depositary shares with the new shares as underlying shares on the New York Stock Exchange).

We maintain a corporate governance charter as well as corporate governance guidelines for our board of directors. Our board of directors is responsible for overseeing our policies, practices and procedures in the area of corporate governance.

Code of Business Conduct and Ethics

Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers.

We have adopted a Code of Ethics for all directors, officers and employees. A copy of our Code of Ethics is available on our website at www.lgdisplay.com.

Item 16H. MINE SAFETY DISCLOSURE

Not applicable.

Item 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

Item 16J. INSIDER TRADING POLICIES

Not applicable.

Item 16K. CYBERSECURITY

Risk Management and Strategy

We maintain a comprehensive process for assessing, identifying and managing material risks from cybersecurity threats, including risks relating to disruption of business operations or financial reporting systems, intellectual property theft, fraud, extortion, harm to employees or customers, violation of privacy laws and other litigation and legal risk, and reputational risk, as part of our overall risk management system and processes. We utilize policies, software, training programs and hardware solutions to protect and monitor our environment, including multifactor authentication on all critical systems, firewalls, intrusion detection and prevention systems, vulnerability and penetration testing and identity management systems.

Our cybersecurity risk management processes are part of our information security system designed in compliance with ISO 27001 standards and International Electrotechnical Commission (“IEC”) standards. Our certifications under such standards are valid for three years, and we are subject to an annual audit to maintain such certifications. In particular, we manage our cybersecurity risks by applying the four-step Plan-Do-Check-Act process, as recommended by and outlined in ISO 27001, to continually enhance our information security processes.

We also maintain a robust crisis management system, which provides a framework for responding to cybersecurity incidents based on the severity of the incident and facilitates cross-functional coordination across security, IT infrastructure, legal and public relations departments. In addition, we operate a Security Operations Center that monitors and addresses day-to-day risks faced by our company.

Additionally, we also utilize external independent control measures to improve and update our cybersecurity program, including independent third party assessments, penetration testing and scanning of our systems for vulnerabilities.

For example, we engage an accredited third party agency to conduct annual audits of our cybersecurity system to verify the effectiveness, make recommendations for improvement and monitor remediation of any identified risks. Any updates that are deemed necessary are initially reported to and approved by our Chief Information Security Officer (“CISO”) prior to their implementation. We also provide annual information security awareness training for employees, participate in cybersecurity drills conducted by the Korea Internet & Security Agency as well as send out “phishing” email tests on a regular basis. In addition, as a regular member of the Consortium of Computer Emergency Response Team, we collaborate with our peers in the areas of threat intelligence and contribute to building a cooperative system for cybersecurity incident response.

Our cybersecurity risk management processes extend to the oversight and identification of threats associated with our use of third party service providers. When establishing a new data system that incorporates an external service, we review whether the third party providers’ information security programs meet the security standards required of our data systems, including whether the third party provider has obtained international certification for its services.

We also carry limited insurance that provides protection against potential losses arising from cybersecurity incidents and annually review our policy and levels of coverage based on current risks.

Our business strategy, results of operations and financial condition have not been materially affected by risks from cybersecurity threats, including as a result of previous cybersecurity incidents, but we cannot provide assurance that they will not be materially affected in the future by such risks and any future material incidents. See “Item 3.D. Risk Factors—Risks Relating to Our Company—If our cybersecurity is breached, we may incur significant legal and financial exposure, damage to our reputation and a loss of confidence of our customers” for more information on risks from cybersecurity threats that are reasonably likely to materially affect our business strategy, results of operations and financial condition.

Governance

The cybersecurity risk management processes described above are managed by our CISO, our Chief Information Officer (“CIO”) and our Chief Risk Officer (“CRO”). Our CISO is supported by three dedicated teams that respectively focus on establishing our cybersecurity goals and policies, examining security hazards and conducting security training. Our CIO oversees the operation of our IT systems, under which our Enterprise Architecture Team works to prevent cybersecurity breaches and performs control, response and recovery action in case of any cybersecurity breach. By dividing our cybersecurity roles from our IT system operation roles, we seek to prevent the abuse of and accidental or intentional misuse of data. In the event of a cybersecurity incident that would pose an organizational-level threat, our Emergency Response Committee, which is led by our CRO and includes a Cybersecurity Incident Subcommittee, would oversee response.

Our CISO is appointed in accordance with the requirements set forth by the Act on Promotion of Information and Communications Network Utilization and Data Protection in Korea. Our current CISO holds a master’s degree in security convergence, possesses cybersecurity-related certifications and has more than 20 years of information security-related work experience.

Our day-to-day execution of cybersecurity processes are internally reported through email, phone, or formal reports on a monthly and as-needed basis. In the event of a cybersecurity incident, information including the date and time, name of breached system, cause and scale of damage, result of response, and classification of incident is reported to the appropriate members of the management. Our Board of Directors oversees all of our business, property and affairs, including cybersecurity risks, and our management provides reports to the Board of Directors on an as needed basis in the event of a material cybersecurity incident or for matters that require any material decision making.

PART III

Item 17. FINANCIAL STATEMENTS

Not applicable.

Item 18. FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	F-2
Consolidated statements of financial position as of December 31, 2022 and 2023	F-5
Consolidated statements of comprehensive income (loss) for the years ended December 31, 2021, 2022 and 2023	F-7
Consolidated statements of changes in equity for the years ended December 31, 2021, 2022 and 2023	F-9
Consolidated statements of cash flows for the years ended December 31, 2021, 2022 and 2023	F-11
Notes to the consolidated financial statements	F-15

Item 19. EXHIBITS

Number	Description
1.1	Amended and Restated Articles of Incorporation (translation in English)
2.1*	Form of Common Stock Certificate (translation in English) (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement (No. 333-116819) on Form F-1, filed on July 13, 2004)
2.2*	Deposit Agreement (including Form of American Depositary Receipt) (incorporated by reference to Exhibit (a) to the Registrant's Registration Statement (No. 333-147661) on Form F-6, filed on November 28, 2007)
2.3*	Form of Amendment No. 1 to Deposit Agreement (including Form of American Depositary Receipt) (incorporated by reference to Exhibit (a)(i) to the Registration Statement (No. 333-147661) on Post Effective Amendment No. 1 to Form F-6, filed on July 30, 2014)
2.4*	Letter from Citibank, N.A., as depositary, dated as of November 29, 2007, to the Registrant relating to the direct registration system for the American depositary receipts (incorporated by reference to Exhibit 2.3 to the Registrant's Annual Report (No. 001-32238) on Form 20-F, filed on April 16, 2008)
2.5	Description of LG Display Co., Ltd.'s Capital Stock (see Item 10.B. Memorandum and Articles of Association)
2.6	Description of LG Display Co., Ltd.'s American Depositary Shares
8.1	List of subsidiaries of LG Display Co., Ltd. (see Note 1(b) of the notes to the consolidated financial statements of LG Display Co., Ltd. included in this annual report)
12.1	Section 302 certification of the Chief Executive Officer
12.2	Section 302 certification of the Chief Financial Officer
13.1	Section 906 certification of the Chief Executive Officer
13.2	Section 906 certification of the Chief Financial Officer
15.1	Letter of KPMG Samjong Accounting Corp. dated April 29, 2024
97.1	LG Display Co., Ltd.'s Clawback Guidelines for Misstatements of Financial Statements, etc. (translation in English)
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	The cover page for the Company's Annual Report on Form 20-F for the year ended December 31, 2021 has been formatted in Inline XBRL

* Filed previously.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

LG DISPLAY CO., LTD.
(Registrant)

/s/ CHEOLDONG JEONG

(Signature)

Name: Cheoldong Jeong

Title: Representative Director, President and
Chief Executive Officer

/s/ SUNGHYUN KIM

(Signature)

Name: Sunghyun Kim

Title: Executive Vice President and
Chief Financial Officer

Date: April 29, 2024

INDEX TO FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Statements of Financial Position	F-5
Consolidated Statements of Comprehensive Income (Loss)	F-7
Consolidated Statements of Changes in Equity	F-9
Consolidated Statements of Cash Flows	F-11
Notes to the Consolidated Financial Statements	F-15

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
LG Display Co., Ltd.:

Opinions on the Consolidated Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of LG Display Co., Ltd. and subsidiaries (the Group) as of December 31, 2022 and 2023, the related consolidated statements of comprehensive income (loss), changes in equity and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). We also have audited the Group's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2022 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Group's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Group's consolidated financial statements and an opinion on the Group's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

(i) Impairment assessment for Display CGU

As discussed in Notes 3(l)(ii) and 10(e) to the consolidated financial statements, the Group's non-financial assets which consist of property, plant and equipment and intangible assets amount to ₩21,974,287 million, a portion of which related to Display CGU, as of December 31, 2023. The recoverable amount used by the Group in impairment assessment of the Display CGU is value in use based on discounted cash flow model. As a result of the annual impairment assessment for Display CGU to which goodwill is allocated, the recoverable amount exceeds its carrying amount by ₩975,459 million.

We identified impairment assessment for Display CGU as a critical audit matter. Estimation of key assumptions used in impairment assessment involved significant measurement uncertainty and therefore involved a high degree challenging and complex auditor judgement. Specifically, revenue and operating expenditures for the forecast period and discount rate used to estimate value in use for impairment assessment of Display CGU were challenging to test as minor changes to those assumptions would have a significant effect on the results of the Group's impairment assessment of Display CGU.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Group's non-financial assets impairment assessment process and development of revenue and operating expenditures forecasts and discount rate assumption for Display CGU. For the impairment assessment of Display CGU, we compared the Group's historical revenue and operating expenditures forecasts to actual results to assess the Group's ability to reliably forecast. We evaluated the revenue and operating expenditures forecasts used to determine the value in use by comparison with the financial budgets approved by the board of directors. We performed sensitivity analysis over discount rate assumption used to estimate value in use for impairment assessment of Display CGU to assess the impact of changes in that assumption on the Group's impairment assessment. We involved our valuation professionals with specialized skills and knowledge who assisted us in the following:

- testing discount rate by comparing it against independently developed rate using publicly available market data for comparable entities; and
- testing revenue and operating expenditures forecasts by comparing them against industry reports and historical performance of the Group.

(ii) Assessment of recognition of deferred tax assets

As discussed in notes 3(t) and 24 to the consolidated financial statements, the Group had ₩3,797,057 million of deferred tax assets and ₩869,364 million of unrecognized tax credit carryforwards, as of December 31, 2023, primarily related to Korea. The deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and unused tax credit carryforwards can be utilized.

We identified the assessment of the recognition of deferred tax assets as a critical audit matter. The evaluation of the recoverability of deferred tax assets involves a high degree of judgment to assess the significant assumptions that are reflected in the forecast of future taxable income. The significant assumptions include revenue and operating expenditures, evaluation of which also required subjective auditor judgement because of the sensitivity of the amount of recognized deferred tax assets to minor changes in these assumptions.

The following are the primary procedures we performed to address the critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal control related to the Group's deferred tax assets recognition process,

including controls related to the development of assumptions in determining the future taxable income for each year. We analyzed the Group's estimates of future taxable income, including analyzing the Group's forecasted revenue and operating expenditures by comparing them with the financial budgets approved by the board of directors and historical performance. We compared the historical forecasts of taxable income to actual results to assess the Group's ability to reliably forecast.

/s/ KPMG Samjong Accounting Corp.

We have served as the Group's auditor since 2008.

Seoul, Korea
April 29, 2024

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Financial Position

As of December 31, 2022 and 2023

<i>(In millions of won)</i>	Note	December 31, 2022	December 31, 2023
Assets			
Cash and cash equivalents	4, 26	₩ 1,824,649	2,257,522
Deposits in banks	4, 26	1,722,607	905,971
Trade accounts and notes receivable, net	5, 15, 26, 29	2,358,914	3,218,093
Other accounts receivable, net	5, 26	169,426	126,985
Other current financial assets	6, 26, 27	165,355	168,623
Inventories	7	2,872,918	2,527,728
Prepaid income taxes		5,275	44,505
Other current assets	5	324,891	253,759
Total current assets		9,444,035	9,503,186
Deposits in banks	4, 26	11	11
Investments in equity accounted investees	8	109,119	84,329
Other non-current financial assets	6, 26, 27	289,098	173,626
Property, plant and equipment, net	9, 17, 27	20,946,933	20,200,332
Intangible assets, net	10, 17	1,752,957	1,773,955
Investment property	11	28,269	32,995
Deferred tax assets	24	2,645,077	3,562,861
Defined benefit assets, net	13	447,521	407,438
Other non-current assets		22,999	20,565
Total non-current assets		26,241,984	26,256,112
Total assets		₩ 35,686,019	35,759,298

See accompanying notes to the consolidated financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Financial Position, Continued

As of December 31, 2022 and 2023

<i>(In millions of won)</i>	Note	December 31, 2022	December 31, 2023
Liabilities			
Trade accounts and notes payable	26, 29	₩ 4,061,684	4,175,064
Current financial liabilities	12, 26, 28	5,489,254	5,262,295
Other accounts payable	26	3,242,929	2,918,903
Accrued expenses		729,193	648,949
Income tax payable		112,429	52,237
Provisions	14	173,322	117,676
Advances received		65,069	625,838
Other current liabilities		87,640	84,066
Total current liabilities		<u>13,961,520</u>	<u>13,885,028</u>
Non-current financial liabilities	12, 26, 28	9,622,352	11,439,776
Non-current provisions	14	86,157	63,805
Defined benefit liabilities, net	13	1,531	1,559
Long-term advances received	15	—	967,050
Deferred tax liabilities	24	4,346	2,069
Other non-current liabilities	26	690,886	629,467
Total non-current liabilities		<u>10,405,272</u>	<u>13,103,726</u>
Total liabilities		<u>24,366,792</u>	<u>26,988,754</u>
Equity			
Share capital	16	1,789,079	1,789,079
Share premium	16	2,251,113	2,251,113
Retained earnings		5,359,769	2,676,014
Reserves	16	479,628	515,976
Total equity attributable to owners of the Controlling Company		<u>9,879,589</u>	<u>7,232,182</u>
Non-controlling interests		<u>1,439,638</u>	<u>1,538,362</u>
Total equity		<u>11,319,227</u>	<u>8,770,544</u>
Total liabilities and equity		<u>₩ 35,686,019</u>	<u>35,759,298</u>

See accompanying notes to the consolidated financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)

For the years ended December 31, 2021, 2022 and 2023

<i>(In millions of won, except earnings per share)</i>	Note	2021	2022	2023
Revenue	17, 29	₩ 29,878,043	26,151,781	21,330,819
Cost of sales	7, 18, 29	(24,572,939)	(25,027,703)	(20,985,643)
Gross profit		5,305,104	1,124,078	345,176
Selling expenses	18, 19	(933,043)	(895,602)	(575,785)
Administrative expenses	18, 19	(919,409)	(931,117)	(899,902)
Research and development expenses	18	(1,222,044)	(1,382,406)	(1,379,653)
Other income	21	1,252,135	3,185,837	1,472,258
Other expenses	18, 21	(1,280,859)	(4,446,414)	(1,786,234)
Finance income	22	425,835	873,059	1,122,294
Finance costs	22	(916,614)	(966,363)	(1,634,534)
Equity in income (loss) of equity accounted investees, net	8	7,780	5,558	(3,061)
Profit (loss) before income tax		1,718,885	(3,433,370)	(3,339,441)
Income tax expense (benefit)	23	385,341	(237,785)	(762,712)
Profit (loss) for the year		1,333,544	(3,195,585)	(2,576,729)
Other comprehensive income (loss)				
Items that will never be reclassified to profit or loss				
Remeasurements of net defined benefit liabilities	13, 23	(163,363)	122,361	49,817
Other comprehensive income (loss) from associates	8	(84)	32	170
		(163,447)	122,393	49,987

See accompanying notes to the consolidated financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss), Continued

For the years ended December 31, 2021, 2022 and 2023

<i>(In millions of won, except earnings per share)</i>	Note	2021	2022	2023
Items that are or may be reclassified to profit or loss				
Foreign currency translation differences for foreign operations	23	₩ 869,789	(80,963)	23,143
Gain (loss) on valuation of derivative	16, 23	(9,227)	9,227	—
Other comprehensive income (loss) from associates	8, 23	4,497	(9,710)	(2,824)
		865,059	(81,446)	20,319
Other comprehensive income for the year, net of income tax		701,612	40,947	70,306
Total comprehensive income (loss) for the year		<u>₩ 2,035,156</u>	<u>(3,154,638)</u>	<u>(2,506,423)</u>
Profit (loss) attributable to:				
Owners of the Controlling Company		1,186,182	(3,071,565)	(2,733,742)
Non-controlling interests		147,362	(124,020)	157,013
Profit (loss) for the year		<u>₩ 1,333,544</u>	<u>(3,195,585)</u>	<u>(2,576,729)</u>
Total comprehensive income (loss) attributable to:				
Owners of the Controlling Company		1,723,323	(3,006,686)	(2,647,407)
Non-controlling interests		311,833	(147,952)	140,984
Total comprehensive income (loss) for the year		<u>₩ 2,035,156</u>	<u>(3,154,638)</u>	<u>(2,506,423)</u>
Earnings (loss) per share (in won)				
Basic earnings (loss) per share	25	₩ 3,315	(8,584)	(7,640)
Diluted earnings (loss) per share	25	<u>₩ 3,130</u>	<u>(8,584)</u>	<u>(7,640)</u>

See accompanying notes to the consolidated financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity

For the years ended December 31, 2021, 2022 and 2023

<i>(In millions of won)</i>	Attributable to owners of the Controlling Company					Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Reserves	Sub-total		
Balances at January 1, 2021	₩ 1,789,079	2,251,113	7,518,786	(163,446)	11,395,532	1,335,896	12,731,428
Total comprehensive income (loss) for the year (Restated)							
Profit for the year	—	—	1,186,182	—	1,186,182	147,362	1,333,544
Other comprehensive income (loss)	—	—	(163,447)	700,588	537,141	164,471	701,612
	₩ —	—	1,022,735	700,588	1,723,323	311,833	2,035,156
Transaction with owners, recognized directly in equity							
Subsidiaries' dividends distributed to non-controlling interests	—	—	—	—	—	(4,083)	(4,083)
Balances at December 31, 2021	₩ 1,789,079	2,251,113	8,541,521	537,142	13,118,855	1,643,646	14,762,501
Balances at January 1, 2022	₩ 1,789,079	2,251,113	8,541,521	537,142	13,118,855	1,643,646	14,762,501
Total comprehensive income (loss) for the year							
Loss for the year	—	—	(3,071,565)	—	(3,071,565)	(124,020)	(3,195,585)
Other comprehensive income (loss)	—	—	122,393	(57,514)	64,879	(23,932)	40,947
	₩ —	—	(2,949,172)	(57,514)	(3,006,686)	(147,952)	(3,154,638)
Transaction with owners, recognized directly in equity							
Subsidiaries' dividends distributed to non-controlling interests	—	—	—	—	—	(56,056)	(56,056)
Dividends to equity holders	—	—	(232,580)	—	(232,580)	—	(232,580)
Balances at December 31, 2022	₩ 1,789,079	2,251,113	5,359,769	479,628	9,879,589	1,439,638	11,319,227

See accompanying notes to the consolidated financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity, Continued

For the years ended December 31, 2021, 2022 and 2023

<i>(In millions of won)</i>	Attributable to owners of the Controlling Company					Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Reserves	Sub-total		
Balances at January 1, 2023	₩ 1,789,079	2,251,113	5,359,769	479,628	9,879,589	1,439,638	11,319,227
Total comprehensive income (loss) for the year							
Profit (loss) for the year	—	—	(2,733,742)	—	(2,733,742)	157,013	(2,576,729)
Other comprehensive income (loss)	—	—	49,987	36,348	86,335	(16,029)	70,306
	₩ —	—	(2,683,755)	36,348	(2,647,407)	140,984	(2,506,423)
Transaction with owners, recognized directly in equity							
Subsidiaries' dividends distributed to non-controlling Interests	—	—	—	—	—	(42,260)	(42,260)
Balances at December 31, 2023	₩ 1,789,079	2,251,113	2,676,014	515,976	7,232,182	1,538,362	8,770,544

See accompanying notes to the consolidated financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

For the years ended December 31, 2021, 2022 and 2023

<i>(In millions of won)</i>	Note	2021	2022	2023
Cash flows from operating activities:				
Profit (loss) for the year		₩ 1,333,544	(3,195,585)	(2,576,729)
Adjustments for:				
Income tax expense (benefit)	23	385,341	(237,785)	(762,712)
Depreciation and amortization	9,10,11,18	4,500,701	4,557,457	4,213,742
Gain on foreign currency translation		(74,125)	(702,144)	(313,378)
Loss on foreign currency translation		193,095	449,980	241,701
Expenses related to defined benefit plans	13,20	144,241	168,260	149,937
Gain on disposal of property, plant and equipment		(19,367)	(25,737)	(34,961)
Loss on disposal of property, plant and equipment		64,350	54,432	102,453
Impairment loss on property, plant and equipment		19,085	1,260,436	60,072
Reversal of impairment loss on property, plant and equipment		(1,121)	(3,181)	(7)
Gain on disposal of intangible assets		(196)	—	(1,989)
Loss on disposal of intangible assets		—	193	55
Impairment loss on intangible assets		29,488	136,372	54,833
Reversal of impairment loss on intangible assets		(1,152)	(1,975)	(242)
Impairment loss on investment property		—	7,736	—
Expense on increase of provisions		216,873	253,075	101,846
Finance income		(352,423)	(607,501)	(594,944)
Finance costs		832,596	781,205	1,162,598
Equity in income of equity method accounted investees, net	8	(7,780)	(5,558)	3,061
Other income		—	(1,681)	(7,030)
Other expenses		15,538	—	—
		<u>7,278,688</u>	<u>2,887,999</u>	<u>1,798,306</u>

See accompanying notes to the consolidated financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows, Continued

For the years ended December 31, 2021, 2022 and 2023

<i>(In millions of won)</i>	Note	2021	2022	2023
Changes in:				
Trade accounts and notes receivable	₩	(964,130)	1,833,491	(1,013,938)
Other accounts receivable		20,395	(55,073)	32,173
Inventories		(1,123,239)	390,672	336,993
Lease receivables		4,765	7,684	7,204
Other current assets		107,679	435,838	92,983
Other non-current assets		(58,821)	(10,125)	1,151
Trade accounts and notes payable		1,037,950	(282,082)	323,548
Other accounts payable		72,640	(625,606)	(47,798)
Accrued expenses		580,404	(514,500)	(47,088)
Provisions		(237,601)	(259,969)	(179,969)
Advances received		(268,074)	(1,977)	(19,461)
Other current liabilities		9,100	(4,188)	(33,367)
Defined benefit liabilities, net		(208,199)	(381,405)	(45,123)
Long-term advances received		—	—	1,580,222
Other non-current liabilities		11,144	167,868	33,493
Cash generated from operating activities		6,262,701	3,588,627	2,819,329
Income taxes paid		(118,305)	(153,969)	(290,102)
Interests received		79,188	77,219	144,402
Interests paid		(470,138)	(500,857)	(990,881)
Net cash provided by operating activities	₩	5,753,446	3,011,020	1,682,748

See accompanying notes to the consolidated financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows, Continued

For the years ended December 31, 2021, 2022 and 2023

<i>(In millions of won)</i>	Note	2021	2022	2023
Cash flows from investing activities:				
Dividends received	₩	4,068	4,461	15,200
Increase in deposits in banks		(694,313)	(1,769,668)	(943,166)
Proceeds from withdrawal of deposits in banks		77,152	756,267	1,785,231
Acquisition of financial assets at fair value through profit or loss		(34,418)	(27,100)	(4,615)
Proceeds from disposal of financial assets at fair value through profit or loss		5,226	412	546
Acquisition of financial assets at fair value through other comprehensive income		—	(3,934)	(3,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income		24	3,547	2,671
Proceeds from disposal of investments in equity accounted investees		4,363	4,800	—
Acquisition of property, plant and equipment		(3,141,430)	(5,079,279)	(3,482,754)
Proceeds from disposal of property, plant and equipment		65,711	171,421	485,659
Acquisition of intangible assets		(635,805)	(830,583)	(672,076)
Proceeds from disposal of intangible assets		2,946	11,392	6,328
Asset-related government grants received		85,983	57,503	7,417
Proceeds from settlement of derivatives, net		8,344	49,145	178,610
Increase in short-term loans		—	(9,643)	—
Proceeds from collection of short-term loans		14,533	9,608	27,411
Increase in long-term loans		(26,473)	(54,033)	—
Increase in deposits		(7,145)	(2,676)	(3,992)
Decrease in deposits		8,154	6,727	4,535
Proceeds from disposal of other assets		—	1,464	6,659
Net cash used in investing activities		₩ (4,263,080)	(6,700,169)	(2,589,336)

See accompanying notes to the consolidated financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows, Continued

For the years ended December 31, 2021, 2022 and 2023

<i>(In millions of won)</i>	Note	2021	2022	2023
Cash flows from financing activities:	28			
Proceeds from short-term borrowings		₩ 2,573,757	4,487,824	6,729,725
Repayments of short-term borrowings		(2,425,117)	(2,565,541)	(7,446,111)
Proceeds from issuance of bonds		498,027	443,230	469,266
Proceeds from long-term borrowings		1,298,346	4,165,508	4,765,524
Repayments of current portion of long-term borrowings and bonds		(4,344,208)	(4,209,915)	(3,059,960)
Repayment of lease liabilities		(66,941)	(82,296)	(73,483)
Dividends paid		—	(232,580)	—
Subsidiaries' dividends distributed to non-controlling interests		—	(60,206)	(34,098)
Net cash provided by (used in) financing activities		<u>(2,466,136)</u>	<u>1,946,024</u>	<u>1,350,863</u>
Net increase (decrease) in cash and cash equivalents		(975,770)	(1,743,125)	444,275
Cash and cash equivalents at January 1		4,218,099	3,541,597	1,824,649
Effect of exchange rate fluctuations on cash held		299,268	26,177	(11,402)
Cash and cash equivalents at December 31		<u>₩ 3,541,597</u>	<u>1,824,649</u>	<u>2,257,522</u>

See accompanying notes to the consolidated financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020, 2021 and 2022

1. Reporting Entity

(a) Description of the Controlling Company

LG Display Co., Ltd. (the "Controlling Company") was incorporated in February 1985 and the Controlling Company is a public corporation listed in the Korea Exchange since 2004. The main business of the Controlling Company and its subsidiaries (the "Group") is to manufacture and sell displays and its related products. As of December 31, 2023, the Group is operating Thin Film Transistor Liquid Crystal Display ("TFT-LCD") and Organic Light Emitting Diode ("OLED") panel manufacturing plants in Gumi, Paju and China and TFT-LCD and OLED module manufacturing plants in Gumi, Paju, China and Vietnam. The Controlling Company is domiciled in the Republic of Korea with its address at 128 Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. As of December 31, 2023, LG Electronics Inc., a major shareholder of the Controlling Company, owns 37.9% (135,625,000 shares) of the Controlling Company's common stock.

The Controlling Company's common stock is listed on the Korea Exchange under the identifying code 034220. As of December 31, 2023, there are 357,815,700 shares of common stock outstanding. The Controlling Company's common stock is also listed on the New York Stock Exchange in the form of American Depository Shares ("ADSs") under the symbol "LPL". One ADS represents one-half of one share of common stock. As of December 31, 2023, there are 18,672,956 ADSs outstanding.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

1. Reporting Entity, Continued

(b) Consolidated Subsidiaries as of December 31, 2023

(In millions)

Subsidiaries	Location	Percentage of ownership	Fiscal year end	Date of incorporation	Business	Capital stocks
LG Display America, Inc.	San Jose, U.S.A.	100%	December 31	September 24, 1999	Sell display products	USD 411
LG Display Germany GmbH	Eschborn, Germany	100%	December 31	October 15, 1999	Sell display products	EUR 1
LG Display Japan Co., Ltd.	Tokyo, Japan	100%	December 31	October 12, 1999	Sell display products	JPY 95
LG Display Taiwan Co., Ltd.	Taipei, Taiwan	100%	December 31	April 12, 1999	Sell display products	TWD 116
LG Display Nanjing Co., Ltd.	Nanjing, China	100%	December 31	July 15, 2002	Manufacture display products	CNY 3,020
LG Display Shanghai Co., Ltd.	Shanghai, China	100%	December 31	January 16, 2003	Sell display products	CNY 4
LG Display Guangzhou Co., Ltd.	Guangzhou, China	100%	December 31	June 30, 2006	Manufacture display products	CNY 1,655
LG Display Shenzhen Co., Ltd.	Shenzhen, China	100%	December 31	July 27, 2007	Sell display products	CNY 4
LG Display Singapore Pte. Ltd.	Singapore	100%	December 31	November 4, 2008	Sell display products	USD 1
L&T Display Technology (Fujian) Limited	Fujian, China	51%	December 31	December 7, 2009	Manufacture and sell LCD module and LCD monitor sets	CNY 116
LG Display Yantai Co., Ltd.	Yantai, China	100%	December 31	March 17, 2010	Manufacture display products	CNY 1,008
Nanumnuri Co., Ltd.	Gumi, South Korea	100%	December 31	March 21, 2012	Provide janitorial services	KRW 800
LG Display (China) Co., Ltd.	Guangzhou, China	70%	December 31	December 10, 2012	Manufacture and sell display products	CNY 8,232
Unified Innovative Technology, LLC	Wilmington, U.S.A.	100%	December 31	March 12, 2014	Manage intellectual property	USD 9
LG Display Guangzhou Trading Co., Ltd.	Guangzhou, China	100%	December 31	April 28, 2015	Sell display products	CNY 1
Global OLED Technology, LLC	Sterling, U.S.A.	100%	December 31	December 18, 2009	Manage OLED intellectual property	USD 138
LG Display Vietnam Haiphong Co., Ltd.	Haiphong, Vietnam	100%	December 31	May 5, 2016	Manufacture and sell display products	USD 600
Suzhou Lehui Display Co., Ltd.	Suzhou, China	100%	December 31	July 1, 2016	Manufacture and sell LCD module and LCD monitor sets	CNY 637
LG DISPLAY FUND I LLC(*)	Wilmington, U.S.A.	100%	December 31	May 1, 2018	Invest in venture business and acquire technologies	USD 75
LG Display High-Tech (China) Co., Ltd.	Guangzhou, China	70%	December 31	July 11, 2018	Manufacture and sell display products	CNY 15,600

(*) For the year ended December 31, 2023, the Controlling Company contributed ₩5,839 million in cash for the capital increase of LG DISPLAY FUND I LLC. There was no change in the Controlling Company's percentage of ownership in LG DISPLAY FUND I LLC as a result of this additional investment.

In addition to the above subsidiaries, the Controlling Company has invested ₩92,900 million in MMT (Money Market Trust), which is controlled by the Controlling Company.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

1. Reporting Entity, Continued

- (c) Information of subsidiaries (before elimination of intercompany transactions) which have significant non-controlling interests as of and for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	2021	
	LG Display (China) Co., Ltd.	LG Display High-Tech (China) Co., Ltd.
Percentage of ownership in non-controlling interest(%)	30	30
Current assets	₩ 1,987,880	1,551,346
Non-current assets	663,181	5,252,614
Current liabilities	324,075	1,261,412
Non-current liabilities	31,466	2,452,327
Net assets	2,295,520	3,090,221
Book value of non-controlling interests	680,757	925,848
Revenue	₩ 2,175,878	2,817,308
Profit for the year	380,788	125,446
Profit attributable to non-controlling interests	114,301	37,803
Cash flows from operating activities	₩ 890,435	709,243
Cash flows from investing activities	(619,615)	(315,176)
Cash flows from financing activities	(439,390)	(665,170)
Effect of exchange rate fluctuations on cash held	23,538	19,972
Net decrease in cash and cash equivalents	(145,032)	(251,131)
Cash and cash equivalents at January 1	276,802	290,461
Cash and cash equivalents at December 31	131,770	39,330
Dividends distributed to non-controlling interests	₩ —	—

(In millions of won)

	2022	
	LG Display (China) Co., Ltd.	LG Display High-Tech (China) Co., Ltd.
Percentage of ownership in non-controlling interest(%)	30	30
Current assets	₩ 1,916,867	2,112,295
Non-current assets	575,020	3,546,253
Current liabilities	336,575	820,041
Non-current liabilities	1,419	2,323,249
Net assets	2,153,893	2,515,258
Book value of non-controlling interests	646,199	753,191
Revenue	₩ 1,921,939	2,766,043
Profit(Loss) for the year	133,486	(561,016)
Profit(Loss) attributable to non-controlling interests	39,981	(168,474)
Cash flows from operating activities	₩ 486,103	153,043
Cash flows from investing activities	(371,454)	424,405
Cash flows from financing activities	(223,222)	(455,746)
Effect of exchange rate fluctuations on cash held	2,347	(7,471)
Net increase (decrease) in cash and cash equivalents	(106,226)	114,231
Cash and cash equivalents at January 1	131,770	39,330
Cash and cash equivalents at December 31	25,544	153,561
Dividends distributed to non-controlling interests	₩ 56,056	—

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

1. Reporting Entity, Continued

(In millions of won)

	2023	
	LG Display (China) Co., Ltd.	LG Display High-Tech (China) Co., Ltd.
Percentage of ownership in non-controlling interest(%)	30	30
Current assets	₩ 1,908,790	3,796,310
Non-current assets	501,340	2,621,361
Current liabilities	275,264	978,596
Non-current liabilities	560	2,586,633
Net assets	2,134,306	2,852,442
Book value of non-controlling interests	640,322	854,346
Revenue	₩ 1,145,472	2,432,838
Profit for the year	108,801	374,836
Profit attributable to non-controlling interests	32,640	112,451
Cash flows from operating activities	₩ 426,643	777,354
Cash flows from investing activities	(225,456)	(979,167)
Cash flows from financing activities	(153,664)	365,898
Effect of exchange rate fluctuations on cash held	(972)	(3,571)
Net increase in cash and cash equivalents	46,551	160,514
Cash and cash equivalents at January 1	25,544	153,561
Cash and cash equivalents at December 31	72,095	314,075
Dividends distributed to non-controlling interests	₩ 34,098	-

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

2. Basis of Presenting Financial Statements

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board.

The consolidated financial statements were authorized for issuance by the Group’s management on April 19, 2024.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position:

- derivative financial instruments at fair value, financial assets at fair value through profit or loss (“FVTPL”), financial assets at fair value through other comprehensive income (“FVOCI”), financial liabilities at fair value through profit or loss (“FVTPL”), and
- net defined benefit liabilities (defined benefit assets) recognized at the present value of defined benefit obligations less the fair value of plan assets

(c) Functional and Presentation Currency

Each subsidiary’s financial statements within the Group are presented in the subsidiary’s functional currency, which is the currency of the primary economic environment in which each subsidiary operates. The consolidated financial statements are presented in Korean won, which is the Controlling Company’s functional currency.

(d) Use of Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about judgments made applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Financial instruments (Note 3(f))
- Intangible assets (Impairment assessment of non-financial assets, including determination of cash generating unit) (Note 3(l), 10)
- Deferred tax assets and liabilities (recognition of deferred tax assets) (Note 3(t), 24)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next 12 months is included in the following notes:

- Provisions (Note 3(n), 14)
- Inventories (Note 3(e), 7)
- Intangible assets (Impairment assessment of non-financial assets) (Note 10)
- Employee benefits (Note 13)
- Deferred tax assets and liabilities (estimation of future taxable income) (Note 3(t), 24)

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

(a) Changes in Material Accounting Policies

(i) Global Minimum Tax

The Group has applied the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12 ‘Income taxes’) published in December 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the global minimum tax, and require new disclosure about the Pillar Two exposure. (See Note 23)

(ii) Material accounting policy information

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 ‘Presentation of Financial Statements’) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require disclosure of ‘material’ rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Group has reviewed the accounting policies and has updated the information disclosed in Note 3 (2022 and 2021: Summary of Significant Accounting Policies) accordingly.

(b) Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Non-controlling interests

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at the acquisition date. Profit or loss and other comprehensive income (loss) of subsidiaries are attributed to owners of the Controlling Company and non-controlling interests.

Changes in the Group’s interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(b) Consolidation, Continued

(iii) Loss of Control

If the Controlling Company loses control of subsidiaries, the Controlling Company derecognizes the assets and liabilities of the former subsidiaries from the consolidated statement of financial position and recognizes the gain or loss associated with the loss of control attributable to the former controlling interest. Meanwhile, the Controlling Company recognizes any investment retained in the former subsidiaries at its fair value when control is lost.

(iv) Associates and joint ventures (equity method investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the parties have joint control, whereby the parties have rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are initially recognized at cost and subsequently accounted for using the equity method of accounting. The carrying amount of investments in associates and joint ventures is increased or decreased to recognize the Group's share of the profits or losses and changes in the Group's proportionate interest of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment.

If an associate or a joint venture uses accounting policies different from those of the Controlling Company for like transactions and events in similar circumstances, appropriate adjustments are made to the consolidated financial statements. As of and during the periods presented in the consolidated financial statements, no adjustments were made in applying the equity method.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, including income and expenses and any unrealized income and expenses and balance of trade accounts and notes receivable and payable arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(c) Foreign Currency Transaction and Translation

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was originally determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on an investment in equity instruments designated as at FVOCI and a financial asset and liability designated as a cash flow hedge, which are recognized in other comprehensive income. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition are recognized in profit or loss in the period in which they arise. Foreign currency differences arising from assets and liabilities in relation to the investing and financing activities including borrowings, bonds and cash and cash equivalents are recognized in finance income (costs) in the consolidated statement of comprehensive income (loss) and foreign currency differences arising from assets and liabilities in relation to activities other than investing and financing activities are recognized in other income (expenses) in the consolidated statement of comprehensive income (loss). Foreign currency differences are presented in gross amounts in the consolidated statement of comprehensive income (loss).

If the presentation currency of the Group is different from a foreign operation's functional currency, the financial position and financial performance of the foreign operation are translated into the presentation currency using the following methods. The assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy are translated to the Group's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group's functional currency at exchange rates at the dates of the transactions and foreign currency differences are recognized in other comprehensive income (loss). Relevant proportionate shares of foreign currency differences are allocated to the controlling interests and non-controlling interests. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation is treated as assets and liabilities of the foreign operation. Thus, they are expressed in the functional currency of the foreign operation and translated at the at each reporting date's exchange rate.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(d) Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash.

(e) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method, and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling expenses. In the case of manufactured inventories and work-in-process, cost includes an appropriate share of production overheads based on the actual capacity of production facilities. However, the normal capacity is used for the allocation of fixed production overheads if the actual level of production is lower than the normal capacity.

The Group make adjustments to reduce the cost of inventory to its net realizable value, for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, product life cycle, component cost trends, product pricing. Revisions to these adjustments would be required if these factors differ from the Group's estimates.

(f) Financial Instruments

(i) Non-derivative financial assets

Recognition and initial measurement

Trade receivables and debt instruments issued are initially recognized when they are originated. All other financial assets are recognized in statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investments; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the subsequent reporting period following the change in the business model.

A financial asset is measured as at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(f) Financial Instruments, Continued

(i) Non-derivative financial assets, Continued

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured as at FVTPL. This includes all derivative financial assets. At initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

ii) Financial assets: business model

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice (these include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets);
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transaction that do not qualify for derecognition are not considered sale for this purpose.

A financial asset that is held for trading or is managed and whose performance is evaluated on a fair value basis is measured at FVTPL.

iii) Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of the assessment, "principal" is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and cost (e.g. liquidity risk and administrative costs), as well as profit margin.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(f) Financial Instruments, Continued

(i) Non-derivative financial assets, Continued

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest or the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued but unpaid contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

iv) Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it transfers or does not retain substantially all the risks and rewards of ownership of a transferred asset, and does not retain control of the transferred asset.

If the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(f) Financial Instruments, Continued

(ii) Non-derivative financial liabilities

The Group classifies financial liabilities into two categories, financial liabilities at FVTPL and other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities, and recognizes them in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities at FVTPL include financial liabilities held for trading or designated as such upon initial recognition at FVTPL. After initial recognition, financial liabilities at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Upon initial recognition, transaction costs that are directly attributable to the issuance of financial liabilities are recognized in profit or loss as incurred.

Non-derivative financial liabilities other than financial liabilities classified as at FVTPL are classified as other financial liabilities and measured initially at fair value minus transaction costs that are directly attributable to the issuance of financial liabilities. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. As of December 31, 2023, non-derivative financial liabilities comprise borrowings, bonds, trade accounts and notes payable, other accounts payable and others.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(iii) Share Capital

The Group issued common stocks and they are classified as equity. Incremental costs directly attributable to the issuance of common stocks are recognized as a deduction from equity, net of tax effects. Capital contributed in excess of par value upon issuance of common stocks is classified as share premium within equity.

(iv) Derivative financial instruments

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(f) Financial Instruments, Continued

(iv) Derivative financial instruments, Continued

Hedge Accounting

If necessary, the Group designates derivatives as hedging items to hedge the risk of changes in the fair value of assets, liabilities or firm commitments (a fair value hedge) and foreign currency risk of highly probable forecasted transactions or firm commitments (a cash flow hedge).

On initial designation of the hedge, the Group's management formally designates and documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship, both at the inception of the hedge relationship as well as on an ongoing basis.

i) Fair value hedges

Change in the fair value of a derivative hedging instrument designated as a fair value hedge and the hedged item is recognized in profit or loss, respectively. The gain or loss from remeasuring the hedging instrument at fair value and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss in the same line item of the statement of comprehensive income (loss). The Group discontinues fair value hedge accounting if it does not designate the derivative hedging instrument and the hedged item as the hedge relationship between them anymore; if the hedging instrument expires or is sold, terminated or exercised; or if the hedge no longer meets the criteria for hedge accounting.

ii) Cash flow hedges

When a derivative designated as a cash flow hedging instrument meets the criteria of cash flow hedge accounting, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and the ineffective portion of changes in the fair value of the derivative is recognized in profit or loss. The Group discontinues cash flow hedge accounting if it does not designate the derivative hedging instrument and the hedged item as the hedge relationship between them anymore; if the hedging instrument expires or is sold, terminated or exercised; or if the hedge no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income is reclassified to profit or loss in the periods during which the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss.

The Group is applying cash flow hedge accounting by designating expected foreign currency denominated sales arising from forecast export transactions as hedging items and the derivative instruments related to forward exchange as hedging instruments. The effective portion of changes in the fair value of the derivative is recognized in equity and the amount accumulated in equity is reclassified to revenue in the same period which forecast sales occur.

Embedded derivative

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Other derivative financial instruments

Other derivative financial instruments are measured at fair value and changes of their fair value are recognized in profit or loss.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(g) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes an expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and recognized in other income or other expenses.

(ii) Subsequent costs

Subsequent expenditure on an item of property, plant and equipment is recognized as part of its cost only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Land is not depreciated and depreciation of other items of property, plant and equipment is recognized in profit or loss on a straight-line basis, reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the Group. The residual value of property, plant and equipment is zero.

Estimated useful lives of the assets are as follows:

	<u>Estimated useful lives (years)</u>
Buildings and structures	20~40
Machinery	4, 5
Furniture and fixtures	4
Equipment, tools and vehicles	2, 4, 12
Right-of-use assets	(*)

(*) The Group depreciates the right-of-use assets from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate and any changes are accounted for as changes in accounting estimates.

(h) Borrowing Costs

The Group capitalizes borrowing costs, which includes interests and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs, directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. The Group immediately recognizes other borrowing costs as an expense.

(i) Government Grants

In case there is reasonable assurance that the Group will comply with the conditions attached to a government grant, the government grant is recognized as follows:

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(i) Government Grants, Continued

(i) Grants related to the purchase or construction of assets

A government grant related to the purchase or construction of assets is deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense and cash related to grant received is presented in investing activities in the statement of cash flows.

(ii) Grants for compensating the Group's expenses incurred

A government grant that compensates the Group for expenses incurred is recognized in profit or loss as a deduction from relevant expenses on a systematic basis in the periods in which the expenses are recognized.

(iii) Other government grants

A government grant that becomes receivable for the purpose of giving immediate financial support to the Group with no compensation for expenses or losses already incurred or no future related costs is recognized as income of the period in which it becomes receivable.

(j) Intangible Assets

Intangible assets are initially measured at cost. Subsequently, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses.

(i) Goodwill

Goodwill arising from business combinations is recognized as the excess of the acquisition cost of a business over the net fair value of the identifiable assets acquired and liabilities assumed. Any deficit is a bargain purchase that is recognized in profit or loss. Goodwill is measured at cost less accumulated impairment losses.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred. Development activities involve a plan or design of the production of new or substantially improved products and processes. Development expenditure is capitalized as intangible assets only if the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- its intention to complete the intangible asset and use or sell it,
- its ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits (among other things, the Group can demonstrate the usefulness of the intangible asset by existence of a market for the output of the intangible asset or the intangible asset itself if it is to be used internally),
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development projects are divided into research activities and development activities. Expenditures on research activities are recognized in profit or loss and qualifying development expenditures on development activities are capitalized.

The expenditure capitalized includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use and borrowing costs on qualifying assets.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(j) Intangible Assets, Continued

(iii) Other intangible assets

Other intangible assets include intellectual property rights, software, customer relationships, technology, memberships and others. The Group currently has a number of patent license agreements related to product production. When the amount of payments for the entire contract period can be reliably determined, the total undiscounted amount is recognized as intangible assets as intellectual property rights and other account payables, respectively, and the intangible assets are amortized on a straight-line basis over the patent license period.

(iv) Subsequent costs

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific intangible asset to which they relate. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.

(v) Amortization

Amortization is calculated on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The residual value of intangible assets is zero. However, as there are no foreseeable limits to the periods over which condominium and golf club memberships are expected to be available for use, these intangible assets are regarded as having indefinite useful lives and not amortized.

	Estimated useful lives (years)
Intellectual property rights	5, 10, (*1)
Rights to use electricity, water and gas supply facilities	10
Software	4, (*1)
Customer relationships	7, 10
Technology	10
Development costs	(*2)
Condominium and golf club memberships	Indefinite

(*1) Patent royalty (included in intellectual property rights) and software license are amortized over the useful lives considering the contract period.

(*2) Capitalized development costs are amortized over the useful lives considering the life cycle of the developed products. Amortization of capitalized development costs are recognized in research and development expenses in the consolidated statement of comprehensive income (loss).

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at each financial year-end. The useful lives of intangible assets with indefinite useful lives are reviewed at each financial year-end to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. If appropriate, the changes are accounted for as changes in accounting estimates.

(k) Investment property

Property held to earn rentals or for capital appreciation or both is classified as investment property. Investment properties are initially measured at cost, including transaction costs incurred at the time of acquisition, and subsequently, measured at cost less accumulated depreciation and accumulated impairment loss.

Subsequent expenditure on an item of investment property is recognized as part of its cost only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized. All other subsequent expenditures are expensed in the period in which it is incurred.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(k) Investment property, Continued

Among investment properties, land is not depreciated, and investment properties except land are depreciated on a straight-line basis by applying 20 years of the building according to the economic depreciation period. Depreciation methods, useful lives and residual values of investment properties are reviewed at each reporting period-end and if appropriate, the changes are accounted for as changes in accounting estimates.

(l) Impairment

(i) Financial assets

Financial instruments and contract assets

The Group recognizes loss allowance for financial assets measured at amortized cost and debt investments at FVOCI at the 'expected credit loss' (ECL).

The Group recognizes a loss allowance for the life-time expected credit losses except for following, which are measured at 12-month ECLs:

- debt instruments that are determined to have low credit risk at the reporting date; and
- other debt instruments and bank deposits for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of the ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(l) Impairment, Continued

(i) Financial assets, Continued

Estimation of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured using the present value of the difference between the contractual cash flows and the expected contractual cash flows. The expected credit losses are discounted using effective interest rate of the financial assets.

Credit-impaired financial assets

At each reporting period-end, the Group assesses whether financial assets carried at amortized cost and debt instruments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the issuer or the borrower;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of loss allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt instruments at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI instead of reducing the carrying amount of financial assets in the consolidated statement of financial position.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations for recovering the financial asset in its entirety or a portion thereof. The Group assess whether there are reasonable expectations of recovering the contractual cash flows from customers and individually assess the timing and amount of write-off. The Group expects no significant recovery from the amount written-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(1) Impairment, Continued

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than assets arising from employee benefits, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, irrespective of whether there is any indication of impairment, the recoverable amount is estimated each year.

Recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit ("CGU") is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In identifying whether cash inflows from an asset or group of assets are largely independent of the cash inflows from other assets or groups of assets, the Group considers various factors including how management monitors the entity's operations or how management makes decisions about continuing or disposing of the entity's assets and operations. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or cash-generating unit is determined as the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Fair value less costs to sell is based on the best information available to reflect the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

In respect of assets other than goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortization, if no impairment loss had been recognized from the acquisition cost. An impairment loss in respect of goodwill is not reversed.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(m) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of its relative stand-alone price. For certain leases, the Group accounts for the lease and non-lease components as a single lease component by applying the practical expedient not to separate non-lease components.

The Group recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured, the Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the remeasurement in profit or loss.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(m) Leases, Continued

(i) As a lessee, Continued

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'financial liabilities' in the consolidated statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

At the commencement date, the Group recognizes assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease and recognize finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(n) Provisions

A provision is recognized as a result of a past event, if the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The risks and uncertainties that inevitably surround events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows. The unwinding of the discount is recognized as finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

The Group recognizes a liability for warranty obligations based on the estimated costs expected to be incurred under its basic limited warranty. This warranty covers defective products and is normally applicable for a warranty period from the date of purchase. These liabilities are recognized when product revenues are recognized. Factors that affect the Group's warranty liability include historical and anticipated rates of warranty claims on those repairs and cost per claim to satisfy the Group's warranty obligation. Warranty costs primarily include raw materials and labor costs. As these factors are impacted by actual experience and future expectations, management periodically assesses the adequacy of its recorded warranty provisions and adjusts the amounts as necessary. Warranty provisions are included in the current and non-current provisions.

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated.

(o) Non-current Assets Held for Sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily from sale rather than through continuing use. In order to be classified as held for sale, the asset (or disposal group) is available for immediate sale in its present condition and its sale is highly probable. The assets (or disposal groups) that are classified as non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell on initial classification. The Group recognizes an impairment loss for any subsequent decrease in fair value of the asset (or disposal group) for which an impairment loss was recognized on initial classification as held-for-sale and a gain for any subsequent increase in fair value in profit or losses, up to the cumulative impairment loss previously recognized.

The Group does not depreciate a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

(p) Employee Benefits

(i) Short-term employee benefits

Short-term employee benefits that are due to be settled within twelve months after the end of the period in which the employees render the related service are recognized in profit or loss on an undiscounted basis. The expected cost of profit-sharing and bonus plans and others are recognized when the Group has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(p) Employee Benefits, Continued

(iii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the period during which services are rendered by employees.

(iv) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than defined contribution plans. The Group's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

The calculation is performed annually by an independent actuary using the projected unit credit method. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The underlying key assumptions may differ from actual developments due to changing market and economic conditions, and may lead to significant changes in our defined benefit plan. The Group recognizes all actuarial gains and losses arising from defined benefit plans in retained earnings immediately.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Consequently, the net interest on the net defined benefit liability (asset) now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(v) Termination benefits

The Group recognizes expense for termination benefits at the earlier of the date when the entity can no longer withdraw the offer of those benefits and when the entity recognizes costs for a restructuring involving the payment of termination benefits. If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, the Group measures the termination benefit with present value of future cash payments.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(q) Revenue from contracts with customers

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of estimated returns, trade discounts, volume rebates and other cash incentives paid to customers.

The Group recognizes revenue according to the five stage revenue recognition model (① Identifying the contract→② Identifying performance obligations→③ Determining transaction price→④ Allocating the transaction price to performance obligations →⑤ Recognizing revenue for performance obligations).

The Group generates revenue primarily from sale of display panels. Product revenue is recognized when a customer obtains control over the Group's products, which typically occurs upon shipment or delivery depending on the terms of the contracts with the customer.

The Group includes return option in the sales contract of display panels with its customers and the consideration receivable from the customer is subject to change due to returns. The Group estimates an amount of variable consideration by using the expected value method which the Group expects to better predict the amount of consideration. The Group includes in the transaction price an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur during the return period when the uncertainty associated with the variable consideration is subsequently resolved. The Group recognizes a refund liability and an asset for its right to recover products from customers if the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer. Sales taxes or value-added taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and are excluded from revenues in the consolidated statement of comprehensive income (loss).

(r) Operating Segments

An operating segment is a component of the Group that: 1) engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the group, 2) whose operating results are reviewed regularly by the Group's chief operating decision maker ("CODM") in order to allocate resources and assess its performance, and 3) for which discrete financial information is available. Management has determined that the CODM of the Group is the Board of Directors. The CODM does not receive and therefore does not review discrete financial information for any component of the Group. Consequently, no operating segment information is included in these consolidated financial statements. Entity wide disclosures of geographic and product revenue information are provided in Note 17 to these consolidated financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(s) Finance Income and Finance Costs

Finance income comprises interest income on funds invested (including debt instruments measured at FVOCI), dividend income, gains on disposal of debt instruments measured at FVOCI and changes in fair value of financial instruments at FVTPL. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, gain and losses from financial instruments measured at FVTPL and impairment losses recognized on financial assets. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

(t) Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.

(ii) Deferred tax

Deferred tax is recognized, using the asset and liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that the differences relating to investments in subsidiaries, associates and joint ventures will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Group offsets deferred tax assets and deferred tax liabilities if, and only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

3. Material Accounting Policies, Continued

(t) Income Tax, Continued

(ii) Deferred tax, Continued

The changes in estimates of the ability to realize the deferred tax assets are generally recognized in profit or loss as a component of the income tax expense. At each reporting date, the Group reviews the deferred tax assets for recoverability considering historical profitability, projected future taxable income, the expected timing of reversals of existing temporary differences and expiration of unused tax losses and tax credits.

(u) Earnings (Loss) Per Share

The Controlling Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Controlling Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares such as convertible bonds and others.

(v) Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual periods beginning after January 1, 2023 and earlier application is permitted; However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

(i) Classification of Liabilities as Current or Non-Current Liabilities with Covenants (Amendments to IAS 1, 'Presentation of Financial Statements')

The amendments aim to clarify the requirements in determining whether a liability is current or non-current and require new disclosure for non-current liabilities that are subject to future covenants. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.

The Group has borrowings that are subject to specific covenants. The Group is in the process of assessing the impact of the amendments to meet the new disclosure requirements.

(ii) Supplier Finance Arrangements (Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures')

The amendments introduce new disclosure relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.

The Group participates in supply chain financing arrangements for which the new disclosures will apply. The Group is in the process of assessing the impact of the amendments to meet the new disclosure requirements.

(iii) IFRS 18, 'Presentation and Disclosure in Financial Statements'

On April 9, 2024, the IASB published IFRS 18 'Presentation and Disclosure in Financial Statements'. IFRS 18, which replaces IAS 1, 'Presentation of Financial Statements', introduces new disclosure requirements regarding the required presentation of 'operating profit', management performance measures and improvement on grouping information within the financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted.

The Group is in the process of assessing the impact from meeting the new disclosure requirements.

(iv) The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS No. 16, 'Lease')
- Lack of Exchangeability (Amendments to IAS No. 21, 'The Effects of Changes in Foreign Exchange Rates')

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

4. Cash and Cash Equivalents and Deposits in Banks

Cash and cash equivalents and deposits in banks as of December 31, 2022 and December 31, 2023 are as follows:

(In millions of won)

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Current assets		
Cash and cash equivalents		
Cash	₩ 1,076	3
Deposits	1,823,573	2,257,519
	<u>₩ 1,824,649</u>	<u>2,257,522</u>
Deposits in banks		
Time deposits	₩ 267,163	900
Restricted deposits(*)	1,455,444	905,071
	<u>₩ 1,722,607</u>	<u>905,971</u>
Non-current assets		
Deposits in banks		
Restricted deposits(*)	₩ 11	11

(*) Includes funds deposited under agreements on mutually beneficial cooperation to aid LG Group companies' suppliers, restricted deposits pledged to guarantee the Controlling Company and subsidiary's borrowings and others.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

5. Trade Accounts and Notes Receivable, Other Accounts Receivable and Others

(a) Trade accounts and notes receivable as of December 31, 2022 and December 31, 2023 are as follows:

(In millions of won)

	December 31, 2022	December 31, 2023
Due from third parties	₩ 2,042,746	2,827,163
Due from related parties	316,168	390,930
	<u>₩ 2,358,914</u>	<u>3,218,093</u>

(b) Other accounts receivable as of December 31, 2022 and December 31, 2023 are as follows:

(In millions of won)

	December 31, 2022	December 31, 2023
Current assets		
Non-trade receivables, net	₩ 146,921	112,739
Accrued income	22,505	14,246
	<u>₩ 169,426</u>	<u>126,985</u>

Due from related parties included in other accounts receivable, as of December 31, 2022 and 2023 are ₩12,957 million and ₩11,520 million, respectively.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

5. Trade Accounts and Notes Receivable, Other Accounts Receivable and Others, Continued

(c) The aging of trade accounts and notes receivable, and other accounts receivable as of December 31, 2022 and December 31, 2023 are as follows:

(In millions of won)

	December 31, 2022			
	Book value		Allowance for impairment	
	Trade accounts and notes receivable	Other accounts receivable	Trade accounts and notes receivable	Other accounts receivable
Current	₩2,332,769	166,067	(841)	(1,721)
1-15 days past due	12,019	1,000	(4)	(9)
16-30 days past due	2,256	-	(1)	-
31-60 days past due	391	201	-	(1)
More than 60 days past due	12,354	3,936	(29)	(47)
	<u>₩2,359,789</u>	<u>171,204</u>	<u>(875)</u>	<u>(1,778)</u>

(In millions of won)

	December 31, 2023			
	Book value		Allowance for impairment	
	Trade accounts and notes receivable	Other accounts receivable	Trade accounts and notes receivable	Other accounts receivable
Current	₩ 3,212,514	123,919	(932)	(191)
1-15 days past due	3,077	1,357	(1)	-
16-30 days past due	3,435	156	-	(2)
31-60 days past due	-	168	-	(2)
More than 60 days past due	-	1,592	-	(12)
	<u>₩ 3,219,026</u>	<u>127,192</u>	<u>(933)</u>	<u>(207)</u>

The movement in the allowance for impairment in respect of trade accounts and notes receivable and other accounts receivable for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	Trade accounts and notes receivable		
	2021	2022	2023
Balance at the beginning of the year	₩ 1,047	1,204	875
(Reversal of) bad debt expense	157	(329)	58
Balance at the end of the year	<u>₩ 1,204</u>	<u>875</u>	<u>933</u>

(In millions of won)

	Other accounts receivable		
	2021	2022	2023
Balance at the beginning of the year	₩ 1,778	2,005	1,778
(Reversal of) bad debt expense	227	(227)	(239)
Write-off	-	-	(1,332)
Balance at the end of the year	<u>₩ 2,005</u>	<u>1,778</u>	<u>207</u>

(d) Other current assets as of December 31, 2022 and 2023 are as follows:

	December 31, 2022	December 31, 2023
<i>(In millions of won)</i>		
Advanced payments	₩ 22,134	1,675
Prepaid expenses	74,420	103,355
Value added tax refundable	220,182	143,608
Right to recover returned goods	8,155	5,121
	<u>₩ 324,891</u>	<u>253,759</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

6. Other Financial Assets

Other financial assets as of December 31, 2022 and 2023 are as follows:

<i>(In millions of won)</i>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Current assets		
Financial assets at fair value through profit or loss		
Derivatives(*)	₩ 119,417	136,762
Financial assets carried at amortized cost		
Deposits	₩ 8,962	1,356
Short-term loans	30,062	26,375
Lease receivables	6,914	4,130
	₩ 45,938	31,861
	₩ 165,355	168,623
Non-current assets		
Financial assets at fair value through profit or loss		
Equity instruments	₩ 96,064	87,027
Convertible securities	1,797	3,127
Derivatives(*)	110,663	32,941
	₩ 208,524	123,095
Financial assets carried at amortized cost		
Deposits	₩ 17,624	17,022
Long-term loans	58,806	33,509
Lease receivables	4,144	—
	₩ 80,574	50,531
	₩ 289,098	173,626

(*) Represents cross currency interest rate swap contracts and others entered into by the Group to hedge currency and interest rate risks with respect to foreign currency denominated borrowings and bonds. The contracts are not designated as hedging instruments.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

7. Inventories

Inventories as of December 31, 2022 and 2023 are as follows:

(In millions of won)

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Finished goods	₩ 822,177	750,775
Work-in-process	1,235,363	1,145,606
Raw materials	651,602	457,356
Supplies	163,776	173,991
	<u>₩ 2,872,918</u>	<u>2,527,728</u>

For the years ended December 31, 2021, 2022 and 2023, the amount of inventories recognized as cost of sales and inventory write-downs included in cost of sales and usage of inventory write-downs are as follows:

(In millions of won)

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Inventories recognized as cost of sales	₩ 24,572,939	25,027,703	20,985,643
Including: Inventory write-downs	224,576	245,619	192,627
Usage of inventory write-downs	213,932	224,576	245,619

There were no significant reversals of inventory write-downs recognized during the years ended December 31, 2021, 2022 and 2023.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

8. Investments in Equity Accounted Investees

(a) Associates as of December 31, 2022 and 2023 are as follows:

(In millions of won)

Associates	Location	Fiscal year end	Date of incorporation	Business	2022		2023	
					Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount
Paju Electric Glass Co., Ltd.	Paju, South Korea	December 31	January 2005	Manufacture glass for display	40%	₩ 42,784	40%	₩ 24,200
WooRee E&L Co., Ltd. (*1)	Ansan, South Korea	December 31	June 2008	Manufacture LED back light unit packages	13%	13,576	13%	7,106
YAS Co., Ltd.	Paju, South Korea	December 31	April 2002	Develop and manufacture deposition equipment for OLEDs	15%	28,976	16%	28,564
AVATEC Co., Ltd.	Daegu, South Korea	December 31	August 2000	Process and sell glass for display	14%	20,133	14%	20,871
Arctic Sentinel, Inc.	Los Angeles, U.S.A.	March 31	June 2008	Develop and manufacture tablet for kids	10%	—	10%	—
Cynora GmbH	Bruchsal, Germany	December 31	March 2003	Develop organic emitting materials for displays and lighting devices	11%	—	10%	—

(In millions of won)

Associates	Location	Fiscal year end	Date of incorporation	Business	2022		2023	
					Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount
Material Science Co., Ltd. (*2)(*3)	Seoul, South Korea	December 31	January 2014	Develop, manufacture, and sell materials for display	10%	₩ 3,650	16%	₩ 3,588
						₩ 109,119		₩ 84,329

(*1) During 2023, the Controlling Company recognized an impairment loss of ₩5,662 million as finance cost for the difference between the carrying amount and the recoverable amount of investments in WooRee E&L Co., Ltd.

(*2) During 2023, the Controlling Company recognized an impairment loss of ₩1,146 million as finance cost for the difference between the carrying amount and the recoverable amount of investments in Material Science Co., Ltd.

(*3) During 2023, due to the investee's acquisition of treasury shares, the Group's shareholding ratio increased from 10% to 16%.

Although the Controlling Company's respective share interests in WooRee E&L Co., Ltd., YAS Co., Ltd., AVATEC Co., Ltd., Arctic Sentinel, Inc., Cynora GmbH and Material Science Co., Ltd. are below 20%, the Controlling Company is able to exercise significant influence through its right to appoint a director to the board of directors of each investee. Accordingly, the investments in these investees have been accounted for using the equity method.

As of December 31, 2023, the market value of the Group's share in WooRee E&L Co., Ltd., YAS Co., Ltd., and AVATEC Co., Ltd., all of which are listed in KOSDAQ, are ₩7,106 million, ₩21,320 million and ₩29,160 million, respectively. Dividends income recognized from equity method investees for the years ended December 31, 2021, 2022 and 2023 amounted to ₩4,068 million, ₩4,461 million and ₩15,200 million, respectively.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

8. Investments in Equity Accounted Investees, Continued

- (b) Summary of financial information of Paju Electric Glass Co., Ltd., a significant associate of the Group, as of December 31, 2022 and 2023 and for the years ended December 31, 2021, 2022 and 2023 are as follows:

<i>(In millions of won)</i>	December 31, 2022	December 31, 2023
Total assets	₩ 136,784	109,992
Current assets	98,490	94,705
Non-current assets	38,294	15,287
Total liabilities	29,118	47,875
Current liabilities	28,332	47,459
Non-current liabilities	786	416

<i>(In millions of won)</i>	2021	2022	2023
Revenue	₩ 425,516	319,264	184,880
Profit(loss) for the year	13,364	6,192	(2,655)
Other comprehensive loss	(1,258)	(10,216)	(4,894)
Total comprehensive income (loss)	12,106	(4,024)	(7,549)

- (c) Reconciliation from financial information of the significant associate to its carrying value in the consolidated financial statements as of December 31, 2022 and 2023 are as follows:

- (i) As of December 31, 2022

<i>(In millions of won)</i>	Net asset	Ownership interest	Net asset (applying ownership interest)	Goodwill	Intra-group transaction	Impairment loss	Book value
Paju Electric Glass Co., Ltd.	₩ 107,666	40%	43,066	—	(282)	—	42,784

- (ii) As of December 31, 2023

<i>(In millions of won)</i>	Net asset	Ownership interest	Net asset (applying ownership interest)	Goodwill	Intra-group transaction	Impairment loss	Book value
Paju Electric Glass Co., Ltd.	₩ 62,117	40%	24,847	—	(647)	—	24,200

- (d) Book value of other associates, in aggregate, as of December 31, 2022 and 2023 are as follows:

- (i) As of December 31, 2022

<i>(In millions of won)</i>	Book value	Net profit (loss) of associates (applying ownership interest)		
		Profit for the year	Other comprehensive loss	Total comprehensive loss
Other associates	₩ 66,335	2,724	(7,516)	(4,792)

- (ii) As of December 31, 2023

<i>(In millions of won)</i>	Book value	Net profit (loss) of associates (applying ownership interest)		
		Profit for the year	Other comprehensive loss	Total comprehensive loss
Other associates	₩ 60,129	(1,634)	(722)	(2,356)

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

8. Investments in Equity Accounted Investees, Continued

- (e) Changes in investments in associates accounted for using the equity method for the years ended December 31, 2022 and 2023 are as follows:

(In millions of won)

Company	January 1	Reclassification(*)	Dividends received	2022			December 31
				Equity income on investments	Other comprehensive loss	Other gain	
Associates							
Paju Electric Glass Co., Ltd.	₩ 48,398	—	(4,361)	2,834	(4,087)	—	42,784
Others	78,321	(10,620)	(100)	2,724	(7,516)	3,526	66,335
	₩ 126,719	(10,620)	(4,461)	5,558	(11,603)	3,526	109,119

(*) During 2022, certain investment was reclassified into the financial asset at fair value through profit or loss as the Group lost its right to appoint members of the board of directors due to the changes in contractual arrangement.

(In millions of won)

Company	January 1	Dividends received	2023			December 31
			Equity income on investments	Other comprehensive loss	Other gain	
Associates						
Paju Electric Glass Co., Ltd.	₩ 42,784	(15,200)	(1,427)	(1,957)	—	24,200
Others	66,335	—	(1,634)	(722)	(3,850)	60,129
	₩ 109,119	(15,200)	(3,061)	(2,679)	(3,850)	84,329

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

9. Property, Plant and Equipment

(a) Changes in property, plant and equipment for the year ended December 31, 2022 are as follows:

(In millions of won)

	Land	Buildings and structures	Machinery and equipment	Furniture and fixtures	Construction-in-progress (*1)	Right-of-use asset	Others (*2)	Total
Acquisition cost as of January 1, 2022	₩ 433,847	8,583,015	50,288,095	863,241	6,867,667	235,436	1,184,889	68,456,190
Accumulated depreciation as of January 1, 2022	—	(4,068,333)	(40,637,254)	(675,638)	—	(111,382)	(853,778)	(46,346,385)
Accumulated impairment loss as of January 1, 2022	—	(209,152)	(1,230,974)	(8,484)	(76,069)	(4,188)	(22,492)	(1,551,359)
Book value as of January 1, 2022	₩ 433,847	4,305,530	8,419,867	179,119	6,791,598	119,866	308,619	20,558,446
Additions	—	—	—	—	5,709,828	72,567	—	5,782,395
Depreciation	—	(373,089)	(3,182,783)	(83,747)	—	(76,370)	(269,796)	(3,985,785)
Disposals	(3,573)	—	(172,547)	(477)	—	—	(36,958)	(213,555)
Impairment loss (*3)	—	(252,997)	(672,061)	(6,912)	(292,564)	(3,439)	(29,282)	(1,257,255)
Others (*4)	45,771	196,747	1,732,712	78,497	(2,425,047)	(420)	334,931	(36,809)
Government grants received	—	—	(57,503)	—	—	—	—	(57,503)
Effect of movements in exchange rates	—	27,755	116,514	2,738	5,895	454	3,643	156,999
Book value as of December 31, 2022	₩ 476,045	3,903,946	6,184,199	169,218	9,789,710	112,658	311,157	20,946,933
Acquisition cost as of December 31, 2022	₩ 476,045	8,699,292	50,722,745	902,477	10,145,865	271,761	1,299,892	72,518,077
Accumulated depreciation as of December 31, 2022	₩ —	(4,348,201)	(42,744,139)	(719,862)	—	(151,550)	(962,598)	(48,926,350)
Accumulated impairment loss as of December 31, 2022	₩ —	(447,145)	(1,794,407)	(13,397)	(356,155)	(7,553)	(26,137)	(2,644,794)

(*1) As of December 31, 2022, construction-in-progress mainly relates to construction of manufacturing facilities.

(*2) Others mainly consist of tools and equipment.

(*3) During 2022, Display (Large OLED) CGU was assessed for impairment, and impairment losses amounting to ₩1,236,563 million are recognized as other expenses

(*4) Others mainly represent the reclassification of construction-in-progress to other property, plant and equipment.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

9. Property, Plant and Equipment, Continued

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

(In millions of won)

	Land	Buildings and structures	Machinery and equipment	Furniture and fixtures	Construction-in-progress (*1)	Right-of-use asset	Others (*2)	Total
Acquisition cost as of January 1, 2023	₩ 476,045	8,699,292	50,722,745	902,477	10,145,865	271,761	1,299,892	72,518,077
Accumulated depreciation as of January 1, 2023	—	(4,348,201)	(42,744,139)	(719,862)	—	(151,550)	(962,598)	(48,926,350)
Accumulated impairment loss as of January 1, 2023	—	(447,145)	(1,794,407)	(13,397)	(356,155)	(7,553)	(26,137)	(2,644,794)
Book value as of January 1, 2023	₩ 476,045	3,903,946	6,184,199	169,218	9,789,710	112,658	311,157	20,946,933
Additions	—	—	—	—	3,392,876	74,611	—	3,467,487
Depreciation	—	(376,264)	(2,837,242)	(75,727)	—	(68,349)	(279,200)	(3,636,782)
Disposals	(330)	(758)	(506,420)	(1,896)	—	—	(43,368)	(552,772)
Impairment loss (*3)	—	8	(53,513)	(6)	—	—	(6,554)	(60,065)
Others (*4)	(2,902)	1,494,070	3,963,010	60,585	(5,900,151)	—	374,182	(11,206)
Government grants received	—	—	(7,417)	—	—	—	—	(7,417)
Effect of movements in exchange rates	—	9,189	39,066	964	3,626	326	983	54,154
Book value as of December 31, 2023	₩ 472,813	5,030,191	6,781,683	153,138	7,286,061	119,246	357,200	20,200,332
Acquisition cost as of December 31, 2023	₩ 472,813	10,192,281	52,107,890	942,376	7,571,687	245,149	1,448,688	72,980,884
Accumulated depreciation as of December 31, 2023	₩ —	(4,715,087)	(43,466,025)	(775,953)	—	(119,804)	(1,062,377)	(50,139,246)
Accumulated impairment loss as of December 31, 2023	₩ —	(447,003)	(1,860,182)	(13,285)	(285,626)	(6,099)	(29,111)	(2,641,306)

(*1) As of December 31, 2023, construction-in-progress mainly relates to construction of manufacturing facilities.

(*2) Others mainly consist of tools and equipment.

(*3) Impairment losses of ₩60,065 million are recognized for the difference between the carrying amount and the recoverable amount of property, plant and equipment.

(*4) Others mainly represent the reclassification of construction-in-progress to other property, plant and equipment.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

9. Property, Plant and Equipment, Continued

(c) Capitalized borrowing costs and capitalization rate for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	2021	2022	2023
Capitalized borrowing costs	₩ 64,606	152,074	258,168
Capitalization rate	3.69%	3.11%	5.18%

(d) The Group provides a portion of property, plant and equipment as an operating lease. During 2023, rental income from property, plant and equipment is W2,271 million (2021: ₩1,978 million, 2022: ₩2,806 million).

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

10. Intangible Assets and Non-financial Assets Impairment

(a) Changes in intangible assets for the year ended December 31, 2022 are as follows:

(In millions of won)

	Intellectual property rights	Software	Member- ships	Development costs	Construction- in-progress	Customer relationships	Technology	Good- will	Others (*2)	Total
Acquisition cost as of January 1, 2022	₩ 1,873,027	1,261,232	30,742	1,771,383	19,562	59,176	12,763	106,334	13,081	5,147,300
Accumulated amortization as of January 1, 2022	(915,764)	(1,023,062)	—	(1,318,476)	—	(37,491)	(11,243)	—	(13,081)	(3,319,117)
Accumulated impairment loss as of January 1, 2022	(28,945)	(9,309)	(1,659)	(63,692)	—	(21,685)	—	(57,995)	—	(183,285)
Book value as of January 1, 2022	₩ 928,318	228,861	29,083	389,215	19,562	—	1,520	48,339	—	1,644,898
Additions - internally developed	—	—	—	502,755	—	—	—	—	—	502,755
Additions - external purchases	187,114	24,741	7,004	—	95,179	—	—	—	—	314,038
Amortization (*1)	(192,983)	(105,615)	—	(272,102)	—	—	(168)	—	—	(570,868)
Disposals	—	(977)	(10,608)	—	—	—	—	—	—	(11,585)
Impairment loss (*3)(*4)	(34,901)	(17,799)	(42)	(54,649)	—	—	(43)	(26,963)	—	(134,397)
Transfer from construction-in-progress	—	85,319	—	—	(85,319)	—	—	—	—	—
Effect of movements in exchange rates	10,108	(2,957)	33	—	(1,253)	—	—	2,185	—	8,116
Book value as of December 31, 2022	₩ 897,656	211,573	25,470	565,219	28,169	—	1,309	23,561	—	1,752,957
Acquisition cost as of December 31, 2022	₩ 2,074,083	1,340,637	27,170	2,016,477	28,169	59,176	12,763	108,519	13,081	5,680,075
Accumulated amortization as of December 31, 2022	₩ (1,115,014)	(1,108,459)	—	(1,358,446)	—	(37,491)	(11,411)	—	(13,081)	(3,643,902)
Accumulated impairment loss as of December 31, 2022	₩ (61,413)	(20,605)	(1,700)	(92,812)	—	(21,685)	(43)	(84,958)	—	(283,216)

(*1) The Group has classified the amortization as manufacturing overhead costs, selling expenses, administrative expenses and research and development expenses.

(*2) Others mainly consist of rights to use electricity and gas supply facilities.

(*3) During 2022, Display (Large OLED) CGU was assessed for impairment, and impairment losses amounting to ₩93,966 million are recognized as other expenses. The impairment amount is allocated to goodwill, development costs, intellectual property rights and others.

(*4) The Group recognized an impairment loss amounting to ₩33,386 million for development projects which are not likely to generate revenue.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

10. Intangible Assets and Non-financial Assets Impairment, Continued

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

(In millions of won)

	Intellectual property rights	Software	Member- ships	Development costs	Construction- in-progress	Customer relationships	Technology	Good- will	Others (*2)	Total
Acquisition cost as of January 1, 2023	₩ 2,074,083	1,340,637	27,170	2,016,477	28,169	59,176	12,763	108,519	13,081	5,680,075
Accumulated amortization as of January 1, 2023	(1,115,014)	(1,108,459)	—	(1,358,446)	—	(37,491)	(11,411)	—	(13,081)	(3,643,902)
Accumulated impairment loss as of January 1, 2023	(61,413)	(20,605)	(1,700)	(92,812)	—	(21,685)	(43)	(84,958)	—	(283,216)
Book value as of January 1, 2023	₩ 897,656	211,573	25,470	565,219	28,169	—	1,309	23,561	—	1,752,957
Additions - internally developed	—	—	—	493,608	—	—	—	—	—	493,608
Additions - external purchases	118,344	—	—	—	117,443	—	—	—	—	235,787
Amortization (*1)	(187,819)	(105,285)	—	(363,162)	—	—	(163)	—	—	(656,429)
Disposals	(202)	(396)	(3,796)	—	—	—	—	—	—	(4,394)
Impairment loss (*3)	(1,633)	(425)	—	(52,775)	—	—	—	—	—	(54,833)
Reversal of impairment loss	—	—	242	—	—	—	—	—	—	242
Transfer from construction-in-progress	—	115,275	—	(1,429)	(112,568)	—	—	—	—	1,278
Effect of movements in exchange rates	2,433	2,712	6	—	(8)	—	—	596	—	5,739
Book value as of December 31, 2023	₩ 828,779	223,454	21,922	641,461	33,036	—	1,146	24,157	—	1,773,955
Acquisition cost as of December 31, 2023	₩ 2,189,071	1,403,157	23,463	2,295,468	33,036	59,176	12,763	109,115	13,081	6,138,330
Accumulated amortization as of December 31, 2023	₩ (1,299,655)	(1,160,702)	—	(1,509,575)	—	(37,491)	(11,574)	—	(13,081)	(4,032,078)
Accumulated impairment loss as of December 31, 2023	₩ (60,637)	(19,001)	(1,541)	(144,432)	—	(21,685)	(43)	(84,958)	—	(332,297)

(*1) The Group has classified the amortization as manufacturing overhead costs, selling expenses, administrative expenses and research and development expenses.

(*2) Others mainly consist of rights to use electricity and gas supply facilities.

(*3) The Group recognized an impairment loss amounting to ₩52,775 million for development projects which are not likely to generate revenue.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

10. Intangible Assets and Non-financial Assets Impairment, Continued

(c) Development costs and Intellectual property rights as of December 31, 2022 and 2023 are as follows:

Development costs

(i) As of December 31, 2022

<i>(In millions of won)</i> Classification	Product type	Book Value
Development completed	TV	₩ 55,187
	IT	24,684
	Mobile and others	199,552
		₩ 279,423
Development in process	TV	₩ 60,376
	IT	100,380
	Mobile and others	125,040
		₩ 285,796
		₩ 565,219

(ii) As of December 31, 2023

<i>(In millions of won)</i> Classification	Product type	Book Value
Development completed	TV	₩ 43,956
	IT	63,049
	Mobile and others	190,487
		₩ 297,492
Development in process	TV	₩ 46,368
	IT	175,023
	Mobile and others	122,578
		₩ 343,969
		₩ 641,461

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

10. Intangible Assets and Non-financial Assets Impairment, Continued

Intellectual property rights

(i) As of December 31, 2022

(In millions of won and in years)

Classification	Category	Book Value	Remaining amortization period (*1)
Patent	Direct additions	₩ 198,136	7.2
	Licenses agreement(*2)	697,605	6.0
		₩ 895,741	
Other		1,915	3.6
		₩ 897,656	

(*1) Weighted average of the remaining useful life at the end of the reporting period as each patent has a different remaining amortization period.

(*2) The Group's rights under contracts with the patent company.

(ii) As of December 31, 2023

(In millions of won and in years)

Classification	Category	Book Value	Remaining amortization period (*1)
Patent	Direct additions	₩ 214,634	7.1
	Licenses agreement(*2)	611,801	5.5
		₩ 826,435	
Other		2,344	3.6
		₩ 828,779	

(*1) Weighted average of the remaining useful life at the end of the reporting period as each patent has a different remaining amortization period.

(*2) The Group's rights under contracts with the patent company.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

10. Intangible Assets and Non-financial Assets Impairment, Continued

(d) Impairment assessment on CGU as of December 31, 2022

(i) Changes in Cash Generating Unit (“CGU”)

During 2022, the Group distinguished Display (Large OLED) CGU as a separate CGU from the existing Display CGU due to withdrawal of the domestic LCD TV business and the reorganization of the related businesses. As of December 31, 2022, the Group’s cash-generating units consist of Display CGU, Display (Large OLED) CGU and Display (AD PO) CGU. Changes in the carrying amount of goodwill allocated to the related CGUs are as follows:

(In millions of won)

	December 31, 2021	2022			December 31, 2022
		Effect of movements in exchange rates	Changes in CGU (*)	Impairment	
Display CGU	₩ 48,339	2,185	(26,963)	—	23,561
Display (Large OLED) CGU	—	—	26,963	(26,963)	—
	₩ 48,339	2,185	—	(26,963)	23,561

(*) During 2022, a portion of goodwill allocated to Display CGU as of December 31, 2021 was re-allocated to Display (Large OLED) CGU.

(ii) Impairment assessment on CGU

As of December 31, 2022, the Group performed impairment tests for Display CGU and Display (Large OLED) CGU. No impairment test was performed for Display (AD PO) CGU, impairment loss for which was initially recognized in 2019, as there was no indicator of impairment or reversal identified during 2022.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

10. Intangible Assets and Non-financial Assets Impairment, Continued

(d) Impairment assessment on CGU as of December 31, 2022, Continued

The recoverable amount of each CGU is determined based on its value in use. Value in use is calculated using the estimated cash flow based on 5-year business plan approved by management. The estimated revenue and operating expenditures of the Group's products used in the forecast was determined considering external sources and the Group's past experience. Management estimated the future cash flows based on its past performance and forecasts on market growth. The key assumptions used in the estimation of value in use for Display CGU and Display (Large OLED) CGU include revenue and operating expenditures for the forecast period, growth rates for subsequent years ("terminal growth rate"), and discount rate. Terminal growth rate and the discount rate used in the estimation of value in use are as follows.

	Pre-tax discount rate(*)	Post-tax discount rate(*)	Terminal growth rate
2021			
Display CGU	10.5%	8.4%	1.0%
2022			
Display CGU	10.8%	9.0%	1.0%
Display (Large OLED) CGU	10.5%	9.0%	1.0%

(*) The discount rate was calculated using the weighted average cost of equity capital and debt and the beta of equity capital was calculated as the average of five global listed companies in the same industry and the Group. Cost of debt was calculated using the yield rate of non-guaranteed corporate bond considering the Group's credit rating and debt ratio was determined using the average of the debt ratios of the five global listed companies in the same industry and the Group. The Group calculates the value in use of each CGU using post-tax cash flows and a post-tax discount rate, and the result is not significantly different from the value in use calculated using pre-tax cash flows and pre-tax discount rate.

As a result of the impairment test for Display CGU, the recoverable amount exceeded its carrying amount by ₩365,774 million. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The value in use determined for this CGU is sensitive to the discount rate and terminal growth rate used in the discounted cash flow model. Specifically, the discount rate and terminal growth rate would need to increase by 0.28% and decrease by 0.31%, individually (holding all the other assumptions constant) for the estimated recoverable amount to be equal to the carrying amount.

As a result of the impairment test, due to unfavorable changes in the business environment, the carrying amount of Display (Large OLED) CGU exceeded the recoverable amount of ₩2,999,393 million and an impairment loss of ₩1,330,529 million was recognized as other expenses. If the discount rate increases by 0.5%, the value in use would have decreased by ₩262,590 million (8.8%) and if the terminal growth rate decreases by 0.5%, the value in use would have decreased by ₩201,256 million (6.7%).

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

10. Intangible Assets and Non-financial Assets Impairment, Continued

(e) Impairment assessment on CGU as of December 31, 2023

As of December 31, 2023, the Group's cash-generating units consist of Display CGU, Display (Large OLED) CGU and Display (AD PO) CGU. As of December 31, 2023, the Group performed impairment assessment for Display CGU. All the goodwill balance as of December 31, 2023 is allocated to the Display CGU.

The recoverable amount of Display CGU is determined based on its value in use. Value in use is calculated using the estimated cash flow based on 5-year business plan approved by management. The estimated revenue and operating expenditures of the Group's products used in the forecast was determined considering external sources and the Group's historical experience. Management estimated the future cash flows based on its past performance and forecasts on market growth. The key assumptions used in the estimation of value in use for Display CGU include revenue and operating expenditures for the forecast period and discount rate. Growth rates for subsequent years ("Terminal growth rate") and the discount rate used in the estimation of value in use are as follows.

	Pre-tax discount rate(*)	Post-tax discount rate(*)	Terminal growth rate
2022			
Display CGU	10.8%	9.0%	1.0%
2023			
Display CGU	10.9%	9.0%	1.0%

(*) The discount rate was calculated using the weighted average cost of equity capital and debt and the beta of equity capital was calculated as the average of five global listed companies in the same industry and the Group. Cost of debt was calculated using the yield rate of non-guaranteed corporate bond considering the Group's credit rating and debt ratio was determined using the average of the debt ratios of the five global listed companies in the same industry and the Group. The Group calculates the value in use of the CGU using post-tax cash flows and a post-tax discount rate, and the result is not significantly different from the value in use calculated using pre-tax cash flows and pre-tax discount rate.

As a result of impairment assessment for Display CGU, the recoverable amount exceeded its carrying amount by ₩975,459 million. Management has identified that a reasonably possible change in certain key assumption could cause the carrying amount to exceed the recoverable amount. The value in use determined for this CGU is sensitive to the discount rate used in the discounted cash flow model. Specifically, the discount rate would need to increase by 0.92% (holding all the other assumptions constant) for the estimated recoverable amount to be equal to the carrying amount.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

11. Investment Property

(a) Changes in investment property for the year ended December 31, 2022 and 2023 are as follows:

(In millions of won)

	2022	2023
Book value as of January 1	₩ —	28,269
Transfer from property, plant and equipment	36,809	9,928
Depreciation	(804)	(4,962)
Impairment loss	(7,736)	—
Others	—	(240)
Book value as of December 31	₩ 28,269	32,995

(b) During 2023, rental income from investment property is ₩5,478 million (2022: ₩358 million).

12. Financial Liabilities

(a) Financial liabilities as of December 31, 2022 and 2023 are as follows:

(In millions of won)	December 31, 2022	December 31, 2023
Current		
Short-term borrowings	₩ 2,578,552	1,875,635
Current portion of long-term borrowings	2,538,917	2,934,693
Current portion of bonds	316,648	369,716
Derivatives(*1)	14,443	26,193
Fair value hedging derivatives(*2)	—	7,392
Lease liabilities	40,694	48,666
	₩ 5,489,254	5,262,295
Non-current		
Long-term borrowings	₩ 8,425,195	10,230,658
Bonds	1,132,098	1,118,427
Derivatives (*1)	32,965	37,333
Fair value hedging derivatives (*2)	—	28,660
Lease liabilities	32,094	24,698
	₩ 9,622,352	11,439,776

(*1) Represents cross currency interest rate swap contracts and others entered into by the Group to hedge currency and interest rate risks with respect to foreign currency denominated borrowings and bonds. The contracts are not designated as hedging instruments.

(*2) Represents forward exchange contracts entered into by the Group to hedge exchange rate risks with respect to advances received in foreign currency. The contracts are designated as hedging instruments.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

12. Financial Liabilities, Continued

(b) Short-term borrowings as of December 31, 2022 and 2023 are as follows.

(In millions of won, USD and CNY)

Lender	Annual interest rate as of December 31, 2023 (%)	December 31, 2022	December 31, 2023
Standard Chartered Bank Korea Limited and others	3.40~6.95	₩ 2,578,552	1,875,635
Foreign currency equivalent		USD 1,252	USD 747
		CNY 1,000	CNY 345

(c) Won denominated long-term borrowings as of December 31, 2022 and 2023 are as follows:

(In millions of won)

Lender	Annual interest rate as of December 31, 2023 (%)	December 31, 2022	December 31, 2023
LG Electronics Inc.	6.06	₩ —	1,000,000
Korea Development Bank and others	1.90~7.50	2,986,102	3,490,967
Less current portion of long-term borrowings		₩(1,341,500)	(776,000)
		<u>₩ 1,644,602</u>	<u>3,714,967</u>

(d) Foreign currency denominated long-term borrowings as of December 31, 2022 and 2023 are as follows:

(In millions of won, USD and CNY)

Lender	Annual interest rate as of December 31, 2023 (%)	December 31, 2022	December 31, 2023
KEB Hana Bank and others	1.82~8.60	₩ 7,978,010	8,674,384
Foreign currency equivalent		USD 3,494	USD 3,222
		CNY 19,569	CNY 24,991
Less current portion of long-term borrowings		₩(1,197,417)	(2,158,693)
		<u>₩ 6,780,593</u>	<u>6,515,691</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

12. Financial Liabilities, Continued

(e) Details of bonds issued and outstanding as of December 31, 2022 and 2023 are as follows:

(In millions of won and USD)

	<u>Maturity</u>	<u>Annual interest rate as of December 31, 2023 (%)</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Won denominated bonds at amortized cost(*1)				
Publicly issued bonds	February 2024 ~ February 2027	2.29~3.66	₩ 1,215,000	1,025,000
Privately issued bonds	January 2025 ~ January 2026	7.20~7.25	110,000	337,000
Less discount on bonds			(2,927)	(2,120)
Less current portion			(189,975)	(369,716)
			<u>₩ 1,132,098</u>	<u>990,164</u>
Foreign currency denominated bonds at amortized cost(*2)				
Privately issued bonds	April 2026	7.29	₩ 126,730	128,940
Foreign currency equivalent (contractual par amount)			USD 100	USD 100
Less discount on bonds			(57)	(677)
Foreign currency equivalent (discount on bonds)			USD (0)	USD (1)
Less current portion			(126,673)	—
			<u>₩ —</u>	<u>128,263</u>
			<u>₩ 1,132,098</u>	<u>1,118,427</u>

(*1) Principal of the won denominated bonds is to be repaid at maturity and interests are paid quarterly.

(*2) Principal of the foreign currency denominated bonds is to be repaid at maturity and interests are paid quarterly.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

13. Employee Benefits

The Controlling Company and certain subsidiaries' defined benefit plans provide a lump-sum payment to an employee based on final salary rates and length of service at the time the employee leaves the Controlling Company or certain subsidiaries.

The defined benefit plans expose the Group to actuarial risks, such as the risk associated with expected periods of service, interest rate risk, market (investment) risk, and others.

- (a) Net defined benefit liabilities (defined benefit assets) recognized as of December 31, 2022 and 2023 are as follows:

(In millions of won)

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Present value of partially funded defined benefit obligations	₩ 1,602,697	1,491,146
Fair value of plan assets	(2,048,687)	(1,897,025)
	<u>₩ (445,990)</u>	<u>(405,879)</u>
Defined benefit liabilities, net	₩ 1,531	1,559
Defined benefit assets, net	₩ 447,521	407,438

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

(In millions of won)

	<u>2022</u>	<u>2023</u>
Defined benefit obligations at January 1	₩ 1,684,096	1,602,697
Current service cost	173,534	173,879
Interest cost	59,104	83,793
Remeasurements (before tax)	(195,908)	(65,505)
Benefit payments	(116,472)	(287,100)
Net transfers from (to) related parties	(1,363)	(16,551)
Others	(294)	(67)
Defined benefit obligations at December 31	<u>₩ 1,602,697</u>	<u>1,491,146</u>

Weighted average remaining maturity of defined benefit obligations as of December 31, 2022 and 2023 are 12.95 years and 12.20 years, respectively.

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

(In millions of won)

	<u>2022</u>	<u>2023</u>
Fair value of plan assets at January 1	₩ 1,750,783	2,048,687
Expected return on plan assets	64,378	107,735
Remeasurements (before tax)	(30,044)	(870)
Contributions by employer directly to plan assets	371,398	2,219
Benefit payments	(107,828)	(260,528)
Net transfers from (to) related parties	—	(218)
Fair value of plan assets at December 31	<u>₩ 2,048,687</u>	<u>1,897,025</u>

The estimated contributions payable in the following financial year is ₩180,902 million.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

13. Employee Benefits, Continued

(d) Plan assets as of December 31, 2022 and 2023 are as follows:

<i>(In millions of won)</i>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Guaranteed deposits in banks	₩ 2,048,687	1,897,025

As of December 31, 2023, the Group maintains the plan assets primarily with Mirae Asset Securities Co., Ltd., KB Insurance Co., Ltd. and others.

(e) Expenses related to defined benefit plans recognized in profit or loss for the years ended December 31, 2021, 2022 and 2023 are as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Current service cost	₩ 150,136	173,534	173,879
Net interest cost	(5,895)	(5,274)	(23,942)
	<u>₩ 144,241</u>	<u>168,260</u>	<u>149,937</u>

Expenses are recognized in the consolidated statements of comprehensive income (loss) as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Cost of sales	₩ 110,750	128,706	114,226
Selling expenses	6,631	8,017	7,138
Administrative expenses	16,496	18,780	16,865
Research and development expenses	10,364	12,757	11,708
	<u>₩ 144,241</u>	<u>168,260</u>	<u>149,937</u>

(f) Remeasurements of net defined benefit liabilities (assets) included in other comprehensive income (loss) for the years ended December 31, 2021, 2022 and 2023 are as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Balance at January 1	₩ 38,154	(125,293)	(2,900)
Remeasurements			
Actuarial profit or loss arising from:			
Experience adjustment	(124,974)	(83,376)	66,461
Demographic assumptions	(7,206)	(8,020)	(85)
Financial assumptions	(73,138)	287,304	(871)
Return on plan assets	(15,483)	(30,044)	(870)
Group's share of associates regarding remeasurements	(84)	32	170
	<u>₩ (220,885)</u>	<u>165,896</u>	<u>64,805</u>
Income tax	₩ 57,438	(43,503)	(14,818)
Balance at December 31	<u>₩ (125,293)</u>	<u>(2,900)</u>	<u>47,087</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

13. Employee Benefits, Continued

- (g) Principal actuarial assumptions as of December 31, 2022 and 2023 (expressed as weighted averages) are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Expected rate of salary increase	4.7%	4.0%
Discount rate for defined benefit obligations	5.4%	4.6%

Assumptions regarding future mortality are based on published statistics and mortality tables. The current mortality underlying the values of the liabilities in the defined benefit plans are as follows:

		<u>December 31, 2022</u>	<u>December 31, 2023</u>
Teens	Males	0.00%	0.00%
	Females	0.00%	0.00%
Twenties	Males	0.01%	0.01%
	Females	0.00%	0.00%
Thirties	Males	0.01%	0.01%
	Females	0.00%	0.00%
Forties	Males	0.02%	0.02%
	Females	0.01%	0.01%
Fifties	Males	0.04%	0.04%
	Females	0.02%	0.02%

- (h) Reasonably possible changes to respective relevant actuarial assumptions would have affected the defined benefit obligations by the following amounts as of December 31, 2023:

(In millions of won)

	<u>Defined benefit obligations</u>	
	<u>1% increase</u>	<u>1% decrease</u>
Discount rate for defined benefit obligations	₩ (157,102)	184,374
Expected rate of salary increase	192,107	(165,703)

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

14. Provisions

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

(In millions of won)

	Litigation and claims	Warranties (*)	Others	Total
Balance at January 1, 2022	₩ —	257,126	9,247	266,373
Additions (reversal)	1,680	251,395	(816)	252,259
Usage	—	(259,153)	—	(259,153)
Balance at December 31, 2022	₩ 1,680	249,368	8,431	259,479
Current	₩ 1,680	163,211	8,431	173,322
Non-current	₩ —	86,157	—	86,157

(*) Product warranties on defective products are normally applicable for warranty periods from the date of customer's purchase. The provision is calculated by using historical and anticipated rates of warranty claims, and costs per claim to satisfy the Group's warranty obligation.

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

(In millions of won)

	Litigation and claims	Warranties (*)	Others	Total
Balance at January 1, 2023	₩ 1,680	249,368	8,431	259,479
Additions (reversal)	126	101,846	(2,551)	99,421
Usage	—	(177,419)	—	(177,419)
Balance at December 31, 2023	₩ 1,806	173,795	5,880	181,481
Current	₩ 1,806	109,990	5,880	117,676
Non-current	₩ —	63,805	—	63,805

(*) Product warranties on defective products are normally applicable for warranty periods from the date of customer's purchase. The provision is calculated by using historical and anticipated rates of warranty claims, and costs per claim to satisfy the Group's warranty obligation.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

15. Contingent Liabilities and Commitments

(a) Legal Proceedings

Anti-trust litigations

Some individual claimants filed “follow-on” damages claims against the Group and other TFT-LCD manufacturers alleging violations of EU competition law. While the Group continues its vigorous defense of the various pending proceedings described above, as of December 31, 2023, the Group cannot reliably estimate the timing and amount of outflows of resources embodying economic benefits relating to the proceedings.

Others

The Group is involved in various lawsuits and disputes in addition to the pending proceedings described above. The Group cannot reliably estimate the timing and amount of outflows of resources embodying economic benefits relating to the disputes.

(b) Commitments

Factoring and securitization of accounts receivable

The Controlling Company has agreements with Korea Development Bank and several other banks for accounts receivable sales negotiating facilities of up to an aggregate of USD 1,000 million (₩1,289,400 million) in connection with the Controlling Company’s export sales transactions with its subsidiaries. As of December 31, 2023, there are no short-term borrowings that are outstanding but past due in connection with these agreements. In connection with all of the contracts in this paragraph, the Controlling Company has sold its accounts receivable with recourse.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

15. Contingent Liabilities and Commitments, Continued

The Controlling Company and overseas subsidiaries have agreements with financial institutions for accounts receivables sales negotiating facilities. The respective maximum amount of accounts receivables that could be sold under the agreement and the amount of sold, but not yet due, accounts receivables by contract are as follows:

(In millions of USD and won)

Classification	Financial institutions	Credit limit		Not yet due			
		Contractual amount	KRW equivalent	Contractual amount	KRW equivalent		
Controlling Company	Sumitomo Mitsui Banking Corporation	USD	20	25,788	—	—	
	MUFG Bank	USD	180	232,092	USD	3	3,815
	BNP Paribas	USD	15	19,341	—	—	
	ING Bank	USD	40	51,576	USD	7	9,026
		USD	<u>255</u>	<u>328,797</u>	USD	<u>10</u>	<u>12,841</u>
Subsidiaries							
LG Display Singapore Pte. Ltd.	Standard Chartered Bank	USD	100	128,940	—	—	
	United Overseas Bank Limited	USD	150	193,410	USD	50	64,478
	JPMorgan Chase Bank, N.A., Singapore Branch	USD	50	64,470	—	—	
	Credit Agricole Corporate & Investment Bank, Singapore Branch	USD	300	386,820	—	—	
	ING Bank	USD	<u>50</u>	<u>64,470</u>	—	—	
LG Display Taiwan Co., Ltd.	BNP Paribas	USD	15	19,341	—	—	
	Australia and New Zealand Banking Group Ltd.	USD	<u>160</u>	<u>206,304</u>	USD	<u>39</u>	<u>50,159</u>
LG Display Germany GmbH	BNP Paribas	USD	135	174,069	USD	55	70,906
LG Display America, Inc.	Hong Kong & Shanghai Banking Corp.	USD	400	515,760	USD	200	257,881
	Standard Chartered Bank	USD	1,000	1,289,400	USD	868	1,119,287
	ING Bank	USD	<u>150</u>	<u>193,410</u>	USD	<u>30</u>	<u>38,735</u>
LG Display Japan Co., Ltd.	Standard Chartered Bank	USD	120	154,728	USD	20	25,790
	Chelsea Capital Corporation	USD	<u>20</u>	<u>25,788</u>	—	—	
LG Display Guangzhou Trading Co., Ltd.	KEB Hana Bank (China) Company Limited	USD	30	38,682	USD	20	25,797
		USD	<u>2,680</u>	<u>3,455,592</u>	USD	<u>1,282</u>	<u>1,653,033</u>
		USD	<u>2,935</u>	<u>3,784,389</u>	USD	<u>1,292</u>	<u>1,665,874</u>

In connection with all of the contracts in the above table, the Group has sold its accounts receivable without recourse.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

15. Contingent Liabilities and Commitments, Continued

Letters of credit

As of December 31, 2023, the Group entered into agreements with financial institutions in relation to the opening of letters of credit and the respective credit limits under the agreements are as follows:

(In millions of USD and won)

		Contractual amount	KRW equivalent
KEB Hana Bank	USD	450	₩ 580,230
Industrial Bank of Korea	USD	450	580,230
Industrial and Commercial Bank of China	USD	200	257,880
Shinhan Bank	USD	70	90,258
KB Kookmin Bank	USD	700	902,580
MUFG Bank	USD	100	128,940
The Export–Import Bank of Korea	USD	100	128,940
	USD	2,070	₩ 2,669,058

Payment guarantees

The Controlling Company was provided with payment guarantees amounting to USD 1,200 million (₩1,547,280 million) from KB Kookmin Bank and others for advances received related to the long-term supply agreements.

LG Display (China) Co., Ltd. and other subsidiaries were provided with payment guarantees from the China Construction Bank and other various banks amounting to CNY 850 million (₩153,714 million), JPY 900 million (₩8,214 million), VND 73,279 million (₩3,898 million), and USD 0.5 million (₩689 million), respectively, for their local tax payments and utility payments.

License agreements

As of December 31, 2023, the Group has technical license agreements with Hitachi Display, Ltd. and others in relation to its LCD business and patent license agreement with Universal Display Corporation and others in relation to its OLED business. Also, the Group has a trademark license agreement with LG Corp. and other intellectual property license agreements with various companies as of December 31, 2023.

Long-term supply agreement

As of December 31, 2023, in connection with long-term supply agreements with customers, the Controlling Company recognized USD 1,200 million (₩1,547,280 million) in advances received. The advances received will be used to offset accounts receivable arising from future product sales after a specified period of time. The Controlling Company was provided with payment guarantees amounting to USD 1,200 million (₩1,547,280 million) from KB Kookmin Bank and other various banks relating to advances received (see note 15(b)).

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

15. Contingent Liabilities and Commitments, Continued

Pledged assets

The pledged assets has provided by the Group are as follows:

(In millions of won, USD and CNY)

Pledged Assets	Carrying amount	Maximum bond amount	Secured creditor	Borrowing amount
Property, plant and equipment and others	₩ 507,234	1,200,000	LG Electronics Inc.	1,000,000
	89,703	326,400	Korea Development Bank and others	272,000
	264,335	780,000	Korea Development Bank and others	200,000
	711,885	—	China Construction Bank Corporation and others	CNY 9,330
Deposits in banks and others	CNY 5,825	1,053,338	Shinhan Bank and others	USD 400 450,000

The property, plant and equipment amounting to ₩89,703 million are provided as collateral for borrowings of ₩272,000 million and ₩200,000 million to Korea Development Bank and others.

Commitments for asset acquisition

The Group's commitments in relation to capital expenditures on property, plant and equipment and intangible assets as of December 31, 2023 are ₩838,126 million. This commitment has not been recognized in these consolidated financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

16. Share Capital, Share Premium and Reserves

(a) Share capital and Share Premium

The Controlling Company is authorized to issue 500,000,000 shares of capital stock (par value ₩5,000), and as of December 31, 2022 and December 31, 2023, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2022 to December 31, 2023.

The Group's capital surplus consists of share premium. There have been no changes in share premium from January 1, 2022 to December 31, 2023.

(b) Reserves

Reserves consist mainly of the following:

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Other comprehensive income (loss) from associates

The other comprehensive income (loss) from associates comprises the amount related to change in equity of investments in equity accounted investees.

Reserves as of December 31, 2022 and 2023 are as follows:

(In millions of won)

	December 31, 2022	December 31, 2023
Foreign currency translation differences for foreign operations	₩ 509,620	548,792
Other comprehensive loss from associates	(29,992)	(32,816)
	<u>₩ 479,628</u>	<u>515,976</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

16. Share Capital, Share Premium and Reserves, Continued

The movement in reserves for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	Loss on valuation of derivatives	Foreign currency translation differences for foreign operations	Other comprehensive income (loss) from associates (excluding remeasurements)	Total
January 1, 2021	₩ —	(138,667)	(24,779)	(163,446)
Change in reserves	(9,227)	705,318	4,497	700,588
December 31, 2021	<u>(9,227)</u>	<u>566,651</u>	<u>(20,282)</u>	<u>537,142</u>
January 1, 2022	(9,227)	566,651	(20,282)	537,142
Change in reserves	9,227	(57,031)	(9,710)	(57,514)
December 31, 2022	<u>—</u>	<u>509,620</u>	<u>(29,992)</u>	<u>479,628</u>
January 1, 2023	—	509,620	(29,992)	479,628
Change in reserves	—	39,172	(2,824)	36,348
December 31, 2023	<u>₩ —</u>	<u>548,792</u>	<u>(32,816)</u>	<u>515,976</u>

17. Geographic and Other Information

The following is a summary of the Group's operation by region based on the location of customers for the years ended December 31, 2021, 2022 and 2023.

(a) Revenue by geography

(In millions of won)

	2021	2022(*)	2023
Domestic	₩ 632,531	678,246	633,529
Foreign			
China	19,866,707	17,434,407	14,704,357
Asia (excluding China)	3,256,126	2,796,648	2,397,980
Americas	3,263,055	3,078,924	2,079,628
Europe (excluding Poland)	1,159,669	988,566	613,924
Poland	1,699,955	1,387,946	901,401
	<u>₩ 29,245,512</u>	<u>25,686,491</u>	<u>20,697,290</u>
	<u>₩ 29,878,043</u>	<u>26,364,737</u>	<u>21,330,819</u>

(*) Revenue for 2022 excludes ₩212,956 million of forward exchange hedging loss which was reclassified from accumulated other comprehensive income to revenue when the sales from the hedged forecast transactions are recognized.

Sales to Company A and Company B amount to ₩11,119,769million and ₩3,371,229 million, respectively, for the year ended December 31, 2023 (2021: ₩12,019,534 million and ₩5,924,262 million, 2022: ₩11,731,702million and ₩4,699,282 million, respectively). The Group's top ten end-brand customers together accounted for 87% of sales for the year ended December 31, 2023 (2021: 86%, 2022: 86%).

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

17. Geographic and Other Information, Continued

(b) Non-current assets by geography

(In millions of won)

	December 31, 2022			December 31, 2023		
	Property, plant and equipment	Intangible assets	Investment Property	Property, plant and equipment	Intangible assets	Investment Property
Domestic	₩ 14,042,794	1,633,866	28,269	13,583,136	1,683,116	32,995
Foreign						
China	4,302,527	53,388	—	3,358,395	32,009	—
Vietnam	2,590,438	20,315	—	3,244,729	31,472	—
Others	11,174	45,388	—	14,072	27,358	—
	₩ 6,904,139	119,091	—	6,617,196	90,839	—
	₩ 20,946,933	1,752,957	28,269	20,200,332	1,773,955	32,995

(c) Revenue by product and services

(In millions of won)

	2021	2022(*)	2023
TV	₩ 9,466,192	6,975,269	4,331,474
IT	12,458,740	11,197,954	7,853,034
Mobile and others	7,953,111	8,191,514	9,146,311
	₩ 29,878,043	26,364,737	21,330,819

(*) Revenue for 2022 excludes ₩212,956 million of forward exchange hedging loss which was reclassified from accumulated other comprehensive income to revenue when the sales from the hedged forecast transactions are recognized.

The proportion of revenue from OLED products to total revenue disclosed above was 36%, 40% and 48% for the years ended December 31, 2021, 2022 and 2023, respectively.

18. The Nature of Expenses and Others

The classification of expenses by nature for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	2021	2022	2023
Changes in inventories	₩ (1,179,232)	477,457	345,190
Purchases of raw materials, merchandise and others	15,207,659	13,521,132	10,810,985
Depreciation and amortization	4,500,701	4,557,457	4,213,742
Outsourcing	776,755	1,096,681	922,565
Labor	3,795,943	3,669,275	3,439,608
Supplies and others	1,235,473	1,212,142	938,568
Utility	1,029,953	1,189,105	1,193,025
Fees and commissions	789,885	834,449	704,763
Shipping	345,204	276,253	124,770
Advertising	126,335	108,315	76,404
Warranty	216,873	251,395	101,846
Travel	59,519	66,428	66,201
Taxes and dues	141,131	144,038	129,784
Others	720,467	2,322,067	1,043,238
	₩ 27,766,666	29,726,194	24,110,689

Total expenses consist of cost of sales, selling and administrative expenses, research and development expenses and other expenses, excluding foreign exchange differences.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

19. Selling and Administrative Expenses

Details of selling and administrative expenses for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Salaries	₩ 387,414	354,709	372,966
Expenses related to defined benefit plans	22,859	26,872	24,822
Other employee benefits	86,757	91,396	86,692
Shipping	298,684	213,613	91,960
Fees and commissions	248,478	272,337	253,495
Depreciation	267,042	263,739	264,982
Taxes and dues	74,542	69,851	65,528
Advertising	126,335	108,315	76,404
Warranty	216,873	251,395	101,846
Insurance	16,654	15,100	13,610
Travel	6,935	17,912	18,421
Training	15,556	15,458	9,775
Others	84,323	126,022	95,186
	<u>₩ 1,852,452</u>	<u>1,826,719</u>	<u>1,475,687</u>

20. Personnel Expenses

Details of personnel expenses for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Salaries and wages	₩ 3,138,798	2,975,325	2,850,927
Other employee benefits	589,598	652,915	613,072
Contributions to National Pension plan	68,962	77,062	81,625
Expenses related to defined benefit plans and defined contribution plans	144,739	169,362	158,756
	<u>₩ 3,942,097</u>	<u>3,874,664</u>	<u>3,704,380</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

21. Other Income and Other Expenses

(a) Details of other income for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Foreign currency gain	₩ 1,210,689	3,098,553	1,398,181
Gain on disposal of property, plant and equipment	19,367	25,737	34,961
Gain on disposal of intangible assets	196	—	1,989
Reversal of impairment loss on property, plant and equipment	1,121	3,181	7
Reversal of impairment loss on intangible assets	1,152	1,975	242
Rental income	1,978	2,806	2,271
Others	17,632	53,585	34,607
	<u>₩ 1,252,135</u>	<u>3,185,837</u>	<u>1,472,258</u>

(b) Details of other expenses for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Foreign currency loss	₩ 1,161,628	2,957,048	1,516,528
Loss on disposal of property, plant and equipment	64,350	54,432	102,453
Impairment loss on property, plant and equipment	19,085	1,260,436	60,072
Loss on disposal of intangible assets	—	193	55
Impairment loss on intangible assets	29,488	136,372	54,833
Impairment loss on investments	—	7,736	—
Others	6,308	30,197	52,293
	<u>₩ 1,280,859</u>	<u>4,446,414</u>	<u>1,786,234</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

22. Finance Income and Finance Costs

- (a) Finance income and costs recognized in profit or loss for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	2021	2022	2023
Finance income			
Interest income	₩ 88,888	85,624	134,664
Foreign currency gain	81,600	308,665	560,633
Gain on disposal of investments in equity accounted investees	—	2,993	2,994
Reversal of impairment loss on investments in equity accounted investees	4,701	613	—
Gain on transaction of derivatives	9,393	49,503	178,610
Gain on valuation of derivatives	234,742	193,570	239,973
Gain on disposal of financial assets at fair value through profit or loss	—	173	132
Gain on valuation of financial assets at fair value through profit or loss	6,511	11,678	5,288
Gain on valuation of financial liabilities at fair value through profit or loss	—	220,240	—
	<u>₩ 425,835</u>	<u>873,059</u>	<u>1,122,294</u>
Finance costs			
Interest expense	₩ 434,089	414,521	723,429
Foreign currency loss	381,132	440,604	512,456
Loss on disposal of investments in equity accounted investees	—	80	37
Impairment loss on investments in equity accounted investees	2,609	—	6,808
Loss on repayment of borrowings and bonds	250	2,672	167
Loss on sale of trade accounts and notes receivable	4,877	37,087	48,600
Loss on transaction of derivatives	1,049	359	—
Loss on valuation of derivatives	21,795	65,585	316,467
Loss on valuation of financial assets at fair value through profit or loss	704	5,205	18,562
Loss on valuation of financial liabilities at fair value through profit or loss	68,421	—	—
Others	1,688	250	8,008
	<u>₩ 916,614</u>	<u>966,363</u>	<u>1,634,534</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

23. Income Tax Expense (Benefit)

- (a) Details of income tax expense (benefit) for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	2021	2022	2023
Current tax expense (benefit)			
Current year	₩ 199,591	206,465	260,556
Adjustment for prior years	163,570	(59,484)	(67,985)
	<u>₩ 363,161</u>	<u>146,981</u>	<u>192,571</u>
Deferred tax expense (benefit)			
Origination and reversal of temporary differences and others	₩ 60,233	(842,529)	(1,112,066)
Change in unrecognized deferred tax assets(*)	(38,053)	457,763	156,783
	<u>₩ 22,180</u>	<u>(384,766)</u>	<u>(955,283)</u>
Income tax expense (benefit)	<u>₩ 385,341</u>	<u>(237,785)</u>	<u>(762,712)</u>

(*) Due to the impact of the changes in estimates of future taxable income, change in unrecognized deferred tax assets consist of effect from reducing deferred tax assets in relation to tax credit carryforwards.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

23. Income Tax Expense (Benefit), Continued

- (b) Income taxes recognized directly in other comprehensive income or loss for the years ended December 31, 2021, 2022, and 2023 are as follows:

(In millions of won)

	2021		
	Before tax	Tax benefit (expense)	Net of tax
Remeasurements of net defined benefit liabilities (assets)	₩ (220,801)	57,438	(163,363)
Gain (loss) on valuation of derivatives	(12,495)	3,268	(9,227)
Foreign currency translation differences for foreign operations	871,292	(1,503)	869,789
Change in equity of equity method investee	6,364	(1,951)	4,413
	<u>₩ 644,360</u>	<u>57,252</u>	<u>701,612</u>

(In millions of won)

	2022		
	Before tax	Tax benefit (expense)	Net of tax
Remeasurements of net defined benefit liabilities (assets)	₩ 165,864	(43,503)	122,361
Gain (loss) on valuation of derivatives	12,495	(3,268)	9,227
Foreign currency translation differences for foreign operations	(80,718)	(245)	(80,963)
Change in equity of equity method investee	(11,603)	1,925	(9,678)
	<u>₩ 86,038</u>	<u>(45,091)</u>	<u>40,947</u>

(In millions of won)

	2023		
	Before tax	Tax benefit (expense)	Net of tax
Remeasurements of net defined benefit liabilities (assets)	₩ 64,635	(14,818)	49,817
Foreign currency translation differences for foreign operations	43,572	(20,429)	23,143
Change in equity of equity method investee	(2,679)	25	(2,654)
	<u>₩ 105,528</u>	<u>(35,222)</u>	<u>70,306</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

23. Income Tax Expense (Benefit), Continued

(c) Reconciliation of the actual effective tax rate for the years ended December 31, 2021, 2022, and 2023 are as follows:

(In millions of won)

	2021		2022		2023	
Profit (loss) for the year	₩	1,333,544	(3,195,585)	(2,576,729)		
Income tax expense (benefit)		385,341	(237,785)	(762,712)		
Profit (loss) before income tax	₩	1,718,885	(3,433,370)	(3,339,441)		
Income tax expense (benefit) using the statutory tax rate of each country		30.37% 521,954	21.51% (738,403)	23.65% (789,941)		
Non-deductible expenses		1.01% 17,354	(0.55%) 18,742	(0.59%) 19,759		
Tax credits		(3.28%) (56,439)	4.23% (145,189)	6.22% (207,745)		
Change in unrecognized deferred tax assets(*1)		(2.21%) (38,053)	(13.33%) 457,763	(4.69%) 156,783		
Adjustment for prior years(*2)		(0.49%) (8,349)	0.06% (2,072)	0.32% (10,726)		
Effect on change in tax rate		(2.29%) (39,338)	(4.90%) 168,372	(1.80%) 60,134		
Others		(0.69%) (11,788)	(0.09%) 3,002	(0.27%) 9,024		
Income tax expense (benefit)	₩	385,341	(237,785)	(762,712)		
Effective tax rate		22.42%	(*3)	(*3)		

(*1) Due to the impact of the changes in estimates of future taxable income, change in unrecognized deferred tax assets consist of effect from reducing deferred tax assets in relation to tax credit carry forwards.

(*2) Adjustment for prior years consists of expected amount adjusted for transfer price investigation for prior periods and others.

(*3) Actual effective tax rate is not calculated due to income tax benefit.

(d) Global Minimum Tax

The Organization for Economic Cooperation and Development implemented the Base Erosion and Profit Shifting (BEPS) 2.0 framework, which imposes a minimum tax for multinational enterprise groups with total consolidated group revenue of EUR 750 million or more in at least two of the four preceding years. Under the model rules, the above mentioned entities would be required to pay a top-up tax on excess profits in any jurisdiction in which the global anti-base erosion effective tax rate for the jurisdiction is below a 15% minimum rate. The top-up tax is paid to the tax authority of the country where the controlling company that meets certain requirements is located.

However, since the newly enacted tax legislation in Korea is effective from January 1, 2024, there is no current tax impact for the year ended December 31, 2023.

As of December 31, 2023, the Group's consolidated revenues exceeds EUR 750 million for each of the last two consecutive financial years. For 2024, management does not expect any of the countries where the subsidiaries are located will have a statutory tax rate of below 15%.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

23. Income Tax Expense (Benefit), Continued

(d) Global Minimum Tax, continued

LG Display Vietnam Haiphong Co., Ltd., a subsidiary located in Vietnam, is eligible for additional tax credits that reduce its effective tax rate to below 15%, but it is not expected to be subject to the global minimum tax if the government support is a Qualified Refundable Tax Credit (QRTC).

24. Deferred Tax Assets and Liabilities

(a) Unrecognized deferred tax liabilities

As of December 31, 2023, in relation to the taxable temporary differences on investments in subsidiaries amounting to ₩523,448 million, the Controlling Company did not recognize deferred tax liabilities since the Controlling Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

(b) Unused tax credit carryforwards for which no deferred tax asset is recognized

As of December 31, 2023, the amount of unused tax credit carryforwards for which no deferred tax asset is recognized and their expiration dates are as follows:

(In millions of won)

	<u>Total</u>	<u>December 31, 2025</u>	<u>December 31, 2026</u>	<u>December 31, 2027</u>	<u>December 31, 2028</u>	<u>December 31, 2029</u>	<u>December 31, 2030</u>	<u>December 31, 2031</u>	<u>December 31, 2032</u>	<u>December 31, 2033</u>
Tax credit carryforwards	₩ 869,364	7,302	18,476	114,435	90,124	99,937	60,401	79,543	159,552	239,594

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

24. Deferred Tax Assets and Liabilities, Continued

(c) Deferred tax assets and liabilities

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The book value of the Group's deferred income tax assets and liabilities may differ from the amounts actually recovered or settled.

Deferred tax assets and liabilities are attributable to the following:

<i>(In millions of won)</i>	Assets		Liabilities		Total	
	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023
Other accounts						
receivable, net	₩ —	—	(2,009)	(61)	(2,009)	(61)
Inventories, net	62,014	51,728	—	—	62,014	51,728
Defined benefit						
liabilities, net	—	—	(95,850)	(89,753)	(95,850)	(89,753)
Investments in						
subsidiaries and						
associates	—	—	(252,375)	(89,649)	(252,375)	(89,649)
Accrued expenses	111,293	97,867	—	—	111,293	97,867
Property, plant and						
equipment	704,117	609,345	(17,322)	(43,282)	686,795	566,063
Intangible assets	25,340	13,314	(4,042)	(2,069)	21,298	11,245
Provisions	57,210	39,586	—	—	57,210	39,586
Other temporary						
differences	112,771	70,182	(26,519)	(11,451)	86,252	58,731
Tax loss						
carryforwards	1,795,132	2,766,820	—	—	1,795,132	2,766,820
Tax credit						
carryforwards	170,971	148,215	—	—	170,971	148,215
Deferred tax assets						
(liabilities)	₩ <u>3,038,848</u>	<u>3,797,057</u>	<u>(398,117)</u>	<u>(236,265)</u>	<u>2,640,731</u>	<u>3,560,792</u>

Realization of deferred tax assets related to unused tax losses and tax credit carryforwards which are primarily related to Korea is affected by estimates in future taxable profits before they expire. The estimation uncertainty is primarily driven by the Group's assumptions in revenue and operating expenditures.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

24. Deferred Tax Assets and Liabilities, Continued

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

<i>(In millions of won)</i>	January 1, 2022	Profit or loss	Other comprehensive Income(loss)	December 31, 2022	Profit or loss	Other comprehensive loss	December 31, 2023
Other accounts							
receivable, net	₩ (17)	(1,992)	—	(2,009)	1,948	—	(61)
Inventories, net	68,679	(6,665)	—	62,014	(10,286)	—	51,728
Defined benefit							
liabilities, net	(26,642)	(25,705)	(43,503)	(95,850)	20,915	(14,818)	(89,753)
Subsidiaries and associates	(233,552)	(20,503)	1,680	(252,375)	183,130	(20,404)	(89,649)
Accrued expenses	250,582	(139,289)	—	111,293	(13,426)	—	97,867
Property, plant and equipment	603,492	83,303	—	686,795	(120,732)	—	566,063
Intangible assets	10,814	10,484	—	21,298	(10,053)	—	11,245
Provisions	68,893	(11,683)	—	57,210	(17,624)	—	39,586
Other temporary differences	110,678	(21,158)	(3,268)	86,252	(27,521)	—	58,731
Tax loss carryforwards	958,624	836,508	—	1,795,132	971,688	—	2,766,820
Tax credit carryforwards	489,505	(318,534)	—	170,971	(22,756)	—	148,215
Deferred tax assets (liabilities)	<u>₩ 2,301,056</u>	<u>384,766</u>	<u>(45,091)</u>	<u>2,640,731</u>	<u>955,283</u>	<u>(35,222)</u>	<u>3,560,792</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

25. Earnings (Loss) per Share Attributable to Owners of the Controlling Company

(a) Basic earnings (loss) per share for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In won and number of shares)

	2021	2022	2023
Profit (loss) attributable to owners of the Controlling Company for the year	₩ 1,186,182,126,952	(3,071,564,667,651)	(2,733,741,837,803)
Weighted-average number of common stocks outstanding	357,815,700	357,815,700	357,815,700
Basic earnings (loss) per share	₩ <u>3,315</u>	<u>(8,584)</u>	<u>(7,640)</u>

For the years ended December 31, 2021, 2022 and 2023 there were no events or transactions that resulted in changes in the number of common stocks used for calculating basic earnings (loss) per share.

On March 15, 2024, the Controlling Company issued 142,184,300 new shares of common stock, with the total issuance amount of ₩1,292,455 million at the price of ₩9,090 per share. (see Note 31).

(b) Diluted earnings per share for the year ended December 31, 2021 are determined as follows:

(In won and number of shares)

	2021
Profit attributable to owners of the Controlling Company	₩ 1,186,182,126,952
Adjustments:	
Interest expenses of convertible bond, net of income tax	11,382,390,353
Loss on fair value valuation of convertible bond, net of income tax	50,521,798,972
Diluted profit attributable to owners of the Controlling Company	₩ 1,248,086,316,277
Weighted-average number of common stocks outstanding, after adjustment	398,804,698
Diluted earnings per share	₩ <u>3,130</u>

Weighted-average number of common stocks outstanding, after adjustment, for measurement of diluted earnings per share is determined as follows:

(Number of shares)

	2021
Weighted-average number of common stocks outstanding	357,815,700
Adjustment : Number of common stocks to be issued from conversion	40,988,998
Weighted-average number of common stocks outstanding, after adjustment	<u>398,804,698</u>

Diluted loss per share is not different from basic loss per share as there are no dilution effects of potential common stocks for the years ended December 31, 2022 and 2023.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management

The Group is exposed to credit risk, liquidity risk and market risks. The Group identifies and analyzes such risks, and controls are implemented under a risk management system to monitor and manage these risks at below an acceptable level.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Controlling Company, Korean won (KRW). The currencies in which these transactions primarily are denominated are USD, CNY, JPY, etc.

Interest on borrowings is accrued in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily KRW, USD and CNY.

The Group adopts policies to ensure that its net exposure is kept to a manageable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. In respect of monetary assets and liabilities denominated in foreign currencies, the Group manages currency risk through continuously managing the position of foreign currencies, measuring the currency risk and, if necessary, using derivatives such as currency forwards, currency swap and others.

i) Exposure to currency risk

The Group's exposure to foreign currency risk based on notional amounts as of December 31, 2022 and 2023 are as follows:

(In millions)

	December 31, 2022						
	USD	JPY	CNY	TWD	EUR	PLN	VND
Cash and cash equivalents	1,040	228	1,984	25	1	1	151,912
Deposits in banks	69	—	8,888	—	—	—	—
Trade accounts and notes receivable	1,725	103	703	—	—	—	—
Other accounts receivables	26	114	253	10	21	—	15,800
Other assets denominated in foreign currencies	30	191	82	7	—	—	11,353
Trade accounts and notes payable	(1,824)	(4,987)	(1,306)	—	—	—	(478,926)
Other accounts payable	(565)	(19,084)	(1,711)	(8)	(10)	—	(2,681,508)
Financial liabilities	(4,846)	—	(20,569)	—	—	—	—
	<u>(4,345)</u>	<u>(23,435)</u>	<u>(11,676)</u>	<u>34</u>	<u>12</u>	<u>1</u>	<u>(2,981,369)</u>
Cross currency interest rate swap contracts (*)	2,430	—	—	—	—	—	—
Net exposure	<u>(1,915)</u>	<u>(23,435)</u>	<u>(11,676)</u>	<u>34</u>	<u>12</u>	<u>1</u>	<u>(2,981,369)</u>

(*) Of cross currency interest rate swap contracts, USD 700 million were entered into to hedge currency risk with respect to foreign currency denominated borrowings and USD 1,730 million were entered into to hedge currency risk and interest rate risk with respect to foreign currency denominated borrowings and bonds.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management, Continued

(In millions)

	December 31, 2023						
	USD	JPY	CNY	TWD	EUR	PLN	VND
Cash and cash equivalents	1,074	654	1,695	38	2	1	226,342
Deposits in banks	—	—	7,411	—	—	—	—
Trade accounts and notes receivable	2,442	—	430	—	(2)	—	—
Other accounts receivables	6	186	294	20	—	—	13,969
Other assets denominated in foreign currencies	23	188	34	7	—	—	13,146
Trade accounts and notes payable	(1,721)	(9,837)	(1,765)	—	2	—	(740,674)
Other accounts payable	(545)	(14,589)	(2,151)	(6)	(5)	—	(1,309,118)
Financial liabilities	(4,068)	—	(25,336)	—	—	—	—
Advances received	(1,200)	—	—	—	—	—	—
	<u>(3,989)</u>	<u>(23,398)</u>	<u>(19,388)</u>	<u>59</u>	<u>(3)</u>	<u>1</u>	<u>(1,796,335)</u>
Cross currency interest rate swap contracts(*1)	1,930	—	345	—	—	—	—
Forward exchange contracts(*2)	1,200	—	—	—	—	—	—
Net exposure	<u>(859)</u>	<u>(23,398)</u>	<u>(19,043)</u>	<u>59</u>	<u>(3)</u>	<u>1</u>	<u>(1,796,335)</u>

(*1) Of cross currency interest rate swap contracts, USD 500 million and CNY 345 million were entered into to hedge currency risk with respect to foreign currency denominated borrowings and USD 1,430 million were entered into to hedge currency risk and interest rate risk with respect to foreign currency denominated borrowings and bonds.

(*2) Represents forward exchange contracts entered into by the Group to hedge exchange rate risks with respect to advances received in foreign currency. The contracts are designated as hedging instruments.

Average exchange rates applied for the years ended December 31, 2021, 2022 and 2023 and the exchange rates at December 31, 2022 and 2023 are as follows:

(In won)

	Average rate (year-to-date)			Reporting date spot rate	
	2021	2022	2023	December 31, 2022	December 31, 2023
USD	₩ 1,144.10	1,291.15	1,306.12	1,267.30	1,289.40
JPY	10.42	9.85	9.32	9.53	9.13
CNY	177.36	191.60	184.28	181.44	180.84
TWD	40.99	43.36	41.94	41.27	41.98
EUR	1,353.25	1,357.29	1,412.67	1,351.20	1,426.59
PLN	296.51	289.78	311.36	288.70	329.11
VND	0.0499	0.0551	0.0548	0.0537	0.0532

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management, Continued

ii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Group's assets or liabilities denominated in a foreign currency as of December 31, 2022 and 2023, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considers to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, would remain constant. The changes in equity and profit or loss would have been as follows:

(In millions of won)

	December 31, 2022		December 31, 2023	
	Equity	Profit or loss	Equity	Profit or loss
USD (5 percent weakening)	₩ (114,317)	(23,215)	(68,615)	44,361
JPY (5 percent weakening)	(8,614)	(8,541)	(8,160)	(8,480)
CNY (5 percent weakening)	(105,926)	(5)	(172,198)	(2)
TWD (5 percent weakening)	68	3	122	9
EUR (5 percent weakening)	896	(281)	(208)	(52)
PLN (5 percent weakening)	11	11	8	8
VND (5 percent weakening)	(6,161)	(6,161)	(3,683)	(3,683)

A stronger won against the above currencies as of December 31, 2022 and 2023 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

iii) Fair value hedging derivatives

In relation to advances received that are denominated in foreign currencies, the Controlling Company uses derivative instruments to hedge change of fair value due to foreign currency exchange rate changes. As of December 31, 2023, there is no ineffective portion of the gain or loss on valuation of derivatives to which change of fair value hedging accounting has been applied and loss on valuation amounting to ₩36,052 million, respectively, (contracted buying amount: USD 1,200 million, contracted exchange rate: ₩1,289.11 ~ 1,310.08) are recognized in profit or loss.

(ii) Interest rate risk

Interest rate risk arises principally from the Group's variable interest-bearing bonds and borrowings. The Group establishes and applies its policy to reduce uncertainty arising from fluctuations in interest rates and to minimize finance cost and manages interest rate risk by monitoring of trends of fluctuations in interest rate and establishing plan for countermeasures. Meanwhile, the Group entered into cross currency interest rate swap contracts amounting to USD 1,430 million (₩1,843,842 million) and interest rate swap contracts amounting to ₩980,000 million in notional amount to hedge interest rate risk with respect to variable interest bearing borrowings.

i) Profile

The interest rate profile of the Group's interest-bearing financial instruments as of December 31, 2022 and 2023 is as follows:

(In millions of won)

	December 31, 2022	December 31, 2023
Fixed rate instruments		
Financial assets	₩ 3,547,256	3,163,490
Financial liabilities	(6,025,365)	(6,333,238)
	₩ (2,478,109)	(3,169,748)
Variable rate instruments		
Financial liabilities	₩ (8,966,045)	(10,195,891)

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management, Continued

ii) Equity and profit or loss sensitivity analysis for variable rate instruments

As of December 31, 2022 and 2023, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below for the respective following 12 month periods. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(In millions of won)

	Equity		Profit or loss	
	1%p increase	1%p decrease	1%p increase	1%p decrease
December 31, 2022				
Variable rate instruments (*)	₩ (49,885)	49,885	(49,885)	49,885
December 31, 2023				
Variable rate instruments (*)	₩ (56,829)	56,829	(56,829)	56,829

(*) Financial instruments related to non-hedging interest rate swap are excluded from the calculation.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk of trade and other receivables is influenced mainly by the individual characteristics of each customer. However, management believes that the default risk of the country in which each customer operates, does not have a significant influence on credit risk since the majority of the customers are global electronic appliance manufacturers operating in global markets.

The Group establishes credit limits for each customer and each new customer is analyzed quantitatively and qualitatively before determining whether to utilize third party guarantees, insurance or factoring as appropriate.

In relation to the impairment of financial assets subsequent to initial recognition, the Group recognizes the changes in expected credit loss ("ECL") in profit or loss at each reporting date.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of December 31, 2022 and 2023 are as follows:

(In millions of won)

	December 31, 2022	December 31, 2023
Financial assets carried at amortized cost		
Cash equivalents	₩ 1,823,573	2,257,519
Deposits in banks	1,722,618	905,982
Trade accounts and notes receivable, net	2,358,914	3,218,093
Non-trade receivables	146,921	112,739
Accrued income	22,505	14,246
Deposits	26,586	18,378
Loans	88,868	59,884
Lease receivables	11,058	4,130
	₩ 6,201,043	6,590,971
Financial assets at fair value through profit or loss		
Convertible securities	₩ 1,797	3,127
Derivatives	230,080	169,703
	₩ 231,877	172,830
	₩ 6,432,920	6,763,801

Trade accounts and notes receivable are insured in order for the Group to manage credit risk if they do not meet the Group's internal credit ratings. Uninsured trade accounts and notes receivable are managed by continuous monitoring of internal credit rating standards established by the Group and seeking insurance coverage, if necessary.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management, Continued

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has historically been able to satisfy its cash requirements from cash flows from operations and debt and equity financing. To the extent that the Group does not generate sufficient cash flows from operations to meet its capital requirements, the Group may rely on other financing activities, such as external long-term borrowings and offerings of debt instruments, equity-linked and other debt instruments, and equity financing. In addition, the Group maintains a line of credit with various banks.

The following are the contractual maturities of financial liabilities, including estimated interest payments, as of December 31, 2022 and 2023.

	Carrying amount	2022					
		Contractual cash flows in					
		Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Borrowings	₩ 13,542,664	14,674,463	4,329,345	1,266,247	3,135,925	5,591,303	351,643
Bonds	1,448,746	1,570,630	338,815	16,956	400,764	727,752	86,343
Trade accounts and notes payable	4,061,684	4,061,684	3,523,098	538,586	—	—	—
Other accounts payable	2,307,190	2,309,929	2,231,832	78,097	—	—	—
Other accounts payable (enterprise procurement cards) (*)	935,739	935,739	935,739	—	—	—	—
Long-term other accounts payable	435,232	508,194	—	—	103,450	245,064	159,680
Security deposits received	146,788	191,735	—	2,262	8,463	181,010	—
Lease liabilities	72,788	77,803	26,733	16,995	18,552	10,743	4,780
Derivative financial liabilities							
Derivatives	₩ 47,408	29,418	(1,637)	10,741	3,024	17,290	—
	<u>₩ 22,998,239</u>	<u>24,359,595</u>	<u>11,383,925</u>	<u>1,929,884</u>	<u>3,670,178</u>	<u>6,773,162</u>	<u>602,446</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management, Continued

(*) Represents liabilities payable to credit card companies for utility expenses and others paid using enterprise procurement cards. The Group presented the payable to credit card companies as other accounts payable and disclosed related cash flows as operating activities since the Group is using the enterprise procurement cards through agreements with suppliers for transactions arising from purchasing of goods and services, the payment term is within a year from the purchase, as part of the normal operating cycle, and no security is provided. Change in liabilities related to procurement cards for the year ended December 31, 2022 is as follows:

(In millions of won)

	<u>January 1, 2022</u>	<u>Change (Cash flows from operation activities)</u>	<u>December 31, 2022</u>
Other accounts payable (enterprise procurement cards)	₩ 1,074,089	(138,350)	935,739

(In millions of won)

		2023					
		Contractual cash flows in					
		Carrying amount	Total	6 months or less	6-12 months	1-2 years	2-5 years
Non-derivative financial liabilities							
Borrowings	₩ 15,040,986	16,309,036	3,534,173	1,900,982	6,231,118	4,397,095	245,668
Bonds	1,488,143	1,597,741	111,169	319,011	642,996	524,565	—
Trade accounts and notes payable	4,175,064	4,175,064	3,969,497	205,567	—	—	—
Other accounts payable	1,826,723	1,829,539	1,750,080	79,459	—	—	—
Other accounts payable (enterprise procurement cards) (*)	1,092,180	1,092,180	938,899	153,281	—	—	—
Long-term other accounts payable	357,907	413,255	—	—	129,587	175,358	108,310
Security deposits received	153,370	190,329	3,120	4,597	1,047	181,565	—
Lease liabilities	73,364	77,246	29,980	21,335	11,848	11,461	2,622
Derivative financial liabilities							
Derivatives	₩ 63,526	45,705	18,781	3,988	12,474	10,462	—
Derivatives for fair value hedge	36,052	36,052	1,514	5,878	20,282	8,378	—
	₩ 24,307,315	25,766,147	10,357,213	2,694,098	7,049,352	5,308,884	356,600

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management, Continued

(*) Represents liabilities payable to credit card companies for purchase of raw material expenses and others paid using enterprise procurement cards. The Group presented the payable to credit card companies as other accounts payable and disclosed related cash flows as operating activities since the Group is using the enterprise procurement cards through agreements with suppliers for transactions arising from purchasing of goods and services, the payment term is within a year from the purchase, as part of the normal operating cycle, and no security is provided. Change in liabilities related to procurement cards for the year ended December 31, 2023 is as follows:

(In millions of won)

	<u>January 1, 2023</u>	<u>Change (Cash flows from operation activities)</u>	<u>December 31, 2023</u>
Other accounts payable (enterprise procurement cards)	₩ 935,739	156,441	1,092,180

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(d) Capital management

Management's policy is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Liabilities to equity ratio, net borrowings to equity ratio and other financial ratios are used by management to achieve an optimal capital structure. Management also monitors the return on capital as well as the level of dividends to ordinary shareholders.

(In millions of won)

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Total liabilities	₩ 24,366,792	26,988,754
Total equity	11,319,227	8,770,544
Cash and deposits in banks(*1)	3,547,256	3,163,493
Borrowings (including bonds)	14,991,410	16,529,129
Total liabilities to equity ratio	215%	308%
Net borrowings to equity ratio(*2)	101%	152%

(*1) Cash and deposits in banks consist of cash and cash equivalents and current deposits in banks.

(*2) Net borrowings to equity ratio is calculated by dividing total borrowings (including bonds and excluding lease liabilities and others) less cash and current deposits in banks by total equity.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management, Continued

(e) Determination of fair value

(i) Measurement of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Current assets and liabilities

The carrying amounts approximate their fair value because of the short maturity of these instruments.

ii) Trade receivables and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. The carrying amounts of current receivables approximate their fair value.

iii) Investments in equity and debt securities

The fair value of marketable financial assets at FVTPL and FVOCI is determined by reference to their quoted closing bid price at the reporting date. The fair value of non-marketable instruments is determined using the results of fair value assessment performed by external valuation institutions and others.

iv) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, except for the liabilities at FVTPL, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

v) Derivatives

The inputs used to measure the fair value of currency forward and cross currency interest rate swap are calculated based on the exchange rates and interest rates observable in the market at the reporting date.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management, Continued

(ii) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statements of financial position as of December 31, 2022 and 2023 are as follows:

(In millions of won)

	December 31, 2022		December 31, 2023	
	Carrying amounts	Fair values	Carrying amounts	Fair values
Financial assets carried at amortized cost				
Cash and cash equivalents	₩ 1,824,649	(*)	2,257,522	(*)
Deposits in banks	1,722,618	(*)	905,982	(*)
Trade accounts and notes receivable	2,358,914	(*)	3,218,093	(*)
Non-trade receivables	146,921	(*)	112,739	(*)
Accrued income	22,505	(*)	14,246	(*)
Deposits	26,586	(*)	18,378	(*)
Loans	88,868	(*)	59,884	(*)
Lease receivables	11,058	(*)	4,130	(*)
Financial assets at fair value through profit or loss				
Equity instruments	₩ 96,064	96,064	87,027	87,027
Convertible securities	1,797	1,797	3,127	3,127
Derivatives	230,080	230,080	169,703	169,703
Financial liabilities at fair value through profit or loss				
Derivatives	₩ 47,408	47,408	63,526	63,526
Financial liabilities effective for fair value hedging				
Derivatives	₩ —	—	36,052	36,052
Financial liabilities carried at amortized cost				
Borrowings	₩ 13,542,664	13,521,494	15,040,986	15,101,258
Bonds	1,448,746	1,377,696	1,488,143	1,479,725
Trade accounts and notes payable	4,061,684	(*)	4,175,064	(*)
Other accounts payable	3,678,161	(*)	3,276,810	(*)
Security deposits received	146,788	(*)	153,370	(*)
Lease liabilities	72,788	(*)	73,364	(*)

(*) Excluded from disclosures as the carrying amount approximates fair value.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management, Continued

(iii) Fair values of financial assets and liabilities

i) Fair value hierarchy

Financial instruments carried at fair value are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: inputs for the asset or liability that are not based on observable market data

ii) Valuation techniques and inputs for Assets and Liabilities measured by the fair value hierarchy

<i>(In millions of won)</i>	Classification	December 31, 2022			Valuation technique	Input
		Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss						
	Equity instruments	₩ —	—	96,064	Discounted cash flow, etc.	Discount rate and Estimated cash flow, etc.
	Convertible securities	—	—	1,797	Blended discount model and binominal option pricing model	Discount rate, stock price and volatility
	Derivatives	—	230,080	—	Discounted cash flow	Discount rate and Exchange rate
Financial liabilities at fair value through profit or loss						
	Derivatives	₩ —	47,408	—	Discounted cash flow	Discount rate and Exchange rate

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management, Continued

(In millions of won)

	December 31, 2023			Valuation technique	Input
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Equity instruments	₩	—	—	87,027	Discounted cash flow, etc. Discount rate and Estimated cash flow, etc.
Convertible securities		—	—	3,127	Blended discount model and binominal option pricing model Discount rate, stock price and volatility
Derivatives		—	169,703	—	Discounted cash flow Discount rate and Exchange rate
Financial liabilities at fair value through profit or loss					
Derivatives	₩	—	63,526	—	Discounted cash flow Discount rate and Exchange rate
Financial liabilities effective for fair value hedging					
Derivatives	₩	—	36,052	—	Discounted cash flow Discount rate and Exchange rate

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management, Continued

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

Fair value hierarchy classifications, valuation technique and inputs for fair value measurements of the financial instruments not measured at fair value but for which the fair value is disclosed as of December 31, 2022 and December 31, 2023 are as follows:

<i>(In millions of won)</i> Classification	December 31, 2022			Valuation technique	Input
	Level 1	Level 2	Level 3		
Liabilities					
Borrowings	₩ —	—	13,521,494	Discounted cash flow	Discount rate
Bonds	—	—	1,377,696	Discounted cash flow	Discount rate

<i>(In millions of won)</i> Classification	December 31, 2023			Valuation technique	Input
	Level 1	Level 2	Level 3		
Liabilities					
Borrowings	₩ —	—	15,101,258	Discounted cash flow	Discount rate
Bonds	—	—	1,479,725	Discounted cash flow	Discount rate

iv) The interest rates applied for determination of the above fair value as of December 31, 2022 and 2023 are as follows:

	December 31, 2022	December 31, 2023
Borrowings, bonds and others	5.11~6.68%	4.60~5.02%

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management, Continued

- v) There is no transfer between Level 1, Level 2 and Level 3 for the years ended December 31, 2023, and the changes in financial assets classified as Level 3 of fair value measurements for the years ended December 31, 2022 and 2023 are as follows:

(In millions of won)

Classification	January 1, 2022	Acquisition	Disposal	Valuation	Changes in Foreign Exchange Rates	Replacement	December 31, 2022
Equity securities	₩ 48,805	27,261	(775)	6,248	2,720	11,805	96,064
Convertible securities	2,758	—	—	224	—	(1,185)	1,797

(In millions of won)

Classification	January 1, 2023	Acquisition	Disposal	Valuation	Changes in Foreign Exchange Rates	December 31, 2023
Equity securities	₩ 96,064	3,286	(414)	(13,315)	1,406	87,027
Convertible securities	1,797	1,329	—	41	(40)	3,127

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

26. Financial Risk Management, Continued

(f) Net gains and losses by category of financial instruments

The net gains and losses by category of financial instruments as of December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	2021					
	Financial assets at amortized cost	Financial liabilities at amortized cost	Financial assets at FVTPL	Financial liabilities at FVTPL	Other financial instruments (*)	Total
Interest income	₩ 88,888	-	-	-	-	88,888
Interest expense	-	(418,674)	-	(15,415)	-	(434,089)
Foreign currency differences	668,140	(848,072)	-	(70,249)	-	(250,181)
(Reversal of) Bad debt expense	(273)	-	-	-	-	(273)
Gain or loss on disposal	(4,877)	-	(1,242)	-	-	(6,119)
Gain or loss on valuation	-	(250)	5,808	(68,421)	-	(62,863)
Gain or loss on derivative	-	-	-	-	221,292	221,292
Others	-	-	-	(14)	-	(14)
	<u>₩ 751,878</u>	<u>(1,266,996)</u>	<u>4,566</u>	<u>(154,099)</u>	<u>221,292</u>	<u>(443,359)</u>

(*) Other financial instruments exclude cash flow hedging derivatives.

(In millions of won)

	2022					
	Financial assets at amortized cost	Financial liabilities at amortized cost	Financial assets at FVTPL	Financial liabilities at FVTPL	Derivatives (*)	Total
Interest income	₩ 85,624	—	—	—	—	85,624
Interest expense	—	(403,415)	—	(11,106)	—	(414,521)
Foreign currency differences	1,061,416	(946,650)	—	(105,492)	—	9,274
Reversal of bad debt expense	569	—	—	—	—	569
Gain or loss on disposal	(37,087)	—	171	(2,672)	—	(39,588)
Gain or loss on valuation	—	—	6,473	220,240	—	226,713
Gain or loss on derivative	—	—	—	—	177,130	177,130
Others	—	—	—	(43)	—	(43)
	<u>₩ 1,110,522</u>	<u>(1,350,065)</u>	<u>6,644</u>	<u>100,927</u>	<u>177,130</u>	<u>45,158</u>

(*) Other financial instruments exclude cash flow hedging derivatives.

(In millions of won)

	2023					
	Financial assets at amortized cost	Financial liabilities at amortized cost	Financial assets at FVTPL	Financial assets at FVOCI	Derivatives	Total
Interest income	₩ 134,664	—	—	—	—	134,664
Interest expense	—	(723,429)	—	—	—	(723,429)
Foreign currency differences	108,546	(176,376)	—	—	(36,052)	(103,882)
Reversal of bad debt expense	181	—	—	—	—	181
Gain or loss on disposal	(48,600)	(167)	132	(329)	—	(48,964)
Gain or loss on valuation	—	—	(13,274)	—	—	(13,274)
Gain or loss on derivative	—	—	—	—	102,116	102,116
	<u>₩ 194,791</u>	<u>(899,972)</u>	<u>(13,142)</u>	<u>(329)</u>	<u>66,064</u>	<u>(652,588)</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

27. Leases

(a) Leases as lessee

The Group leases buildings, vehicles, machinery and equipment and others. Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment as of December 31, 2022 and 2023 (see Note 9(a)).

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

(In millions of won)

	2022					
	Buildings and structures	Land	Machinery and equipment	Vehicles	Others	Total
Balance at January 1, 2022	₩ 56,167	54,417	1,330	7,062	890	119,866
Additions and others	60,515	460	456	11,033	103	72,567
Depreciation	(63,494)	(3,014)	(1,136)	(8,288)	(438)	(76,370)
Impairments	(2,175)	(721)	(3)	(501)	(39)	(3,439)
Others	—	(420)	—	—	—	(420)
Gain or loss on foreign currency translation	20	1,082	(49)	(804)	205	454
Balance at December 31, 2022	<u>₩ 51,033</u>	<u>51,804</u>	<u>598</u>	<u>8,502</u>	<u>721</u>	<u>112,658</u>

(In millions of won)

	2023					
	Buildings and structures	Land	Machinery and equipment	Vehicles	Others	Total
Balance at January 1, 2023	₩ 51,033	51,804	598	8,502	721	112,658
Additions and others	65,133	—	881	6,698	1,899	74,611
Depreciation	(56,471)	(2,846)	(770)	(7,482)	(780)	(68,349)
Gain or loss on foreign currency translation	(1,749)	2,291	5	(279)	58	326
Balance at December 31, 2023	<u>₩ 57,946</u>	<u>51,249</u>	<u>714</u>	<u>7,439</u>	<u>1,898</u>	<u>119,246</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

27. Leases, Continued

- (ii) Amounts recognized in profit or loss from leases other than leases recorded as right-of-use assets for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	2021	2022	2023
Interest on lease liabilities	₩ (3,664)	(3,656)	(3,343)
Income from sub-leasing right-of-use assets	712	541	276
Expenses relating to short-term leases	(824)	(785)	(241)
Expenses relating to leases of low-value assets	(577)	(632)	(942)

- (iii) Changes in lease liabilities for the years ended December 31, 2022 and 2023 are as follows:

(In millions of won)

	2022	2023
Balance at January 1	₩ 84,326	72,788
Additions and others	67,102	70,716
Interest expense	3,656	3,343
Repayment of liabilities	(82,296)	(73,483)
Balance at December 31	₩ 72,788	73,364

- (b) Leases as lessor

- (i) Finance lease

During the years ended December 31, 2022 and 2023, the Group recognized interest income on lease receivables of ₩533 million and ₩276 million, respectively.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

(In millions of won)

	December 31, 2022	December 31, 2023
6 months or less	₩ 3,593	3,580
6-12 months	3,593	597
1-2 years	4,191	—
2-5 years	—	—
Total undiscounted lease receivable	₩ 11,377	4,177
Unearned finance income	(319)	(47)
Net Investment in the lease	₩ 11,058	4,130

- (ii) Operating lease

The Group leases out investment property and a portion of property, plant and equipment as operating leases (see Note 9 and 11).

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

28. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the years ended December 31, 2022 and 2023 are as follows:

(In millions of won)

	January 1, 2022	Cash flows from financing activities	Non-cash transactions			December 31, 2022
			Gain or loss on foreign currency translation	Effective interest adjustment	Others	
Short-term borrowings	₩ 613,733	1,922,283	42,536	—	—	2,578,552
Long-term borrowings	9,438,512	1,470,383	59,657	—	(4,440)	10,964,112
Bonds (*)	2,611,561	(1,071,560)	113,669	12,644	(217,568)	1,448,746
Lease liabilities	84,326	(82,296)	(1,806)	—	72,564	72,788
Dividend payable	3,679	(292,786)	—	—	289,107	—
	₩ 12,751,811	1,946,024	214,056	12,644	139,663	15,064,198

(*) Others include ₩220,240 million of gain on valuation of financial liabilities at fair value through profit or loss and ₩2,672 million of loss on early repayment of borrowings and bonds.

(In millions of won)

	January 1, 2023	Cash flows from financing activities	Non-cash transactions			December 31, 2023
			Gain or loss on foreign currency translation	Effective interest adjustment	Others	
Short-term borrowings	₩ 2,578,552	(716,386)	13,469	—	—	1,875,635
Long-term borrowings	10,964,112	2,139,554	50,174	3,271	8,240	13,165,351
Bonds	1,448,746	35,276	2,237	1,717	167	1,488,143
Lease liabilities	72,788	(73,483)	(312)	—	74,371	73,364
Dividend payable	—	(34,098)	(44)	—	41,444	7,302
	₩ 15,064,198	1,350,863	65,524	4,988	124,222	16,609,795

29. Related Parties and Others

(a) Related parties

Related parties as of December 31, 2023 are as follows:

Classification	Description
Associates(*)	Paju Electric Glass Co., Ltd. and others
Entity that has significant influence over the Controlling Company	LG Electronics Inc.
Subsidiaries of the entity that has significant influence over the Controlling Company	Subsidiaries of LG Electronics Inc.

(*) Details of associates are described in Note 8.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

29. Related Parties and Others, Continued

- (b) Significant transactions such as sales of goods and purchases of raw material and outsourcing service and others, which occurred in the normal course of business with related parties for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	2021					
	Sales and others	Dividend income	Purchase of raw material and others	Purchase and others		
Acquisition of property, plant and equipment				Outsourcing fees	Other costs	
Associates						
AVATEC Co., Ltd.	₩ —	200	713	—	72,156	1,485
Paju Electric Glass Co., Ltd.	—	3,668	365,400	—	—	2,734
WooRee E&L Co., Ltd.	—	—	13,541	—	—	79
YAS Co., Ltd.	—	200	10,337	54,071	—	9,824
Cynora GmbH	—	—	10	—	—	—
Material Science Co., Ltd.	—	—	187	—	—	—
	₩ —	4,068	390,188	54,071	72,156	14,122
Entity that has significant influence over the Controlling Company						
LG Electronics Inc.	₩ 270,396	—	19,805	395,654	—	130,924
Subsidiaries of the entity that has significant influence over the Controlling Company						
LG Electronics India Pvt. Ltd.	₩ 97,475	—	—	—	—	418
LG Electronics Vietnam Haiphong Co., Ltd.	414,806	—	—	607	—	1,445
LG Electronics Nanjing New Technology Co., Ltd.	449,390	—	—	—	—	1,263
LG Electronics RUS, LLC	98,812	—	—	—	—	1,141

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

29. Related Parties and Others, Continued

(In millions of won)

	2021					
	Sales and others	Dividend income	Purchase and others			
Purchase of raw material and others			Acquisition of property, plant and equipment	Outsourcing fees	Other costs	
LG Electronics do Brasil Ltda.	₩ 154,565	—	—	—	—	543
LG Innotek Co., Ltd.	3,753	—	26,874	451	—	85,471
HI-M Solutek Co., Ltd	—	—	44	—	—	5,662
LG Electronics Mexicali, S.A. DE C.V.	269,305	—	—	—	—	89
LG Electronics Mlawa Sp. z o.o.	1,254,164	—	—	—	—	577
LG Electronics Reynosa, S.A. DE C.V.	1,256,107	—	—	—	—	1,011
LG Electronics Egypt S.A.E.	106,469	—	—	—	—	159
LG Electronics Japan, Inc.	—	—	—	10	—	5,334
P.T. LG Electronics Indonesia	537,944	—	—	—	—	574
LG Electronics Taiwan Taipei Co., Ltd.	5,046	—	—	—	—	659
LG Electronics Nanjing Vehicle Components Co., Ltd.	2,009	—	—	—	—	—
LG Technology Ventures LLC	—	—	—	—	—	4,411
Others	5	—	739	602	—	968
	<u>₩ 4,649,850</u>	<u>—</u>	<u>27,657</u>	<u>1,670</u>	<u>—</u>	<u>109,725</u>
	<u>₩ 4,920,246</u>	<u>4,068</u>	<u>437,650</u>	<u>451,395</u>	<u>72,156</u>	<u>254,771</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

29. Related Parties and Others, Continued

(In millions of won)

	2022					
	Sales and others	Dividend income	Purchase of raw material and others	Purchase and others		
Acquisition of property, plant and equipment				Outsourcing fees	Other costs	
Associates						
AVATEC Co., Ltd.	₩ —	—	58	—	64,492	3,617
Paju Electric Glass Co., Ltd.	—	4,361	245,962	—	—	2,942
WooRee E&L Co., Ltd.	—	—	12,321	—	—	2
YAS Co., Ltd.	—	100	14,291	29,951	—	8,038
Material Science Co., Ltd.	—	—	17	—	—	—
	<u>₩ —</u>	<u>4,461</u>	<u>272,649</u>	<u>29,951</u>	<u>64,492</u>	<u>14,599</u>
Entity that has significant influence over the Controlling Company						
LG Electronics Inc.	₩238,358	—	19,808	517,476	—	137,703
Subsidiaries of the entity that has significant influence over the Controlling Company						
LG Electronics India Pvt. Ltd.	₩ 70,514	—	—	—	—	519
LG Electronics Vietnam Haiphong Co., Ltd.	468,380	—	—	—	—	882
LG Electronics Nanjing New Technology Co., Ltd.	334,099	—	—	—	—	1,178
LG Electronics RUS, LLC	23,458	—	—	—	—	414

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

29. Related Parties and Others, Continued

(In millions of won)

	2022					
	Sales and others	Dividend income	Purchase of raw material and others	Purchase and others		
Acquisition of property, plant and equipment				Outsourcing fees	Other costs	
LG Electronics do Brasil Ltda.	₩ 88,835	—	—	—	—	200
LG Innotek Co., Ltd.	27,698	—	10,122	—	—	79,515
LG Electronics Mlawa Sp. z o.o.	1,178,140	—	—	—	—	1,089
LG Electronics Reynosa, S.A. DE C.V.	1,195,146	—	—	—	—	958
LG Electronics Egypt S.A.E.	72,055	—	—	—	—	372
LG Electronics Japan, Inc.	—	—	—	16	—	7,307
P.T. LG Electronics Indonesia	531,543	—	—	—	—	1,415
LG Electronics Taiwan Taipei Co., Ltd.	3,433	—	—	—	—	615
LG Technology Ventures LLC	—	—	—	—	—	4,922
HI-M Solutek Co., Ltd	—	—	58	—	—	9,258
LG Electronics U.S.A., Inc.	—	—	—	—	—	2,315
Others	572	—	592	608	—	913
	₩ 3,993,873	—	10,772	624	—	111,872
	<u>₩ 4,232,231</u>	<u>4,461</u>	<u>303,229</u>	<u>548,051</u>	<u>64,492</u>	<u>264,174</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

29. Related Parties and Others, Continued

(In millions of won)

	2023					
	Sales and others	Dividend income	Purchase of raw material and others	Purchase and others		
Acquisition of property, plant and equipment				Outsourcing fees	Other costs	
Associates						
AVATEC Co., Ltd.	₩ —	—	452	—	43,210	11,003
Paju Electric Glass Co., Ltd.	—	15,200	176,831	—	—	4,341
WooRee E&L Co., Ltd.	—	—	7,853	—	—	513
YAS Co., Ltd.	—	—	9,832	17,447	—	5,755
Material Science Co., Ltd.	—	—	—	—	—	179
	₩ —	15,200	194,968	17,447	43,210	21,791
Entity that has significant influence over the Controlling Company						
LG Electronics Inc.	₩ 231,935	—	22,370	320,555	—	180,539
Subsidiaries of the entity that has significant influence over the Controlling Company						
LG Electronics India Pvt. Ltd.	₩ 47,031	—	—	—	—	270
LG Electronics Vietnam Haiphong Co., Ltd.	434,789	—	—	6,108	—	982

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

29. Related Parties and Others, Continued

(In millions of won)

	2023					
	Sales and others	Dividend income	Purchase of raw material and others	Purchase and others		
				Acquisition of property, plant and equipment	Outsourcing fees	Other costs
LG Electronics Nanjing New Technology Co., Ltd.	₩ 350,207	—	—	—	—	451
LG Electronics do Brasil Ltda.	29,249	—	—	—	—	316
LG Innotek Co., Ltd.	7,754	—	14,970	—	—	100,272
LG Electronics Mlawa Sp. z o.o.	811,880	—	—	—	—	1,611
LG Electronics Reynosa S.A. DE C.V.	826,547	—	—	—	—	810
LG Electronics Egypt S.A.E	20,225	—	—	—	—	66
LG Electronics Japan, Inc.	114	—	—	24	—	6,254
LG Electronics RUS, LLC	360	—	—	—	—	2,359
LG Electronics U.S.A., Inc.	—	—	—	—	—	2,177
P.T. LG Electronics Indonesia	448,528	—	—	—	—	2,231
LG Electronics Nanjing Vehicle Components Co., Ltd.	1,414	—	—	—	—	—
LG Technology Ventures LLC	—	—	—	—	—	2,596
HI-M Solutek Co., Ltd	—	—	9	—	—	7,316
Others	15	—	142	55	—	1,447
	<u>₩ 2,978,113</u>	<u>—</u>	<u>15,121</u>	<u>6,187</u>	<u>—</u>	<u>129,158</u>
	<u>₩ 3,210,048</u>	<u>15,200</u>	<u>232,459</u>	<u>344,189</u>	<u>43,210</u>	<u>331,488</u>

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

29. Related Parties and Others, Continued

(c) Trade accounts and notes receivable and payable as of December 31, 2022 and 2023 are as follows:

(In millions of won)

	Trade accounts and notes receivable and others		Trade accounts and notes payable and others	
	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023
Associates	₩	—		
AVATEC Co., Ltd.		—	3,756	4,775
Paju Electric Glass Co., Ltd.		—	30,431	56,136
WooRee E&L Co., Ltd.	878	695	1,502	2,219
YAS Co., Ltd.		—	7,680	12,483
Material Science Co., Ltd.		—	—	118
	₩	878	43,369	75,731

**Entity that has significant influence over the
Controlling Company**

LG Electronics Inc. (*1)	₩	69,447	63,284	99,934	1,140,260
--------------------------	---	--------	--------	--------	-----------

**Subsidiaries of the entity that has significant
influence over the Controlling Company**

LG Electronics India Pvt. Ltd.	₩	5,669	2,013	15	35
LG Electronics Vietnam Haiphong Co., Ltd.		50,173	76,952	53	1,403
LG Electronics Nanjing New Technology Co., Ltd.		30,018	38,502	—	27
LG Electronics do Brasil Ltda.		10,997	6,252	—	32
LG Innotek Co., Ltd. (*2)		3,838	3,002	209,032	216,049

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

29. Related Parties and Others, Continued

(In millions of won)

	<u>Trade accounts and notes receivable and others</u>		<u>Trade accounts and notes payable and others</u>	
	<u>December 31, 2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
LG Electronics Mlawa Sp. z o.o.	₩ 94,346	101,357	155	—
LG Electronics Reynosa, S.A. DE C.V.	16,760	64,208	167	109
LG Electronics Japan, Inc.	—	114	566	632
P.T. LG Electronics Indonesia	45,617	46,146	195	108
LG Electronics Taiwan Taipei Co., Ltd.	—	—	77	115
LG Electronics Egypt S.A.E	—	369	—	1
Others	2,260	251	4,574	2,184
	<u>₩ 259,678</u>	<u>339,166</u>	<u>214,834</u>	<u>220,695</u>
	<u>₩ 330,003</u>	<u>403,145</u>	<u>358,137</u>	<u>1,436,686</u>

(*1) Trade accounts and note payable and others for LG Electronics Inc. as of December 31, 2023 includes long-term borrowings of ₩1,000,000 million. (see note 12(c))

(*2) Trade accounts and note payable and others for LG Innotek Co., Ltd. as of December 31, 2023 and 2022 Includes deposits received amount ₩180,000 million from lease agreement.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

29. Related Parties and Others, Continued

- (d) Details of significant financing transactions with related parties for the years ended December 31, 2021 and 2023 are as follows:

(In millions of won)

	Associates	2021	
		Loans	Collection of loans
WooRee E&L Co., Ltd.	₩	878	—

(In millions of won)

	Entity that has significant influence over the Controlling Company	2023	
		Borrowings	
LG Electronics Inc.(*)	₩		1,000,000
	Associates	Collection of loans	
WooRee E&L Co., Ltd.	₩		183

(*) The Group entered into a loan agreement with LG Electronics Inc. on March 27, 2023 for a total borrowing amount of ₩1,000,000 million, and received ₩650,000 million on March 30, 2023 and ₩350,000 million on April 20, 2023. The repayment plan is instalment payment for a period of one year, granting grace period of two years and the maturity date is March 30, 2026 (see note 12(c)).

There were no significant financing transactions with related parties for the year ended December 31, 2022.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021, 2022 and 2023

29. Related Parties and Others, Continued

(e) Key management personnel compensation

Compensation costs of key management for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	2021	2022	2023
Short-term benefits	₩ 3,747	2,305	2,291
Expenses related to the defined benefit plan	366	417	355
	<u>₩ 4,113</u>	<u>2,722</u>	<u>2,646</u>

Key management refers to the registered directors who have significant control and responsibilities over the Controlling Company's operations and business.

30. Supplemental Cash Flow Information

Supplemental cash flow information for the years ended December 31, 2021, 2022 and 2023 are as follows:

(In millions of won)

	2021	2022	2023
Non-cash investing and financing activities:			
Changes in other accounts payable arising from the purchase of property, plant and equipment	₩ 445,028	480,322	(348,046)
Changes in other accounts payable arising from the purchase of intangible assets	529,826	(113,185)	(27,918)
Recognition of right-of-use assets and lease liabilities	63,655	54,927	74,611

31. Subsequent Event

On December 18, 2023, the Board of Directors of the Controlling Company adopted a resolution to approve the Controlling Company's proposed paid-in capital increase (the "Capital Increase"). On March 15, 2024, the Controlling Company issued 142,184,300 new shares of common stock, with a the total issuance amount of ₩1,292,455 million at the price of ₩9,090 per share. The new shares were listed in Korea Exchange on March 26, 2024 and the gross proceeds from the Capital Increase will be used for facility investment, working capital and debt repayment.

**ARTICLES OF INCORPORATION
OF
LG DISPLAY CO., LTD.**

Amended on August 11, 2000
Amended on March 21, 2001
Amended on March 19, 2004
Amended on May 4, 2004
Amended on June 23, 2004
Amended on March 23, 2005
Amended on February 28, 2007
Amended on February 29, 2008
Amended on March 13, 2009
Amended on March 12, 2010
Amended on March 11, 2011
Amended on March 8, 2013
Amended on March 15, 2019
Amended on March 23, 2021
Amended on March 23, 2022
Amended on March 22, 2024

CHAPTER I. GENERAL PROVISIONS

Article 1. (Trade Name)

The name of the company shall be “EL-GI DISPLAY CHUSIK HOESA” (hereinafter referred to as the “Company”), which shall be written in English as “LG Display Co., Ltd.”

Article 2. (Objectives)

The objectives of the Company shall be as follows:

- (1) research, development, manufacturing, sales and marketing of displays and other related products utilizing the technologies, including, without limitation, thin-film transistor liquid crystal display (“TFT-LCD”), low-temperature poly-silicon liquid crystal display (“LTPS-LCD”) and organic light emitting display (“OLED”) technologies;
- (2) research, development, manufacturing, sales and marketing of products utilizing solar energy;
- (3) research, development, manufacturing, sales and marketing of certain components and equipments required for the development and manufacturing of the products and technologies described in the foregoing Paragraphs;
- (4) real estate transaction and lease business; and
- (5) any business and/or investment ancillary or incidental to the foregoing business.

Article 3. (Location)

The Company shall have its principal office in Seoul, Korea, and may establish branch offices, sub-branch offices, and other offices and factories at places necessary by a resolution of the Board of Directors.

Article 4. (Duration of Company)

The Company will continuously exist unless it is dissolved by a resolution of a General Meeting of Shareholders.

Article 5. (Method of Public Notice)

Public notice by the Company shall be given on the Company's website (<http://www.lgdisplay.com>). However, if public notice cannot be given on the Company's website due to technical difficulties or other unavoidable circumstances, it shall be published in "Maeil Business Newspaper" and "The Chosun Ilbo", both daily newspapers of general circulation published in Seoul.

CHAPTER II. SHARES

2

Article 6. (Total Number of Authorized Shares)

The total number of shares authorized to be issued by the Company shall be 500,000,000 shares.

Article 7. (Face Value)

The face value per share to be issued by the Company is 5,000 Won.

Article 8. (Electronic Registration of Shares and Rights that would otherwise be Indicated on Certificates of Preemptive Rights)

In lieu of issuing share certificates or certificates of preemptive rights, the Company shall electronically register the shares and rights that would otherwise be indicated on certificates of preemptive rights on an electronic registry of an electronic registration institution.

Article 9. (Classes of Shares)

All shares to be issued by the Company shall be common shares in non-bearer form and preferred shares in non-bearer form.

Article 9-2. (Number and Characteristics of Preferred Shares)

- (1) Preferred shares to be issued by the Company shall be non-voting and the number thereof shall be 40,000,000.
- (2) The dividend on a preferred share shall be not less than one percent (1%) per annum but not more than ten percent (10%) per annum of the par value of the share as determined by the Board of Directors at the time of issuance.
- (3) In case the dividend ratio of the common shares exceeds that of the preferred shares, the additional dividend on preferred shares shall be declared by participating in distribution of dividend at same ratio of dividend on common shares with respect to such excess, at the time of distribution of dividend on common shares.
- (4) If dividends on preferred shares for a fiscal year are not paid as prescribed above, such unpaid and accumulated amount shall be preferentially paid to the holders of preferred shares at the time of distribution of dividends for the following fiscal year.

3

- (5) Preferred shares may be issued, by a resolution of the Board of Directors at the time of issuance, as convertible to common shares ("convertible preferred shares"). The conversion price shall be determined by the Board of Directors at the time of issuance, and shall not be lower than the par value of the shares nor higher than the issue price of the convertible preferred shares. If a conversion period or a duration of the convertible preferred shares (upon expiration of which convertible preferred shares are automatically converted) is to be set, such period or duration shall be determined by the Board of Directors at the time of issuance, and shall end within one (1) to ten (10) years from the issuance of the convertible preferred shares.
- (6) Preferred shares may be issued, by a resolution of the Board of Directors at the time of issuance, as redeemable within certain period of time with earnings ("redeemable preferred shares"). The redemption period shall be determined by the

Board of Directors at the time of issuance and shall end within one (1) to ten (10) years from the issuance of the redeemable preferred shares. The Board of Directors shall determine the redemption price and the method of redemption, the source of which shall be earnings.

- (7) Preferred shares may be issued, by a resolution of the Board of Directors at the time of issuance, with any or all of the features set forth above in Paragraphs (5) and (6).
- (8) If the resolution not to pay the prescribed dividends on preferred shares is adopted at a General Meeting of Shareholders, the preferred shares shall have voting rights, starting with the first General Meeting of Shareholders following the General Meeting of Shareholders at which the resolution not to pay dividends on preferred shares was adopted, until the end of a General Meeting of Shareholders at which a resolution to pay dividends for such preferred shares is adopted.
- (9) In case the Company issues new shares by rights issue or bonus issue, then the new shares issued with respect to the preferred shares shall be common shares in the case of rights issues and shall be the shares of the same class in the case of bonus issues.

Article 10. (Preemptive Rights)

- (1) The Company may issue additional shares with the resolution of the Board of Directors setting forth the detailed terms of the issue within the authorized share capital.

4

- (2) The Company's shareholders shall have preemptive rights to subscribe to new shares in proportion to their respective shareholding ratios; provided that the names and addresses of such shareholders shall be registered in the Register of Shareholders as of the date designated by the Company in the public notice made two (2) weeks prior thereto.
- (3) Notwithstanding Paragraph (2) above, the Company may allocate new shares to persons other than existing shareholders of the Company by a resolution of the Board of Directors in any of the following cases, provided that the aggregate number of shares issued pursuant to items 1 through 7 below shall not exceed 20% of the total number of issued and outstanding shares:
 1. Where the Company invites or cause underwriters to invite subscriptions for new shares;
 2. Where the Company issues new shares through a method of general public offering under Article 165-6 of the Financial Investment Services and Capital Market Act (the "Capital Market Act");
 3. Where the Company allocates new shares to any member of its Employee Stockownership Association pursuant to Article 165-7 of the Capital Market Act or pursuant to the Employee Welfare Basic Act;
 4. Where the Company issues new shares by exercise of stock options under Article 340-2 of the Commercial Code;
 5. Where the Company issues new shares for the issuance of a depositary receipt (DR) under Article 165-16 of the Capital Market Act;
 6. Where the Company issues new shares to corporations, institutional investors or domestic or overseas financial institutions, etc. for the achievement of the company's operational objectives, such as improvement of financial structure, etc.; or
 7. Where the Company issues new shares for the purpose of drawing foreign investment, when it deems necessary for its management; or
 8. Where the Company issues new shares through a public offering or cause underwriters to underwrite the new shares and/or DR for the purpose of initial listing on the Korea Exchange and/or the New York Stock Exchange.
- (4) If shares are not subscribed for as the result of a shareholder waiving or losing his/her pre-emptive right, or if fractional shares result from the allocation of new shares, such shares shall be disposed of in accordance with a resolution of the Board of Directors.
- (5) The recipient of the new shares shall become a shareholder of the Company the succeeding day of the payment date.

Article 10-2 (Stock Options)

- (1) The Company may grant stock options to its officers and employees (including the officers and employees of its affiliated company as defined in Article 542-3, Paragraph (1) of the Commercial Code; the same shall apply hereinafter) by a special resolution of the General Meeting of Shareholders pursuant to Article 340-2 of the Commercial Code, to the extent of not more than 15% of the total number of issued and outstanding shares; provided, however, that the Company may grant stock options to its officers and employees by a resolution of the Board of Directors to the extent of not more than 1% of the total number of issued and outstanding shares in accordance with the relevant laws and regulations. In this case, the shareholders or the Board of Directors may resolve to grant performance-linked stock options, linked with the Company's performance or market index.
- (2) The officers and employees, who have contributed, or have the capacity to contribute, to the establishment, management, overseas sales or technical improvement of the Company, may be granted stock options; provided, however, that those who are prohibited from being granted stock options under the applicable law and regulation may not be granted stock options.
- (3) The shares to be issued by the Company to its officers or employees by the exercise of their stock options (which shall refer to the shares being the basis for calculation in case the Company pays the difference, either in cash or shares, between the exercise price of stock options and the market price) shall be common shares in non-bearer form.
- (4) The terms and conditions, including features, exercise price, etc., of stock options shall be determined by a special resolution of the General Meeting of Shareholders or a resolution of the Board of Directors, pursuant to the applicable law and these Articles of Incorporation. The matters that are not set out to be decided by a resolution of the General Meeting of Shareholders or the Board of Directors under the applicable law or these Articles of Incorporation may be determined by the Board of Directors or a committee designated by the Board of Directors.
- (5) Stock options may be exercised after at least 3 years, but not more than the number of years set by the relevant resolution of the General Meeting of Shareholders or the Board of Directors within 7 years, have elapsed from the date of the relevant resolution of the General Meeting of Shareholders or the Board of Directors. Any person with a stock option may exercise such stock option only if he/she has served the Company for at least two (2) years from the date of the relevant resolution of the General Meeting of Shareholders or the Board of Directors, unless otherwise specified in the relevant law.

- (6) The Company may cancel the grant of stock options by a resolution of the Board of Directors in any of the following cases:
 1. Where an officer/employee of the Company voluntarily retires or resigns from his/her office after being granted stock options;
 2. Where an officer/employee of the Company incurs substantial damages to the Company due to his/her willful misconduct or negligence;
 3. Where the Company cannot respond to the exercise of an officer/employee's stock options due to the Company's liquidation or dissolution; or
 4. Where any cause for cancellation set forth in the stock option agreement occurs.

Article 11. (Equal Dividend)

The Company shall distribute dividends equally on the same classes of shares issued (including converted shares) as of the date of distribution, regardless of the date of issuance.

Article 12. (Record Date)

- (1) The Company shall allow the shareholders who are registered in its register of shareholders as of December 31 of each year, to exercise their rights at an ordinary General Meeting of Shareholders held concerning the relevant fiscal year.
- (2) When convening an extraordinary General Meeting of Shareholders or in any other necessary cases, in order to determine the person who shall exercise the right as shareholder, the Company may deem any shareholder whose name appears in the register of shareholders on a specified date, as determined by a resolution of the Board of Directors, to be the shareholder who shall be entitled to exercise such rights. The Company should give public notice thereof two (2) weeks prior to the date specified by a resolution of the Board of Directors.

7

Article 13. (Transfer Agent)

- (1) The Company shall retain a transfer agent for shares.
- (2) The transfer agent, the location where its services are rendered and the scope of a transfer agent's duties shall be determined by a resolution of the Board of Directors of the Company and shall be publicly notified.
- (3) The Company shall keep the shareholders registry, or a duplicate thereof, at a location where a transfer agent renders its services. In addition, the Company shall cause the transfer agent to handle activities such as the electronic registration of shares, management of the shareholders registry and other related businesses.
- (4) Those activities of a transfer agent set forth in Paragraph (3) above shall be performed in accordance with the Regulations for Securities Agency Business of the Transfer Agent.

Article 14. [Deleted]

Article 15. [Deleted]

CHAPTER II-2. BONDS

Article 15-2. (Issuance of Convertible Bonds)

- (1) The Company may issue convertible bonds to persons other than its shareholders by a resolution of the Board of Directors in any of the following cases, to the extent that the aggregate par value amount of the convertible bonds (plus any previously issued and outstanding convertible bonds and bonds with warrants) does not exceed two trillion five hundred billion Won (2.5 trillion Won):
 1. Where the Company issues convertible bonds through a general public offering;
 2. Where the Company issues convertible bonds for the purpose of drawing foreign investment, when it deems necessary for its management;
 3. Where the Company issues convertible bonds to a domestic or overseas financial institution for an urgent need for funds; or
 4. Where the Company issues convertible bonds in foreign countries in accordance with Article 165-16 of the Capital Market Act.
- (2) The convertible bonds referred to in Paragraph (1) above may be issued by the Board of Directors with partial conversion rights under which the right of the bondholders to demand conversion may be limited to a certain percentage of the total amount of convertible bonds.
- (3) The classes of shares to be issued upon conversion shall be common shares. The conversion price shall not be lower than the par value of the Company's shares as determined by the Board of Directors at the time of issuance of the relevant convertible bonds.

8

- (4) The period during which conversion may be requested shall be from the date one (1) month after the date of issuance of the relevant convertible bonds to the date one day prior to the redemption date of the bonds; provided, that the Board of Directors may, by its resolution, adjust the exercise period for convertible bonds within the above period.
- (5) In case of conversion into shares, the Company shall only pay interest on the interest accrued and payable prior to the conversion.

Article 15-3. (Issuance of Bonds with Warrants)

- (1) The Company may issue bonds with warrant to persons other than its shareholders by a resolution of the Board of Directors in any of the following cases, to the extent that the aggregate par value amount of the bonds with warrant (plus any previously issued and outstanding convertible bonds and bonds with warrants) does not exceed two trillion five hundred billion Won (2.5 trillion Won):
 1. Where the Company issues bonds with warrant through a general public offering;
 2. Where the Company issues bonds with warrant for the purpose of drawing foreign investment, when it deems necessary for its management;
 3. Where the Company issues bonds with warrant to a domestic or overseas financial institution for an urgent need for funds; or
 4. Where the Company issues bonds with warrant in foreign countries in accordance with Article 165-16 of the Capital Market Act.

9

- (2) The aggregate price of new shares which may be subscribed for by the holders of warrants shall be determined by the Board of Directors, but shall not exceed the aggregate par value of the bonds with warrants.
- (3) The classes of shares to be issued upon exercise of warrant shall be common shares. The exercise price shall not be lower than the par value of the Company's shares as determined by the Board of Directors at the time of issuance of the relevant bonds with warrant.
- (4) The period during which warrant may be exercised shall be from the date one (1) month after the date of issuance of the relevant bonds with warrant to the date one day prior to the redemption date of the bonds; provided, that the Board of Directors may, by its resolution, adjust the exercise period for bonds with warrant within the above period.

Article 15-4. (Electronic Registration of Bonds and Warrant Rights that would otherwise be Indicated on Certificates)

In lieu of issuing bond or warrant certificates, the Company shall electronically register the bonds and warrant rights that would otherwise be indicated on certificates on an electronic registry of an electronic registration institution.

Article 15-5. (Provisions Applicable to Bond Issuance)

Article 13 shall apply *mutatis mutandis* to issuance of bonds.

CHAPTER III. GENERAL MEETINGS OF SHAREHOLDERS

Article 16. (Time for convening of General Meetings of Shareholders)

- (1) General Meetings of the Shareholders of the Company shall be of two kinds: ordinary and extraordinary.
- (2) Ordinary General Meetings of Shareholders shall be held within three (3) months after the end of each fiscal year and Extraordinary General Meetings of Shareholders may be convened whenever deemed necessary.

10

Article 17. (Convening of General Meetings of Shareholders)

- (1) Unless otherwise provided for in the relevant laws and regulations, a General Meeting of Shareholders shall be convened by the Company's Representative Director pursuant to a resolution of the Board of Directors. On the occurrence of a vacancy or absence of the Representative Director, Article 29, Paragraph (3) hereof shall apply, *mutatis mutandis*.
- (2) A General Meeting of Shareholders may be held at the head office of the Company, Paju plant or at any other place as designated by the Board of Directors.
- (3) A notice for convening a General Meeting of Shareholders, which sets forth the time, date, place and agenda of the meeting, shall be sent to each shareholder, either in a written or an electronic form, at least two (2) weeks prior to the date of the meeting.
- (4) A notice to shareholders holding not more than one percent of the total number of issued and outstanding shares with voting rights may be replaced by public notices made two weeks prior to the General Meeting of Shareholders, either made at least twice in the "Maeil Business Newspaper" and "The Chosun Ilbo", both published in Seoul, or in the electronic disclosure system operated by the Financial Supervisory Service or the Korea Exchange. The public notice of a meeting shall include a statement that the General Meeting of Shareholders will be held and the venue, date and the agenda of such meeting.

Article 18. (Chairman of Meeting)

The Representative Director or a Director designated by the Representative Director shall serve as Chairman of the General Meeting of Shareholders. On the occurrence of a vacancy or absence of the Representative Director, Article 29, Paragraph (3) hereof shall apply, *mutatis mutandis*.

Article 18-2. (Maintenance of Order by the Chairman)

- (1) The chairman of a General Meeting of Shareholders may order persons who intentionally speak or behave obstructively or who disturb the proceedings of the meeting to stop a speech or to leave the place of the meeting.
- (2) The chairman of a General Meeting of Shareholders may restrict the time and number of speeches of a shareholder as deemed necessary for the purpose of efficient progress in the proceeding of the meeting.

11

Article 19. (Method of Resolution)

Except as otherwise provided in the applicable laws and the Articles of Incorporation of the Company, all resolutions of a General Meeting of Shareholders shall be adopted by the affirmative votes of the majority of shareholders present at the meeting; provided that, such votes shall represent at least one fourth (1/4) of total number of issued and outstanding shares of the Company.

Article 20. (Exercise of Voting Rights)

- (1) Each share shall have one (1) voting right.
- (2) A shareholder may exercise his/her vote through a proxy. In this case, the proxy holder shall file with the Company document evidencing authority to act as a proxy no later than the beginning of the General Meeting of Shareholders.
- (3) The Company shall not adopt the cumulative voting system provided under Article 382-2 of the Commercial Code.

Article 21. (Restrictions on the Exercise of Voting Rights by Cross Ownership)

If the Company, its parent company and subsidiaries, or any of its subsidiaries hold shares exceeding one-tenth (1/10) of the total number of issued shares of another company, such other company may not exercise any voting rights with respect to the shares of the Company which it holds.

Article 22. (Split Exercise of Votes)

- (1) A shareholder, holding two (2) or more votes, who wishes to split his/her votes, shall notify the Company to that effect and the reasons thereof by writing no later than the third day preceding the date set for the General Meeting of Shareholders.
- (2) The Company may refuse to allow the shareholder to split his/her votes unless the shareholder acquired the shares in trust or otherwise holds the shares for and on behalf of some other person.

12

Article 23. (Minutes of the Meeting)

The substance of the course of the proceedings of the General Meeting of Shareholders and the results thereof shall be recorded in the minutes and shall be kept at the head office and branches of the Company, after being affixed with the names and seal impressions or signatures of the chairman of the General Meeting of Shareholders as well as the Directors present.

Article 24. [Deleted]

CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS

Article 25. (General Authority)

Except as otherwise required by mandatory provisions of Korean law, the responsibility for the management, direction and control of the Company will be vested in the Board of Directors of the Company.

Article 26. (Number of Directors)

The Company shall have at least five (5) and up to seven (7) Directors, more than half of whom must be outside¹ Directors.

Article 27. (Election of Directors)

Directors shall be elected at a General Meeting of Shareholders of the Company.

Article 27-2. (Nomination of Candidates for Outside Directors)

- (1) The Company's Outside Director Nomination Committee shall recommend candidates for outside Directors, from those who are qualified under the Korean Commercial Code ("KCC") and other applicable provisions.

¹ The term "Outside Director" used throughout the AOI has the meaning given by the Capital Market Act of Korea. The qualifications required of an "independent director" by the NYSE listing codes do not have to be set forth in word in the AOI, as long as a person(s) with such qualifications sits on the board.

13

- (2) Any details concerning the nomination of candidates for outside Directors and deliberation on requirements of such candidates shall be determined by the Company's Outside Director Nomination Committee.

Article 28. (Terms of Directors)

Starting from the appointment, the term of office of Directors shall not exceed the close of the ordinary General Meeting of Shareholders that is convened for the period for the settlement of accounts for the third (3rd) year from the appointment.

Article 29. (Appointment of Representative Director and Duties)

- (1) The Representative Director of the Company shall be appointed by a resolution of the Board of Directors' meeting and the Representative Director shall represent the Company and manage all matters of the Company.
- (2) If two (2) or more Representative Directors are appointed, each shall represent the Company.

- (3) On the occurrence of a vacancy or absence of the Representative Director, the person authorized in such order of priority as determined by the Regulations of the Board of Directors or the person separately determined by the Board of Directors shall perform his/her duties.

Article 30. (Meetings of the Board of Directors)

- (1) Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors or the person designated by the Regulation of the Board of Directors.
- (2) Meetings of the Board of Directors shall be convened no less frequently than on a quarterly basis. The persons entitled to convene a Meeting of the Board of Directors shall decide the meeting date and send a notice thereof to the Directors in writing, through electronic communication or orally at least twelve(12) hours prior to such meeting; provided that, when the consent of all the Directors has been obtained, a meeting of the Board of Directors may be held anytime without conforming to these procedures.

14

- (3) Meetings of the Board of Directors may be conducted in the English language and shall be translated into the Korean language by an interpreter, if necessary.
- (4) The Chairman of the Board of Directors shall be elected by the Board of Directors.
- (5) Meetings of the Board of Directors shall be held in Korea, unless otherwise determined by the Board of Directors.

Article 31. (Resolutions of the Board of Directors)

- (1) The quorum for the Meeting of the Board of Directors of the Company shall require the presence of the majority of Directors in office.
- (2) Resolutions of a meeting of the Board of Directors shall be adopted by the affirmative votes of a majority of the Directors present.
- (3) The Board of Directors may allow all or part of the Directors in office to exercise his/her and/or their voting rights by telecommunication means through which they may transmit and receive voices at the same time without attending a meeting of the Board of Directors in person. In such case, the concerned Director(s) shall be deemed as having attended the meeting of the Board of Directors in person.
- (4) Each member of the Board of Directors shall have one (1) voting right; provided, however, that any person who has special interests concerning a resolution of the Board of Directors may not exercise his/her voting right.

Article 32. (Filling of Vacancy)

- (1) Any vacancy in the office of Director shall be filled by resolution of a General Meeting of Shareholders; provided, however, that if the number of Directors required by Article 26 hereof is met and there is no difficulty in the administration of business, the vacancy may be left un-filled.
- (2) In case where the number of outside Directors required by Article 26 hereof is not met for reasons of resignation, death, etc., the vacancy should be filled at the first General Meeting of Shareholders to be convened after occurrence of such reason.

15

Article 33. (Minutes of the Board of Directors' Meeting)

- (1) The proceedings of a Board of Directors' meeting shall be recorded in the minutes.

- (2) The minutes shall set forth the agenda, the course of the proceedings and the results thereof, the opposing person(s) and the reasons for such opposition, and the chairman and all Directors present shall affix their names and seals or signatures to the minutes. The minutes shall be kept in the head office of the Company.

Article 34. (Committees)

- (1) The Company shall establish following committees within the Board of Directors.
 1. Audit Committee
 2. Outside Director Nomination Committee
 3. Other committees as deemed necessary by the Board of Directors
- (2) Details on composition, power and operation of each committee shall be determined by a resolution of the Board of Directors.
- (3) Articles 30 (2), 31 and 33 shall apply *mutatis mutandis* in respect of the foregoing committees.

Article 35. (Remuneration and Severance Pay of Directors)

- (1) The total amount of remuneration for the Directors shall be determined by a resolution of the General Meeting of Shareholders.
- (2) The severance pay for the Directors shall be made in accordance with the Regulations of Severance Payment to Directors as separately determined by a resolution of the General Meeting of Shareholders.

Article 36. [Deleted]

CHAPTER IV-II. AUDIT COMMITTEE

16

Article 36-2. (Composition of Audit Committee)

- (1) The Company shall have an Audit Committee in lieu of the statutory auditors in accordance with Article 34 hereof.
- (2) The Audit Committee shall consist of at least three (3) outside Directors.
- (3) The Company shall appoint the members of the Audit Committee from the Directors of the Company, after having appointed such Directors as Directors of the Company at a General Meeting of Shareholders; provided, however, that, one (1) of the members of the Audit Committee shall be a Director appointed as a Director to be appointed as a member of the Audit Committee, separate from other Directors appointed, at the General Meeting of Shareholders.
- (4) When the shareholders appoint a member of the Audit Committee at a General Meeting of Shareholders, any shareholder who holds more than 3% of the total number of voting shares issued by the Company shall not exercise the voting rights of the shares in excess thereof.
- (5) The Audit Committee shall appoint, by its resolution, a person to represent the committee.
- (6) The members of the Audit Committee shall be appointed by the affirmative vote of the majority of shareholders present at the meeting; provided, that, such votes shall represent at least one fourth (1/4) of total number of issued and outstanding shares of the Company. However, in case the shareholders are allowed to exercise its voting rights through electronic means in accordance with Article 368-4(1) of the Commercial Code, the appointment of the members of the Audit Committee may be resolved by the affirmative vote of the majority of shareholders present at the meeting.

Article 36-3. (Duties of Audit Committee)

- (1) The Audit Committee shall examine the accounts and businesses of the Company.
- (2) The Audit Committee may request the Board of Directors to convene an extraordinary General Meeting of Shareholders by submitting documents stating the agenda and reasons for such convocation.

17

- (3) The Audit Committee may request the Company's subsidiary to report the details of the operation, if deemed necessary for performance of its duties. In such a case, if the subsidiary fails to immediately report the details or if it is necessary to confirm the contents of the report, the Audit Committee may investigate the subsidiary's business operation and financial status.
- (4) The Audit Committee shall dispose any matters delegated by the Board of Directors, as provided in the Audit Committee Charter resolved by the Board of Directors, other than those set forth in Paragraphs (1) through (3) above.

Article 36-4. (Auditor's Records)

The Audit Committee shall prepare an auditor's record with respect to auditing and shall record the substance and results of the audit in the auditors' record, on which the names and seals or signatures of the members of the Audit Committee who have performed such audit shall be affixed.

CHAPTER V. ACCOUNTING

Article 37. (Fiscal Year)

The fiscal year of the Company shall commence on January 1 of each year and end on December 31 (of the same year).

Article 38. [Deleted]

Article 39. [Deleted]

Article 40. [Deleted]

Article 41. (Preparation and Maintenance of Financial Statements and Business Report)

- (1) The Representative Director shall prepare the following documents, supplementary documents thereto and the business report, and submit such documents to the Audit Committee for audit six (6) weeks prior to the day set for the ordinary General Meeting of Shareholders. The Representative Director, or if the Company has Joint Representative Directors, the Chief Executive Officer and Joint Representative Director, shall submit the following documents and the business report to the ordinary General Meeting of Shareholders for approval:

18

1. Balance sheet;
 2. Profit and loss statement; and
 3. Other documents prescribed by the Enforcement Decree of the KCC that present the Company's financial position and business performance.
- (2) If the Company is required to prepare consolidated financial statements under the Enforcement Decree of the KCC, the documents under Paragraph (1) above shall include those prepared on a consolidated basis, respectively.
 - (3) The Audit Committee shall submit the auditors' report to all Directors one (1) week prior to the day set for the ordinary General Meeting of Shareholders.
 - (4) The Representative Director shall keep on file, from one (1) week before the day set for the ordinary General Meeting of Shareholders, the documents described in Paragraph (1) above and supplementary documents together with the business

report and the auditors' report at the head office of the Company for five (5) years and certified copies of all of such documents at the branches of the Company for three (3) years.

- (5) The Representative Director shall give public notice of the balance sheet and the external auditor's opinion immediately after the documents referred to in Paragraph (1) above have been approved at the General Meeting of Shareholders.

Article 41-2. (Appointment of External Auditor)

The Company shall appoint an external auditor pursuant to the Act on External Audit of Stock Companies, Etc. and shall report such fact at the first ordinary General Meeting of Shareholders to be convened after the appointment or shall otherwise notify or publicly announce such fact to the shareholders as prescribed in the Enforcement Decree of the Act on External Audit of Stock Companies, Etc.

19

Article 42 (Appropriation of Earnings)

The Company shall dispose of the unappropriated retained earnings as of the end of each fiscal year as follows:

1. Legal reserve;
2. Other statutory reserves;
3. Dividends;
4. Discretionary reserve; and
5. Other appropriation of retained earnings.

Article 42-2. [Delete]

Article 43. (Dividends)

- (1) Dividends may be paid in either cash or shares.
- (2) In case dividends are distributed in shares, if the Company has issued several classes of shares, such distribution may be made through shares of different classes by a resolution of a General Meeting of Shareholders.
- (3) The Board of Directors may set a specific date to confirm the shareholders who will receive the dividends in Paragraph (1) above, and in such case, the Board of Directors shall notify the set date two (2) weeks prior to the set date.

Article 43-2. (Interim Dividends)

- (1) The Company may pay interim dividends in accordance with Article 462-3 of the Commercial Code to its shareholders who are registered in the shareholder's registry as of 00:00 a.m. on July 1 of the relevant fiscal year. Such interim dividends shall be made in cash.
- (2) The interim dividends mentioned in Paragraph (1) above shall be decided by a resolution of the Board of Directors, which resolution shall be made within forty-five (45) days from the date mentioned in Paragraph (1) above.
- (3) The maximum amount to be paid as interim dividends shall be calculated by deducting the following amounts from the net asset amounts recorded in the balance sheet of the fiscal year immediately prior to the fiscal year concerned:
 1. Paid in capital of the company for the fiscal year immediately prior to the fiscal year concerned;

20

2. The aggregate amount of capital reserves and legal reserves which had been accumulated up until the fiscal year immediately prior to the fiscal year concerned;
 3. The amount which was resolved to be distributed as dividends at an ordinary General Meeting of Shareholders of the fiscal year immediately prior to the fiscal year concerned;
 4. Voluntary reserves which had been accumulated for specific purposes in accordance with the relevant provisions of the Articles of Incorporation or by resolution of the General Meetings of Shareholders until the fiscal year immediately prior to the fiscal year concerned;
 5. Aggregate earned surplus reserves to be accumulated for the fiscal year concerned as a result of the interim dividends; and
- (4) When distributing interim dividends, the same dividend ratio as that of the common shares of the Company shall be applied to the preferred shares.

Article 44. (Prescription Period for Claim for Payment of Dividends)

- (1) The right to dividends shall be extinguished by prescription if the right is not exercised for five (5) years.
- (2) After the expiration of the prescription period set forth in Paragraph (1), unclaimed dividends shall revert to the Company.

ADDENDA

1. These Articles of Incorporation shall be effective from June 23, 2004, except for the Article 17, Paragraph (4), Article 41, Paragraph (2), Article 42-2, Article 43-2 which shall be effective upon the shares of the Company being listed on the Korea Exchange.

2. Notwithstanding Addendum 1. above, the Company shall satisfy the requirements under latter part of Article 26, Article 34 and Chapter IV-II of these amended Articles of Incorporation by the close of the first Annual (Ordinary) General Meeting of Shareholders to be convened after the amendment of these Articles of Incorporation. Until the composition of the Audit Committee under these amended Articles of Incorporation, the Company shall have at least one (1) statutory auditor and the current statutory auditor(s) of the Company shall have the same duty and rights as the statutory auditor(s) pursuant to the Commercial Code and the Articles of Incorporation prior to the amendment.

21

3. The outside Directors to be elected until the close of the first Annual (Ordinary) General Meeting of Shareholders to be convened after the amendment of these Articles of Incorporation, shall be deemed to have been nominated by the Outside Director Nomination and Corporate Governance Committee pursuant to Article 27-2; provided, however, that the outside Directors shall be nominated by the Outside Director Nomination and Corporate Governance Committee once such Committee has been composed of even before the close of such General Meeting of Shareholders.

ADDENDA (as of March 23, 2005)

These Articles of Incorporation shall be effective from March 23, 2005.

ADDENDA (as of February 28, 2007)

These Articles of Incorporation shall be effective from February 28, 2007.

ADDENDA (as of February 29, 2008)

These Articles of Incorporation shall be effective from March 3, 2008.

ADDENDA (as of March 13, 2009)

These Articles of Incorporation shall be effective from March 13, 2009.

ADDENDA (as of March 12, 2010)

These Articles of Incorporation shall be effective from March 12, 2010.

ADDENDA (as of March 11, 2011)

These Articles of Incorporation shall be effective from March 11, 2011.

ADDENDA (as of March 8, 2013)

These Articles of Incorporation shall be effective from March 8, 2013.

ADDENDA (as of March 15, 2019)

These Articles of Incorporation shall be effective from March 15, 2019, except for the amended provisions of Article 8, Article 13, Article 14, Article 15-4 and Article 15-5, which shall be effective from the date the Act on Electronic Registration of Stocks, Bonds, Etc. takes effect.

ADDENDA (as of March 23, 2021)

These Articles of Incorporation shall be effective from March 23, 2021.

ADDENDA (as of March 23, 2022)

These Articles of Incorporation shall be effective from March 23, 2022.

ADDENDA (as of March 22, 2024)

These Articles of Incorporation shall be effective from March 22, 2024.

Description of LG Display Co., Ltd.'s American Depositary Shares

Citibank N.A. serves as the depository for American depositary shares of LG Display Co., Ltd., pursuant to the deposit agreement among LG Display Co., Ltd., Citibank, N.A., as ADR depository, and all holders and beneficial owners of American depositary shares of LG Display Co., Ltd., dated as of July 22, 2004, as amended by the Amendment No. 1 thereto dated September 2, 2014 and supplemented by the side letter agreement dated as of November 29, 2007. Unless otherwise indicated, all references in this exhibit to the terms “we,” “us,” “our” and “LG Display” refer to LG Display Co., Ltd., all references in this exhibit to “ADSs” are to our American depositary shares, and all references to “ADRs” are to the American depositary receipts issued under our ADSs.

The following is a summary description of the material terms of our ADSs and of your material rights as an owner of such ADSs. Because it is a summary, this description does not contain all the information that may be important to you. Your rights and obligations as an owner of ADSs are determined by reference to the terms of the deposit agreement and side letter agreement and not this summary. Statements printed in italics in this description are provided for your information and either reflect the current state of Korean law or are not contained in the deposit agreement. For more complete information, you should read the entire deposit agreement and the ADR. The original deposit agreement was filed with the United States Securities and Exchanges Commission (the “SEC”) as an exhibit to the registration statement on Form F-6 on November 28, 2007, a form of the Amendment No. 1 thereto was filed with the SEC as an exhibit to the registration statement on Form F-6 on July 30, 2014, and the side letter agreement was filed with the SEC as an exhibit to the annual report on Form 20-F on April 16, 2008. You may obtain a copy of such filings from the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the SEC’s website at <http://www.sec.gov>. Copies of the deposit agreement are also available for inspection at the principal New York office of the ADR depository, currently located at 388 Greenwich Street, New York, New York 10013.

American Depositary Receipts

ADSs represent ownership interests in securities that are on deposit with the ADR depository. ADSs may be represented by certificates that are commonly known as ADRs. The ADR depository typically appoints a custodian to safekeep the securities on deposit. The ADR depository’s custodian in this case is the Korea Securities Depository, located at 4 Gil 23 Yoinaru, Yeongdeungpo-gu, Seoul, Republic of Korea. Korea Securities Depository is also the institution authorized under applicable law to effect book-entry transfers of shares of our common stock. Each ADS represents the right to receive shares of our common stock on deposit with the custodian. An ADS also represents the right to receive any other property received by the ADR depository or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. An ADR may represent any number of ADSs. We and the ADR depository treat only persons in whose names ADRs are registered on the books of the registrar as holders of ADRs.

As an owner of our ADSs, you are a party to the deposit agreement and therefore are bound to its terms and to the terms of the ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as owner of ADSs and those of the ADR depository. As an ADS holder you appoint the ADR depository to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of shares of common stock are governed by the laws of Korea, which may be different from the laws in the United States.

As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name or through a brokerage or safekeeping account. If you hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as The Depository Trust Company (“DTC”). The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. This summary description assumes you own the ADSs directly by means of an ADS registered in your name and, as such, we refer to you as the “holder.” When we refer to “you,” we assume the reader owns ADSs.

Uncertificated form of ADSs

Pursuant to the side letter agreement, the ADR depository may also issue ADSs that are not evidenced by ADRs (the “uncertificated ADSs”) on its direct registration system, unless otherwise specifically instructed in writing by the applicable holder. The uncertificated ADSs are not represented by any instrument(s) but are evidenced only by the registration of “uncertificated securities” on the books and records of the ADR depository maintained for such purpose. Uncertificated ADSs are in all material respects identical to certificated ADSs of the same type and class, except that (i) no ADR(s) are, nor need to be, issued to evidence uncertificated ADSs, (ii) uncertificated ADSs are, subject to the terms of the deposit agreement (as supplemented by the side letter agreement), transferable upon the same terms and conditions as uncertificated securities under New York law, (iii) each holder’s ownership of uncertificated ADSs are recorded on the books and records of the ADR depository maintained for such purpose and evidence of such holder’s ownership are reflected in periodic statements provided by the ADR depository to each such holder in accordance with applicable law, (iv) the ADR depository may from time to time, upon notice to the holders of uncertificated ADSs affected thereby, establish rules and amend or supplement existing rules, as may be deemed reasonably necessary to maintain the direct registration system for the ADSs and for the issuance of uncertificated ADSs on behalf of holders, provided that such rules do not conflict with the terms of the deposit agreement (as supplemented by the side letter agreement) and applicable law, (v) the holder of uncertificated ADSs are not entitled to any benefits under the deposit agreement (as supplemented by the side letter agreement) and such holder’s uncertificated ADSs shall not be valid or enforceable for any purpose against the ADR depository or us unless such holder is registered on the books and records of the ADR depository maintained for such purpose, (vi) the ADR depository may, in connection with any deposit of shares resulting in the issuance of uncertificated ADSs and with any transfer, pledge, release and cancellation of uncertificated ADSs, require the prior receipt of such documentation as the ADR depository may reasonably request, and (vii) upon termination of the deposit agreement (as supplemented by the side letter agreement), the ADR depository does not require holders of uncertificated ADSs to affirmatively instruct the ADR depository or to take other action before remitting proceeds from the sale of the deposited securities represented by such holders’ uncertificated ADSs under the terms of the deposit agreement.

Holders of uncertificated ADSs that are not subject to any registered pledges, liens, restrictions or adverse claims, of which the ADR depository has written notice at such time, may exchange the uncertificated ADSs (or any portion thereof) for ADRs of the same type and class, subject in each case to applicable laws and any rules the ADR depository may establish from time to time in respect of the uncertificated ADSs. In addition, so long as the ADR depository maintains its direct registration system for the ADSs, the holders of ADRs have the right to exchange the ADRs (or any portion thereof) for uncertificated ADSs upon (i) the due surrender of the ADRs to the ADR depository for such purpose, and (ii) the presentation of a written request to such effect to the ADR depository, subject in each case to all liens and restrictions noted on the ADR evidencing the ADS(s) and all adverse claims of which the ADR depository then has written notice, the terms of the deposit agreement (as supplemented by the side letter agreement) and the rules that the ADR depository may establish from time to time for such purposes thereunder, and applicable law. Moreover, holders of uncertificated ADSs may also request the sale of ADSs through the ADR depository, subject to the terms and conditions generally applicable to the sale of ADSs through the ADR depository from time to time (which may be changed by the ADR depository).

Deposit and Withdrawal of Shares of Common Stock

The shares of common stock underlying the ADSs are delivered to the ADR depository’s custodian in book-entry form. Accordingly, no share certificates are issued for them, and the ADR depository holds the shares of common stock in book-entry form through the custodian. The delivery of the shares of common stock pursuant to the deposit agreement takes place through the facilities of the custodian.

The ADR depository will create ADSs if you or your broker deposit shares of common stock with the custodian. Upon payment of its issuance fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the ADR depository will register the appropriate number of ADSs in the names you designate. Your ability to deposit shares of common stock and receive ADSs may be limited by U.S. and Korean legal considerations applicable at the time of deposit. The current limit on the number of shares that may be deposited into our ADR facility is **68,095,700** as of April 24, 2024. *The number of shares issued or sold in any subsequent offering by us or our affiliates, subject to government authorization, raises the limit on the number of shares that may be deposited into the ADR facility, except to the extent such deposit is prohibited by applicable laws or violates our articles of incorporation, or we determine with the ADR depository to limit the number of shares of common stock so offered that would be eligible for deposit under the deposit agreement in order to maintain liquidity for the shares in Korea as may be requested by the relevant Korean authorities.*

The issuance of ADSs may be delayed until the ADR depository or the custodian receives confirmation that all required approvals have been given and that the shares have been duly transferred to the custodian. The ADR depository will only issue ADSs in whole numbers.

When you make a deposit of shares, you will be responsible for transferring good and valid title to these shares to the ADR depository and you will be deemed to represent and warrant that:

- The shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such shares have been validly waived or exercised.
- You are duly authorized to deposit the shares of common stock.
- The shares of common stock presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, “restricted securities” (as defined in the deposit agreement).
- The shares of common stock presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the ADR depository may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

The ADR depository will arrange for the acceptance of the ADSs into DTC. A single ADR in the form of a “Balance Certificate” will evidence all ADSs held through DTC and will represent the aggregate number of ADSs that have been issued from time to time. That ADR will be registered in the name of the nominee for DTC (currently “Cede & Co.”). As such, Cede & Co., or any subsequent nominee for DTC, will be the only holder of the ADR evidencing all ADSs held through DTC. Each beneficial owner of ADSs held through DTC must rely upon the procedures of DTC and the DTC participants to exercise, effect transfer of or be entitled to any rights attributable to such ADSs.

The ADR depository and the ADR depository’s custodian will refuse to accept shares of common stock for deposit whenever we restrict transfer of shares of common stock to comply with our articles of incorporation or applicable law.

You may surrender your ADRs to the ADR depository for cancellation and withdraw the underlying shares of our common stock. Upon payment of the cancellation fees provided in the deposit agreement and any governmental charges and taxes, subject to applicable laws and regulations of Korea and our articles of incorporation, you are entitled to physical delivery or electronic delivery to an account in Korea or, if permissible under applicable Korean law, outside Korea, of the shares of common stock evidenced by the ADSs and any other property at the time represented by ADRs you surrendered.

You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the ADR depository may ask you to provide proof of identity and genuineness of any signature and such other documents as the ADR depository may deem appropriate before it will cancel your ADSs. The withdrawal of the shares of common stock represented by your ADSs may be delayed until the ADR depository receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the ADR depository will only accept ADSs for cancellation that represent a whole number of securities on deposit and will only be permitted to deliver shares of common stock that have been listed for trading on the Korea Exchange. The ADR depository will process ADSs presented for withdrawal of the shares of common stock they represent on a first come, first served basis.

You have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (1) the transfer books for the shares of common stock or ADSs are closed, or (2) shares of common stock are immobilized on account of a shareholders’ meeting or a payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

If you want to withdraw the shares of common stock from the depositary facility, you must register your identity with the Financial Supervisory Service of Korea before you acquire the shares of common stock unless you intend to sell the shares of common stock within three months of acquisition. See “Item 10.D. Exchange Controls and Securities Regulations—Restrictions Applicable to Shares” in our Annual Report on Form 20-F for the year ended December 31, 2023.

Pre-Release Transactions

Under the provisions of the deposit agreement, the ADR depositary may not lend shares of common stock or ADSs. However, subject to the provisions of the deposit agreement and to the extent permitted by applicable Korean law, the ADR depositary may issue ADSs before deposit of the underlying shares of common stock. The ADR depositary may also deliver shares of common stock prior to receiving ADS for cancellation. These transactions are commonly called pre-release transactions. The ADR depositary may execute a pre-release transaction only under the following circumstances:

- before or at the time of the pre-release transaction, the person to whom the pre-release transaction is being made must represent to the ADR depositary in writing that it or its customer owns the shares of common stock to be deposited or the ADSs to be cancelled and show evidence of ownership of those securities to the ADR depositary’s satisfaction;
- before or at the time of such pre-release transaction, the person to whom the pre-release transaction is being made must agree in writing with the ADR depositary that he will hold the shares of common stock or ADSs in trust for the ADR depositary until their delivery to the ADR depositary or custodian, reflect on his records the ADR depositary as owner of such shares of common stock or ADSs and unconditionally guarantee to deliver such shares of common stock or ADSs to the ADR depositary or custodian and agrees to any additional requirements or restrictions that the ADR depositary may impose;
- the pre-release transaction must be fully collateralized with cash or U.S. government securities or such other collateral as the ADR depositary deems appropriate;
- the ADR depositary must be able to terminate the pre-release transaction on not more than five business days’ notice; and
- the pre-release transaction would be subject to further indemnities and credit regulations as the ADR depositary deems appropriate.

The deposit agreement limits the aggregate size of the pre-release transactions. The ADR depositary may retain for its own account any compensation received by it in connection with the pre-release transactions, such as earnings on the collateral.

Dividends, Other Distributions and Rights

As a holder, you generally have the right to receive the distributions we make on the securities deposited with the custodian bank. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of a specified record date.

Distributions of Cash

If the ADR depositary can, in its reasonable judgment and pursuant to applicable law, convert Korean Won (or any other foreign currency) into U.S. dollars on a reasonable basis and transfer the resulting U.S. dollars to the United States, the ADR depositary will as promptly as practicable convert all cash dividends and other cash distributions received by it on the deposited shares of common stock into U.S. dollars and distribute the U.S. dollars to you in proportion to the number of ADSs representing shares of common stock held by you, after deduction of the fees and expenses of the ADR depositary and any applicable taxes and governmental charges payable by the holder pursuant to the deposit agreement.

Other Distributions

In the event that the ADR depository or the ADR depository's custodian receives any distribution upon any deposited shares of common stock in property or securities (other than cash, shares of common stock or rights to receive shares of common stock), the ADR depository will distribute the property or securities to you after deduction of the fees and expenses of the ADR depository in proportion to your holdings in any manner that the ADR depository deems, after consultation with us, commercially feasible. If the ADR depository determines that any distribution of property or securities (other than cash, shares of common stock or rights to receive shares of common stock) cannot be made proportionally, or if for any other reason the ADR depository deems the distribution not to be commercially feasible, the ADR depository may, after consultation with us, dispose of all or a portion of the property or securities in such amounts and in such manner, including by public or private sale, as the ADR depository deems equitable or practicable. The ADR depository will distribute to you the net proceeds of any such sale, or the balance of the property or securities, after the deduction of the fees and expenses of the ADR depository.

Distribution of Shares

If a distribution by us consists of a dividend in, or free distribution of, our shares of common stock, the ADR depository may, with our approval, and will, if we request, deposit the shares of common stock and either (1) distribute to you, in proportion to your holdings, additional ADSs representing those shares of common stock, or (2) reflect on the records of the ADR depository the increase in the aggregate number of ADSs representing the aggregate number of shares of common stock received, in both cases, after the deduction of the fees and expenses of the ADR depository. No such distribution of new ADSs will be made if it would violate law (i.e., U.S. securities laws) or if it would not be operationally practicable. If the ADR depository deems that such distribution for any reason is not commercially feasible, the ADR depository may adopt, after consultation with us, any method as it may deem commercially feasible to effect such distribution, including by public or private sale of all or part of the shares of common stock received. The ADR depository will distribute to you the net proceeds of any such sale as with a cash distribution. The ADR depository will only distribute whole numbers of ADSs. Fractional entitlements to ADSs will be sold, and the proceeds of such sale will be distributed as in the case of a cash distribution.

Distribution of Rights

If we offer holders of our shares of common stock any rights to subscribe for additional shares of common stock or any other rights, the ADR depository may make these rights available to you. The ADR depository will first consult with us to determine whether it is lawful and commercially feasible to distribute those rights to you.

The ADR depository will establish procedures to distribute rights to purchase additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide the ADR depository with all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The ADR depository is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to purchase new shares of common stock other than shares of common stock to be held in the form of ADSs. The ADR depository will not distribute the rights to you if:

- We do not timely request that the rights be distributed to you or we request that the rights not be distributed to you;
- We fail to deliver satisfactory documents to the ADR depository; or
- It is not reasonably practicable to distribute the rights to you.

If the ADR depository determines in consultation with us that it is not lawful or commercially feasible to make these rights available to you, then upon our request, the ADR depository will sell the rights and distribute the proceeds in the same way as it would do with a cash distribution. The ADR depository may allow these rights that are not distributed or sold to lapse. In that case, you will receive no value for these rights.

If a registration statement under the Securities Act with respect to the securities to which any rights relate is required in order for us to offer the rights to you and to sell the securities represented by these rights, the ADR depository will not offer such rights to you until such a registration statement is in effect, or unless the offering and sale of such securities and such rights to you are exempt from the registration requirements of the Securities Act or any required filing, report, approval or consent has been submitted, obtained or granted. Neither we nor the ADR depository will be obligated to register the rights or securities under the Securities Act or to submit, obtain or request any filing, report, approval or consent.

Elective Distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the ADR depository and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the ADR depository in determining whether such distribution is lawful and commercially feasible. The ADR depository will make the election available to you only if it is commercially feasible and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the ADR depository will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in Korea would receive upon failing to make an election, as more fully described in the deposit agreement.

Transfer, Combination and Split Up of ADRs

As an ADR holder, you are entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the ADR depository and also must:

- ensure that the surrendered ADR certificate is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the ADR depository deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the ADR depository with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Record Dates

The ADR depository will fix a record date, after consultation with us, in each of the following situations:

- we make any cash dividend or other cash distribution upon our shares of common stock;
- we make any distribution other than cash upon our shares of common stock;
- we issue rights with respect to our shares of common stock;
- the ADR depository causes a change in the number of shares of common stock that are represented by each ADS; or
- the ADR depository receives notice of any shareholders' meeting.

The record date will be, to the extent practicable, established as near as practicable to the record date fixed by us for the shares of common stock. The record date will determine (1) the ADR holders who are entitled to receive the dividend, distribution or rights, or the net proceeds of the sale of the rights; or (2) the ADR holders who are entitled to receive notices of meetings or to exercise rights.

Voting of the Underlying Shares of Common Stock

As a holder, you generally have the right under the deposit agreement to instruct the ADR depository to exercise the voting rights for the shares of common stock represented by your ADSs. *The voting rights of holders of shares of common stock are described in the section titled "Item 10.B. Memorandum and Articles of Association – Description of Capital Stock – Voting Rights" in our Annual Report on Form 20-F for the year ended December 31, 2023.*

We will give the ADR depository a notice of any meeting or solicitation of shareholder proxies immediately after we finalize the form and substance of such notice sufficiently in advance of the meeting or solicitation of shareholder proxies to provide holders with a reasonable opportunity to take all actions requested, the ADR depository having no obligation to provide holders with notice, voting or proxy solicitation materials if it does not timely receive such materials from us. As soon as practicable after it receives our notice, the ADR depository will fix a record date, and upon our written request, the ADR depository will mail to you a notice that will contain the following:

- the information contained in our notice to the ADR depository including an English translation, or, if requested by us, a summary of the information provided by us;
- a statement that the ADR holders as of the close of business on a specified record date will be entitled to instruct the ADR depository as to how to exercise their voting rights for the number of shares of deposited shares of common stock, subject to the provisions of applicable Korean law and our articles of incorporation, which provisions, if any, will be summarized in the notice to the extent that they are material; and
- a statement as to the manner in which the ADR holders may give their instructions.

Upon your written request received on or before the date set by the ADR depository for this purpose, the ADR depository will endeavor, in so far as practicable, to vote or cause to be voted the deposited shares of common stock in accordance with the instructions set forth in your written requests. To the extent the ADR depository does not timely receive voting instructions from a holder of ADSs, it will endeavor to vote the shares of common stock represented by those ADSs in the same proportion as the holders of all other outstanding shares of common stock vote their shares of common stock at the meeting. The ADR depository will not, and will ensure that the custodian bank does not, vote the shares of common stock represented by ADSs at any meeting for which we have not timely provided voting materials to the ADR depository.

Please note that the ability of the ADR depository to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the ADR depository in a timely manner.

The ADR depository may not itself exercise any voting discretion over any deposited shares of common stock. You may only exercise the voting rights in respect of whole numbers of ADSs. ADR holders may not be entitled to give instructions to vote the shares of common stock represented by the ADSs if, and to the extent that, the total number of shares of common stock represented by the ADSs of an ADR holder exceeds any limit set under applicable law. We can give no assurance to you, however, that we will notify the ADR depository sufficiently in advance of the scheduled date of a meeting or solicitation of consents or proxies to enable the ADR depository to make a timely mailing of notices to you, or that you will receive the notices sufficiently in advance of a meeting or solicitation of consents or proxies to give instructions to the ADR depository.

Inspection of Transfer Books

The ADR depository keeps books at its principal New York office which is currently located at 388 Greenwich Street, New York, New York 10013, for the registration and transfer of ADRs. You may inspect the books of the ADR depository during regular business hours as long as the inspection is not for the purpose of communicating with holders in the interest of a business or object other than our business or a matter related to the deposit agreement or the ADSs.

Reports and Notices

On or before the first date on which we give notice, by publication or otherwise, of any meeting of shareholders, or of any adjourned meeting of shareholders, or of the taking of any action in respect of any distribution of cash or other distribution or the offering of any rights in respect of the shares of common stock, we will transmit to the custodian and the ADR depository sufficient copies of the applicable notice in English in the form given or to be given to shareholders. We will furnish to the ADR depository English language versions of any reports, notices and other communications that we generally transmit to holders of our common stock. The ADR depository will arrange for the prompt mailing of copies of these

documents, or, if we request, a summary of any such notice provided by us to you or, at our request, make notices, reports (other than the annual reports and semiannual financial statements) and other communications available to you on a basis similar to that for the holders of our common stock or on such other basis as we may advise the ADR depository according to any applicable law, regulation or stock exchange requirement.

Notices delivered to you under the deposit agreement will be deemed to be effective three days (in the case of domestic mail or air courier) or seven days (in the case of overseas mail) from the date when a duly addressed letter containing the same is deposited, postage prepaid, in a post-office letter box or delivered to an air courier service or at the time when a confirmation thereof is produced in the case of a cable, telex or facsimile transmission, without regard for the actual receipt or time of actual receipt of the notice by you.

In addition, the ADR depository will make available for inspection by holders at its principal New York office any notices, reports or communications, including any proxy soliciting materials, received from us that we generally transmit to the holders of our common stock or other deposited securities, including the ADR depository. The ADR depository will also send to you copies of reports and communications we will provide to it as described in the deposit agreement.

Changes Affecting Deposited Shares of Common Stock

In case of a change in the par value, or a split-up, consolidation or any other reclassification of shares of our common stock or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting us, any securities received by the ADR depository or the custodian in exchange for, in conversion of or in respect of deposited shares of our common stock will be treated as new deposited shares of common stock under the deposit agreement. In that case, ADSs will represent, subject to the terms of the deposit agreement and applicable laws and regulations, including any registration requirements under the Securities Act, the right to receive the new deposited shares of common stock, unless additional ADSs are issued, as in the case of a stock dividend, or unless the ADR depository calls for the surrender of outstanding ADRs to be exchanged for new ADRs.

If the ADR depository may not lawfully distribute such property to you, the ADR depository may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Amendment and Termination of the Deposit Agreement

We may agree with the ADR depository to amend or supplement the deposit agreement and the ADSs without your consent for any reason. If the amendment or supplement adds or increases fees or charges, except for taxes and other governmental charges or certain expenses of the ADR depository, or prejudices any substantial existing right of ADR holders, it will only become effective 30 days after the ADR depository notifies you of the amendment or supplement. We do not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law. If you continue to hold your ADSs at the time an amendment or supplement becomes effective, you are considered to have agreed to the amendment or supplement and are bound by the deposit agreement as amended. Except as otherwise required by any mandatory provisions of applicable law, no amendment may impair your right to surrender your ADSs and to receive the underlying deposited securities.

The ADR depository will terminate the deposit agreement if we ask it to do so with 90 days' prior written notice. The ADR depository may also terminate the deposit agreement if the ADR depository has notified us at least 90 days in advance that it would like to resign and we have not appointed a new depository. In both cases, the ADR depository must notify you at least 30 days before the termination date.

If any ADSs remain outstanding after the date of termination, the ADR depository will stop performing any further acts under the deposit agreement, except:

- to collect dividends and other distributions pertaining to the deposited shares of common stock;
- to sell property and rights and the conversion of deposited shares of common stock into cash as provided in the deposit agreement; and

- to deliver deposited shares of common stock, together with any dividends or other distributions received with respect to the deposited shares of common stock and the net proceeds of the sale of any rights or other property represented by those ADSs in exchange for surrendered ADSs.

At any time after the expiration of six months from the date of termination, the ADR depositary may sell any remaining deposited shares of common stock and hold uninvested the net proceeds in an unsegregated account, together with any other cash or property then held, without liability for interest, for the pro rata benefit of the holders of ADSs that have not been surrendered by then.

Charges of ADR Depositary

As an ADS holder, you are required to pay the following service fees to the ADR depositary:

Services	Fees
Issuance of ADSs	Up to US\$0.05 per ADS issued
Cancellation of ADSs	Up to US\$0.05 per ADS canceled
Distribution of cash dividends or other cash distributions	Up to US\$0.02 per ADS held
Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions or (ii) exercise of rights to purchase additional ADSs	Up to US\$0.02 per ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to US\$0.05 per ADS held
Other ADS services	Up to US\$0.02 per ADS held

As an ADS holder you are also responsible to pay certain fees and expenses incurred by the ADR depositary and certain taxes and governmental charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- registration fees applicable to transfers of shares of common stock on our shareholders' register, or that of any entity acting as registrar for the shares, to the name of the ADR depositary or its nominee, or the custodian or its nominee, when making deposits or withdrawals under the deposit agreement;
- cable, telex and facsimile transmission expenses that are expressly provided in the deposit agreement;
- expenses incurred by the ADR depositary in the conversion of foreign currency into U.S. dollars under the deposit agreement;
- such fees and expenses as are incurred by the ADR depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to shares of common stock, shares of common stock on deposit, ADSs and ADRs; and
- the fees and expenses incurred by the ADR depositary, the custodian or any nominee in connection with the servicing or delivery of shares of common stock on deposit.

Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the ADR depositary's obligations to you. Please note the following:

- We and the ADR depositary are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.

- The ADR depository disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
- The ADR depository disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in shares of common stock, for the validity or worth of the shares of common stock, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.
- We and the ADR depository are not obligated to perform any act that is inconsistent with the terms of the deposit agreement.
- We and the ADR depository disclaim any liability if we are prevented or forbidden from acting on account of any law or regulation, any provision of our articles of incorporation, any provision of any securities on deposit or by reason of any act of God or war or other circumstances beyond our control.
- We and the ADR depository disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for the deposit agreement or in our articles of incorporation or in any provisions of securities on deposit with the ADR depository.
- We and the ADR depository further disclaim any liability for any action taken or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting shares of common stock for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
- We and the ADR depository also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit which is made available to holders of shares of common stock but is not, under the terms of the deposit agreement, made available to you.
- We and the ADR depository may rely without any liability upon any written notice, request or other document believed to be genuine or to have been signed or presented by the proper parties.
- We and the ADR depository also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.

General

The ADSs are transferable on the books of the ADR depository; provided, however, that the ADR depository may, after consultation with us, close the transfer books at any time or from time to time, when deemed expedient by it in connection with the performance of its duties. As a condition precedent to the execution and delivery of any ADSs, registration of transfer, split-up, combination of any ADR or surrender of any ADS for the purpose of withdrawal of deposited shares of common stock, the ADR depository or the custodian may require payment from the depositor of the shares of common stock or holder of ADSs of a sum sufficient to reimburse the ADR depository for any tax or other governmental charge and any stock transfer or registration fee and payment of any applicable fees payable by the holders of ADSs.

Any person depositing shares of common stock, any holder of an ADS or any beneficial owner may be required from time to time to file with the ADR depository or the custodian a proof of citizenship, residence, exchange control approval, payment of applicable Korean or other taxes or governmental charges, or legal or beneficial ownership and the nature of their interest, to provide information relating to the registration on our shareholders' register (or our appointed agent for the transfer and registration of shares of common stock) of the shares of common stock presented for deposit or other information, to execute certificates and to make representations and warranties as we or the ADR depository may deem necessary or proper or to enable us or the ADR depository to perform our and its obligations under the deposit agreement. The ADR depository may withhold the execution or delivery or registration of transfer of all or part of any ADR or the distribution or sale of any dividend or other distribution of rights or of the proceeds from their sale or the delivery of any shares deposited under the deposit agreement and any other securities, property and cash received by the ADR depository or the custodian until the proof or other information is filed or the certificates are executed or the representations and warranties are made. The ADR depository shall provide us, unless otherwise instructed by us, in a timely manner, with copies of any of these proofs and certificates and these written representations and warranties.

The delivery and surrender of ADSs and transfer of ADSs generally may be suspended during any period when our or the ADR depository's transfer books are closed, or if that action is deemed necessary or advisable by us or the ADR depository at any time or from time to time in accordance with the deposit agreement. We may restrict, in a manner as we deem appropriate, transfers of shares of common stock where the transfers may result in ownership of shares of common stock in excess of limits under applicable law.

Taxes

You are responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the ADR depository and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The ADR depository may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The ADR depository and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the ADR depository and to the custodian proof of taxpayer status and residence and such other information as the ADR depository and the custodian may require to fulfill legal obligations. You are required to indemnify us, the ADR depository and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The ADR depository will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the ADR depository may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.
- Distribute the foreign currency to holders for whom the distribution is lawful and practical.
- Hold the foreign currency (without liability for interest) for the applicable holders.

Governing Law

The deposit agreement, side letter agreement and the ADRs are interpreted under, and all rights under the deposit agreement, side letter agreement or the ADRs are governed by, the laws of the State of New York.

We have irrevocably submitted to the non-exclusive jurisdiction of New York State or United States Federal Courts located in New York City and waived any objection to legal actions or proceedings in these courts whether on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

This submission was made for the benefit of the ADR depository and the holders and shall not limit the right of any of them to take legal actions or proceedings in any other court of competent jurisdiction nor shall the taking of legal actions or proceedings in one or more jurisdictions preclude the taking of legal actions or proceedings in any other jurisdiction (whether concurrently or not), to the extent permitted under applicable law.

I, Cheoldong Jeong, certify that:

1. I have reviewed this annual report on Form 20-F of LG Display Co., Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 29, 2024

/s/ CHEOLDONG JEONG

Cheoldong Jeong
Representative Director, President and
Chief Executive Officer

I, Sunghyun Kim, certify that:

1. I have reviewed this annual report on Form 20-F of LG Display Co., Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 29, 2024

/s/ SUNGHYUN KIM
Sunghyun Kim
Executive Vice President and
Chief Financial Officer

Certification

**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsection (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsection (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of LG Display Co., Ltd., a corporation organized under the laws of the Republic of Korea (the “Company”), does hereby certify, to such officer’s knowledge, that:

The annual report on Form 20-F for the year ended December 31, 2023 (the “Form 20-F”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: April 29, 2024

/s/ CHEOLDONG JEONG

Cheoldong Jeong
Representative Director, President and
Chief Executive Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to LG Display Co., Ltd. and will be retained by LG Display Co., Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

Certification

**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsection (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsection (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of LG Display Co., Ltd., a corporation organized under the laws of the Republic of Korea (the “Company”), does hereby certify, to such officer’s knowledge, that:

The annual report on Form 20-F for the year ended December 31, 2023 (the “Form 20-F”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: April 29, 2024

/s/ SUNGHYUN KIM

Sunghyun Kim
Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to LG Display Co., Ltd. and will be retained by LG Display Co., Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

KPMG Samjong Accounting Corp.
Gangnam Finance Center 27th FL
152 Teheran-ro, Gangnam-gu,
Seoul, Korea
Republic of Korea

Tel : 82 2112 0100
Fax : 82 2112 0101
www.kpmg.com/kr

April 29, 2024

Securities and Exchange Commission
Washington, D.C. 20549

Ladies and Gentlemen:

We were previously principal accountants for LG Display Co., Ltd. and, under the date of April 29, 2024, we reported on the consolidated financial statements of LG Display Co., Ltd. as of and for the years ended December 31, 2023 and 2022, and the effectiveness of internal control over financial reporting as of December 31, 2023. On April 29, 2024, the auditor-client relationship ceased. We have read LG Display Co., Ltd.'s statements included under Item 16F of its Form 20-F dated April 29, 2024, and we agree with such statements, except that we are not in a position to agree or disagree with LG Display Co., Ltd.'s statements in the first paragraph regarding the engagement of the new accountants and that the change of newly engaged accountants was approved by the Audit Committee, or any of the LG Display Co., Ltd.'s statements in the second paragraph that relates to the stated reason for changing principal accountant.

Very truly yours,

/s/ KPMG Samjong Accounting Corp.

POLICY FOR RECOVERY OF INCENTIVE BASED COMPENSATION**Adopted : November 22, 2023**

LG Display Co., Ltd. (the “**Company**”) has adopted this Policy for Recovery of Incentive-Based Compensation (the “**Policy**”) by resolution of the board of directors.

1. Definitions

“**Executive**” means each person who serves as an executive officer of the Company, as defined in the Rule 10D-1 of the Applicable Laws, and refers to registered directors and executive officers as defined by Article 3 of the Executive Officer HR Policy of the Company.

“**Applicable Laws**” means Section 10D of the Securities Exchange Act of 1934, as amended, Rule 10D-1 promulgated thereunder, the listing rules of the U.S. national securities exchange or association on which the Company’s securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any U.S. national securities exchange or association on which the Company’s securities are listed.

“**Incentive-Based Compensation**” means, with respect to a Restatement, any compensation (for the avoidance of doubt, this includes the performance incentives and stock options prescribed by Article 21 and Article 22, respectively, of the Executive Officer HR Policy) that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received (as determined under the Applicable Laws) by a person: (a) after beginning service as an Executive; (b) who served as an Executive at any time during the performance period for that compensation; (c) while the issuer has its securities listed on a U.S. national securities exchange or association; and (d) during the Three-Year Period.

“**Restatement**” means an accounting restatement to correct the Company’s material noncompliance with any financial reporting requirement under U.S. securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Financial Reporting Measure**” means any measure determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures derived wholly or in part from such measures, including GAAP, IFRS and other financial measures, as well as stock or share price and total equityholder return.

“**Incentive-Based Compensation Subject to Recovery**” means the amount of Incentive-Based Compensation received by a current or former Executive that exceeds the amount of Incentive Based Compensation that would have been received by such current or former Executive based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Laws.

“**Three-Year Period**” means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the board of directors, a committee of the board of directors or, if action of the board of directors is not required, the officer or officers of the Company authorized to take such action, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement.

2. Persons Subject to Policy

This Policy shall apply to current and former Executives of the Company.

3. Subject of Policy

This Policy shall apply to Incentive-Based Compensation received on or after October 2, 2023.

4. Recovery of Incentive-Based Compensation

(1) In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is “Incentive-Based Compensation Subject to Recovery”. Provided that, if a committee of the board of directors responsible for executive compensation decisions comprised solely of independent directors, or in the absence of such a committee, a majority of the independent directors serving on the board of directors, resolves that recovery is impracticable as determined in accordance with the Applicable Laws, recovery will not be required.

(2) The recovery of Incentive-Based Compensation in accordance with Paragraph (1) above shall be required regardless of whether the applicable Executive engaged in unlawful conduct or otherwise contributed to the requirement for the Restatement of issued financial statements and regardless of whether or when restated financial statements are filed by the Company.

(3) The recovery of Incentive-Based Compensation Subject to Recovery in accordance with this Policy shall not give rise to any person’s right to voluntarily terminate employment with the Company for “good reason,” or “constructive termination” (or any similar term of like effect).

5. Manner of Recovery

The board of directors shall, in its sole discretion, determine the manner of recovery of any Incentive-Based Compensation Subject to Recovery. Such manner of recovery may include reduction of Incentive-Based Compensation or cancellation by the Company of Incentive-Based Compensation Subject to Recovery, reimbursement or repayment by any Executive of the Incentive-Based Compensation Subject to Recovery, and an offset of the Incentive-Based Compensation Subject to Recovery against other compensation payable by the Company to such Executive.

6. Limitation on Duplicative Recovery

Unless prohibited by the Applicable Laws, to the extent that Incentive-Based Compensation Subject to Recovery has already been recovered by the Company from the applicable Executive pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or any other clawback, recoupment, forfeiture or similar policies or provisions of the Company (the “*Other Recovery Arrangements*”), such recovered amount may be credited to the amount of Incentive-Based Compensation Subject to Recovery required to be recovered from the applicable Executive.

7. Administration

The board of directors shall, in its sole discretion, interpret and administer the Policy. All determinations and decisions made by the board of directors pursuant to the provisions of this Policy shall be final and conclusive, provided that, they may be subject to review by the U.S. national securities exchange or association pursuant to the Applicable Laws, and shall be binding on all persons, including the Company, equityholders and employees. The board of directors may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company.

8. Interpretation

This Policy will be interpreted and applied in accordance with the Applicable Laws, and to the extent this Policy is inconsistent with such Applicable Laws, it shall be deemed amended to the extent necessary to ensure it is consistent therewith.

9. No Indemnification

The Company shall not indemnify or compensate any Executive against or for the loss of any Incentive-Based Compensation Subject to Recovery pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any Executive for any premiums for third-party insurance policies that such Executive may elect to purchase to fund such Executive's potential obligations under this Policy.

10. Application; Enforceability

The adoption of this Policy does not limit, and will apply in addition to, any Other Recovery Arrangements, and shall apply together with such Other Recovery Arrangements. The Policy shall not limit any other right or remedy at law or in equity that may be available to the Company.

11. Amendment and Termination

The board of directors may amend or terminate this Policy in whole or in part at any time in its sole discretion. This Policy will terminate automatically when the Company does not have any of its securities listed on U.S. national securities exchange or association and will be limited to the extent that any provision of the Applicable Laws is no longer in effect or applicable to the Company.

Addendum

This Policy is adopted as of November 22, 2023, but shall be effective as of October 2, 2023.