

# **LG Chem, Ltd. and Subsidiaries**

**Condensed Consolidated Interim Financial Statements  
June 30, 2025 and 2024 (Unaudited), and December  
31, 2024**

# LG Chem, Ltd. and Subsidiaries

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## **Report on Review of Condensed Consolidated Interim Financial Statements**

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of  
LG Chem, Ltd.

### ***Reviewed Financial Statements***

We have reviewed the accompanying condensed consolidated interim financial statements of LG Chem, Ltd. and its subsidiaries (collectively referred to as the "Group"). These condensed consolidated interim financial statements consist of the consolidated interim statement of financial position of the Group as at June 30, 2025, and the related consolidated interim income statement, statements of comprehensive income for the three-month and six-month periods ended June 30, 2025 and 2024, and consolidated interim statement of changes in equity and cash flows for the six-month periods ended June 30, 2025 and 2024, and material accounting policy information and other selected explanatory notes, expressed in Korean won.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS) 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

We conducted our review in accordance with quarterly or semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists 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 review, nothing has come to our attention that causes us to believe the accompanying condensed consolidated interim financial statements are not presented fairly, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

**Other Matters**

We have audited the consolidated statement of financial position of the Group as at December 31, 2024, and the related consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended, not presented herein, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements in our audit report dated March 7, 2025. The consolidated statement of financial position as at December 31, 2024, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2024.

Review standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries.

August 14, 2025  
Seoul, Korea

This report is effective as of August 14, 2025, 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 there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Financial Position**  
**June 30, 2025 and December 31, 2024**

<i>(in millions of Korean won)</i>	<b>Notes</b>		<b>June 30, 2025 (Unaudited)</b>		<b>December 31, 2024</b>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	3, 5, 6	₩	8,382,552	₩	7,854,877
Trade receivables	3, 5, 7, 31		7,650,720		8,166,047
Other receivables	3, 5, 7, 31		710,394		1,117,359
Other current financial assets	3, 5, 8		82,766		219,845
Prepaid income taxes			172,971		127,219
Other current assets	13		1,841,107		1,482,773
Inventories	9		7,846,251		8,847,433
Assets held for sale	34		338,056		74
Total current assets			<u>27,024,817</u>		<u>27,815,627</u>
<b>Non-current assets</b>					
Trade receivables	3, 5, 7		183,199		392,585
Other receivables	3, 5, 7		413,501		450,535
Other non-current financial assets	3, 5, 8		1,857,333		2,439,917
Investments in associates and joint ventures	1, 10, 33		793,422		898,393
Deferred tax assets	28		3,067,662		2,865,593
Property, plant and equipment	11		56,204,734		54,570,446
Intangible assets	12		3,467,500		3,619,361
Investment properties	36		96,266		98,187
Other non-current assets	13, 16		843,570		707,118
Total non-current assets			<u>66,927,187</u>		<u>66,042,135</u>
<b>Total assets</b>		₩	<u>93,952,004</u>	₩	<u>93,857,762</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade payables	3, 5, 31	₩	3,186,917	₩	3,681,898
Other payables	3, 5, 31		6,070,811		7,024,302
Borrowings	3, 5, 14		9,585,850		7,621,059
Other current financial liabilities	3, 5, 8		537,467		352,269
Provisions	15		983,833		1,054,559
Income tax payables			57,714		184,428
Other current liabilities	17, 35		1,189,181		1,167,202
Liabilities held for sale	34		19,386		-
Total current liabilities			<u>21,631,159</u>		<u>21,085,717</u>
<b>Non-current liabilities</b>					
Other payables	3, 5		39,453		31,065
Borrowings	3, 5, 14		22,211,705		19,755,038
Other non-current financial liabilities	3, 5, 8		1,868,694		1,043,099
Provisions	15		951,933		800,168
Net defined benefit liabilities	13, 16		11,616		9,788
Deferred tax liabilities	28		342,019		432,942
Other non-current liabilities	17, 35		2,308,145		2,704,482
Total non-current liabilities			<u>27,733,565</u>		<u>24,776,582</u>
<b>Total liabilities</b>		₩	<u>49,364,724</u>	₩	<u>45,862,299</u>

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Financial Position**  
**June 30, 2025 and December 31, 2024**

<i>(in millions of Korean won)</i>	Notes	June 30, 2025 (Unaudited)	December 31, 2024
<b>Equity</b>			
Issued capital	1, 19	391,406	391,406
Capital surplus	19	11,568,870	11,568,870
Elements of other stockholders equity	21	(19,569)	(19,569)
Accumulated other comprehensive income		1,540,477	2,751,299
Retained earnings	20	17,966,051	18,592,174
<b>Equity attributable to owners of the Parent Company</b>		<b>31,447,235</b>	<b>33,284,180</b>
<b>Non-controlling interests</b>	1	<b>13,140,045</b>	<b>14,711,283</b>
<b>Total equity</b>		<b>44,587,280</b>	<b>47,995,463</b>
<b>Total liabilities and equity</b>		<b>₩ 93,952,004</b>	<b>₩ 93,857,762</b>

The above consolidated interim statements of financial position should be read in conjunction with the accompanying notes.

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Income Statements**  
**Three-month and Six-month Periods Ended June 30, 2025 and 2024**

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

	Notes	Period Ended June 30			
		2025		2024	
		(Unaudited)		(Unaudited)	
		Three months	Six months	Three months	Six months
<b>Revenue</b>	22, 31, 33, 35	₩ 11,417,711	₩ 23,538,863	₩ 12,241,915	₩ 23,798,098
<b>Cost of sales</b>	22, 23, 31	(9,517,605)	(19,618,679)	(10,389,618)	(20,062,036)
<b>Gross profit</b>		1,900,106	3,920,184	1,852,297	3,736,062
Other operating income	22	490,761	948,477	447,794	636,748
Selling and administrative expenses	22, 23, 31	(1,914,084)	(3,954,211)	(1,907,617)	(3,726,391)
<b>Operating income</b>	22, 33	476,783	914,450	392,474	646,419
Finance income	25	1,184,669	1,661,824	474,808	1,107,632
Finance costs	25	(1,429,398)	(1,878,688)	(626,174)	(1,280,111)
Losses of associates and joint ventures	10	(100,301)	(103,518)	(16,717)	(20,200)
Other non-operating income	26	288,745	565,035	232,332	559,182
Other non-operating expenses	27	(605,273)	(907,184)	(282,445)	(527,430)
<b>Profit (loss) before income tax</b>	32	(184,775)	251,919	174,278	485,492
<b>Income tax benefit (expense)</b>	28	67,751	(92,898)	(150,919)	(152,268)
<b>Profit (loss) from continuing operations</b>		₩ (117,024)	₩ 159,021	₩ 23,359	₩ 333,224
Profit (loss) from discontinued operations	34	₩ 5,139	₩ (10,536)	₩ 36,434	₩ 68,268
<b>Profit (loss)</b>		₩ (111,885)	₩ 148,485	₩ 59,793	₩ 401,492
<b>Profit (loss) is attributable to:</b>					
Owners of the Parent Company					
Loss from continuing operations		₩ (439,475)	₩ (531,368)	₩ (353,415)	₩ (248,642)
Profit (loss) from discontinued operations		5,139	(10,536)	36,554	68,506
		(434,336)	(541,904)	(316,861)	(180,136)
Non-controlling interests					
Profit from continuing operations		322,451	690,389	376,774	581,866
Profit (loss) from discontinued operations		-	-	(120)	(238)
		322,451	690,389	376,654	581,628
<b>Earnings (losses) per share for profit (loss) attributable to the owners of the Parent Company (in won)</b>	29				
Basic losses per ordinary share		₩ (5,549)	₩ (6,923)	₩ (4,048)	₩ (2,301)
Basic losses per preferred share		(5,549)	(6,923)	(4,048)	(2,301)
<b>Earnings (losses) per share for profit (loss) from continuing operations attributable to the owners of the Parent Company (in won)</b>	29				
Basic earnings losses per ordinary share		₩ (5,614)	₩ (6,788)	₩ (4,515)	₩ (3,177)
Basic earnings losses per preferred share		(5,614)	(6,788)	(4,515)	(3,177)

The above consolidated interim income statements should be read in conjunction with the accompanying notes.

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Comprehensive Income**  
**Three-month and Six-month Periods Ended June 30, 2025 and 2024**

(in millions of Korean won)

	Notes	Period Ended June 30			
		2025		2024	
		(Unaudited)		(Unaudited)	
		Three months	Six months	Three months	Six months
<b>Profit (loss)</b>		₩ (111,885)	₩ 148,485	₩ 59,793	₩ 401,492
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of net defined benefit liabilities	16	(1,016)	(532)	1,021	(29)
Profit (loss) on valuation of financial assets at fair value through other comprehensive income	8	14,149	(107,500)	(34,955)	(58,404)
Shares of remeasurements of net defined benefit liabilities of associates		-	(2)	-	-
Income tax relating to these items		(3,879)	20,995	3,883	16,454
<i>Items that may be subsequently reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations		(2,312,244)	(2,136,962)	740,935	1,565,983
Cash flow hedge		(915)	(277)	2,291	3,674
Shares of other comprehensive income of associates and joint ventures		(11,824)	5,052	19,658	36,652
Income tax relating to these items		(377)	16,291	(21,189)	(23,433)
<b>Other comprehensive income (loss) for the period, net of tax</b>		<u>(2,316,106)</u>	<u>(2,202,935)</u>	<u>711,644</u>	<u>1,540,897</u>
<b>Total comprehensive income (loss) for the period</b>		<u>₩ (2,427,991)</u>	<u>₩ (2,054,450)</u>	<u>₩ 771,437</u>	<u>₩ 1,942,389</u>
<b>Total comprehensive income (loss) for the period is attributable to:</b>					
Owners of the Parent Company		₩ (1,764,897)	₩ (1,756,433)	₩ 107,922	₩ 757,674
Non-controlling interest		(663,094)	(298,017)	663,515	1,184,715

The above consolidated interim statements of comprehensive income should be read in conjunction with the accompanying notes.



**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Changes in Equity**  
**Six-Month Periods Ended June 30, 2025 and 2024**

(in millions of Korean won)

Notes	Attributable to owners of the Parent Company						Non-controlling interests	Total equity
	Issued capital	Capital surplus	Elements of other stockholders equity	Accumulated other comprehensive income (loss)	Retained earnings	Total		
<b>Balance at January 1, 2024</b>	₩ 391,406	₩ 11,572,098	₩ (19,569)	₩ 598,038	₩ 19,650,632	₩ 32,192,605	₩ 8,745,580	₩ 40,938,185
<b>Comprehensive income</b>								
Profit (loss)	-	-	-	-	(180,136)	(180,136)	581,628	401,492
Remeasurements of net defined benefit liabilities	16	-	-	-	40	40	(99)	(59)
Exchange differences on translation of foreign operations	-	-	-	943,374	-	943,374	600,070	1,543,444
Loss on valuation of financial assets at fair value through other comprehensive income	-	-	-	(41,666)	-	(41,666)	(255)	(41,921)
Cash flow hedge	-	-	-	2,276	-	2,276	505	2,781
Others	-	-	-	33,786	-	33,786	2,866	36,652
<b>Total comprehensive income (loss) for the period</b>	-	-	-	937,770	(180,096)	757,674	1,184,715	1,942,389
<b>Transactions with owners:</b>								
Dividends	30	-	-	-	(274,347)	(274,347)	(92,953)	(367,300)
Increase in paid-in capital of a subsidiary	-	-	-	-	-	-	1,952,673	1,952,673
Others	-	-	-	-	(172)	(172)	(201,671)	(201,843)
<b>Total transactions with owners</b>	-	-	-	-	(274,519)	(274,519)	1,658,049	1,383,530
<b>Balance at June 30, 2024 (Unaudited)</b>	₩ 391,406	₩ 11,572,098	₩ (19,569)	₩ 1,535,808	₩ 19,196,017	₩ 32,675,760	₩ 11,588,344	₩ 44,264,104
<b>Balance at January 1, 2025</b>	₩ 391,406	₩ 11,568,870	₩ (19,569)	₩ 2,751,299	₩ 18,592,174	₩ 33,284,180	₩ 14,711,283	₩ 47,995,463
<b>Comprehensive income</b>								
Profit (loss)	-	-	-	-	(541,904)	(541,904)	690,389	148,485
Remeasurements of net defined benefit liabilities	16	-	-	-	(492)	(492)	134	(358)
Exchange differences on translation of foreign operations	-	-	-	(1,133,422)	-	(1,133,422)	(987,165)	(2,120,587)
Loss on valuation of financial assets at fair value through other comprehensive income	8	-	-	(85,369)	-	(85,369)	(1,309)	(86,678)
Cash flow hedge	-	-	-	(296)	-	(296)	(66)	(362)
Others	-	-	-	5,052	(2)	5,050	-	5,050
<b>Total comprehensive loss for the period</b>	-	-	-	(1,214,035)	(542,398)	(1,756,433)	(298,017)	(2,054,450)
<b>Transactions with owners:</b>								
Dividends	30	-	-	-	(78,659)	(78,659)	(147,903)	(226,562)
Increase in paid-in capital of a subsidiary	-	-	-	-	-	-	1,593,550	1,593,550
Decrease in paid-in capital of a subsidiary	-	-	-	-	-	-	(1,470,416)	(1,470,416)
Others	-	-	-	3,213	(5,066)	(1,853)	(1,248,452)	(1,250,305)
<b>Total transactions with owners</b>	-	-	-	3,213	(83,725)	(80,512)	(1,273,221)	(1,353,733)
<b>Balance at June 30, 2025 (Unaudited)</b>	₩ 391,406	₩ 11,568,870	₩ (19,569)	₩ 1,540,477	₩ 17,966,051	₩ 31,447,235	₩ 13,140,045	₩ 44,587,280

The above consolidated interim statements of changes in equity should be read in conjunction with the accompanying notes.

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Cash Flows**  
**Six-Month Periods Ended June 30, 2025 and 2024**

(in millions of Korean won)	Notes	Period Ended June 30	
		2025 (Unaudited)	2024 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations	32	₩ 4,173,386	₩ 2,515,909
Interest received		143,711	185,236
Interest paid		(579,502)	(437,375)
Dividends received		13,036	8,517
Income taxes paid		(521,129)	(328,858)
<b>Net cash inflow from operating activities</b>		<b>3,229,502</b>	<b>1,943,429</b>
<b>Cash flows from investing activities</b>			
Decrease in other receivables		430,640	239,886
Proceeds from disposal of other financial assets		65,956	9,333
Proceeds from disposal of property, plant and equipment		62,174	26,435
Proceeds from disposal of intangible assets		18,839	1,153
Government grants received		68,968	144,574
Proceeds from disposal of assets held for sale		-	616
Cash inflow from transfer of business		136,171	-
Cash inflow from settlement of derivative instruments transactions		-	4,061
Other cash inflow from investing activities		-	144
Increase in other receivables		(176,324)	(202,711)
Acquisition of investments in associates and joint ventures		(3,536)	(7,847)
Acquisition of other financial assets		(74,245)	(90,529)
Acquisition of property, plant and equipment		(7,594,043)	(7,270,759)
Acquisition of intangible assets		(87,475)	(67,660)
Cash outflow from settlement of derivative instruments transactions		-	(18,091)
<b>Net cash outflow from investing activities</b>		<b>(7,152,875)</b>	<b>(7,231,395)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		13,927,522	5,614,966
Capital contribution from non-controlling interests		1,593,550	1,952,673
Cash inflow from settlement of derivative instruments transactions		96,799	49,480
Repayments of borrowings and others		(9,152,465)	(3,987,587)
Decrease in non-controlling interests		(146,639)	-
Dividends paid		(226,562)	(367,300)
Others		(1,448,119)	(201,580)
<b>Net cash inflow from financing activities</b>		<b>4,644,086</b>	<b>3,060,652</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>720,713</b>	<b>(2,227,314)</b>
Cash equivalents included in the disposal group held for sale at the beginning of the period		-	23,877
Cash and cash equivalents at the beginning of the period		7,854,877	9,084,899
Effects of exchange rate changes on cash and cash equivalents		(193,038)	301,252
Cash equivalents included in the disposal group held for sale at the end of the period		-	(15,298)
<b>Cash and cash equivalents at the end of the period</b>		<b>₩ 8,382,552</b>	<b>₩ 7,167,416</b>

The above consolidated interim statements of cash flows should be read in conjunction with the accompanying notes.

# **LG Chem, Ltd. and Subsidiaries**

## **Notes to the Condensed Consolidated Interim Financial Statements**

### **June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

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#### **1. General Information**

General information about LG Chem, Ltd. (the Parent Company) and its 75 subsidiaries (collectively referred to as “the Group”) is as follows:

##### **1.1 The Parent Company**

The Parent Company was spun off on April 1, 2001, from LG Chem Investment Ltd. (now LG Corp., formerly LG Chemical Ltd.).

As at June 30, 2025, the Group has its manufacturing facilities in Yeosu, Daesan, Ochang, Cheongju, Naju, Iksan, Osong, Onsan, Gimcheon and overseas sites.

As at June 30, 2025, the Parent Company's capital, including the preferred issued capital of ₩38,444 million, is ₩391,406 million. The largest shareholder of the Parent Company is LG Corp., which owns 34.95% of the Parent Company's ordinary shares.

The Parent Company is authorized to issue 292 million shares of ordinary shares with par value of ₩5,000 per share. As at June 30, 2025, the Parent Company has 70,592,343 ordinary shares and 7,688,800 preferred shares issued and outstanding. Preferred shareholders have no voting rights but are entitled to receive dividends at a rate of 1% more than those paid to ordinary shareholders.

##### **1.2 Business Overview**

The Group is engaged in Petrochemicals, Energy solutions, and Advanced materials business, and also engaged in Life Sciences business acquired through a merger with LG Life Sciences, Ltd. in January 2017. In addition, the Parent Company acquired 100% shares of FarmHannong Co., Ltd., in April 2016, which is engaged to manufacture crop protection products, seeds, fertilizers and others.

The Petrochemical business includes production of olefin petrochemicals, such as ethylene, propylene, butadiene from Naphtha, and aromatic petrochemicals such as benzene. It also includes production of synthetic resin and synthetic components from olefin, and aromatic petrochemicals. This business bears characteristics of a large-volume process industry. The Group's major products are PE, PP, BPA, ABS, EP, PVC, plasticizers, acrylic, SAP, synthetic rubber, a special resin, and others.

LG Energy Solution, Ltd. which was established through the split-off of the Energy solution business from the Parent Company on December 1, 2020, and its subsidiaries mainly manufacture and supply batteries ranging from IT & New application batteries for mobile phones and laptop computers, to automotive batteries for electric vehicles and ESS (Energy Storage System) batteries. Demand of small-sized batteries for new applications such as electric tools and electric driving devices as well as traditional IT devices is increasing recently and the automotive battery business is also expected to expand rapidly due to an increasing demand of the batteries in associated with enhanced environment regulation in developed countries. Demand for ESS is expanding with an increasing importance of efficient usage of electricity and generation of renewable energy.

The advanced material business manufactures and supplies various kinds of IT materials such as automotive material, semiconductor materials, and display and battery materials such as LCD photoresist and cathode materials.

The Life Sciences business manufactures and supplies pharmaceutical products, such as human growth hormone ‘Eutropin’, diabetes drug ‘Zemiglo’, bovine somatotropin ‘Boostin’, hyaluronic acid

# LG Chem, Ltd. and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

### June 30, 2025 and 2024 (Unaudited), and December 31, 2024

filler 'YVOIRE' and others, as well as fine chemical products, such as herbicide 'PYANCHOR' for rice farming and others.

FarmHannong Co., Ltd. and its subsidiaries which were acquired by the Group in 2016 to manufacture and sell crop protection products, seeds, fertilizers and others. The crop protection business provides high value products such as environmentally-friendly pesticide. The fertilizer business leads developing next generation fertilizers such as eco-friendly organic and functional fertilizers, and potting soil. The seed business puts priority on retaining various genetic resources and developing rare breeds with high profit in order to remain competitive in a future food industry.

### 1.3 Consolidated Subsidiaries, Associates and Joint Ventures

	Percentage of ownership (%)		Business location	Closing month	Business activities
	June 30, 2025	December 31, 2024			
Consolidated subsidiaries					
LG Energy Solution, Ltd. <sup>1</sup>	82	82	Korea	December	Battery manufacturing and sales
Ningbo LG Yongxing Chemical Co., Ltd. <sup>2</sup>	75	75	China	December	ABS/SBL manufacturing and sales
Ningbo Zhenhai LG Yongxing Trade Co., Ltd. <sup>2</sup>	75	75	China	December	ABS sales
LG Chem America, Inc	100	100	USA	December	Sales and trading
LG Chemical India Pvt. Ltd. <sup>3</sup>	100	100	India	December	Synthetic resin manufacturing and sales
LG Polymers India Pvt. Ltd. <sup>3</sup>	100	100	India	December	PS manufacturing and sales
LG Chemical (Guangzhou) Engineering Plastics Co., Ltd.	100	100	China	December	EP manufacturing and sales
LG Chem (Taiwan), Ltd.	100	100	Taiwan	December	Sales and trading
Tianjin LG Bohai Chemical Co., Ltd.	75	75	China	December	PVC, VCM, EDC manufacturing and sales
Tianjin LG BOTIAN Chemical Co., Ltd.	58	58	China	December	SBS manufacturing and sales
LG Chem (China) Investment Co., Ltd. <sup>4</sup>	100	100	China	December	China holding company
LG Chem (Tianjin) Engineering Plastics Co., Ltd.	100	100	China	December	EP manufacturing and sales
LG Chem Europe GmbH	100	100	Germany	December	Sales and trading
LG Chem Poland Sp. z o.o.	100	100	Poland	December	EP manufacturing and sales
LGC Petrochemical India Private Ltd.	100	100	India	December	Synthetic resin manufacturing and sales
HAENGBOKNURI CO., LTD.	100	100	Korea	December	Facility management and general cleaning
LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.	100	100	Turkey	December	Sales and trading
LG Chem Japan Co., Ltd.	100	100	Japan	December	Sales and trading
LG NanoH2O, LLC <sup>15</sup>	100	100	USA	December	Water processing membrane sales
LG Chem (Chongqing) Engineering Plastics Co., Ltd.	100	100	China	December	EP manufacturing and sales
LG Chem(HUIZHOU) Petrochemical Co., Ltd.	70	70	China	December	ABS manufacturing and sales
LG Chem Life Sciences India Pvt. Ltd.	100	100	India	December	Pharmaceutical products sales
LG Jiansheng Chem Life Sciences (Beijing) Co., Ltd. <sup>5</sup>	100	100	China	December	Pharmaceutical products sales
LG Chem Life Sciences (Thailand) Ltd.	100	100	Thailand	December	Pharmaceutical products sales
LG Chem Hai Phong Vietnam Company Ltd.	100	100	Vietnam	December	Polarizer manufacturing and sales
LG Chem Mexico S.A. de C.V.	100	100	Mexico	December	Sales and trading
LG Chem Hai Phong engineering Plastics LLC	100	100	Vietnam	December	EP manufacturing and sales

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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	Percentage of ownership (%)		Business location	Closing month	Business activities
	June 30, 2025	December 31, 2024			
LG Chem (Guangzhou) Information & Electronics Materials Co., Ltd.	100	100	China	December	OLED manufacturing and sales
LEYOU NEW ENERGY MATERIALS(WUXI) Co., LTD.	51	51	China	December	Battery materials manufacturing and sales
LG Chem Fund I LLC <sup>6</sup>	100	100	USA	December	Investments in venture companies
Uniseal, Inc.	100	100	USA	December	Adhesive manufacturing and sales
LG Chem Life Sciences USA Inc. <sup>7, 8</sup>	100	100	USA	December	Pharmaceutical products research
LG Chem Asia Pte. Ltd.	100	100	Singapore	December	Asia BSC
LG Chem China Tech Center <sup>4</sup>	100	100	China	December	Research on petrochemicals
LG PETRONAS Chemicals Malaysia Sdn.Bhd. <sup>9</sup>	51	51	Malaysia	December	NBL manufacturing and sales
LG-HY BCM CO., LTD.	51	51	Korea	December	Battery materials manufacturing and sales
LG Chem Ohio Petrochemical, Inc.	100	100	USA	December	ABS manufacturing and sales
LG Chem VietNam Co., Ltd.	100	100	Vietnam	December	Sales and trading
LG Chem Malaysia SDN.BHD.	100	100	Malaysia	December	Sales and trading
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMICO LTDA.	100	100	Brazil	December	Sales and trading
Aveo Pharmaceuticals, Inc. <sup>8</sup>	100	100	USA	December	Anticancer drug sales and research
PT LG CHEM INDONESIA	100	100	Indonesia	December	Sales and trading
TW Biomassenergy Co., Ltd	60	60	Korea	December	Plant utility manufacturing and sales
LG Chem America Advanced Materials, Inc. <sup>10</sup>	100	100	USA	December	Battery materials manufacturing and sales
LG-Eni Biorefining Co., Ltd <sup>11</sup>	51	51	Korea	December	Bio-fuel manufacturing and sales
LG CHEM COLOMBIA S.A.S <sup>12</sup>	100	-	Colombia	December	Sales and trading
FarmHannong Co., Ltd. <sup>13</sup>	100	100	Korea	December	Agricultural pesticide manufacturing and sales
Farmhannong America, Inc. <sup>13</sup>	100	100	USA	December	Agricultural pesticide sales
FarmHannong(Thailand) Ltd. <sup>14</sup>	-	100	Thailand	December	Research and development ("R&D") on seeds
FARMHANNONG(MALAYSIA) SDN. BHD. <sup>13</sup>	100	100	Malaysia	December	Agricultural pesticide licensing
PT FARM HANNONG INDONESIA <sup>13</sup>	100	100	Indonesia	December	Agricultural pesticide licensing
FarmHannong do Brasil Limitada <sup>13</sup>	100	100	Brazil	December	Agricultural pesticide sales
LG Energy Solution (Nanjing) Co., Ltd. <sup>1</sup>	82	82	China	December	Small-battery manufacturing and sales
LG Energy Solution Michigan Inc. <sup>1</sup>	82	82	USA	December	Automotive battery research and manufacturing
LG Energy Solution Battery (Nanjing) Co., Ltd. <sup>1</sup>	82	82	China	December	Automotive battery manufacturing and sales
LG Energy Solution Wroclaw sp. z o.o. <sup>1</sup>	82	82	Poland	December	Automotive battery manufacturing and sales
LG Energy Solution Australia Pty Ltd <sup>1</sup>	82	82	Australia	December	ESS sales
LG Energy Solution Technology (Nanjing) Co., Ltd. <sup>1</sup>	82	82	China	December	Automotive battery manufacturing and sales
Ultium Cells Holdings LLC <sup>1, 24</sup>	41	41	USA	December	Automotive battery manufacturing and sales
Ultium Cells LLC <sup>1, 24</sup>	41	41	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Europe GmbH <sup>1</sup>	82	82	Germany	December	ESS sales
LG Energy Solution (Taiwan), Ltd. <sup>1</sup>	82	82	Taiwan	December	Small-storage battery sales
Aremnuri. Co. Ltd <sup>1</sup>	82	82	Korea	December	Facility management and general cleaning
LG Energy Solution Fund I LLC <sup>1</sup>	82	82	USA	December	Investments in venture companies
LG Energy Solution Vertech Inc. <sup>1</sup>	82	82	USA	December	ESS installation service

# LG Chem, Ltd. and Subsidiaries

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	Percentage of ownership (%)		Business location	Closing month	Business activities
	June 30, 2025	December 31, 2024			
LG Energy Solution Arizona, Inc. <sup>1</sup>	82	82	USA	December	Small-battery manufacturing and sales
Baterias De Castilla, S.L. <sup>1</sup>	82	82	Spain	December	Special purpose company
L-H Battery Company, Inc. <sup>1</sup>	42	42	USA	December	Automotive battery manufacturing and sales
LG Energy Solution India Private Limited <sup>1</sup>	82	82	India	December	Small-battery sales
LG Energy Solution Arizona ESS, Inc. <sup>1</sup>	82	82	USA	December	ESS Manufacturing and sales
Nextstar Energy Inc. <sup>1</sup>	42	42	Canada	December	Automotive battery manufacturing and sales
LG Energy Solution Fund II LLC <sup>1</sup>	82	82	USA	December	Investments in venture companies
HL-GA BATTERY COMPANY LLC <sup>1, 16</sup>	41	41	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Japan Co., Ltd. <sup>1, 17</sup>	82	82	Japan	December	ESS sales
PT. HLI Green Power <sup>1, 19</sup>	41	41	Indonesia	December	Automotive battery manufacturing and sales
LG Energy Solution China Co., Ltd. <sup>1, 18</sup>	82	-	China	December	Special purpose company
<b>Associates</b>					
TECHWIN Co., Ltd.	20	20	Korea	December	Environment solution and construction of chemical plant
LG Chem Life Sciences Poland Ltd. <sup>25</sup>	100	100	Poland	December	Pharmaceutical products sales
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.	49	49	China	December	Battery materials manufacturing and sales
TL Chemical CO., Ltd	40	40	Korea	December	AN manufacturing and sales
KOREA PRECURSOR CO., LTD.	49	49	Korea	December	Battery materials manufacturing and sales
Sam-a Aluminium Company, Limited <sup>1, 20</sup>	8	8	Korea	December	Aluminum sales and manufacturing
NEXPO Co., Ltd <sup>1, 20</sup>	16	16	Korea	December	Battery products manufacturing and sales
Bricks Capital Management Global Battery Private Equity Fund I <sup>1, 21</sup>	49	49	Korea	December	Collective investment scheme
Jeju Bukchon BESS Plant Co., Ltd. <sup>1, 22</sup>	8	-	Korea	December	Renewable energy services industry
<b>Joint ventures <sup>23</sup></b>					
SEETEC Co., Ltd.	50	50	Vietnam	December	DOP production and sales
LG Toray Hungary Battery Separator Kft.	50	50	Hungary	December	Plant utility and distribution, research assistance service

<sup>1</sup> As at June 30, 2025, LG Energy Solution, Ltd. owns shares in subsidiaries, associates and joint ventures, such as LG Energy Solution (Nanjing) Co., Ltd. and others, and the Group has stated the shares of those companies as effective share ratio.

<sup>2</sup> As at June 30, 2025, Ningbo LG Yongxing Chemical Co., Ltd. owns 100% of Ningbo Zhenhai LG Yongxing Trade Co.'s shares.

<sup>3</sup> As at June 30, 2025, LG Chemical India Pvt. Ltd. owns 100% of LG Polymers India Pvt. Ltd.'s shares.

<sup>4</sup> As at June 30, 2025, LG Chem (China) Investment Co., Ltd. owns 100% of LG Chem China Tech Center's shares.

<sup>5</sup> During the year ended December 31, 2024, the Group acquired ₩ 2,499 million of additional interest of LG Jiansheng Life Sciences (Beijing) Co., Ltd. and the ownership ratio has increased to 100%.

<sup>6</sup> During the six-month period ended June 30, 2025, the Group additionally acquired shares of LG CHEM FUND I LLC for ₩ 1,673 million.

<sup>7</sup> During the year ended December 31, 2024, LG Chem Life Science Innovation Center, Inc. changed its name to LG Chem Life Sciences USA Inc.

<sup>8</sup> As at June 30, 2025, LG Chem Life Sciences USA Inc. owns 100% of the shares of Aveo Pharmaceuticals, Inc.

<sup>9</sup> During the six-month period ended June 30, 2025, the Group additionally acquired shares of LG PETRONAS Chemicals Malaysia Sdn.Bhd. for ₩ 27,111 million.

## LG Chem, Ltd. and Subsidiaries

### Notes to the Condensed Consolidated Interim Financial Statements

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- <sup>10</sup> During the year ended December 31, 2024, LG Chem America Advanced Materials, Inc. was established, and during the six-month period ended June 30, 2025, the Group has additionally acquired shares for ₩ 575,940 million.
- <sup>11</sup> During the year ended December 31, 2024, LG-Eni Biorefining Co., Ltd was established, and during the six-month period ended June 30, 2025, the Group has additionally acquired shares for ₩ 34,323 million.
- <sup>12</sup> During the six-month period ended June 30, 2025, LG CHEM COLOMBIA S.A.S was established, and the Group has newly acquired a 100 % interest for ₩ 154 million.
- <sup>13</sup> As at June 30, 2025, FarmHannong Co., Ltd. owns 100% of Farmhannong America, Inc., FARMHANNONG(MALAYSIA) SDN.BHD., PT FARM HANNONG INDONESIA and FarmHannong do Brasil Limitada's shares.
- <sup>14</sup> During the six-month period ended June 30, 2025, FarmHannong(Thailand) Ltd. was liquidated.
- <sup>15</sup> During the six-month period ended June 30, 2025, the Group decided to dispose all shares of LG NanoH2O, Inc. As a result, the related assets and liabilities were classified as assets held for sale.
- <sup>16</sup> Although the Group has less than a majority ownership interest in HL-GA Battery Company LLC, it is considered to have control over HL-GA Battery Company LLC as the Group can exercise the majority voting rights in its decision-making process and has the ability to use power to affect the returns of the investee through its involvement in the production and cost management and other activities in accordance with the shareholders' agreement.
- <sup>17</sup> During the year ended December 31, 2024, LG Energy Solution Japan Co., Ltd. was established, and LG Energy Solution has newly acquired a 100% interest for ₩ 535 million.
- <sup>18</sup> During the six-month period ended June 30, 2025, LG Energy Solution China Co., Ltd. was established, and LG Energy Solution has newly acquired a 100% interest for ₩ 14,174 million.
- <sup>19</sup> During the year ended December 31, 2024, PT. HLI Green Power was newly included in the consolidation. Although the Group's ownership is less than a majority ownership interest, it is considered to have control as the Group can exercise the majority voting rights in its decision-making process and has the ability to use power to affect the returns of the investee through its involvement in the production and cost management and other activities in accordance with the shareholder's agreement.
- <sup>20</sup> Although the ownership interest is less than 20%, the Group can participate in its decision-making process in accordance with the shareholders' agreement. Therefore, it is determined to have a significant influence.
- <sup>21</sup> Although the Group's ownership interest in the limited partnership is more than 50%, since the consent of all equity participants is required for major decisions, the Group determine that the Group has not control over the limited partnership and has classified it as an associate.
- <sup>22</sup> During the six-month period ended June 30, 2025, LG Energy Solution has newly acquired a 10% interest in Jeju Bukchon BESS Plant Co., Ltd. for ₩ 900 million. Although the Group's ownership interest in Jeju Bukchon BESS Plant Co.,Ltd. is less than 20%, the Group has a significant influence since the Group can participate in its decision-making process in accordance with shareholder's agreement.
- <sup>23</sup> All joint arrangements over which the Group has joint control are classified as a joint venture since the joint arrangements are structured through a separate vehicle and the parties have rights to the net assets of the arrangement.
- <sup>24</sup> Although the Group's ownership stake in Ultium Cells LLC and Ultium Cells Holdings LLC is less than a majority, it is considered to have the control. This is because it can exercise the majority voting rights in its decision-making process and the ability to use power to affect the returns of the investee through its involvement in the production and cost management and other activities in accordance with the shareholders' agreement.
- <sup>25</sup> Classified as an investment in associate due to its small size.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

### June 30, 2025 and 2024 (Unaudited), and December 31, 2024

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#### 1.4 Changes in Scope for Consolidation

Subsidiaries newly included in the consolidation for the six-month period ended June 30, 2025, are as follows:

Subsidiary	Reason
LG CHEM COLOMBIA S.A.S	Newly established
LG Energy Solution China Co., Ltd.	Newly established

A subsidiary excluded from the consolidation for the six-month period ended June 30, 2025, is as follows:

Subsidiary	Reason
FarmHannong(Thailand) Ltd.	Liquidated

## 2. Material Accounting Policies

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

### 2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying condensed consolidated interim financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The Group's condensed consolidated interim financial statements for the six-month period ended June 30, 2025, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. Therefore, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements as at December 31, 2024.

#### 2.1.1 New and amended standards and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2025.

*(a) Amendments to Korean IFRS 1021 The Effects of Changes in Foreign Exchange Rates and 1101 First-time Adoption of International Financial Reporting Standards – Lack of Exchangeability*

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments do not have a significant impact on the financial statements.

#### 2.1.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations had been issued but were not mandatory for annual reporting periods ending on December 31, 2025.



# LG Chem, Ltd. and Subsidiaries

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### June 30, 2025 and 2024 (Unaudited), and December 31, 2024

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#### *(a) Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1107 Financial Instruments: Disclosures*

Korean IFRS 1109 Financial Instruments and Korean IFRS 1107 Financial Instruments: Disclosures have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instruments if the timing or amount of contractual cash flow changes due to amendment of contract term; and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

#### *(b) Annual Improvements to Korean IFRS -Volume 11*

Annual Improvements to Korean IFRS -Volume 11 should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group does not expect the amendments to have a significant impact on the financial statements.

- Korean IFRS 1101 *First-time Adoption of International Financial Reporting Standards: Hedge accounting by a first-time adopter*
- Korean IFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition and implementation guidance*
- Korean IFRS 1109 *Financial Instruments: Derecognition of lease liabilities and definition of transaction price*
- Korean IFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
- Korean IFRS 1007 *Statement of Cash Flows: Cost method*

## **2.2 Income Tax Expense**

Income tax expense for the interim period is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate is applied to the pre-tax income.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

### June 30, 2025 and 2024 (Unaudited), and December 31, 2024

The Group is within the scope of the Pillar Two model rules. The Group recognized an additional income tax expenses in relation to the rules and applied the exception to recognizing and disclosing information about deferred tax and assets and liabilities related to Pillar Two income Taxes.

### 3. Financial Risk Management

#### 3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's finance team under policies approved by the Corporate Management Committee. The finance team identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Corporate Management Committee reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, investment of excess liquidity.

#### *(a) Market risk*

##### *Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The Group manages maximum loss for currency risk exposures within acceptable range by using currency risk management model and hires employees who are exclusively responsible for currency risk management. This foreign exchange exposure is primarily managed through borrowings and other financial instruments denominated in the relevant foreign currency.

As at June 30, 2025 and December 31, 2024, the Group's monetary assets and liabilities denominated in currencies other than its functional currency, are as follows:

	<i>(in millions of Korean won)</i>							
	June 30, 2025		December 31, 2024					
	Assets		Liabilities		Assets		Liabilities	
USD	₩	5,456,307	₩	16,130,112	₩	6,798,800	₩	14,238,401
EUR		542,376		3,640,793		569,793		3,784,316
JPY		56,966		63,058		61,091		170,608
CNY and others		494,127		97,134		54,780		122,784

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As at June 30, 2025 and December 31, 2024, if the Group's functional currency had weakened / strengthened by 10% against the US dollar and other currencies with all other variables held constant, profit before income tax would have been affected as follows:

	<b>June 30, 2025</b>				<b>December 31, 2024</b>			
	<b>10% Increase</b>		<b>10% Decrease</b>		<b>10% Increase</b>		<b>10% Decrease</b>	
(in millions of Korean won)								
USD	₩	(990,509)	₩	990,509	₩	(654,208)	₩	654,208
EUR		(274,388)		274,388		(293,859)		293,859
JPY		(609)		609		(10,874)		10,874
CNY and others		40,031		(40,031)		20,569		(20,569)

The above sensitivity analysis has been performed for monetary assets and liabilities denominated in foreign currencies other than the Group's functional currency at the reporting date.

As at June 30, 2025 and December 31, 2024, the Group entered into foreign currency forward and currency swap contracts to manage risk from changes in exchange rates and the details are as follows:

(in millions of Korean won and in millions of US dollars)

		<b>June 30, 2025</b>						
	<b>Contractor</b>	<b>Contract amount</b>	<b>Contract exchange rate</b>	<b>Contract inception date</b>	<b>Contract maturity</b>	<b>Book amount</b>		
						<b>Assets</b>		<b>Liabilities</b>
Currency Forward	JP Morgan	USD 387	1,362.06	2025.6.17	2025.7.17	₩	-	₩ 5,147
	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.4.16		83,307	-
Currency swap	KDB	USD 35	1,135.60	2021.6.24	2026.6.24		8,345	-
	Shinhan Bank	USD 300	1,131.80	2021.7.7	2026.7.7		58,962	-
	Woori Bank	USD 100	1,131.80	2021.7.7	2026.7.7		19,791	-
	Industrial and Commercial Bank of China	USD 100	1,131.80	2021.7.7	2026.7.7		19,856	-
	Shinhan Bank	USD 100	1,131.80	2021.7.7	2031.7.7		12,364	-
	Woori Bank	USD 200	1,131.80	2021.7.7	2031.7.7		25,266	-
	KDB	USD 200	1,131.80	2021.7.7	2031.7.7		25,312	-
	Shinhan Bank	USD 110	1,289.70	2022.6.15	2027.6.15		5,919	-
	The Export-Import Bank of Korea	USD 200	1,305.90	2022.7.14	2025.7.14		11,137	-
	Shinhan Bank	USD 100	1,305.90	2022.7.14	2025.7.14		5,520	-
	Shinhan Bank	USD 100	1,233.40	2023.1.26	2026.1.26		12,114	-
	KDB	USD 100	1,233.40	2023.1.26	2026.1.26		12,198	-
	JP Morgan	USD 200	1,337.60	2023.9.25	2026.9.25		1,365	-
	Shinhan Bank	USD 200	1,337.60	2023.9.25	2026.9.25		2,643	-
	KDB	USD 400	1,337.60	2023.9.25	2028.9.25		-	2,570
	Woori Bank	USD 200	1,337.60	2023.9.25	2028.9.25		-	1,272

**LG Chem, Ltd. and Subsidiaries**  
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(in millions of Korean won and in millions of US dollars)

June 30, 2025						
Contractor	Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Book amount	
					Assets	Liabilities
DBS	USD 200	1,380.80	2024.7.2	2027.7.2	-	4,110
JP Morgan	USD 200	1,380.80	2024.7.2	2027.7.2	-	5,110
Shinhan Bank	USD 300	1,380.80	2024.7.2	2027.7.2	-	5,563
KB Kookmin Bank	USD 200	1,380.80	2024.7.2	2029.7.2	-	5,917
Woori Bank	USD 200	1,380.80	2024.7.2	2029.7.2	-	5,842
The Export-Import Bank of Korea	USD 200	1,380.80	2024.7.2	2029.7.2	-	5,820
IBK	USD 100	1,380.80	2024.7.2	2029.7.2	-	3,027
KDB	USD 100	1,380.80	2024.7.2	2029.7.2	-	2,982
KDB	USD 400	1,380.80	2024.7.2	2034.7.2	-	35,715
Woori Bank	USD 100	1,380.80	2024.7.2	2034.7.2	-	8,925
KEB HANA Bank	USD 200	1,471.70	2025.4.2	2028.4.2	-	23,222
JP Morgan	USD 100	1,471.70	2025.4.2	2028.4.2	-	12,481
SMBC	USD 100	1,471.70	2025.4.2	2028.4.2	-	11,653
Shinhan Bank	USD 200	1,471.70	2025.4.2	2030.4.2	-	27,706
Woori Bank	USD 100	1,471.70	2025.4.2	2030.4.2	-	13,830
KDB	USD 500	1,471.70	2025.4.2	2030.4.2	-	60,391
Shinhan Bank	USD 100	1,471.70	2025.4.2	2030.4.2	-	12,166
Woori Bank	USD 200	1,471.70	2025.4.2	2035.4.2	-	33,441
HANWHA INVESTMENT & SECURITIES	USD 200	1,471.70	2025.4.2	2035.4.2	-	33,435
KEB HANA Bank	USD 100	1,471.70	2025.4.2	2035.4.2	-	16,813
KB Kookmin Bank	USD 100	1,471.70	2025.4.2	2035.4.2	-	16,949
Credit Agricole	USD 50	1,471.70	2025.4.2	2035.4.2	-	8,565
KDB	USD 50	1,471.70	2025.4.2	2035.4.2	-	8,363

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(in millions of Korean won and in millions of US dollars)

December 31, 2024									
	Contractor	Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Book amount			
						Assets	Liabilities		
Currency Forward Currency swap	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.4.16	₩ 118,088	₩		-
	KDB	USD 130	1,135.60	2021.6.24	2025.6.24	45,025			-
	KDB	USD 35	1,135.60	2021.6.24	2026.6.24	12,891			-
	Shinhan Bank	USD 300	1,131.80	2021.7.7	2026.7.7	88,419			-
	Woori Bank	USD 100	1,131.80	2021.7.7	2026.7.7	29,589			-
	Industrial and Commercial Bank of China	USD 100	1,131.80	2021.7.7	2026.7.7	29,778			-
	Shinhan Bank	USD 100	1,131.80	2021.7.7	2031.7.7	20,241			-
	Woori Bank	USD 200	1,131.80	2021.7.7	2031.7.7	40,936			-
	KDB	USD 200	1,131.80	2021.7.7	2031.7.7	41,000			-
	KDB	USD 250	1,289.70	2022.6.15	2025.6.15	45,444			-
	Shinhan Bank	USD 110	1,289.70	2022.6.15	2027.6.15	18,916			-
	The Export-Import Bank of Korea	USD 200	1,305.90	2022.7.14	2025.7.14	32,848			-
	Shinhan Bank	USD 100	1,305.90	2022.7.14	2025.7.14	16,492			-
	KDB	USD 200	1,233.40	2023.1.26	2025.1.26	48,769			-
	Shinhan Bank	USD 100	1,233.40	2023.1.26	2026.1.26	23,807			-
	KDB	USD 100	1,233.40	2023.1.26	2026.1.26	23,928			-
	JP Morgan	USD 200	1,337.60	2023.9.25	2026.9.25	26,287			-
	Shinhan Bank	USD 200	1,337.60	2023.9.25	2026.9.25	25,771			-
	KDB	USD 400	1,337.60	2023.9.25	2028.9.25	39,389			-
	Woori Bank	USD 200	1,337.60	2023.9.25	2028.9.25	19,699			-
	DBS	USD 200	1,380.80	2024.7.2	2027.7.2	19,530			-
	JP Morgan	USD 200	1,380.80	2024.7.2	2027.7.2	19,639			-
	Shinhan Bank	USD 300	1,380.80	2024.7.2	2027.7.2	28,677			-
	KB Kookmin Bank	USD 200	1,380.80	2024.7.2	2029.7.2	15,143			-
	Woori Bank	USD 200	1,380.80	2024.7.2	2029.7.2	15,142			-
	The Export-Import Bank of Korea	USD 200	1,380.80	2024.7.2	2029.7.2	15,113			-
	IBK	USD 100	1,380.80	2024.7.2	2029.7.2	7,482			-
	KDB	USD 100	1,380.80	2024.7.2	2029.7.2	7,507			-
	KDB	USD 400	1,380.80	2024.7.2	2034.7.2	10,243			-
	Woori Bank	USD 100	1,380.80	2024.7.2	2034.7.2	2,566			-

# LG Chem, Ltd. and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

### June 30, 2025 and 2024 (Unaudited), and December 31, 2024

#### Price risk

The Group is exposed to equity securities price risk arises from investments held by the Group and classified in the consolidated interim statement of financial position as non-current financial assets. The Group's equity investments are publicly traded and are related to the NASDAQ (National Association of Securities Dealers Automated Quotations), NYSE (New York Stock Exchange), SZSE (Shenzhen Stock Exchange), HSI (Hang Seng Index), ASX (Australian Stock Exchange) and KOSPI index.

The table below summarizes the impact of increases/decreases of the listed stock price index on the Group's equity before tax effects as at June 30, 2025 and December 31, 2024. The analysis is based on the assumption that the equity index has increased/decreased by 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the index.

	<i>(in millions of Korean won)</i>							
	June 30, 2025		December 31, 2024					
	10% Increase	10% Decrease	10% Increase	10% Decrease				
NASDAQ	₩ 11,484	₩ (11,484)	₩ 15,609	₩ (15,609)				
ASX	44	(44)	885	(885)				
NYSE	3	(3)	236	(236)				
SZSE	6,603	(6,603)	6,943	(6,943)				
HSI	7,098	(7,098)	6,427	(6,427)				
KOSPI	27,835	(27,835)	32,615	(32,615)				
<b>Total</b>	<b>₩ 53,067</b>	<b>₩ (53,067)</b>	<b>₩ 62,715</b>	<b>₩ (62,715)</b>				

#### Interest rate risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises through floating rate deposits and borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty in interest rates fluctuations and net interest expense.

The Group adequately minimizes risks from interest rate fluctuations through various policies, such as sharing excess cash within the Group (internal cash sharing) to minimize external borrowings, avoiding high rate borrowings, reforming capital structure, managing an appropriate ratio of fixed rate borrowings and floating rate borrowings, monitoring a fluctuation of domestic and foreign interest rates daily, weekly and monthly, establishing alternatives, and balancing floating rate short-term borrowings with floating rate deposits.

The table below summarizes the impact of increases/decreases of interest rate on the Group's interest income from deposits and interest expense on variable interest rate borrowings for the six-month periods ended June 30, 2025 and 2024. The analysis is based on the assumption that the interest rate has increased/decreased by 1% (100 basis points) with all other variables held constant.

	<i>(in millions of Korean won)</i>							
	June 30, 2025		June 30, 2024					
	1%p Increase	1%p Decrease	1%p Increase	1%p Decrease				
Interest income	₩ 9,649	₩ (9,649)	₩ 16,415	₩ (16,415)				
Interest expense	(35,399)	35,399	(28,300)	23,300				

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The deposits exposed to the above interest rate risk are held for the purpose of meeting the short-term demand for cash as it is easily convertible to a determined amount of cash.

Also, the above borrowings are variable interest rate borrowings from KDB Bank and others, and the Group has entered into a currency interest rate swap contract amounting to USD 345 million (equivalent to ₩ 467,958 million) to hedge interest rate risk of variable interest rate borrowings.

*(b) Credit risk*

Credit risk arises from trade receivables and contract assets that the Group holds, as well as debt instruments at amortized cost.

*Trade receivables and contract assets*

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at June 30, 2025, is as follows. Expected credit losses include forward-looking information.

*(in millions of Korean won)*

(in millions of Korean won)		Receivables					
	Receivables not past due <sup>1</sup>		past due but not impaired <sup>1</sup>		Impaired receivables <sup>2</sup>		Total
<b>June 30, 2025</b>							
Gross carrying amount— trade receivables	₩	7,279,243	₩	556,060	₩	1,477	₩ 7,836,780
Gross carrying amount – contract assets		45,124		-		-	45,124
Expected loss rate		0.0%		0.0%		80.0%	0.0%
Loss allowance provision	₩	1,659	₩	20	₩	1,181	₩ 2,860
<b>December 31, 2024</b>							
Gross carrying amount— trade receivables	₩	8,352,072	₩	207,352	₩	1,643	₩ 8,561,067
Gross carrying amount – contract assets		77,237		-		-	77,237
Expected loss rate		0.0%		0.3%		34.7%	0.0%
Loss allowance provision	₩	1,270	₩	594	₩	571	₩ 2,435

<sup>1</sup> Note 7.(3) for aging analysis.

<sup>2</sup> Impaired receivables are those for which impairment indicators have been confirmed, such as significant lack of collectability.

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Movements in the loss allowance provision for trade receivables and contract assets for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

(in millions of Korean won)

	<b>Trade receivables &amp; contract assets</b>			
	<b>June 30, 2025</b>		<b>December 31, 2024</b>	
<b>Beginning balance</b>	₩	2,435	₩	2,810
Transfer to assets held for sale (Note 34)		(19)		-
Reversal of loss allowance recognized in profit or loss		1,150		(262)
Receivables written off as uncollectible		(607)		(119)
Exchange differences		(99)		6
<b>Ending balance</b>	₩	2,860	₩	2,435

As at June 30, 2025, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩ 7,833,919 million (December 31, 2024: ₩ 8,558,632 million), and the carrying amount of contract assets amounts to ₩ 45,124 million (December 31, 2024: ₩ 77,237 million).

*Other financial assets at amortized cost*

Other financial assets at amortized cost include other receivables, other non-current receivables and others. Movements in loss allowance provision for other financial assets at amortized cost for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

(in millions of Korean won)

	<b>Other receivables</b>			
	<b>June 30, 2025</b>		<b>December 31, 2024</b>	
<b>Beginning balance</b>	₩	628	₩	628
Reversal of loss allowance recognized in profit or loss		-		-
Receivables written off as uncollectible		-		-
<b>Ending balance</b>	₩	628	₩	628

All of the financial assets at amortized costs are considered to have low credit risk, and the loss allowance recognized during the period was, therefore, limited to 12 months expected losses.

The Group has established the following policies and procedures to manage credit risks.

To manage credit risks relating to trade receivables, the Group evaluates the credit rating of customers and determines credit limit for each customer based on the information provided by credit rating agencies and other available financial information before commencing business with new customers. The credit risks relating to trade receivables are also mitigated by insurance contracts, collateral as well as payment guarantees.

The Group has entered into export bond insurance contracts with Korea Trade Insurance Corporation to mitigate credit risks relating to export trade receivables to overseas customers. The Group is also provided with collateral by customers depending on their credit rating or payment guarantees from the customers' financial institutions if necessary.



# LG Chem, Ltd. and Subsidiaries

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### June 30, 2025 and 2024 (Unaudited), and December 31, 2024

The Group has deposited its cash and cash equivalents and other long-term deposits in several financial institutions, such as Woori Bank and others. The Group has also entered into derivative contract with several financial institutions. The Group maintains business relationship with those financial institutions with high credit ratings evaluated by independent credit rating agencies and accordingly, credit risks associated with these financial institutions are limited.

#### (c) Liquidity risk

Finance team of the Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. When predicting liquidity, considerations are taken into account from external regulations or legal requirements such as funding plans of consolidation units, compliance with agreements, internal target financial ratios within consolidation units, and restrictions related to currency.

The Group entered into supplier finance arrangements with financial institutions. These financial institutions are in a sound financial position, and the Group does not face significant liquidity risk concentration with these institutions.

The table below categorizes the financial liabilities of consolidation units based on the remaining period from the end of the reporting period to the contract maturity date. The cash flows presented in the table are amounts not discounted as present value and include the cash flows related to interest expenses.

(in millions of Korean won)

	June 30, 2025			
	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Non-derivative financial instruments				
Borrowings (excluding lease liabilities)	₩ 11,208,807	₩ 5,363,424	₩ 15,299,048	₩ 4,231,991
Lease liabilities	150,759	107,426	222,205	518,242
Trade and other payables <sup>1</sup>	9,257,728	34,323	5,060	70
	<u>20,617,294</u>	<u>5,505,173</u>	<u>15,526,313</u>	<u>4,750,303</u>
Derivative instruments				
Gross settlement				
currency forwards and swaps				
(Inflows)	(1,378,240)	(1,319,033)	(5,338,282)	(2,330,041)
Outflows	1,315,484	1,190,468	5,376,706	2,305,581
	<u>(62,756)</u>	<u>(128,565)</u>	<u>38,424</u>	<u>(24,460)</u>
	<u>₩ 20,554,538</u>	<u>₩ 5,376,608</u>	<u>₩ 15,564,737</u>	<u>₩ 4,725,843</u>

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(in millions of Korean won)

	December 31, 2024			
	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Non-derivative financial instruments				
Borrowings (excluding lease liabilities)	₩ 9,026,717	₩ 5,876,892	₩ 11,409,419	₩ 4,151,696
Lease liabilities	177,509	154,278	188,741	532,812
Trade and other payables <sup>1</sup>	10,706,201	19,829	11,109	128
	<u>19,910,427</u>	<u>6,050,999</u>	<u>11,609,269</u>	<u>4,684,636</u>
Derivative instruments				
Gross settlement currency forwards and swaps				
(Inflows)	(1,427,569)	(1,787,930)	(3,915,846)	(1,504,913)
Outflows	<u>1,204,261</u>	<u>1,485,061</u>	<u>3,499,596</u>	<u>1,281,824</u>
	<u>(223,308)</u>	<u>(302,869)</u>	<u>(416,250)</u>	<u>(223,089)</u>
	<u>₩ 19,687,119</u>	<u>₩ 5,748,130</u>	<u>₩ 11,193,019</u>	<u>₩ 4,461,547</u>

<sup>1</sup> As at June 30, 2025, there was no amount with extended actual maturity paid by reverse factoring arrangement. There was no balance of reverse factoring arrangement as at June 30, 2025 and December 31, 2024.

Although not included in the above cash flow, the agreement is made to purchase additional shares of LG Toray Hungary Battery Separator Kft. in accordance with the agreed price calculation method (Note 18). Additionally, for the year ended December 31, 2024, the Group issued exchangeable bonds that allow issuers and investors to exercise their early redemption rights (Note 14).

As at June 30, 2025 and December 31, 2024, the Group has entered into swap contracts for which cash flow hedge accounting is applied, to avoid market price fluctuation of raw materials.

(in millions of Korean won)

	Purpose of the contracts	Hedged items	Financial institution	Maturity	June 30, 2025		December 31, 2024	
					Assets	Liabilities	Assets	Liabilities
Merchandise (raw materials) swap <sup>1</sup>	Cash flow hedge	Non-ferrous metal	Citi Bank and others	2027.12	₩ 331	₩ 1,437	₩ 64	₩ 1,594

<sup>1</sup> Gain (loss) resulting from the contracts to avoid cash flow fluctuation risk of expected future transaction is accounted for as accumulated other comprehensive income, which corresponds to an effective portion of the hedges.

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**3.2 Capital Risk Management**

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so the Group can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratio and debt-to-equity ratio as at June 30, 2025 and December 31, 2024, were as follows:

<i>(in millions of Korean won, except for ratios)</i>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Total borrowings (Note 14) (A)	₩ 31,797,555	₩ 27,376,097
Less: cash and cash equivalents (B)	(8,382,552)	(7,854,877)
Net debt (C=A+B)	23,415,003	19,521,220
Total liabilities (D)	49,364,724	45,862,299
Total equity (E)	44,587,280	47,995,463
Total capital (F=C+E)	68,002,283	67,516,683
Gearing ratio (C/F)	34.4%	28.9%
Debt-to-equity ratio (D/E)	110.7%	95.6%

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**3.3 Fair Value**

Carrying amount and fair value of financial instruments by category as at June 30, 2025 and December 31, 2024, are as follows:

(in millions of Korean won)

	June 30, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets (current)</b>				
Cash and cash equivalents	₩ 8,382,552	1	₩ 7,854,877	1
Deposits held by financial institutions	2,770	1	213,473	1
Trade receivables	7,650,720	1	8,166,047	1
Other receivables (excluding deposits held by financial institutions)	707,624	1	903,886	1
Other current financial assets				
Current derivative financial assets (currency forward)	251	251	42	42
Current derivative financial assets (excluding currency forward)	49,314	49,314	188,578	188,578
Current derivative financial assets (currency swap)	28,812	28,812	31,225	31,225
Current derivative financial assets (purchase of interests)	4,389	1	-	-
<b>Financial assets (non-current)</b>				
Deposits held by financial institutions	272,149	1	272,457	1
Trade receivables	183,199	1	392,585	1
Other receivables (excluding deposits held by financial institutions)	141,352	1	178,078	1
Other non-current financial assets				
Marketable financial assets (excluding derivative financial assets)	544,557	544,557	677,742	677,742
Non-marketable financial assets <sup>3</sup>	1,027,745	1,027,745	1,031,232	1,031,232
Non-current derivative financial assets (currency forward)	83,307	83,307	118,088	118,088
Non-current derivative financial assets (excluding currency forward)	1,513	1,513	22	22
Non-current derivative financial assets (currency swap)	171,477	171,477	581,692	581,692
Non-current derivative financial assets (purchase of interests)	28,734	28,734	31,141	31,141
<b>Financial liabilities (current)</b>				
Trade and other payables	9,257,728	1	10,706,200	1
Current borrowings (excluding lease liabilities/ exchangeable bond)	6,895,647	1	5,018,619	1
Current borrowings (exchangeable bond)	2,568,392	2,927,719	2,461,344	2,532,310
Current lease liabilities	121,811	2	141,096	2
<b>Other current financial liabilities</b>				
Current derivative financial liabilities (currency forward)	5,147	5,147	-	-

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(in millions of Korean won)

	June 30, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Current derivative financial liabilities (excluding currency forward)	1,059	1,059	1,159	1,159
Current derivative financial liabilities (right of exchange/option)	531,260	531,260	351,110	351,110
<b>Financial liabilities (non-current)</b>				
Non-current borrowings (excluding lease liabilities)	21,516,809	22,701,076	18,981,381	19,352,223
Non-current lease liabilities	694,896	<sup>2</sup>	773,657	<sup>2</sup>
Other non-current payables	39,453	<sup>1</sup>	31,065	<sup>1</sup>
<b>Other non-current financial liabilities</b>				
Non-current derivative financial liabilities (excluding currency forward)	378	378	435	435
Non-current derivative financial liabilities (currency swap)	365,867	365,867	-	-
Financial liabilities at amortized cost	1,463,267	<sup>1</sup>	1,000,200	<sup>1</sup>
Non-current derivative financial liabilities (purchase of interests)	39,182	39,182	42,464	42,464

<sup>1</sup> These financial assets and liabilities are not included in the disclosure above as their carrying amount is a reasonable approximation of the fair value.

<sup>2</sup> Fair values for these financial assets and liabilities are not disclosed above in accordance with related Korean IFRS.

<sup>3</sup> Including some unmarketable financial assets for which acquisition cost is used as the best estimate of fair value.

Fair value for measurement and disclosure are determined based on the following method:

The fair value of financial liabilities was calculated by applying the following discount rate to the nominal value of expected future outflow cash flows.

Discount rate	June 30, 2025	December 31, 2024	Remark
Non-current borrowings (excluding lease liabilities/exchangeable bond)	2.51% ~ 4.32%	3.07% ~ 4.12%	Yield of won debenture with credit rating (AA+) and others
Current borrowings (Exchangeable Bond)	4.38% / 4.47% / 4.65%	5.04% / 5.20%	Yield of foreign currency debenture equal to the maturity of the evaluation target

*Fair value hierarchy*

Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).

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- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy of the financial instruments that are either measured at fair value or their fair values are disclosed for as at June 30, 2025 and December 31, 2024, are as follows:

(in millions of Korean won)

	June 30, 2025			
	Level 1	Level 2	Level 3	Total
<b>Financial assets/liabilities measured at fair value</b>				
Other non-current financial assets (marketable financial assets)	₩ 544,557	₩ -	₩ -	544,557
Other non-current financial assets (non-marketable financial assets) <sup>1</sup>	-	-	1,027,745	1,027,745
Current derivative financial assets (excluding currency forward)	-	251	-	251
Current derivative financial assets (currency swap)	-	49,314	-	49,314
Current derivative financial assets (purchase of interests)	-	-	28,812	28,812
Non-current derivative financial assets (currency forward)	-	83,307	-	83,307
Non-current derivative financial assets (excluding currency forward)	-	1,513	-	1,513
Non-current derivative financial assets (currency swap)	-	171,477	-	171,477
Non-current derivative financial assets (put- option)	-	-	28,734	28,734
Current derivative financial liabilities (currency forward)	-	5,147	-	5,147
Current derivative financial liabilities (excluding currency forward)	-	1,059	-	1,059
Current derivative financial liabilities (right of exchange/option)	-	-	531,260	531,260
Non-current derivative financial liabilities (excluding currency forward)	-	378	-	378
Non-current derivative financial liabilities (currency swap)	-	365,867	-	365,867
Non-current derivative financial liabilities (purchase of interests)	-	-	39,182	39,182
<b>Financial assets/liabilities not measured at fair value</b>				
Current borrowings (exchangeable bond)	-	-	2,927,719	2,927,719
Non-current borrowings (excluding lease liabilities)	-	-	22,701,076	22,701,076

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	December 31, 2024			
	Level 1	Level 2	Level 3	Total
<b>Financial assets/liabilities measured at fair value</b>				
Other non-current financial assets (marketable financial assets)	₩ 677,742	₩ -	₩ -	₩ 677,742
Other non-current financial assets (non-marketable financial assets) <sup>1</sup>	-	-	1,031,232	1,031,232
Current derivative financial assets (excluding currency forward)	-	42	-	42
Current derivative financial assets (currency swap)	-	188,578	-	188,578
Current derivative financial assets (purchase of interests)	-	-	31,225	31,225
Non-current derivative financial assets (currency forward)	-	118,088	-	118,088
Non-current derivative financial assets (excluding currency forward)	-	22	-	22
Non-current derivative financial assets (currency swap)	-	581,692	-	581,692
Non-current derivative financial assets (put- option)	-	-	31,141	31,141
Current derivative financial liabilities (excluding currency forward)	-	1,159	-	1,159
Current derivative financial liabilities (right of exchange/option)	-	-	351,110	351,110
Non-current derivative financial liabilities (excluding currency forward)	-	435	-	435
Non-current derivative financial liabilities (purchase of interests)	-	-	42,464	42,464
<b>Financial assets/liabilities not measured at fair value</b>				
Current borrowings (exchangeable bond)	-	-	2,532,310	2,532,310
Non-current borrowings (excluding lease liabilities)	-	-	19,352,223	19,352,223

<sup>1</sup> Acquisition costs of a part of these financial assets approximate their fair values. For fair values measured by using other methods, see Valuation technique and the inputs.

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*Valuation technique and the inputs*

Valuation techniques and inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy as at June 30, 2025 and December 31, 2024, are as follows:

(in millions of Korean won)

(in millions of Korean won)	June 30, 2025					
	Fair value		Level	Valuation Technique	Inputs	Coverage of Level 3 inputs
Current derivative financial assets (purchase of interests)	₩	28,812	3	Monte Carlo Simulation	Stock volatility of underlying assets	47.76%
					Stock price correlation coefficient	25.85%
					Volatility of financial indicators	20.94%
Non-current derivative financial assets (put- option)		28,734	3	Binominal option-pricing model	Volatility	47.83%
					Risk-free rate	3.63%
Non-current derivative financial liabilities (purchase of interests)		39,182	3	Monte Carlo Simulation	Stock volatility of underlying assets	47.76%
					Stock price correlation coefficient	25.85%
					Volatility of financial indicators	20.94%
Other non-current financial assets (non-listed shares and compound financial instruments)		343,082	3	Binominal option-pricing model	Volatility	68.13% and others
		19,442	3	Hull&White/LSMC	Stock price of underlying assets	₩ 7,439 (in Korean won)
					Risk-free rate	2.65%
					Discount rates	20.85%
					Volatility	28.39%
		43,686	3	Market approach	-	-
		89,115	3	Discounted cash flows model	Discount rates	13.41% and others
		224,746	3	Adjusted net asset method	-	-
Current financial liabilities (right of exchange/ option)		531,260	3	Binominal option-pricing model	Stock price of underlying assets	₩ 297,000 (in Korean won)
					Risk-free rate	3.96% / 4.05% / 4.21%
					Risk rate	4.38% / 4.47% / 4.65%
					Volatility	41.56%



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(in millions of Korean won)

December 31, 2024

	Fair value	Level	Valuation Technique	Inputs	Coverage of Level 3 inputs
Current derivative financial assets (purchase of interests)	₩ 31,225	3	Monte Carlo Simulation	Stock volatility of underlying assets Stock price correlation coefficient Volatility of financial indicators	47.76% 25.85% 20.94%
Non-current derivative financial assets (put- option)	31,141	3	Binominal option-pricing model	Volatility Risk-free rate	47.83% 3.63%
Non-current derivative financial liabilities (purchase of interests)	42,464	3	Monte Carlo Simulation	Stock volatility of underlying assets Stock price correlation coefficient Volatility of financial indicators	47.76% 25.85% 20.94%
Other non-current financial assets (non-listed shares and compound financial instruments)	362,581	3	Binominal option-pricing model	Volatility	68.13% and others
	19,442	3	Hull&White/LSMC	Stock price of underlying assets Risk-free rate Discount rates Volatility	₩ 7,439 (in Korean won) 2.65% 20.85% 28.39%
	45,787	3	Market approach	-	-
	95,317	3	Discounted cash flows model	Discount rates	13.41% and others
	213,802	3	Adjusted net asset method	-	-
Current financial liabilities (right of exchange/ option)	351,110	3	Binominal option-pricing model	Stock price of underlying assets Risk-free rate Risk rate Volatility	₩ 348,000 (in Korean won) 4.51% / 4.74% 5.04% / 5.20% 40.86%

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**4. Critical Accounting Estimates and Assumptions**

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ from the related actual results.

Significant accounting estimates and assumptions applied in the preparation of these condensed consolidated interim financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2024, except for the estimates used to determine income tax expense.

**5. Financial Instruments by Category**

Categorizations of financial instruments as at June 30, 2025 and December 31, 2024, are as follows:

(in millions of Korean won)

	June 30, 2025					Total
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Other financial assets <sup>1</sup>		
<b>Financial assets</b>						
Cash and cash equivalents	₩ 8,382,552	₩ -	₩ -	₩ -	₩	8,382,552
Trade receivables	7,338,373	-	312,347	-		7,650,720
Non-current trade receivables	183,199	-	-	-		183,199
Other receivables	710,394	-	-	-		710,394
Other non-current receivables	413,501	-	-	-		413,501
Other current financial assets	4,389	78,126	-	251		82,766
Other non-current financial assets	-	1,119,056	738,197	80		1,857,333
<b>Total</b>	₩ 17,032,408	₩ 1,197,182	₩ 1,050,544	₩ 331	₩	19,280,465

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(in millions of Korean won)

(in millions of Korean won)	June 30, 2025						
	Financial liabilities at amortized cost		Financial liabilities at fair value through profit or loss		Other financial liabilities <sup>2</sup>		Total
<b>Financial liabilities</b>							
Trade payables	₩	3,186,917	₩	-	₩	-	₩ 3,186,917
Other payables		6,068,871		-		-	6,068,871
Borrowings (current)		9,439,372		-		146,478	9,585,850
Other current liabilities (dividend payable)		-		-		-	-
Other current financial liabilities		-		536,408		1,059	537,467
Other non-current financial liabilities		1,463,267		405,049		378	1,868,694
Other non-current payables		39,453		-		-	39,453
Borrowings (non-current)		21,516,809		-		694,896	22,211,705
<b>Total</b>	₩	41,714,689	₩	941,457	₩	842,811	₩ 43,498,957

(in millions of Korean won)

		December 31, 2024			
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Other financial assets <sup>1</sup>	Total
<b>Financial assets</b>					
Cash and cash equivalents	₩ 7,854,877	₩ -	₩ -	₩ -	₩ 7,854,877
Trade receivables	7,652,903	-	513,144	-	8,166,047
Non-current trade receivables	392,585	-	-	-	392,585
Other receivables	1,117,359	-	-	-	1,117,359
Other non-current receivables	450,535	-	-	-	450,535
Other current financial assets	-	219,803	-	42	219,845
Other non-current financial assets	-	1,586,194	853,701	22	2,439,917
<b>Total</b>	<b>₩ 17,468,259</b>	<b>₩ 1,805,997</b>	<b>₩ 1,366,845</b>	<b>₩ 64</b>	<b>₩ 20,641,165</b>

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(in millions of  
Korean won)

	December 31, 2024				
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other financial liabilities <sup>2</sup>	Total	
<b>Financial liabilities</b>					
Trade payables	₩ 3,681,898	₩ -	₩ -	₩	3,681,898
Other payables	7,021,473	-	-		7,021,473
Borrowings (current)	7,457,043	-	164,016		7,621,059
Other current financial liabilities	-	351,110	1,159		352,269
Other non-current financial liabilities	1,000,200	42,464	435		1,043,099
Other non-current payables	31,065	-	-		31,065
Borrowings (non-current)	18,981,381	-	773,657		19,755,038
<b>Total</b>	<u>₩ 38,173,060</u>	<u>₩ 393,574</u>	<u>₩ 939,267</u>	<u>₩</u>	<u>39,505,901</u>

<sup>1</sup> Other financial assets include derivative assets that are not subject to the categorizations.

<sup>2</sup> Other financial liabilities include lease liabilities, derivative liabilities and negotiated borrowings that are not subject to the categorizations.

*(b) Liabilities under supplier finance arrangements*

Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts that the Group owes its suppliers and the Group agreeing to pay finance providers according to the terms and conditions of the arrangements at a date later than, when suppliers are paid. These arrangements provide the Group with extended payment terms, or the Group's suppliers with early payment terms, compared to the related invoice payment due date.

Supplier finance arrangements as at June 30, 2025 and December 31, 2024, as follows:

(in millions of Korean won)	Accounts in financial statements	June 30, 2025	December 31, 2024
Shipper's Usance <sup>1</sup>	Trade payables	₩ 5,289	₩ 18,067
Reverse factoring arrangement <sup>2</sup>	Other payables	-	439,604
B2B purchase arrangements <sup>3</sup>	Trade payables	260,125	172,211
B2B purchase arrangements <sup>3</sup>	Other payables	198,519	394,694

<sup>1</sup> Under the Shipper's Usance arrangement, financial institutions acquire rights to specific trade receivables from suppliers. The payment due would not be changed due to this arrangement, and since the terms of the liability have not substantially changed, it is determined appropriate to continue recognizing the related amount as trade payables on the statements of financial position. In the statements of cash flows, the Group is not considered a part of the supplier finance arrangement in the cash flows between the financial institutions and the suppliers. As the substantive terms of the trade payables have not changed, the Group considers the payment was made in the ordinary course of business. Accordingly, cash flows occur when the Group subsequently makes payment to the financial institution, and this is presented as a cash outflow from operating activities.

<sup>2</sup> In accordance with reverse factoring arrangement, financial institutions acquire rights to specific trade receivables from suppliers. The payment due has been extended due to this arrangement,

# LG Chem, Ltd. and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

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and since the terms of the liability have substantially changed, the related amount is recognized as financial liabilities in the statements of financial position, and previous liabilities are derecognized at the time of assumption of debt by financial institutions. In the statements of cash flows, the Group considers that financial institutions settle payments on behalf of the Group. However, when financial institutions pay the suppliers, the Group is considered not a party to the cash flows and discloses the payment as a non-cash transaction. When the Group subsequently pays to financial institutions, it is presented in cash outflow from investing activities.

<sup>3</sup> According to the B2B corporate purchase agreement, the financial institution acquires rights to specific accounts receivable from the supplier. This agreement does not alter the payment date or substantially change the terms of the debt. Therefore, it is appropriate to continue displaying the related amounts in other payables on the balance sheet. In the cash flow statement, the consolidated company determined it is not a party to the cash flow between the financial institution and the supplier. Since the substantial terms of other payables remain unchanged, this is considered a normal business payment. Consequently, cash flow is recognized when the consolidated company makes subsequent payments to the financial institution, recorded as an outflow of cash from operating activities

There have been no significant changes affecting the liabilities under the supplier financing arrangement. These liabilities are considered short-term and their book value is regarded as a reasonable approximation of fair value.

Net gains or losses on each category of financial instruments for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

(in millions of Korean won)

	2025		2024	
	Three months	Six months	Three months	Six months
<b>Dividend income</b>				
Financial assets at fair value through other comprehensive income	₩ 284	₩ 3,082	₩ 2,127	₩ 2,127
Financial assets at fair value through profit or loss	-	-	249	249
<b>Impairment losses (reversal)</b>				
Financial assets at amortized cost	(88)	1,147	24	(51)
<b>Interest income</b>				
Financial assets at amortized cost	84,564	170,159	86,453	184,584
<b>Interest expense</b>				
Financial liabilities at amortized cost	(354,776)	(636,264)	(254,188)	(484,355)
Other financial liabilities	(10,842)	(18,693)	(2,630)	(6,123)
Financial assets at amortized cost <sup>1</sup>	(1,981)	(2,725)	(3,007)	(3,091)
<b>Gain (loss) on valuation and disposal</b>				
Financial assets at fair value through profit or loss	(32,585)	(25,409)	(3,005)	25,745
Financial assets at fair value through other comprehensive income	14,149	(107,500)	(34,955)	(58,404)
Derivative instruments	(889,117)	(776,724)	237,075	549,272
<b>Exchange differences</b>				

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Financial assets at amortized cost	(492,208)	(577,743)	229,588	526,006
Financial liabilities at amortized cost	1,176,672	1,345,746	(365,425)	(782,085)
Other financial liabilities	(398)	(7,226)	(121)	(121)

<sup>1</sup> Fees paid to financial institutions for factoring.

**6. Cash and Cash Equivalents**

Details of cash and cash equivalents as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>		<b>December 31, 2024</b>	
Bank deposits and cash on hand	₩	2,923,677	₩	3,896,775
Deposits held by financial institutions and others		5,458,875		3,958,102
<b>Total</b>	₩	<u>8,382,552</u>	₩	<u>7,854,877</u>

As at June 30, 2025, cash and cash equivalents include ₩ 29,135 million (December 31, 2024: ₩ 1,212,371 million), which is subject to a restriction on the use in association with the national R&D projects.

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**7. Trade and Other Receivables**

Trade and other receivables and its provisions for impairment as at June 30, 2025 and December 31, 2024, are as follows:

*(in millions of Korean won)*

	<b>June 30, 2025</b>		
	<b>Gross amount</b>	<b>Provision for impairment</b>	<b>Carrying amount</b>
Trade receivables	₩ 7,653,580	₩ (2,860)	₩ 7,650,720
Non-current trade receivables	183,199	-	183,199
Other current receivables	711,022	(628)	710,394
Other non-current receivables	413,501	-	413,501
<b>Total</b>	<b>₩ 8,961,302</b>	<b>₩ (3,488)</b>	<b>₩ 8,957,814</b>

*(in millions of Korean won)*

	<b>December 31, 2024</b>		
	<b>Gross amount</b>	<b>Provision for impairment</b>	<b>Carrying amount</b>
Trade receivables	₩ 8,168,482	₩ (2,435)	₩ 8,166,047
Non-current trade receivables	392,585	-	392,585
Other current receivables	1,117,987	(628)	1,117,359
Other non-current receivables	450,535	-	450,535
<b>Total</b>	<b>₩ 10,129,589</b>	<b>₩ (3,063)</b>	<b>₩ 10,126,526</b>

Details of other receivables as at June 30, 2025 and December 31, 2024, are as follows:

*(in millions of Korean won)*

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
<b>Current</b>		
Non-trade receivables	₩ 592,262	₩ 851,737
Deposits held by financial institutions <sup>1</sup>	2,770	213,473
Accrued income	35,424	9,012
Guarantee deposits provided	79,938	43,137
	<b>710,394</b>	<b>1,117,359</b>
<b>Non-current</b>		
Non-trade receivables	40,165	40,623
Deposits held by financial institutions <sup>1</sup>	272,149	272,457
Loans	14,608	15,673
Guarantee deposits provided	86,579	121,782
	<b>413,501</b>	<b>450,535</b>
<b>Total</b>	<b>₩ 1,123,895</b>	<b>₩ 1,567,894</b>

# LG Chem, Ltd. and Subsidiaries

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June 30, 2025 and 2024 (Unaudited), and December 31, 2024

<sup>1</sup> As at June 30, 2025, ₩ 266,100 million (December 31, 2024: ₩ 266,100 million) of the non-current portion of deposits held by financial institutions are restricted for use under agreements such as the Co-Growth Cooperation Agreement between large and small-medium enterprises. Additionally, ₩ 132 million (December 31, 2024: ₩ 138 million) is restricted as a deposit for opening a checking account. Also, PLN 1 million is withdrawal restricted in relation to overseas transportation of hazardous waste and USD 4 million is restricted for use as collateral for the issuance of LOC.

The aging analysis of trade and other receivables as at June 30, 2025 and December 31, 2024, is as follows:

(in millions of Korean won)

	June 30, 2025		December 31, 2024	
	Trade receivables	Other receivables	Trade receivables	Other receivables
<b>Receivables not past due</b>	₩ 7,279,243	₩ 1,102,058	₩ 8,352,072	₩ 1,564,851
<b>Past due but not impaired</b>	556,060	21,837	207,352	3,043
Up to 3 months	480,833	17,649	189,570	55
Between 3-6 months	54,980	3,852	17,414	676
Over 6 months	20,247	336	369	2,312
<b>Impaired receivables</b>	1,477	628	1,643	628
<b>Total</b>	₩ 7,836,780	₩ 1,124,523	₩ 8,561,067	₩ 1,568,522



# LG Chem, Ltd. and Subsidiaries

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### June 30, 2025 and 2024 (Unaudited), and December 31, 2024

Movements on the provision for impairment of trade and other receivables for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

(in millions of Korean won)

	June 30, 2025			
	Trade receivables		Other receivables	
	Current	Non-current	Current	Non-current
<b>Beginning balance</b>	₩ 2,435	₩ -	₩ 628	₩ -
Transfer to assets held for sale (Note 34)	(19)	-	-	-
Additions	1,150	-	-	-
Write-off	(607)	-	-	-
Exchange differences	(99)	-	-	-
<b>Ending balance</b>	₩ 2,860	₩ -	₩ 628	₩ -

(in millions of Korean won)

	December 31, 2024			
	Trade receivables		Other receivables	
	Current	Non-current	Current	Non-current
<b>Beginning balance</b>	₩ 2,810	₩ -	₩ 628	₩ -
Transfer to assets held for sale (Note 34)	-	-	-	-
Reversal	(262)	-	-	-
Write-off	(119)	-	-	-
Exchange differences	6	-	-	-
<b>Ending balance</b>	₩ 2,435	₩ -	₩ 628	₩ -

As at June 30, 2025 and December 31, 2024, the carrying amounts of trade and other receivables are approximation of their fair values.

The Group transferred trade receivables to financial institutions and derecognized the trade receivables from the financial statements at the date of disposal, as substantial all the risks and rewards were transferred and as at June 30, 2025, the balance of transferred trade receivables is ₩ 179,123 million (December 31, 2024: ₩ 82,645 million).

**LG Chem, Ltd. and Subsidiaries**  
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**8. Other Financial Assets and Liabilities**

Details of other financial assets and liabilities as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
<b>Other financial assets</b>		
Financial assets at amortized cost (current)	₩ 4,389	₩ -
Financial assets at fair value through other comprehensive income (derivative instruments) (current)	251	42
Financial assets at fair value through profit or loss (derivative instruments) (current)	78,126	219,803
Financial assets at fair value through other comprehensive income (derivative instruments) (non-current)	80	22
Financial assets at fair value through other comprehensive income (excluding derivative instruments) (non-current)	738,197	853,701
Financial assets at fair value through profit or loss (derivative instruments) (non-current)	284,952	730,921
Financial assets at fair value through profit or loss (excluding derivative instruments) (non-current)	834,104	855,273
	<u>1,940,099</u>	<u>2,659,762</u>
<b>Other financial liabilities</b>		
Financial guarantee contracts	-	-
Financial liabilities at fair value through other comprehensive income (derivative instruments) (current)	1,059	1,159
Financial liabilities at fair value through profit or loss (derivative instruments) (current)	536,408	351,110
Financial liabilities at fair value through other comprehensive income (derivative instruments) (non-current)	378	435
Financial liabilities at fair value through profit or loss (derivative instruments) (non-current)	405,049	42,464
Financial liabilities at amortized cost (non-current)	1,463,267	1,000,200
	<u>₩ 2,406,161</u>	<u>₩ 1,395,368</u>

**LG Chem, Ltd. and Subsidiaries**  
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Changes in equity and debt instruments included in other financial assets for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>		<b>December 31, 2024</b>	
<b>Beginning balance</b>	₩	1,708,974	₩	1,022,110
Acquisitions / transfer		74,245		489,741
Disposals		(65,956)		(65,959)
Gain (loss) on valuation through other comprehensive income (before income tax effects)		(107,500)		179,103
Gain (loss) on valuation through profit or loss		(25,409)		61,314
Exchange differences on translation of foreign currency		(7,663)		22,665
<b>Ending balance</b>	₩	<u>1,576,691</u>	₩	<u>1,708,974</u>

<sup>1</sup> The Group has entered into a Put-Option agreement regarding its equity investment for Volta Energy Solutions S.a.r.l for the purpose of guaranteeing the principal amount of investments. The main conditions of the Put-Option agreement are as follows:

<b>Category</b>	<b>Details</b>
<b>Exercise date</b>	For three years from the date on which three years lapse since it was acquired (Date of initial investment: January 27, 2021)
<b>Exercise price</b>	Investment amount deducting dividends (received from the time of investment to the time of exercise) from the investment
<b>Other conditions</b>	Put option cannot be exercised in case Volta Energy Solutions S.a.r.l is listed

For the six-month period ended June 30, 2025, and for the year ended December 31, 2024, the Group did not recognize impairment for other financial assets.

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**9. Inventories**

Details of inventories as at June 30, 2025 and December 31, 2024, are as follows:

*(in millions of Korean won)*

	June 30, 2025					
		Gross amount		Provision for impairment		Carrying amount
Merchandise	₩	398,523	₩	(37,458)	₩	361,065
Finished / Semi-finished products		3,942,649		(280,168)		3,662,481
Work-in-process		32,726		-		32,726
Raw materials		2,486,374		(48,494)		2,437,880
Supplies		365,782		(19,753)		346,029
Goods-in-transit		1,006,070		-		1,006,070
<b>Total</b>	₩	<b>8,232,124</b>	₩	<b>(385,873)</b>	₩	<b>7,846,251</b>

*(in millions of Korean won)*

	December 31, 2024					
		Gross amount		Provision for impairment		Carrying amount
Merchandise	₩	396,041	₩	(41,053)	₩	354,988
Finished / Semi-finished products		4,932,630		(333,607)		4,599,023
Work-in-process		26,227		-		26,227
Raw materials		2,417,233		(40,635)		2,376,598
Supplies		361,917		(7,776)		354,141
Goods-in-transit		1,136,456		-		1,136,456
<b>Total</b>	₩	<b>9,270,504</b>	₩	<b>(423,071)</b>	₩	<b>8,847,433</b>

During the six-month period ended June 30, 2025, the cost of inventories recognized as expense and included in 'cost of sales' amounted to ₩ 13,957,652 million (December 31, 2024: ₩ 14,959,558 million).

**LG Chem, Ltd. and Subsidiaries**  
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**10. Investments in Associates and Joint Ventures**

Changes in investments in associates and joint ventures for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

(in millions of  
Korean won)

	June 30, 2025									
				Share of		Share of other				
	Beginning balance	Acquisitions / transfer	Dividends	profit (loss) of associates and joint ventures	ventures	comprehensive income (loss) of associates and joint ventures	Exchange rate changes	Reclassificat ion due to the disposal	Others	Ending balance
TECHWIN Co., Ltd.	₩ 16,075	₩ -	₩ -	₩ (900)	₩ -	₩ -	₩ -	₩ -	₩ 10	₩ 15,185
SEETEC Co., Ltd	141,694	-	(10,000)	4,899	-	-	-	-	-	136,593
LG Life Sciences Poland Ltd.	17	-	-	-	-	-	-	-	-	17
HUAJIN NEW ENERGY MATERIALS(QUZHOU ) CO., LTD.	91,415	-	-	257	(5,531)	-	-	-	-	86,141
Sam-a Aluminium Company, Limited	45,396	-	(38)	(834)	-	-	-	-	-	44,524
NEXPO Co., Ltd	3,831	2,375	-	(191)	-	-	-	-	-	6,015
Bricks Capital Management Global Battery Private Equity Fund I	13,163	261	-	(88)	-	-	-	-	-	13,336
Jeju Bukchon BESS Plant Co.,Ltd. <sup>1</sup>	-	900	-	(16)	-	-	-	-	-	884
TL Chemical CO., Ltd	50,934	-	-	446	-	-	-	-	-	51,380
LG Toray Hungary Battery Separator Kft.	499,309	-	-	(103,615)	10,582	-	-	-	-	406,276
KOREA PRECURSOR CO., LTD.	36,559	-	-	(3,476)	-	-	-	-	(12)	33,071
	₩ 898,393	₩ 3,536	₩ (10,038)	₩ (103,518)	₩ 5,051	₩ -	₩ -	₩ (2)	₩	₩ 793,422

**LG Chem, Ltd. and Subsidiaries**  
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(in millions of

Korean won)

	December 31, 2024									
	Beginning balance		Acquisitions / transfer		Dividends		Share of profit (loss) of associates and joint ventures	Share of other comprehensive income (loss) of associates and joint ventures		Ending balance
								Exchange rate changes	Reclassification due to the disposal	
									Others	
TECHWIN Co., Ltd.	₩	16,284	₩	-	₩	-	₩ (209)	₩	-	₩ 16,075
SEETEC Co., Ltd		138,148		-		(7,500)	11,452		-	141,694
LG Life Sciences Poland Ltd.		17		-		-	-		-	17
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.		79,383		-		-	3,552	8,480	-	91,415
PT.HLI Green Power <sup>2</sup>		162,273		-		-	(42,710)	15,209	(37,804)	-
Sam-a Aluminium Company, Limited		46,257		-		(150)	(711)	-	-	45,396
NEXPO Co., Ltd		2,186		1,900		-	(255)	-	-	3,831
Bricks Capital Management Global Battery Private Equity Fund I		12,843		5,762		-	(5,442)	-	-	13,163
TL Chemical CO., Ltd		49,203		-		-	1,731	-	-	50,934
LG Toray Hungary Battery Separator Kft.		451,408		-		-	18,728	29,173	-	499,309
KOREA PRECURSOR CO., LTD.		47,604		-		-	(11,001)	-	-	36,559
	₩	1,005,606	₩	7,662	₩	(7,650)	₩ (24,865)	₩ 52,862	₩ (37,804)	₩ 898,393

<sup>1</sup> During the six-month period ended June 30, 2025, LG Energy Solution has newly acquired a 10% interest in Jeju Bukchon BESS Plant Co., Ltd. for ₩ 900 million. Although the Group's ownership interest in Jeju Bukchon BESS Plant Co.,Ltd. is less than 20%, the Group has a significant influence since the Group can participate in its decision-making process in accordance with shareholder's agreement.

<sup>2</sup> During the year ended December 31, 2024, the Group reclassified PT. HLI Green Power from a joint venture to a subsidiary due to changes in the shareholder's agreement.

**LG Chem, Ltd. and Subsidiaries**  
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The tables below provide a reconciliation of the summarized financial information presented to the carrying amount of its interest in the joint ventures or associates:

(in millions of  
Korean won)

		June 30, 2025					
	Net Asset (a)	Group's share in % (b)	Group's share in KRW (a x b)	Investment difference	Intercompany transactions, etc.	Carrying amount	
LG Toray Hungary Battery Separator Kft.	₩ 686,664	50	₩ 343,332	₩ 62,944	₩ -	₩ 406,276	
SEETEC Co., Ltd	280,125	50	140,063	-	(3,470)	136,593	
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	175,677	49	86,082	-	59	86,141	

(in millions of  
Korean won)

		December 31, 2024					
	Net Asset (a)	Group's share in % (b)	Group's share in KRW (a x b)	Investment difference	Intercompany transactions, etc.	Carrying amount	
LG Toray Hungary Battery Separator Kft.	₩ 872,436	50	₩ 436,218	₩ 62,944	₩ 147	₩ 499,309	
SEETEC Co., Ltd	290,328	50	145,164	-	(3,470)	141,694	
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	186,952	49	91,607	-	(192)	91,415	

**LG Chem, Ltd. and Subsidiaries**  
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**11. Property, Plant and Equipment**

Changes in property, plant and equipment for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>		<b>December 31, 2024</b>	
<b>Beginning balance</b>	₩	54,570,446	₩	38,950,393
Business combination (Note 37)		-		1,026,337
Acquisitions / transfer		10,750,021		24,492,838
Disposals / transfer		(4,257,513)		(8,734,080)
Exchange differences		(2,474,669)		3,432,353
Depreciation		(2,220,566)		(4,196,377)
Impairment		(18,546)		(383,088)
Impairment / reversal		6,151		-
Transfer to assets held for sale (Note 34)		(150,590)		(17,930)
<b>Ending balance</b>	₩	<u>56,204,734</u>	₩	<u>54,570,446</u>

During the six-month ended June 30, 2025, the Group capitalized ₩ 66,585 million of borrowing costs (2024: ₩ 68,293 million) in relation to acquisition of property, plant and equipment, on property, plant and equipment. The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 3.58%~4.68% (2024: 3.21%~4.65%).

Line items including depreciation in the consolidated income statements for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

<i>(In millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Cost of sales	₩ 1,006,734	₩ 1,963,277	₩ 869,549	₩ 1,732,413
Selling and administrative expenses	129,956	252,797	101,683	198,748
Discontinued operations	3,753	4,492	947	6,855
<b>Total</b>	<u>₩ 1,140,443</u>	<u>₩ 2,220,566</u>	<u>₩ 972,179</u>	<u>₩ 1,938,016</u>



**LG Chem, Ltd. and Subsidiaries**  
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**June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

Details of property, plant and equipment provided as collateral as at June 30, 2025, is as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>				
	<b>Carrying amount</b>	<b>Secured amount</b>	<b>Related line item</b>	<b>Related amount</b>	<b>Secured party</b>
Buildings and others	₩ 134,585	₩ 378,000	Borrowings (Note 14)	₩ 268,000	KDB Bank

<i>(in millions of Korean won)</i>	<b>December 31, 2024</b>				
	<b>Carrying amount</b>	<b>Secured amount</b>	<b>Related line item</b>	<b>Related amount</b>	<b>Secured party</b>
Buildings and others	₩ 135,601	₩ 378,000	Borrowings (Note 14)	₩ 283,000	KDB Bank
Land	₩ 182	₩ 4,536	—	—	DB INSURANCE CO.,LTD

**Leases**

Details of right-of-use assets in consolidated interim statement of financial position are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Right-of-use assets <sup>1</sup>		
Real estate	₩ 603,190	₩ 704,759
Machinery	226,892	241,212
Vehicles	29,091	32,930
Tools	4,032	4,563
Equipment	1,049	1,275
	<u>₩ 864,254</u>	<u>₩ 984,739</u>

<sup>1</sup> Included in the line item 'Property, plant and equipment' in the consolidated interim statements of financial position.

Additions to the right-of-use assets during the six-month period ended June 30, 2025, were ₩ 53,785 million (2024: ₩ 90,352 million).

**LG Chem, Ltd. and Subsidiaries**  
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**June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>		<b>December 31, 2024</b>	
Lease liabilities <sup>1</sup>				
Current	₩	121,811	₩	141,096
Non-current		694,896		773,657
	₩	816,707	₩	914,753

<sup>1</sup> Included in the line item 'Borrowings' in the consolidated interim statements of financial position.

*Amounts recognized in the consolidated interim income statements*

Lease related expenses recognized in the consolidated income statements for the six-month periods ended June 30, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Depreciation of right-of-use assets				
Real-estate	₩	47,804	₩	50,270
Machinery		5,665		3,438
Vehicles		10,710		8,262
Tools		688		636
Equipment		232		184
	₩	65,099	₩	62,790
Interest expense relating to lease liabilities (included in finance cost)	₩	18,693	₩	6,123
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)		23,444		17,990
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)		9,669		9,534

Total cash outflow for leases during the six-month period ended June 30, 2025, was ₩ 138,483 million (2024: ₩ 96,965 million).

**LG Chem, Ltd. and Subsidiaries**  
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**12. Intangible Assets**

Changes in intangible assets for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>		<b>December 31, 2024</b>	
<b>Beginning balance</b>	₩	3,619,361	₩	3,692,922
Business combination (Note 37)		-		149,067
Acquisitions/transfer		473,053		667,938
Disposals/transfer		(129,040)		(160,392)
Exchange differences		(111,694)		160,402
Amortization		(276,124)		(482,229)
Impairment		(356)		(408,169)
Transfer to assets held for sale (Note 34)		(107,700)		(178)
<b>Ending balance</b>	₩	<u>3,467,500</u>	₩	<u>3,619,361</u>

Line items including amortization of intangible assets for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Cost of sales	₩ 21,329	₩ 41,745	₩ 22,881	₩ 44,259
Selling and administrative expenses	115,414	231,421	91,919	177,273
Discontinued operations	1,465	2,958	3,091	6,659
<b>Total</b>	<u>₩ 138,208</u>	<u>₩ 276,124</u>	<u>₩ 117,891</u>	<u>₩ 228,191</u>

*Research and development costs*

Total research and development costs recognized as expenses amounted to ₩ 1,136,621 million (2024: ₩ 1,051,231 million) for the six-month period ended June 30, 2025.

*Greenhouse gas emission*

Details of greenhouse gas emission permits included in other intangible assets are as follows:

*Greenhouse gas emission permits held for the purpose of fulfilling obligations*

The number of greenhouse gas emission permits received at free of charge for the 3rd planning period (2021 to 2025) is as follows:

<i>(in thousands of tons)</i>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
Allocation with nil consideration	10,167	10,504	9,073	9,871	9,217	48,832

**LG Chem, Ltd. and Subsidiaries**  
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**June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

Changes in greenhouse gas emission permits for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

<i>(in thousands of tons and millions of Korean won)</i>	June 30, 2025							
	2020		2021		2022		2023	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance								
/Allocation with nil consideration	8,666	₩ -	10,167	₩ -	10,504	₩ -	9,073	₩ -
Purchase/Sale	(69)	1,111	(339)	(20)	(788)	179	(614)	170
Exchange	100	-	(100)	-	-	-	-	-
Borrowings/Carry forwards								
between years	(49)	(388)	(392)	388	(769)	-	138	-
Surrendered to the government	(8,648)	(723)	(9,336)	(368)	(8,947)	(179)	(8,597)	(170)
Ending balance	-	₩ -	-	₩ -	-	₩ -	-	₩ -

<i>(in thousands of tons and millions of Korean won)</i>	June 30, 2025					
	2024		2025		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance/ Allocation with nil consideration	9,871	₩ -	9,217	₩ -	57,498	₩ -
Purchase/Sale	(388)	-	-	-	(2,198)	1,440
Exchange	-	-	-	-	-	-
Borrowings/Carry forwards between years	1,071	-	-	-	(1)	-
Surrendered to the government	-	-	-	-	(35,528)	(1,440)
Ending balance	10,554	₩ -	9,217	₩ -	19,771	₩ -

<i>(in thousands of tons and millions of Korean won)</i>	December 31, 2024							
	2020		2021		2022		2023	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance								
/Allocation with nil consideration	8,666	₩ -	10,167	₩ -	10,504	₩ -	9,073	₩ -
Purchase/Sale	(69)	1,111	(339)	(20)	(788)	179	(614)	171
Exchange	100	-	(100)	-	-	-	-	-
Borrowings/Carry forwards								
between years	(49)	(388)	(392)	388	(769)	-	138	-
Surrendered to the government	(8,648)	(723)	(9,336)	(368)	(8,947)	(179)	(8,597)	(171)
Ending balance	-	₩ -	-	₩ -	-	₩ -	-	₩ -

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**June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

(in thousands of tons and millions of Korean won)	December 31, 2024					
	2024		2025		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance/ Allocation with nil consideration	9,220	₩ -	9,217	₩ -	56,847	₩ -
Purchase/Sale	(106)	-	-	-	(1,916)	1,441
Exchange	-	-	-	-	-	-
Borrowings/Carry forwards between years	1,074	-	-	-	2	-
Surrendered to the government	-	-	-	-	(35,528)	(1,441)
Ending balance	10,188	₩ -	9,217	₩ -	19,405	₩ -

For the six-month period ended June 30, 2025, and the year ended December 31, 2024, there are no greenhouse gas emission permits held for short-term trading purpose.

Details of Greenhouse gas emission permits included in other intangible assets of condensed financial statements regarding the EU ETS (Emissions Trading System) for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

(in thousands of tons, in millions of Korean won)	June 30, 2025		December 31, 2024	
	Quantity	Amount	Quantity	Amount
<b>Beginning balance</b>	112	₩ 11,568	153	₩ 13,809
Increase	65	5,410	74	6,120
Used	(111)	(10,388)	(115)	(8,361)
<b>Ending balance</b>	66	₩ 6,590	112	₩ 11,568

### 13. Other Current and Non-current Assets

Details of other current and non-current assets as at June 30, 2025 and December 31, 2024, are as follows:

(in millions of Korean won)	June 30, 2025		December 31, 2024	
<b>Current</b>				
Prepayments to suppliers and prepaid expenses	₩	518,734	₩	498,795
Prepaid value added tax		198,319		324,994
Others		1,124,054		658,984
<b>Total</b>	₩	1,841,107	₩	1,482,773
<b>Non-current</b>				
Net defined benefit assets	₩	114,184	₩	217,048
Long-term prepayments to suppliers and long-term prepaid expenses		234,957		489,914
Others		494,429		156
<b>Total</b>	₩	843,570	₩	707,118

**LG Chem, Ltd. and Subsidiaries**  
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**14. Borrowings**

Borrowings as at June 30, 2025 and December 31, 2024, consist of:

<i>(in millions of Korean won)</i>	June 30, 2025		December 31, 2024	
<b>Current</b>				
Short-term borrowings	₩	2,702,729	₩	1,811,995
Current portion of long-term borrowings		2,202,156		1,941,487
Current portion of debentures		4,559,154		3,726,481
Current lease liabilities		121,811		141,096
		<u>9,585,850</u>		<u>7,621,059</u>
<b>Non-current</b>				
Long-term borrowings		5,742,119		5,997,203
Debentures		15,774,690		12,984,178
Lease liabilities		694,896		773,657
		<u>22,211,705</u>		<u>19,755,038</u>
<b>Total</b>	₩	31,797,555	₩	27,376,097

Details of general borrowings as at June 30, 2025 and December 31, 2024, are as follows:

(in millions of Korean won)					Carrying amount							
Currency		Bank	Latest maturity date	Interest rate(%) as at June 30, 2025	June 30, 2025				December 31, 2024			
					Current		Non-current		Current		Non-current	
Short-term borrowings												
Bank loans	Korean won	NH Bank and others	March 11, 2026	4.84 and others	₩	359,900	₩	-	₩	358,800	₩	-
	Foreign currency	Kookmin Bank Co.,Ltd. and others	June 18, 2026	2.80 and others		2,342,830		-		1,453,195		-
Total					₩	2,702,730	₩	-	₩	1,811,995	₩	-
Long-term borrowings												
Bank loans	Korean won	KDB Bank and others <sup>1</sup>	June 30, 2035	3.74 and others	₩	63,625	₩	784,375	₩	50,000	₩	518,000
	Foreign currency	ANZ and others <sup>2</sup>	October 25, 2032	5.70 and others		2,138,714		4,981,882		1,891,666		5,618,146
Less: discount on long-term borrowings						(183)		(24,138)		(179)		(138,943)
Total					₩	2,202,156	₩	5,742,119	₩	1,941,487	₩	5,997,203
Debentures												
Public debentures	Korean won	KB Securities Co., Ltd. and others	February 19, 2036	3.22 and others	₩	1,585,000	₩	6,890,000	₩	825,000	₩	6,275,000
Private debentures	Korean won	KB Securities Co., Ltd. and others	May 7, 2036	2.39 and others		-		150,000		-		150,000
	Foreign currency	CITI Securities and others	April 2, 2035	5.38 and others		406,920		8,816,600		441,000		6,615,000
Exchangeable bonds <sup>3,4,5</sup>	Foreign currency	CITI Securities and others	July 18, 2030	1.60 and others		3,237,591		-		2,940,000		-
Less: discount on debentures						(670,357)		(81,909)		(479,519)		(55,822)
Total					₩	4,559,154	₩	15,774,691	₩	3,726,481	₩	12,984,178

# LG Chem, Ltd. and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

### June 30, 2025 and 2024 (Unaudited), and December 31, 2024

<sup>1</sup> The Group's building is provided as collateral for some borrowings from the KDB Bank (Note 11).

<sup>2</sup> For the six-month period ended June 30, 2025, General Motors ("GM") repaid the US Department of Energy policy fund borrowing of the Group.

<sup>3</sup> The details of issued exchangeable bonds (Tranche 1) are as follows:

Category	Details
<b>Aggregate principal amount</b>	USD 1,000,000,000
<b>Issue price</b>	USD 1,000,000,000
<b>Interest rate (%)</b>	1.25
<b>Issue Date</b>	July 18, 2023
<b>Maturity Date</b>	July 18, 2028
<b>Principal Repayment Method</b>	Maturity repayment: Lump-sum repayment at maturity of the remaining principal and interest of debentures that have been repaid early by maturity or for which the right of exchange has not been exercised. Early redemption: The Parent Company has the Call Option, and the bondholder has the Put Option.
<b>Exchange Target</b>	1,883,636 common shares of LG Energy Solution, Ltd. However, despite the bondholder's exercise of the exchange right, the issuer has the option to settle by paying cash equivalent to the consideration instead of issuing the target shares.
<b>Exchange Price (KRW/share)</b>	687,500 (23.07.11 closing price X premium 125%) However, the exchange price may be adjusted according to the standards set in the investment prospectus, such as when the target company pays stock dividends.
<b>Claim Period</b>	August 28, 2023 – July 11, 2028
<b>Early Redemption at the Option of the Issuer</b>	1) After three years and 14 days from the date of payment, if there are more than 20 trading days out of 30 consecutive trading days when the stock price (based on closing price) is 130% or more of the exchange price based on U.S. dollar conversion. 2) When the outstanding principal is less than 10% of the original debt (Clean Up Call) 3) When additional tax burden arises due to revision of related laws, etc.
<b>Early Redemption at the Option of the Bondholders</b>	1) Can be exercised on 2025.07.18 (Optional Put Date) 2) When Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 30 consecutive Trading Days on the Relevant Stock Exchange 3) When there is a change in control of the company or the issuer of stocks subject to exchange (Change of Control) 4) When the issuer acquires more than 85% of the Voting Rights of the issued capital of LG Energy Solution (Free Float)

**LG Chem, Ltd. and Subsidiaries**  
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<sup>4</sup> The details of issued exchangeable bonds (Tranche 2) are as follows:

Category	Details
<b>Aggregate principal amount</b>	USD 1,000,000,000
<b>Issue price</b>	USD 1,000,000,000
<b>Interest rate (%)</b>	1.60
<b>Issue Date</b>	July 18, 2023
<b>Maturity Date</b>	July 18, 2030
<b>Principal Repayment Method</b>	<p>Maturity repayment: Lump-sum repayment at maturity of the remaining principal and interest of debentures that have been repaid early by maturity or for which the right of exchange has not been exercised.</p> <p>Early redemption: The Parent Company has the Call Option, and the bondholder has the Put Option.</p>
<b>Exchange Target</b>	<p>1,811,188 common shares of LG Energy Solution, Ltd. However, despite the bondholder's exercise of the exchange right, the issuer has the option to settle by paying cash equivalent to the consideration instead of issuing the target shares.</p>
<b>Exchange Price (KRW/share)</b>	<p>715,000 (23.07.11 closing price X premium 130%) However, the exchange price may be adjusted according to the standards set in the investment prospectus, such as when the target company pays stock dividends.</p>
<b>Claim Period</b>	August 28, 2023 – July 11, 2030
<b>Early Redemption at the Option of the Issuer</b>	<p>1) After five years and 14 days from the date of payment, if there are more than 20 trading days out of 30 consecutive trading days when the stock price (based on closing price) is 130% or more of the exchange price based on U.S. dollar conversion.</p> <p>2) When the outstanding principal is less than 10% of the original debt (Clean Up Call)</p> <p>3) When additional tax burden arises due to revision of related laws, etc.</p>
<b>Early Redemption at the Option of the Bondholders</b>	<p>1) Can be exercised on 2027.07.18 (Optional Put Date)</p> <p>2) When Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 30 consecutive Trading Days on the Relevant Stock Exchange</p> <p>3) When there is a change in control of the company or the issuer of stocks subject to exchange (Change of Control)</p> <p>4) When the issuer acquires more than 85% of the Voting Rights of the issued capital of LG Energy Solution (Free Float)</p>



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<sup>5</sup> The details of issued exchangeable bonds (Tranche 3) are as follows:

Category	Details
<b>Aggregate principal amount</b>	USD 1,000,000,000
<b>Issue price</b>	USD 1,000,000,000
<b>Interest rate (%)</b>	1.75
<b>Issue Date</b>	June 16, 2025
<b>Maturity Date</b>	June 16, 2028
<b>Principal Repayment Method</b>	<p>Maturity repayment: Lump-sum repayment at maturity of the remaining principal and interest of debentures that have been repaid early by maturity or for which the right of exchange has not been exercised.</p> <p>Early redemption: The Parent Company has the Call Option.</p>
<b>Exchange Target</b>	<p>4,129,404 common shares of LG Energy Solution, Ltd.</p> <p>However, despite the bondholder's exercise of the exchange right, the issuer has the option to settle by paying cash equivalent to the consideration instead of issuing the target shares.</p>
<b>Exchange Price (KRW/share)</b>	<p>337,700 (25.05.15 closing price X premium 110%). However, the exchange price may be adjusted according to the standards set in the investment prospectus, such as when the target company pays stock dividends.</p>
<b>Claim Period</b>	July 27, 2025 – June 09, 2028
<b>Early Redemption at the Option of the Issuer</b>	<p>1) After two years and 14 days from the date of payment, if there are more than 20 trading days out of 30 consecutive trading days when the stock price (based on closing price) is 120% or more of the exchange price based on U.S. dollar conversion.</p> <p>2) When the outstanding principal is less than 10% of the original debt (Clean Up Call)</p> <p>3) When additional tax burden arises due to revision of related laws, etc.</p>
<b>Early Redemption at the Option of the Bondholders</b>	<p>1) When Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 30 consecutive Trading Days on the Relevant Stock Exchange</p> <p>2) When there is a change in control of the company or the issuer of stocks subject to exchange (Change of Control)</p> <p>3) When the issuer acquires more than 85% of the Voting Rights of the issued capital of LG Energy Solution (Free Float)</p>

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Details of the exchangeable bonds (Tranche 1) as of the date of issuance, as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>July 18, 2023</b>	<b>December 31, 2024</b>	<b>June 30, 2025</b>
Issue price	₩ 1,266,100	₩ 1,470,000	₩ 524,791
Book amount of exchangeable bonds	991,756	1,273,431	459,182
Derivative financial liabilities	263,532	156,776	49,603

<sup>1</sup> For the six-month period ended June 30, 2025, the Parent Company repurchased some of the debentures for ₩ 837,985 million, and the book amount as of the date of repurchase was ₩ 811,249 million (total book amount of ₩ 1,323,192 million). The difference between the repurchase amount and the book amount of ₩ 26,736 million recognized as finance costs.

Details of the exchangeable bonds (Tranche 2) as of the date of issuance, as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>July 18, 2023</b>	<b>December 31, 2024</b>	<b>June 30, 2025</b>
Issue price	₩ 1,266,100	₩ 1,470,000	₩ 1,356,400
Book amount of exchangeable bonds	914,412	1,187,914	1,098,559
Derivative financial liabilities	340,876	194,334	141,567

Details of the exchangeable bonds (Tranche 3) as of the date of issuance and as at June 30, 2025, are as follows:

<i>(in millions of Korean won)</i>	<b>June 16, 2025</b>	<b>June 30, 2025</b>
Issue price	₩ 1,366,800	₩ 1,356,400
Book amount of exchangeable bonds	1,017,330	1,010,651
Derivative financial liabilities	337,914	340,090

Details of lease liabilities as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>					
<b>Leaser</b>	<b>Annual interest rate (%)</b>	<b>Latest maturity date</b>	<b>Total amount</b>	<b>Current</b>	<b>Non-current</b>	
Korea World Service and others	0.67 ~ 9.00	2082.02.28	₩ 816,707	₩ 121,811	₩	694,896

<i>(in millions of Korean won)</i>	<b>December 31, 2024</b>					
<b>Leaser</b>	<b>Annual interest rate (%)</b>	<b>Latest maturity date</b>	<b>Total amount</b>	<b>Current</b>	<b>Non-current</b>	
Hyundai Oil Bank and others	0.67 ~ 9.00	2082.02.28	₩ 914,753	₩ 141,096	₩	773,657

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**15. Provisions**

Changes in provisions for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

(in millions of Korean won)

(in millions of Korean won)

	June 30, 2025						
	Warranty <sup>1</sup>		Greenhouse gas emission <sup>2</sup>		Others <sup>3</sup>		Total
<b>Beginning balance</b>	₩	1,697,602	₩	11,169	₩	145,956	₩ 1,854,727
Transfer to liabilities held for sale (Note 34)		(768)		-		-	(768)
Additions (reversal)		277,455		5,158		(5,843)	276,770
Used		(182,413)		(10,388)		(2,162)	(194,963)
<b>Ending balance</b>	₩	1,791,876	₩	5,939	₩	137,951	₩ 1,935,766
Current	₩	869,080	₩	5,939	₩	108,815	₩ 983,833
Non-current		922,796		-		29,136	951,933

(in millions of Korean won)

(in millions of Korean won)	December 31, 2024							
	Warranty <sup>1</sup>		Greenhouse gas emission <sup>2</sup>		Others <sup>3</sup>		Total	
Beginning balance	₩	1,279,460	₩	8,966	₩	146,299	₩	1,434,725
Business combination (Note 37)		1,807		-		-		1,807
Additions		1,050,412		10,734		47,348		1,108,494
Used		(634,077)		(8,531)		(47,691)		(690,299)
Ending balance	₩	1,697,602	₩	11,169	₩	145,956	₩	1,854,727
Current	₩	923,777	₩	11,169	₩	119,613	₩	1,054,559
Non-current		773,825		-		26,343		800,168

<sup>1</sup> Warranty provisions have been accrued based on historical experience for the estimated warranty costs to be incurred due to quality guarantee, exchanges and refunds of products. The warranty provisions also include provisions related to replacement costs for ESS due to fire accidents and voluntary recalls of automotive batteries are determined based on the best estimates. The provisions are adjusted to reflect the current best estimate. As at June 30, 2025, the warranty provision included ₩ 1,788,373 million (December 31, 2024: ₩ 1,693,916 million) of warranty provision for LG Energy Solution, Ltd. and its subsidiaries.

<sup>2</sup> Greenhouse gas emission provisions have been accrued for estimated expenditures to be obligated for any excess emission. The estimated emission as at June 30, 2025, amounts to 4,218 thousand tons (December 31, 2024: 8,707 thousand tons).

<sup>3</sup> The Group is recognizing provisions for certain pending lawsuits and estimating the costs required for soil contamination restoration to account for these restoration provisions.

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**16. Net Defined Benefit Assets**

Details of net defined benefit assets recognized in the consolidated statements of financial position as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>		<b>December 31, 2024</b>	
Present value of defined benefit obligations <sup>1</sup>	₩	2,008,074	₩	1,967,056
Fair value of plan assets		(2,110,642)		(2,174,317)
<b>Assets in the consolidated statement of financial position</b>	₩	(102,568)	₩	(207,261)

<sup>1</sup> The present value of retirement benefit obligations is net of existing contributions to the National Pension Plan of ₩ 457 million as at June 30, 2025 (December 31, 2024: ₩ 508 million).

The amounts recognized in the consolidated interim income statements for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Current service cost <sup>1</sup>	₩ 57,361	₩ 115,211	₩ 53,883	₩ 108,658
Interest cost	(2,142)	(4,244)	(5,582)	(11,135)
<b>Total, included in employee benefit expenses</b>	₩ 55,219	₩ 110,967	₩ 48,301	₩ 97,523

<sup>1</sup> The above amounts excluded ₩ 1,274 million (2024: ₩ 683 million) of expenses capitalized to construction in progress and development costs.

Post-employment benefits recognized for defined contribution plan for the six-month period ended June 30, 2025, amounted to ₩ 15,119 million (2024: ₩ 9,995 million).

Post-employment benefits recognized in the consolidated interim income statements for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Cost of sales	₩ 29,339	₩ 61,446	₩ 26,745	₩ 57,549
Selling and administrative expenses	34,532	63,522	22,769	46,425
Discontinued operations	517	1,118	1,832	3,544
<b>Total</b>	₩ 64,388	₩ 126,086	₩ 51,346	₩ 107,518

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Movements in the present value of defined benefit obligations for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>		<b>December 31, 2024</b>	
<b>Beginning balance</b>	₩	1,967,056	₩	1,750,986
Transferred-in liability due to intercompany transfer		1,712		3,499
Transferred-out liability due to intercompany transfer		(2,232)		(2,799)
Transfer to assets held for sale (Note 34)		(7,045)		-
Current service cost		116,485		218,902
Interest expense		39,501		79,360
Remeasurements:				
Actuarial loss arising from change in demographic assumptions		-		1,467
Actuarial loss arising from change in financial assumptions		-		122,060
Actuarial gain arising from experience adjustments		-		(15,588)
Others		-		(134)
Exchange differences		(759)		(1,316)
Payments from plans <sup>1</sup>		(106,644)		(189,381)
<b>Ending balance</b>	₩	<u>2,008,074</u>	₩	<u>1,967,056</u>

<sup>1</sup>The amount paid to employees who converted to the defined contribution plan for the six-month period ended June 30, 2025, is ₩ 68,714 million (2024: ₩ 116,809 million).

Movements in the fair value of plan assets for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>		<b>December 31, 2024</b>	
<b>Beginning balance</b>	₩	2,174,317	₩	2,233,925
Transferred-in plan assets due to intercompany transfer		1,227		-
Transferred-out plan assets due to intercompany transfer		(275)		(905)
Transfer to assets held for sale (Note 34)		(7,045)		-
Interest income		43,744		101,661
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)		(532)		(9,196)
Contributions:				
Employers		1,247		24,523
Payments from plans <sup>1</sup>		(100,351)		(171,633)
Administrative costs		(1,690)		(4,058)
<b>Ending balance</b>	₩	<u>2,110,642</u>	₩	<u>2,174,317</u>

<sup>1</sup>The amount paid to employees who converted to the defined contribution plan for the six-month period ended June 30, 2025, is ₩ 68,714 million (2024: ₩ 116,809 million).

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The actual return on plan assets for the six-month period ended June 30, 2025, was ₩ 43,212 million (December 31, 2024: ₩ 92,465 million).

The significant actuarial assumptions as at June 30, 2025 and December 31, 2024, are as follows:

	June 30, 2025	December 31, 2024
Discount rate	3.8%~4.1%	3.8%~4.1%
Salary growth rate	4.0%~6.0%	4.0%~6.0%

The sensitivity analysis for changes in key actuarial assumptions as at June 30, 2025, is as follows:

<i>(in millions of Korean won)</i>	Increase by 1%	Decrease by 1%
<b>Discount rate:</b>		
Increase (decrease) in defined benefit obligations	₩ (217,459)	₩ 256,729
<b>Salary growth rate:</b>		
Increase (decrease) in defined benefit obligations	265,398	(227,593)

The decline in rate of return of the gilt, which is the discount rate, is exposed to the most significant risk through an increase in the defined benefit liability.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Plan assets as at June 30, 2025 and December 31, 2024, consist of:

<i>(in millions of Korean won)</i>	June 30, 2025		December 31, 2024	
	Amount	Composition (%)	Amount	Composition (%)
Insurance contracts with guaranteed yield	₩ 2,095,650	99.3	₩ 2,158,859	99.3
Equity linked bonds	14,988	0.7	15,441	0.7
Time deposits	4	0.0	17	0.0
	₩ 2,110,642	100.0	₩ 2,174,317	100.0

Plan assets consist of various debt instruments with principal and interest protection and others which have no quoted market prices in an active market.

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**17. Other Current and Non-Current Liabilities**

Details of other current and non-current liabilities as at June 30, 2025 and December 31, 2024, are as follows:

(in millions of Korean won)	June 30, 2025		December 31, 2024	
<b>Current</b>				
Advances from customers	₩	406,097	₩	230,803
Withholdings		199,402		454,000
Unearned revenues		63,621		90,941
Accrued expenses		520,061		391,458
<b>Total</b>	₩	<u>1,189,181</u>	₩	<u>1,167,202</u>
<b>Non-current</b>				
Long-term accrued expenses	₩	92,473	₩	91,977
Long-term unearned revenues		28,729		103,182
Long-term advances from customers		2,186,943		2,509,323
<b>Total</b>	₩	<u>2,308,145</u>	₩	<u>2,704,482</u>

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**18. Commitments and Contingencies**

- (a) As at June 30, 2025, the Parent Company and certain subsidiaries have been guaranteed by Seoul Guarantee Insurance Company for the payment and others.
- (b) As at June 30, 2025, the Parent Company and certain subsidiaries have various specific line of credit agreements with several financial institutions, as follows:

(Unit: Korean won in millions, foreign currencies in millions)

Classification	The Parent Company		Certain Subsidiaries								
	KRW	USD	KRW	USD	CNY	EUR	INR	THB	MYR	JPY	PLN
Limit of bank overdraft	20,400	-	-	-	-	-	-	-	-	-	-
Limit of the letter of credit	1,000	415	-	220	1,189	-	-	-	-	450	-
Limit of discount of notes from export	-	890	-	943	2,025	-	-	-	-	-	-
Limit of guaranteed payments in other foreign currency	-	41	50,600	1,013	1,065	-	-	-	-	-	310
Limit of loan arrangements	350,000	-	1,090,000	8,394	14,445	2,665	4,870	10	450	-	-
Limit of import loan	-	-	-	40	-	-	-	-	-	-	-
Derivative instruments	-	-	430,000	3,228	-	210	-	-	-	-	-

The Parent Company also has entered into comprehensive credit line agreements with other financial institutions relating to trade finance and import/export amounting to ₩ 20,000 million (including ₩ 5,000 million of overdraft loan) and USD 235 million. Certain subsidiaries have entered into comprehensive credit line agreements amounting to USD 10 million and factoring agreements with a limit of ₩ 100,000 million and USD 650 million.

- (c) As at June 30, 2025, the Parent Company and certain subsidiaries have B2B purchase arrangements with several financial institutions with limit of ₩ 278,000 million and ₩ 180,000 million, respectively.
- (d) As at June 30, 2025, the Parent Company and its subsidiaries have reverse factoring agreements with Lotte Card, Shinhan Card, and Hyundai Card, and among the limits granted by the card companies, there is no amount used.
- (e) As at June 30, 2025, the Group's litigation status is as follows:

As at June 30, 2025, in connection with styrene monomer gas leakage accident, several lawsuits against the Group have been filed with National Green Tribunal of India (NGT) and Andhra Pradesh High Court (APHC). The ultimate outcome of these cases cannot be determined at the reporting date. The Group deposited INR 500 million under the order from NGT, and deposited INR 953 million generated from sales of inventories under the order from



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APHC in connection with this accident. The manufacturing facility is currently closed with limited access in accordance with the order from APHC.

As at June 30, 2025, in relation to small rechargeable batteries sales and General Motors ("GM") Bolt EV, the consumers have filed five class actions against the Group. However, the ultimate outcome of these cases cannot be determined at the reporting date.

In addition, as at June 30, 2025, the Parent Company and certain subsidiaries have been named as plaintiffs in 11 (related claim amount of ₩ 33,923 million) and 21 (related claim amount of USD 90 million and ₩ 5,330 million) legal actions, respectively. They have been named as defendants in 12 and 56 legal actions, respectively, with ₩ 17,944 million, USD 157 million and ₩ 2,280 million respectively, in claims. The ultimate outcome of these cases cannot be determined at the reporting date.

- (f) The Group has entered into multiple technology license agreements with ExxonMobil and others to be provided with licenses for technologies and services.
- (g) The Group has entered into a license agreement with LG Corp. to use trademarks on the products that the Group manufactures and sells, and on the services the Group provides in relation to its business.
- (h) As at June 30, 2025, the Group has entered into a payment guarantee contract of USD 7 million, and certain subsidiaries have entered into payment guarantee contracts of USD 30 thousand and EUR 5 million with financial institutions to guarantee the warranty of products and payment. Certain subsidiaries have entered into payment guarantee contracts of CNY 44 million with financial institutions in relation to the customs procedures of imported raw materials.
- (i) Capital expenditure arrangement that has not incurred as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Property, plant and equipment	₩ 8,142,000	₩ 9,838,283

- (j) As at June 30, 2025, the Group has entered into an agreement with GM regarding joint investment in Ultium Cells Holdings LLC and Ultium Cells LLC, whereby each party can sell its shares to third parties in eight years after the inception of the contract. In addition, if one party defaults, the other party has the right-to-purchase shares from the other party. The Group completed the process of approval by the government for the use of core technologies according to the Industrial Technology Protection Act.
- (k) As at June 30, 2025, the Group has entered into a joint venture agreement with Honda in which the Group agreed to invest USD 1,802 million. At the end of the current period, a total investment of USD 1,801 million has been made. In addition, the Group provided payment guarantees to the joint venture amounting to USD 510 million according to the ratio of portion in the borrowing with a total credit line of USD 1,000 million. Additionally, in the event of default of one party, the other equity investors have the right to purchase the corresponding interests.
- (l) As at June 30, 2025, the Group has entered into a joint venture agreement with Stellantis in which the Group agreed to invest USD 1,464 million. At the end of the current period, a total investment of USD 1,020 million has been made. Additionally, in the event of default one party, the other equity investors have the right to purchase the corresponding interests. In addition, the Group provided payment guarantees to the joint venture amounting to USD 686 million according to the ratio of portion in the borrowing with a total credit line of USD 1,344 million.
- (m) As at June 30, 2025, the Group has entered into a joint venture agreement with HMG Global

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LLC, in which the Group agreed to invest USD 1,108 million. At the end of the current period, a total investment of USD 1,084 million has been made. Additionally, after the expiration of the contract period, it is possible to transfer the corresponding interest to a third party, and in the event of default of one party, the other equity investors have the right to purchase the corresponding interest.

- (n) As at June 30, 2025, the Group has entered into an agreement to construct a new plant for LG Energy Solution Arizona, Inc which amounts to USD 2,048 million.
- (o) As at June 30, 2025, the Group and certain subsidiaries' investment agreements are as follows:

<i>(in millions of Korean won, USD and EUR)</i>	<b>Currency</b>	<b>Committed investments</b>	<b>Cumulative investments</b>	<b>Remaining</b>
KBE Fund	KRW	150,000	123,782	26,218
Phoenix Venture Partners III <sup>1</sup>	USD	10	6	4
Gross Acceleration Fund	KRW	5,000	5,000	-
BNZ (Beyond Net Zero) Fund	USD	150	100	50
Secondary battery growth Fund	KRW	6,700	4,677	-
BCM Global Battery Fund	KRW	30,000	19,405	10,595
Yonsei Technology Holdings IP Fund	KRW	3,000	2,040	960
U.S. Venture Partners XII <sup>1</sup>	USD	5	5	-
U.S. Venture Partners XIII <sup>1</sup>	USD	5	2	3
Emerald Industrial Innovation Fund IX <sup>1</sup>	EUR	5	1	4

<sup>1</sup> Investment agreements of LG Chem Fund LLC.

- (p) The Group has the right to request GS EPS to sell all of its shares at fair value, once in a year, after 20 years from the commencement of commercial operation of its subsidiary, TW Biomassenergy Co., Ltd. Additionally, GS EPS has the right to request LG Chem to purchase all of its shares at fair value.
- (q) The Group acquired 50% of new shares issued by LG Toray Hungary Battery Separator Kft. for USD 375 million in accordance with the joint venture agreement entered into in 2022 with Toray Industries, Inc. The shares were recognized as investment in joint venture, as it was determined that there was a joint control under the agreement. The details on agreements entered into upon the acquisition of shares are as follows:

<b>Category</b>	<b>Details</b>
<b>Agreement to purchase additional shares</b>	On December 16, 2024, which was after 30 months from the acquisition date of the 50% shares, the Parent Company was expected to acquire 70% shares in total by acquiring an additional 20% shares of the joint venture. However, the timeline has been postponed to December 19, 2025, due to delays in reaching agreement on the transaction terms between two parties.
<b>Restrictions on share transfer</b>	<ul style="list-style-type: none"> <li>- During the lock-up period<sup>1</sup>, share transfer is prohibited without prior written consent of the other shareholder.</li> <li>- When sold to a third party, the Parent Company holds a drag-along right and Toray Industries, Inc. holds a tag-along right.</li> </ul>
<b>Default</b>	In case the Parent Company or the counterpart in the

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Category	Details
	contract defaults, non-default shareholder has the right to request the default shareholder to sell their shares (Call Option) and the default shareholder to purchase the shares held by the non- default shareholder (Put Option).
<b>Exit put option</b>	Once the lock-up period <sup>1</sup> ends, the other shareholder has a put option to sell the remaining 30% of the shares to the Parent Company.
<b>Deadlock</b>	After 30 months from the acquisition date of the 50% shares, in the event of a deadlock agreed by both parties, 1) the Parent Company holds a call option to request the counterpart and subsidiaries to sell their shares. 2) The counterpart holds a put option to request the Parent Company to purchase shares of the counterpart.

<sup>1</sup> Lock-up period: Restriction period of share transfer for five years from the time the Parent Company acquires 50% of the shares.

- (r) The Group has entered into following arrangements related to LG-Eni Biorefining Co., Ltd. Unless otherwise specified in the agreement, transfer of shares is prohibited without prior written consent of the other shareholder for a period of five years from the commencement of production by LG-Eni Biorefining Co., Ltd (lock-up period). Once the lock-up period ends, if a transferring shareholder sells shares to a third party, the other shareholder has the right to exercise the right of first offer. In addition, in case the Group is the transferring shareholder and if Enilive S.p.A. refuses or fails to exercise the right of first offer, Enilive S.p.A. has the right to request to sell their shares under the same conditions.
- (s) For the year ended December 31, 2023, and the six-month period ended June 30, 2025, the Group issued exchangeable bonds targeting the stocks of LG Energy Solution, LTD., and recognized the right of exchange and option included in the exchangeable bonds as a derivative financial liability (Note 14).
- (t) As at June 30, 2025, the Group has provided as collateral for borrowings of ₩ 268,000 million from the KDB Bank, and upon the completion of the building or acquisition of land ownership, the Group has committed to provide the first senior security right (maximum amount of ₩ 378,000 million) to the KDB Bank (Note 11).
- (u) LG Energy Solution Michigan Inc. and Ultium Cells LLC, subsidiaries of the Group, entered into an asset purchase agreement in March 2025. LG Energy Solution Michigan Inc. has acquired assets of the Ultium Cells LLC's Plant 3 for USD 2,154 million. Ultium Cells LLC has an obligation to pay a portion of the transaction amount to the non-controlling shareholders of the Group, and it has an obligation to pay USD 928 million as at June 30, 2025.

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**19. Issued Capital**

Changes in issued capital and share premium for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

*(in millions of Korean won  
and in shares)*

	Ordinary shares		Preferred shares		Share premium
	Number of shares	Issued capital	Number of shares	Issued capital	
January 1, 2024	70,592,343	₩ 352,962	7,688,800	₩ 38,444	₩ 2,014,036
December 31, 2024	70,592,343	352,962	7,688,800	38,444	2,014,036
June 30, 2025	70,592,343	₩ 352,962	7,688,800	₩ 38,444	₩ 2,014,036

Changes in treasury shares for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

<i>(in millions of Korean won and in shares)</i>	Number of shares		Carrying amount	Gain on disposal of treasury shares
	Ordinary shares	Preferred shares		
January 1, 2024	-	6,041	₩ 270	₩ 655,927
Acquisition of shares	1	-	-	-
December 31, 2024	1	6,041	270	655,927
June 30, 2025	1	6,041	₩ 270	₩ 655,927

Capital surplus as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2025	December 31, 2024
Revaluation reserve	₩ 206,769	₩ 206,769
Share premium	2,014,036	2,014,036
Gain on disposal of treasury shares	655,927	655,927
Other capital surplus	8,692,138	8,692,138
<b>Total</b>	<b>₩ 11,568,870</b>	<b>₩ 11,568,870</b>

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**20. Retained Earnings**

Retained earnings as at June 30, 2025 and December 31, 2024, consist of:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Legal reserve <sup>1</sup>	₩ 846,385	₩ 849,167
Discretionary reserve <sup>2</sup>	16,734,455	16,779,743
Retained earnings before appropriation	385,211	963,264
<b>Total</b>	<b>₩ 17,966,051</b>	<b>₩ 18,592,174</b>

<sup>1</sup> The Commercial Code of the Republic of Korea requires the Group to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital. The reserve is not available for cash dividends payment, but may be transferred to capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed in accordance with a resolution of the shareholders' meeting.

<sup>2</sup> The Group separately accumulates a discretionary reserve for research and human resource development through appropriation of retained earnings, which has been included as deductible expense for the corporate income tax return according to the Special Tax Treatment Law. Among these reserves, the used amounts for each specific purpose and the balances after use can be transferred to discretionary reserve and will be available for dividends.

**21. Elements of Other Stockholders Equity**

Details of other components of equity as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Treasury shares (Note 19)	₩ (270)	₩ (270)
Capital transactions within the Group <sup>1</sup>	(19,299)	(19,299)
<b>Total</b>	<b>₩ (19,569)</b>	<b>₩ (19,569)</b>

<sup>1</sup> Gain or loss on disposal interest within the consolidated entity, changes in ownership interests and the investment difference, etc., all adjusted for the related deferred corporate tax effects.

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**22. Operating Income**

Operating Income for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

(in millions of Korean won)

	<b>2025</b>		<b>2024</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
<b>Revenue</b>	₩ 11,417,711	₩ 23,538,863	₩ 12,241,915	₩ 23,798,097
<b>Cost of sales</b>	9,517,605	19,618,679	10,389,618	20,062,036
<b>Gross profit</b>	1,900,106	3,920,184	1,852,297	3,736,062
Other operating income <sup>1</sup>	490,761	948,477	447,794	636,748
<b>Selling and administrative expenses</b>	1,914,084	3,954,211	1,907,617	3,726,391
Wages and salaries	476,450	954,329	436,932	869,948
Post-employment benefits (Note 16)	34,531	63,521	22,769	46,425
Employee benefits	109,469	228,423	111,496	219,273
Travel expense	31,177	53,411	26,234	47,935
Water and utilities	37,536	80,913	32,079	68,632
Packaging expense	2,256	5,975	4,300	6,816
Rental expenses	31,724	55,895	34,309	69,217
Commission expenses	246,501	536,018	272,370	506,243
Depreciation (Notes 11 and 36)	130,854	254,593	102,596	200,555
Advertising expense	19,752	35,881	24,220	41,806
Freight expenses	206,600	446,496	212,550	398,927
Training expense	7,275	15,098	10,289	21,435
Amortization (Note 12)	115,414	231,421	91,919	177,273
Sample expense	6,767	12,641	9,615	17,485
Development costs	143,675	288,191	143,815	276,774
Others	314,103	691,405	372,125	757,645
<b>Operating income</b>	<u>₩ 476,783</u>	<u>₩ 914,450</u>	<u>₩ 392,474</u>	<u>₩ 646,419</u>

<sup>1</sup> Under the Inflation Reduction Act, which takes effect on January 1, 2023, manufacturers and sellers of battery cells/modules produced in the United States are eligible for tax deductions of a certain amount. This is the amount the Group is expected to receive for the six-month period ended June 30, 2025.

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**23. Classification of Expenses by Nature**

Cost of sales, and selling and administrative expenses by nature for the three-month and six-month periods ended June 30, 2025 and 2024, consist of:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Changes in inventories of finished goods, semi-finished goods, merchandise and work in process	₩ 376,270	₩ 891,953	₩ (8,071)	₩ 170,869
Raw materials and consumables used	5,907,344	12,421,582	7,613,809	14,046,966
Purchase of merchandise	304,079	644,117	427,451	741,723
Employee benefit expenses (Note 24)	1,246,099	2,525,853	1,301,123	2,560,900
Advertising expenses	20,033	36,631	24,796	42,749
Freight expenses	216,019	466,437	224,485	422,039
Commission expenses	572,047	1,154,117	367,077	819,006
Depreciation and amortization (Notes 11, 12, and 36)	1,274,331	2,491,036	1,086,927	2,154,499
Rent expenses and usage fee	26,028	47,358	25,335	51,172
Other expenses	1,489,439	2,893,806	1,234,303	2,778,504
<b>Total</b>	<b>₩ 11,431,689</b>	<b>₩ 23,572,890</b>	<b>₩ 12,297,235</b>	<b>₩ 23,788,427</b>

**24. Employee Benefit Expenses**

Details of employee benefit expenses for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Salaries	₩ 1,016,436	₩ 2,050,666	₩ 1,057,695	₩ 2,076,884
Post-employment benefits – Defined benefit plan (Note 16)	54,711	109,870	46,604	94,595
Post-employment benefits – Defined contribution plan (Note 16)	9,160	15,098	2,910	9,379
Others	165,792	350,219	193,914	380,042
<b>Total</b>	<b>₩ 1,246,099</b>	<b>₩ 2,525,853</b>	<b>₩ 1,301,123</b>	<b>₩ 2,560,900</b>

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**25. Finance Income and Costs**

Details of finance income and costs for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

(in millions of Korean won)

	<b>2025</b>		<b>2024</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
<b>Finance income</b>				
Interest income <sup>1</sup>	₩ 84,564	₩ 170,159	₩ 86,453	₩ 184,584
Dividend income	284	3,083	2,376	2,376
Exchange differences	1,121,089	1,377,243	142,951	336,789
Gain related to derivative instruments	(32,444)	89,828	244,092	554,480
Gain related to financial assets	11,176	21,511	(1,064)	29,403
<b>Total</b>	<b>₩ 1,184,669</b>	<b>₩ 1,661,824</b>	<b>₩ 474,808</b>	<b>₩ 1,107,632</b>
<b>Finance costs</b>				
Interest expense <sup>2</sup>	₩ 329,574	₩ 591,097	₩ 229,839	₩ 425,276
Exchange differences	173,569	347,660	385,086	842,295
Loss related to derivative instruments	855,758	866,275	9,308	8,882
Loss related to financial assets	43,761	46,920	1,941	3,658
Loss on repayment of debentures	26,736	26,736	-	-
<b>Total</b>	<b>₩ 1,429,398</b>	<b>₩ 1,878,688</b>	<b>₩ 626,174</b>	<b>₩ 1,280,111</b>

<sup>1</sup> Details of interest income for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

(in millions of Korean won)

	<b>2025</b>		<b>2024</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Financial assets at amortized cost	₩ 84,564	₩ 170,159	₩ 86,453	₩ 184,584

<sup>2</sup> Details of interest expense for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

(in millions of Korean won)

	<b>2025</b>		<b>2024</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Financial liabilities at amortized cost	₩ 354,777	₩ 636,264	₩ 254,188	₩ 484,355
Interest on lease liabilities	10,842	18,693	2,630	6,123
Other interest expenses	1,981	2,725	3,007	3,091
Capitalized interest for qualifying assets	(38,026)	(66,585)	(29,986)	(68,293)
<b>Total</b>	<b>₩ 329,574</b>	<b>₩ 591,097</b>	<b>₩ 229,839</b>	<b>₩ 425,276</b>



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**26. Other Non-operating Income**

Details of other non-operating income for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>				<b>2024</b>			
	<b>Three months</b>		<b>Six months</b>		<b>Three months</b>		<b>Six months</b>	
Exchange differences	₩	261,813	₩	510,834	₩	217,496	₩	529,372
Gain on disposal of property, plant and equipment		7,066		22,417		1,723		3,568
Gain on disposal of intangible assets		-		-		-		14
Insurance income		1,007		3,449		1,649		2,415
Others		18,859		28,335		11,464		23,813
<b>Total</b>	₩	<b>288,745</b>	₩	<b>565,035</b>	₩	<b>232,332</b>	₩	<b>559,182</b>

**27. Other Non-operating Expenses**

Details of other non-operating expenses for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>				<b>2024</b>			
	<b>Three months</b>		<b>Six months</b>		<b>Three months</b>		<b>Six months</b>	
Exchange differences	₩	525,267	₩	779,640	₩	111,319	₩	280,066
Loss on disposal of property, plant and equipment		38,412		39,075		45,711		92,234
Loss on disposal of intangible assets		13,741		21,581		828		1,255
Impairment loss on property, plant and equipment (Note 11)		13,123		18,545		102,151		120,795
Impairment loss on intangible assets (Note 12)		47		356		800		925
Loss on disasters		4,929		29,152		102		110
Donations		1,397		5,446		9,259		10,265
Others		8,357		13,389		12,275		21,780
<b>Total</b>	₩	<b>605,273</b>	₩	<b>907,184</b>	₩	<b>282,445</b>	₩	<b>527,430</b>

**28. Tax Expense and Deferred Tax**

Income tax expense is recognized based on the best estimate of weighted average annual income tax rate expected for the entire financial year

The Group is subject to the Pillar Two model rules, and LG Chem Hai Phong Engineering Plastics LLC., operating in Vietnam, is liable for additional tax expenses. For the six-month period ending June 30, 2025, the Group recognized current income tax expense ₩ 438 million under Pillar II model. The Group applied the exception for recognizing and disclosing information about deferred tax.

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### 29. Earnings per Share

Basic losses per share is calculated by dividing the loss attributable to owners of the Parent Company by the weighted average number of shares in issue excluding shares purchased by the Parent Company and held as treasury shares. As at the reporting date, the Parent Company has no potential ordinary shares. Preferred shares have a right to participate in the losses of the Group. These participation rights have been considered in presenting the losses per share information for both of ordinary shares and preferred shares.

Basic losses per share for loss from continuing operations and losses per share attributable to the owners of the Parent Company for the three-month and six-month periods ended June 30, 2025 and 2024, are computed as follows:

#### *Basic losses per ordinary share from continuing operations*

(in millions of Korean won)

	2025		2024	
	Three months	Six months	Three months	Six months
Loss from continuing operations attributable to ordinary shares <sup>1</sup>	₩ (396,340)	₩ (479,214)	₩ (318,727)	₩ (224,238)
Weighted average number of ordinary shares outstanding (in shares)	70,592,342	70,592,342	70,592,343	70,592,343
Basic losses per ordinary share from continuing operations (in won)	₩ (5,614)	₩ (6,788)	₩ (4,515)	₩ (3,177)

#### *Basic losses per ordinary share*

(in millions of Korean won)

	2025		2024	
	Three months	Six months	Three months	Six months
Loss attributable to ordinary shares <sup>1</sup>	₩ (391,706)	₩ (488,715)	₩ (285,761)	₩ (162,456)
Weighted average number of ordinary shares outstanding (in shares)	70,592,342	70,592,342	70,592,343	70,592,343
Basic losses per ordinary share (in won)	₩ (5,549)	₩ (6,923)	₩ (4,048)	₩ (2,301)

#### *Basic losses per preferred share from continuing operations*

(in millions of Korean won)

	2025		2024	
	Three months	Six months	Three months	Six months
Loss from continuing operations attributable to preferred shares <sup>1</sup>	₩ (43,135)	₩ (52,154)	₩ (34,688)	₩ (24,404)
Weighted average number of preferred shares outstanding (in shares)	7,682,759	7,682,759	7,682,759	7,682,759
Basic losses per preferred share from continuing operations (in won)	₩ (5,614)	₩ (6,788)	₩ (4,515)	₩ (3,177)

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*Basic losses per preferred share*

(in millions of Korean won)

	2025		2024	
	Three months	Six months	Three months	Six months
Loss attributable to preferred shares <sup>1</sup>	₩ (42,630)	₩ (53,189)	₩ (31,100)	₩ (17,680)
Weighted average number of preferred shares outstanding (in shares)	7,682,759	7,682,759	7,682,759	7,682,759
Basic losses per preferred share (in won)	₩ (5,549)	₩ (6,923)	₩ (4,048)	₩ (2,301)

<sup>1</sup> Losses attributable to ordinary and preferred shares are as follows:

(in millions of Korean won)

	2025		2024	
	Three months	Six months	Three months	Six months
<b>Loss from continuing operations attributable to the ordinary equity holders of the Parent Company</b>	₩ (439,475)	₩ (531,368)	₩ (353,415)	₩ (248,642)
Ordinary shares dividends (A)	-	-	-	-
Preferred shares dividends (B)	-	-	-	-
<b>Undistributed losses from continuing operation for the period</b>	(439,475)	(531,368)	(353,415)	(248,642)
Undistributed losses available for ordinary shares (C)	(396,340)	(479,214)	(318,727)	(224,237)
Undistributed losses available for preferred shares (D)	(43,135)	(52,154)	(34,688)	(24,405)
<b>Loss from continuing operations for the period attributable to ordinary shares (A+C)</b>	₩ (396,340)	₩ (479,214)	₩ (318,727)	₩ (224,238)
<b>Loss from continuing operations for the period attributable to preferred shares (B+D)</b>	₩ (43,135)	₩ (52,154)	₩ (34,688)	₩ (24,404)

(in millions of Korean won)

	2025		2024	
	Three months	Six months	Three months	Six months
<b>Loss attributable to the ordinary equity holders of the Parent Company</b>	₩ (434,336)	₩ (541,904)	₩ (316,861)	₩ (180,136)
Ordinary shares dividends (A)	-	-	-	-
Preferred shares dividends (B)	-	-	-	-
<b>Undistributed losses for the period</b>	(434,336)	(541,904)	(316,861)	(180,136)
Undistributed losses available for ordinary shares (C)	(391,706)	(488,715)	(285,761)	(162,456)
Undistributed losses available for preferred shares (D)	(42,630)	(53,189)	(31,100)	(17,680)
<b>Loss for the period attributable to ordinary shares (A+C)</b>	₩ (391,706)	₩ (488,715)	₩ (285,761)	₩ (162,456)
<b>Loss for the period attributable to preferred shares (B+D)</b>	₩ (42,630)	₩ (53,189)	₩ (31,100)	₩ (17,680)

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For the six-month periods ended June 30, 2025 and 2024, there were no dilutive potential outstanding ordinary shares at the reporting date. Accordingly, diluted losses per share for loss attributable to owners of the Parent Company is identical to basic losses per share.

Basic and diluted earnings (losses) per share attributable to ordinary and preferred shares from discontinued operations for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

(in Korean won)	2025				2024			
	Three months		Six months		Three months		Six months	
Basic earnings (losses) per ordinary share from discontinued operations	₩	65	₩	(135)	₩	467	₩	876
Basic earnings (losses) per preferred share from discontinued operations		65		(135)		467		876
Diluted earnings (losses) per ordinary share from discontinued operations		65		(135)		467		876
Diluted earnings (losses) per preferred share from discontinued operations		65		(135)		467		876

### 30. Dividends

The amount of dividends and dividends per share for the six-month periods ended June 30, 2025 and 2024, are as follows:

(in Korean won and number of share)	2025				2024			
	Ordinary share		Preferred share		Ordinary share		Preferred share	
Number of shares outstanding	70,592,343		7,688,800		70,592,343		7,688,800	
Number of treasury shares	(1)		(6,041)		-		(6,041)	
Number of dividend shares	70,592,342		7,682,759		70,592,343		7,682,759	
Dividend per share	₩	1,000	₩	1,050	₩	3,500	₩	3,550
Total dividends								
(in millions of Korean won)		70,592		8,067		247,073		27,274

# LG Chem, Ltd. and Subsidiaries

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#### 31. Related Party Transactions

Details of related parties as at June 30, 2025 and December 31, 2024, are as follows:

Related party	Related party's subsidiary (Domestic)	Related party's subsidiary (Overseas)	Related party's associates and joint ventures
<b>Significant influence over the group:<sup>1</sup></b>			
LG Corp.			
<b>Subsidiaries of the entity with significant influence:</b>			
LG CNS Co., Ltd.	Biztech On Co., Ltd. and others	LG CNS America Inc. and others	
D&O Corp.	D&O CM and others	D&O CM POLAND sp.z o.o. and others	
LG Management Development Institute			
LG Sports Ltd.			
LG Holdings Japan Co., Ltd.			
<b>Associates and joint ventures:<sup>2</sup></b>			
TECHWIN Co., Ltd.			
LG Chem Life Sciences Poland Ltd.			
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.			
TL Chemical CO., Ltd.			
KOREA PRECURSOR CO., LTD.			
LG Toray Hungary Battery Separator Kft.			
SEETEC Co., Ltd.			
Sam-a Aluminium Company, Limited			
NEXPO Co., Ltd.			
Mintech Co., Ltd. <sup>3</sup>			
Bricks Capital Management Global Battery Private Equity Fund I			
Jeju Bukchon BESS Plant Co.,Ltd. <sup>4</sup>			
<b>Affiliate within the same large enterprise group<sup>5</sup></b>			
LG Display Co., Ltd.	Nanumnuri Co., Ltd.	LG Display High-Tech (China) Co., Ltd. and others	
LG Electronics Inc.	LG Innotek Co., Ltd. and others	LG ELECTRONICS INDIA PRIVATE LIMITED and others	Robostar Co., Ltd. and others
LG Household & Health Care Ltd.	Coca-Cola Beverage Co. and others	Everlife Co., Ltd and others	
LG Uplus Corp.	LG HelloVision Corp and others.	DACOM AMERICA, INC.	DACOM Crossing Corporation
HS AD Inc.		GIIR America Inc. and others	

# **LG Chem, Ltd. and Subsidiaries** **Notes to the Condensed Consolidated Interim Financial Statements** **June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

<sup>1</sup> LG Corp. is an entity exercising a significant influence over the Group, which owns 34.95% of the Parent Company's ordinary shares.

<sup>2</sup> For the year ended December 31, 2024, the Group reclassified PT. HLI Green Power from a joint venture to a subsidiary due to changes in the shareholder's agreement.

<sup>3</sup> Although, the Group owns less than 20% of the shares in the form of redeemable convertible preference shares, it is judged to have significant influence as it holds a right to appoint directors. Meanwhile, it is classified as a financial asset measured at fair value through profit or loss, considering Korean IFRS 1109 and the nature of the shares held.

<sup>4</sup> During the six-month period ended June 30, 2025, the Group newly acquired shares of the entity.

<sup>5</sup> Although, these entities are not the related parties of the Group in accordance with Korean IFRS 1024, these entities belong to a large enterprise group in accordance with the Monopoly Regulation and Fair-Trade Act.

Sales and purchases with related parties for the six-month periods ended June 30, 2025 and 2024, are as follows:

(in millions of Korean won)

	2025							
	Purchase and others							
	Sales and others	Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangible assets	Acquisition of right-of-use assets	Interest expense	Others		
<b>Entity with a significant influence over the Group</b>								
LG Corp.	₩ -	₩ -	₩ -	₩ -	₩ 155	₩ 43,755		
<b>Associates, joint ventures and others</b>								
SEETEC Co., Ltd.	49,359	140,680	-	769	193	48,122		
TECHWIN Co., Ltd.	-	5	18,285	-	-	75		
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	-	42,990	-	-	-	-		
Others	2,362	142,901	362	-	-	217		
<b>Subsidiaries of the entity with significant influence:</b>								
D&O Corp. and its subsidiaries	66	-	11,447	-	-	7,061		
LG CNS Co., Ltd. and its subsidiaries	15,781	358	339,126	-	-	165,741		
Others	-	-	-	-	-	33,607		
<b>Affiliate within the same large enterprise group:</b>								
LG Display Co., Ltd. and its subsidiaries	173,711	202	-	-	1	31		
LG Electronics Inc. and its subsidiaries and joint ventures	310,350	138,476	372,189	-	102	103,787		
Others	4,999	11,298	18	-	22	3,642		
<b>Total</b>	<u>₩ 556,628</u>	<u>₩ 476,910</u>	<u>₩ 741,427</u>	<u>₩ 769</u>	<u>₩ 473</u>	<u>₩ 406,038</u>		

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

(in millions of Korean won)

	2024						
	Purchase and others						Others
	Sales and others	Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangible assets	Acquisition of right-of-use assets	Interest expense		
<b>Entity with a significant influence over the Group</b>							
LG Corp.	₩ 2	₩ -	₩ -	₩ -	₩ 136	₩ 45,236	
<b>Associates, joint ventures and others</b>							
SEETEC Co., Ltd.	42,415	109,201	2	136	200	48,880	
TECHWIN Co., Ltd.	-	23	305	-	-	54	
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	357	193,964	-	-	-	-	
PT. HLI Greenpower <sup>1</sup>	35,524	363	-	-	-	5,402	
Others	1,421	26,756	1	-	-	268	
<b>Other related parties</b>							
D&O Corp. and its subsidiaries	43	396	12,585	-	-	7,010	
LG CNS Co., Ltd. and its subsidiaries	13,759	12,435	373,473	-	8	149,230	
Others	62	-	-	-	-	35,741	
<b>Others</b>							
LG Display Co., Ltd. and its subsidiaries	278,396	101	30	-	6	-	
LG Electronics Inc. and its subsidiaries and joint ventures	315,394	117,048	554,178	-	166	23,784	
Others	4,822	18,465	92,953	11,836	33	39,274	
<b>Total</b>	<u>₩ 692,195</u>	<u>₩ 478,752</u>	<u>₩ 1,033,527</u>	<u>₩ 11,972</u>	<u>₩ 549</u>	<u>₩ 354,879</u>	

<sup>1</sup> For the year ended December 31, 2024, the Group reclassified PT. HLI Green Power from a joint venture to a subsidiary due to changes in the shareholder's agreement and the above amount is transactions prior to the reclassification.

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

Balances of receivables and payables arising from sales and purchases of goods and services as at June 30, 2025 and December 31, 2024, are as follows:

(in millions of Korean won)

	June 30, 2025			
	Receivables			
	Trade receivables and others	Loans	Other receivables	Total
<b>Entity with a significant influence over the Group</b>				
LG Corp.	₩ -	₩ -	₩ 15,339	₩ 15,339
<b>Associates, joint ventures and others</b>				
SEETEC Co., Ltd.	6,177	-	1,040	7,217
TECHWIN Co., Ltd.	-	-	-	-
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	-	-	6,333	6,333
Others	-	-	502	502
<b>Subsidiaries of the entity with significant influence:</b>				
D&O Corp. and its subsidiaries	-	-	24	24
LG CNS Co., Ltd. and its subsidiaries	8,770	-	-	8,770
Others	-	-	-	-
<b>Affiliate within the same large enterprise group:</b>				
LG Display Co., Ltd. and its subsidiaries	139,027	-	19	139,046
LG Electronics Inc. and its subsidiaries and joint ventures <sup>1</sup>	200,674	-	39,808	240,482
Others	140	-	2,364	2,504
<b>Total</b>	<u>₩ 354,788</u>	<u>₩ -</u>	<u>₩ 65,429</u>	<u>₩ 420,217</u>



**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

(in millions of Korean won)

	June 30, 2025					
	Payables					Total
	Trade payables	Borrowings	Lease liabilities	Other payables		
<b>Entity with a significant influence over the Group</b>						
LG Corp.	₩	-	₩	-	₩	6,869
<b>Associates, joint ventures and others</b>						
SEETEC Co., Ltd.		27,829	-	18,502	13,554	59,885
TECHWIN Co., Ltd.		-	-	-	319	319
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.		-	-	-	-	-
Others		39,881	-	-	208	40,089
<b>Subsidiaries of the entity with significant influence:</b>						
D&O Corp. and its subsidiaries		-	-	-	5,170	5,170
LG CNS Co., Ltd. and its subsidiaries		3	-	-	301,716	301,719
Others		-	-	-	1,342	1,342
<b>Affiliate within the same large enterprise group:</b>						
LG Display Co., Ltd. and its subsidiaries		112	-	-	33	145
LG Electronics Inc. and its subsidiaries and joint ventures <sup>1</sup>		21,920	-	23,478	160,742	206,140
Others		4,159	-	1,971	5,887	12,017
<b>Total</b>	₩	93,904	₩	-	₩	50,695
					₩	489,096
					₩	633,695

(in millions of Korean won)

	December 31, 2024			
	Receivables			Total
	Trade receivables and others	Loans	Other receivables	
<b>Entity with a significant influence over the Group</b>				
LG Corp.	₩	-	₩	-
<b>Associates, joint ventures and others</b>				
SEETEC Co., Ltd.		6,003	-	508
TECHWIN Co., Ltd.		-	-	-
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.		1,549	-	72
Others		-	-	193
<b>Subsidiaries of the entity with significant influence:</b>				
D&O Corp. and its subsidiaries		-	-	-
LG CNS Co., Ltd. and its subsidiaries		5,155	-	13
Others		-	-	6
<b>Affiliate within the same large enterprise group:</b>				
LG Display Co., Ltd. and its subsidiaries		239,891	-	4
LG Electronics Inc. and its subsidiaries and joint ventures <sup>1</sup>		165,734	-	3,444
Others		76	-	2,179
<b>Total</b>	₩	418,408	₩	-
			₩	39,798
			₩	458,206

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

(in millions of Korean won)

	December 31, 2024					
	Payables					Total
	Trade payables	Borrowings	Lease liabilities	Other payables		
<b>Entity with a significant influence over the Group</b>						
LG Corp.	₩ -	₩ -	₩ 13,390	₩ 124	₩	13,514
<b>Associates, joint ventures and others</b>						
SEETEC Co., Ltd.	18,822	-	18,773	11,999		49,594
TECHWIN Co., Ltd.	-	-	-	328		328
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	57,903	-	-	-		57,903
Others	11,308	-	-	81		11,389
<b>Subsidiaries of the entity with significant influence:</b>						
D&O Corp. and its subsidiaries	-	-	-	5,454		5,454
LG CNS Co., Ltd. and its subsidiaries	28	-	-	527,905		527,933
Others	-	-	-	1,310		1,310
<b>Affiliate within the same large enterprise group:</b>						
LG Display Co., Ltd. and its subsidiaries	110	-	95	79		284
LG Electronics Inc. and its subsidiaries and joint ventures <sup>1</sup>	16,308	-	14,313	326,327		356,948
Others	3,839	-	2,463	8,615		14,917
<b>Total</b>	₩ 108,318	₩ -	₩ 49,034	₩ 882,222	₩	1,039,574

<sup>1</sup> The warranty provision related to the recall of GM Bolt is not included in the above receivables and payables.

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

Fund transactions with related parties for the six-month periods ended June 30, 2025 and 2024, are as follows:

(in millions of Korean won)

(in millions of Korean won)	2025													
					Equity contributions in cash (capital reduction) and others	Loans				Borrowings <sup>1</sup>				
						Loans		Repayment		Borrowings		Repayment		
Dividends received		Dividends paid					Loans		Repayment		Borrowings		Repayment	
Entity with a significant influence over the Group														
LG Corp.	₩	-	₩	24,670	₩	-	₩	-	₩	-	₩	-	₩	6,647
Associates, joint ventures and others														
SEETEC Co., Ltd.		10,000		-		-		-		-		761		721
Sam-A Aluminium Co., Ltd.		38		-		-		-		-		-		-
NEXPO Co., Ltd		-		-		2,375		-		-		-		-
Bricks Capital management Global Battery Private Equity Fund I		-		-		262		-		-		-		-
Jeju Bukchon BESS Plant Co.,Ltd.		-		-		900		-		-		-		-
Subsidiary of the Group with significant influence:														
LG CNS Co., Ltd.		-		-		-		-		-		-		-
Affiliate within the same large enterprise group:														
LG Display America,Inc.		-		-		-		-		-		-		60
LG Electronics Deutschland GmbH		-		-		-		-		-		-		99
LG ELECTRONICS WROCLAW SP. Z O.O.		-		-		-		-		-		-		443
LG Electronics Inc.				-								10,226		840
LG HOUSEHOLD & HEALTH CARE LTD		-		-		-		-		-		-		490
Total	₩	10,038	₩	24,670	₩	3,537	₩	-	₩	-	₩	10,987	₩	9,300

# LG Chem, Ltd. and Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

### June 30, 2025 and 2024 (Unaudited), and December 31, 2024

(in millions of Korean won)

(in millions of Korean won)	2024													
					Equity contributions in cash (capital reduction) and others	Loans				Borrowings <sup>1</sup>				
						Loans		Repayment		Borrowings		Repayment		
Entity with a significant influence over the Group	Dividends received		Dividends paid				Loans		Repayment		Borrowings		Repayment	
LG Corp.	₩	-	₩	82,370	₩	-	₩	-	₩	-	₩	13,065	₩	6,435
Associates, joint ventures and others														
SEETEC Co., Ltd.		7,500		-		-		-		-		136		715
NEXPO Co., Ltd		-		-		1,900		-		-		-		-
Bricks Capital management Global Battery Private Equity Fund I		-		-		5,803		-		-		-		-
Subsidiary of the Group with significant influence:														
LG CNS Co., Ltd.		-		-		-		-		-		859		427
Affiliate within the same large enterprise group:														
LG Display America, Inc.		-		-		-		-		-		-		105
LG Electronics Deutschland GmbH		-		-		-		-		-		-		175
LG ELECTRONICS WROCLAW SP. Z O.O.		-		-		-		-		-		-		790
LG Display Vietnam Haiphong Co. Ltd.		-		-		-		-		-		105		26
LG HOUSEHOLD & HEALTH CARE LTD		-		-		-		-		-		-		504
Total	₩	7,500	₩	82,370	₩	7,703	₩	-	₩	-	₩	14,165	₩	9,177

<sup>1</sup> The amounts represent lease liabilities that were recognized or repaid for the six-month periods ended June 30, 2025 and 2024.

Compensation for key management of the Group for the six-month periods ended June 30, 2025 and 2024, consists of:

(in millions of Korean won)

	June 30, 2025		June 30, 2024	
Short-term employee benefits	₩	60,780	₩	36,586
Post-employment benefits		6,320		7,953
<b>Total</b>	₩	67,100	₩	44,539

Key management includes directors and audit committee members having duties and responsibilities over planning, operations and controlling of the Group's business activities.

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

There is no loss allowance recognized against receivables from related parties as at June 30, 2025; therefore, there are no impairment losses recognized against the receivables from related parties for the six-month periods ended June 30, 2025 and 2024.

As at June 30, 2025, there are no payment guarantees provided by the Group for related parties.

**32. Cash Flows**

Cash generated from operations for the six-month periods ended June 30, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
<b>Profit (loss) before income tax</b>		
Profit before income tax from continuing operations	₩ 241,095	₩ 558,404
Profit before income tax from discontinued operations	251,919	485,492
	<u>(10,824)</u>	<u>72,912</u>
<b>Adjustments for:</b>		
Depreciation	2,222,364	1,939,823
Amortization	276,125	228,191
Post-employment benefits	110,968	97,523
Finance income	(1,296,767)	(824,348)
Finance costs	1,596,360	1,072,181
Other foreign exchange differences	110,009	(100,167)
Loss on valuation of inventories	(37,198)	(7,573)
Gain on disposal of property, plant and equipment	(23,044)	(3,616)
Gain on disposal of intangible assets	-	(14)
Loss on disposal of property, plant and equipment	39,386	92,383
Loss on disposal of intangible assets	24,944	1,483
Impairment loss on property, plant and equipment	12,393	120,794
Impairment loss on intangible assets	356	925
Additions to provisions	276,768	440,891
Other income	133,276	(52,499)
Decrease (increase) in inventories	993,148	(104,706)
Decrease (increase) in trade receivables	467,841	(428,290)
Decrease (increase) in other receivables	(85,755)	142,738
Increase in other assets	(134,254)	(564,287)
Decrease in trade payables	(492,646)	(97,148)
Increase (decrease) in other payables	321,468	(83,829)
Increase (decrease) in other liabilities	(258,768)	224,625
Decrease in provisions	(194,962)	(296,282)
Decrease in net defined benefit liabilities	(8,082)	(8,625)
Other cash flows from operations	(121,639)	167,332
<b>Cash generated from operations</b>	<u>₩ 4,173,386</u>	<u>₩ 2,515,909</u>

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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Changes in liabilities arising from financial activities for the six-month periods ended June 30, 2025 and 2024, are as follows:

(in millions of  
Korean won)

	2025					
	As at January 1, 2025	Cash flows from financing activities	Non-cash transactions			As at June 30, 2025
			Acquisition	Amortization	Others	
Borrowings	₩ 9,750,686	₩ 1,118,871	₩ -	₩ 3,753	₩ (226,306)	₩ 10,647,004
Debentures	16,710,659	4,793,201	-	64,112	(1,234,128)	20,333,844
Lease liabilities	914,753	(86,675)	50,167	-	(61,539)	816,706
Other payables for the reverse factoring arrangement	439,604	(1,050,340)	-	-	610,736	-
	₩ 27,815,702	₩ 4,775,057	₩ 50,167	₩ 67,865	₩ (911,236)	₩ 31,797,555

(in millions of  
Korean won)

	2024					
	As at January 1, 2024	Cash flows from financing activities	Non-cash transactions			As at June 30, 2024
			Acquisition	Amortization	Others	
Borrowings	₩ 9,675,998	₩ (61,375)	₩ -	₩ 5,893	₩ 507,293	₩ 10,127,809
Debentures	11,760,250	1,752,072	-	56,565	527,971	14,096,858
Lease liabilities	491,866	(63,318)	102,409	-	(4,027)	526,930
Other payables for the reverse factoring arrangement	-	-	-	-	-	-
	₩ 21,928,114	₩ 1,627,379	₩ 102,409	₩ 62,458	₩ 1,031,237	₩ 24,751,597

Significant non-cash transactions for the six-month periods ended June 30, 2025 and 2024, are as follows:

(in millions of Korean won)

	2025	2024
Reclassification of construction-in-progress	₩ 4,115,450	₩ 5,604,642
Reclassification of machinery-in-transit	31,758	128,078
Reclassification of long-term borrowings into current portion	4,947,623	2,154,643
Other payables related to acquisitions of property, plant and equipment and intangible assets	3,155,749	2,537,383
Reclassification of other payables under the reverse factoring arrangement	610,736	-
Reclassification of non-current assets held for sale	337,982	12,501
Reclassification of non-current liabilities held for sale	19,386	-
Other non-current financial liabilities related to acquisition of property, plant and equipment	1,463,267	489,688
Changes in other payables due to decrease in paid-in capital	1,323,778	-

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

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**33. Segment Information**

General information about the Group's reportable segments is as follows:

<b>Segment</b>	<b>Products or services</b>
Petrochemicals	ABS, PC, PE, PP, Acrylic, Alcohol, SAP, PVC, Synthetic rubber, Special resin, BPA, Ethylene, Propylene and others
LG Energy solution	Mobile batteries, Automotive batteries, Electricity storage batteries and others
Advanced materials <sup>1</sup>	Engineering materials, Display materials, Cathode materials, Separator and others
Life sciences	Growth hormone, Vaccine, Antidiabetic, agricultural chemicals and others
Common and others	Crop protection products, Seeds, Fertilizers, General management, sales and R&D and others

<sup>1</sup> Management approved the disposal of LCD polarizer business, polarizer and related material business and Water Solutions business, and the related profit and loss are presented as discontinued operations are disclosed in Note 34.

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**June 30, 2025 and 2024 (Unaudited), and December 31, 2024**

Segment information on revenue, profit and loss for the six-month periods ended June 30, 2025 and 2024, are as follows:

(in millions of  
Korean won)

	2025					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others <sup>3</sup>	Total
Total segment revenue	₩ 9,477,674	₩ 11,830,402	₩ 2,500,458	₩ 622,723	₩ 492,632	₩ 24,923,889
Inter-segment revenue	173,396	6,135	1,175,346	3,426	26,723	1,385,026
Revenue from external customers <sup>1</sup>	9,304,278	11,824,267	1,325,112	619,297	465,909	23,538,863
Operating profit (loss) <sup>2</sup>	(146,876)	866,832	188,631	11,203	(5,340)	914,450
Depreciation and amortization	446,882	1,739,068	118,011	61,335	125,740	2,491,036

(in millions of  
Korean won)

	2024					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others <sup>3</sup>	Total
Total segment revenue	₩ 9,421,045	₩ 12,290,580	₩ 3,200,412	₩ 689,322	₩ 492,539	₩ 26,093,898
Inter-segment revenue	264,798	9,397	1,985,168	30,503	5,934	2,295,800
Revenue from external customers <sup>1</sup>	9,156,247	12,281,183	1,215,244	658,819	486,605	23,798,098
Operating profit (loss) <sup>2</sup>	1,174	352,656	287,958	112,283	(107,652)	646,419
Depreciation and amortization	451,151	1,388,786	113,380	73,915	127,267	2,154,499

<sup>1</sup> Revenue from external customers consists of sales of goods. Interest income and dividend income are included in finance income.

<sup>2</sup> Management assesses the performance of the operating segments based on a measurement of operating profit of segment.

<sup>3</sup> Common and other segments include operating segments not qualifying as a reportable segment, supporting divisions as well as R&D divisions.



**LG Chem, Ltd. and Subsidiaries**  
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Segment information on assets and liabilities as at June 30, 2025 and December 31, 2024, are as follows:

(in millions of  
Korean won)

	June 30, 2025					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others	Total
Reportable segment asset <sup>1</sup>	₩ 16,106,661	₩ 62,982,502	₩ 6,937,013	₩ 2,331,267	₩ 5,594,561	₩ 93,952,004
Investments in associates and joint ventures	51,380	64,759	525,489	17	151,777	793,422
Reportable segment liability <sup>1</sup>	5,296,949	34,682,328	2,270,553	448,890	6,666,004	49,364,724

(in millions of  
Korean won)

	December 31, 2024					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others	Total
Reportable segment asset <sup>1</sup>	₩ 16,524,141	₩ 60,306,791	₩ 7,652,487	₩ 2,455,872	₩ 6,918,471	₩ 93,857,762
Investments in associates and joint ventures	50,934	62,389	627,283	17	157,770	898,393
Reportable segment liability <sup>1</sup>	5,348,546	29,340,248	2,643,680	473,121	8,056,704	45,862,299

<sup>1</sup> Assets and liabilities are measured in a manner consistent with those in the consolidated financial statements, and allocated on the basis of segment operation.

The external sales and non-current assets by geographical segments from continuing operations for the six-month periods ended June 30, 2025 and 2024, and as at June 30, 2025 and December 31, 2024, are as follows:

(in millions of Korean  
won)

	Sales		Non-current assets <sup>1</sup>	
	2025	2024	June 30, 2025	December 31, 2024
Korea <sup>2</sup>	₩ 5,822,595	₩ 5,047,118	₩ 20,100,881	₩ 20,165,226
China	5,343,240	5,992,778	4,318,374	4,989,625
Asia/Oceania	2,739,485	2,591,960	1,634,747	1,818,245
America	5,356,495	5,782,090	28,753,825	26,294,590
Europe	4,237,806	4,345,416	4,960,673	5,020,309
Others	39,242	38,736	-	-
<b>Total</b>	<b>₩ 23,538,863</b>	<b>₩ 23,798,098</b>	<b>₩ 59,768,500</b>	<b>₩ 58,287,995</b>

<sup>1</sup> Represents aggregate amount of property, plant and equipment, intangible assets and investment properties.

<sup>2</sup> Domestic sales include the exports made through local letters of credit.

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### June 30, 2025 and 2024 (Unaudited), and December 31, 2024

During the six-month period ended June 30, 2025, revenue to single external customers accounting for more than 10% of the Group's revenue was ₩ 2,668,833 million (2024: ₩ 3,313,707 million).

#### 34. Assets and Liabilities Held for Sale and Discontinued Operations

##### 34.1 Assets and Liabilities Held for Sale

In accordance with the final approval of management, the Group decided to dispose of polarizer and related material business (September 2023) and Water Solutions business including its entire shares of LG NanoH2O, LLC (June 2025), and reclassified the related assets as assets held for sale.

Meanwhile, sale of the sulfuric acid and steam manufacturing business of FarmHannong Co., Ltd. was finalized in July 2024, and polarizer and related material business was sold in December 2024.

Details of assets and liabilities of disposal group classified as held for sale as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
<b>Assets of disposal group</b>		
Property, plant and equipment	₩ 150,590	₩ 74
Intangible assets	107,700	-
Inventories	45,233	-
Trade and other receivables	32,650	-
Other current assets and others	1,278	-
Other non-current assets and others	605	-
<b>Total</b>	<b>₩ 338,056</b>	<b>₩ 74</b>
<b>Liabilities of disposal group</b>		
Trade and other payables	₩ 5,266	₩ -
Other current liabilities and others	13,990	-
Other non-current liabilities and others	130	-
<b>Total</b>	<b>₩ 19,386</b>	<b>₩ -</b>

As the net fair value of the assets of the disposal group is expected to exceed the carrying amount, there is no impairment loss recognized for the disposal group classified as assets held for sale as at June 30, 2025.

##### 34.2 Discontinued Operations

The Group decided to sell polarizer and related material business with the resolution of the board of directors in September 2023 and then classified the related business as discontinued operations as at September 2023. The sale of the polarizer and related material business was finalized in December 2024. Also, the Group decided to discontinue glass substrate business with the resolution of the board of directors in January 2020 and, substantially, discontinued the related business as at March 2020. In addition, following final management approval, the Group decided to dispose Water Solutions business, and classified it as a discontinued operation as at June 30, 2025. Accordingly, the profit and loss from the related operations are presented as discontinued operations.

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Comprehensive income information from discontinued operation for the six-month periods ended June 30, 2025 and 2024, are as follows:

(in millions of Korean won)

	2025			
	Glass substrate	Polarizer and related material	Water Solutions	Total
Revenue	₩ -	₩ 2,148	₩ 120,875	₩ 123,023
Expense	(4,005)	(24,196)	(105,648)	(133,849)
Profit (loss) before income tax of discontinued operation	(4,005)	(22,048)	15,227	(10,826)
Income tax benefit (expense)	282	426	(418)	290
Profit (loss) after income tax of discontinued operations	₩ (3,723)	₩ (21,622)	₩ 14,809	₩ (10,536)

(in millions of Korean won)

	2024			
	Glass substrate	Polarizer and related material	Water Solutions	Total
Revenue	₩ 7	₩ 413,743	₩ 119,989	₩ 533,739
Expense	(3,938)	(361,975)	(94,914)	(460,827)
Profit (loss) before income tax of discontinued operation	(3,931)	51,768	25,075	72,912
Income tax benefit (expense)	(276)	818	(5,186)	(4,644)
Profit (loss) after income tax of discontinued operations	₩ (4,207)	₩ 52,586	₩ 19,889	₩ 68,268

Net cash flows from discontinued operations for the six-month periods ended June 30, 2025 and 2024, are as follows:

(in millions of Korean won)

	2025			
	Glass substrate	Polarizer and related material	Water Solutions	Total
Net cash inflow (outflow) from operating activities	₩ (3,380)	₩ 32,255	₩ 163,853	₩ 192,728
Net cash inflow (outflow) from investing activities	39	135,873	(83,489)	52,423
Net cash outflow from financing activities	-	(200,474)	-	(200,474)

(in millions of Korean won)

	2024			
	Glass substrate	Polarizer and related material	Water Solutions	Total
Net cash inflow (outflow) from operating activities	₩ (6,240)	₩ 16,420	₩ 55,081	₩ 65,261
Net cash inflow (outflow) from investing activities	662	(1,776)	(5,284)	(6,398)
Net cash inflow (outflow) from financing activities	-	-	-	-

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**35. Assets and Liabilities related to Contracts with Customers**

Assets and liabilities related to contracts with customers as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
<b>Contract assets</b>		
Due from customers for contract work	₩ 45,124	₩ 77,237
<b>Total contract assets</b>	<u>₩ 45,124</u>	<u>₩ 77,237</u>
<b>Contract liabilities</b>		
Advances in relation to revenue from the Group's main business activities	₩ 2,409,418	₩ 2,287,911
Expected customer incentives	108,182	5,438
Unearned revenue	52,883	62,879
Due to customers for contract work	34,681	7,377
<b>Total contract liabilities</b>	<u>₩ 2,605,164</u>	<u>₩ 2,363,605</u>

*Revenue recognized in relation to contract liabilities.*

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in the prior periods.

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Revenue recognized in the current period from the contract liabilities balance at the beginning of the period	₩ 205,239	₩ 104,681
Advances received in relation to revenue from the Group's main business activities	191,388	75,483
Unearned revenue	13,341	29,198
Due to customers for contract work	510	-
Revenue recognized from performance obligations satisfied in previous periods	-	-

Changes in estimates during the current period for the total contract amount and total contract costs related to contracts in which revenue is recognized over the period by applying the cost-based input method at the end of the prior year, and the impact of such changes in estimates on profits and losses and contract assets(liabilities) for the current and future periods are as follows.

<i>(in millions of Korean won)</i>	<b>Change in estimate of total contract amount</b>	<b>Changes in total contract cost estimates</b>	<b>Effect on Profit or Loss</b>	<b>Effect on future profit or loss</b>	<b>Changes in contract assets (liabilities)</b>
₩	5,562	₩ 3,489	₩ 3,616	₩ (1,543)	₩ 3,616

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Costs to fulfil a contract as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Costs to fulfil a contract	₩ 541,754	₩ 328,943

Costs to fulfil a contract are setup cost related to contracts with customers and are recognized as cost of sales when the Group fulfils its performance obligations. Costs to fulfil a contract recognized as cost of sales during the current period were ₩ 32,829 million (2024: ₩ 23,654 million).

**36. Investment Properties**

Details of investment properties as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>				<b>December 31, 2024</b>			
	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment</b>	<b>Book amount</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment</b>	<b>Book amount</b>
Land	₩ 6,696	₩ (94)	₩ (497)	₩ 6,105	₩ 6,696	₩ (88)	₩ (497)	₩ 6,111
Buildings	133,787	(25,387)	(18,239)	90,161	133,989	(23,673)	(18,240)	92,076
<b>Total</b>	<b>₩ 140,483</b>	<b>₩ (25,481)</b>	<b>₩ (18,736)</b>	<b>₩ 96,266</b>	<b>₩ 140,685</b>	<b>₩ (23,761)</b>	<b>₩ (18,737)</b>	<b>₩ 98,187</b>

Changes in investment properties for the six-month period ended June 30, 2025 and for the year ended December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>			<b>December 31, 2024</b>		
	<b>Land</b>	<b>Building</b>	<b>Total</b>	<b>Land</b>	<b>Building</b>	<b>Total</b>
Beginning balance	₩ 6,111	₩ 92,076	₩ 98,187	₩ 3,903	₩ 85,047	₩ 88,950
Acquisitions/transfers	-	1	1	2,222	10,985	13,207
Disposals/transfers	-	(126)	(126)	(1)	(216)	(217)
Depreciation	(6)	(1,790)	(1,796)	(13)	(3,740)	(3,753)
Ending balance	₩ 6,105	₩ 90,161	₩ 96,266	₩ 6,111	₩ 92,076	₩ 98,187

The fair value of investment properties is measured either by independent professional appraisers with certified qualification or measured based on official appraised value of land and available information from recent transactions of similar properties, and it is classified as 'Level 3' of the fair value hierarchy. The fair value of investment properties as at June 30, 2025, is ₩ 113,198 million (December 31, 2024: ₩ 113,997 million).

During the six-month ended June 30, 2025, rental income from investment properties under operating lease is ₩ 2,509 million (2024: ₩ 2,427 million), and operating expenses incurred for investment properties that generated rental income (including maintenance and repair expenses) are ₩ 2,307 million (2024: ₩ 2,246 million). During the six-month period ended June 30, 2025, there are no operating expenses incurred for investment properties that do not generate rental income (including maintenance and repair expenses).

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#### *Operating lease*

Investment properties are leased to tenants under operating leases with monthly rent payments. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of investment properties.

The future minimum lease payments expected to be received in relation to the above operating lease agreement for investment properties as at June 30, 2025 and December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Within one year	₩ 4,500	₩ 3,952
Within two years	2,888	3,799
Within five years	1,090	2,145
<b>Total</b>	<b>₩ 8,478</b>	<b>₩ 9,896</b>

#### **37. Business Combination**

For the year ended December 31, 2024, the Group included PT.HLI Green Power, which was previously a joint venture on August 1, 2024, in consolidation since it is considered to have control as the Group can exercise the majority voting rights in its decision-making process and has the ability to use power to affect the returns of the investee through its involvement in the production and cost management and other activities in accordance with the changes of shareholder's agreement.

Details of consideration transferred, the assets and liabilities recognized at the date of acquisition of PT. HLI Green Power and fair value of the non-controlling interest for the year ended December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>Amount</b>
<b>Consideration transferred</b>	
Fair value of the previously held interest before the business combination	₩ 191,187
<b>Identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents	₩ 59,825
Trade and other receivables	118,338
Inventories	144,834
Property, plant and equipment	1,026,339
Intangible assets	149,067
Other assets	44,615
Trade and non-trade payables	(293,584)
Other payables	(846,472)
Net identifiable assets	402,962
Non-controlling interests	201,481
Goodwill (gain from a bargain purchase)	(10,294)

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Had PT.HLI Green Power been consolidated from January 1, 2024, the consolidated statement of comprehensive income for the six-month period ended June 30, 2024, would have shown a revenue of ₩ 23,868,152 million and net profit for the period of ₩ 313,066 million.

**38. Events After the Reporting Period**

With the resolution of the board of directors on August 7, 2025, the Group decided to dispose aesthetic business.