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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of May 2022

LG Display Co., Ltd.

(Translation of Registrant's name into English)

LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 07336, Republic of Korea
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

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QUARTERLY REPORT

(From January 1, 2022 to March 31, 2022)

THIS IS A TRANSLATION OF THE QUARTERLY REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SUPERVISORY COMMISSION.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED AND CERTAIN NUMBERS WERE ROUNDED FOR THE CONVENIENCE OF READERS. REFERENCES TO “Q1”, “Q2”, “Q3” AND “Q4” OF A FISCAL YEAR ARE REFERENCES TO THE THREE-MONTH PERIODS ENDED MARCH 31, JUNE 30, SEPTEMBER 30 AND DECEMBER 31, RESPECTIVELY, OF SUCH FISCAL YEAR. REFERENCES TO “₩” OR “KRW” ARE REFERENCES TO THE KOREAN WON.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A CONSOLIDATED BASIS IN ACCORDANCE WITH KOREAN INTERNATIONAL FINANCIAL REPORTING STANDARDS, OR K-IFRS, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. K-IFRS ALSO DIFFERS IN CERTAIN RESPECTS FROM THE INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES IN THIS DOCUMENT.

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Attachment: 1. Financial Statements in accordance with K-IFRS

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1. Company

A. Name and contact information

The name of our company is “EL-GI DISPLAY CHUSIK HOESA,” which shall be “LG Display Co., Ltd.” in English.

Our principal executive office is located at LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 07336, Republic of Korea, and our telephone number is +82-2-3777-1010. Our website address is <http://www.lgdisplay.com>.

B. Credit rating

(1) Corporate bonds (Domestic) (1)

| Subject instrument | Month of rating | Credit rating | Rating agency (Rating range) (2) |
|--------------------|-----------------|---------------|--|
| Corporate bonds | February 2020 | A+ | NICE Information Service Co., Ltd. (AAA ~ D) |
| | June 2020 | | |
| | May 2021 | | |
| | February 2022 | | |
| | February 2020 | A+ | Korea Investors Service, Inc. (AAA ~ D) |
| | June 2020 | | |
| | March 2021 | | |
| | August 2021 | | |
| | February 2022 | | |
| | February 2020 | A+ | Korea Ratings Corporation (AAA ~ D) |
| | May 2020 | | |
| | April 2021 | | |
| | September 2021 | | |

(1) Domestic corporate bond credit ratings are generally defined to indicate the following:

| Subject instrument | Credit rating | Definition |
|--------------------|---------------|--|
| Corporate bonds | AAA | Strongest capacity for timely repayment. |
| | AA+/AA/AA- | Very strong capacity for timely repayment. This capacity may, nevertheless, be slightly inferior than is the case for the highest rating category |
| | A+/A/A- | Strong capacity for timely repayment. This capacity may, nevertheless, be more vulnerable to adverse changes in circumstances or in economic conditions than is the case for higher rating categories. |
| | BBB+/BBB/BBB- | Capacity for timely repayment is adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity. |
| | BB+/BB/BB- | Capacity for timely repayment is currently adequate, but that there are some speculative characteristics that make the repayment uncertain over time. |
| | B+/B/B- | Lack of adequate capacity for repayment and speculative characteristics. Interest payment in time of unfavorable economic conditions is uncertain. |
| | CCC | Lack of capacity for even current repayment and high risk of default. |
| | CC | Greater uncertainties than higher ratings. |
| | C | High credit risk and lack of capacity for timely repayment. |
| | D | Insolvency. |

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C. Capitalization

(1) Change in capital stock (as of March 31, 2022)

There were no changes to our issued capital stock during the reporting period ended March 31, 2022.

(2) Convertible bonds (as of March 31, 2022)

| Description | Issue Date | Maturity Date | Issue Amount (in Won) | Class of Shares Subject to Conversion | Conversion Period | Conditions for Conversion | | Outstanding Bonds | | Notes |
|---|---------------|---------------|--------------------------------|---------------------------------------|-------------------------------|---------------------------|------------------|--------------------------------|--|------------------------------------|
| | | | | | | Conversion Ratio | Conversion Price | Issue Amount (in Won) | Number of Shares subject to conversion | |
| Unsecured Foreign Convertible Bonds No. 3 | Aug. 22, 2019 | Aug. 22, 2024 | 813,426,670,000 ⁽¹⁾ | Registered Common Shares | Aug. 23, 2020 ~ Aug. 12, 2024 | 100% | ₩19,165 | 813,426,670,000 ⁽¹⁾ | 42,443,343 | Listed on Singapore Stock Exchange |
| Total | — | — | 813,426,670,000 | — | — | 100% | ₩19,165 | 813,426,670,000 | 42,443,343 | — |

- (1) The issue amount for Unsecured Foreign Convertible Bonds No. 3 is calculated based on the application of the mid-point of the relevant Won-US dollar exchange rates as of noon, July 30, 2019 (Korea Standard Time) quoted on Bloomberg, which was ₩1,182.65 per U.S. dollar, to the actual issue amount of USD 687,800,000.

- (2) Pursuant to the resolution on cash dividends on March 23, 2022, the conversion price has been adjusted from ₩19,845 to ₩19,165.

D. Voting rights (as of March 31, 2022)

(Unit: share)

| Description | Number of shares |
|---|------------------------------|
| A. Total number of shares issued ⁽¹⁾ : | 357,815,700 |
| | Common shares ⁽¹⁾ |
| | Preferred shares |
| B. Shares without voting rights: | — |
| | Common shares |
| | Preferred shares |
| C. Shares subject to restrictions on voting rights pursuant to our articles of incorporation: | — |
| | Common shares |
| | Preferred shares |
| D. Shares subject to restrictions on voting rights pursuant to regulations: | — |
| | Common shares |
| | Preferred shares |
| E. Shares with restored voting rights: | — |
| | Common shares |
| | Preferred shares |
| Total number of issued shares with voting rights (=A – B – C – D + E): | 357,815,700 |
| | Common shares |
| | Preferred shares |

- (1) Authorized: 500,000,000 shares

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E. Dividends

Dividends for the three most recent fiscal years

| Description (unit) | Q1 2022 | 2021 | 2020 |
|--|------------------|-----------|----------|
| Par value (Won) | 5,000 | 5,000 | 5,000 |
| Profit (loss) for the year (million Won)(1) | 20,041 | 1,186,182 | (94,853) |
| Earnings (loss) per share (Won)(2) | 56 | 3,315 | (265) |
| Total cash dividend amount for the period (million Won)(3) | — | 232,580 | — |
| Total stock dividend amount for the period (million Won) | — | — | — |
| Cash dividend payout ratio (%) (4) | — | 19.61 | — |
| Cash dividend yield (%) (5) | — | 2.82 | — |
| Stock dividend yield (%) | Common shares | — | — |
| | Preferred shares | — | — |
| Cash dividend per share (Won) | Common shares | 650 | — |
| | Preferred shares | — | — |
| Stock dividend per share (share) | Common shares | — | — |
| | Preferred shares | — | — |

- (1) Based on profit for the year attributable to the owners of the controlling company.
- (2) Earnings per share is based on par value of ₩5,000 per share and is calculated by dividing net income by weighted average number of common shares.
- (3) Cash dividend payout ratio is the percentage that is derived by dividing total cash dividend by profit for the year attributable to the owners of the controlling company.
- (4) Cash dividend yield is the percentage that is derived by dividing cash dividend by the arithmetic average of the daily closing prices of our common shares during the one-week period ending two trading days prior to the closing of the register of shareholders for the purpose of determining the shareholders entitled to receive annual dividends.

Historical dividend information

| | Number of consecutive years of dividends | | Average Dividend Yield | |
|-----|--|------------------|------------------------|--------------|
| | Interim dividends | Annual dividends | Last 3 years | Last 5 years |
| | — | 1 | 0.94 | 0.90 |
| (1) | Pursuant to the approval at the general meeting of shareholders, we distributed cash dividends for the fiscal year 2021. | | | |
| (2) | The average dividend yield is calculated using the simple arithmetic average method, including the fiscal years in which no dividend was paid (no dividends were paid with respect to fiscal years 2018, 2019 and 2020). | | | |

F. Matters relating to Articles of Incorporation

Our current articles of incorporation were amended as of March 23, 2022 at the annual general meeting of shareholders.

Articles to be Amended

Revision of Article 37-2 (Composition of Audit Committee)

Description of Amendments

To enhance the independence of the audit committee and strengthen its internal monitoring function by requiring the committee to consist of four outside directors (from three outside directors).

2. Business

A. Business overview

We were incorporated in February 1985 under the laws of the Republic of Korea. LG Electronics and LG Semicon transferred their respective LCD business to us in 1998, and since then, our business has been focused on the research, development, manufacture and sale of products that apply display technologies such as OLED and TFT-LCD. Sorting by major sales product category, television, IT products and mobile and other products accounted for 26%, 48% and 26% of our total sales, respectively, in the first quarter of 2022. Our customers primarily consist of global set makers, and our top ten customers comprised 85% of our total sales revenue in the first quarter of 2022. As a company focused on exports, our overseas sales accounted for approximately 97% of our total sales in the first quarter of 2022. We provide close local support through our overseas sales subsidiaries located in the United States, Germany, Japan, Taiwan, China and Singapore.

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We operate key production facilities in Korea, China and Vietnam, and as of March 31, 2022, our production capacity was approximately 2.2 million glass sheets per year, as converted into eighth-generation sheets (2200x2500mm). In order to expand our production capacity of differentiated and competitive products such as OLED panels, our total capital expenditures on a cash out basis was around ₩3.2 trillion in 2021, and we plan to make investments within our earnings before interest, tax, depreciation and amortization (“EBITDA”) while continuing to enhance our financial stability in 2022. The major raw materials for display panel production include glass, semiconductors, polarizers, organic matter, backlight units (“BLU”) and printed circuit boards (“PCB”), and the prices of major raw materials may fluctuate as a result of supply and demand in the market as well as changes in our purchase quantity.

As securing production capacity through large scale investments in the display industry requires a long period of time, panel prices may fluctuate due to the imbalance between the increase in production capacity and growth in demand. The sales performance of industry players is differentiated by not only the production capacity of each company but also other competitive differences arising from factors including technology, product development capability, manufacturing efficiency, quality control and customer relationships, along with the price differentiation incorporating such factors. In addition, given the high proportion of our sales overseas, our sales of display panels are denominated mainly in U.S. dollars whereas our purchases of raw materials are denominated mainly in U.S. dollars, Japanese Yen and Chinese Yuan. Accordingly, our profit margins may be affected by changes in the exchange rates between the currencies. We strive to minimize the risk relating to foreign currency denominated assets, liabilities and operating cash flow due to exchange rate fluctuations.

Our research and development expenses represent approximately 9% of our sales, and we are continually creating customer value through systematic R&D activities for new products and technologies. Leveraging our competitive R&D activities, we are leading the display market by providing differentiated values in display panel products utilizing our OLED and TFT-LCD technologies for various uses including television, IT and mobile products, as well as automobiles and industrial uses.

Consolidated operating results highlights

(Unit: In billions of Won)

| | <u>2022 Q1</u> | <u>2021</u> | <u>2020</u> |
|-------------------------|----------------|-------------|-------------|
| Sales Revenue | 6,471 | 29,878 | 24,262 |
| Gross Profit | 818 | 5,305 | 2,635 |
| Operating Profit (loss) | 38 | 2,231 | (36) |
| Total Assets | 38,267 | 38,155 | 35,066 |
| Total Liabilities | 23,510 | 23,392 | 22,335 |

B. Industry

(1) Industry characteristics

- From the supply perspective, the display panel industry is technology- and capital-intensive in nature and requires mass production through achieving an economy of scale.
- From the demand perspective, the display panel industry tends to demonstrate a high level of volatility depending on the global macroeconomic conditions, major regional sales events and/or seasonal factors.
- Despite the gradual transition from various restrictions under the COVID-19 pandemic and an increasing uncertainty in the global macroeconomic environment, the high-end product market is structurally expanding to meet the segmented needs and lifestyle changes of consumers.

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- The market for high-end television display panels is expected to sustain a steady growth due to continued consumer preference for large-sized panels and customized products. We also anticipate a gradual growth in the market for high value-added product segments such as display panels for commercial uses.
- The high-end market for traditional IT products such as laptops and desktop monitors is expected to expand due to sustained lifestyle changes, including partially remote work arrangements and education resulting from the COVID-19 pandemic, and development of new offerings such as gaming and portable products.
- The market for products using plastic OLED products is growing due to increased use of smartphones for mobile contents and gaming purposes with the development of 5G communication infrastructure, as well as evolutions in form factors such as foldable smartphones.

(2) Growth Potential

- We are strengthening our business base with a focus on customer value and developing new markets under our strategic plan to transition our business to center around OLED, which has a strong future growth potential. With respect to large-sized display panels, we are focusing on securing profitability through differentiated products such as “OLED.EX”, “Cinematic Sound” OLED and “Wallpaper” display panels while leading the expansion into new business areas, such as transparent OLED display panels and gaming display panels, through collaboration with various related industries. In the small-sized display panel business, we are further expanding our production capacity by securing stable operating capabilities for 6th generation plastic OLED smartphone displays while continuing to grow our small- and medium-sized OLED business, including automotive display panels. Furthermore, in the medium-sized display panel business, we are increasing the proportion of premium products such as high resolution and wide screen products based on IPS and Oxide technologies.

(3) Cyclicity

- The display panel business is highly cyclical and sensitive to fluctuations in the general economy. The industry experiences recurring volatility caused by imbalances between supply and demand due to capacity expansion and changing production utilization rates within the industry.
- Macroeconomic factors and other causes of business cycles can affect the rate of growth in demand for display panels. Accordingly, if supply exceeds demand, average selling prices of display panels may decrease. Conversely, if growth in demand outpaces growth in supply, average selling prices may increase.

(4) Market conditions

- Most display panel manufacturers are located in Asia as set forth below. Competition in the TFT-LCD sector is intensifying amid active investments in new fabrication facilities led by Chinese panel manufacturers and their expanding level of dominance in the sector. In response, Korean panel manufacturers are continuing their efforts to maintain their market leadership and differentiate themselves by transitioning their business focus to OLED products and upgrading their TFT-LCD businesses.

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- a. Korea: LG Display, Samsung Display, etc.
- b. Taiwan: AU Optronics, Innolux, CPT, HannStar, etc.
- c. Japan: Japan Display, Sharp, Panasonic LCD, etc.
- d. China: BOE, CSOT, CEC Panda, HKC, etc.
- Our worldwide market share of large-sized display panels (i.e., panels that are 9 inches or larger) based on revenue is as follows:

| | <u>2022 Q1</u> | <u>2021</u> | <u>2020</u> |
|--|----------------|-------------|-------------|
| Panels for Televisions ⁽¹⁾⁽²⁾ | 24.9% | 21.7% | 21.6% |
| Panels for IT Products ⁽¹⁾ | 19.5% | 19.0% | 21.2% |
| Total ⁽¹⁾ | 21.1% | 19.9% | 21.4% |

(1) *Source: Large Area Display Market Tracker (OMDIA)*. Data for 2022 Q1 are based on OMDIA's estimates, as actual results for 2022 Q1 have not yet been made available.

(2) Includes panels for public displays.

(5) Competitiveness and competitive advantages

- Our ability to compete successfully depends on factors both within and outside our control, including the development of new and premium products through technological advances, timely investments based on visibility of profitability, adaptable product portfolio and flexible fabrication mix, achievement of competitive production costs through enhancing productivity and managing supply costs of components and raw materials, our relationship with customers, success in marketing to our end-brand customers, general economic and industry conditions and foreign exchange rates.
- In order for us to compete effectively, it is critical to offer differentiated products that enable us to secure profit margins even during times of a mismatch in the market supply and demand, to be price- and cost-competitive and to maintain stable relationships with customers.
- A substantial portion of our sales is attributable to a limited number of end-brand customers and their designated system integrators. As such, it is important to build a sustained relationship with such customers.
- Developing new products and technologies that can be differentiated from those of our competitors is critical to the success of our business. It is important that we take active measures to protect our intellectual property internationally. It is also necessary to recruit and retain experienced key managerial personnel and skilled line operators.
- As a leading technology innovator in the display industry, we continue to focus on delivering differentiated value to our customers by developing various technologies and products, including display panels with WOLED/POLED, IPS, Oxide, in-TOUCH and other technologies. With respect to OLED panels, following our supply of the world's first 55-inch OLED panels for televisions in January 2013, we have shown that we are technologically a step ahead of the competition by continuing to enhance the performance of our WOLED products and to offer differentiated large-sized OLED products such as our "Transparent," "Cinematic Sound," "Bendable," "Rollable" and "Gaming" large-sized OLED. Moreover, we have continually introduced differentiated plastic OLED products for smartphones, automotive products, wearable devices and foldable notebook computers, among others. With respect to TFT-LCD panels, we are leading the market with our competitive advantages in technology, including through our IPS, Oxide and LTPS technology-based ultra-large and ultra-high definition ("Ultra HD" or "UHD") television panels, desktop and notebook monitors featuring high resolutions, differentiated designs and high frequency refresh rates, and specialized products for automotive, commercial and medical uses. Our production facilities are also equipped to produce products incorporating in-TOUCH technology.

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- Moreover, we are maintaining and strengthening close long-term relationships with major global firms to secure customers and expand partnerships for technology development.

C. New businesses

For our continued growth, we are actively exploring and preparing for new business opportunities that may arise in the changing market environment. As such, we are continually reviewing and looking at opportunities in the display and promising new industries.

D. Customer-oriented marketing activities

Through engaging in detailed analysis and acquiring insight on the market and industry conditions, technology, products and end-user consumers, we seek to provide differentiated values that are customer- and consumer-friendly. In addition, we engage in activities that are geared to proactively identify and offer meaningful benefits to customers and consumers. As a result, we are continually developing products that provide differentiated values using our differentiated technologies. At the same time, we strive to create new markets and mutually benefit our business and our customers by obtaining customer trust and satisfaction through our customer- and consumer-oriented marketing activities.

3. Major Products and Raw Materials

A. Major products

We manufacture TFT-LCD and OLED panels, of which a significant majority is sold overseas.

(Unit: In billions of Won, except percentages)

| Business area | Sales type | Items (By product) | Usage | Major trademark | 2022 Q1 | |
|---------------|-------------|--------------------|---|-----------------|-------------------|-----------------|
| | | | | | Sales Revenue (1) | Percentages (%) |
| Display | Goods/ | Televisions | Panels for televisions | LG Display | 1,688 | 26.0% |
| | Products/ | IT products | Panels for monitors, notebook computers and tablets | LG Display | 3,104 | 47.8% |
| | Services/ | | | | | |
| | Other sales | Mobile, etc. | Panels for smartphones, etc. | LG Display | 1,701 | 26.2% |
| Total | | | | | 6,493 | 100.0% |

(1) Sales revenues exclude loss related to currency forward instruments in the amount of ₩22,069 million for currency risk management.

B. Average selling price trend of major products

The average selling prices of display panels are subject to change based on market conditions and demand by product category. The average selling price of display panels per square meter of net display area shipped in the first quarter of 2022 decreased by approximately 18% compared to the fourth quarter of 2021 due to a decrease in shipments of mobile products resulting from seasonal fluctuations as well as the continued decline in the prices of LCD panels. The average selling prices of display panels per square meter of net display area may continually fluctuate in the future due to changes in market conditions.

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| Period | Average Selling Price(1)(2) (in US\$ / m2) |
|---------|--|
| 2022 Q1 | 660 |
| 2021 Q4 | 806 |
| 2021 Q3 | 750 |
| 2021 Q2 | 703 |
| 2021 Q1 | 736 |
| 2020 Q4 | 790 |
| 2020 Q3 | 706 |
| 2020 Q2 | 654 |
| 2020 Q1 | 567 |

- (1) Quarterly average selling price per square meter of net display area shipped.
(2) Excludes semi-finished products in the cell process.

C. Major raw materials

Prices of major raw materials depend on fluctuations in supply and demand in the market as well as on change in size and quantity of raw materials due to the increased production of large-sized panels.

(Unit: In billions of Won, except percentages)

| Business area | Purchase type | Items | Usage | Cost(1) | Ratio (%) | Suppliers |
|---------------|---------------|------------|-----------------------------|---------|-----------|--|
| Display | | PCB | Display panel manufacturing | 6,809 | 18.5% | Youngpoong Electronics Co., Ltd., etc. LG Chem, etc. |
| | | Polarizers | | 5,333 | 14.5% | |
| | Raw materials | BLU | | 4,361 | 11.9% | Heesung Electronics LTD., etc. Paju Electric Glass Co., Ltd., etc. LX Semicon, etc. — |
| | | Glass | | 2,226 | 6.1% | |
| | | Drive IC | | 4,476 | 12.2% | |
| | | Others | | 13,505 | 36.8% | |
| | | | | 36,710 | 100.0% | |
| Total | | | | | | |

- Period: January 1, 2022 ~ March 31, 2022.
- (1) Based on total cost for purchase of raw materials which includes manufacturing and development costs, etc.
(2) Among our major suppliers, Paju Electric Glass Co., Ltd. is our affiliate, LG Chem is a member company of the LG Group and LX Semicon is an affiliate of LX Holdings Corp.
- The average price of electrolytic galvanized iron, which is the main raw material for BLU components, increased by 49.2% in the first quarter of 2022 compared to the first quarter of 2021. The market price is expected to continue to increase due to insufficient iron ore supply resulting from the lockdown of Tangshan, the steel-producing city of China, and an increase in demand due to an expansion of infrastructure construction business in China.
 - The average price of polymethyl methacrylate increased by 12.6% in the first quarter of 2022 compared to the first quarter of 2021. The upward trend in the market price of petrochemical products is expected to continue, as the upward trend in international oil prices is expected to continue for the first half of 2022. Furthermore, production level is expected to decrease due to the implementation of environmental regulations restricting plant operations in China.
 - The average price of copper, the main raw material for PCB components, increased by 17.8% in the first quarter of 2022 compared to the first quarter of 2021. The market price is expected to continue to increase due to a supply shortage resulting from delayed recovery of production in Latin America, while continually fluctuating depending on the economic outlook in China and globally.

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4. Production and Equipment

A. Production capacity and output

(1) Production capacity

The table below sets forth the production capacity of our Gumi, Paju and Guangzhou facilities in the periods indicated.

(Unit: 1,000 glass sheets)

| <u>Business area</u> | <u>Items</u> | <u>Location of facilities</u> | <u>2022 Q1(1)</u> | <u>2021(1)</u> | <u>2020(1)</u> |
|----------------------|---------------|-------------------------------|-------------------|----------------|----------------|
| Display | Display panel | Gumi, Paju, Guangzhou | 2,194 | 9,230 | 8,589 |

- (1) Calculated based on the maximum monthly input capacity (based on glass input substrate size for eighth-generation glass sheets) during the year multiplied by the number of months in a year (i.e., 12 months). The production capacity for facilities with adjusted utilization rates have been calculated based on the maximum input capacity during the period.

(2) Production output

The table below sets forth the production output of our Gumi, Paju and Guangzhou facilities in the periods indicated.

(Unit: 1,000 glass sheets)

| <u>Business area</u> | <u>Items</u> | <u>Location of facilities</u> | <u>2022 Q1(1)</u> | <u>2021(1)</u> | <u>2020(1)</u> |
|----------------------|---------------|-------------------------------|-------------------|----------------|----------------|
| Display | Display panel | Gumi, Paju, Guangzhou | 2,076 | 8,124 | 6,815 |

- (1) Based on the production results (input standard) of each plant converted into eighth-generation glass sheets.

B. Production performance and utilization ratio

(Unit: Hours, except percentages)

| <u>Production facilities</u> | <u>Available working hours in 2022 Q1</u> | <u>Actual working hours in 2022 Q1</u> | <u>Average utilization ratio</u> |
|------------------------------|---|--|----------------------------------|
| Gumi | 2,160(1) (24 hours x 90 days) | 2,160(1) (24 hours x 90 days) | 100.0% |
| Paju | 2,160(1) (24 hours x 90 days) | 2,160(1) (24 hours x 90 days) | 100.0% |
| Guangzhou | 2,160(1) (24 hours x 90 days) | 2,160(1) (24 hours x 90 days) | 100.0% |

- (1) Number of days is calculated by averaging the number of working days for each facility.

C. Investment plan

In 2021, our total capital expenditures on a cash out basis was around ₩3.2 trillion. In 2022, we expect to make investments within our EBITDA and estimate that our total capital expenditures will increase compared to 2021.

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5. Sales

A. Sales performance

(Unit: In billions of Won)

| Business area | Sales types | Items (Market) | 2022 Q1(2) | 2021 | 2020 |
|---------------|-------------|---------------------------------|-------------|-------|--------|
| Display | Products | Display panel | Overseas(1) | 6,292 | 29,204 |
| | | | Korea(1) | 189 | 621 |
| | | | Total | 6,481 | 29,825 |
| | Royalty | LCD, OLED technology patent | Overseas(1) | 4 | 14 |
| | | | Korea(1) | 0 | 0 |
| | | | Total | 4 | 14 |
| | Others | Raw materials, components, etc. | Overseas(1) | 6 | 27 |
| | | | Korea(1) | 2 | 12 |
| | | | Total | 8 | 39 |
| | Total | | Overseas(1) | 6,303 | 29,246 |
| | | | Korea(1) | 191 | 633 |
| | | | Total | 6,494 | 29,879 |

(1) Based on ship-to-party.

(2) Sales excluding loss related to currency forward instruments in the amount of ₩22.1 billion for currency risk management

B. Sales organization and sales route

- As of March 31, 2022, each of our television, IT and mobile businesses had individual sales and customer support functions.
- Sales subsidiaries in the United States, Germany, Japan, Taiwan, China and Singapore perform sales activities and provide local technical support to customers.
- Sales of our products take place through one of the following two routes:
 - 1) LG Display Headquarters and overseas manufacturing subsidiaries → Overseas sales subsidiaries (USA/Germany/Japan/Taiwan/China/Singapore), etc. → System integrators and end-brand customers → End users
 - 2) LG Display Headquarters and overseas manufacturing subsidiaries → System integrators and end-brand customers → End users
- Sales performance by sales route

| Sales performance | Sales route | Ratio |
|---|-----------------------|-------|
| Overseas | Overseas subsidiaries | 95.3% |
| | Headquarters | 4.7% |
| Overseas sales portion (overseas sales / total sales) | | 97.1% |
| Korea | Overseas subsidiaries | 27.2% |
| | Headquarters | 72.8% |
| Korea sales portion (Korea sales / total sales) | | 2.9% |

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C. Sales methods and sales terms

- Direct sales and sales through overseas subsidiaries, etc. Sales terms are subject to change depending on the fluctuation in the supply and demand.

D. Sales strategy

- With respect to television products, we have led the premium television market with our OLED televisions and enhanced customer value and our business portfolio by promoting new products, such as gaming display panels and transparent OLED display panels. With respect to our LCD business, we are securing stability by offering differentiated commercial products to a global customer base.
- As part of our sales strategy for IT products, we have secured stable sales to major personal computer manufacturers and leading consumer electronics manufacturers globally. We also strengthened sales of high-resolution, IPS, narrow bezel and other high-end display panels.
- With respect to smartphones, commercial products (including interactive whiteboards and video wall displays, among others), industrial products (including aviation and medical equipment, among others) and automobile display products, we have continued to build a strong and diversified business portfolio by expanding our business with customers with a global reach on the strength of our differentiated products applying IPS, plastic OLED, high-resolution, high-reliability, Super Narrow bezel, in-TOUCH and other technologies.

E. Major customers

- Customers “A” and “B” each accounted for more than 10% of our sales revenue in each of 2021 and the first quarter of 2022, and our sales revenue derived from our top ten customers comprised 86% of our total sales revenue in the first quarter of 2021 and 85% in the first quarter of 2022.

6. Purchase Orders

- We do not have purchase order contracts that recognize unbilled revenue by implementing the cost-based method.

7. Risk Management and Derivative Contracts

A. Risk management

(1) Major market risks

Our business is exposed to credit risk, liquidity risk and market risk. Accordingly, we operate a risk management system that identifies and analyzes these risks while monitoring and managing risk level by establishing appropriate risk controls in order to ensure that such risks do not exceed certain threshold levels.

Market risk refers to the risk that income from the financial instruments that we hold or the fair value of such financial instruments will fluctuate due to fluctuations in market prices, such as exchange rates, interest rates and prices of equity securities. The objective of our market risk management system is to manage and control our exposure to market risk within an acceptable level while optimizing our profit levels.

(2) Risk management method

As the average selling prices of OLED and TFT-LCD panels can continue to decline over time irrespective of industry-wide cyclical fluctuations, we may find it hard to manage risks associated with certain factors that are outside our control. However, we counteract such declines in average selling prices by increasing the proportion of high value added panels in our product mix while also implementing various cost reduction measures.

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In addition, in order to manage our risk against foreign currency fluctuations, we eliminate such risk by adopting a policy of maintaining our net exposure risk within an acceptable level by buying or selling foreign currencies at spot rates, when necessary, to address short-term imbalances in the inflow and outflow of foreign currency funds. We also continually monitor our currency position and risk for other monetary assets and liabilities denominated in foreign currencies, and when needed, we may from time to time enter into cross-currency interest rate swap contracts and foreign currency forward contracts. Furthermore, we have adopted a policy aimed at minimizing uncertainty and financial costs arising from interest rate fluctuations and manage our interest rate risk through periodic monitoring of interest rate trends and adoption of appropriate countermeasures.

B. Derivative contracts

(1) Currency risks

- We are exposed to currency risks on sales, purchases and borrowings that are denominated in currencies other than in Won, our functional currency. These currencies are primarily the U.S. dollar, the Chinese Yuan and the Japanese Yen.
- Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by our underlying operations, primarily in Won, the U.S. dollar and the Chinese Yuan.
- As of the end of the reporting period, we have entered into a forward currency contract with a short U.S. dollar position in order to hedge the risk of fluctuations in future cash flows resulting from exchange rate fluctuations in expected export transactions. In the valuation gains and losses of derivative contracts to which we apply cash flow hedge accounting, there is no ineffective portion, the valuation gain of the effective portion was Won 2,064 million and the valuation loss of the effective portion was Won 21,177 million (contracted amount: \$1,200 million, contracted exchange rate: Won 1,170.5 ~ 1,241.4), which is reflected as part of our accumulated other comprehensive income. In addition, in relation to cash flow hedging, the maximum expected period of exposure to cash flow fluctuation risk due to the expected transaction to be hedged is six months from the end of this reporting period. The amount transferred from other components of equity to profit or loss (product revenue) during the reporting period due to the realization of the anticipated export transaction was Won 22,069 million.
- As of the end of the reporting period, in order to avoid risks of interest rate fluctuations and exchange rate fluctuations on foreign currency denominated borrowings with floating interest rates, we entered into an aggregate of \$1,740 million in Won/US dollar cross currency swap agreements with Standard Chartered Bank and others, for which we have not applied hedge accounting.
- Any rights or obligations arising from derivative contracts that do not apply hedge accounting are measured at fair value and are accounted for as assets and liabilities, whereas any resulting valuation gain or loss is recognized as profit or loss at the time such valuation gain or loss is incurred.

We recognized a net gain on valuation of derivative instruments in the amount of ₩50 billion with respect to our foreign exchange derivative instruments held during the reporting period.

(2) Interest rate risks

- Our exposure to interest rate risks relates primarily to our floating rate long term loan obligations. We have established and are managing interest rate risk policies to minimize uncertainty and costs associated with interest rate fluctuations by monitoring cyclical interest rate fluctuations and enacting countermeasures.
- As of the end of the reporting period, we entered into an aggregate of ₩240 billion in interest rate swap agreements to KB Kookmin Bank and others, for which we have not applied hedge accounting. We recognized a net gain on valuation of derivative instruments in the amount of ₩1 billion with respect to our interest rate derivative instruments held during the reporting period.

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- A fundamental transition in benchmark reference rates is taking place globally and some interbank lending rates (“IBORs”) are becoming replaced with new risk-free benchmark rates. In particular, in the case of London Interbank Offered Rate (“LIBOR”), with the exception of overnight, 1-month, 3-month, 6-month and 12-month USD LIBOR rates, all rates have been ceased as of December 31, 2021. The aforementioned five USD LIBOR rates will also cease to exist as of June 30, 2023. While none of our financial instruments currently outstanding are tied to LIBOR rates that have been ceased to date, we plan to replace our existing financial instruments tied to LIBOR rates with the Secured Overnight Financing Rate (“SOFR”). In addition, while Korea Overnight Financing Repo Rate (“KOFRR”) was selected as the benchmark reference rate for domestic certificate of deposit interest rates as part of the benchmark reference rate reform, we are not planning to adopt KOFRR, as certificate of deposit interest rates are not scheduled to be ceased. Following the transition away from the LIBOR, we are exposed to legal risk associated with amending the contracts for such financial instruments as well as operational risk associated with managing the transition and its impact. We are also exposed to the risk of monitoring the market trend on alternative benchmark reference rates and establishing a risk management strategy accordingly. In order to manage such risks in relation to benchmark reference rate reform, we are assessing the extent to which each contract references IBOR cash flows, whether such contract should be amended and how to manage communication with counterparties on benchmark reference rate transition. Moreover, we have inserted replacement clauses for IBORs that have not yet been converted to alternative benchmark reference rates. However, even if a replacement clause has been inserted, if the interest rate of the financial instrument is still tied to an IBOR, we consider such financial instrument as not yet having been converted. See Note 24 of the notes to our consolidated interim financial statements included elsewhere in this report for further information.

8. Major Contracts

Our material contracts, other than contracts entered into in the ordinary course of business, are set forth below:

| Type of agreement | Name of party | Term | Content |
|---------------------------------------|---------------------------------|------------------------------|--|
| Technology licensing/supply agreement | Hewlett-Packard | January 2011 ~ | Patent licensing of semi-conductor device technology |
| | Ignis Innovation, Inc. | July 2016 ~ | Patent licensing of OLED related technology |
| | HannStar Display Corporation | December 2013 ~ | Patent cross-licensing of LCD technology |
| | AU Optronics Corporation | August 2011~ | Patent cross-licensing of LCD technology |
| | Innolux Corporation | July 2012 ~ | Patent cross-licensing of LCD technology |
| | Universal Display Corporation | January 2015 ~ December 2025 | Patent licensing of OLED related technology |
| | Semiconductor Energy Laboratory | January 2021 ~ December 2030 | Patent licensing of LCD and OLED related technology |

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9. Research & Development (“R&D”)

A. Summary of R&D-related expenditures

(Unit: In millions of Won, except percentages)

| Items | 2022 Q1 | 2021 | 2020 |
|---|---------|-----------|-----------|
| R&D Expenditures (prior to deducting governmental subsidies) | 607,305 | 2,127,705 | 1,740,083 |
| Governmental Subsidies | (61) | (941) | (1,524) |
| Net R&D-Related Expenditures | 607,244 | 2,126,764 | 1,738,559 |
| Accounting Treatment ⁽¹⁾ | | | |
| R&D Expenses | 498,736 | 1,813,876 | 1,454,072 |
| Development Cost (Intangible Assets) | 108,508 | 312,888 | 284,487 |
| R&D-Related Expenditures / Revenue Ratio ⁽²⁾ | | | |
| (Total R&D-Related Expenditures ÷ Revenue for the period × 100) | 9.4% | 7.1% | 7.2% |

(1) For accounting treatment purposes, R&D expenses are presented as research and development expenses in our statements of comprehensive income, net of amortization of capitalized intangible asset development costs.

(2) Calculated based on the R&D-related expenditures before subtracting government subsidies (state subsidies).

B. R&D achievements

Achievements in 2020

- (1) Developed the first products in our Guangzhou OLED panel production facility (77” UHD, 48” UHD)
 - Completed the development of the first products in our Guangzhou OLED panel production facility (77” UHD, 48” UHD)
- (2) Developed the world’s first rollable television display product (65” UHD)
 - Introduced a new form factor (from flat to rollable) to the television market
 - Enhanced space utilization through adjusting the display size and ratio based on the purpose of use
- (3) Developed the world’s first 2K zone mini-LED & ultra-slim UHD monitor product
 - Fulfilled customer needs for top quality monitor products and strengthened our market position in the premium market by developing the world’s first differentiated 2K zone product
 - By leveraging early advantage in the underlying mini-LED technology, explored a new revenue source through applying the technology to all IT products
 - Achieved high luminance at HDR 1000 and wide color gamut at 99.8% DCI

Achievements in 2021

- (1) Developed the world’s first bendable OLED television display product (65” UHD)
 - Implemented both flat and bendable forms based on the scene usage and provided diverse form factors to customers
- (2) Developed the world’s first 83” OLED television display product
 - Increased the range of options for customers by developing the new 83” UHD
- (3) Developed the world’s first QHD 240Hz gaming notebook product (15.6”)
 - Developed the world’s first QHD resolution 240Hz high-speed notebook product (obtained panel characteristics through new design and process optimization)
 - Led the QHD high-speed gaming product market
- (4) Developed the world’s first high contrast ratio 2000:1 monitor product (27”, 31.5”)
 - Developed the world’s first IPS contrast ratio 2000:1 monitor product through the development of high contrast nega-LC material (Existing product: posi-LC, 1000:1)
 - Led the high-end display quality product market

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- (5) Developed the world's first 42" OLED television display product
 - Expanded the product segment by developing the new 42" UHD display panel
- (6) Developed our first Auto LCD 750R extreme curvature product (12.66" FHD)
 - Achieved differentiated design by developing LTPS 750R extreme curvature product

Achievements in 2022

- (1) Developed the world's first 16:18 aspect ratio monitor product (27.6" SDQHD)
 - Developed a 27.6" (21.5", 21.5", vertical arrangement) monitor product, which is optimized for multi-tasking amid the increase in working remotely as a result of the COVID-19 pandemic
 - Created a new market through the development of a new aspect ratio (16:18, 2560x2880) product
- (2) Developed our first three-sided "Borderless" notebook panel product (13.4" WU XPS)
 - Led the high-end market by adopting a new, three-sided borderless design applying low power consumption variable refresh rate technology

10. Intellectual Property

As of March 31, 2022, our cumulative patent portfolio (including patents that have already expired) included 23,606 patents in Korea and 30,939 patents in other countries. In 2022, we registered 506 patents in Korea and 599 patents in other countries.

11. Environmental and Safety Matters

In order to minimize the environmental impact of our business activities, we are actively responding to environmental regulations applicable to our products and business sites.

A. Business environment management

We have installed and operate various types of prevention facilities to minimize the emission of environmental pollutants generated in our production process. With respect to air and water pollutants, we set and manage our internal standard at 70% of the permitted levels under the regulatory emission standards. In addition, in order to establish a resource circulation system, we operate a proprietary system to monitor waste from its generation to treatment, have developed waste treatment technology and identified suitable recycling companies to reduce the amount of waste we generate and maximize recycling.

We are subject to a variety of environmental laws and regulations, and operations at our manufacturing plants are subject to regulation and periodic scheduled and unscheduled on-site inspections by the Ministry of Environment and local environmental protection authorities. The primary types of environmental laws applicable to us include the following:

- (1) Environmental pollutant emission regulations: Clean Air Conservation Act, Water Quality Conservation Act, Wastes Control Act, Environmental Impact Assessment Act, etc.
- (2) Greenhouse gas emission management: Framework Act on Carbon Neutral and Green Growth to Respond to Climate Crisis, Act on the Allocation and Trading of Greenhouse Gas Emission Permits, etc.
- (3) Other workplace environment management: Chemicals Control Act, Chemicals Registration and Evaluation Act, Soil Environment Conservation Act, etc.

In accordance with the Framework Act on Carbon Neutral and Green Growth to Respond to Climate Crisis, we implemented the greenhouse gas emission and energy consumption target system from 2012 to 2014. In 2015, we implemented the greenhouse gas trading system, under which we are responsible to meet our emission targets based on the emission credits allocated to us by the Ministry of Environment of the Korean government. As a result, we have been investing in additional equipment and there may be other costs associated with meeting reduction targets, which may have a negative effect on our profitability or production activities.

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In connection with the greenhouse gas emission and energy reduction target system, we submitted a statement of our domestic emissions and energy usage for 2021 to the Korean government in March 2022 after it was certified by EQA, a government-designated certification agency. The table below sets forth yearly levels of our greenhouse gases emissions and energy usage in the statement submitted to the Korean government:

(Unit: thousand tonnes of CO₂ equivalent; Tetra Joules)

| <u>Category</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|------------------|-------------|-------------|-------------|
| Greenhouse gases | 4,784 | 4,748 | 5,885 |
| Energy | 60,836 | 56,668 | 62,776 |

Note: Our greenhouse gas emission and energy usage in 2021 may be subject to change after assessment by the Ministry of Environment.

The decrease in greenhouse gas emissions in 2020 compared to 2019 was due primarily to the introduction of a reduction facility that decomposes fluorinated greenhouse gases used in our manufacturing process, resulting in an overall decrease in emission levels.

As we were designated as a target company for the greenhouse gas emission trading system in 2015, we submit a plan for allocating and monitoring our greenhouse gas emissions to the government every year. In order to continually promote the reduction of greenhouse gas emissions, we have set a mid-term goal to reduce the emission level from 2014 to 2030 by 33.6% and a medium- to long-term goal to reduce the emission level from 2014 to 2050 by 75.6%. To achieve this, we are continually investing in facility improvements and monitoring our emission levels.

We are making extensive investments to replace SF₆ gas, which is the main component of greenhouse gases, with NF₃ gas. In addition, as a short-term strategy, we are actively implementing measures in compliance with the emission trading system. In 2020, we reduced our carbon dioxide greenhouse gas emission levels by 1.44 million tons, and our carbon dioxide greenhouse gas emission level in 2021 was 4.78 million tons, which was 2.95 million tons, or 38%, less than our carbon dioxide greenhouse gas emission levels in 2014 (7.73 million tons). As our medium- to long-term goal, we plan to develop low-carbon production technologies in order to eliminate greenhouse gas emission during our manufacturing process and to conserve energy.

Through the implementation of an environmental and energy management system, we are continuously making efforts to minimize environmental impact and reduce energy usage in all aspects of our business process. Accordingly, we have acquired and currently operate the environmental management system ISO14001 for all of our domestic and overseas production sites, and we have also obtained energy management system ISO 50001 certifications for our domestic business sites and overseas subsidiaries in Nanjing and Guangzhou in order to build a sustainable management system. In addition, we have established company-wide safety, healthy, energy and environment management policies and manuals, which are regularly updated based on international standards. We also conduct systematic management of our business process in accordance with international standards through annual follow-up and renewal audits.

In recognition of our efforts, we were awarded the highest level, Leadership A, and received the grand prize award at the CDP Water Korea Best Awards in 2016 from the Carbon Disclosure Project, which was presided over by the Carbon Disclosure Project Korea Committee. Since then, we have continued to maintain our excellence in water conservation activities and received Leadership A recognition from 2018 to 2021. In addition, we have also received the Carbon Management Honors Club award from 2017 to 2020 and the Carbon Management Sector Honors every year since 2016 in recognition of our continued greenhouse gas emission reduction activities. Moreover, in recognition of our efforts to improve our recycling rate and reduce waste, we received a citation in 2020 for being a leading resource circulation company from the Minister of Environment.

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B. Product environment management

In the case of the European Union's Restriction of Hazardous Substances (RoHS) Directive 2011/65/EU, with the adoption of Directive (EU) 2015/863 in 2016, four additional substances (four phthalate substances) have been added to the six already restricted substances, which additional restrictions became effective as of July 22, 2019. In order to address the latent risk elements of the four phthalate substances that became restricted in 2019 and to establish a more stable management system, we implemented in 2016 a preemptive response process with respect to such four phthalate 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 and quality teams.

While Beryllium (Be) has not been designated internationally as a mandatorily restricted substance, it has continued to be the subject of discussion for restriction, and certain of our customers have designated it as a restricted substance not to be used in products. Accordingly, we have completed verification of the parts used in products for customers who have banned the use of Beryllium. We have also conducted verification of the parts used in products for all customers who are expected to implement a ban and we have established a Beryllium verification process for parts in development. Through such efforts, we have established a voluntary hazardous substance response process that can be expanded to products for all customers, not only those who have requested a response.

In response to the continued strengthening of regulations governing environmentally-regulated substances, we operate our own verification process for such substances in accordance with international standards. Moreover, we participated in reforming IEC 62321, an international testing standard published by the International Electrotechnical Commission and used by RoHS, and the commission adopted our halogen-free combustion ion chromatography method in as IEC 62321-3-2, which was published in June 2013. In 2017, in a joint effort with the global product testing/accreditation agency SGS, we became the first display panel company to develop Eco Label, an environmentally friendly accreditation program for television display modules, and have since continuously received the SGS Eco Label accreditation for our OLED television models. For the IPS Nano Color for LCD, we received the Quality & Performance Mark from Intertek, a global product testing/accreditation agency, by applying a technology to eliminate cadmium (Cd) and indium phosphide (InP). In 2018, we became the first display panel company to receive the "Green Technology Certification" from the Korean Ministry of Science and ICT for improving the light efficiency technology of OLED to promote energy use reduction. More recently, 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 with touch-sensing electrodes and transmission lines that reduce carbon emissions and the use of rare metals. We also obtained an eco-friendly certification from TUV SUD, a globally recognized accreditation agency, for excellence in resource circulation and non-use of specific hazardous substances in our OLED television and PO mobile models, following our co-development of such certification program with such agency.

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C. Status of sanctions

| Date | Sanctioning Authority | Classification of Sanctioning Authority | Target | Description and Relevant Laws | Sanctions Imposed | Implementation Status |
|------------------|---|---|-------------------------------|--|-----------------------|--|
| May 7, 2020 | Daegu Regional Environmental Office | Administrative Agency | Company | - Safety incident on April 17, 2020 - Article 13-1 of the Chemical Control Act | Warning | - Strengthened safety management standards and training |
| May 25, 2020 | Daegu Regional Environmental Office | Administrative Agency | Company | - Safety incident on May 14, 2020 - Article 13-2 of the Chemical Control Act | Fine of ₩1.44 million | - Paid fine - Strengthened safety management standards and training |
| May 25, 2020 | National Institute of Chemical Safety | Administrative Agency | Company | - Failure to conduct safety training on hazardous chemicals - Article 33 of the Chemical Control Act | Fine of ₩1.44 million | - Paid fine - Conducted safety training and established a working process that complies with the safety regulations |
| June 22, 2020 | Daegu Regional Environmental Office | Administrative Agency | Company | - Safety incident on May 14, 2020 - Article 13-2 of the Chemical Control Act | Improvement Order | - Submitted a report of compliance with the improvement order - Strengthened safety management standards and training |
| November 5, 2020 | Goyang Branch of Uijeongbu District Court | Court | Company and one officer (CPO) | - Safety incident on June 24, 2017 (Fine announcement on November 22, 2018, Ruling confirmation on November 5, 2020) - Paragraph 1 of Article 23, Provision 2 of Article 66, and Article 71 of the Industrial Safety and Health Act | Fine of ₩6 million | - Paid fine - Strengthened safety management standards and training for employees to prevent recurrence |

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| | | | | | | |
|------------------|---|-----------------------|---|--|------------------------|---|
| January 26, 2021 | Gimcheon Branch of Daegu District Court | Court | Company and two employees (Former Head of Safety and Health Management at Gumi facilities (Incumbent, 22 years of service) and Former Working level staff (Incumbent, 21 years of service)) | <ul style="list-style-type: none"> - Safety incidents on April 17, 2020 and May 14, 2020 - Article 59-1 of the Chemical Control Act | Fine of ₩9 million | <ul style="list-style-type: none"> - Paid fine - Strengthened safety management standards and training |
| April 12, 2021 | Goyang Branch of Ministry of Employment and Labor | Administrative Agency | Company | <ul style="list-style-type: none"> - Violation of safety information material posting and education requirements - Provision 1 of Article 114 of the Industrial Safety and Health Act | Fine of ₩122.6 million | <ul style="list-style-type: none"> - Paid fine - Complied with the corrective orders and submitted a report on the implementation of the corrective order as of October 1, 2021 |
| April 28, 2021 | Paju Fire Station | Administrative Agency | Company | <ul style="list-style-type: none"> - Failure to preserve regular inspection records of firefighting facilities inspection - Provision 1 of Article 18 of the Act on Safety Control of Hazardous Substances | Fine of ₩1.2 million | <ul style="list-style-type: none"> - Paid fine - Established procedures for conducting regular inspection of dangerous substances according to the inspection checklist and for consulting with administrative agencies in ambiguous situations |

In November 2018, in connection with the occurrence of a safety accident in June 2017, the trial court (Goyang Branch of Uijeongbu District Court) ordered a fine of ₩3.0 million on each of us and our chief production officer on the basis of violation of certain provisions of the Industrial Safety and Health Act, which fines were paid in full after such order was confirmed on November 5, 2020. In order to prevent such accidents from occurring again, we are strengthening our safety management standards and training for our employees.

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In May 2020, we received a warning from Daegu Regional Environmental Office regarding a safety incident that occurred in April 2020 in violation of Article 13-1 of the Chemical Control Act. In addition, in connection with another safety incident that occurred in May 2020, we were assessed an administrative penalty of ₩1.44 million in May 2020 and an improvement order in June 2020, in each case by Daegu Regional Environmental Office, for a violation of Article 13-2 of the Chemical Control Act. We subsequently paid such fine, and we also submitted a report of compliance with such improvement order in July 2020. Regarding these two incidents, Gimcheon Branch of Daegu District Court issued a summary order to assess fines of ₩3 million on each of us and two of our employees (the former head of safety and health management at our Gumi facilities and a former working level staff), which order was subsequently confirmed. In order to prevent recurrence, we are strengthening our safety management standards and employee training efforts.

In May 2020, we were assessed a fine of ₩1.4 million by the National Institute of Chemical Safety for our failure to conduct safety training on hazardous chemicals in violation of Article 33 of the Chemicals Control Act, which we subsequently paid. In order to prevent recurrence, we conducted safety training on hazardous chemicals for the relevant personnel and newly established a working process that complies with safety regulations.

In January 2021, an incident involving a leakage of tetramethylammonium hydroxide chemicals occurred during refurbishment of equipment at one of our plants in Paju, causing bodily harm to workers. In December 2021, we and one of our employees were prosecuted for violating the Industrial Safety and Health Act and the Chemicals Control Act, and a criminal trial is currently pending at the Goyang Branch of the Uijeongbu District Court. Government authorities are currently investigating the cause of such incident. In light of such incident, we plan to implement measures to fundamentally enhance our safety management standards with an aim to ensure health and safety of all workers at our facilities and maintain public trust, including four key safety management initiatives comprising (i) performing detailed safety diagnosis at all of our facilities, (ii) internalizing major hazardous tasks, (iii) developing dedicated personnel for safety- and environment-related matters and strengthening our support to our service providers, and (iv) strengthening the authority and capability of our safety management organizations. On March 3, 2022, an accident occurred at our contracted construction site in Paju, resulting in injuries of four LS Cable & System workers. Authorities are currently investigating the exact cause of the accident and we plan to actively cooperate with the investigation of related organizations to determine the cause.

In January 2021, we were audited by the Ministry of Employment and Labor in connection with the occurrence of a safety accident and found to be in violation of Article 114-1 of the Industrial Safety and Health Act relating to supervisory obligations with respect to the posting of safety information material and employee education. As a result, we were issued a corrective order and assessed a fine of ₩122.6 million, which we subsequently paid. We submitted a report on the implementation of the corrective order as of October 1, 2021.

In April 2021, we were assessed a fine of ₩1.2 million by the Paju Fire Station for failure to preserve regular inspection records of firefighting facilities related to the joint fire inspection by Gyeong-gi-Province Fire and Disaster Headquarters in violation of Article 18-1 of the Act on Safety Control of Hazardous Substances, which we subsequently paid. As a result, we have been conducting regular inspections of dangerous substances according to the inspection checklist related to this, and have taken measures to consult with relevant administrative agencies to the extent there are any ambiguous regulations related to performing inspections in order to prevent any legal issues.

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12. Financial Information

A. Financial highlights (Based on consolidated K-IFRS).

(Unit: In millions of Won)

| Description | As of March 31, 2022 (1) | As of December 31, 2021 (1) | As of December 31, 2020 (1) |
|--|--------------------------|-----------------------------|-----------------------------|
| Current assets | 13,137,794 | 13,187,067 | 11,099,470 |
| Quick assets | 8,908,231 | 9,836,692 | 8,928,814 |
| Inventories | 4,229,563 | 3,350,375 | 2,170,656 |
| Non-current assets | 25,129,351 | 24,967,448 | 23,966,542 |
| Investments in equity accounted investees | 122,962 | 126,719 | 114,551 |
| Property, plant and equipment, net | 20,697,981 | 20,558,446 | 20,139,703 |
| Intangible assets | 1,624,920 | 1,644,898 | 1,020,088 |
| Other non-current assets | 2,683,488 | 2,637,385 | 2,692,200 |
| Total assets | 38,267,145 | 38,154,515 | 35,066,012 |
| Current liabilities | 14,535,438 | 13,994,817 | 11,006,948 |
| Non-current liabilities | 8,974,481 | 9,397,197 | 11,327,636 |
| Total liabilities | 23,509,919 | 23,392,014 | 22,334,584 |
| Share capital | 1,789,079 | 1,789,079 | 1,789,079 |
| Share premium | 2,251,113 | 2,251,113 | 2,251,113 |
| Retained earnings | 8,325,146 | 8,541,521 | 7,518,786 |
| Other equity | 681,245 | 537,142 | (163,446) |
| Non-controlling interest | 1,710,643 | 1,643,646 | 1,335,896 |
| Total equity | 14,757,226 | 14,762,501 | 12,731,428 |

(Unit: In millions of Won, except for per share data and number of consolidated entities)

| Description | For the three months ended March 31, 2022 (1) | For the year ended December 31, 2021 (1) | For the year ended December 31, 2020 (1) |
|--|---|---|---|
| Revenue | 6,471,480 | 29,878,043 | 24,261,561 |
| Operating profit (loss) | 38,346 | 2,230,608 | (36,465) |
| Profit (loss) from continuing operations | 54,278 | 1,333,544 | (76,147) |
| Profit (loss) for the period | 54,278 | 1,333,544 | (76,147) |
| Profit (loss) attributable to: | | | |
| Owners of the Company | 20,041 | 1,186,182 | (94,853) |
| Non-controlling interest | 34,237 | 147,362 | 18,706 |
| Basic earnings (loss) per share | 56 | 3,315 | (265) |
| Diluted earnings (loss) per share | (105) | 3,130 | (265) |
| Number of consolidated entities | 22 | 22 | 22 |

- (1) We have adopted certain amendments to IFRS No. 1016 “Property, Plant and Equipment: Proceeds before Intended Use” beginning January 1, 2021. Prior to the adoption of these amendments, we deducted net proceeds from selling items produced while preparing a given property, plant and equipment asset (a “PPE asset”) for its intended use from the acquisition cost of such PPE asset. However, these amendments require the proceeds from selling, and the cost of producing, such items to be recognized in our profit or loss.

Pursuant to our early adoption of the amended K-IFRS No. 1016 from January 1, 2021, we have prepared our results of operations for the year ended December 31, 2021, and retroactively restated our results of operations for the year ended December 31, 2020, in each case in accordance with such amendments. Prior to the application of such amendments, we deducted the net proceeds from selling items produced by a new PPE asset when such PPE asset reached the location and condition in which the asset was ready for its intended use from the acquisition cost of such PPE asset. Following the adoption of the amended K-IFRS No. 1016, the proceeds received from selling such items have been recognized as revenue, and the cost of producing such items and the additional depreciation expenses resulting from the corresponding changes in the cost of the applicable PPE assets have been recognized as cost of sales. The retroactively restated financial statements as of and for the year ended December 31, 2020 also reflect the income tax effects arising from adjustments in our depreciation expenses following the above-described changes in the acquisition cost of our PPE assets.

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B. Financial highlights (Based on separate K-IFRS).

(Unit: In millions of Won)

| Description | As of March 31, 2022 | As of December 31, 2021 | As of December 31, 2020 |
|------------------------------------|----------------------|-------------------------|-------------------------|
| Current assets | 8,323,110 | 8,566,656 | 6,948,054 |
| Quick assets | 5,779,020 | 6,435,659 | 5,529,932 |
| Inventories | 2,544,090 | 2,130,997 | 1,418,122 |
| Non-current assets | 21,025,716 | 20,911,466 | 19,757,148 |
| Investments | 4,816,460 | 4,942,729 | 4,784,828 |
| Property, plant and equipment, net | 12,216,763 | 12,010,858 | 11,736,673 |
| Intangible assets | 1,449,215 | 1,459,812 | 887,431 |
| Other non-current assets | 2,543,278 | 2,498,067 | 2,348,216 |
| Total assets | 29,348,826 | 29,478,122 | 26,705,202 |
| Current liabilities | 13,789,260 | 13,148,969 | 10,180,660 |
| Non-current liabilities | 5,317,496 | 5,686,335 | 6,261,307 |
| Total liabilities | 19,106,756 | 18,835,304 | 16,441,967 |
| Share capital | 1,789,079 | 1,789,079 | 1,789,079 |
| Share premium | 2,251,113 | 2,251,113 | 2,251,113 |
| Retained earnings | 6,215,990 | 6,611,853 | 6,223,043 |
| Other equity | (14,112) | (9,227) | 0 |
| Total equity | 10,242,070 | 10,642,818 | 10,263,235 |

(Unit: In millions of Won, except for per share data)

| Description | For the three months ended March 31, 2022 | For the year ended December 31, 2021 | For the year ended December 31, 2020 |
|--|---|--------------------------------------|--------------------------------------|
| Revenue | 6,457,899 | 28,364,914 | 22,799,273 |
| Operating profit (loss) | (255,702) | 721,931 | (812,979) |
| Profit (loss) from continuing operations | (159,395) | 552,173 | (513,262) |
| Profit (loss) for the period | (159,395) | 552,173 | (513,262) |
| Basic earnings (loss) per share | (445) | 1,543 | (1,434) |
| Diluted earnings (loss) per share | (553) | 1,540 | (1,434) |

C. Consolidated subsidiaries (as of March 31, 2022)

| Company Interest | Primary Business | Location | Equity |
|---|-------------------------------------|-----------|--------|
| LG Display America, Inc. | Sales | U.S.A. | 100% |
| LG Display Germany GmbH | Sales | Germany | 100% |
| LG Display Japan Co., Ltd. | Sales | Japan | 100% |
| LG Display Taiwan Co., Ltd. | Sales | Taiwan | 100% |
| LG Display Nanjing Co., Ltd. | Manufacturing | China | 100% |
| LG Display Shanghai Co., Ltd. | Sales | China | 100% |
| LG Display Guangzhou Co., Ltd. | Manufacturing | China | 100% |
| LG Display Shenzhen Co., Ltd. | Sales | China | 100% |
| LG Display Singapore Pte. Ltd. | Sales | Singapore | 100% |
| L&T Display Technology (Fujian) Limited | Manufacturing and sales | China | 51% |
| LG Display Yantai Co., Ltd. | Manufacturing | China | 100% |
| LG Display (China) Co., Ltd. | Manufacturing and sales | China | 70% |
| Nanumnuri Co., Ltd. | Workplace services | Korea | 100% |
| Unified Innovative Technology, LLC | Managing intellectual property | U.S.A. | 100% |
| Global OLED Technology LLC | Managing intellectual property | U.S.A. | 100% |
| LG Display Guangzhou Trading Co., Ltd. | Sales | China | 100% |
| LG Display Vietnam Haiphong Co., Ltd. | Manufacturing | Vietnam | 100% |
| Suzhou Lehui Display Co., Ltd. | Manufacturing and sales | China | 100% |
| LG Display Fund I LLC (1) | Investing in new emerging companies | U.S.A. | 100% |
| LG Display High-Tech (China) Co., Ltd. | Manufacturing and sales | China | 70% |

(1) During the reporting period, we invested an additional ₩1,131 million in LG Display Fund I LLC.

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D. Status of equity investments (as of March 31, 2022)

(1) Consolidated subsidiaries

| <u>Company (1)</u> | <u>Capital Stock (in millions)</u> | <u>Date of Incorporation</u> | <u>Equity Interest</u> |
|---|--|----------------------------------|----------------------------|
| LG Display America, Inc. | USD 411 | September 1999 | 100% |
| LG Display Germany GmbH | EUR 1 | October 1999 | 100% |
| LG Display Japan Co., Ltd. | JPY 95 | October 1999 | 100% |
| LG Display Taiwan Co., Ltd. | NTD 116 | April 1999 | 100% |
| LG Display Nanjing Co., Ltd. | CNY 3,020 | July 2002 | 100% |
| LG Display Shanghai Co., Ltd. | CNY 4 | January 2003 | 100% |
| LG Display Guangzhou Co., Ltd. | CNY 1,655 | June 2006 | 100% |
| LG Display Shenzhen Co., Ltd. | CNY 4 | July 2007 | 100% |
| LG Display Singapore Pte. Ltd. | USD 1 | November 2008 | 100% |
| L&T Display Technology (Fujian) Limited | CNY 116 | December 2009 | 51% |
| LG Display Yantai Co., Ltd. | CNY 1,008 | March 2010 | 100% |
| Nanumnuri Co., Ltd. | KRW 800 | March 2012 | 100% |
| LG Display (China) Co., Ltd. | CNY 8,232 | December 2012 | 70% |
| Unified Innovative Technology, LLC | USD 9 | March 2014 | 100% |
| LG Display Guangzhou Trading Co., Ltd. | CNY 1 | April 2015 | 100% |
| Global OLED Technology LLC | USD 138 | December 2009 | 100% |
| LG Display Vietnam Haiphong Co., Ltd. | USD 600 | May 2016 | 100% |
| Suzhou Lehui Display Co., Ltd. | CNY 637 | July 2016 | 100% |
| LG Display Fund I LLC (2) | USD 46 | May 2018 | 100% |
| LG Display High-Tech (China) Co., Ltd. | CNY 15,600 | July 2018 | 70% |
| MMT (Money Market Trust) | — | January 2018 | — |

(1) During the reporting period, we invested an additional ₩1,131 million in LG Display Fund I LLC.

(2) Affiliated companies

| <u>Company</u> | <u>Carrying Amount (in millions)</u> | <u>Date of Incorporation</u> | <u>Equity Interest</u> |
|--------------------------------|--|----------------------------------|----------------------------|
| Paju Electric Glass Co., Ltd. | ₩45,416 | January 2005 | 40% |
| Wooree E&L Co., Ltd. | ₩11,502 | June 2008 | 13% |
| YAS Co., Ltd. | ₩27,553 | April 2002 | 15% |
| Avatec Co., Ltd. | ₩20,691 | August 2000 | 15% |
| Arctic Sentinel, Inc. | — | June 2008 | 10% |
| Cynora GmbH (1) | — | March 2003 | 11% |
| Material Science Co., Ltd. (2) | ₩3,433 | January 2014 | 10% |
| Nanosys Inc. (3) | ₩14,367 | July 2001 | 4% |

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Although our respective share interests in Wooree E&L Co., Ltd., YAS Co., Ltd., Avatec Co., Ltd., Arctic Sentinel, Inc., Cynora GmbH, Material Science Co., Ltd. and Nanosys Inc. are below 20%, we are able to exercise significant influence through our 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.

For the three months ended March 31, 2021 and 2022, the aggregate amount of dividends we received from our affiliated companies was ₩4,068 million and ₩4,461 million, respectively.

13. Audit Information

A. Audit service

(Unit: In millions of Won, hours)

| <u>Description</u> | <u>2022 Q1</u> | <u>2021</u> | <u>2020</u> |
|-----------------------------|------------------------------|------------------------------|------------------------------|
| Auditor | KPMG Samjong | KPMG Samjong | KPMG Samjong |
| Activity | Audit by independent auditor | Audit by independent auditor | Audit by independent auditor |
| Compensation ⁽¹⁾ | 1,557(575) ⁽²⁾ | 1,470 (550) ⁽²⁾ | 1,410 (540) ⁽²⁾ |
| Time required | 1,711 | 19,039 | 19,777 |

(1) Compensation amount is the contracted amount for the full fiscal year.

(2) Compensation amount in () is for Form 20-F filing and SOX 404 audit.

B. Non-audit service

(Unit: In millions of Won, hours)

| <u>Period</u> | <u>Date of contract</u> | <u>Description of service</u> | <u>Period of service</u> | <u>Compensation</u> |
|---------------|-------------------------|-------------------------------|--------------------------|---------------------|
| 2022 Q1 | — | — | — | — |
| 2021 | — | — | — | — |
| 2020 | — | — | — | — |

14. Management's Discussion and Analysis of Financial Condition and Results of Operations

Omitted in quarterly and semi-annual reports in accordance with Korean disclosure rules.

15. Board of Directors

A. Members of the board of directors

As of March 31, 2022, our board of directors consisted of two non-outside directors, one non-standing director and four outside directors.

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(As of March 31, 2022)

| Name | Position | Primary responsibility |
|-----------------------|--|-----------------------------------|
| James (Hoyoung) Jeong | Representative Director (non-outside), Chief Executive Officer and President | Chairman of board of directors |
| Sung Hyun Kim(2) | Director (non-outside), Chief Financial Officer and Senior Vice President | Overall head of finances |
| Byung Ho Lee | Outside Director | Related to the overall management |
| Doocheol Moon | Outside Director | Related to the overall management |
| Chang-Yang Lee(2) | Outside Director | Related to the overall management |
| Chung Hae Kang(2) | Outside Director | Related to the overall management |
| Beom Jong Ha(2) | Non-standing Director | Related to the overall management |

- (1) Donghee Suh, our former chief financial officer, resigned from his position on March 23, 2022.
- (2) Kun Tai Han resigned from his position on March 23, 2022 following the expiration of his term. Beom Jong Ha, Sung Hyun Kim and Chung Hae Kang were newly appointed as a non-standing director, non-outside director, and outside director, respectively, at the annual general meeting of shareholders held on March 23, 2022. Chang-Yang Lee was re-appointed for another term as an outside director.

(As of the date of this report)

| Name | Position | Primary responsibility |
|-----------------------|--|-----------------------------------|
| James (Hoyoung) Jeong | Representative Director (non-outside), Chief Executive Officer and President | Chairman of board of directors |
| Sung Hyun Kim | Director (non-outside), Chief Financial Officer and Senior Vice President | Overall head of finances |
| Byung Ho Lee | Outside Director | Related to the overall management |
| Doocheol Moon | Outside Director | Related to the overall management |
| Chung Hae Kang | Outside Director | Related to the overall management |
| Jeongsuk Oh(1) | Outside Director | Related to the overall management |
| Beom Jong Ha | Non-standing Director | Related to the overall management |

- (1) Chang-Yang Lee resigned from his position on April 8, 2022, and Jeongsuk Oh was appointed as a temporary outside director and member of the Audit Committee by the court on April 26, 2022.

B. Committees of the board of directors

We have the following committees that serve under our board of directors: Management Committee, Outside Director Nomination Committee, Audit Committee, ESG Committee and Related Party Transaction Committee.

As of March 31, 2022, the Management Committee consisted of two non-outside directors, James (Hoyoung) Jeong (Chairman) and Sung Hyun Kim.

As of March 31, 2022, the composition of the Outside Director Nomination Committee was as follows.

(As of March 31, 2022)

| Committee | Composition | Member |
|--|--|--|
| Outside Director Nomination Committee(1) | 1 non-outside director and 2 outside directors | Beom Jong Ha, Doocheol Moon and Chung Hae Kang |

- (1) Beom Jong Ha, Doocheol Moon and Chung Hae Kang were each appointed as a member of the outside director nomination committee of the board of directors at the board of directors' meeting on March 23, 2022.

As of the date of this report, the composition of the Audit Committee was as follows.

(As of the date of this report)

| Committee | Composition | Member |
|-----------------|---------------------|---|
| Audit Committee | 4 outside directors | Doocheol Moon (Chairman), Byung Ho Lee, Chung Hae Kang and Jeongsuk Oh(1) |

- (1) Chang-Yang Lee resigned from his position on April 8, 2022, and Jeongsuk Oh was appointed as a temporary outside director and member of the Audit Committee by the court on April 26, 2022.

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As of the date of this report, the composition of the ESG Committee was as follows.

(As of the date of this report)

| <u>Committee</u> | <u>Composition</u> | <u>Member</u> |
|------------------|--|--|
| ESG Committee(1) | 1 non-outside director and 3 outside directors | Doocheol Moon (Chairman), Byung Ho Lee, Chung Hae Kang and James (Hoyoung) Jeong |

- (1) The ESG Committee was established on April 26, 2021.

As of the date of this report, the composition of the Related Party Transaction Committee was as follows.

(As of the date of this report)

| <u>Committee</u> | <u>Composition</u> | <u>Member</u> |
|--|--|---|
| Related Party Transaction Committee(1) | 1 non-outside director and 2 outside directors | Chung Hae Kang (Chairwoman), Byung Ho Lee and Sung Hyun Kim |

- (1) The Related Party Transaction Committee was established on July 1, 2021.

C. Independence of directors

Directors are appointed in accordance with the procedures of the Commercial Act and other relevant laws and regulations. Our board of directors is independent as four out of the seven directors that comprise the board are outside directors. Outside directors candidates are nominated for appointment at a shareholders' meeting after undergoing rigorous review by the Outside Director Nomination Committee.

All of our current outside directors were nominated by the Outside Director Nomination Committee, and all of our current non-outside directors were nominated by the board of directors.

16. Information Regarding Shares

A. Total number of shares

- (1) Total number of shares authorized to be issued (as of March 31, 2022): 500,000,000 shares.
- (2) Total shares issued and outstanding (as of March 31, 2022): 357,815,700 shares.

B. Shareholder list

- (1) Largest shareholder and related parties as of March 31, 2022:

| <u>Name</u> | <u>Relationship</u> | <u>Number of shares of common stock</u> | <u>Equity interest</u> |
|-----------------------|---------------------------------------|---|------------------------|
| LG Electronics | Largest shareholder | 135,625,000 | 37.9% |
| James (Hoyoung) Jeong | Registered director of member company | 15,000 | 0.0% |

- (2) Shareholders who are known to us that own 5% or more of our shares as of March 31, 2022:

| <u>Beneficial owner</u> | <u>Number of shares of common stock</u> | <u>Equity interest</u> |
|--------------------------|---|------------------------|
| LG Electronics | 135,625,000 | 37.90% |
| National Pension Service | 23,811,048 | 6.65% |

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17. Directors and Employees

A. Directors

(1) Remuneration for directors in 2022 Q1:

(Unit: person, in millions of Won)

| <u>Classification</u> | <u>No. of directors(1)</u> | <u>Amount paid</u> | <u>Per capita average remuneration paid(3)</u> |
|---|----------------------------|--------------------|--|
| Non-outside directors | 3 | 446(2) | 223 |
| Outside directors who are not audit committee members | — | — | — |
| Outside directors who are audit committee members | 4 | 96 | 24 |
| Total | 7 | 542(2) | 90 |

(1) Number of directors as at March 31, 2022.

(2) The total amount paid to directors is calculated based on Articles 20, 21 and 22 of the Income Tax Act and includes the remuneration paid to directors who were newly appointed and directors who resigned. Among non-outside directors, we do not pay remuneration to our non-standing director, and the total amount paid to non-outside directors includes the remuneration paid for their unregistered executive positions.

(3) In accordance with the reporting standards, per capita average remuneration paid for the three months ended March 31, 2022 is calculated by using the sum of the average monthly remuneration paid to our directors (excluding our non-standing director, to whom we do not pay remuneration).

(2) Standards of remuneration paid to non-outside and outside directors

- Non-outside directors (excluding outside directors and audit committee members)

The remuneration system for non-outside directors consists of base salary, position salary and performance-related pay. The remuneration for non-outside directors is measured in accordance with the standards established by the board of directors (within the amount approved at the annual general meeting of shareholders), including the non-outside director's position and job responsibilities.

- Standards for base salary/position salary: relevant position and job responsibilities, among others
- Standards for performance-related pay: financial performance of the company and achievement of individual management goals, among others

- Outside directors, audit committee members and auditor

The remuneration for outside directors, audit committee members and auditor is measured in accordance with the standards established by the board of directors (within the amount approved at the annual general meeting of shareholders), including the individual's job responsibilities, among others.

(3) Remuneration for individual directors and audit committee members

- Not required for quarterly reports.

(4) Remuneration for the five highest paid individuals (among those paid over ₩500 million per year)

- Not required for quarterly reports.

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- (5) Stock options
- Not applicable.

B. Employees

As of March 31, 2022, we had 28,759 employees (excluding our directors). On average, our male employees have served 11.7 years and our female employees have served 9.5 years. The total amount of salary paid to our employees for the three months ended March 31, 2022 based on income tax statements submitted to the Korean tax authority in accordance with Article 20 of the Income Tax Act was ₩973,518 million for our male employees and ₩139,551 million for our female employees. The following table provides details of our employees as of March 31, 2022:

(Unit: person, in millions of Won, year)

| | Number of employees(1) | Total salary in 2022(2)(3)(4) | Average salary per capita(5) | Average years of service |
|--------|---------------------------|-------------------------------|------------------------------------|-----------------------------|
| Male | 24,126 | 973,518 | 41 | 11.7 |
| Female | 4,633 | 139,551 | 30 | 9.5 |
| Total | 28,759 | 1,113,069 | 39 | 11.4 |

- (1) Includes part-time employees hired for temporary needs or to serve as temporary replacements for employees on parental leave.
(2) Welfare benefits and retirement expenses have been excluded. Total welfare benefit provided to our employees for the three months ended March 31, 2022 was ₩90,509 million and the per capita welfare benefit provided was ₩3.1 million.
(3) Based on income tax statements, which are submitted to the Korean tax authority in accordance with Article 20 of the Income Tax Act.
(4) Includes incentive payments to employees who have transferred from our affiliated companies.
(5) Calculated using the sum of the average monthly salary.

C. Remuneration for executive officers (excluding directors)

(Unit: person, in millions of Won)

| Number of executive officers | Total salary in 2022 | Average salary per capita(1) |
|------------------------------|----------------------|------------------------------|
| 114 | 10,932 | 96 |

- (1) Calculated using the sum of the average monthly salary.

18. Other Matters

A. Legal proceedings

We are a defendant in three separate civil lawsuits (comprising one damages claim in the United Kingdom filed by private plaintiffs, one damages claim in Israel filed by private plaintiffs and one unjust enrichment claim in the United States filed by the Commonwealth of Puerto Rico) filed against us and certain other TFT-LCD panel manufacturers in connection with alleged anticompetitive behavior of the defendants. In each of these cases, the amount being sought has not been determined, and no trial has been scheduled. While the expected outcome of each of these cases is unclear, we do not believe that any of these cases would have a material effect on our financial conditions.

B. Material events subsequent to the reporting period

None.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

(Unaudited)

March 31, 2022 and 2021

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

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

Reviewed Financial Statements

We have reviewed the accompanying condensed consolidated interim financial statements of LG Display Co., Ltd. and subsidiaries (the "Group") which comprise the condensed consolidated interim statement of financial position as of March 31, 2022, the condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2022 and 2021, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Condensed Consolidated Interim Financial Statements

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards No. 1034, *Interim Financial Reporting*, and for such internal controls as management determines necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our reviews.

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Security and Futures Commission of the Republic of Korea. A review of interim financial information consists principally of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements referred to above are not presented fairly, in all material respects, in accordance with Korean International Financial Reporting Standards No. 1034, *Interim Financial Reporting*.

Other Matters

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries.

We audited the consolidated statement of financial position as of December 31, 2021 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this review report, in accordance with Korean Standards on Auditing, and our report thereon, dated March 8, 2022, expressed an unmodified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2021, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

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KPMG Samjong Accounting Corp.
Seoul, Korea
May 13, 2022

| |
|---|
| <p>This report is effective as of May 13, 2022, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.</p> |
|---|

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

As of March 31, 2022 and December 31, 2021

(In millions of won)

| | Note | March 31, 2022 | December 31, 2021 |
|---|---------------|----------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | 4, 25 | ₩ 3,365,111 | 3,541,597 |
| Deposits in banks | 4, 25 | 746,000 | 743,305 |
| Trade accounts and notes receivable, net | 5, 14, 25, 27 | 3,773,663 | 4,574,789 |
| Other accounts receivable, net | 5, 25 | 105,140 | 121,899 |
| Other current financial assets | 6, 25 | 64,997 | 68,203 |
| Inventories | 7 | 4,229,563 | 3,350,375 |
| Prepaid income taxes | 23 | 58,192 | 58,536 |
| Other current assets | 5 | 795,128 | 728,363 |
| Total current assets | | 13,137,794 | 13,187,067 |
| Deposits in banks | 4, 25 | 11 | 11 |
| Investments in equity accounted investees | 8 | 122,962 | 126,719 |
| Other non-current accounts receivable, net | 5, 25 | — | 2,376 |
| Other non-current financial assets | 6, 25 | 189,960 | 156,211 |
| Property, plant and equipment, net | 9, 17 | 20,697,981 | 20,558,446 |
| Intangible assets, net | 10, 17 | 1,624,920 | 1,644,898 |
| Deferred tax assets | 23 | 2,363,231 | 2,307,692 |
| Defined benefits assets, net | 12 | 21,845 | 68,276 |
| Other non-current assets | | 108,441 | 102,819 |
| Total non-current assets | | 25,129,351 | 24,967,448 |
| Total assets | | ₩38,267,145 | 38,154,515 |
| Liabilities | | | |
| Trade accounts and notes payable | 25, 27 | ₩ 5,270,268 | 4,814,055 |
| Current financial liabilities | 11, 25, 26 | 4,880,376 | 4,069,712 |
| Other accounts payable | 25 | 3,035,581 | 3,401,346 |
| Accrued expenses | | 651,830 | 1,218,456 |
| Income tax payable | | 148,610 | 179,335 |
| Provisions | 13 | 168,897 | 173,431 |
| Advances received | | 82,101 | 67,046 |
| Other current liabilities | | 297,775 | 71,436 |
| Total current liabilities | | 14,535,438 | 13,994,817 |
| Non-current financial liabilities | 11, 25, 26 | 8,294,965 | 8,702,745 |
| Non-current provisions | 13 | 89,650 | 92,942 |
| Defined benefit liabilities, net | 12 | 1,583 | 1,589 |
| Deferred tax liabilities | 23 | 6,235 | 6,636 |
| Other non-current liabilities | 25 | 582,048 | 593,285 |
| Total non-current liabilities | | 8,974,481 | 9,397,197 |
| Total liabilities | | 23,509,919 | 23,392,014 |
| Equity | | | |
| Share capital | 15 | 1,789,079 | 1,789,079 |
| Share premium | 15 | 2,251,113 | 2,251,113 |
| Retained earnings | | 8,325,146 | 8,541,521 |
| Reserves | 15 | 681,245 | 537,142 |
| Total equity attributable to owners of the Controlling Company | | 13,046,583 | 13,118,855 |
| Non-controlling interests | | 1,710,643 | 1,643,646 |
| Total equity | | 14,757,226 | 14,762,501 |
| Total liabilities and equity | | ₩38,267,145 | 38,154,515 |

See accompanying notes to the consolidated interim financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Comprehensive Income

(Unaudited)

For the three-month periods ended March 31, 2022 and 2021

(In millions of won, except earnings per share)

| | Note | 2022 | 2021 |
|---|------------|-------------|-------------|
| Revenue | 16, 17, 27 | ₩ 6,471,480 | 6,882,761 |
| Cost of sales | 7, 18, 27 | (5,653,669) | (5,650,888) |
| Gross profit | | 817,811 | 1,231,873 |
| Selling expenses | 18, 19 | (230,889) | (216,605) |
| Administrative expenses | 18, 19 | (225,899) | (216,056) |
| Research and development expenses | 18 | (322,677) | (275,775) |
| Operating profit | | 38,346 | 523,437 |
| Finance income | 22 | 371,978 | 212,883 |
| Finance costs | 22 | (355,318) | (419,639) |
| Other non-operating income | 21 | 352,966 | 479,371 |
| Other non-operating expenses | 18, 21 | (372,589) | (473,638) |
| Equity in income of equity accounted investees, net | | 2,055 | 1,287 |
| Profit before income tax | | 37,438 | 323,701 |
| Income tax expense (benefit) | 23 | (16,840) | 57,583 |
| Profit for the period | | 54,278 | 266,118 |
| Other comprehensive income (loss) | | | |
| Items that will never be reclassified to profit or loss | | | |
| Remeasurements of net defined benefit liabilities | 12 | (3,888) | (3,421) |
| Other comprehensive income (loss) from associates | | 52 | (81) |
| | | (3,836) | (3,502) |
| Items that are or may be reclassified to profit or loss | | | |
| Foreign currency translation differences for foreign operations | 15 | 182,938 | 240,355 |
| Loss on valuation of derivative | 15 | (4,885) | — |
| Other comprehensive loss from associates | 15 | (1,190) | (502) |
| | | 176,863 | 239,853 |
| Other comprehensive income for the period, net of income tax | | 173,027 | 236,351 |
| Total comprehensive income for the period | | ₩ 227,305 | 502,469 |
| Profit attributable to: | | | |
| Owners of the Controlling Company | | 20,041 | 228,318 |
| Non-controlling interests | | 34,237 | 37,800 |
| Profit for the period | | ₩ 54,278 | 266,118 |
| Total comprehensive income attributable to: | | | |
| Owners of the Controlling Company | | 160,308 | 421,244 |
| Non-controlling interests | | 66,997 | 81,225 |
| Total comprehensive income for the period | | ₩ 227,305 | 502,469 |
| Earnings (loss) per share (in won) | | | |
| Basic earnings per share | 24 | ₩ 56 | 638 |
| Diluted earnings (loss) per share | 24 | ₩ (105) | 638 |

See accompanying notes to the consolidated interim financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited)

For the three-month periods ended March 31, 2022 and 2021

| (In millions of won) | 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 | <u>₩1,789,079</u> | <u>2,251,113</u> | <u>7,518,786</u> | <u>(163,446)</u> | <u>11,395,532</u> | <u>1,335,896</u> | <u>12,731,428</u> |
| Total comprehensive income (loss) for the period | | | | | | | |
| Profit for the period | — | — | 228,318 | — | 228,318 | 37,800 | 266,118 |
| Other comprehensive income (loss) | | | | | | | |
| Remeasurements of net defined benefit liabilities, net of tax | — | — | (3,421) | — | (3,421) | — | (3,421) |
| Foreign currency translation differences for foreign operations, net of tax | — | — | — | 196,930 | 196,930 | 43,425 | 240,355 |
| Other comprehensive loss from associates | — | — | (81) | (502) | (583) | — | (583) |
| Total other comprehensive income (loss) | — | — | (3,502) | 196,428 | 192,926 | 43,425 | 236,351 |
| Total comprehensive income for the period | <u>₩ —</u> | <u>—</u> | <u>224,816</u> | <u>196,428</u> | <u>421,244</u> | <u>81,225</u> | <u>502,469</u> |
| Balances at March 31, 2021 | <u>₩1,789,079</u> | <u>2,251,113</u> | <u>7,743,602</u> | <u>32,982</u> | <u>11,816,776</u> | <u>1,417,121</u> | <u>13,233,897</u> |
| Balances at January 1, 2022 | <u>₩1,789,079</u> | <u>2,251,113</u> | <u>8,541,521</u> | <u>537,142</u> | <u>13,118,855</u> | <u>1,643,646</u> | <u>14,762,501</u> |
| Total comprehensive income (loss) for the period | | | | | | | |
| Profit for the period | — | — | 20,041 | — | 20,041 | 34,237 | 54,278 |
| Other comprehensive income (loss) | | | | | | | |
| Remeasurements of net defined benefit liabilities, net of tax | — | — | (3,888) | — | (3,888) | — | (3,888) |
| Foreign currency translation differences | — | — | — | 150,178 | 150,178 | 32,760 | 182,938 |
| Other comprehensive income (loss) from associates | — | — | 52 | (1,190) | (1,138) | — | (1,138) |
| Loss on valuation of derivative | — | — | — | (4,885) | (4,885) | — | (4,885) |
| Total other comprehensive income (loss) | — | — | (3,836) | 144,103 | 140,267 | 32,760 | 173,027 |
| Total comprehensive income for the period | <u>₩ —</u> | <u>—</u> | <u>16,205</u> | <u>144,103</u> | <u>160,308</u> | <u>66,997</u> | <u>227,305</u> |
| Transaction with owners, recognized directly in equity | | | | | | | |
| Dividends | — | — | (232,580) | — | (232,580) | — | (232,580) |
| Balances at March 31, 2022 | <u>₩1,789,079</u> | <u>2,251,113</u> | <u>8,325,146</u> | <u>681,245</u> | <u>13,046,583</u> | <u>1,710,643</u> | <u>14,757,226</u> |

See accompanying notes to the consolidated interim financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

For the three-month periods ended March 31, 2022 and 2021

(In millions of won)

Cash flows from operating activities:

Profit for the period

Adjustments for:

| | Note | 2022 | 2021 |
|--|------|------------------|----------------|
| Profit for the period | | ₩ 54,278 | 266,118 |
| Adjustments for: | | | |
| Income tax expense (benefit) | 23 | (16,840) | 57,583 |
| Depreciation and amortization | 18 | 1,172,488 | 1,096,591 |
| Gain on foreign currency translation | | (119,120) | (177,983) |
| Loss on foreign currency translation | | 167,594 | 199,616 |
| Expenses related to defined benefit plans | 12 | 44,449 | 35,879 |
| Gain on disposal of property, plant and equipment | | (6,000) | (1,352) |
| Loss on disposal of property, plant and equipment | | 11,859 | 8,372 |
| Impairment loss on property, plant and equipment | | 4,995 | 1,727 |
| Reversal of impairment loss on property, plant and equipment | | (3,168) | (532) |
| Loss on disposal of intangible assets | | 129 | — |
| Impairment loss on intangible assets | | 2,719 | 7,767 |
| Reversal of impairment loss on intangible assets | | (3,933) | (1,250) |
| Expense on increase of provision | | 69,252 | 52,263 |
| Finance income | | (347,365) | (173,567) |
| Finance costs | | 332,152 | 405,299 |
| Equity in income of equity method accounted investees, net | 8 | (2,055) | (1,287) |
| Other income | | (189) | — |
| Other expenses | | — | 15,432 |
| | | 1,306,967 | 1,524,558 |
| Changes in: | | | |
| Trade accounts and notes receivable | | 835,579 | (617,249) |
| Other accounts receivable | | 15,392 | 26,643 |
| Inventories | | (864,313) | (171,184) |
| Lease receivables | | 1,513 | 987 |
| Other current assets | | (52,743) | (43,530) |
| Other non-current assets | | (18,722) | (34,220) |
| Trade accounts and notes payable | | 416,374 | 42,841 |
| Other accounts payable | | (214,908) | 120,318 |
| Accrued expenses | | (557,729) | (37,934) |
| Provisions | | (78,827) | (52,306) |
| Advances received | | 15,055 | 70,057 |
| Other current liabilities | | (3,825) | 6,968 |
| Defined benefit liabilities, net | | (3,231) | 1,116 |
| Other non-current liabilities | | (12,195) | (514) |
| | | (522,580) | (688,007) |
| Cash generated from operating activities | | 838,665 | 1,102,669 |
| Income taxes paid | | (62,672) | (20,810) |
| Interests received | | 28,539 | 16,365 |
| Interests paid | | (109,228) | (136,013) |
| Net cash provided by operating activities | | ₩ 695,304 | 962,211 |

See accompanying notes to the consolidated interim financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Cash Flows, Continued

(Unaudited)

For the three-month periods ended March 31, 2022 and 2021

(In millions of won)

| | Note | 2022 | 2021 |
|---|------|--------------------|--------------------|
| Cash flows from investing activities: | | | |
| Dividends received | | ₩ 4,361 | 3,668 |
| Increase in deposits in banks | | (397,031) | (366,883) |
| Proceeds from withdrawal of deposits in banks | | 400,646 | 400 |
| Acquisition of financial assets at fair value through profit or loss | | (150) | (5,069) |
| Proceeds from disposal of financial asset at fair value through profit or loss | | 96 | 380 |
| Acquisition of financial assets at fair value through other comprehensive income | | (1,721) | — |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | 1,628 | 9 |
| Proceeds from disposal of investments in equity accounted investees | | 600 | 600 |
| Acquisition of property, plant and equipment | | (1,117,208) | (570,379) |
| Proceeds from disposal of property, plant and equipment | | 60,887 | 2,885 |
| Acquisition of intangible assets | | (171,549) | (197,377) |
| Proceeds from disposal of intangible assets | | 5,862 | — |
| Receipt from (payment for) settlement of derivatives | | 10,092 | (20,435) |
| Proceeds from collection of short-term loans | | 2,203 | 7,204 |
| Increase in deposits | | (696) | — |
| Decrease in deposits | | 4,644 | 215 |
| Net cash used in investing activities | | (1,197,336) | (1,144,782) |
| Cash flows from financing activities: | 26 | | |
| Proceeds from short-term borrowings | | 875,503 | 1,226,939 |
| Repayments of short-term borrowings | | (491,383) | (904,668) |
| Proceeds from issuance of bonds | | 443,230 | — |
| Proceeds from long-term borrowings | | 302,855 | 200,000 |
| Repayments of current portion of long-term borrowings and bonds | | (832,202) | (736,264) |
| Payment of lease liabilities | | (19,132) | (15,879) |
| Subsidiaries' dividends distributed to non-controlling interests | | (4,150) | — |
| Net cash provided by (used in) financing activities | | 274,721 | (229,872) |
| Net decrease in cash and cash equivalents | | (227,311) | (412,443) |
| Cash and cash equivalents at January 1 | | 3,541,597 | 4,218,099 |
| Effect of exchange rate fluctuations on cash held | | 50,825 | 98,376 |
| Cash and cash equivalents at March 31 | | ₩ 3,365,111 | 3,904,032 |

See accompanying notes to the consolidated interim financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

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 March 31, 2022, 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 March 31, 2022, 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 March 31, 2022, 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 Depositary Shares (“ADSs”) under the symbol “LPL”. One ADS represents one-half of one share of common stock. As of March 31, 2022, there are 16,752,906 ADSs outstanding.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

1. Reporting Entity, Continued

(b) Consolidated Subsidiaries as of March 31, 2022

(In millions)

| <u>Subsidiaries</u> | <u>Location</u> | <u>Percentage of ownership</u> | <u>Fiscal year end</u> | <u>Date of incorporation</u> | <u>Business</u> | <u>Capital stocks</u> |
|---|--------------------|--------------------------------|------------------------|------------------------------|--|-----------------------|
| 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 | NTD 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 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 46 |

| | | | | | | |
|---|---------------------|-----|-------------|------------------|---------------------------------------|------------|
| 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 three-month period ended March 31, 2022, the Controlling Company contributed ₩1,131 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.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

2. Basis of Presenting Financial Statements

(a) Statement of Compliance

The condensed consolidated interim financial statements have been prepared in accordance with Korean International Financial Reporting Standard (“K-IFRS”) No.1034, *Interim Financial Reporting*. They do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended December 31, 2021.

(b) Basis of Measurement

The condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements in conformity with K-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.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

3. Summary of Significant Accounting Policies

The significant accounting policies followed by the Group in the preparation of its condensed consolidated interim financial statements are the same as those followed by the Group in its preparation of the consolidated financial statements as of and for the year ended December 31, 2021, except for the application of K-IFRS No. 1034, *Interim Financial Reporting*.

(a) Changes in Accounting Policies

The Group early adopted the amendments to K-IFRS No. 1016, *Property, Plant and Equipment: Proceeds before Intended Use*, in the annual consolidated financial statements from January 1, 2021.

Before the application of the amendments to K-IFRS No. 1016, directly attributable costs of acquiring property, plant and equipment included the costs of testing whether it is functioning properly, after deducting the net proceeds from selling items produced using the property, plant and equipment. However, after the application of the amendments, the proceeds from selling any such produced items and the cost of producing those items are recognized in profit or loss. The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the property, plant and equipment has achieved a certain level of operating margin.

The Group applied amendments retrospectively, but only to items of property, plant and equipment that were brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2020 and the Group restated and presented the condensed consolidated interim financial statements as of and for the three-month period ended March 31, 2021 as follows.

- i) Impacts on the condensed consolidated interim statement of comprehensive income for the three-month period ended March 31, 2021

(In millions of won, except earnings per share)

| | <u>As previously reported</u> | <u>Adjustments</u> | <u>As restated</u> |
|---|-----------------------------------|--------------------|--------------------|
| Revenue | ₩ 6,882,761 | — | 6,882,761 |
| Cost of sales | (5,651,296) | 408 | (5,650,888) |
| Gross profit | <u>₩ 1,231,465</u> | <u>408</u> | <u>1,231,873</u> |
| Operating profit | ₩ 523,029 | 408 | 523,437 |
| Profit before income tax | ₩ 323,293 | 408 | 323,701 |
| Income tax expense | 57,482 | 101 | 57,583 |
| Profit for the period | <u>₩ 265,811</u> | <u>307</u> | <u>266,118</u> |
| Basic and diluted earnings per share (in won) | ₩ 637 | 1 | 638 |

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

3. Summary of Significant Accounting Policies, Continued

(a) Changes in Accounting Policies, Continued

ii) Impacts on the condensed consolidated interim statement of changes in equity for the three-month period ended March 31, 2021

- As previously reported

(In millions of won)

| | Attributable to owners of the Controlling Company | | Total equity |
|------------------------------------|--|-------------------|-------------------|
| | Retained earnings | Sub-total | |
| Balances at January 1, 2021 | <u>₩7,524,297</u> | <u>11,401,043</u> | <u>12,736,939</u> |
| Profit for the period | <u>228,011</u> | <u>228,011</u> | <u>265,811</u> |
| Balances at March 31, 2021 | <u>₩7,748,806</u> | <u>11,821,980</u> | <u>13,239,101</u> |

- Adjustments

(In millions of won)

| | Attributable to owners of the Controlling Company | | Total equity |
|------------------------------------|--|----------------|----------------|
| | Retained earnings | Sub-total | |
| Balances at January 1, 2021 | <u>₩ (5,511)</u> | <u>(5,511)</u> | <u>(5,511)</u> |
| Profit for the period | <u>307</u> | <u>307</u> | <u>307</u> |
| Balances at March 31, 2021 | <u>₩ (5,204)</u> | <u>(5,204)</u> | <u>(5,204)</u> |

- As restated

(In millions of won)

| | Attributable to owners of the Controlling Company | | Total equity |
|--------------------------------------|--|-------------------|-------------------|
| | Retained earnings | Sub-total | |
| Balances at January 1, 2021 | <u>₩7,518,786</u> | <u>11,395,532</u> | <u>12,731,428</u> |
| Profit for the period | <u>228,318</u> | <u>228,318</u> | <u>266,118</u> |
| Balances at December 31, 2021 | <u>₩7,743,602</u> | <u>11,816,776</u> | <u>13,233,897</u> |

- (*) There are no impacts on net cash provided by operating activities and net cash used in investing activities in the condensed consolidated interim statement of cash flows for the three-month period ended March 31, 2021 due to the change in accounting policy.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

4. Cash and Cash Equivalents and Deposits in Banks

Cash and cash equivalents and deposits in banks as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------------|-----------------------|--------------------------|
| Current assets | | |
| Cash and cash equivalents | | |
| Cash | ₩ 1,117 | 1,122 |
| Demand deposits | 3,363,994 | 3,540,475 |
| | <u>₩ 3,365,111</u> | <u>3,541,597</u> |
| Deposits in banks | | |
| Time deposits | ₩ 500 | 2,600 |
| Restricted deposits (*) | 745,500 | 740,705 |
| | <u>₩ 746,000</u> | <u>743,305</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 enforce the Group's investment plans upon the receipt of grants from Gumi city and Gyeongsangbuk-do, restricted deposits pledged to guarantee a subsidiary's borrowings and others.

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

5. Trade Accounts and Notes Receivable, Other Accounts Receivable and Others

- (a) Trade accounts and notes receivable as of March 31, 2022 and December 31, 2021 are as follows:

| <i>(In millions of won)</i> | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|-----------------------------|-----------------------|--------------------------|
| Due from third parties | ₩ 3,117,225 | 3,818,980 |
| Due from related parties | 656,438 | 755,809 |
| | <u>₩ 3,773,663</u> | <u>4,574,789</u> |

- (b) Other accounts receivable as of March 31, 2022 and December 31, 2021 are as follows:

| <i>(In millions of won)</i> | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|---------------------------------|-----------------------|--------------------------|
| Current assets | | |
| Non-trade receivables, net | ₩ 97,241 | 108,875 |
| Accrued income | 7,899 | 13,024 |
| | <u>₩ 105,140</u> | <u>121,899</u> |
| Non-current assets | | |
| Long-term non-trade receivables | ₩ — | 2,376 |
| | <u>₩ 105,140</u> | <u>124,275</u> |

Due from related parties included in other accounts receivable as of March 31, 2022 and December 31, 2021 are ₩232 million and ₩2,846 million, respectively.

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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 March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | March 31, 2022 | | | |
|----------------------------|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | Book value | | Allowance for impairment | |
| | Trade accounts and notes receivable | Other accounts receivable | Trade accounts and notes receivable | Other accounts receivable |
| Current | ₩ 3,771,560 | 103,163 | (1,169) | (1,755) |
| 1-15 days past due | 2,496 | 279 | (1) | (2) |
| 16-30 days past due | 714 | 448 | — | (3) |
| 31-60 days past due | — | 2,172 | — | — |
| More than 60 days past due | 63 | 901 | — | (63) |
| | <u>₩ 3,774,833</u> | <u>106,963</u> | <u>(1,170)</u> | <u>(1,823)</u> |

(In millions of won)

| | December 31, 2021 | | | |
|----------------------------|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | Book value | | Allowance for impairment | |
| | Trade accounts and notes receivable | Other accounts receivable | Trade accounts and notes receivable | Other accounts receivable |
| Current | ₩ 4,575,354 | 124,877 | (1,204) | (1,932) |
| 1-15 days past due | 566 | 822 | — | (6) |
| 16-30 days past due | 10 | 44 | — | — |
| 31-60 days past due | 61 | 16 | — | — |
| More than 60 days past due | 2 | 521 | — | (67) |
| | <u>₩ 4,575,993</u> | <u>126,280</u> | <u>(1,204)</u> | <u>(2,005)</u> |

The movement in the allowance for impairment in respect of trade accounts and notes receivable and other accounts receivable for the three-month period ended March 31, 2022 and for the year ended December 31, 2021 are as follows:

(In millions of won)

| | March 31, 2022 | | December 31, 2021 | |
|--|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | Trade accounts and notes receivable | Other accounts receivable | Trade accounts and notes receivable | Other accounts receivable |
| Balance at the beginning of the period | ₩ 1,204 | 2,005 | 1,047 | 1,778 |
| (Reversal of) bad debt expense | (34) | (182) | 157 | 227 |
| Balance at the end of the reporting period | <u>₩ 1,170</u> | <u>1,823</u> | <u>1,204</u> | <u>2,005</u> |

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5. Trade Accounts and Notes Receivable, Other Accounts Receivable and Others, Continued

(d) Other current assets as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|---------------------------------|-----------------------|--------------------------|
| Advanced payments | ₩ 54,739 | 44,907 |
| Prepaid expenses | 132,108 | 67,540 |
| Value added tax refundable | 602,052 | 608,476 |
| Right to recover returned goods | 6,229 | 7,440 |
| | <u>₩ 795,128</u> | <u>728,363</u> |

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6. Other Financial Assets

Other financial assets as of March 31, 2022 and December 31, 2021 are as follows:

| <i>(In millions of won)</i> | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|--|-----------------------|--------------------------|
| Current assets | | |
| Financial assets at fair value through profit or loss | | |
| Convertible securities | ₩ 1,573 | 1,573 |
| Derivatives(*1) | 19,735 | 12,741 |
| | <u>₩ 21,308</u> | <u>14,314</u> |
| Cash flow hedging derivatives | | |
| Derivatives(*2) | ₩ 2,064 | 905 |
| Financial assets at fair value through other comprehensive income | | |
| Debt instruments | | |
| Government bonds | ₩ — | 27 |
| Financial assets carried at amortized cost | | |
| Deposits | ₩ 15,220 | 23,581 |
| Short-term loans | 19,349 | 22,518 |
| Lease receivables | 7,056 | 6,858 |
| | <u>₩ 41,625</u> | <u>52,957</u> |
| | <u>₩ 64,997</u> | <u>68,203</u> |
| Non-current assets | | |
| Financial assets at fair value through profit or loss | | |
| Equity instruments | ₩ 48,967 | 48,805 |
| Convertible securities | 1,211 | 1,185 |
| Derivatives(*1) | 93,001 | 52,871 |
| | <u>₩ 143,179</u> | <u>102,861</u> |
| Financial assets at fair value through other comprehensive income | | |
| Debt instruments | | |
| Government bonds | ₩ — | 21 |
| Financial assets carried at amortized cost | | |
| Deposits | ₩ 18,151 | 22,039 |
| Long-term loans | 18,838 | 19,939 |
| Lease receivables | 9,792 | 11,351 |
| | <u>₩ 46,781</u> | <u>53,329</u> |
| | <u>₩ 189,960</u> | <u>156,211</u> |

(*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 forecast sales in foreign currency. The contracts are designated as hedging instruments.

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7. Inventories

Inventories as of March 31, 2022 and December 31, 2021 are as follows:

| <i>(In millions of won)</i> | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|-----------------------------|-----------------------|--------------------------|
| Finished goods | <u>₩ 1,606,876</u> | <u>1,180,329</u> |
| Work-in-process | 1,560,223 | 1,202,548 |
| Raw materials | 861,591 | 786,739 |
| Supplies | <u>200,873</u> | <u>180,759</u> |
| | <u>₩ 4,229,563</u> | <u>3,350,375</u> |

For the three-month periods ended March 31, 2022 and 2021, the amount of inventories recognized as cost of sales and inventory write-downs and usage of inventory write-downs included in cost of sales are as follows:

| <i>(In millions of won)</i> | <u>2022</u> | <u>2021</u> |
|---|-------------------|------------------|
| Inventories recognized as cost of sales | <u>₩5,653,669</u> | <u>5,650,888</u> |
| Including: inventory write-downs | 217,304 | 173,804 |
| Including: usage of inventory write-downs | (224,576) | (213,932) |

There were no significant reversals of inventory write-downs recognized during the three-month periods ended March 31, 2022 and 2021.

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8. Investments in Equity Accounted Investees

Associates as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| <u>Associates</u> | <u>Location</u> | <u>Fiscal year end</u> | <u>Date of incorporation</u> | <u>Business</u> | <u>March 31, 2022</u> | | <u>December 31, 2021</u> | |
|-------------------------------|------------------------|----------------------------|----------------------------------|--|--|----------------------------|------------------------------------|----------------------------|
| | | | | | <u>Percentage of ownership</u> | <u>Carrying amount</u> | <u>Percentage of ownership</u> | <u>Carrying amount</u> |
| Paju Electric Glass Co., Ltd. | Paju, South Korea | December 31 | January 2005 | Manufacture glass for display | 40% | ₩45,416 | 40% | ₩48,398 |
| WooRee E&L Co., Ltd. | Ansan, South Korea | December 31 | June 2008 | Manufacture LED back light unit packages | 13% | 11,502 | 13% | 11,947 |
| YAS Co., Ltd. | Paju, South Korea | December 31 | April 2002 | Develop and manufacture deposition equipment for OLEDs | 15% | 27,553 | 15% | 27,337 |
| AVATEC Co., Ltd. | Daegu, South Korea | December 31 | August 2000 | Process and sell glass for display | 15% | 20,691 | 15% | 20,708 |
| 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% | — | 11% | — |

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8. Investments in Equity Accounted Investees, Continued

(In millions of won)

| <u>Associates</u> | <u>Location</u> | <u>Fiscal year end</u> | <u>Date of incorporation</u> | <u>Business</u> | <u>March 31, 2022</u> | | <u>December 31, 2021</u> | |
|----------------------------|-----------------------|----------------------------|----------------------------------|--|--|----------------------------|------------------------------------|----------------------------|
| | | | | | <u>Percentage of ownership</u> | <u>Carrying Amount</u> | <u>Percentage of ownership</u> | <u>Carrying amount</u> |
| Material Science Co., Ltd. | Seoul, South Korea | December 31 | January 2014 | Develop, manufacture, and sell materials for display | 10% | ₩ 3,433 | 10% | ₩ 3,679 |
| Nanosys Inc. | Milpitas, U.S.A. | December 31 | July 2001 | Develop, manufacture, and sell materials for display | 4% | 14,367 | 4% | 14,650 |
| | | | | | | <u>₩122,962</u> | | <u>₩126,719</u> |

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, Material Science Co., Ltd. and Nanosys Inc. 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.

Dividends income recognized from equity method investees for the three-month periods ended March 31, 2022 and 2021 amounted to ₩4,461 million and ₩4,068 million, respectively.

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9. Property, Plant and Equipment

For the three-month periods ended March 31, 2022 and 2021, the Group purchased property, plant and equipment of ₩1,084,923 million and ₩760,741 million, respectively. The capitalized borrowing costs and the annualized capitalization rate were ₩26,795 million and 2.84%, and ₩14,686 million and 4.63% for the three-month periods ended March 31, 2022 and 2021, respectively. Also, for the three-month periods ended March 31, 2022 and 2021, the Group disposed of property, plant and equipment with carrying amounts of ₩67,958 million and ₩9,590 million, respectively, and recognized ₩6,000 million and ₩11,859 million, respectively, as gain and loss on disposal of property, plant and equipment for the three-month period ended March 31, 2022 (gain and loss on disposal of property, plant and equipment for the three-month period ended March 31, 2021: ₩1,352 million and ₩8,372 million, respectively).

10. Intangible Assets

The Group capitalizes expenditures related to development activities, such as expenditures incurred on designing, manufacturing and testing of products after those related activities meet the capitalization criteria of development costs including technical feasibility, future economic benefits and others. The balances of capitalized development costs as of March 31, 2022 and December 31, 2021 are ₩436,100 million and ₩389,215 million, respectively. For the three-month periods ended March 31, 2022 and 2021, the Group recognized an impairment loss amounting to ₩2,526 million and ₩7,767 million, respectively, in connection with development projects.

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11. Financial Liabilities

(a) Financial liabilities as of March 31, 2022 and December 31, 2021 are as follows:

| <i>(In millions of won)</i> | | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|---|--|-----------------------|--------------------------|
| Current | | | |
| Short-term borrowings | | ₩ 1,014,287 | 613,733 |
| Current portion of long-term borrowings and bonds | | 3,790,783 | 3,393,506 |
| Derivatives(*1) | | 3,963 | 8,594 |
| Cash flow hedging derivatives(*2) | | 21,177 | 13,400 |
| Lease liabilities | | 50,166 | 40,479 |
| | | <u>₩ 4,880,376</u> | <u>4,069,712</u> |
| Non-current | | | |
| Won denominated borrowings | | ₩ 1,492,125 | 2,173,500 |
| Foreign currency denominated borrowings | | 5,502,529 | 5,487,091 |
| Bonds | | 1,252,161 | 995,976 |
| Derivatives(*1) | | 3,032 | 2,331 |
| Lease liabilities | | 45,118 | 43,847 |
| | | <u>₩ 8,294,965</u> | <u>8,702,745</u> |

(*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 forecast sales in foreign currency. The contracts are designated as hedging instruments.

(b) Short-term borrowings as of March 31, 2022 and December 31, 2021 are as follows:

| <i>(In millions of won, USD)</i> | | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|--|--|-----------------------|--------------------------|
| Lender | Annual interest rate as of March 31, 2022 (%) | | |
| Standard Chartered Bank Korea Limited | 12ML + 1.55 | ₩ 363,240 | — |
| Standard Chartered Bank Vietnam and others | 3ML + 0.80, 1M Term SOFR+0.90 | 651,047 | 613,733 |
| Foreign currency equivalent | | USD 838 | USD 518 |
| | | <u>₩ 1,014,287</u> | <u>613,733</u> |

(*) ML represents Month LIBOR (London Inter-Bank Offered Rates).

Term SOFR (Secured Overnight Financing Rate) is a rate which reflects the term structure published by Chicago Mercantile Exchange.

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11. Financial Liabilities, Continued

(c) Won denominated long-term borrowings as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| <u>Lender</u> | <u>Annual interest rate as of March 31, 2022 (%)</u> ^(*) | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|--|---|---------------------------|--------------------------|
| Korea Development Bank and others | CD rate (91days) + 0.65~1.60, 1.90~3.75 | ₩ 2,763,625 | 2,785,000 |
| | | (1,271,500) | (611,500) |
| Less current portion of long-term borrowings | | <u>₩ 1,492,125</u> | <u>2,173,500</u> |

(*) CD represents certificate of deposit.

(d) Foreign currency denominated long-term borrowings as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won, USD and CNY)

| <u>Lender</u> | <u>Annual interest rate as of March 31, 2022 (%)</u> | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|--|---|-----------------------|------------------------------|
| The Export-Import Bank of Korea and others | 3ML+1.45~2.40, 6ML+1.35~1.43, 3M SOFR+1.47, 1.82~2.46 | ₩ 2,082,576 | 2,163,538 |
| China Construction Bank and others | USD : 3ML+0.65~1.43 3M Terms SOFR+1.79, CNY : LPR(5Y)+0.34, LPR(1Y)-0.15~+0.15, 4.20 | 4,509,377 | 4,489,974 |
| Foreign currency equivalent | | USD 2,617 | USD 2,782 |
| | | CNY 18,014 | CNY 18,017 |
| Less current portion of long-term borrowings | | <u>(1,089,424)</u> | <u>(1,166,421)</u> |
| | | <u>₩ 5,502,529</u> | <u>5,487,091</u> |

(*) LPR represents Loan Prime Rate of People's Bank of China.

SOFR is a rate being calculated by compounding average daily SOFR published by Federal Reserve Bank of New York and Term SOFR is a rate which reflects the term structure published by Chicago Mercantile Exchange.

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11. Financial Liabilities, Continued

(e) Details of bonds issued and outstanding as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won and USD)

| | <u>Maturity</u> | <u>Annual interest rate as of March 31, 2022 (%)</u> | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|---|-----------------------------|--|---------------------------|------------------------------|
| Won denominated bonds at amortized cost (*1) | | | | |
| Publicly issued bonds | May 2022 ~ February 2027 | 2.29~3.66 | ₩ 1,455,000 | 1,320,000 |
| Privately issued bonds | May 2022 ~ May 2033 | 3.25~4.25 | 160,000 | 160,000 |
| Less discount on bonds | | | (3,941) | (2,534) |
| Less current portion | | | (479,798) | (599,825) |
| | | | <u>₩ 1,131,261</u> | <u>877,641</u> |
| Foreign currency denominated bonds at amortized cost (*2) | | | | |
| Privately issued bonds | April 2023 | 3ML+1.47 | ₩ 121,080 | 118,550 |
| Foreign currency equivalent | | | USD 100 | USD 100 |
| Less discount on bonds | | | (180) | (215) |
| | | | <u>₩ 120,900</u> | <u>118,335</u> |
| Financial liabilities at fair value through profit or loss | | | | |
| Foreign currency denominated convertible bonds (*3) | August 2024 | 1.50 | ₩ 950,061 | 1,015,760 |
| Foreign currency equivalent | | | USD 785 | USD 857 |
| Less current portion | | | (950,061) | (1,015,760) |
| | | | <u>₩ —</u> | <u>—</u> |
| | | | <u>₩ 1,252,161</u> | <u>995,976</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 or semi-annually.

(*3) Reclassified to current considering the bondholders' right to redeem before maturity (put option).

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11. Financial Liabilities, Continued

(f) Details of the convertible bonds issued by the Controlling Company and outstanding as of March 31, 2022 are as follows:

(In won, USD)

| | <u>Description</u> |
|---|--|
| Type | Unsecured foreign currency denominated convertible bonds |
| Issuance amount | USD 687,800,000 |
| Annual interest rate (%) | 1.50 |
| Issuance date | August 22, 2019 |
| Maturity date | August 22, 2024 |
| Interest payment | Payable semi-annually in arrear until maturity date |
| Principal redemption | <ol style="list-style-type: none"> Redemption at maturity: Redeemed on the maturity date, at their outstanding principal amount, which has not been early redeemed or converted. Early redemption: The Controlling Company has a right to redeem before maturity (call option) or the bondholders have a right to require the Controlling Company to redeem before maturity (put option). At exercise of each option, the outstanding principal amount together with accrued but unpaid interest are to be redeemed. |
| Conversion price | ₩ 19,165 per common share (subject to adjustment based on diluted effects of certain events) |
| Conversion period | From August 23, 2020 to August 12, 2024 |
| Redemption at the option of the issuer (Call option) | <ul style="list-style-type: none"> On or at any time after 3 years from the issuance, if the closing price of the shares for any 20 trading days out of the 30 consecutive trading days is at least 130% of the applicable conversion price The aggregate principal amount of the convertible bonds outstanding is less than 10% of the aggregate principal amount originally issued, or In the event of certain changes in laws and other directives resulting in additional taxes for the holders |
| Redemption at the option of the bondholders (Put option) | On the third anniversary from the issuance date |

The Controlling Company designated the convertible bonds as financial liabilities at fair value through profit or loss and recognized the change in fair value in profit or loss. The Controlling Company measures the convertible bond at fair value using the market price of convertible bonds disclosed on Bloomberg. The number of convertible shares as of March 31, 2022 is as follows:

(In won and No. of shares)

| | <u>March 31, 2022</u> |
|---|-----------------------|
| Aggregate outstanding amount of the convertible bonds | ₩813,426,670,000 |
| Conversion price | ₩ 19,165 |
| Number of common shares to be issued at conversion | 42,443,343 |

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12. 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.

- (a) Net defined benefit liabilities (defined benefit assets) recognized as of March 31, 2022 and December 31, 2021 are as follows:

| | | |
|---|-----------------------|--------------------------|
| <i>(In millions of won)</i> | | |
| | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
| Present value of partially funded defined benefit obligations | ₩ 1,704,510 | 1,684,096 |
| Fair value of plan assets | <u>(1,724,772)</u> | <u>(1,750,783)</u> |
| | ₩ (20,262) | (66,687) |
| Defined benefit liabilities, net | ₩ 1,583 | 1,589 |
| Defined benefit assets, net | ₩ 21,845 | 68,276 |

- (b) Expenses related to defined benefit plans recognized in profit or loss for the three-month periods ended March 31, 2022 and 2021 are as follows:

| | | |
|-----------------------------|--------------|----------------|
| <i>(In millions of won)</i> | | |
| | <u>2022</u> | <u>2021</u> |
| Current service cost | ₩44,980 | 37,353 |
| Net interest cost | <u>(531)</u> | <u>(1,474)</u> |
| | ₩44,449 | 35,879 |

- (c) Plan assets as of March 31, 2022 and December 31, 2021 are as follows:

| | | |
|------------------------------|-----------------------|--------------------------|
| <i>(In millions of won)</i> | | |
| | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
| Guaranteed deposits in banks | ₩ 1,724,772 | 1,750,783 |

As of March 31, 2022, the Controlling Company maintains the plan assets primarily with Mirae Asset Securities Co., Ltd., KB Insurance Co., Ltd. and others.

- (d) Remeasurements of the net defined benefit liabilities (assets) included in other comprehensive income (loss) for the three-month periods ended March 31, 2022 and 2021 are as follows:

| | | |
|--|--------------|--------------|
| <i>(In millions of won)</i> | | |
| | <u>2022</u> | <u>2021</u> |
| Remeasurements of net defined benefit liabilities | ₩(5,265) | (4,594) |
| Tax effect | <u>1,377</u> | <u>1,173</u> |
| Remeasurements of net defined benefit liabilities, net of income tax | ₩(3,888) | (3,421) |

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13. Provisions

Changes in provisions for the three-month period ended March 31, 2022 are as follows:

(In millions of won)

| | <u>Litigation and claims</u> | <u>Warranties (*)</u> | <u>Others</u> | <u>Total</u> |
|----------------------------|----------------------------------|-----------------------|---------------|----------------|
| Balance at January 1, 2022 | ₩ — | 257,126 | 9,247 | 266,373 |
| Additions (reversal) | 1,750 | 69,252 | (1,912) | 69,090 |
| Usage | — | (76,916) | — | (76,916) |
| Balance at March 31, 2022 | <u>₩ 1,750</u> | <u>249,462</u> | <u>7,335</u> | <u>258,547</u> |
| Current | ₩ 1,750 | 159,812 | 7,335 | 168,897 |
| Non-current | ₩ — | 89,650 | — | 89,650 |

- (*) 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.

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14. Contingent Liabilities and Commitments

(a) Legal Proceedings

Anti-trust litigations

Certain 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 March 31, 2022, 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 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 1,085 million (₩1,313,718 million) in connection with the Controlling Company’s export sales transactions with its subsidiaries. As of March 31, 2022, 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.

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14. 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 KRW)

| Classification | Financial institutions | Credit limit | | Not yet due | |
|--|---|--------------------|----------------|--------------------|----------------|
| | | Contractual amount | KRW equivalent | Contractual amount | KRW equivalent |
| Controlling Company | Shinhan Bank | KRW 90,000 | 90,000 | — | — |
| | | USD 10 | 12,108 | — | — |
| | Sumitomo Mitsui Banking Corporation | USD 20 | 24,216 | — | — |
| | MUFG Bank | USD 180 | 217,944 | — | — |
| | BNP Paribas | USD 65 | 78,702 | — | — |
| | ING Bank | USD 90 | 108,972 | — | — |
| | | USD 365 | — | — | — |
| | | KRW 90,000 | 531,942 | — | — |
| Subsidiaries | | | | | |
| | LG Display Singapore Pte. Ltd. | | | | |
| | Standard Chartered Bank | USD 150 | 181,620 | — | — |
| | United Overseas Bank Limited | USD 200 | 242,160 | USD 120 | 145,236 |
| | JPMorgan Chase Bank, N.A., Singapore Branch | USD 50 | 60,540 | USD 9 | 10,995 |
| | Credit Agricole Corporate & Investment Bank, Singapore Branch | USD 300 | 363,240 | — | — |
| LG Display Taiwan Co., Ltd. | | | | | |
| | BNP Paribas | USD 15 | 18,162 | — | — |
| | Australia and New Zealand Banking Group Ltd. | USD 70 | 84,756 | USD 47 | 56,908 |
| | KGI Bank Co., Ltd. | USD 30 | 36,324 | — | — |
| LG Display Germany GmbH | | | | | |
| | BNP Paribas | USD 135 | 163,458 | USD 52 | 62,605 |
| | Commerzbank AG | USD 17 | 20,487 | USD 1 | 916 |
| | DZ Bank AG | USD 13 | 16,143 | USD 0.2 | 204 |
| | UniCredit Bank | USD 11 | 13,360 | USD 8 | 9,728 |
| LG Display America, Inc. | | | | | |
| | Hong Kong & Shanghai Banking Corp. | USD 400 | 484,320 | USD 132 | 159,220 |
| | Standard Chartered Bank | USD 600 | 726,480 | USD 430 | 520,645 |
| | Sumitomo Mitsui Banking Corporation | USD 150 | 181,620 | — | — |
| LG Display Japan Co., Ltd. | | | | | |
| | Chelsea Capital Corporation | USD 120 | 145,296 | — | — |
| LG Display Guangzhou Trading Co., Ltd. | | | | | |
| | KEB Hana Bank (China) Company Limited | USD 30 | 36,324 | — | — |
| | | USD 2,291 | 2,774,290 | USD 799.2 | 966,457 |
| | | USD 2,656 | — | USD 799.2 | — |
| | | KRW 90,000 | 3,306,232 | — | 966,457 |

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14. Contingent Liabilities and Commitments, Continued

In connection with all of the contracts in the above table, the Group has sold its accounts receivable without recourse.

Letters of credit

As of March 31, 2022, 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)

| | <u>Contractual amount</u> | <u>KRW equivalent</u> |
|---|---------------------------|-----------------------|
| KEB Hana Bank | USD 450 | ₩ 544,860 |
| Sumitomo Mitsui Banking Corporation | USD 50 | 60,540 |
| Industrial Bank of Korea | USD 100 | 121,080 |
| Industrial and Commercial Bank of China | USD 200 | 242,160 |
| Shinhan Bank | USD 400 | 484,320 |
| KB Kookmin Bank | USD 100 | 121,080 |
| MUFG Bank | USD 100 | 121,080 |
| The Export-Import Bank of Korea | USD 200 | 242,160 |
| Standard Chartered Bank | USD 400 | 484,320 |
| | <u>USD 2,000</u> | <u>₩ 2,421,600</u> |

Payment guarantees

The Controlling Company obtained payment guarantees amounting to USD 2 million (₩2,422 million) from Shinhan Bank for value added tax payments in Poland.

LG Display (China) Co., Ltd. and other subsidiaries are provided with payment guarantees from the China Construction Bank and other various banks amounting to CNY 1,172 million (₩222,703 million), JPY 900 million (₩8,935 million), EUR 2.5 million (₩3,378 million), VND 52,124 million (₩2,763 million), and USD 0.5 million (₩605 million), respectively, for their local tax payments and utility payments.

License agreements

As of March 31, 2022, 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 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 March 31, 2022.

Pledged Assets

In connection with the borrowings amounting to CNY 14,494 million (₩2,754,150 million) from China Construction Bank and others, as of March 31, 2022, the Group is providing its property, plant and equipment with carrying amount of ₩1,007,307 million as pledged assets.

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15. 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 March 31, 2022 and December 31, 2021, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2021 to March 31, 2022.

The Group's capital surplus consists of share premium. There have been no changes in share premium from January 1, 2021 to March 31, 2022.

(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.

Gain or loss on valuation of derivatives

Gain or loss on valuation of derivatives is the effective portion of the gains or losses from derivatives to which cash flow hedging accounting has been applied.

Reserves as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|---|-----------------------|--------------------------|
| Loss on valuation of derivatives | ₩ (14,112) | (9,227) |
| Foreign currency translation differences for foreign operations | 716,829 | 566,651 |
| Other comprehensive loss from associates | (21,472) | (20,282) |
| | <u>₩ 681,245</u> | <u>537,142</u> |

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16. Revenue

Details of revenue for the three-month periods ended March 31, 2022 and 2021 are as follows:

| <i>(In millions of won)</i> | <u>2022</u> | <u>2021</u> |
|-----------------------------|-------------------|------------------|
| Sales of goods | ₩6,481,307 | 6,871,565 |
| Royalties | 4,444 | 4,559 |
| Others | 7,798 | 6,637 |
| Hedging loss | (22,069) | — |
| | <u>₩6,471,480</u> | <u>6,882,761</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 three-month periods ended March 31, 2022 and 2021.

(a) Revenue by geography

| <i>(In millions of won)</i> | <u>2022</u> | <u>2021</u> |
|-----------------------------|-------------------|------------------|
| Region | | |
| Domestic | ₩ 190,857 | 149,778 |
| Foreign | | |
| China | 4,284,596 | 4,573,480 |
| Asia (excluding China) | 624,583 | 748,998 |
| United States | 776,890 | 720,494 |
| Europe (excluding Poland) | 279,501 | 293,905 |
| Poland | 337,122 | 396,106 |
| | <u>₩6,302,692</u> | <u>6,732,983</u> |
| | <u>₩6,493,549</u> | <u>6,882,761</u> |

Total revenue exclude ₩22,069 million of forward exchange hedging loss which was reclassified from accumulated other comprehensive income to revenue when the sales from the hedged forecast transaction are recognized.

Sales to Company A and Company B amount to ₩2,465,115 million and ₩1,221,664 million, respectively, for the three-month period ended March 31, 2022 (the three-month period ended March 31, 2021: ₩2,864,642 million and ₩1,470,562 million, respectively). The Group's top ten end-brand customers together accounted for 85% of sales for the three-month period ended March 31, 2022 (the three-month period ended March 31, 2021: 86%).

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17. Geographic and Other Information, Continued

(b) Non-current assets by geography

(In millions of won)

| | March 31, 2022 | | December 31, 2021 | |
|----------|--|------------------------------|--|------------------------------|
| | Property, plant and equipment | Intangible assets | Property, plant and equipment | Intangible assets |
| Domestic | <u>₩12,214,107</u> | <u>1,443,623</u> | <u>12,006,204</u> | <u>1,452,823</u> |
| Foreign | | | | |
| China | 6,194,408 | 76,192 | 6,393,129 | 83,655 |
| Vietnam | 2,275,230 | 18,783 | 2,146,652 | 19,954 |
| Others | <u>14,236</u> | <u>86,322</u> | <u>12,461</u> | <u>88,466</u> |
| | <u>₩ 8,483,874</u> | <u>181,297</u> | <u>8,552,242</u> | <u>192,075</u> |
| | <u>₩20,697,981</u> | <u>1,624,920</u> | <u>20,558,446</u> | <u>1,644,898</u> |

(c) Revenue by product and services

(In millions of won)

| | March 31, 2022 | March 31, 2021 |
|-------------------|-----------------------|-----------------------|
| TV | <u>₩ 1,687,950</u> | <u>2,149,168</u> |
| IT | 3,104,239 | 2,717,303 |
| Mobile and others | <u>1,701,360</u> | <u>2,016,290</u> |
| | <u>₩ 6,493,549</u> | <u>6,882,761</u> |

Total revenue exclude ₩22,069 million of forward exchange hedging loss which was reclassified from accumulated other comprehensive income to revenue when the sales from the hedged forecast transaction are recognized.

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18. The Nature of Expenses and Others

The classification of expenses by nature for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|------------------|
| Changes in inventories | ₩ (879,188) | (181,033) |
| Purchases of raw materials, merchandise and others | 3,774,028 | 3,273,445 |
| Depreciation and amortization | 1,172,488 | 1,096,591 |
| Outsourcing | 312,664 | 305,789 |
| Labor | 877,872 | 832,922 |
| Supplies and others | 289,097 | 255,942 |
| Utility | 282,502 | 236,299 |
| Fees and commissions | 208,610 | 177,554 |
| Shipping | 82,086 | 70,665 |
| Advertising | 27,833 | 39,987 |
| Warranty | 69,252 | 52,263 |
| Travel | 11,866 | 11,553 |
| Taxes and dues | 38,154 | 39,549 |
| Others | 187,781 | 167,642 |
| | <u>₩6,455,045</u> | <u>6,379,168</u> |

Total expenses consist of cost of sales, selling, administrative, research and development expenses and other non-operating expenses, excluding foreign exchange differences.

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19. Selling and Administrative Expenses

Details of selling and administrative expenses for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|---|-----------------|----------------|
| Salaries | ₩ 83,259 | 87,143 |
| Expenses related to defined benefit plans | 6,992 | 6,018 |
| Other employee benefits | 20,941 | 18,479 |
| Shipping | 66,323 | 60,427 |
| Fees and commissions | 65,078 | 56,180 |
| Depreciation | 66,668 | 63,079 |
| Taxes and dues | 17,286 | 23,180 |
| Advertising | 27,833 | 39,987 |
| Warranty | 69,252 | 52,263 |
| Insurance | 3,730 | 4,588 |
| Travel | 2,480 | 1,156 |
| Training | 3,153 | 2,171 |
| Others | 23,793 | 17,990 |
| | <u>₩456,788</u> | <u>432,661</u> |

20. Personnel Expenses

Details of personnel expenses for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|--|-----------------|----------------|
| Salaries and wages | ₩716,412 | 690,713 |
| Other employee benefits | 143,415 | 125,500 |
| Contributions to National Pension plan | 18,173 | 16,542 |
| Expenses related to defined benefit plans and defined contribution plans | 44,680 | 36,093 |
| | <u>₩922,680</u> | <u>868,848</u> |

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21. Other Non-operating Income and Other Non-operating Expenses

- (a) Details of other non-operating income for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|--|-----------------|----------------|
| Foreign currency gain | ₩338,040 | 472,459 |
| Gain on disposal of property, plant and equipment | 6,000 | 1,352 |
| Reversal of impairment loss on property, plant and equipment | 3,168 | 532 |
| Reversal of impairment loss on intangible assets | 3,933 | 1,250 |
| Rental income | 626 | 566 |
| Others | 1,199 | 3,212 |
| | <u>₩352,966</u> | <u>479,371</u> |

- (b) Details of other non-operating expenses for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|---|-----------------|----------------|
| Foreign currency loss | ₩350,678 | 453,794 |
| Other bad debt expense | — | 85 |
| Loss on disposal of property, plant and equipment | 11,859 | 8,372 |
| Impairment loss on property, plant and equipment | 4,995 | 1,727 |
| Loss on disposal of intangible assets | 129 | — |
| Impairment loss on intangible assets | 2,719 | 7,767 |
| Donations | 341 | 108 |
| Others | 1,868 | 1,785 |
| | <u>₩372,589</u> | <u>473,638</u> |

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22. Finance Income and Finance Costs

Finance income and costs recognized in profit or loss for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|---|-----------------|----------------|
| Finance income | | |
| Interest income | ₩ 24,018 | 20,431 |
| Foreign currency gain | 26,026 | 41,857 |
| Gain on transaction of derivatives | 10,204 | — |
| Gain on valuation of derivatives | 223,165 | 149,341 |
| Gain on valuation of financial assets at fair value through profit or loss | 310 | 1,254 |
| Gain on valuation of financial liabilities at fair value through profit or loss | 88,255 | — |
| | <u>₩371,978</u> | <u>212,883</u> |
| Finance costs | | |
| Interest expense | ₩ 85,538 | 114,695 |
| Foreign currency loss | 94,279 | 152,828 |
| Loss on sale of trade accounts and notes receivable | 1,868 | 665 |
| Loss on valuation of financial assets at fair value through profit or loss | 1,175 | — |
| Loss on valuation of financial liabilities at fair value through profit or loss | — | 99,568 |
| Loss on transaction of derivatives | 112 | 20,435 |
| Loss on valuation of derivatives | 172,110 | 31,263 |
| Others | 236 | 185 |
| | <u>₩355,318</u> | <u>419,639</u> |

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23. Income Tax Expense (Benefit)

- (a) Details of income tax expense (benefit) for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|--------------------------------|------------------|---------------|
| Current tax expense | ₩ 41,243 | 45,730 |
| Deferred tax expense (benefit) | (58,083) | 11,853 |
| Income tax expense (benefit) | <u>₩(16,840)</u> | <u>57,583</u> |

- (b) Deferred Tax Assets and Liabilities

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the deferred tax assets at the reporting date will be realized with the Group's estimated future taxable income. The Group's deferred tax assets and liabilities may differ from actual refundable or payable amount.

Deferred tax assets and liabilities as of March 31, 2022 and December 31, 2021 are attributable to the following:

(In millions of won)

| | <u>Assets</u> | | <u>Liabilities</u> | | <u>Total</u> | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | <u>March, 31, 2022</u> | <u>December, 31, 2021</u> | <u>March, 31, 2022</u> | <u>December, 31, 2021</u> | <u>March, 31, 2022</u> | <u>December, 31, 2021</u> |
| Other accounts receivable, net | ₩ — | — | (22) | (17) | (22) | (17) |
| Inventories, net | 90,589 | 68,679 | — | — | 90,589 | 68,679 |
| Defined benefit liabilities, net | — | — | — | (26,642) | — | (26,642) |
| Investments in subsidiaries and associates | — | — | (255,161) | (233,552) | (255,161) | (233,552) |
| Accrued expenses | 104,208 | 250,582 | — | — | 104,208 | 250,582 |
| Property, plant and equipment | 585,839 | 632,378 | (19,342) | (28,886) | 566,497 | 603,492 |
| Intangible assets | 26,713 | 17,450 | (6,235) | (6,636) | 20,478 | 10,814 |
| Provisions | 66,845 | 68,893 | — | — | 66,845 | 68,893 |
| Other temporary differences | 105,414 | 130,274 | (21,438) | (19,596) | 83,976 | 110,678 |
| Tax losses carryforwards | 1,168,829 | 958,624 | — | — | 1,168,829 | 958,624 |
| Tax credit carryforwards | 510,757 | 489,505 | — | — | 510,757 | 489,505 |
| Deferred tax assets (liabilities) | <u>₩2,659,194</u> | <u>2,616,385</u> | <u>(302,198)</u> | <u>(315,329)</u> | <u>2,356,996</u> | <u>2,301,056</u> |

- (c) Tax uncertainties

In relation to the transfer price investigations related to five subsidiaries located in China, the mutual agreement procedures between tax authorities of the Republic of Korea and China for three subsidiaries have been completed and two subsidiaries are ongoing to resolve the double taxation effect. The Group recognized deferred tax assets for the amount for which double taxation effect is expected to be reduced from mutual agreement procedures, however, the Group is exposed to an uncertainty which may result in double taxation.

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24. Earnings (Loss) Per Share Attributable to Owners of the Controlling Company

- (a) Basic earnings per share for the three-month periods ended March 31, 2022 and 2021 are as follows:

| <i>(In won and No. of shares)</i> | <u>2022</u> | <u>2021</u> |
|---|--------------------|--------------------|
| Profit attributable to owners of the Controlling Company | ₩20,041,443,253 | 228,317,683,869 |
| Weighted-average number of common stocks outstanding | <u>357,815,700</u> | <u>357,815,700</u> |
| Basic earnings per share | <u>₩ 56</u> | <u>638</u> |

For the three-month periods ended March 31, 2022 and 2021, there were no events or transactions that resulted in changes in the number of common stocks used for calculating basic earnings per share.

- (b) Diluted loss per share for the three-month period ended March 31, 2022 are as follows:

| <i>(In won and number of shares)</i> | <u>2022</u> |
|---|--------------------|
| Profit attributable to owners of the Controlling Company | ₩ 20,041,443,253 |
| Adjustments: | |
| Interest expenses of convertible bond, net of income tax | 3,128,508,631 |
| Gain on valuation of convertible bond, net of income tax | (65,167,221,103) |
| Diluted profit attributable to owners of the Controlling Company | (41,997,269,219) |
| Weighted-average number of common stocks outstanding, after adjustment | <u>400,259,043</u> |
| Diluted loss per share | <u>₩ (105)</u> |

Weighted-average number of common stocks outstanding, after adjustment, for measurement of diluted loss per share is determined as follows:

| <i>(Number of shares)</i> | <u>2022</u> |
|---|----------------------|
| Weighted-average number of common stocks outstanding | ₩ 357,815,700 |
| Adjustment: Number of common stocks to be issued from conversion | <u>42,443,343</u> |
| Weighted-average number of common stocks outstanding, after adjustment | <u>₩ 400,259,043</u> |

Diluted loss per share is not different from basic loss per share as there is no dilution effects of potential common stocks for the three-month period ended March 31, 2021. In March 31, 2021, 40,988,998 shares of potential common stock to be issued from conversion were not considered from the calculation of weighted-average number of common stocks due to antidilution.

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25. 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.

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25. Financial Risk Management, Continued

i) Exposure to currency risk

The Group's exposure to foreign currency risk based on notional amounts as of March 31, 2022 and December 31, 2021 is as follows:

(In millions)

| (In millions) | March 31, 2022 | | | | | | |
|--|----------------|---------|----------|-----|-----|-----|-------------|
| | USD | JPY | CNY | TWD | EUR | PLN | VND |
| Cash and cash equivalents | 766 | 4,362 | 11,659 | 50 | 11 | 3 | 41,628 |
| Deposits in banks | — | — | 3,519 | — | — | — | — |
| Trade accounts and notes receivable | 2,989 | 14 | 485 | — | — | — | — |
| Other accounts receivables | 31 | 75 | 216 | 5 | 1 | — | 10,735 |
| Other assets denominated in foreign currencies | — | 176 | 116 | 6 | — | — | 8,509 |
| Trade accounts and notes payable | (2,046) | (8,864) | (2,897) | — | — | — | (359,193) |
| Other accounts payable | (1,175) | (5,719) | (1,861) | (4) | (4) | — | (1,155,020) |
| Financial liabilities | (4,340) | — | (18,014) | — | — | — | — |
| | (3,775) | (9,956) | (6,777) | 57 | 8 | 3 | (1,453,341) |
| Cross currency interest rate swap contracts(*) | 1,740 | — | — | — | — | — | — |
| Net exposure | (2,035) | (9,956) | (6,777) | 57 | 8 | 3 | (1,453,341) |

(*) Of cross currency interest rate swap contracts, USD 400 million were entered into to hedge currency risk with respect to foreign currency denominated borrowings and USD 1,340 million were entered into to hedge currency risk and interest rate risk with respect to foreign currency denominated borrowings and bonds.

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25. Financial Risk Management, Continued

(In millions)

| (In millions) | December 31, 2021 | | | | | | |
|--|-------------------|----------|----------|-----|-----|-----|-------------|
| | USD | JPY | CNY | TWD | EUR | PLN | VND |
| Cash and cash equivalents | 1,138 | 195 | 11,024 | 29 | 3 | 3 | 44,525 |
| Deposits in banks | — | — | 3,564 | — | — | — | — |
| Trade accounts and notes receivable | 3,708 | 221 | 568 | — | — | — | — |
| Other accounts receivables | 24 | 71 | 297 | 4 | — | — | 15,828 |
| Other assets denominated in foreign currencies | — | 176 | 167 | 6 | — | — | 6,481 |
| Trade accounts and notes payable | (2,170) | (8,850) | (2,343) | — | — | — | (465,390) |
| Other accounts payable | (1,227) | (4,630) | (2,203) | (5) | (5) | — | (1,610,640) |
| Financial liabilities | (4,257) | — | (18,017) | — | — | — | — |
| | (2,784) | (12,817) | (6,943) | 34 | (2) | 3 | (2,009,196) |
| Cross currency interest rate swap contracts(*) | 1,545 | — | — | — | — | — | — |
| Net exposure | (1,239) | (12,817) | (6,943) | 34 | (2) | 3 | (2,009,196) |

(*) Of cross currency interest rate swap contracts, USD 100 million were entered into to hedge currency risk with respect to foreign currency denominated borrowings and USD 1,445 million were entered into to hedge currency risk and interest rate risk with respect to foreign currency denominated borrowings and bonds.

Average exchange rates applied for the three-month periods ended March 31, 2022 and 2021 and the exchange rates at March 31, 2022 and December 31, 2021 are as follows:

(In won)

| | Average rate | | Reporting date spot rate | |
|-----|--------------|----------|--------------------------|-------------------|
| | 2022 | 2021 | March 31, 2022 | December 31, 2021 |
| USD | ₩1,204.44 | 1,113.19 | 1,210.80 | 1,185.50 |
| JPY | 10.37 | 10.51 | 9.93 | 10.30 |
| CNY | 189.61 | 171.87 | 190.02 | 186.26 |
| TWD | 43.09 | 39.68 | 42.48 | 42.84 |
| EUR | 1,351.45 | 1,342.99 | 1,351.13 | 1,342.34 |
| PLN | 292.66 | 295.53 | 291.07 | 292.11 |
| VND | 0.0529 | 0.0483 | 0.0530 | 0.0521 |

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25. 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 March 31, 2022 and December 31, 2021, 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)

| | March 31, 2022 | | December 31, 2021 | |
|---------------------------|----------------|----------------|-------------------|----------------|
| | Equity | Profit or loss | Equity | Profit or loss |
| USD (5 percent weakening) | ₩(115,013) | (22,982) | (74,214) | 2,339 |
| JPY (5 percent weakening) | (3,895) | (2,955) | (5,437) | (3,288) |
| CNY (5 percent weakening) | (64,383) | 21 | (64,732) | 172 |
| TWD (5 percent weakening) | 122 | 2 | 70 | 5 |
| EUR (5 percent weakening) | 676 | (417) | 178 | (858) |
| PLN (5 percent weakening) | 37 | 37 | 29 | 29 |
| VND (5 percent weakening) | (2,844) | (2,844) | (3,865) | (3,865) |

A stronger won against the above currencies as of March 31, 2022 and December 31, 2021 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) Derivatives for cash flow hedge

In relation to forecast export transactions, the Controlling Company uses derivative instruments to hedge fluctuations in future cash flows due to foreign currency exchange rate changes. As of March 31, 2022, there is no ineffective portion of the gain or loss on valuation of derivatives to which cash flow hedging accounting has been applied and gain and loss on valuation amounting to ₩2,064 million and ₩21,177 million, respectively, (contracted selling amount: USD 1,200 million, contracted exchange rate: ₩1,170.5 ~ 1,241.4) are recognized in accumulated other comprehensive income (loss). The expected settlement dates of derivative instrument contracts are within six months from March 31, 2022. The amount which have been reclassified from reserve to profit (revenue) for the three-month period ended March 31, 2022 is ₩22,069 million as a result of realization of forecast export transactions.

(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 1,340 million (₩1,622,472 million) and interest rate swap contracts amounting to ₩240,000 million in notional amount to hedge interest rate risk with respect to variable interest bearing borrowings.

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25. Financial Risk Management, Continued

i) Profile

The interest rate profile of the Group's interest-bearing financial instruments as of March 31, 2022 and December 31, 2021 is as follows:

(In millions of won)

| | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------------|-----------------------|--------------------------|
| Fixed rate instruments | | |
| Financial assets | ₩ 4,111,111 | 4,284,950 |
| Financial liabilities | <u>(5,584,395)</u> | <u>(5,237,711)</u> |
| | <u>₩(1,473,284)</u> | <u>(952,761)</u> |
| Variable rate instruments | | |
| Financial liabilities | ₩(7,467,490) | (7,426,095) |

ii) Equity and profit or loss sensitivity analysis for variable rate instruments

As of March 31, 2022 and December 31, 2021, 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 | |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>1%p increase</u> | <u>1%p decrease</u> | <u>1%p increase</u> | <u>1%p decrease</u> |
| March 31, 2022 | | | | |
| Variable rate instruments (*) | ₩(41,389) | 41,389 | (41,389) | 41,389 |
| December 31, 2021 | | | | |
| Variable rate instruments (*) | ₩(40,931) | 40,931 | (40,931) | 40,931 |

(*) Financial instruments related to non-hedging interest rate swap are excluded from the calculation.

(iii) Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative risk-free rates (referred to as 'IBOR reform'). The publication of LIBOR, except overnight, 1-month, 3-month, 6-month, and 12-month USD LIBORs, was terminated as of December 31, 2021 and the five LIBORs, as mentioned above, will be discontinued by June 30, 2023.

The Group does not have financial instruments affected by already discontinued LIBORs. The Group plans to change benchmark interest rate applied to some of its financial instruments from LIBORs to Secured Overnight Financing Rates (SOFRs), an alternative indicator interest rate. For these LIBOR-related financial instruments, the LIBORs are continued to be published. Meanwhile, in the case of the CD rate, an alternative reference rate was selected as the Korea Overnight Financing Repo Rate (KOFR) as part of the reform of the interest rate benchmark. However, unlike LIBOR, the termination of the publication of the CD rate is not scheduled, and the Group does not have plan to change to KOFR.

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25. Financial Risk Management, Continued

The Group is exposed to the legal risk of changing the contract of financial instruments due to the reform of the interest rate indicator, as well as the process and operational risks to deal with such changes. In addition, the Group is also exposed to the risk of monitoring the market trend on the alternative index interest rate and establishing a risk management strategy accordingly to manage the risk of the new alternative index interest rate. The Group manages and monitors the transition to alternative interest rate benchmark by evaluating the extent to which a contract references IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

The Group monitors the transition to an alternative interest rate benchmark by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest rate under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR. As of March 31, 2022, the total amounts of unreformed contracts and those with appropriate fallback language are as follows, and the financial instruments that will be settled before June 30, 2023 are excluded:

(In millions of won)

| | <u>Total amount of not transitioned contracts</u> | <u>Amount with appropriate fallback clause</u> |
|---|---|--|
| Non-derivative financial liabilities | | |
| Borrowings | ₩ 2,545,371 | 1,670,904 |
| Derivative assets | | |
| Cross currency interest rate swap contracts | ₩ 87,589 | 87,589 |
| Derivative liabilities | | |
| Cross currency interest rate swap contracts | ₩ 218 | 218 |

(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, do 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.

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25. Financial Risk Management, Continued

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|--|-----------------------|--------------------------|
| Financial assets carried at amortized cost | | |
| Cash equivalents | ₩ 3,363,994 | 3,540,475 |
| Deposits in banks | 746,011 | 743,316 |
| Trade accounts and notes receivable, net | 3,773,663 | 4,574,789 |
| Non-trade receivables | 97,241 | 108,875 |
| Accrued income | 7,899 | 13,024 |
| Deposits | 33,371 | 45,620 |
| Short-term loans | 19,349 | 22,518 |
| Long-term loans | 18,838 | 19,939 |
| Long-term non-trade receivables | — | 2,376 |
| Lease receivables | 16,848 | 18,209 |
| | <u>₩ 8,077,214</u> | <u>9,089,141</u> |
| Financial assets at fair value through profit or loss | | |
| Convertible securities | ₩ 2,784 | 2,758 |
| Derivatives | 112,736 | 65,612 |
| | <u>₩ 115,520</u> | <u>68,370</u> |
| Financial assets effective for cash flow hedging | | |
| Derivatives | ₩ 2,064 | 905 |
| Financial assets at fair value through other comprehensive income | | |
| Debt instruments | ₩ — | 48 |
| | <u>₩ 8,194,798</u> | <u>9,158,464</u> |

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.

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25. 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. 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 March 31, 2022.

(In millions of won)

| | Carrying amount | 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 | ₩10,369,865 | 10,997,878 | 1,232,583 | 2,431,334 | 3,160,538 | 4,173,423 | — |
| Bonds | 2,682,020 | 2,725,292 | 1,102,210 | 261,179 | 235,522 | 1,037,809 | 88,572 |
| Trade accounts and notes payable | 5,270,268 | 5,270,268 | 4,450,303 | 819,965 | — | — | — |
| Other accounts payable | 2,267,100 | 2,269,242 | 2,014,765 | 254,477 | — | — | — |
| Other accounts payable (enterprise procurement cards)(*) | 768,481 | 768,481 | 703,296 | 65,185 | — | — | — |
| Long-term other accounts payable | 497,746 | 584,397 | — | — | 98,867 | 282,116 | 203,414 |
| Security deposits received | 12,546 | 12,546 | 4,160 | 2,732 | 5,654 | — | — |
| Lease liabilities | 95,284 | 101,404 | 34,231 | 19,671 | 23,552 | 16,915 | 7,035 |
| Derivative financial liabilities | | | | | | | |
| Derivatives | 6,995 | 583 | 552 | 440 | (537) | 128 | — |
| Derivatives for cash flow hedge | 21,177 | 21,177 | 21,177 | — | — | — | — |
| | <u>₩21,991,482</u> | <u>22,751,268</u> | <u>9,563,277</u> | <u>3,854,983</u> | <u>3,523,596</u> | <u>5,510,391</u> | <u>299,021</u> |

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25. 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 three-month period ended March 31, 2022 is as follows:

(In millions of won)

| | <u>January 1, 2022</u> | <u>Change (Cash flows from operating activities)</u> | <u>March 31, 2022</u> |
|--|------------------------|--|-----------------------|
| Other accounts payable (enterprise procurement cards) | ₩ 1,074,089 | (305,608) | 768,481 |

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>March 31, 2022</u> | <u>December 31, 2021</u> |
|-------------------------------------|-----------------------|--------------------------|
| Total liabilities | ₩23,509,919 | 23,392,014 |
| Total equity | 14,757,226 | 14,762,501 |
| Cash and deposits in banks (*1) | 4,111,111 | 4,284,902 |
| Borrowings (including bonds) | 13,051,885 | 12,663,806 |
| Total liabilities to equity ratio | 159% | 158% |
| Net borrowings to equity ratio (*2) | 61% | 57% |

(*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.

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25. 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.

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25. 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 condensed consolidated interim statements of financial position as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | March 31, 2022 | | December 31, 2021 | |
|--|------------------|-------------|-------------------|-------------|
| | Carrying amounts | Fair values | Carrying amounts | Fair values |
| Financial assets carried at amortized cost | | | | |
| Cash and cash equivalents | ₩ 3,365,111 | (*) | 3,541,597 | (*) |
| Deposits in banks | 746,011 | (*) | 743,316 | (*) |
| Trade accounts and notes receivable | 3,773,663 | (*) | 4,574,789 | (*) |
| Non-trade receivables | 97,241 | (*) | 108,875 | (*) |
| Accrued income | 7,899 | (*) | 13,024 | (*) |
| Deposits | 33,371 | (*) | 45,620 | (*) |
| Short-term loans | 19,349 | (*) | 22,518 | (*) |
| Long-term loans | 18,838 | (*) | 19,939 | (*) |
| Long-term non-trade receivables | — | (*) | 2,376 | (*) |
| Lease receivables | 16,848 | (*) | 18,209 | (*) |
| Financial assets at fair value through profit or loss | | | | |
| Equity instruments | ₩ 48,967 | 48,967 | 48,805 | 48,805 |
| Convertible securities | 2,784 | 2,784 | 2,758 | 2,758 |
| Derivatives | 112,736 | 112,736 | 65,612 | 65,612 |
| Financial assets effective for cash flow hedging | | | | |
| Derivatives | ₩ 2,064 | 2,064 | 905 | 905 |
| Financial assets at fair value through other comprehensive income | | | | |
| Debt instruments | ₩ — | — | 48 | 48 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivatives | ₩ 6,995 | 6,995 | 10,925 | 10,925 |
| Convertible bonds | 950,061 | 950,061 | 1,015,760 | 1,015,760 |
| Financial liabilities effective for cash flow hedging | | | | |
| Derivatives | 21,177 | 21,177 | 13,400 | 13,400 |
| Financial liabilities carried at amortized cost | | | | |
| Borrowings | ₩ 10,369,865 | 10,357,508 | 10,052,245 | 10,064,068 |
| Bonds | 1,731,959 | 1,716,220 | 1,595,801 | 1,596,044 |
| Trade accounts and notes payable | 5,270,268 | (*) | 4,814,055 | (*) |
| Other accounts payable | 3,035,581 | (*) | 3,401,346 | (*) |
| Long-term other accounts payable | 497,746 | (*) | 496,083 | (*) |
| Security deposits received | 12,546 | (*) | 11,199 | (*) |
| Lease liabilities | 95,284 | (*) | 84,326 | (*) |

(*) Excluded from disclosures as the carrying amount approximates fair value.

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25. 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 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) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | March 31, 2022 | | | |
|---|----------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | |
| Equity instruments | ₩ — | — | 48,967 | 48,967 |
| Convertible securities | — | — | 2,784 | 2,784 |
| Derivatives | — | 112,736 | — | 112,736 |
| Financial assets effective for cash flow hedging | | | | |
| Derivatives | ₩ — | 2,064 | — | 2,064 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivatives | ₩ — | 6,995 | — | 6,995 |
| Convertible bonds | 950,061 | — | — | 950,061 |
| Financial liabilities effective for cash flow hedging | | | | |
| Derivatives | ₩ — | 21,177 | — | 21,177 |

(In millions of won)

| | December 31, 2021 | | | |
|--|-------------------|---------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | |
| Equity instruments | ₩ — | — | 48,805 | 48,805 |
| Convertible securities | — | — | 2,758 | 2,758 |
| Derivatives | — | 65,612 | — | 65,612 |
| Financial assets effective for cash flow hedging | | | | |
| Derivatives | ₩ — | 905 | — | 905 |
| Financial assets at fair value through other comprehensive income | | | | |
| Debt instruments | ₩ 48 | — | — | 48 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivatives | ₩ — | 10,925 | — | 10,925 |
| Convertible bonds | 1,015,760 | — | — | 1,015,760 |
| Financial liabilities effective for cash flow hedging | | | | |
| Derivatives | ₩ — | 13,400 | — | 13,400 |

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25. 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 March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| <u>Classification</u> | <u>March 31, 2022</u> | | | <u>Valuation technique</u> | <u>Input</u> |
|-----------------------|-----------------------|----------------|----------------|----------------------------|---------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | | |
| Liabilities | | | | | |
| Borrowings | ₩— | — | 10,357,508 | Discounted cash flow | Discount rate |
| Bonds | — | — | 1,716,220 | Discounted cash flow | Discount rate |

(In millions of won)

| <u>Classification</u> | <u>December 31, 2021</u> | | | <u>Valuation technique</u> | <u>Input</u> |
|-----------------------|--------------------------|----------------|----------------|----------------------------|---------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | | |
| Liabilities | | | | | |
| Borrowings | ₩— | — | 10,064,068 | Discounted cash flow | Discount rate |
| Bonds | — | — | 1,596,044 | Discounted cash flow | Discount rate |

iv) The interest rates applied for determination of the above fair value as of March 31, 2022 and December 31, 2021 are as follows:

| | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|------------------------------|-----------------------|--------------------------|
| Borrowings, bonds and others | 2.26~4.93% | 2.21~4.38% |

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26. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the three-month period ended March 31, 2022 are as follows:

(In millions of won)

| | <u>January 1, 2022</u> | <u>Cash flows from financing activities</u> | <u>Non-cash transactions</u> | | | | <u>March 31, 2022</u> |
|---|------------------------|---|------------------------------|---|--|----------------|---------------------------|
| | | | <u>Reclassification</u> | <u>Gain or loss on foreign currency translation</u> | <u>Effective interest adjustment</u> | <u>Others</u> | |
| Short-term borrowings | ₩ 613,733 | 384,120 | — | 16,434 | — | — | 1,014,287 |
| Current portion of long-term borrowings and bonds(*) | 3,393,506 | (832,202) | 1,265,465 | 47,887 | 4,382 | (88,255) | 3,790,783 |
| Long-term borrowings | 7,660,591 | 302,855 | (1,075,637) | 106,845 | — | — | 6,994,654 |
| Bonds | 995,976 | 443,230 | (189,828) | 2,527 | 256 | — | 1,252,161 |
| Lease liabilities | 84,326 | (19,132) | — | 7,313 | — | 22,777 | 95,284 |
| Dividend payable | — | — | — | — | — | 232,580 | 232,580 |
| | <u>₩12,748,132</u> | <u>278,871</u> | <u>—</u> | <u>181,006</u> | <u>4,638</u> | <u>167,102</u> | <u>13,379,749</u> |

(*) Others are ₩88,255 million of gain on valuation of financial liabilities at fair value through profit or loss.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

27. Related Parties and Others

(a) Related parties

Related parties as of March 31, 2022 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.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

27. 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 three-month periods ended March 31, 2022 and 2021 are as follows:

(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. | ₩ — | — | 26 | — | 17,529 | 377 |
| Paju Electric Glass Co., Ltd. | — | 4,361 | 91,714 | — | — | 701 |
| WooRee E&L Co., Ltd. | — | — | 3,680 | — | — | 2 |
| YAS Co., Ltd. | — | 100 | 5,783 | 1,826 | — | 2,110 |
| | ₩ — | 4,461 | 101,203 | 1,826 | 17,529 | 3,190 |
| Entity that has significant influence over the Controlling Company | | | | | | |
| LG Electronics Inc. | ₩59,655 | — | 29,584 | 112,710 | — | 27,931 |
| Subsidiaries of the entity that has significant influence over the Controlling Company | | | | | | |
| LG Electronics India Pvt. Ltd. | ₩13,472 | — | — | — | — | 63 |
| LG Electronics Vietnam Haiphong Co., Ltd. | 97,338 | — | — | — | — | 272 |
| LG Electronics Nanjing New Technology Co., Ltd. | 94,862 | — | — | 72 | — | 111 |

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LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

27. Related Parties and Others, Continued

(In millions of won)

(In millions of won)

| | 2022 | | | | | |
|--|---------------------|--------------------|---|--|---------------------|-------------|
| | | | Purchase and others | | | |
| | Sales and others | Dividend income | Purchase of raw material and others | Acquisition of property, plant and equipment | Outsourcing fees | Other costs |
| LG Electronics RUS, LLC | ₩ 19,568 | — | 65 | 75 | — | 19 |
| LG Electronics do Brasil Ltda. | 17,640 | — | — | — | — | 64 |
| LG Innotek Co., Ltd. | 1,002 | — | 1,046 | 1,298 | — | 21,940 |
| LG Electronics Mlawo Sp. z o.o. | 264,810 | — | 7 | 23 | — | 198 |
| LG Electronics Reynosa S.A. DE C.V. | 294,733 | — | — | — | — | 164 |
| LG Electronics Egypt S.A.E. | 20,827 | — | 14 | 16 | — | 13 |
| LG Electronics Japan, Inc. | — | — | — | — | — | 1,762 |
| P.T. LG Electronics Indonesia | 141,916 | — | — | — | — | 248 |
| LG Electronics Taiwan Taipei Co., Ltd. | 3,250 | — | — | — | — | 128 |
| Others | 1 | — | 17 | 5 | — | 2,630 |
| | ₩ 969,419 | — | 1,149 | 1,489 | — | 27,612 |
| | ₩ 1,029,074 | 4,461 | 131,936 | 116,025 | 17,529 | 58,733 |

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LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

27. Related Parties and Others, Continued

(In millions of won)

(In millions of won)

| | 2021 | | | | | |
|---|---------------------|--------------------|---|--|---------------------|-------------|
| | | | Purchase and others | | | |
| | Sales and others | Dividend income | Purchase of raw material and others | Acquisition of property, plant and equipment | Outsourcing fees | Other costs |
| Associates | | | | | | |
| AVATEC Co., Ltd. | ₩ — | 200 | 23 | — | 18,700 | 292 |
| Paju Electric Glass Co., Ltd. | — | 3,668 | 85,082 | — | — | 669 |
| WooRee E&L Co., Ltd. | — | — | 3,807 | — | — | 4 |
| YAS Co., Ltd. | — | 200 | 2,024 | 1,709 | — | 1,403 |
| | ₩ — | 4,068 | 90,936 | 1,709 | 18,700 | 2,368 |
| Entity that has significant influence over the Controlling Company | | | | | | |
| LG Electronics Inc. | ₩ 72,589 | — | 3,443 | 123,997 | — | 28,537 |
| Subsidiaries of the entity that has significant influence over the Controlling Company | | | | | | |
| LG Electronics India Pvt. Ltd. | ₩ 17,643 | — | — | — | — | 65 |
| LG Electronics Vietnam Haiphong Co., Ltd. | 111,155 | — | — | 462 | — | 221 |
| LG Electronics Nanjing New Technology Co., Ltd. | 116,932 | — | — | — | — | 511 |

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LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

27. Related Parties and Others, Continued

(In millions of won)

| | Sales and others | Dividend income | 2021 | | | |
|--------------------------------------|---------------------|--------------------|---|--|---------------------|---------------|
| | | | Purchase of raw material and others | Acquisition of property, plant and equipment | Outsourcing fees | Other costs |
| LG Electronics RUS, LLC | ₩ 30,400 | — | — | — | — | 269 |
| LG Electronics do Brasil Ltda. | 41,374 | — | — | — | — | 61 |
| LG Innotek Co., Ltd. | 682 | — | 6,129 | — | — | 21,451 |
| LG Electronics Mexicali S.A. DE C.V. | 91,053 | — | — | — | — | 13 |
| LG Electronics Mława Sp. z o.o. | 280,959 | — | — | — | — | 134 |
| LG Electronics Reynosa S.A. DE C.V. | 308,845 | — | — | — | — | 212 |
| LG Electronics Egypt S.A.E. | 18,894 | — | — | — | — | 63 |
| LG Electronics Japan, Inc. | — | — | — | — | — | 1,325 |
| P.T. LG Electronics Indonesia | 138,254 | — | — | — | — | 26 |
| Others | 1,431 | — | 66 | — | — | 2,157 |
| | <u>₩1,157,622</u> | <u>—</u> | <u>6,195</u> | <u>462</u> | <u>—</u> | <u>26,508</u> |
| | <u>₩1,230,211</u> | <u>4,068</u> | <u>100,574</u> | <u>126,168</u> | <u>18,700</u> | <u>57,413</u> |

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LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

27. Related Parties and Others, Continued

(c) Trade accounts and notes receivable and payable and others as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | Trade accounts and notes receivable and others | | Trade accounts and notes payable and others | |
|---|---|-------------------|--|-------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
| Associates | | | | |
| AVATEC Co., Ltd. | ₩ 3 | 3 | 2,895 | 2,748 |
| Paju Electric Glass Co., Ltd. | — | — | 72,191 | 79,302 |
| WooRee E&L Co., Ltd. | 878 | 878 | 3,676 | 2,915 |
| YAS Co., Ltd. | 100 | — | 12,224 | 20,116 |
| Material Science Co., Ltd. | — | — | — | 99 |
| | ₩ 981 | 881 | 90,986 | 105,180 |
| Entity that has significant influence over the Controlling Company | | | | |
| LG Electronics Inc. | ₩ 76,026 | 67,629 | 229,488 | 105,918 |
| Subsidiaries of the entity that has significant influence over the Controlling Company | | | | |
| LG Electronics India Pvt. Ltd. | ₩ 10,303 | 7,319 | — | 111 |
| LG Electronics Vietnam Haiphong Co., Ltd. | 74,688 | 52,327 | 94 | 252 |
| LG Electronics Nanjing New Technology Co., Ltd. | 66,238 | 102,691 | 105 | 155 |
| LG Electronics RUS, LLC | 10,987 | 13,276 | 77 | — |
| LG Electronics do Brasil Ltda. | 11,149 | 5,910 | 28 | — |
| LG Innotek Co., Ltd. | 101 | 767 | 34,624 | 40,135 |

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LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

27. Related Parties and Others, Continued

(In millions of won)

| | Trade accounts and notes receivable and others | | Trade accounts and notes payable and others | |
|---------------------------------------|---|-------------------|--|-------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
| LG Electronics Mlawo Sp. z o.o. | 138,265 | 218,206 | 24 | 22 |
| LG Electronics Reynosa, S.A. DE C.V. | 183,598 | 177,298 | 9 | 10 |
| LG Electronics Egypt S.A.E. | 10,062 | 19,489 | 7 | — |
| LG Electronics Japan, Inc. | — | — | 537 | 471 |
| P.T. LG Electronics Indonesia | 73,183 | 73,732 | 63 | 32 |
| LG Electronics Taiwan Taipei Co., Ltd | 1,955 | 2,046 | 43 | 53 |
| Others | 12 | 17,962 | 2,298 | 3,921 |
| | <u>₩ 580,541</u> | <u>691,023</u> | <u>37,909</u> | <u>45,162</u> |
| | <u>₩ 657,548</u> | <u>759,533</u> | <u>358,383</u> | <u>256,260</u> |

LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

27. Related Parties and Others, Continued

(d) Conglomerate Transactions

Transactions, trade accounts and notes receivable and payable, and others between the Group and certain companies and their subsidiaries included in LG Group, one of the conglomerates in the Republic of Korea according to the Monopoly Regulation and Fair Trade Act for the three-month periods ended March 31, 2022 and 2021 and as of March 31, 2022 and December 31, 2021 are as follows. These entities are not related parties according to K-IFRS No. 1024, *Related Party Disclosures*.

(In millions of won)

| | For the three-month period ended March 31, 2022 | | March 31, 2022 | |
|--|--|------------------------|--|---|
| | Sales and others | Purchase and others | Trade accounts and notes receivable and others | Trade accounts and notes payable and others |
| LX International Corp. and its subsidiaries | ₩ 107,459 | 81,093 | 74,136 | 43,034 |
| LG Uplus Corp. | — | 609 | — | 163 |
| LG Chem Ltd. and its subsidiaries | 76 | 151,086 | 3,225 | 152,123 |
| D&O Corp. and its subsidiaries (formerly, S&I Corp.)(*) | 77 | 215,062 | — | 221,673 |
| LX Semicon Co., Ltd | — | 400,719 | — | 157,927 |
| LG Corp. | — | 15,048 | 6,816 | 11,980 |
| LG Management Development Institute | — | 7,963 | — | 638 |
| LG CNS Co., Ltd. and its subsidiaries | 8 | 32,072 | 3 | 31,858 |
| LG Household & Health Care and its subsidiaries | — | 119 | — | — |
| G2R Inc. and its subsidiaries | — | 9,236 | — | 10,069 |
| Robostar Co., Ltd. | — | 376 | — | 671 |
| | <u>₩ 107,620</u> | <u>913,383</u> | <u>84,180</u> | <u>630,136</u> |

(*) S&I Corp. renamed its name as D&O Corp. on April 1, 2022.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

27. Related Parties and Others, Continued

(In millions of won)

| | For the three-month period ended March 31, 2021 | | December 31, 2021 | |
|---|--|------------------------|--|---|
| | Sales and others | Purchase and others | Trade accounts and notes receivable and others | Trade accounts and notes payable and others |
| LX International Corp. and its subsidiaries (formerly, LG International Corp.)(*1) | ₩ 133,585 | 70,394 | 48,955 | 41,355 |
| LG Uplus Corp. | — | 577 | — | 163 |
| LG Chem Ltd. and its subsidiaries | 24 | 170,367 | 2,974 | 111,761 |
| S&I Corp. and its subsidiaries | 78 | 70,449 | 5,862 | 171,870 |
| LX Semicon Co., Ltd. (formerly, Silicon Works Co., Ltd.)(*2) | — | 286,883 | 117 | 112,572 |
| LG Corp. | — | 16,001 | 6,754 | 11,193 |
| LG Management Development Institute | — | 5,241 | 3,480 | 205 |
| LG CNS Co., Ltd. and its subsidiaries | 7 | 30,766 | 100 | 186,784 |
| LG Household & Health Care Ltd. and its subsidiaries | — | 100 | — | 55 |
| LG Holdings Japan Co., Ltd. | — | 512 | — | — |
| G2R Inc. and its subsidiaries | — | 2,605 | — | 11,933 |
| Robostar Co., Ltd. | — | 781 | — | 2,006 |
| | <u>₩ 133,694</u> | <u>654,676</u> | <u>68,242</u> | <u>649,897</u> |

(*1) LG International Corp. renamed its name as LX International Corp. on July 1, 2021.

(*2) Silicon Work Co., Ltd. renamed its name as LX Semicon Co., Ltd. on July 1, 2021.

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27. Related Parties and Others, Continued

(e) Key management personnel compensation

Compensation costs of key management for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|
| Short-term benefits | <u>₩586</u> | <u>826</u> |
| Expenses related to the defined benefit plan | <u>85</u> | <u>83</u> |
| | <u>₩671</u> | <u>909</u> |

Key management refers to the registered directors who have significant control and responsibilities over the Controlling Company's operations and business.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Financial Statements

(Unaudited)

March 31, 2022 and 2021

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

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

Reviewed Financial Statements

We have reviewed the accompanying condensed separate interim financial statements of LG Display Co., Ltd. (the "Company") which comprise the condensed separate interim statement of financial position as of March 31, 2022, the condensed separate interim statements of comprehensive income (loss), changes in equity and cash flows for the three-month periods ended March 31, 2022 and 2021, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Condensed Separate Interim Financial Statements

Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with Korean International Financial Reporting Standards No. 1034, *Interim Financial Reporting*, and for such internal controls as management determines necessary to enable the preparation of condensed separate interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to issue a report on these condensed separate interim financial statements based on our reviews.

We conducted our reviews in accordance with the Review Standards for *Quarterly and Semiannual* Financial Statements established by the Security and Futures Commission of the Republic of Korea. A review of interim financial information consists principally of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the condensed separate interim financial statements referred to above are not presented fairly, in all material respects, in accordance with Korean International Financial Reporting Standards No. 1034, *Interim Financial Reporting*.

Other Matters

The procedures and practices utilized in the Republic of Korea to review such condensed separate interim financial statements may differ from those generally accepted and applied in other countries.

We audited the separate statement of financial position as of December 31, 2021, and the related separate statements of comprehensive income (loss), changes in equity and cash flows for the year then ended, which are not accompanying this review report, in accordance with Korean Standards on Auditing, and our report thereon, dated March 8, 2022, expressed an unmodified opinion. The accompanying condensed separate statement of financial position of the Company as of December 31, 2021, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

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KPMG Samjong Accounting Corp.
Seoul, Korea
May 13, 2022

This report is effective as of May 13, 2022, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Financial Position

(Unaudited)

As of March 31, 2022 and December 31, 2021

(In millions of won)

| | Note | March 31, 2022 | December 31, 2021 |
|--|---------------|----------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | 4, 24 | ₩ 455,934 | 950,847 |
| Deposits in banks | 4, 24 | 76,913 | 76,913 |
| Trade accounts and notes receivable, net | 5, 14, 24, 26 | 4,805,197 | 5,051,836 |
| Other accounts receivable, net | 5, 24 | 74,635 | 79,939 |
| Other current financial assets | 6, 24 | 42,721 | 37,764 |
| Inventories | 7 | 2,544,090 | 2,130,997 |
| Prepaid income taxes | 22 | 57,903 | 57,722 |
| Other current assets | | 265,717 | 180,638 |
| Total current assets | | 8,323,110 | 8,566,656 |
| Deposits in banks | 4, 24 | 11 | 11 |
| Investments | 8 | 4,816,460 | 4,942,729 |
| Other non-current accounts receivable, net | 5, 24 | 2,226 | 5,122 |
| Other non-current financial assets | 6, 24 | 122,385 | 87,469 |
| Property, plant and equipment, net | 9 | 12,216,763 | 12,010,858 |
| Intangible assets, net | 10 | 1,449,215 | 1,459,812 |
| Deferred tax assets | 22 | 2,292,221 | 2,238,410 |
| Defined benefit assets, net | 12 | 21,845 | 68,276 |
| Other non-current assets | | 104,590 | 98,779 |
| Total non-current assets | | 21,025,716 | 20,911,466 |
| Total assets | | ₩29,348,826 | 29,478,122 |
| Liabilities | | | |
| Trade accounts and notes payable | 24, 26 | ₩ 7,032,416 | 6,528,451 |
| Current financial liabilities | 11, 24, 25 | 3,254,232 | 2,557,696 |
| Other accounts payable | 24 | 2,524,817 | 2,800,823 |
| Accrued expenses | | 505,329 | 1,012,009 |
| Provisions | 13 | 167,343 | 171,865 |
| Advances received | | 33,108 | 30,060 |
| Other current liabilities | | 272,015 | 48,065 |
| Total current liabilities | | 13,789,260 | 13,148,969 |
| Non-current financial liabilities | 11, 24, 25 | 4,683,920 | 5,038,155 |
| Non-current provisions | 13 | 89,650 | 92,942 |
| Other non-current liabilities | 24 | 543,926 | 555,238 |
| Total non-current liabilities | | 5,317,496 | 5,686,335 |
| Total liabilities | | 19,106,756 | 18,835,304 |
| Equity | | | |
| Share capital | 15 | 1,789,079 | 1,789,079 |
| Share premium | 15 | 2,251,113 | 2,251,113 |
| Retained earnings | | 6,215,990 | 6,611,853 |
| Reserves | 15 | (14,112) | (9,227) |
| Total equity | | 10,242,070 | 10,642,818 |
| Total liabilities and equity | | ₩29,348,826 | 29,478,122 |

See accompanying notes to the separate interim financial statements.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Comprehensive Income (Loss)

(Unaudited)

For the three-month periods ended March 31, 2022 and 2021

(In millions of won, except earnings per share)

| | Note | 2022 | 2021 |
|---|---------|-------------|-------------|
| Revenue | 16,26 | ₩ 6,457,899 | 6,632,538 |
| Cost of sales | 7,17,26 | (6,125,335) | (5,909,349) |
| Gross profit | | 332,564 | 723,189 |
| Selling expenses | 17,18 | (128,907) | (128,761) |
| Administrative expenses | 17,18 | (140,792) | (136,408) |
| Research and development expenses | 17 | (318,567) | (270,944) |
| Operating profit (loss) | | (255,702) | 187,076 |
| Finance income | 21 | 341,079 | 177,421 |
| Finance costs | 21 | (285,182) | (352,133) |
| Other non-operating income | 20 | 254,946 | 338,153 |
| Other non-operating expenses | 17,20 | (264,951) | (317,300) |
| Profit (loss) before income tax | | (209,810) | 33,217 |
| Income tax benefit | 22 | (50,415) | (12,105) |
| Profit (loss) for the period | | (159,395) | 45,322 |
| Other comprehensive income (loss) | | | |
| Items that will never be reclassified to profit or loss | | | |
| Remeasurements of net defined benefit liabilities | 12 | (3,888) | (3,421) |
| Items that will be reclassified to profit or loss | | | |
| Loss on valuation of derivative | 24 | (4,885) | — |
| Other comprehensive loss for the period, net of income tax | | (8,773) | (3,421) |
| Total comprehensive income (loss) for the period | | ₩ (168,168) | 41,901 |
| Earnings (loss) per share (in won) | | | |
| Basic earnings (loss) per share | 23 | ₩ (445) | 127 |
| Diluted earnings (loss) per share | 23 | ₩ (553) | 127 |

See accompanying notes to the separate interim financial statements.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Changes in Equity

(Unaudited)

For the three-month periods ended March 31, 2022 and 2021

(In millions of won)

Balances at January 1, 2021

Total comprehensive income (loss) for the period

Profit for the period

Other comprehensive income (loss)

Remeasurements of net defined benefit liabilities, net of tax

Total comprehensive income (loss) for the period

Balances at March 31, 2021

Balances at January 1, 2022

Total comprehensive income (loss) for the period

Loss for the period

Other comprehensive income (loss)

Remeasurements of net defined benefit liabilities, net of tax

Loss on valuation of derivative

Total other comprehensive income (loss)

Total comprehensive loss for the period

Transaction with owners, recognized directly in equity

Dividends

Balances at March 31, 2022

| | Share capital | Share premium | Retained earnings | Other capital | Total equity |
|---|-------------------|------------------|----------------------|------------------|-------------------|
| Balances at January 1, 2021 | <u>₩1,789,079</u> | <u>2,251,113</u> | <u>6,223,043</u> | <u>—</u> | <u>10,263,235</u> |
| Total comprehensive income (loss) for the period | | | | | |
| Profit for the period | — | — | 45,322 | — | 45,322 |
| Other comprehensive income (loss) | | | | | |
| Remeasurements of net defined benefit liabilities, net of tax | — | — | (3,421) | — | (3,421) |
| Total comprehensive income (loss) for the period | <u>₩ —</u> | <u>—</u> | <u>41,901</u> | <u>—</u> | <u>41,901</u> |
| Balances at March 31, 2021 | <u>₩1,789,079</u> | <u>2,251,113</u> | <u>6,264,944</u> | <u>—</u> | <u>10,305,136</u> |
| Balances at January 1, 2022 | <u>₩1,789,079</u> | <u>2,251,113</u> | <u>6,611,853</u> | <u>(9,227)</u> | <u>10,642,818</u> |
| Total comprehensive income (loss) for the period | | | | | |
| Loss for the period | — | — | (159,395) | — | (159,395) |
| Other comprehensive income (loss) | | | | | |
| Remeasurements of net defined benefit liabilities, net of tax | — | — | (3,888) | — | (3,888) |
| Loss on valuation of derivative | — | — | — | (4,885) | (4,885) |
| Total other comprehensive income (loss) | — | — | (3,888) | (4,885) | (8,773) |
| Total comprehensive loss for the period | <u>₩ —</u> | <u>—</u> | <u>(163,283)</u> | <u>(4,885)</u> | <u>(168,168)</u> |
| Transaction with owners, recognized directly in equity | | | | | |
| Dividends | — | — | (232,580) | — | (232,580) |
| Balances at March 31, 2022 | <u>₩1,789,079</u> | <u>2,251,113</u> | <u>6,215,990</u> | <u>(14,112)</u> | <u>10,242,070</u> |

See accompanying notes to the separate interim financial statements.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Cash Flows

(Unaudited)

For the three-month periods ended March 31, 2022 and 2021

(In millions of won)

Cash flows from operating activities:

Profit (loss) for the period

Adjustments for:

| | Note | 2022 | 2021 |
|--|------|-------------------|----------------|
| Profit (loss) for the period | | ₩(159,395) | 45,322 |
| Income tax benefit | 22 | (50,415) | (12,105) |
| Depreciation and amortization | 17 | 629,574 | 612,174 |
| Gain on foreign currency translation | | (91,133) | (117,968) |
| Loss on foreign currency translation | | 123,038 | 133,137 |
| Expenses related to defined benefit plans | 12 | 43,952 | 35,634 |
| Gain on disposal of property, plant and equipment | | (6,184) | (2,398) |
| Loss on disposal of property, plant and equipment | | 11,457 | 8,323 |
| Impairment loss on disposal of property, plant and equipment | | 4,651 | 1,727 |
| Loss on disposal of intangible assets | | 129 | — |
| Impairment loss on intangible assets | | 2,719 | 7,767 |
| Reversal of impairment loss on intangible assets | | (3,933) | (1,250) |
| Expense on increase of provisions | | 59,230 | 45,907 |
| Finance income | | (330,050) | (158,778) |
| Finance costs | | 281,135 | 349,002 |
| Other expenses | | 1,746 | 15,423 |
| | | 675,916 | 916,595 |
| Changes in: | | | |
| Trade accounts and notes receivable | | 258,544 | (1,044,085) |
| Other accounts receivable | | 3,713 | 42,410 |
| Inventories | | (413,092) | (70,378) |
| Other current assets | | (79,417) | (47,281) |
| Other non-current assets | | (18,912) | (34,425) |
| Trade accounts and notes payable | | 471,659 | 680,607 |
| Other accounts payable | | (134,353) | 90,191 |
| Accrued expenses | | (499,528) | (16,151) |
| Provisions | | (68,794) | (46,048) |
| Advances received | | 3,049 | 53,614 |
| Other current liabilities | | (9,893) | (9,803) |
| Defined benefit liabilities, net | | (2,785) | 1,345 |
| Other non-current liabilities | | (12,000) | (485) |
| | | (501,809) | (400,489) |
| Cash generated from operating activities | | 14,712 | 561,428 |
| Income taxes paid | | (469) | (651) |
| Interests received | | 1,139 | 414 |
| Interests paid | | (58,073) | (72,469) |
| Net cash provided by (used in) operating activities | | ₩ (42,691) | 488,722 |

See accompanying notes to the separate financial statements.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Cash Flows, Continued

(Unaudited)

For the three-month periods ended March 31, 2022 and 2021

(In millions of won)

| | Note | 2022 | 2021 |
|--|------|------------------|------------------|
| Cash flows from investing activities: | | | |
| Dividends received | | ₩ 8,611 | 3,668 |
| Proceeds from acquisition of financial assets at fair value through profit or loss | | (150) | — |
| Proceeds from acquisition of financial assets at fair value through other comprehensive income | | (1,721) | — |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | 1,628 | 9 |
| Acquisition of investments | | (1,131) | (6,157) |
| Proceeds from disposal of investments | | 128,000 | 11,900 |
| Acquisition of property, plant and equipment | | (842,182) | (333,945) |
| Proceeds from disposal of property, plant and equipment | | 63,063 | 5,545 |
| Acquisition of intangible assets | | (171,429) | (194,813) |
| Proceeds from disposal of intangible assets | | 5,862 | — |
| Receipt from (payment for) settlement of derivatives | | 10,092 | (20,435) |
| Proceeds from collection of short-term loans | | 2,203 | 7,204 |
| Increase in deposits | | (162) | — |
| Decrease in deposits | | 3,539 | 130 |
| Net cash used in investing activities | | (793,777) | (526,894) |
| Cash flows from financing activities: | 25 | | |
| Proceeds from short-term borrowings | | 357,240 | 330,460 |
| Repayments of short-term borrowings | | — | (330,460) |
| Proceeds from issuance of bonds | | 443,230 | — |
| Proceeds from long-term borrowings | | 181,025 | 200,000 |
| Repayments of current portion of long-term borrowings and bonds | | (637,942) | (609,435) |
| Payment guarantee fee received | | 1,165 | 1,281 |
| Repayments of lease liabilities | | (3,163) | (3,114) |
| Net cash provided by (used in) financing activities | | 341,555 | (411,268) |
| Net decrease in cash and cash equivalents | | (494,913) | (449,440) |
| Cash and cash equivalents at January 1 | | 950,847 | 1,220,098 |
| Cash and cash equivalents at March 31 | | ₩ 455,934 | 770,658 |

See accompanying notes to the separate interim financial statements.

LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

1. Organization and Description of Business

LG Display Co., Ltd. (the “Company”) was incorporated in February 1985 and the Company is a public corporation listed in the Korea Exchange since 2004. The main business of the Company is to manufacture and sell displays and its related products. As of March 31, 2022, the Company 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 Company is domiciled in the Republic of Korea with its address at 128 Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. As of March 31, 2022, LG Electronics Inc., a major shareholder of the Company, owns 37.9% (135,625,000 shares) of the Company’s common stock.

The Company’s common stock is listed on the Korea Exchange under the identifying code 034220. As of March 31, 2022, there are 357,815,700 shares of common stock outstanding. The Company’s common stock is also listed on the New York Stock Exchange in the form of American Depositary Shares (“ADSs”) under the symbol “LPL”. One ADS represents one-half of one share of common stock. As of March 31, 2022, there are 16,752,906 ADSs outstanding.

2. Basis of Presenting Financial Statements

(a) Statement of Compliance

The condensed separate interim financial statements have been prepared in accordance with Korean International Financial Reporting Standard (“K-IFRS”) No.1034, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the separate financial statements of the Company as of and for the year ended December 31, 2021.

These condensed interim financial statements are separate interim financial statements prepared in accordance with K-IFRS No.1027, *Separate Financial Statements*, presented by a parent, an investor in an associate, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

(b) Basis of Measurement

The condensed separate interim financial statements have been prepared on the historical cost basis except for the following material items in the 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

LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

2. Basis of Presenting Financial Statements, Continued

(c) Functional and Presentation Currency

The condensed separate interim financial statements are presented in Korean won, which is the Company's functional currency.

(d) Use of Estimates and Judgments

The preparation of the condensed separate interim financial statements in conformity with K-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.

3. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its condensed separate interim financial statements are the same as those followed by the Company in its preparation of the separate financial statements as of and for the year ended December 31, 2021, except for the application of K-IFRS No. 1034, *Interim Financial Reporting*.

(a) Changes in Accounting Policies

The Company early adopted the amendments to K-IFRS No. 1016, *Property, Plant and Equipment: Proceeds before Intended Use*, in the annual separate financial statements from January 1, 2021.

Before the application of the amendments to K-IFRS No. 1016, directly attributable costs of acquiring property, plant and equipment included the costs of testing whether it is functioning properly, after deducting the net proceeds from selling items produced using the property, plant and equipment. However, after the application of the amendments, the proceeds from selling any such produced items and the cost of producing those items are recognized in profit or loss. The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the property, plant and equipment has achieved a certain level of operating margin.

The Company applied amendments retrospectively, but only to items of property, plant and equipment that were brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2020. There is no impact on the Company's separate financial statements as a result of the retrospective application of the amendments.

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LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

4. Cash and Cash Equivalents and Deposits in Banks

Cash and cash equivalents and deposits in banks as of March 31, 2022 and December 31, 2021 are as follows:

| <i>(In millions of won)</i> | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------------|-----------------------|--------------------------|
| Current assets | | |
| Cash and cash equivalents | | |
| Demand deposits | ₩ 455,934 | 950,847 |
| Deposits in banks | | |
| Restricted deposits (*) | ₩ 76,913 | 76,913 |
| 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 enforce the Company's investment plans upon the receipt of grants from Gumi city and Gyeongsangbuk-do, and others.

5. Trade Accounts and Notes Receivable and Other Accounts Receivable

(a) Trade accounts and notes receivable as of March 31, 2022 and December 31, 2021 are as follows:

| <i>(In millions of won)</i> | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|-----------------------------|-----------------------|--------------------------|
| Due from third parties | ₩ 220,576 | 203,963 |
| Due from related parties | 4,584,621 | 4,847,873 |
| | <u>₩ 4,805,197</u> | <u>5,051,836</u> |

(b) Other accounts receivable as of March 31, 2022 and December 31, 2021 are as follows:

| <i>(In millions of won)</i> | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|---------------------------------|-----------------------|--------------------------|
| Current assets | | |
| Non-trade receivables, net | ₩ 71,921 | 77,147 |
| Accrued income | 2,714 | 2,792 |
| | <u>₩ 74,635</u> | <u>79,939</u> |
| Non-current assets | | |
| Long-term non-trade receivables | ₩ 2,226 | 5,122 |
| | <u>₩ 76,861</u> | <u>85,061</u> |

Due from related parties included in other accounts receivable as of March 31, 2022 and December 31, 2021 are ₩15,920 million and ₩24,618 million, respectively.

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LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

5. Trade Accounts and Notes Receivable and Other Accounts Receivable, Continued

- (c) The aging of trade accounts and notes receivable and other accounts receivable as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | March 31, 2022 | | | |
|----------------------------|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | Book value | | Allowance for impairment | |
| | Trade accounts and notes receivable | Other accounts receivable | Trade accounts and notes receivable | Other accounts receivable |
| Current | ₩ 4,804,028 | 74,793 | (32) | (1,407) |
| 1-15 days past due | 966 | 279 | — | (2) |
| 16-30 days past due | 172 | 189 | — | (1) |
| 31-60 days past due | — | 2,172 | — | — |
| More than 60 days past due | 63 | 901 | — | (63) |
| | <u>₩ 4,805,229</u> | <u>78,334</u> | <u>(32)</u> | <u>(1,473)</u> |

(In millions of won)

| | December 31, 2021 | | | |
|----------------------------|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | Book value | | Allowance for impairment | |
| | Trade accounts and notes receivable | Other accounts receivable | Trade accounts and notes receivable | Other accounts receivable |
| Current | ₩ 5,051,778 | 85,154 | (11) | (1,423) |
| 1-15 days past due | 6 | 822 | — | (6) |
| 16-30 days past due | — | 44 | — | — |
| 31-60 days past due | 61 | 16 | — | — |
| More than 60 days past due | 2 | 521 | — | (67) |
| | <u>₩ 5,051,847</u> | <u>86,557</u> | <u>(11)</u> | <u>(1,496)</u> |

The movement in the allowance for impairment in respect of trade accounts and notes receivable and other accounts receivable for the three-month period ended March 31, 2022 and for the year ended December 31, 2021 are as follows:

(In millions of won)

| | March 31, 2022 | | December 31, 2021 | |
|--|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | Trade accounts and notes receivable | Other accounts receivable | Trade accounts and notes receivable | Other accounts receivable |
| Balance at the beginning of the period | ₩ 11 | 1,496 | 27 | 1,503 |
| (Reversal of) bad debt expense | 21 | (23) | (16) | (7) |
| Balance at the end of the reporting period | <u>₩ 32</u> | <u>1,473</u> | <u>11</u> | <u>1,496</u> |

LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

6. Other Financial Assets

Other financial assets as of March 31, 2022 and December 31, 2021 are as follows:

| <i>(In millions of won)</i> | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|--|-----------------------|--------------------------|
| Current assets | | |
| Financial assets at fair value through profit or loss | | |
| Convertible bonds | ₩ 1,573 | 1,573 |
| Derivatives(*1) | 19,735 | 12,741 |
| | <u>₩ 21,308</u> | <u>14,314</u> |
| Cash flow hedging derivatives | | |
| Derivatives(*2) | ₩ 2,064 | 905 |
| Financial assets at fair value through other comprehensive income | | |
| Debt instruments | | |
| Government bonds | ₩ — | 27 |
| Financial assets carried at amortized cost | | |
| Short-term loans | ₩ 19,349 | 22,518 |
| | <u>₩ 42,721</u> | <u>37,764</u> |
| Non-current assets | | |
| Financial assets at fair value through profit or loss | | |
| Equity instruments | ₩ 2,381 | 3,096 |
| Derivatives(*1) | 93,001 | 52,871 |
| | <u>₩ 95,382</u> | <u>55,967</u> |
| Financial assets at fair value through other comprehensive income | | |
| Debt instruments | | |
| Government bonds | ₩ — | 21 |
| Financial assets carried at amortized cost | | |
| Deposits | ₩ 8,165 | 11,542 |
| Long-term loans | 18,838 | 19,939 |
| | <u>₩ 27,003</u> | <u>31,481</u> |
| | <u>₩ 122,385</u> | <u>87,469</u> |

(*1) Represents cross currency interest rate swap contracts and others entered into by the Company 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 Company to hedge exchange rate risks with respect to forecast sales in foreign currency. The contracts are designated as hedging instruments.

LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
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(Unaudited)

7. Inventories

Inventories as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|-----------------|-----------------------|--------------------------|
| Finished goods | ₩ 477,221 | 450,520 |
| Work-in-process | 1,261,997 | 943,586 |
| Raw materials | 698,552 | 641,047 |
| Supplies | 106,320 | 95,844 |
| | <u>₩ 2,544,090</u> | <u>2,130,997</u> |

For the three-month periods ended March 31, 2022 and 2021, the amounts of inventories recognized as cost of sales and inventory write-downs and usage of inventory write-downs included in cost of sales are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|---|-------------|-------------|
| Inventories recognized as cost of sales | ₩6,125,335 | 5,909,349 |
| Including: inventory write-downs | 160,280 | 134,276 |
| Including: usage of inventory write-downs | (169,870) | (178,155) |

There were no significant reversals of inventory write-downs recognized during the three-month periods ended March 31, 2022 and 2021

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LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

8. Investments

(a) Investments in subsidiaries consist of the following:

(In millions of won)

| Subsidiaries | Location | Business | March 31, 2022 | | December 31, 2021 | |
|---|--------------------|--|-------------------------|-------------------|-------------------------|-------------------|
| | | | Percentage of ownership | Book Value | Percentage of ownership | Book Value |
| LG Display America, Inc. | San Jose, U.S.A. | Sell display products | 100% | ₩ 36,815 | 100% | ₩ 36,815 |
| LG Display Germany GmbH | Eschborn, Germany | Sell display products | 100% | 19,373 | 100% | 19,373 |
| LG Display Japan Co., Ltd. | Tokyo, Japan | Sell display products | 100% | 15,686 | 100% | 15,686 |
| LG Display Taiwan Co., Ltd. | Taipei, Taiwan | Sell display products | 100% | 35,230 | 100% | 35,230 |
| LG Display Nanjing Co., Ltd. | Nanjing, China | Manufacture display products | 100% | 593,726 | 100% | 593,726 |
| LG Display Shanghai Co., Ltd. | Shanghai, China | Sell display products | 100% | 9,093 | 100% | 9,093 |
| LG Display Guangzhou Co., Ltd. | Guangzhou, China | Manufacture display products | 100% | 293,557 | 100% | 293,557 |
| LG Display Shenzhen Co., Ltd. | Shenzhen, China | Sell display products | 100% | 3,467 | 100% | 3,467 |
| LG Display Singapore Pte. Ltd. | Singapore | Sell display products | 100% | 1,250 | 100% | 1,250 |
| L&T Display Technology (Fujian) Limited | Fujian, China | Manufacture and sell LCD module and LCD monitor sets | 51% | 10,123 | 51% | 10,123 |
| LG Display Yantai Co., Ltd. | Yantai, China | Manufacture display products | 100% | 169,195 | 100% | 169,195 |
| Nanumnuri Co., Ltd. | Gumi, South Korea | Provide janitorial services | 100% | 800 | 100% | 800 |
| LG Display (China) Co., Ltd. | Guangzhou, China | Manufacture and sell display products | 51% | 723,086 | 51% | 723,086 |
| Unified Innovative Technology, LLC | Wilmington, U.S.A. | Manage intellectual property | 100% | 9,489 | 100% | 9,489 |
| LG Display Guangzhou Trading Co., Ltd. | Guangzhou, China | Sell display products | 100% | 218 | 100% | 218 |
| Global OLED Technology LLC | Sterling, U.S.A. | Manage OLED intellectual property | 100% | 164,322 | 100% | 164,322 |
| LG Display Vietnam Haiphong Co., Ltd. | Haiphong, Vietnam | Manufacture display products | 100% | 672,658 | 100% | 672,658 |
| Suzhou Lehui Display Co., Ltd. | Suzhou, China | Manufacture and sell LCD module and LCD monitor sets | 100% | 121,640 | 100% | 121,640 |
| LG DISPLAY FUND I LLC(*) | Wilmington, U.S.A. | Invest in venture business and acquire technologies | 100% | 53,260 | 100% | 52,129 |
| LG Display High-Tech (China) Co., Ltd. | Guangzhou, China | Manufacture and sell display products | 69% | 1,794,547 | 69% | 1,794,547 |
| Money Market Trust | Seoul, South Korea | Money market trust | — | — | 100% | 127,400 |
| | | | | <u>₩4,727,535</u> | | <u>₩4,853,804</u> |

(*) For the three-month period ended March 31, 2022, the Company contributed ₩1,131 million in cash for the capital increase of LG DISPLAY FUND I LLC. There was no change in the Company's ownership percentage in LG DISPLAY FUND I LLC as a result of this additional investment.

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LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
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(Unaudited)

8. Investments, Continued

(b) Associates as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| <u>Associates</u> | <u>Location</u> | <u>Business</u> | <u>March 31, 2022</u> | | <u>December 31, 2021</u> | |
|-------------------------------|---------------------|--|--------------------------------|------------------------|--------------------------------|------------------------|
| | | | <u>Percentage of ownership</u> | <u>Carrying amount</u> | <u>Percentage of ownership</u> | <u>Carrying amount</u> |
| Paju Electric Glass Co., Ltd. | Paju, South Korea | Manufacture glass for display | 40% | ₩45,089 | 40% | ₩45,089 |
| WooRee E&L Co., Ltd. | Ansan, South Korea | Manufacture LED back light unit packages | 13% | 11,424 | 13% | 11,424 |
| YAS Co., Ltd. | Paju, South Korea | Develop and manufacture deposition equipment for OLEDs | 15% | 10,000 | 15% | 10,000 |
| AVATEC Co., Ltd. | Daegu, South Korea | Process and sell glass for display | 15% | 8,000 | 15% | 8,000 |
| Arctic Sentinel, Inc. | Los Angeles, U.S.A. | Develop and manufacture tablet for kids | 10% | — | 10% | — |
| Cynora GmbH | Bruchsal Germany | Develop organic emitting materials for displays and lighting devices | 11% | — | 11% | — |
| Material Science Co., Ltd. | Seoul, South Korea | Develop, manufacture and sell materials for display | 10% | 3,680 | 10% | 3,680 |
| Nanosys Inc. | Milpitas, U.S.A. | Develop, manufacture and sell materials for display | 4% | 10,732 | 4% | 10,732 |
| | | | | <u>₩88,925</u> | | <u>₩88,925</u> |

Dividends income recognized from subsidiaries and associates for the three-month periods ended March 31, 2022 and 2021 amounted to ₩4,461 million and ₩4,068 million, respectively.

LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

9. Property, Plant and Equipment

For the three-month periods ended March 31, 2022 and 2021, the Company purchased property, plant and equipment of ₩789,973 million and ₩290,845 million, respectively. The capitalized borrowing costs and the annualized capitalization rate were ₩26,525 million and 2.85%, and ₩2,784 million and 2.79%, for the three-month periods ended March 31, 2022 and 2021, respectively. Also, for the three-month periods ended March 31, 2022 and 2021, the Company disposed of property, plant and equipment with carrying amounts of ₩69,563 million and ₩9,364 million, respectively, and recognized ₩6,184 million and ₩11,457 million, respectively, as gain and loss on disposal of property, plant and equipment for the three-month period ended March 31, 2022 (gain and loss on disposal of property, plant and equipment for the three-month period ended March 31, 2021: ₩2,398 million and ₩8,323 million, respectively).

10. Intangible Assets

The Company capitalizes expenditures related to development activities, such as expenditures incurred on designing, manufacturing and testing of products after those related activities meet the capitalization criteria of development costs including technical feasibility, future economic benefits and others. The balances of capitalized development costs as of March 31, 2022 and December 31, 2021 are ₩436,100 million and ₩389,215 million, respectively. For the three-month periods ended March 31, 2022 and 2021, the Company recognized an impairment loss amounting to ₩2,526 million and ₩7,767 million, respectively, in connection with development projects.

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LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

11. Financial Liabilities

(a) Financial liabilities as of March 31, 2022 and December 31, 2021 are as follows:

| <i>(In millions of won)</i> | March 31, 2022 | December 31, 2021 |
|---|-----------------------|--------------------------|
| Current | | |
| Short-term borrowings | ₩ 363,240 | — |
| Current portion of long-term borrowings and bonds | 2,852,709 | 2,529,388 |
| Current portion of payment guarantee liabilities | 3,035 | 3,462 |
| Derivatives(*1) | 3,963 | 8,594 |
| Cash flow hedging derivatives(*2) | 21,177 | 13,400 |
| Lease liabilities | 10,108 | 2,852 |
| | <u>₩ 3,254,232</u> | <u>2,557,696</u> |
| Non-current | | |
| Won denominated borrowings | ₩ 1,492,125 | 2,173,500 |
| Foreign currency denominated borrowings | 1,931,226 | 1,861,235 |
| Bonds | 1,252,161 | 995,976 |
| Payment guarantee liabilities | 2,226 | 2,746 |
| Derivatives(*1) | 3,032 | 2,331 |
| Lease liabilities | 3,150 | 2,367 |
| | <u>₩ 4,683,920</u> | <u>5,038,155</u> |

(*1) Represents cross currency interest rate swap contracts and others entered into by the Company 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 Company to hedge exchange rate risks with respect to forecast sales in foreign currency. The contracts are designated as hedging instruments.

(b) Short-term borrowings as of March 31, 2022 and December 31, 2021 are as follows:

| <i>(In millions of won and USD)</i> | Annual interest rate as of March 31, 2022(%) | March 31, 2022 | December 31, 2021 |
|---------------------------------------|---|---------------------------|------------------------------|
| Lender | | | |
| Standard Chartered Bank Korea Limited | 12ML + 1.55 | ₩ 363,240 | — |
| Foreign currency equivalent | | USD 300 | — |

(*) ML represents Month LIBOR (London Inter-Bank Offered Rates).

LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

11. Financial Liabilities, Continued

(c) Won denominated long-term borrowings as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| <u>Lender</u> | <u>Annual interest rate as of March 31, 2022(%)</u> (*) | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|--|---|---------------------------|------------------------------|
| Korea Development Bank and others | CD rate (91days) + 0.65~1.60, 1.90~3.75 | ₩ 2,763,625 | 2,785,000 |
| Less current portion of long-term borrowings | | (1,271,500) | (611,500) |
| | | <u>₩ 1,492,125</u> | <u>2,173,500</u> |

(*) CD represents certificate of deposit.

(d) Foreign currency denominated long-term borrowings as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won and USD)

| <u>Lender</u> | <u>Annual interest rate as of March 31, 2022(%)</u> (*) | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|--|--|---------------------------|------------------------------|
| The Export-Import Bank of Korea and others | 3ML+1.45 ~2.40, 6ML+1.35 ~1.43, 3M SOFR+1.47, 1.82~2.46 | ₩ 2,082,576 | 2,163,538 |
| Foreign currency equivalent | | USD 1,720 | USD 1,825 |
| Less current portion of long-term borrowings | | (151,350) | (302,303) |
| | | <u>₩ 1,931,226</u> | <u>1,861,235</u> |

(*) ML represents Month LIBOR(London Inter-Bank Offered Rates).

SOFR(Secured Overnight Financing Rate) is a rate being calculated by compounding average daily SOFR published by Federal Reserve Bank of New York.

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11. Financial Liabilities, Continued

(e) Details of bonds issued and outstanding as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won and USD)

| | <u>Maturity</u> | <u>Annual interest rate as of March 31, 2022(%)</u> | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|---|----------------------------|---|---------------------------|------------------------------|
| Won denominated bonds at amortized cost (*1) | | | | |
| Publicly issued bonds | May 2022~ February 2027 | 2.29~3.66 | ₩ 1,455,000 | 1,320,000 |
| Privately issued bonds | May 2022~ May 2033 | 3.25~4.25 | 160,000 | 160,000 |
| Less discount on bonds | | | (3,941) | (2,534) |
| Less current portion | | | (479,798) | (599,825) |
| | | | <u>₩ 1,131,261</u> | <u>877,641</u> |
| Foreign currency denominated bonds at amortized cost (*2) | | | | |
| Privately issued bonds | April 2023 | 3ML+1.47 | ₩ 121,080 | 118,550 |
| Foreign currency equivalent | | | USD 100 | USD 100 |
| Less discount on bonds | | | (180) | (215) |
| | | | <u>₩ 120,900</u> | <u>118,335</u> |
| Financial liabilities at fair value through profit or loss | | | | |
| Foreign currency denominated convertible bonds (*3) | August 2024 | 1.50 | ₩ 950,061 | 1,015,760 |
| Foreign currency equivalent | | | USD 785 | USD 857 |
| Less current portion | | | (950,061) | (1,015,760) |
| | | | <u>₩ —</u> | <u>—</u> |
| | | | <u>₩ 1,252,161</u> | <u>995,976</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 or semi-annually.

(*3) Reclassified to current considering the bondholders' right to redeem before maturity (put option).

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11. Financial Liabilities, Continued

- (f) Details of the convertible bonds issued by the Company and outstanding as of March 31, 2022 are as follows:

(In won, USD)

| | Description |
|--|--|
| Type | Unsecured foreign currency denominated convertible bonds |
| Issuance amount | USD 687,800,000 |
| Annual interest rate (%) | 1.50 |
| Issuance date | August 22, 2019 |
| Maturity date | August 22, 2024 |
| Interest payment | Payable semi-annually in arrear until maturity date |
| Principal redemption | <ol style="list-style-type: none"> Redemption at maturity: Redeemed on the maturity date, at their outstanding principal amount, which has not been early redeemed or converted. Early redemption: The Company has a right to redeem before maturity (call option) or the bondholders have a right to require the Company to redeem before maturity (put option). At exercise of each option, the outstanding principal amount together with accrued but unpaid interest are to be redeemed. |
| Conversion price | ₩ 19,165 per common share (subject to adjustment based on diluted effects of certain events) |
| Conversion period | From August 23, 2020 to August 12, 2024 |
| Redemption at the option of the issuer (Call option) | <ul style="list-style-type: none"> On or at any time after 3 years from the issuance, if the closing price of the shares for any 20 trading days out of the 30 consecutive trading days is at least 130% of the applicable conversion price The aggregate principal amount of the convertible bonds outstanding is less than 10% of the aggregate principal amount originally issued, or In the event of certain changes in laws and other directives resulting in additional taxes for the holders |
| Redemption at the option of the bondholders (Put option) | On the third anniversary from the issuance date |

The Company designated the convertible bonds as financial liabilities at fair value through profit or loss and recognized the change in fair value in profit or loss. The Company measures the convertible bond at fair value using the market price of convertible bonds disclosed on Bloomberg. The number of convertible shares as of March 31, 2022 is as follows:

(In won and No. of shares)

| | March 31, 2022 |
|---|------------------|
| Aggregate outstanding amount of the convertible bonds | ₩813,426,670,000 |
| Conversion price | ₩ 19,165 |
| Number of common shares to be issued at conversion | 42,443,343 |

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12. Employee Benefits

The Company's 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 Company.

- (a) Net defined benefit liabilities (defined benefit assets) recognized as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|---|-----------------------|--------------------------|
| Present value of partially funded defined benefit obligations | ₩ 1,698,220 | 1,678,148 |
| Fair value of plan assets | <u>(1,720,065)</u> | <u>(1,746,424)</u> |
| | <u>₩ (21,845)</u> | <u>(68,276)</u> |

- (b) Expenses related to defined benefit plans recognized in profit or loss for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|----------------------|-----------------|----------------|
| Current service cost | ₩ 44,483 | 37,108 |
| Net interest cost | <u>(531)</u> | <u>(1,474)</u> |
| | <u>₩ 43,952</u> | <u>35,634</u> |

- (c) Plan assets as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|------------------------------|-----------------------|--------------------------|
| Guaranteed deposits in banks | ₩ 1,720,065 | 1,746,424 |

As of March 31, 2022, the Company maintains the plan assets primarily with Mirae Asset Securities Co., Ltd., KB Insurance Co., Ltd. and others.

- (d) Remeasurements of the net defined benefit liabilities (assets) included in other comprehensive income (loss) for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|--|------------------|----------------|
| Remeasurements of net defined benefit liabilities | ₩ (5,265) | (4,594) |
| Tax effect | <u>1,377</u> | <u>1,173</u> |
| Remeasurements of net defined benefit liabilities, net of income tax | <u>₩ (3,888)</u> | <u>(3,421)</u> |

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13. Provisions

Changes in provisions for the three-month period ended March 31, 2022 are as follows:

(In millions of won)

| | Litigation and claims | Warranties (*) | Others | Total |
|----------------------------|----------------------------------|-----------------------|---------------|--------------|
| Balance at January 1, 2022 | ₩ — | 255,560 | 9,247 | 264,807 |
| Additions (reversal) | 1,750 | 59,230 | (1,912) | 59,068 |
| Usage | — | (66,882) | — | (66,882) |
| Balance at March 31, 2022 | ₩ 1,750 | 247,908 | 7,335 | 256,993 |
| Current | ₩ 1,750 | 158,258 | 7,335 | 167,343 |
| Non-current | ₩ — | 89,650 | — | 89,650 |

- (*) 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 Company's warranty obligation.

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14. Contingent Liabilities and Commitments

(a) Legal Proceedings

Anti-trust litigations

Certain individual claimants filed “follow-on” damages claims against the Company and other TFT-LCD manufacturers alleging violations of EU competition law. While the Company continues its vigorous defense of the various pending proceedings described above, as of March 31, 2022, the Company cannot reliably estimate the timing and amount of outflows of resources embodying economic benefits relating to the proceedings.

Others

The Company is involved in various lawsuits and disputes in addition to the pending proceedings described above. The Company 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 Company has agreements with Korea Development Bank and several other banks for accounts receivable sales negotiating facilities of up to an aggregate of USD 1,085 million (₩1,313,718 million) in connection with the Company’s export sales transactions with its subsidiaries. As of March 31, 2022, 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 Company has sold its accounts receivable with recourse.

The Company has credit facility agreements with Shinhan Bank and several other banks pursuant to which the Company could sell its accounts receivables up to an aggregate of ₩531,942 million in connection with its domestic and export sales transactions and, as of March 31, 2022, accounts and notes receivable sold were not outstanding in connection with the agreement. In connection with the contracts above, the Company has sold its accounts receivable without recourse.

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14. Contingent Liabilities and Commitments, Continued

Letters of credit

As of March 31, 2022, the Company 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)

| | <u>Contractual amount</u> | <u>KRW equivalent</u> |
|---|---------------------------|-----------------------|
| KEB Hana Bank | USD 450 | ₩ 544,860 |
| Sumitomo Mitsui Banking Corporation | USD 50 | 60,540 |
| Industrial Bank of Korea | USD 100 | 121,080 |
| Industrial and Commercial Bank of China | USD 200 | 242,160 |
| Shinhan Bank | USD 300 | 363,240 |
| KB Kookmin Bank | USD 100 | 121,080 |
| MUFG Bank | USD 100 | 121,080 |
| The Export-Import Bank of Korea | USD 200 | 242,160 |
| | <u>USD 1,500</u> | <u>₩ 1,816,200</u> |

Payment guarantees

The Company provides payment guarantees to LG Display Vietnam Haiphong, Co., Ltd. in connection with the principal amount of term loan credit facilities amounting to USD 897 million (₩1,086,357 million).

In addition, the Company obtained payment guarantees amounting to USD 2 million (₩2,422 million) from Shinhan Bank for value added tax payments in Poland.

License agreements

As of March 31, 2022, the Company has technical license agreements with Hitachi Display, Ltd. and others in relation to its LCD business and patent license agreement with Universal Display Corporation in relation to its OLED business. Also, the Company has a trademark license agreement with LG Corp. and other intellectual property license agreements with various companies as of March 31, 2022.

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LG DISPLAY CO., LTD. Notes to the Condensed Separate Interim Financial Statements March 31, 2022 and 2021 (Unaudited)

15. Share Capital, Share Premium and Reserves

(a) Share capital and Share premium

The Company is authorized to issue 500,000,000 shares of capital stock (par value ₩5,000), and as of March 31, 2022 and December 31, 2021, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2021 to March 31, 2022.

The Company's capital surplus consists of share premium. There have been no changes in share premium from January 1, 2021 to March 31, 2022.

(b) Reserves

Reserves as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | March 31, 2022 | December 31, 2021 |
|-------------------------------------|-----------------------|--------------------------|
| Loss on valuation of derivatives(*) | ₩ (14,112) | (9,227) |

- (*) Gain or loss on valuation of derivatives is the effective portion of the gains or losses from derivatives to which cash flow hedging accounting has been applied.

16. Revenue

Details of revenue for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | 2022 | 2021 |
|----------------|--------------------|------------------|
| Sales of goods | ₩ 6,472,888 | 6,609,099 |
| Royalties | 2,737 | 17,981 |
| Others | 4,343 | 5,458 |
| Hedging loss | (22,069) | — |
| | ₩ 6,457,899 | 6,632,538 |

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17. The Nature of Expenses and Others

The classification of expenses by nature for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|--|--------------------|------------------|
| Changes in inventories | ₩ (413,092) | (70,378) |
| Purchases of raw materials, merchandise and others | 2,148,836 | 2,227,778 |
| Depreciation and amortization | 629,574 | 612,174 |
| Outsourcing | 2,920,031 | 2,361,068 |
| Labor | 630,553 | 616,580 |
| Supplies and others | 204,752 | 175,461 |
| Utility | 189,543 | 168,510 |
| Fees and commissions | 123,001 | 102,768 |
| Shipping | 13,242 | 17,443 |
| Advertising | 27,711 | 39,922 |
| Warranty | 59,230 | 45,907 |
| Travel | 10,652 | 10,630 |
| Taxes and dues | 20,156 | 15,439 |
| Others | 170,526 | 140,580 |
| | <u>₩ 6,734,715</u> | <u>6,463,882</u> |

Total expenses consist of cost of sales, selling, administrative, research and development expenses and other non-operating expenses, excluding foreign exchange differences.

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18. Selling and Administrative Expenses

Details of selling and administrative expenses for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|---|------------------|----------------|
| Salaries | ₩ 56,384 | 60,039 |
| Expenses related to defined benefit plans | 6,570 | 5,532 |
| Other employee benefits | 11,722 | 10,955 |
| Shipping | 6,419 | 12,292 |
| Fees and commissions | 49,073 | 40,252 |
| Depreciation | 30,494 | 32,874 |
| Taxes and dues | 1,123 | 770 |
| Advertising | 27,711 | 39,922 |
| Warranty | 59,230 | 45,907 |
| Insurance | 1,942 | 2,538 |
| Travel | 1,895 | 706 |
| Training | 1,857 | 1,748 |
| Others | 15,279 | 11,634 |
| | <u>₩ 269,699</u> | <u>265,169</u> |

19. Personnel Expenses

Details of personnel expenses for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|--|------------------|----------------|
| Salaries and wages | ₩ 540,011 | 531,494 |
| Other employee benefits | 73,095 | 68,624 |
| Contributions to National Pension plan | 17,996 | 16,542 |
| Expenses related to defined benefit plans and defined contribution plans | 44,259 | 35,848 |
| | <u>₩ 675,361</u> | <u>652,508</u> |

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20. Other Non-operating Income and Other Non-operating Expenses

- (a) Details of other non-operating income for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|---|------------------|----------------|
| Foreign currency gain | ₩ 243,961 | 331,908 |
| Gain on disposal of property, plant and equipment | 6,184 | 2,398 |
| Reversal of impairment loss on intangible assets | 3,933 | 1,250 |
| Rental income | 518 | 428 |
| Others | 350 | 2,169 |
| | <u>₩ 254,946</u> | <u>338,153</u> |

- (b) Details of other non-operating expenses for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|---|------------------|----------------|
| Foreign currency loss | ₩ 243,837 | 298,880 |
| Other bad debt expense | — | 75 |
| Loss on disposal of property, plant and equipment | 11,457 | 8,323 |
| Impairment loss on property, plant and equipment | 4,651 | 1,727 |
| Loss on disposal of intangible assets | 129 | — |
| Impairment loss on intangible assets | 2,719 | 7,767 |
| Donations | 291 | 41 |
| Others | 1,867 | 487 |
| | <u>₩ 264,951</u> | <u>317,300</u> |

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21. Finance Income and Finance Costs

Finance income and costs recognized in profit or loss for the three-month periods ended March 31, 2022 and 2021 are as follows:

| <i>(In millions of won)</i> | <u>2022</u> | <u>2021</u> |
|---|------------------|----------------|
| Finance income | | |
| Interest income | ₩ 1,158 | 438 |
| Dividend income | 4,461 | 4,068 |
| Foreign currency gain | 12,443 | 21,054 |
| Gain on transaction of derivatives | 10,204 | — |
| Gain on valuation of derivatives | 223,165 | 149,341 |
| Gain on valuation of financial assets at fair value through profit or loss | 310 | 1,254 |
| Gain on valuation of financial liabilities at fair value through profit or loss | 88,255 | — |
| Others | 1,083 | 1,266 |
| | <u>₩ 341,079</u> | <u>177,421</u> |
| Finance costs | | |
| Interest expense | ₩ 34,756 | 60,981 |
| Foreign currency loss | 76,878 | 139,758 |
| Loss on sale of trade accounts and notes receivable | 8 | 20 |
| Loss on valuation of financial assets at fair value through profit or loss | 1,175 | — |
| Loss on valuation of financial liabilities at fair value through profit or loss | — | 99,568 |
| Loss on transaction of derivatives | 112 | 20,435 |
| Loss on valuation of derivatives | 172,110 | 31,263 |
| Others | 143 | 108 |
| | <u>₩ 285,182</u> | <u>352,133</u> |

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22. Income Tax Expense (Benefit)

- (a) Details of income tax expense (benefit) for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | 2022 | 2021 |
|----------------------|------------|----------|
| Current tax expense | ₩ 287 | 591 |
| Deferred tax benefit | (50,702) | (12,696) |
| Income tax benefit | ₩ (50,415) | (12,105) |

- (b) Deferred Tax Assets and Liabilities

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the deferred tax assets at the reporting date will be realized with the Company's estimated future taxable income. The Company's deferred tax assets and liabilities may differ from actual refundable or payable amount.

Deferred tax assets and liabilities as of March 31, 2022 and December 31, 2021 are attributable to the following:

(In millions of won)

| | Assets | | Liabilities | | Total | |
|-----------------------------------|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
| Other accounts receivable, net | ₩ — | — | (22) | (16) | (22) | (16) |
| Inventories, net | 31,920 | 34,248 | — | — | 31,920 | 34,248 |
| Defined benefit liabilities, net | — | — | — | (26,642) | — | (26,642) |
| Accrued expenses | 101,970 | 241,238 | — | — | 101,970 | 241,238 |
| Property, plant and equipment | 439,429 | 462,577 | — | — | 439,429 | 462,577 |
| Intangible assets | 25,093 | 15,886 | — | — | 25,093 | 15,886 |
| Provisions | 66,845 | 68,893 | — | — | 66,845 | 68,893 |
| Other temporary differences | 40,596 | 68,349 | (2,095) | (2,095) | 38,501 | 66,254 |
| Tax losses carryforwards | 1,077,728 | 886,467 | — | — | 1,077,728 | 886,467 |
| Tax credit carryforwards | 510,757 | 489,505 | — | — | 510,757 | 489,505 |
| Deferred tax assets (liabilities) | ₩2,294,338 | 2,267,163 | (2,117) | (28,753) | 2,292,221 | 2,238,410 |

- (c) Tax uncertainties

In relation to the transfer price investigations related to five subsidiaries located in China, the mutual agreement procedures between tax authorities of the Republic of Korea and China for three subsidiaries have been completed and two subsidiaries are ongoing to resolve the double taxation effect. The Company recognized deferred tax assets for the amount for which double taxation effect is expected to be reduced from mutual agreement procedures, however, the Company is exposed to an uncertainty which may result in double taxation.

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23. Earnings (Loss) Per Share

- (a) Basic earnings (loss) per share for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In won and No. of shares)

| | <u>2022</u> | <u>2021</u> |
|--|--------------------|--------------------|
| Profit (loss) for the period | ₩(159,394,785,112) | 45,322,066,468 |
| Weighted-average number of common stocks outstanding | <u>357,815,700</u> | <u>357,815,700</u> |
| Basic earnings (loss) per share | <u>₩ (445)</u> | <u>127</u> |

For the three-month periods ended March 31, 2022 and 2021, there were no events or transactions that resulted in changes in the number of common stocks used for calculating basic earnings (loss) per share.

- (b) Diluted loss per share for the three-month period ended March 31, 2022 are as follows:

(In won and number of shares)

| | <u>2022</u> |
|--|--------------------|
| Loss attributable to owners of the Controlling Company | ₩(159,394,785,112) |
| Adjustments: | |
| Interest expenses of convertible bond, net of income tax | 3,128,508,631 |
| Gain on valuation of convertible bond, net of income tax | (65,167,221,103) |
| Diluted loss attributable to owners of the Controlling Company | (221,433,497,584) |
| Weighted-average number of common stocks outstanding, after adjustment | <u>400,259,043</u> |
| Diluted loss per share | <u>₩ (553)</u> |

Weighted-average number of common stocks outstanding, after adjustment, for measurement of diluted loss per share is determined as follows:

(Number of shares)

| | <u>2022</u> |
|---|---------------------|
| Weighted-average number of common stocks outstanding | ₩357,815,700 |
| Adjustment: Number of common stocks to be issued from conversion | <u>42,443,343</u> |
| Weighted-average number of common stocks outstanding, after adjustment | <u>₩400,259,043</u> |

Diluted loss per share is not different from basic loss per share as there is no dilution effects of potential common stocks for the three-month period ended March 31, 2021. As of March 31, 2021, 40,988,998 shares of potential common stock to be issued from conversion were not considered from the calculation of weighted-average number of common stocks due to antidilution.

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24. Financial Risk Management

The Company is exposed to credit risk, liquidity risk and market risks. The Company 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 Company'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 Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, Korean won (KRW). The currencies in which these transactions primarily are denominated are USD, 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 Company, primarily KRW and USD.

The Company 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 Company 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.

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24. Financial Risk Management, Continued

i) Exposure to currency risk

The Company's exposure to foreign currency risk based on notional amounts as of March 31, 2022 and December 31, 2021 is as follows:

(In millions)

| | March 31, 2022 | | | | |
|--|----------------|---------|-----|-----|-----|
| | USD | JPY | CNY | PLN | EUR |
| Cash and cash equivalents | 215 | 3,880 | 3 | 1 | — |
| Trade accounts and notes receivable | 3,888 | 2,282 | — | — | — |
| Other accounts receivables | 48 | 74 | — | — | — |
| Trade accounts and notes payable | (3,970) | (8,334) | — | — | — |
| Other accounts payable | (1,103) | (5,255) | — | — | (2) |
| Financial liabilities | (2,905) | — | — | — | — |
| | (3,827) | (7,353) | 3 | 1 | (2) |
| Cross currency interest rate swap contracts(*) | 1,740 | — | — | — | — |
| Net exposure | (2,087) | (7,353) | 3 | 1 | (2) |

(*) Of cross currency interest rate swap contracts, USD 400 million were entered into to hedge currency risk with respect to foreign currency denominated borrowings and USD 1,340 million were entered into to hedge currency risk and interest rate risk with respect to foreign currency denominated borrowings and bonds.

(In millions)

| | December 31, 2021 | | | | |
|--|-------------------|---------|-----|-----|-----|
| | USD | JPY | CNY | PLN | EUR |
| Cash and cash equivalents | 800 | 80 | 4 | 1 | — |
| Trade accounts and notes receivable | 4,167 | 4,462 | — | — | — |
| Other accounts receivables | 47 | 70 | 22 | — | — |
| Trade accounts and notes payable | (4,014) | (8,296) | — | — | — |
| Other accounts payable | (1,144) | (4,274) | — | — | (3) |
| Financial liabilities | (2,782) | — | — | — | — |
| | (2,926) | (7,958) | 26 | 1 | (3) |
| Cross currency interest rate swap contracts(*) | 1,545 | — | — | — | — |
| Net exposure | (1,381) | (7,958) | 26 | 1 | (3) |

(*) Of cross currency interest rate swap contracts, USD 100 million were entered into to hedge currency risk with respect to foreign currency denominated borrowings and USD 1,445 million were entered into to hedge currency risk and interest rate risk with respect to foreign currency denominated borrowings and bonds.

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24. Financial Risk Management, Continued

Average exchange rates applied for the three-month periods ended March 31, 2022 and 2021 and the exchange rates at March 31, 2022 and December 31, 2021 are as follows:

(In won)

| | Average rate | | Reporting date spot rate | |
|-----|--------------|----------|--------------------------|-------------------|
| | 2022 | 2021 | March 31, 2022 | December 31, 2021 |
| USD | ₩1,204.44 | 1,113.19 | 1,210.80 | 1,185.50 |
| JPY | 10.37 | 10.51 | 9.93 | 10.30 |
| CNY | 189.61 | 171.87 | 190.02 | 186.26 |
| PLN | 292.66 | 295.53 | 291.07 | 292.11 |
| EUR | 1,351.45 | 1,342.99 | 1,351.13 | 1,342.34 |

ii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Company's assets or liabilities denominated in a foreign currency as of March 31, 2022 and December 31, 2021, 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 Company 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)

| | March 31, 2022 | | December 31, 2021 | |
|---------------------------|----------------|----------------|-------------------|----------------|
| | Equity | Profit or loss | Equity | Profit or loss |
| USD (5 percent weakening) | ₩(93,295) | (93,295) | (60,445) | (60,445) |
| JPY (5 percent weakening) | (2,695) | (2,695) | (3,027) | (3,027) |
| CNY (5 percent weakening) | 21 | 21 | 179 | 179 |
| PLN (5 percent weakening) | 11 | 11 | 11 | 11 |
| EUR (5 percent weakening) | (100) | (100) | (149) | (149) |

A stronger won against the above currencies as of March 31, 2022 and December 31, 2021 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) Derivatives for cash flow hedge

In relation to forecast export transactions, the Company uses derivative instruments to hedge fluctuations in future cash flows due to foreign currency exchange rate changes. As of March 31, 2022, there is no ineffective portion of the gain or loss on valuation of derivatives to which cash flow hedging accounting has been applied and gain and loss on valuation amounting to ₩2,064 million and ₩21,177 million, respectively, (contracted selling amount: USD 1,200 million, contracted exchange rate: ₩1,170.5~1,241.4) are recognized in accumulated other comprehensive income (loss). The expected settlement dates of derivative instrument contracts are within six months from March 31, 2022. The amount which have been reclassified from reserve to profit (revenue) for the three-month period ended March 31, 2022 is ₩22,069 million as a result of realization of forecast export transactions.

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24. Financial Risk Management, Continued

(ii) Interest rate risk

Interest rate risk arises principally from the Company's variable interest-bearing bonds and borrowings. The Company 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 Company entered into cross currency interest rate swap contracts amounting to USD 1,340 million (₩1,622,472 million) and interest rate swap contracts amounting to ₩240,000 million in notional amount to hedge interest rate risk with respect to variable interest bearing borrowings.

i) Profile

The interest rate profile of the Company's interest-bearing financial instruments as of March 31, 2022 and December 31, 2021 is as follows:

(In millions of won)

| | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------------|-----------------------|--------------------------|
| Fixed rate instruments | | |
| Financial assets | ₩ 532,847 | 1,027,808 |
| Financial liabilities | <u>(5,490,145)</u> | <u>(5,145,326)</u> |
| | <u>₩(4,957,298)</u> | <u>(4,117,518)</u> |
| Variable rate instruments | | |
| Financial liabilities | ₩(2,401,316) | (2,414,773) |

ii) Equity and profit or loss sensitivity analysis for variable rate instruments

As of March 31, 2022 and December 31, 2021, 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)

| | <u>Equity</u> | | <u>Profit or loss</u> | |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>1%p increase</u> | <u>1%p decrease</u> | <u>1%p increase</u> | <u>1%p decrease</u> |
| March 31, 2022 | | | | |
| Variable rate instruments (*) | ₩(3,980) | 3,980 | (3,980) | 3,980 |
| December 31, 2021 | | | | |
| Variable rate instruments (*) | ₩(3,928) | 3,928 | (3,928) | 3,928 |

(*) Financial instruments related to non-hedging interest rate swap are excluded from the calculation.

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24. Financial Risk Management, Continued

(iii) Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative risk-free rates (referred to as 'IBOR reform'). The publication of LIBOR, except overnight, 1-month, 3-month, 6-month, and 12-month USD LIBORs, was terminated as of December 31, 2021 and the five LIBORs, as mentioned above, will be discontinued by June 30, 2023.

The Company does not have financial instruments affected by already discontinued LIBORs. The Company plans to change benchmark interest rate applied to some of its financial instruments from LIBORs to Secured Overnight Financing Rates (SOFRs), an alternative indicator interest rate. For these LIBOR-related financial instruments, the LIBORs are continued to be published. Meanwhile, in the case of the CD rate, an alternative reference rate was selected as the Korea Overnight Financing Repo Rate (KOFRR) as part of the reform of the interest rate benchmark. However, unlike LIBOR, the termination of the publication of the CD rate is not scheduled, and the Company does not have plan to change to KOFRR.

The Company is exposed to the legal risk of changing the contract of financial instruments due to the reform of the interest rate indicator, as well as the process and operational risks to deal with such changes. In addition, the Company is also exposed to the risk of monitoring the market trend on the alternative index interest rate and establishing a risk management strategy accordingly to manage the risk of the new alternative index interest rate. The Company manages and monitors the transition to alternative interest rate benchmark by evaluating the extent to which a contract references IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

The Company monitors the transition to an alternative interest rate benchmark by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Company considers that a contract is not yet transitioned to an alternative benchmark rate when interest rate under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR. As of March 31, 2022, the total amounts of unreformed contracts and those with appropriate fallback language are as follows, and the financial instruments that will be settled before June 30, 2023 are excluded:

(In millions of won)

| | Total amount of not transitioned contracts(*) |
|---|--|
| Non-derivative financial liabilities | |
| Borrowings | ₩ 1,670,904 |
| Derivative assets | |
| Cross currency interest rate swap contracts | ₩ 87,589 |
| Derivative liabilities | |
| Cross currency interest rate swap contracts | ₩ 218 |

(*) The Company completed the insertion of a fallback clause for all unreformed contracts.

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24. Financial Risk Management, Continued

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company'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, do not have a significant influence on credit risk since the majority of the customers are global electronic appliance manufacturers operating in global markets.

The Company 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 Company 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 March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | <u>March 31, 2022</u> | <u>December 31, 2021</u> |
|--|-----------------------|--------------------------|
| Financial assets carried at amortized cost | | |
| Cash equivalents | ₩ 455,934 | 950,847 |
| Deposits in banks | 76,924 | 76,924 |
| Trade accounts and notes receivable, net | 4,805,197 | 5,051,836 |
| Non-trade receivables | 71,921 | 77,147 |
| Accrued income | 2,714 | 2,792 |
| Deposits | 8,165 | 11,542 |
| Short-term loans | 19,349 | 22,518 |
| Long-term loans | 18,838 | 19,939 |
| Long-term non-trade receivables | 2,226 | 5,122 |
| | <u>₩ 5,461,268</u> | <u>6,218,667</u> |
| Financial assets at fair value through profit or loss | | |
| Convertible bonds | ₩ 1,573 | 1,573 |
| Derivatives | 112,736 | 65,612 |
| | <u>₩ 114,309</u> | <u>67,185</u> |
| Financial assets effective for cash flow hedging | | |
| Derivatives | ₩ 2,064 | 905 |
| Financial assets at fair value through other comprehensive income | | |
| Debt instruments | ₩ — | 48 |
| | <u>₩ 5,577,641</u> | <u>6,286,805</u> |

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24. Financial Risk Management, Continued

In addition to the financial assets above, as of March 31, 2022, the Company provides payment guarantees in connection with the principal amount of credit facilities amounting to USD 897 million (₩1,086,357 million) (see note 14).

Trade accounts and notes receivable are insured in order for the Company to manage credit risk if they do not meet the Company's internal credit ratings. Uninsured trade accounts and notes receivable are managed by continuous monitoring of internal credit rating standards established by the Company and seeking insurance coverage, if necessary.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company'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 Company's reputation.

The Company has historically been able to satisfy its cash requirements from cash flows from operations and debt and equity financing. To the extent that the Company does not generate sufficient cash flows from operations to meet its capital requirements, the Company may rely on other financing activities, such as external long-term borrowings and offerings of debt instruments, equity-linked and other debt instruments. In addition, the Company maintains a line of credit with various banks.

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24. Financial Risk Management, Continued

The following are the contractual maturities of financial liabilities, including estimated interest payments, as of March 31, 2022.

(In millions of won)

| (In millions of won) | | Contractual cash flows in | | | | | |
|---|-----------------|---------------------------|------------------|-------------|-----------|-----------|-------------------|
| | Carrying amount | Total | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | | |
| Borrowings | ₩ 5,209,441 | 5,447,080 | 603,091 | 1,307,009 | 1,615,199 | 1,921,781 | — |
| Bonds | 2,682,020 | 2,725,292 | 1,102,210 | 261,179 | 235,522 | 1,037,809 | 88,572 |
| Trade accounts and notes payable | 7,032,416 | 7,032,416 | 6,212,451 | 819,965 | — | — | — |
| Other accounts payable | 1,756,336 | 1,758,206 | 1,527,478 | 230,728 | — | — | — |
| Other accounts payable (enterprise procurement cards)(*1) | 768,481 | 768,481 | 703,296 | 65,185 | — | — | — |
| Long-term other accounts payable | 462,389 | 546,139 | — | — | 101,732 | 240,993 | 203,414 |
| Payment guarantee(*2) | 5,261 | 1,112,938 | 164,531 | 163,533 | 413,974 | 370,900 | — |
| Security deposits received | 12,530 | 12,530 | 4,160 | 2,730 | 5,640 | — | — |
| Lease liabilities | 13,258 | 13,541 | 6,450 | 3,925 | 2,210 | 956 | — |
| Derivative financial liabilities | | | | | | | |
| Derivatives | ₩ 6,995 | 583 | 552 | 440 | (537) | 128 | — |
| Derivatives for cash flow hedge | 21,177 | 21,177 | 21,177 | — | — | — | — |
| | ₩17,970,304 | 19,438,383 | 10,345,396 | 2,854,694 | 2,373,740 | 3,572,567 | 291,986 |

(*1) Represents liabilities payable to credit card companies for utility expenses and others paid using enterprise procurement cards. The Company presented the payable to credit card companies as other accounts payable and disclosed related cash flows as operating activities since the Company 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 three-month period ended March 31, 2022 is as follows:

(In millions of won)

| | <u>January 1, 2022</u> | <u>Change (Cash flows from operating activities)</u> | <u>March 31, 2022</u> |
|---|------------------------|--|-----------------------|
| Other accounts payable (enterprise procurement cards) | ₩ 1,074,089 | (305,608) | 768,481 |

(*2) Contractual cash flows of payment guarantee is identical to timing of principal and interest payment and represent the maximum amount that the Company could be required to pay the guarantee amount.

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24. Financial Risk Management, Continued

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>March 31, 2022</u> | <u>December 31, 2021</u> |
|-------------------------------------|-----------------------|--------------------------|
| Total liabilities | ₩19,106,756 | 18,835,304 |
| Total equity | 10,242,070 | 10,642,818 |
| Cash and deposits in banks (*1) | 532,847 | 1,027,760 |
| Borrowings (including bonds) | 7,891,461 | 7,560,099 |
| Total liabilities to equity ratio | 187% | 177% |
| Net borrowings to equity ratio (*2) | 72% | 61% |

(*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.

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24. Financial Risk Management, Continued

(e) Determination of fair value

(i) Measurement of fair value

A number of the Company'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.

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24. 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 condensed separate interim statements of financial position as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | March 31, 2022 | | December 31, 2021 | |
|--|------------------|-------------|-------------------|-------------|
| | Carrying amounts | Fair values | Carrying amounts | Fair values |
| Financial assets carried at amortized cost | | | | |
| Cash and cash equivalents | ₩ 455,934 | (*) | 950,847 | (*) |
| Deposits in banks | 76,924 | (*) | 76,924 | (*) |
| Trade accounts and notes receivable | 4,805,197 | (*) | 5,051,836 | (*) |
| Non-trade receivables | 71,921 | (*) | 77,147 | (*) |
| Accrued income | 2,714 | (*) | 2,792 | (*) |
| Deposits | 8,165 | (*) | 11,542 | (*) |
| Short-term loans | 19,349 | (*) | 22,518 | (*) |
| Long-term loans | 18,838 | (*) | 19,939 | (*) |
| Long-term non-trade receivables | 2,226 | (*) | 5,122 | (*) |
| Financial assets at fair value through profit or loss | | | | |
| Equity instruments | ₩ 2,381 | 2,381 | 3,096 | 3,096 |
| Convertible bonds | 1,573 | 1,573 | 1,573 | 1,573 |
| Derivatives | 112,736 | 112,736 | 65,612 | 65,612 |
| Financial assets effective for cash flow hedging | | | | |
| Derivatives | ₩ 2,064 | 2,064 | 905 | 905 |
| Financial assets at fair value through other comprehensive income | | | | |
| Debt instruments | ₩ — | — | 48 | 48 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivatives | ₩ 6,995 | 6,995 | 10,925 | 10,925 |
| Convertible bonds | 950,061 | 950,061 | 1,015,760 | 1,015,760 |
| Financial liabilities effective for cash flow hedging | | | | |
| Derivatives | ₩ 21,177 | 21,177 | 13,400 | 13,400 |
| Financial liabilities carried at amortized cost | | | | |
| Borrowings | ₩ 5,209,441 | 5,195,897 | 4,948,538 | 4,960,360 |
| Bonds | 1,731,959 | 1,716,220 | 1,595,801 | 1,596,044 |
| Trade accounts and notes payable | 7,032,416 | (*) | 6,528,451 | (*) |
| Other accounts payable | 2,524,817 | (*) | 2,800,823 | (*) |
| Long-term other accounts payable | 462,389 | (*) | 460,995 | (*) |
| Payment guarantee liabilities | 5,261 | (*) | 6,208 | (*) |
| Security deposits received | 12,530 | (*) | 11,180 | (*) |
| Lease liabilities | 13,258 | (*) | 5,219 | (*) |

(*) Excluded from disclosures as the carrying amount approximates fair value.

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24. 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) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | March 31, 2022 | | | |
|---|----------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | |
| Equity instruments | ₩ — | — | 2,381 | 2,381 |
| Convertible bonds | — | — | 1,573 | 1,573 |
| Derivatives | — | 112,736 | — | 112,736 |
| Financial assets effective for cash flow hedging | | | | |
| Derivatives | ₩ — | 2,064 | — | 2,064 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivatives | ₩ — | 6,995 | — | 6,995 |
| Convertible bonds | 950,061 | — | — | 950,061 |
| Financial liabilities effective for cash flow hedging | | | | |
| Derivatives | ₩ — | 21,177 | — | 21,177 |

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24. Financial Risk Management, Continued

(In millions of won)

| | December 31, 2021 | | | |
|--|-------------------|---------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | |
| Equity instruments | ₩ — | — | 3,096 | 3,096 |
| Convertible bonds | — | — | 1,573 | 1,573 |
| Derivatives | — | 65,612 | — | 65,612 |
| Financial assets effective for cash flow hedging | | | | |
| Derivatives | ₩ — | 905 | — | 905 |
| Financial assets at fair value through other comprehensive income | | | | |
| Debt instruments | ₩ 48 | — | — | 48 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivatives | ₩ — | 10,925 | — | 10,925 |
| Convertible bonds | 1,015,760 | — | — | 1,015,760 |
| Financial liabilities effective for cash flow hedging | | | | |
| Derivatives | ₩ — | 13,400 | — | 13,400 |

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 March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| Classification | March 31, 2022 | | | Valuation technique | Input |
|----------------|----------------|---------|-----------|----------------------|---------------|
| | Level 1 | Level 2 | Level 3 | | |
| Liabilities | | | | | |
| Borrowings | ₩ — | — | 5,195,897 | Discounted cash flow | Discount rate |
| Bonds | — | — | 1,716,220 | Discounted cash flow | Discount rate |

(In millions of won)

| Classification | December 31, 2021 | | | Valuation technique | Input |
|----------------|-------------------|---------|-----------|----------------------|---------------|
| | Level 1 | Level 2 | Level 3 | | |
| Liabilities | | | | | |
| Borrowings | ₩ — | — | 4,960,360 | Discounted cash flow | Discount rate |
| Bonds | — | — | 1,596,044 | Discounted cash flow | Discount rate |

iv) The interest rates applied for determination of the above fair value as of March 31, 2022 and December 31, 2021 are as follows:

| | March 31, 2022 | December 31, 2021 |
|------------------------------|----------------|-------------------|
| Borrowings, bonds and others | 2.26~4.93% | 2.21%~4.38% |

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25. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the three-month period ended March 31, 2022 are as follows:

(In millions of won)

| | January 1, 2022 | Cash flows from financing activities | Non-cash transactions | | | | March 31, 2022 |
|---|--------------------|---|-----------------------|--|-------------------------------------|----------------|-------------------|
| | | | Reclassification | Gain or loss on foreign currency translation | Effective interest adjustment | Others | |
| Short-term borrowings | ₩ — | 357,240 | — | 6,000 | — | — | 363,240 |
| Current portion of long-term borrowings and bonds(*) | 2,529,388 | (637,942) | 1,020,841 | 24,296 | 4,381 | (88,255) | 2,852,709 |
| Payment guarantee liabilities | 6,208 | 1,165 | — | — | — | (2,112) | 5,261 |
| Long-term borrowings | 4,034,735 | 181,025 | (831,013) | 38,604 | — | — | 3,423,351 |
| Bonds | 995,976 | 443,230 | (189,828) | 2,527 | 256 | — | 1,252,161 |
| Lease liabilities | 5,219 | (3,163) | — | — | — | 11,202 | 13,258 |
| Accrued Dividends | — | — | — | — | — | 232,580 | 232,580 |
| | <u>₩7,571,526</u> | <u>341,555</u> | <u>—</u> | <u>71,427</u> | <u>4,637</u> | <u>153,415</u> | <u>8,142,560</u> |

(*) Others are ₩88,255 million of gain on valuation of financial liabilities at fair value through profit or loss.

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(Unaudited)

26. Related Parties and Others

(a) Related parties

Related parties as of March 31, 2022 are as follows:

| <u>Classification</u> | <u>Description</u> |
|--|--|
| Subsidiaries(*) | LG Display America, Inc. and others |
| Associates(*) | Paju Electric Glass Co., Ltd. and others |
| Entity that has significant influence over the Company | LG Electronics Inc. |
| Subsidiaries of the entity that has significant influence over the Company | Subsidiaries of LG Electronics Inc. |

(*) Details of subsidiaries and associates are described in note 8.

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LG DISPLAY CO., LTD.
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26. 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 three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

(In millions of won)

| | 2022 | | | | | |
|---|---------------------|--------------------|---|--|---------------------|-------------|
| | | | Purchase and others | | | |
| | Sales and others | Dividend income | Purchase of raw material and others | Acquisition of property, plant and equipment | Outsourcing fees | Other costs |
| Subsidiaries | | | | | | |
| LG Display America, Inc. | ₩2,991,168 | — | — | — | — | 9 |
| LG Display Japan Co., Ltd. | 416,018 | — | — | — | — | — |
| LG Display Germany GmbH | 516,196 | — | — | — | — | 10,697 |
| LG Display Taiwan Co., Ltd. | 636,722 | — | — | — | — | 426 |
| LG Display Nanjing Co., Ltd. | 12,894 | — | 702 | — | 441,944 | 4,112 |
| LG Display Shanghai Co., Ltd. | 153,626 | — | — | — | — | 3 |
| LG Display Guangzhou Co., Ltd. | 1,695 | — | 5,529 | — | 702,151 | 3,887 |
| LG Display Shenzhen Co., Ltd. | 235,246 | — | — | — | — | — |
| LG Display Yantai Co., Ltd. | 9 | — | 2,884 | — | 124,932 | 1,140 |
| LG Display (China) Co., Ltd. | 147 | — | 417,474 | — | — | 332 |
| LG Display Singapore Pte. Ltd. | 720,031 | — | — | — | — | 94 |
| L&T Display Technology (Fujian) Limited | 79,934 | — | — | — | — | 232 |
| Nanumnuri Co., Ltd. | 56 | — | — | — | — | 9,076 |
| LG Display Guangzhou Trading Co., Ltd. | 132,736 | — | — | — | — | — |
| LG Display Vietnam Haiphong Co., Ltd. | 4,131 | — | 6,143 | — | 636,975 | 3,739 |
| Suzhou Lehui Display Co., Ltd. | 120,715 | — | 12,334 | — | — | — |
| LG Display High-Tech (China) Co., Ltd. | 760 | — | 1,692 | — | 781,497 | 938 |
| | ₩6,022,084 | — | 446,758 | — | 2,687,499 | 34,685 |

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LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
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(Unaudited)

26. Related Parties and Others, Continued

(In millions of won)

(In millions of won)

| | | 2022 | | | | | |
|---|-------------------------------|---------------------|--------------------|---|--|---------------------|-------------|
| | | Sales and Others | Dividend income | Purchase and others | | | |
| | | | | Purchase of raw material and others | Acquisition of property, plant and equipment | Outsourcing fees | Other costs |
| | | ₩ | | | | | |
| Associates | | | | | | | |
| | WooRee E&L Co., Ltd. | — | — | 141 | — | — | 2 |
| | AVATEC Co., Ltd. | — | — | 26 | — | 17,529 | 377 |
| | Paju Electric Glass Co., Ltd. | — | 4,361 | 91,714 | — | — | 701 |
| | YAS Co., Ltd. | — | 100 | 5,783 | 100 | — | 2,110 |
| | | ₩ | | | | | |
| | | — | 4,461 | 97,664 | 100 | 17,529 | 3,190 |
| Entity that has significant influence over the Company | | | | | | | |
| | LG Electronics Inc. | ₩ 58,122 | — | 1,930 | 65,140 | — | 25,579 |

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LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
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(Unaudited)

26. Related Parties and Others, Continued

(In millions of won)

| | 2022 | | | | | |
|---|---------------------|--------------------|---|--|---------------------|---------------|
| | Sales and others | Dividend income | Purchase and others | | | |
| | | | Purchase of raw material and others | Acquisition of property, plant and equipment | Outsourcing fees | Other costs |
| Subsidiaries of the entity that has significant influence over the Company | | | | | | |
| LG Electronics India Pvt. Ltd. | ₩ 13,472 | — | — | — | — | 63 |
| LG Electronics Vietnam Haiphong Co., Ltd. | 97,338 | — | — | — | — | 272 |
| LG Electronics Reynosa S.A. DE C.V. | 11,931 | — | — | — | — | 164 |
| LG Electronics Egypt S.A.E. | 20,827 | — | — | — | — | 13 |
| LG Innotek Co., Ltd. | 906 | — | 22 | — | — | 21,940 |
| P.T. LG Electronics Indonesia | 18,566 | — | — | — | — | 248 |
| Others | 10,985 | — | — | — | — | 3,771 |
| | <u>₩ 174,025</u> | <u>—</u> | <u>22</u> | <u>—</u> | <u>—</u> | <u>26,471</u> |
| | <u>₩6,254,231</u> | <u>4,461</u> | <u>546,374</u> | <u>65,240</u> | <u>2,705,028</u> | <u>89,925</u> |

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LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
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(Unaudited)

26. Related Parties and Others, Continued

(In millions of won)

(In millions of won)

| | 2021 | | | | | |
|---|---------------------|--------------------|---|--|---------------------|-------------|
| | | | Purchase and others | | | |
| | Sales and others | Dividend income | Purchase of raw material and others | Acquisition of property, plant and equipment | Outsourcing fees | Other costs |
| Subsidiaries | | | | | | |
| LG Display America, Inc. | ₩3,285,883 | — | — | — | — | 2 |
| LG Display Japan Co., Ltd. | 488,387 | — | — | — | — | — |
| LG Display Germany GmbH | 541,731 | — | — | — | — | 112 |
| LG Display Taiwan Co., Ltd. | 443,986 | — | — | — | — | 192 |
| LG Display Nanjing Co., Ltd. | 5,606 | — | 1,556 | — | 421,907 | 6,686 |
| LG Display Shanghai Co., Ltd. | 168,842 | — | — | — | — | — |
| LG Display Guangzhou Co., Ltd. | 4,246 | — | 2,122 | — | 501,236 | 6,372 |
| LG Display Shenzhen Co., Ltd. | 26,968 | — | — | — | — | — |
| LG Display Yantai Co., Ltd. | 148 | — | 2,496 | — | 157,993 | 3,798 |
| LG Display (China) Co., Ltd. | 1,013 | — | 526,376 | — | — | 990 |
| LG Display Singapore Pte. Ltd. | 396,044 | — | — | — | — | 116 |
| L&T Display Technology (Fujian) Limited | 87,075 | — | — | — | — | 71 |
| Nanumnuri Co., Ltd. | 52 | — | — | — | — | 5,121 |
| LG Display Guangzhou Trading Co., Ltd. | 445,562 | — | — | — | — | — |
| LG Display Vietnam Haiphong Co., Ltd. | 3,717 | — | 12,706 | — | 559,275 | 3,358 |
| Suzhou Lehui Display Co., Ltd. | 81,250 | — | 15,201 | — | — | — |
| LG Display High-Tech (China) Co., Ltd. | 15,572 | — | 497 | — | 591,155 | 1,630 |
| | ₩5,996,082 | — | 560,954 | — | 2,231,566 | 28,448 |

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LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
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(Unaudited)

26. Related Parties and Others, Continued

(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 | | | | | | | |
| | WooRee E&L Co., Ltd. | ₩ — | — | 35 | — | — | 4 |
| | AVATEC Co., Ltd. | — | 200 | 23 | — | 18,700 | 292 |
| | Paju Electric Glass Co., Ltd. | — | 3,668 | 85,082 | — | — | 669 |
| | YAS Co., Ltd. | — | 200 | 2,024 | 36 | — | 1,403 |
| | | ₩ — | 4,068 | 87,164 | 36 | 18,700 | 2,368 |
| Entity that has significant influence over the Company | | | | | | | |
| | LG Electronics Inc. | ₩ 70,557 | — | 2,236 | 25,263 | — | 28,392 |

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LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

26. Related Parties and Others, Continued

(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 |
| Subsidiaries of the entity that has significant influence over the Company | | | | | | |
| LG Electronics India Pvt. Ltd. | ₩ 17,643 | — | — | — | — | 65 |
| LG Electronics Vietnam Haiphong Co., Ltd. | 111,155 | — | — | — | — | 221 |
| LG Electronics Reynosa S.A. DE C.V. | — | — | — | — | — | 212 |
| LG Electronics Mexicali, S.A. DE C.V. | 5,431 | — | — | — | — | 13 |
| LG Electronics RUS, LLC | — | — | — | — | — | 60 |
| LG Electronics Egypt S.A.E. | 18,894 | — | — | — | — | 63 |
| LG Innotek Co., Ltd. | 568 | — | — | — | — | 21,451 |
| P.T. LG Electronics Indonesia | 130,775 | — | — | — | — | 26 |
| Others | 7,664 | — | — | — | — | 2,855 |
| | ₩ 292,130 | — | — | — | — | 24,966 |
| | ₩6,358,769 | 4,068 | 650,354 | 25,299 | 2,250,266 | 84,174 |

LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
March 31, 2022 and 2021
(Unaudited)

26. Related Parties and Others, Continued

(c) Trade accounts and notes receivable and payable and others as of March 31, 2022 and December 31, 2021 are as follows:

(In millions of won)

| | Trade accounts and notes receivable and others | | Trade accounts and notes payable and others | |
|---|---|-------------------|--|-------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
| Subsidiaries | | | | |
| LG Display America, Inc. | ₩ 1,663,519 | 1,851,411 | 13 | 25 |
| LG Display Japan Co., Ltd. | 333,845 | 462,618 | — | 5 |
| LG Display Germany GmbH | 606,372 | 586,120 | 9,128 | 23,593 |
| LG Display Taiwan Co., Ltd. | 447,111 | 445,830 | 48 | 151 |
| LG Display Nanjing Co., Ltd. | 759 | 334 | 632,509 | 613,161 |
| LG Display Shanghai Co., Ltd. | 465,461 | 499,770 | — | 5 |
| LG Display Guangzhou Co., Ltd. | 447 | 691 | 825,544 | 774,672 |
| LG Display Guangzhou Trading Co., Ltd. | 335,212 | 418,302 | — | — |
| LG Display Shenzhen Co., Ltd. | 146,448 | 97,129 | 40 | 15 |
| LG Display Yantai Co., Ltd. | — | — | 145,958 | 76,722 |
| LG Display (China) Co., Ltd. | 2,343 | 3,805 | 303,262 | 215,709 |
| LG Display Singapore Pte. Ltd. | 267,671 | 172,755 | 161 | 1 |
| L&T Display Technology (Fujian) Limited | 52,836 | 72,298 | 205,291 | 224,941 |
| Nanumnuri Co., Ltd. | — | — | 2,017 | 5,261 |
| LG Display Vietnam Haiphong Co., Ltd. | 9,778 | 9,088 | 929,904 | 993,392 |
| Suzhou Lehui Display Co., Ltd. | 70,503 | 76,396 | 12,355 | 8,863 |
| LG Display High-Tech (China) Co., Ltd. | 4,020 | 4,914 | 774,811 | 715,930 |
| | <u>₩ 4,406,325</u> | <u>4,701,461</u> | <u>3,841,041</u> | <u>3,652,446</u> |

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LG DISPLAY CO., LTD.
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(Unaudited)

26. Related Parties and Others, Continued

(In millions of won)

| | Trade accounts and notes receivable and others | | Trade accounts and notes payable and others | |
|---|---|-------------------|--|-------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
| Associates | | | | |
| WooRee E&L Co., Ltd. | ₩ 878 | 878 | 147 | 157 |
| AVATEC Co., Ltd. | 3 | 3 | 2,895 | 2,748 |
| Paju Electric Glass Co., Ltd. | — | — | 72,191 | 79,302 |
| YAS Co., Ltd. | 100 | — | 9,329 | 14,773 |
| Material Science Co., Ltd. | — | — | — | 99 |
| | <u>₩ 981</u> | <u>881</u> | <u>84,562</u> | <u>97,079</u> |
| Entity that has significant influence over the Company | | | | |
| LG Electronics Inc. | ₩ 75,332 | 66,247 | 179,442 | 92,323 |

LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
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(Unaudited)

26. Related Parties and Others, Continued

(In millions of won)

| | Trade accounts and notes receivable and others | | Trade accounts and notes payable and others | |
|---|---|-------------------|--|-------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
| Subsidiaries of the entity that has significant influence over the Company | | | | |
| LG Innotek Co., Ltd. | ₩ 5 | 711 | 32,323 | 31,184 |
| LG Electronics Reynosa S.A. DE C.V. | — | — | — | 10 |
| LG Electronics India Pvt. Ltd. | 10,303 | 7,319 | — | 111 |
| LG Electronics Vietnam Haiphong Co., Ltd. | 74,688 | 52,327 | 94 | 243 |
| LG Electronics Egypt S.A.E | 10,062 | 19,489 | 7 | — |
| P.T. LG Electronics Indonesia | 10,059 | 15,555 | 63 | 32 |
| Others | 13,664 | 9,379 | 1,952 | 3,155 |
| | ₩ 118,781 | 104,780 | 34,439 | 34,735 |
| | ₩ 4,601,419 | 4,873,369 | 4,139,484 | 3,876,583 |

LG DISPLAY CO., LTD.
Notes to the Condensed Separate Interim Financial Statements
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(Unaudited)

26. Related Parties and Others, Continued

(d) Conglomerate Transactions

Transactions, trade accounts and notes receivable and payable, and others between the Company and certain companies and their subsidiaries included in LG Group, one of the conglomerates in the Republic of Korea according to the Monopoly Regulation and Fair Trade Act, for the three-month periods ended March 31, 2022 and 2021 and as of March 31, 2022 and December 31, 2021 are as follows. These entities are not related parties according to K-IFRS No. 1024, *Related Party Disclosures*.

(In millions of won)

| | For the three-month period ended March 31, 2022 | | March 31, 2022 | |
|---|--|------------------------|--|---|
| | Sales and others | Purchase and others | Trade accounts and notes receivable and others | Trade accounts and notes payable and others |
| LX International Corp. and its subsidiaries | ₩ 106,442 | 26,492 | 73,855 | 14,287 |
| LG Uplus Corp. | — | 606 | — | 163 |
| LG Chem Ltd. and its subsidiaries | 75 | 92,016 | 3,171 | 93,363 |
| D&O Corp. and its subsidiaries (formerly, S&I Corp.)(*) | 77 | 186,210 | — | 174,235 |
| LX Semicon Co., Ltd. | — | 119,541 | — | 101,747 |
| LG Corp. | — | 15,048 | 6,816 | 11,980 |
| LG Management Development Institute | — | 7,963 | — | 638 |
| LG CNS Co., Ltd. and its subsidiaries | — | 19,392 | — | 22,356 |
| G2R Inc. and its subsidiaries | — | 9,236 | — | 10,069 |
| Robostar Co., Ltd. | — | 334 | — | 368 |
| | <u>₩ 106,594</u> | <u>476,838</u> | <u>83,842</u> | <u>429,206</u> |

(*) S&I Corp. renamed its name as D&O Corp. on April 1, 2022.

LG DISPLAY CO., LTD.
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(Unaudited)

26. Related Parties and Others, Continued

(In millions of won)

| | For the three-month period ended March 31, 2021 | | December 31, 2021 | |
|---|--|------------------------|--|---|
| | Sales and others | Purchase and others | Trade accounts and notes receivable and others | Trade accounts and notes payable and others |
| LX International Corp. and its subsidiaries (formerly, LG International Corp.)(*1) | ₩ 133,576 | 23,550 | 27,279 | 13,892 |
| LG Uplus Corp. | — | 575 | — | 163 |
| LG Chem Ltd. and its subsidiaries | 24 | 92,459 | 2,944 | 66,535 |
| S&I Corp. and its subsidiaries | 78 | 25,157 | 5,862 | 121,637 |
| LX Semicon Co., Ltd. (formerly, Silicon Works Co., Ltd)(*2) | — | 95,119 | 117 | 86,346 |
| LG Corp. | — | 16,001 | 6,754 | 11,193 |
| LG Management Development Institute | — | 5,241 | 3,480 | 205 |
| LG CNS Co., Ltd. and its subsidiaries | — | 19,423 | 98 | 143,367 |
| LG Household & Health Care Ltd. and its subsidiaries | — | — | — | 50 |
| G2R Inc. and its subsidiaries | — | 2,605 | — | 11,931 |
| Robostar Co., Ltd. | — | 31 | — | 1,675 |
| | <u>₩ 133,678</u> | <u>280,161</u> | <u>46,534</u> | <u>456,994</u> |

(*1) LG International Corp. renamed its name as LX International Corp. on July 1, 2021.

(*2) Silicon Work Co., Ltd. renamed its name as LX Semicon Co., Ltd. on July 1, 2021.

LG DISPLAY CO., LTD.
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(Unaudited)

26. Related Parties and Others, Continued

(e) Key management personnel compensation

Compensation costs of key management for the three-month periods ended March 31, 2022 and 2021 are as follows:

(In millions of won)

| | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|
| Short-term benefits | ₩586 | 826 |
| Expenses related to the defined benefit plan | <u>85</u> | <u>83</u> |
| | <u>₩671</u> | <u>909</u> |

Key management refers to the registered directors who have significant control and responsibilities over the Company's operations and business.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LG Display Co., Ltd.

(Registrant)

Date: May 16, 2022

By: /s/ Suk Heo

(Signature)

Name: Suk Heo

Title: Director / Head of IR Division