

1Q`23 Earnings Release

27th April, 2023

LG Electronics

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 1st quarter of 2023 as contained herein has been prepared on a consolidated basis in accordance with International Financial Reporting Standards (“IFRS”).

The information regarding results of 1st quarter of 2023 has been prepared in advance, prior to being reviewed by external auditors, solely for the convenience of investors of the Company, and is subject to change in the process of final review by external auditors.

The information contained herein includes forward-looking statements in respect to future plans, prospects, and performances of the Company as well as the Company’s projected sales plan for the 2nd quarter of 2023.

These forward-looking statements also refer to the Company’s performance on consolidated base, as indicated.

The aforementioned forward-looking statements are influenced by changes in the management environment and relative events, and by their nature, these statements refer to uncertain circumstances. Consequently, due to these uncertainties, the Company’s actual future results may differ materially from those expressed or implied by such statements.

Please note that as the forward-looking statements contained herein are based on the current market situation and the Company’s management direction, they are subject to change according to the changes in future market environment and business strategy.

The information contained herein should not be utilized for any legal purposes in regards to investors’ investment results. The Company hereby expressly disclaims any and all liability for any loss or damage resulting from the investors’ reliance on the information contained herein.

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I

Consolidated Earnings and Outlook

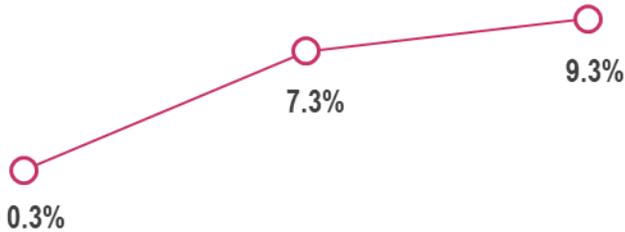
Consolidated Earnings and Outlook

Sales / Profits

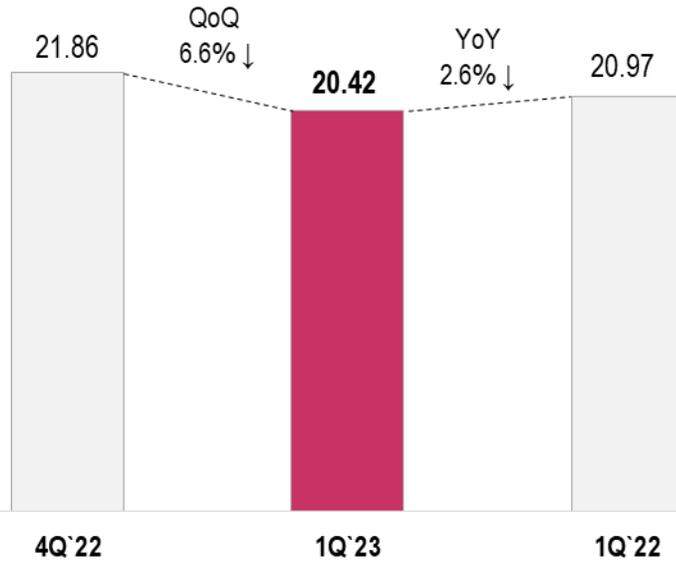
Sales / Profits

(Unit : KRW trillion)

OPM (%)



Sales



Performance by Division

(Unit : KRW billion)

		4Q'22	QoQ	1Q'23	YoY	1Q'22
Consolidated ²⁾	Sales	21,857.5	-6.6%	20,415.9	-2.6%	20,969.0
	OP	69.3	+1,428.1	1,497.4	-445.5	1,942.9
	(%)	0.3%	+7.0%p	7.3%	-2.0%p	9.3%
H&A ¹⁾ Home Appliance & Air Solution	Sales	6,384.5	+25.6%	8,021.7	+0.6%	7,970.4
	OP	25.5	+993.3	1,018.8	+572.0	446.8
	(%)	0.4%	+12.3%p	12.7%	+7.1%p	5.6%
HE Home Entertainment	Sales	4,491.7	-25.2%	3,359.6	-17.4%	4,065.1
	OP	-107.5	+307.8	200.3	+13.1	187.2
	(%)	-2.4%	+8.4%p	6.0%	+1.4%p	4.6%
VS Vehicle component Solutions	Sales	2,396.0	-0.4%	2,386.5	+27.1%	1,877.7
	OP	30.2	+23.8	54.0	+60.7	-6.7
	(%)	1.3%	+1.0%p	2.3%	+2.7%p	-0.4%
BS Business Solutions	Sales	1,249.2	+18.4%	1,479.6	-21.0%	1,873.8
	OP	-77.8	+143.5	65.7	-37.4	103.1
	(%)	-6.2%	+10.6%p	4.4%	-1.1%p	5.5%

1) From 1Q'23, H&A platform business has been restated to 'others' from 'H&A division'

2) LG Innotek is included

Consolidated Earnings and Outlook

Income Trend / Cash Flow

Income Trend

(Unit : KRW billion)

	4Q`22	QoQ	1Q`23	YoY	1Q`22
Operating Profit	69.3	+1,428.1	1,497.4	-445.5	1,942.9
Net financial income/expense	-199.5	+172.5	-27.0	-28.6	1.6
Gain/Loss on equity method	-726.4	+254.7	-471.7	-481.2	9.5
Other non-operating income/expense	290.3	-355.3	-65.0	-177.0	112.0
Income Before Tax	-566.3	+1,500.0	933.7	-1,132.3	2,066.0
Corporate income tax	-358.1	+745.9	387.8	-172.0	559.8
Income (Loss) from continuing operations	-208.2	+754.1	545.9	-960.3	1,506.2
Income (Loss) from discontinued operations	-4.2	+4.8	0.6	+105.8	-105.2
Net Income	-212.4	+758.9	546.5	-854.5	1,401.0
EBITDA	861.2		2,268.6		2,672.6

Cash Flow

(Unit : KRW billion)

	4Q`22	1Q`23
<input type="checkbox"/> Cash at the beginning of period	7,567.7	6,322.4
• Cash flow from operating activities	473.2	1,079.3
Net income/loss	-212.4	546.5
Depreciation	791.9	771.2
Gain/Loss on equity method investment	726.4	471.7
• Cash flow from investing activities	-1,023.0	-1,629.4
Increase/Decrease in tangible assets	-684.0	-759.3
Increase/Decrease in intangible assets	-188.4	-175.0
• Cash flow from financing activities	-123.5	898.0
Repayment of lease obligation	-80.3	-92.4
Increase/Decrease in debt	-51.9	990.4
• Effects of exchange rate changes on cash and cash equivalents	-572.0	140.7
<input type="checkbox"/> Net changes in cash	-1,245.3	488.6
<input type="checkbox"/> Cash at the end of period	6,322.4	6,811.0
Net C/F	-1,121.8	-409.4

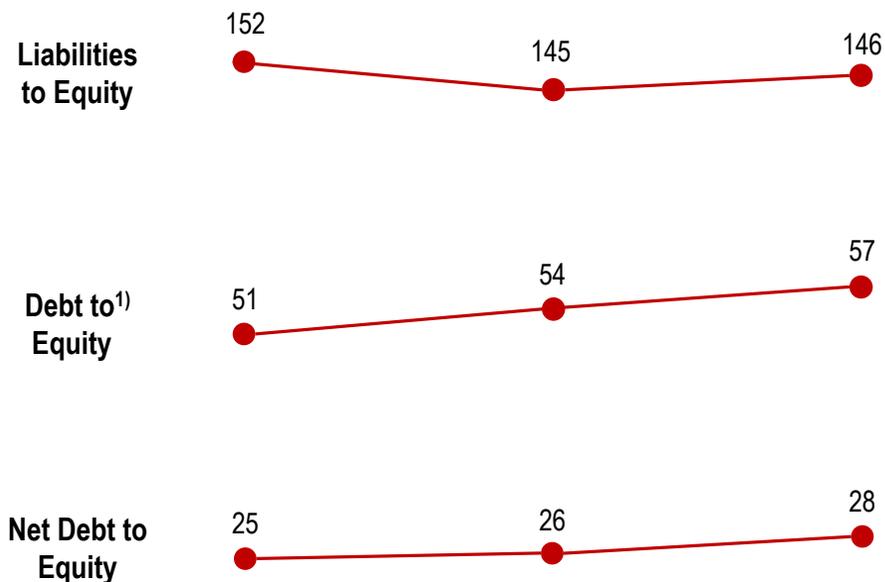
Consolidated Earnings and Outlook

Leverage Ratio / Financial Position

Leverage Ratio

(Unit: %)

1Q`22 4Q`22 1Q`23



1) Lease Liability is included

2) Net Debt = Debt + Lease Liability – Cash and Cash equivalents

Financial Position

(Unit : KRW trillion)

	1Q`22	4Q`22	1Q`23
Assets	55.05	55.16	57.49
Current Assets	29.12	27.49	29.25
Cash and Cash equivalents	5.62	6.32	6.81
Inventory	10.21	9.39	9.83
Non-Current Assets	25.93	27.67	28.24
Liabilities	33.17	32.66	34.13
Current Liabilities	23.36	22.33	22.81
Non-Current Liabilities	9.81	10.33	11.32
Equity	21.88	22.50	23.36
Debt	10.10	11.05	12.22
Net Debt²⁾	5.47	5.82	6.51

Business Environment

- Market uncertainties on the rise due to geopolitical risks in major regions such as the tense US-China relations and the Russia-Ukraine conflict, the possibility of global economic recession caused by ongoing interest rate hikes and financial system instability triggered by monetary tightening policies

Key Strategies

- Accelerate the transition to a business structure for sustainable growth through diversification of business portfolio
- Generate sound profitability through preemptive risk management and efficient resource utilization

Sales & Profit Outlook

- Sales is expected to grow YoY by actively responding to air conditioner demand in the peak season and securing high growth in vehicle component sales
- Operating profit is expected to increase YoY driven by the effect of sales growth and stable profitability across all businesses

III

Performance and Outlook by Division

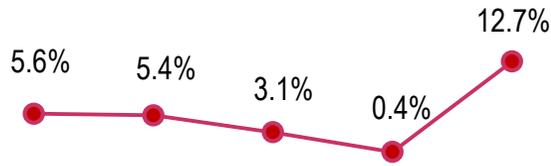
Performance and Outlook by Division

H&A (Home Appliance & Air Solution)

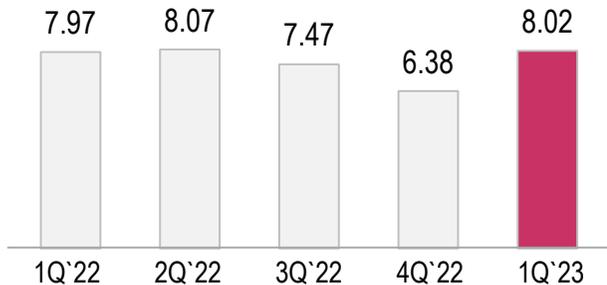
Performance ¹⁾

(Unit : %, KRW trillion)

OPM



Sales



Key Products



LG DIOS
MoodUP Refrigerator



WashTower



LG Whisen
Tower Luxury

1Q'23 Performance

- **Sales** : Despite weakening demand for appliance caused by deteriorating economic conditions, revenue recorded a slight growth YoY as we applied differentiated distribution strategies and expanded the B2B business
- **Profit** : Increased significantly YoY on the back of reduced expenses including logistics costs together with active efforts to improve the cost structure despite increased marketing spending entailed to address competition in the market

2Q'23 Outlook

- **Market** : Demand for appliances is expected to decline as consumption continues to shrink due to concerns of an economic downturn, subsequently leading to further intensified competition in the market
- **LGE** : Continue to achieve top-line growth in B2B with eco-friendly, energy-efficient air solutions and proactively respond to shifts in demand by launching price-competitive strategic models in the volume zone to maintain our position in the market. Secure stable profitability through stringent cost measures such as obtaining stable raw material prices, reducing fixed costs and enhancing efficiency in input resources such as marketing expense

1) From 1Q'23, H&A platform business has been restated to 'others' from 'H&A division'

Performance and Outlook by Division

HE (Home Entertainment)

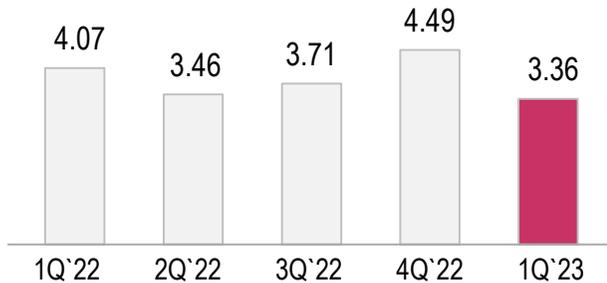
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



LG OLED
Objet collection Posé



LG Sound Bar &
TONE Free

1Q'23 Performance

- **Sales** : Declined on YoY basis due to the reduced TV demand in Europe caused by the protracted Russia - Ukraine conflict and sluggish consumption brought on by elevated uncertainties in the global economy
- **Profit** : Turn-around with profitability sharply increasing QoQ and slightly increasing YoY despite of reduced revenue under the sluggish demand
Profitability growth is mainly from improved operational efficiency including management of the raw material supply chain and marketing expenses

2Q'23 Outlook

- **Market** : Global TV demand recovery is sluggish due to concerns of the global economic slowdown, and the competition in premium segment is expected to be fiercer
Concerns on possible cost increase due to LCD TV panel price change
- **LGE** : Secure growth momentum by introducing enhanced new 'OLED evo' to the market, strengthening competitiveness in mass-tier TVs, and driving WebOS platform business.
Maintain solid profitability through accurate demand forecasting, sound production operations, raw material cost management, and efficient expense spending

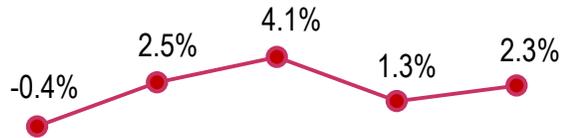
Performance and Outlook by Division

VS (Vehicle component Solutions)

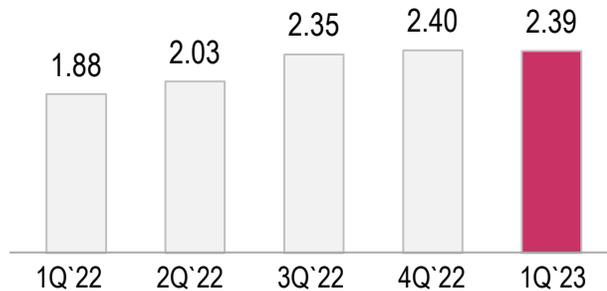
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



- Head unit
- Telematics
- Automotive Display

Infotainment



- Traction Motor
- Inverter

xEV Components



- Automotive Lighting
- Automotive Vision System

Safety & Convenience Devices

1Q'23 Performance

- **Sales** : Based on a high order backlog, significant sales growth was achieved YoY by increasing sales volume and maintaining a stable supply chain management of major components including automotive semiconductors.
- **Profit** : Improved both YoY and QoQ, maintaining a profitable operating income, thanks to the expansion of sales from new projects and the enhancement of operational efficiency.

2Q'23 Outlook

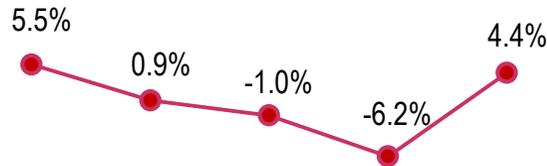
- **Market** : Uncertainties regarding demand for vehicle components continue to exist in the market with concerns being raised over demand in the global auto market as consumer sentiment is contracted. However, the transition to electric vehicles is increasing steadily
- **LGE** : Continue expansion of new orders and sustain high revenue growth through stable supply chain management. Strengthen profitability based on product mix optimization and operating leverage effect

Performance and Outlook by Division

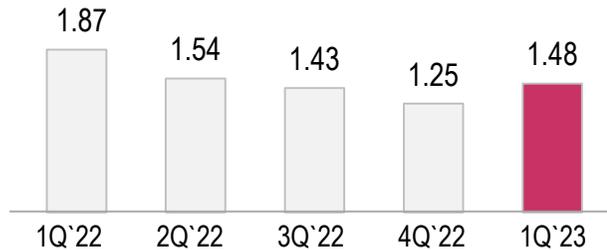
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



Gaming Monitor & 21:9 Monitor



Gram PC



Information Display

1Q'23 Performance

- **Sales** : Decreased YoY due to shrinking demand for global IT products, but increased QoQ thanks to improved B2B sales such as hotel TVs and benefits from IT peak season
- **Profit** : Decreased YoY due to the drop in revenue, but turned into a surplus based on QoQ through increased sales of Gram PCs during the peak season and active efforts to enhance spending efficiency

2Q'23 Outlook

- **Market** : IT demand is expected to continue on a downward path up to the first half of the year, though there are expectations of a slight pick-up from the second half. Information Display is projected to maintain a growing trend though the pace of growth may be somewhat slower.
- **LGE** : Strengthen our product line-up by launching differentiated products such as Gram Ultra-Slim, secure growth momentum in ID business by identifying potential demands for diverse verticals, and drive new businesses such as EV charging solutions. Continue to secure profitability by optimizing resource utilization.

III

ESG Activities and Achievements

Energy Efficiency

- Reduce the carbon emissions of major product usage by 20% by 2030 (compared to 2020) (compared to '20)
- “2023 ENERGY STAR® Partner of the Year-Sustained Excellence” by the U.S. Environmental Protection Agency and U.S. Department of Energy (10th time since 2012)

ThinQ UP

- Washing machine ‘Microplastic care course’ that reduces microplastic emissions by 70% (compared to the standard course)
- Dishwasher ‘Energy-saving course’ that reduces electricity consumption by 20% (compared to the standard course)

Recycled Plastics

- Use a total of 600,000 tons of recycled plastic in product (accumulated from '21 to '30)
- Application to Styler Shoecase and Shoecare, OLED TV, Soundbar, Refrigerator, Styler, Dishwasher, etc



LG

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Sustainability Indices**

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<http://www.lg.com/global>

(Unit : KRW billion, %)

Income Statement

	2022										2023	
	1Q		2Q		3Q		4Q		Total		1Q	
Sales	20,969.0	100.0%	19,464.0	100.0%	21,176.8	100.0%	21,857.5	100.0%	83,467.3	100.0%	20,415.9	100.0%
Cost of goods sold	15,018.5	71.6%	14,457.7	74.3%	16,131.4	76.2%	17,623.5	80.6%	63,231.1	75.8%	15,246.0	74.7%
Gross profit	5,950.5	28.4%	5,006.3	25.7%	5,045.4	23.8%	4,234.0	19.4%	20,236.2	24.2%	5,169.9	25.3%
Selling & admin expense	4,007.6	19.1%	4,214.1	21.7%	4,298.8	20.3%	4,164.7	19.1%	16,685.2	20.0%	3,672.5	18.0%
Operating profit (Loss)	1,942.9	9.3%	792.2	4.1%	746.6	3.5%	69.3	0.3%	3,551.0	4.3%	1,497.4	7.3%
Financial income (Expense)	1.6	0.0%	-72.3	-0.4%	76.5	0.4%	-199.5	-0.9%	-193.7	-0.2%	-27.0	-0.1%
Gains (loss) on equity method investment	9.5	0.0%	-148.9	-0.8%	-302.2	-1.4%	-726.4	-3.3%	-1,168.0	-1.4%	-471.7	-2.3%
Other non operating profit (Loss)	112.0	0.5%	33.1	0.2%	-84.9	-0.4%	290.3	1.3%	350.5	0.4%	-65.0	-0.3%
Net income before tax	2,066.0	9.9%	604.1	3.1%	436.0	2.1%	-566.3	-2.6%	2,539.8	3.0%	933.7	4.6%
Corporate Income Tax	559.8	2.7%	195.0	1.0%	135.6	0.6%	-358.1	-1.6%	532.3	0.6%	387.8	1.9%
Income (Loss) from continuing operations	1,506.2	7.2%	409.1	2.1%	300.4	1.4%	-208.2	-1.0%	2,007.5	2.4%	545.9	2.7%
Income (Loss) from discontinued operations	-105.2	-0.5%	-71.1	-0.4%	36.1	0.2%	-4.2	0.0%	-144.4	-0.2%	0.6	0.0%
Net Income (Loss)	1,401.0	6.7%	338.0	1.7%	336.5	1.6%	-212.4	-1.0%	1,863.1	2.2%	546.5	2.7%
Controlled shares	1,226.6		193.1		122.7		-346.0		1,196.4		471.3	
Non-controlled shares	174.4		144.9		213.8		133.6		666.7		75.2	

* Since the information regarding results of 1Q'23 has been prepared in advance, it is subject to change in the process of final review by external auditors

Statements of Financial Position

	2022				(Unit : KRW billion)
	1Q	2Q	3Q	4Q	2023 1Q
Assets	55,050.9	55,368.8	61,299.4	55,156.1	57,490.6
Current Assets	29,125.9	28,454.4	33,418.4	27,488.2	29,246.0
Cash and cash equivalents	5,619.4	6,482.9	7,567.7	6,322.4	6,811.0
Accounts receivable	9,441.2	8,563.5	10,897.3	8,216.5	8,921.1
Inventory	10,214.3	9,684.4	11,207.1	9,388.8	9,832.4
Others	3,851.0	3,723.6	3,746.3	3,560.5	3,681.5
Non-current Assets	25,925.0	26,914.4	27,881.0	27,667.9	28,244.6
Investment	5,130.7	5,112.1	4,968.0	3,963.6	3,613.3
PP&E	14,721.3	15,428.5	16,014.5	15,831.8	16,115.4
Intangible assets	2,423.0	2,452.9	2,335.4	2,454.8	2,518.9
Others	3,650.0	3,920.9	4,563.1	5,417.7	5,997.0
Liabilities	33,170.6	32,115.8	36,404.2	32,664.1	34,130.8
Accounts payable	9,106.1	7,938.4	11,021.5	8,212.4	9,110.0
Debt	10,104.1	10,421.3	11,438.2	11,045.2	12,221.4
Lease liability	988.8	1,063.1	1,110.7	1,096.2	1,100.1
Other	12,971.6	12,693.0	12,833.8	12,310.3	11,699.3
Equity	21,880.3	23,253.0	24,895.2	22,492.0	23,359.8

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(Unit : KRW billion, %)

		1Q'22	2Q'22	3Q'22	4Q'22	'22Total	1Q'23	QoQ	YoY
H&A	Sales	7,970.4	8,067.6	7,472.9	6,384.5	29,895.4	8,021.7	25.6%	0.6%
	OP	446.8	433.8	229.8	25.5	1,135.9	1,018.8		
	(%)	5.6%	5.4%	3.1%	0.4%	3.8%	12.7%		
HE	Sales	4,065.1	3,457.8	3,712.1	4,491.7	15,726.7	3,359.6	-25.2%	-17.4%
	OP	187.2	-18.9	-55.4	-107.5	5.4	200.3		
	(%)	4.6%	-0.5%	-1.5%	-2.4%	0.0%	6.0%		
VS	Sales	1,877.7	2,030.5	2,345.4	2,396.0	8,649.6	2,386.5	-0.4%	27.1%
	OP	-6.7	50.0	96.1	30.2	169.6	54.0		
	(%)	-0.4%	2.5%	4.1%	1.3%	2.0%	2.3%		
BS	Sales	1,873.8	1,538.1	1,429.2	1,249.2	6,090.3	1,479.6	18.4%	-21.0%
	OP	103.1	14.3	-14.4	-77.8	25.2	65.7		
	(%)	5.5%	0.9%	-1.0%	-6.2%	0.4%	4.4%		
Others	Sales	1,447.8	890.3	1,058.6	951.1	4,347.8	1,014.0	6.6%	-30.0%
	OP	867.6	35.9	55.5	25.4	984.4	19.4		
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LGE Consolidated Excluding LG Innotek (①)	Sales	17,234.8	15,984.3	16,018.2	15,472.5	64,709.8	16,261.4	5.1%	-5.6%
	OP	1,598.0	515.1	311.6	-104.2	2,320.5	1,358.2		
	(%)	9.3%	3.2%	1.9%	-0.7%	3.6%	8.4%		
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LG Innotek (②)	Sales	3,952.4	3,703.0	5,388.5	6,548.3	19,592.2	4,375.9	-33.2%	10.7%
	OP	366.8	289.9	444.9	169.0	1,270.6	145.3		
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LGE-LG Innotek Inter-company Transaction (③)	Sales	218.2	223.3	229.9	163.3	834.7	221.4		
	OP	21.9	12.8	9.9	-4.5	40.1	6.1		
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LGE Consolidated (①+②-③)	Sales	20,969.0	19,464.0	21,176.8	21,857.5	83,467.3	20,415.9	-6.6%	-2.6%
	OP	1,942.9	792.2	746.6	69.3	3,551.0	1,497.4		
	(%)	9.3%	4.1%	3.5%	0.3%	4.3%	7.3%		

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* From 1Q'23, H&A platform business has been restated to 'others' from 'H&A division'

- Our shareholder returns are made through annual dividends, which are determined by comprehensively considering future strategic investments within the scope of dividend income, financial structure(cash flow etc.) and business environment with a priority on increasing shareholder value and increasing shareholder returns.
- In accordance with the mid-to long-term dividend policy announced on January 26th, 2022, we plan to return "more than 20% of net profit (excluding one-off non-recurring profit, based on profit attributable to owners of the parent) of consolidated financial statements" to shareholders over the next three years (FY2021 ~FY2023).
- Dividend amount for fiscal year 2022 was determined at company's annual general meeting.
 ※ Dividend per share in 2022: Common stock 700 Korean Won, Preferred stock 750 Korean Won

		2015 (14th)	2016 (15th)	2017 (16th)	2018 (17th)	2019 (18th)	2020 (19th)	2021 (20th)	2022 (21th)
Face value per share (KRW)	Common	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
	Preferred	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cash dividend per share (KRW)	Common	400	400	400	750	750	1,200	850	700
	Preferred	450	450	450	800	800	1,250	900	750
(Consolidated) Net Income (KRW billion)		124.4	76.9	1,725.8	1,240.1	31.3	1,968.3	1,031.7	1,196.4
Total Cash Dividends (KRW billion)		72.9	72.9	72.9	135.9	135.9	216.9	153.9	126.9
(Consolidated) Cash dividends payout ratio (%)		58.6	94.8	4.2	11.0	434.4	11.0	14.9	10.6
Cash dividend yield (%)	Common	0.8	0.8	0.4	1.2	1.0	1.1	0.6	0.8
	Preferred	1.6	1.9	1.0	3.1	2.8	2.5	1.4	1.7

* (Consolidated) net income is the profit attributable to owners of the parent