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

Consolidated Financial Statements and  
Internal Control over Financial Reporting

December 31, 2025 and 2024



**LG Chem, Ltd. and Subsidiaries**

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**December 31, 2025 and 2024**

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## Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

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

### **Opinion**

We have audited the consolidated financial statements of LG Chem, Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Group's Internal Control over Financial Reporting for consolidation purposes as at December 31, 2025, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 6, 2026, expressed an unqualified opinion.

### **Basis for Opinion**

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **(1) Impairment Assessment for CGUs to which Goodwill has been Allocated**

### ***Reason why the matter was determined to be a Key Audit Matter***

The Group annually performs impairment assessment on the goodwill. We focused on goodwill impairment assessment due to the significant size of goodwill balance (₩ 660,160 million as at December 31, 2025) and management's involvement in assumptions and judgments in the future results of the business, discount rate used in the measurement of the 'recoverable amount' of the Group's Cash-Generating Units (CGUs). Details are described in Notes 11 and 12.

In particular, we focused our audit procedures on the impairment testing of goodwill related to the Life Sciences CGU (₩ 391,311 million as at December 31, 2025) and the Aveo CGU (₩ 163,349 million as at December 31, 2025), both of which carry significant goodwill balances, as well as on the group of Petrochemicals CGU, for which an impairment loss of ₩ 1,278,628 million was recognized during the current year. The Group management determined that there was sufficient headroom between the recoverable amount and the carrying amount of the Life Sciences CGU and the Aveo CGU, while an impairment loss was recognized for the group of Petrochemicals CGU during the year due to deteriorating market conditions. The Group management engaged independent external valuation experts to measure the recoverable amounts of Life Sciences and the Aveo CGUs as well as the group of Petrochemicals CGU. Considering the magnitude of related goodwill balances and the impairment loss recognized, and significant management assumptions and judgments involved in the recoverable amount assessments, we determined this matter to be a key audit matter.

### ***How our audit addressed the key audit matter***

We have performed the following audit procedures to address this key audit matter, including the involvement of valuation specialists:

- Assessed the design and operating effectiveness of relevant internal controls in place in connection with impairment assessment, including review and approval by management of future cash flow forecasts and assumptions applied in the assessment.
- Assessed the objectivity and eligibility of the expert utilized by the management.
- Obtained understanding of valuation technique model, assumptions applied and fundamental data used by management in estimating the recoverable amount,
- Assessed whether an appropriate valuation model has been used by management to estimate recoverable amount.
- Reviewed the validity of applied key significant assumptions in terms of value-in-use evaluation.
  - Assessment of the appropriateness of management's business plan estimates by comparing actual performance to the past business plans of the relevant CGUs.
  - Comparison between long-term growth rate and economic and industry forecasts
  - Comparison between the discount rate used by management and the discount rate independently calculated by us using observable information
- Confirmed whether the estimation of future cash flows related to impairment assessments is based on the business plans approved by the management, excluding certain adjusted cash flows from the perspective of market participants.
- Reviewed the adequacy of the corresponding carrying amount allocated to CGUs subject to impairment test.

- Evaluated the results of the management's sensitivity analysis of discount rates and perpetual growth rates to assess the impact on impairment assessment due to variations in key assumptions applied.

## **(2) Provisions for ordinary service warranties of LG Energy Solution, Ltd.**

### ***Reason why the matter was determined to be a Key Audit Matter***

The Group has recognized warranty provisions related to warranty repair, etc. We focused on the warranty provisions, considering that the size of provisions is significant (₩ 1,917,409 million as at December 31, 2025), as well as management's involvement in significant assumptions and judgments regarding the estimation of future expenditures based on the historical claim experience rate. Details are described in Note 15.

In particular, we focused our audit procedures on the measurement of the provisions for ordinary service warranties of LG Energy Solution, Ltd. Due to the significant size of the related provisions for ordinary service warranties (₩ 1,549,908 million as at December 31, 2025) and management's involvement in significant assumptions and judgments in the measurement of the provisions, we determined this matter to be a key audit matter.

### ***How our audit addressed the key audit matter***

We have performed the following audit procedures to address this key audit matter, including the involvement of the independent auditors of LG Energy Solution, Ltd.

- Reviewed the compliance of the Group's accounting policies for the measurement and recognition of the warranty provisions with accounting standards.
- Performed the following procedures to assess whether the input data used by management for the estimation is appropriate (sales, provision rate, and warranty period).
  - Tested the design and operating effectiveness of controls over the determination of provision rates (eligible sales data, claim history).
  - Assessed the appropriateness and reasonableness of the estimated average warranty period and eligible sales data by business unit.
  - Tested the design and operating effectiveness of controls ensuring the warranty provisions are accurately calculated based on the approved inputs, and performed independent recalculations.
- Assessed the appropriateness of the note disclosures related to warranty provisions.

### ***Other Matter***

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

## ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the

underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jin-Hyun Kim, Certified Public Accountant.

*Samil PricewaterhouseCoopers*

Seoul, Korea  
March 6, 2026

This report is effective as at March 6, 2026 the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

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

<i>(in millions of Korean won)</i>	<b>Notes</b>			<b>2025</b>			<b>2024</b>
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	3, 5, 6	₩		9,899,926	₩		7,854,877
Trade receivables	3, 5, 7, 31			6,724,744			8,166,047
Other receivables	3, 5, 7, 31			1,802,607			1,117,359
Other current financial assets	3, 5, 8			245,464			219,845
Prepaid income taxes				177,156			127,219
Other current assets	13			1,503,274			1,482,773
Inventories	9			8,177,310			8,847,433
Assets held for sale	34			3,996,418			74
Total current assets				<u>32,526,899</u>			<u>27,815,627</u>
<b>Non-current assets</b>							
Trade receivables	3, 5, 7			383,553			392,585
Other receivables	3, 5, 7			464,066			450,535
Other non-current financial assets	3, 5, 8			2,659,952			2,439,917
Investments in associates and joint ventures	1, 10, 33			353,051			898,393
Deferred tax assets	28			3,075,236			2,865,593
Property, plant and equipment	11			56,458,203			54,570,446
Intangible assets	12			3,501,805			3,619,361
Investment properties	36			94,450			98,187
Other non-current assets	13, 16			1,544,446			707,118
Total non-current assets				<u>68,534,762</u>			<u>66,042,135</u>
<b>Total assets</b>		₩		<u>101,061,661</u>	₩		<u>93,857,762</u>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade payables	3, 5, 31	₩		3,536,524	₩		3,681,898
Other payables	3, 5, 31			6,982,459			7,024,302
Borrowings	3, 5, 14			11,738,137			7,621,059
Other current financial liabilities	3, 5, 8			679,039			352,269
Provisions	15			1,122,324			1,054,559
Income tax payables				569,189			184,428
Other current liabilities	17, 35			1,508,472			1,167,202
Liabilities of disposal group held for sale	34			1,004			-
Total current liabilities				<u>26,137,148</u>			<u>21,085,717</u>
<b>Non-current liabilities</b>							
Other payables	3, 5			40,268			31,065
Borrowings	3, 5, 14			22,073,820			19,755,038
Other non-current financial liabilities	3, 5, 8			2,407,851			1,043,099
Provisions	15			1,166,019			800,168
Net defined benefit liabilities	13, 16			5,603			9,788
Deferred tax liabilities	28			281,082			432,942
Other non-current liabilities	17, 35			1,844,325			2,704,482
Total non-current liabilities				<u>27,818,968</u>			<u>24,776,582</u>
<b>Total liabilities</b>		₩		<u>53,956,116</u>	₩		<u>45,862,299</u>

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

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2025</b>	<b>2024</b>
<b>Equity</b>			
Issued capital	1, 19	391,406	391,406
Capital surplus	19	12,653,966	11,568,870
Elements of other stockholders equity	21	(19,569)	(19,569)
Accumulated other comprehensive income		2,820,530	2,751,299
Retained earnings	20	16,999,267	18,592,174
<b>Equity attributable to owners of the Parent Company</b>		<u>32,845,600</u>	<u>33,284,180</u>
<b>Non-controlling interests</b>		14,259,945	14,711,283
<b>Total equity</b>		<u>47,105,545</u>	<u>47,995,463</u>
<b>Total liabilities and equity</b>		<u>₩ 101,061,661</u>	<u>₩ 93,857,762</u>

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

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Income Statements**  
**Years Ended December 31, 2025 and 2024**

<i>(in millions of Korean won, except per share amounts)</i>	<b>Notes</b>	<b>2025</b>		<b>2024</b>	
<b>Revenue</b>	22, 31, 33, 35	₩	45,932,167	₩	48,699,754
<b>Cost of sales</b>	22, 23, 31		<u>(38,122,707)</u>		<u>(41,247,486)</u>
<b>Gross profit</b>			7,809,460		7,452,268
Other operating income	22		1,646,811		1,480,020
Selling and administrative expenses	22, 23, 31		<u>(8,275,371)</u>		<u>(8,057,361)</u>
<b>Operating income</b>	22, 33		1,180,900		874,927
Finance income	25		1,944,709		2,111,952
Finance costs	25		(2,158,318)		(2,702,967)
Losses of associates and joint ventures	10		(118,330)		(24,943)
Other non-operating income	26		1,473,707		1,388,482
Other non-operating expenses	27		<u>(4,103,093)</u>		<u>(1,956,958)</u>
<b>Loss before income tax</b>	32		(1,780,425)		(309,507)
<b>Income tax expense</b>	28		(15,998)		(52,755)
<b>Loss from continuing operations</b>		₩	<u>(1,796,423)</u>	₩	<u>(362,262)</u>
Profit from discontinued operations	34	₩	819,360	₩	877,273
<b>Profit (loss)</b>		₩	<u>(977,063)</u>	₩	<u>515,011</u>
<b>Profit (loss) is attributable to:</b>					
Owners of the Parent Company					
Loss from continuing operations		₩	(2,638,809)	₩	(1,567,354)
Profit from discontinued operations			819,360		876,500
			<u>(1,819,449)</u>		<u>(690,854)</u>
Non-controlling interests					
Profit from continuing operations			842,386		1,205,092
Profit from discontinued operations			-		773
			<u>842,386</u>		<u>1,205,865</u>
<b>Losses per share for profit (loss)</b>					
<b>attributable to the owners</b>					
<b>of the Parent Company (in won)</b>					
	29				
Basic and diluted losses per ordinary share		₩	(23,244)	₩	(8,826)
Basic and diluted losses per preferred share			(23,244)		(8,826)
<b>Losses per share for profit (loss) from continuing operations</b>					
<b>attributable to the owners</b>					
<b>of the Parent Company (in won)</b>					
Basic and diluted losses per ordinary share		₩	(33,712)	₩	(20,024)
Basic and diluted losses per preferred share			(33,712)		(20,024)

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

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2025 and 2024**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2025</b>	<b>2024</b>
<b>Profit (loss)</b>		₩ (977,063)	₩ 515,011
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liabilities	16	418,419	(117,001)
Gain on valuation of financial assets at fair value through other comprehensive income	8	150,308	179,102
Shares of remeasurements of net defined benefit liabilities of associates		408	(450)
Income tax relating to these items		(163,621)	(3,018)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(103,055)	3,369,790
Cash flow hedge		4,883	3,445
Shares of other comprehensive income of associates and joint ventures		33,119	52,863
Reclassification of other comprehensive income (loss) of joint ventures due to disposal		(85,431)	(37,804)
Income tax relating to these items		21,214	(12,758)
<b>Other comprehensive income, net of tax</b>		<u>276,244</u>	<u>3,434,169</u>
<b>Total comprehensive income (loss)</b>		<u>₩ (700,819)</u>	<u>₩ 3,949,180</u>
<b>Total comprehensive income (loss) is attributable to:</b>			
Owners of the Parent Company		₩ (1,443,202)	₩ 1,369,020
Non-controlling interest		742,383	2,580,160

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

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 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	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>Total comprehensive income (loss)</b>								
Profit (loss)	-	-	-	-	(690,854)	(690,854)	1,205,865	515,011
Remeasurements of net defined benefit liabilities	16	-	-	-	(92,937)	(92,937)	9,037	(83,900)
Exchange differences on translation of foreign operations		-	-	-	1,988,939	-	1,368,917	3,357,856
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	8	-	-	-	143,017	-	(32)	142,985
Cash flow hedge		-	-	-	2,143	-	476	2,619
Others		-	-	-	19,162	(450)	(4,103)	14,609
<b>Total comprehensive income (loss)</b>					<b>2,153,261</b>	<b>(784,241)</b>	<b>2,580,160</b>	<b>3,949,180</b>
<b>Transactions with owners:</b>								
Business combination	37	-	-	-	-	-	201,481	201,481
Dividends paid	30	-	-	-	(274,347)	(274,347)	(92,953)	(367,300)
Transfer of business		-	-	-	-	-	(8,689)	(8,689)
Changes in ownership interest of a subsidiary		-	(3,228)	-	-	(3,228)	728	(2,500)
Increase in paid-in capital of a subsidiary		-	-	-	-	-	3,486,626	3,486,626
Others		-	-	-	-	130	(201,650)	(201,520)
<b>Total transactions with owners</b>			<b>(3,228)</b>			<b>(274,217)</b>	<b>3,385,543</b>	<b>3,108,098</b>
<b>Balance at December 31, 2024</b>	₩ 391,406	₩ 11,568,870	₩ (19,569)	₩ 2,751,299	₩ 18,592,174	₩ 33,284,180	₩ 14,711,283	₩ 47,995,463
<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>Total comprehensive income (loss)</b>								
Profit (loss)		-	-	-	(1,819,450)	(1,819,450)	842,387	(977,063)
Remeasurements of net defined benefit liabilities	16	-	-	-	303,991	303,991	5,392	309,383
Exchange differences on translation of foreign operations		-	-	-	17,380	-	(97,880)	(80,500)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	8	-	-	-	104,122	-	(8,399)	95,723
Cash flow hedge		-	-	-	2,812	-	730	3,542
Others		-	-	-	(52,466)	409	153	(51,904)
<b>Total comprehensive income (loss)</b>					<b>71,848</b>	<b>(1,515,050)</b>	<b>742,383</b>	<b>(700,819)</b>
<b>Transactions with owners:</b>								
Dividends paid	30	-	-	-	(78,659)	(78,659)	(147,903)	(226,562)
Changes in ownership interest of a subsidiary		-	1,068,092	-	-	-	509,637	1,577,729
Increase in paid-in capital of a subsidiary		-	-	-	-	-	2,213,276	2,213,276
Decrease in paid-in capital of a subsidiary		-	-	-	-	-	(1,470,416)	(1,470,416)
Others		-	17,004	-	(2,617)	802	(2,298,315)	(2,283,126)
<b>Total transactions with owners</b>			<b>1,085,096</b>		<b>(77,857)</b>	<b>1,004,622</b>	<b>(1,193,721)</b>	<b>(189,099)</b>
<b>Balance at December 31, 2025</b>	₩ 391,406	₩ 12,653,966	₩ (19,569)	₩ 2,820,530	₩ 16,999,267	₩ 32,845,600	₩ 14,259,945	₩ 47,105,545

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

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2025 and 2024**

<i>(in millions of Korean won)</i>	Note	2025	2024
<b>Cash flows from operating activities</b>			
Cash generated from operations	32	₩ 9,924,244	₩ 8,236,110
Interest received		304,534	359,222
Interest paid		(1,248,390)	(939,334)
Dividends received		13,207	16,339
Income taxes paid		(759,736)	(659,998)
<b>Net cash inflow from operating activities</b>		<u>8,233,859</u>	<u>7,012,339</u>
<b>Cash flows from investing activities</b>			
Decrease in other receivables		452,715	150,340
Proceeds from disposal of other financial assets		223,747	65,960
Proceeds from disposal of investments in associates and joint ventures		42,239	-
Proceeds from disposal of property, plant and equipment		157,569	121,637
Proceeds from disposal of intangible assets		14,664	12,484
Government grants received		154,584	737,618
Cash inflow from business combination		234,706	59,825
Proceeds from disposal of assets held for sale		-	616
Cash inflow from transfer of business		1,532,563	793,324
Cash inflow from settlement of derivative instruments		-	4,061
Increase in other receivables		(1,255,148)	(313,898)
Acquisition of investments in associates and joint ventures		(27,540)	(7,662)
Acquisition of other financial assets		(116,161)	(489,742)
Acquisition of property, plant and equipment		(13,660,731)	(14,614,863)
Acquisition of intangible assets		(195,940)	(164,995)
Cash outflow from settlement of derivative instruments transactions		(27,867)	(18,091)
<b>Net cash outflow from investing activities</b>		<u>(12,470,600)</u>	<u>(13,663,386)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		23,576,124	10,442,709
Increase in non-controlling interests		1,998,125	-
Capital contribution from non-controlling interests		1,933,471	3,486,626
Settlement of derivative instruments transactions		131,856	155,930
Repayments of borrowings and others		(18,198,326)	(8,620,990)
Paid-in capital reduction involving non-controlling interests		(753,493)	(2,499)
Dividends paid		(226,562)	(367,300)
Other		(2,218,203)	(273,194)
<b>Net cash inflow from financing activities</b>		<u>6,242,992</u>	<u>4,821,282</u>
<b>Net increase (decrease) in cash and cash equivalents</b>			
Cash equivalents included in the disposal group held for sale		2,006,251	(1,829,765)
Cash and cash equivalents at the beginning of period		-	23,877
Cash and cash equivalents at the beginning of period		7,854,877	9,084,899
Effects of exchange rate changes on cash and cash equivalents		39,960	575,866
Cash equivalents included in the disposal group held for sale at the end of the period		(1,162)	-
<b>Cash and cash equivalents at the end of period</b>		<u>₩ 9,899,926</u>	<u>₩ 7,854,877</u>

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

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

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#### 1. General Information

General information about LG Chem, Ltd. (the Parent Company) and its 76 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 December 31, 2025, the Group has its manufacturing facilities in Yeosu, Daesan, Ochang, Cheongju, Naju, Iksan, Osong, Onsan and overseas sites, and engaged in Petrochemicals, Energy solutions, Advanced materials and Life Sciences business.

As at December 31, 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 December 31, 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 materials, semiconductor materials, and display and battery materials such as LCD photoresist and cathode materials and others.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

The Life Sciences business manufactures and supplies pharmaceutical products, such as human growth hormone 'Eutropin', diabetes drug 'Zemiglo', bovine somatotropin 'Boostin', 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 to developing a 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
	2025	2024			
<b>Consolidated subsidiaries</b>					
LG Energy Solution, Ltd. <sup>1</sup>	79	82	Korea	December	Battery manufacturing and sales
Ningbo LG Yongxing Chemical Co., Ltd. <sup>2,34,35,37</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>3,4</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. <sup>34,35,37</sup>	75	75	China	December	PVC, VCM, EDC manufacturing and sales
Tianjin LG BOTIAN Chemical Co., Ltd. <sup>34,35,36,37</sup>	58	58	China	December	SBS manufacturing and sales
LG Chem (China) Investment Co., Ltd. <sup>5</sup>	100	100	China	December	China holding company
LG Chem (Tianjin) Engineering Plastics Co., Ltd. <sup>34</sup>	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>16</sup>	-	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. <sup>34</sup>	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>6</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, Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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	Percentage of ownership (%)		Business location	Closing month	Business activities
	2025	2024			
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 (Guangzhou) Information & Electronics Materials Co., Ltd.	100	100	China	December	OLED manufacturing and sales
LEYOU NEW ENERGY MATERIALS(WUXI) Co., LTD. <sup>32, 34, 35, 37</sup>	51	51	China	December	Cathode materials manufacturing and sales
LG Chem Fund I LLC <sup>7</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>8, 9</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>5</sup>	100	100	China	December	Research on petrochemicals
LG PETRONAS Chemicals Malaysia Sdn.Bhd. <sup>10, 34, 35, 36</sup>	51	51	Malaysia	December	NBL manufacturing and sales
LG-HY BCM CO., LTD. <sup>33, 34, 35, 36, 37</sup>	51	51	Korea	December	Cathode 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>9</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 <sup>33, 34, 35, 36, 37</sup>	60	60	Korea	December	Plant utility manufacturing and sales
LG Chem America Advanced Materials, Inc. <sup>11</sup>	100	100	USA	December	Cathode materials manufacturing and sales
LG-Eni Biorefining Co., Ltd <sup>12, 33, 35, 36, 37,</sup>	51	51	Korea	December	Bio-fuel manufacturing and sales
LG CHEM COLOMBIA S.A.S <sup>13</sup>	100	-	Colombia	December	Sales and trading
LG Chem Hungary Battery Separator Kft. <sup>31</sup>	100	-	Hungary	December	Battery separator manufacturing and sales
FarmHannong Co., Ltd. <sup>14</sup>	100	100	Korea	December	Agricultural pesticide manufacturing and sales
Farmhannong America, Inc. <sup>14</sup>	100	100	USA	December	Agricultural pesticide sales
FarmHannong(Thailand) Ltd. <sup>15</sup>	-	100	Thailand	December	Research and development ("R&D") on seeds
FARMHANNONG(MALAYSIA) SDN. BHD. <sup>14</sup>	100	100	Malaysia	December	Agricultural pesticide licensing
PT FARM HANNONG INDONESIA <sup>14</sup>	100	100	Indonesia	December	Agricultural pesticide licensing
FarmHannong do Brasil Limitada <sup>14</sup>	100	100	Brazil	December	Agricultural pesticide sales
LG Energy Solution (Nanjing) Co., Ltd. <sup>1</sup>	79	82	China	December	Small-battery manufacturing and sales
LG Energy Solution Michigan Inc. <sup>1</sup>	79	82	USA	December	Secondary battery manufacturing and sales
LG Energy Solution Battery (Nanjing) Co., Ltd. <sup>1</sup>	79	82	China	December	Secondary battery manufacturing and sales
LG Energy Solution Wroclaw sp. z o.o. <sup>1</sup>	79	82	Poland	December	Secondary battery manufacturing and sales
LG Energy Solution Australia Pty Ltd <sup>1</sup>	79	82	Australia	December	ESS sales
LG Energy Solution Technology (Nanjing) Co., Ltd. <sup>1</sup>	79	82	China	December	Secondary battery manufacturing and sales
Ultium Cells Holdings LLC <sup>1, 27</sup>	40	41	USA	December	Automotive battery manufacturing and sales
Ultium Cells LLC <sup>1, 27</sup>	40	41	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Europe GmbH <sup>1</sup>	79	82	Germany	December	ESS sales and others

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	Percentage of ownership (%)		Business location	Closing month	Business activities
	2025	2024			
LG Energy Solution (Taiwan), Ltd. <sup>1</sup>	79	82	Taiwan	December	Small-battery sales and others
Aremnuri. Co. Ltd <sup>1</sup>	79	82	Korea	December	Facility management and general cleaning
LG Energy Solution Fund I LLC <sup>1</sup>	79	82	USA	December	Investments in venture companies
LG Energy Solution Vertech Inc. <sup>1</sup>	79	82	USA	December	ESS installation service
LG Energy Solution Arizona, Inc. <sup>1</sup>	79	82	USA	December	Small-battery manufacturing and sales and others
Baterias De Castilla, S.L. <sup>1</sup>	79	82	Spain	December	Others
L-H Battery Company, Inc. <sup>1</sup>	40	42	USA	December	Automotive battery manufacturing and sales
LG Energy Solution India Private Limited <sup>1</sup>	79	82	India	December	Small-battery sales and others
LG Energy Solution Arizona ESS, Inc. <sup>1</sup>	79	82	USA	December	ESS Manufacturing and sales
Nextstar Energy Inc. <sup>1</sup>	40	42	Canada	December	Secondary battery manufacturing and sales
LG Energy Solution Fund II LLC <sup>1</sup>	79	82	USA	December	Investments in venture companies
HL-GA BATTERY COMPANY LLC <sup>1,17</sup>	40	41	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Japan Co., Ltd. <sup>1,18</sup>	79	82	Japan	December	ESS sales and others
PT. HLI Green Power <sup>1,21</sup>	40	41	Indonesia	December	Automotive battery manufacturing and sales
LG Energy Solution China Co., Ltd. <sup>1,19</sup>	79	-	China	December	Business support services and others
Xensol Energy(Nanjing) Co.,Ltd <sup>1,20</sup>	-	-	China	December	Secondary battery manufacturing and sales
<b>Associates</b>					
TECHWIN Co., Ltd.	20	20	Korea	December	Environment solution and construction of chemical plant
LG Chem Life Sciences Poland Ltd. <sup>29</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 <sup>30</sup>	-	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>1,22</sup>	8	8	Korea	December	Aluminum manufacturing and sales and others
NEXPO Co., Ltd <sup>1,22</sup>	15	16	Korea	December	Battery products manufacturing and sales and others
Bricks Capital Management Global Battery Private Equity Fund I <sup>1,23</sup>	48	49	Korea	December	Collective investment scheme
Jeju Bukchon BESS Plant Co.,Ltd. <sup>1,24</sup>	8	-	Korea	December	Renewable energy services industry
PT LBM Energi Baru Indonesia <sup>1,25</sup>	16	-	Indonesia	December	Secondary battery materials manufacturing and sales
EV-LOOP <sup>1,28</sup>	40	-	France	December	Secondary battery materials manufacturing and sales
<b>Joint ventures<sup>26</sup></b>					
SEETEC Co., Ltd.	50	50	Korea	December	Plant utility and distribution, research assistance service
LG Chem Hungary Battery Separator Kft. <sup>31</sup>	-	50	Hungary	December	Battery separator manufacturing and sales

<sup>1</sup> As at December 31, 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. During the year ended December 31, 2025, the Group sold 5,752,475 ordinary shares of LG Energy Solution, Ltd. and the ownership percentage has decreased.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

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- <sup>2</sup> As at December 31, 2025, Ningbo LG Yongxing Chemical Co., Ltd. owns 100% of Ningbo Zhenhai LG Yongxing Trade Co.'s shares.
- <sup>3</sup> As at December 31, 2025, LG Chemical India Pvt. Ltd. owns 100% of LG Polymers India Pvt. Ltd.'s shares.
- <sup>4</sup> During the year ended December 31, 2025, the Group additionally acquired shares of LG Chemical India Pvt. Ltd. for ₩ 34,818 million.
- <sup>5</sup> As at December 31, 2025, LG Chem (China) Investment Co., Ltd. owns 100% of LG Chem China Tech Center's shares.
- <sup>6</sup> During the year ended December 31, 2024, the Group additionally acquired shares of LG Jiansheng Life Sciences (Beijing) Co., Ltd. for ₩ 2,499 million and the ownership percentage has increased to 100%. During the year ended December 31, 2025, the Group decided to dispose all shares of LG Jiansheng Life Sciences (Beijing) Co., Ltd. As a result, the related assets and liabilities were classified as assets held for sale.
- <sup>7</sup> During the year ended December 31, 2025, the Group additionally acquired shares of LG CHEM FUND I LLC for ₩ 1,673 million.
- <sup>8</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>9</sup> As at December 31, 2025, LG Chem Life Sciences USA Inc. owns 100% of the shares of Aveo Pharmaceuticals, Inc.
- <sup>10</sup> During the year ended December 31, 2025, the Group additionally acquired shares of LG PETRONAS Chemicals Malaysia Sdn.Bhd. for ₩ 36,008 million.
- <sup>11</sup> During the year ended December 31, 2024, LG Chem America Advanced Materials, Inc. was established, and during the year ended December 31, 2025, the Group has additionally acquired shares for ₩ 575,940 million.
- <sup>12</sup> During the year ended December 31, 2024, LG-Eni Biorefining Co., Ltd was established, and during the year ended December 31, 2025, the Group has additionally acquired shares for ₩ 68,187 million.
- <sup>13</sup> During the year ended December 31, 2025, LG CHEM COLOMBIA S.A.S was established, and the Group has newly acquired a 100 % interest for ₩ 154 million.
- <sup>14</sup> As at December 31, 2025, FarmHannong Co., Ltd. owns 100% of the shares of Farmhannong America, Inc., FARMHANNONG(MALAYSIA) SDN.BHD., PT FARM HANNONG INDONESIA and FarmHannong do Brasil Limitada.
- <sup>15</sup> During the year ended December 31, 2025, FarmHannong(Thailand) Ltd. was liquidated.
- <sup>16</sup> During the year ended December 31, 2025, the Group decided to dispose all shares of LG NanoH2O, Inc. and completed the disposal of its entire ownership interest.
- <sup>17</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>18</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>19</sup> During the year ended December 31, 2025, LG Energy Solution China Co., Ltd. was established, and LG Energy Solution has newly acquired a 100% interest for ₩ 14,174 million.
- <sup>20</sup> During the year ended December 31, 2025, Xensol Energy (Nanjing) Co., Ltd. was established, but the ownership percentage has not been stated as the investment has not yet been completed.
- <sup>21</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 amendment of the shareholder's agreement.
- <sup>22</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.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

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- <sup>23</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 determines that the Group has not control over the limited partnership and has classified it as an associate.
- <sup>24</sup> During the year ended December 31, 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>25</sup> During the year ended December 31, 2025, LG Energy Solution has newly acquired a 20% interest in PT LBM Energi Baru Indonesia for ₩ 22,107 million.
- <sup>26</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>27</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>28</sup> During the year ended December 31, 2025, LG Energy Solution has newly acquired a 50% interest in EV-LOOP for ₩ 1,714 million.
- <sup>29</sup> Classified as an investment in associate due to its small size.
- <sup>30</sup> During the year ended December 31, 2025, the Group disposed of its entire ownership interest in TL Chemical CO., Ltd
- <sup>31</sup> During the year ended December 31, 2025, the Group has acquired an additional 50% interest in LG Toray Hungary Battery Separator Kft., which had been a joint venture as at December 31, 2024, for ₩ 284,776 million and included it in the consolidation. The entity changed its name to LG Chem Hungary Battery Separator Kft. and the Group decided to dispose a portion of shares of the entity. As a result, the related assets and liabilities were classified as assets held for sale.
- <sup>32</sup> In accordance with the shareholder's agreement regarding the shares held, each shareholder is restricted from disposing of their shares to any third party, regardless of whether the consent of the other shareholders is obtained, for 10 years from the registration date.
- <sup>33</sup> In accordance with the shareholders' agreement regarding the shares held, each shareholder is restricted from disposing of its shares to any third party without the consent of the other shareholder during the agreed lock-up period.
- <sup>34</sup> In accordance with the shareholder's agreement regarding the shares held, each shareholder holds a right of first refusal on the shares held by the other party of the agreement.
- <sup>35</sup> In accordance with the shareholder's agreement regarding the shares held, upon the occurrence of termination due to a party's default, the non-defaulting party has a call option or a put option on the defaulting party's shares under the terms of the agreement.
- <sup>36</sup> In accordance with the shareholder's agreement regarding the shares held, upon the occurrence of deadlock, each shareholder has a call option or a put option on the other shareholder's shares under the terms of the agreement.
- <sup>37</sup> In accordance with the shareholder's agreement regarding the shares held, upon the occurrence of liquidation, each shareholder has a right of first refusal on the assets of the investee company under the terms of the agreement.

**LG Chem, Ltd. and Subsidiaries**  
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**1.4 Summarized Financial Information of Subsidiaries, Associates and Joint Ventures**

Summarized financial information (before eliminations of intercompany transactions and adjustments for differences in accounting policies) for consolidated subsidiaries, associates and joint ventures as at and for the years ended December 31, 2025 and 2024, is as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>			<b>2025</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Sales</b>	<b>Profit (loss)</b>
<b>Consolidated subsidiaries</b>					
LG Energy Solution, Ltd. and its subsidiaries <sup>1</sup>	₩ 67,147,953	₩ 37,826,277	₩ 29,321,676	₩ 23,671,759	₩ 80,803
Ningbo LG Yongxing Chemical Co.,Ltd.	988,720	166,181	822,539	1,960,555	92,652
Ningbo Zhenhai LG Yongxing Trade Co.,Ltd.	4,300	36	4,264	12,774	358
LG Chem America, Inc.	612,978	524,508	88,470	1,041,442	9,607
LG Chemical India Pvt. Ltd.	97,784	6	97,778	-	(23)
LG Polymers India Pvt. Ltd.	128,095	101,601	26,494	89,332	(13,180)
LG Chemical (Guangzhou) Engineering Plastics Co.,Ltd.	151,503	48,746	102,757	223,840	26,272
LG Chem (Taiwan), Ltd.	23,813	7,347	16,466	30,031	366
Tianjin LG Bohai Chemical Co.,Ltd.	264,564	257,296	7,268	445,121	(324,474)
Tianjin LG BOTIAN Chemical Co.,Ltd.	43,050	15,295	27,755	164,314	4,541
LG Chem (China) Investment Co.,Ltd.	1,181,358	1,076,845	104,513	60,157	3,483
LG Chem (Tianjin) Engineering Plastics Co.,Ltd.	65,465	18,284	47,181	77,385	9,076
LG Chem Europe GmbH	519,106	375,560	143,546	1,190,809	24,857
LG Chem Poland Sp. z o.o.	194,466	48,257	146,209	224,546	(45,512)
LGC Petrochemical India Private Ltd.	8,506	1,322	7,184	7,590	932
HAENGBOKNURI CO., LTD.	4,704	1,716	2,988	8,836	(27)
LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.	21,789	17,942	3,847	81,558	1,772
LG Chem Japan Co.,Ltd.	5,142	1,537	3,605	4,850	404
LG NanoH2O, LLC <sup>3, 4</sup>	-	-	-	1,728	7,594
LG Chem (Chongqing) Engineering Plastics Co., Ltd.	74,048	15,164	58,884	74,856	10,887
LG Chem(HUIZHOU) Petrochemical Co., Ltd.	470,608	200,363	270,245	747,679	12,295
LG Chem Life Sciences India Pvt. Ltd.	1,520	106	1,414	2,252	155
LG Jiansheng Life Sciences (Beijing) Co., Ltd.	7,628	17,496	(9,868)	9,545	(7,054)
LG Chem Life Sciences (Thailand) Ltd.	45,401	28,411	16,990	76,054	3,506
LG Chem Hai Phong Vietnam Company Ltd. <sup>2</sup>	4,189	39	4,150	-	(899)
LG Chem Mexico S.A. de C.V.	20,620	15,766	4,854	33,587	839
LG Chem Hai Phong Engineering Plastics LLC.	43,302	7,774	35,528	53,068	9,082

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LG Chem (Guangzhou) Information & Electronics Materials Co.,Ltd. <sup>2</sup>	295,169	56,676	238,493	154,337	(3,449)
LEYOU NEW ENERGY MATERIALS(WUXI) Co.,LTD	641,861	85,370	556,491	427,867	6,838
LG CHEM FUND I LLC	157,448		157,448	-	(4,332)
Uniseal, Inc.	104,818	15,377	89,441	114,454	13,294
LG Chem Life Sciences USA, Inc.	56,065	26,464	29,601	13,726	516
LG Chem Asia Pte. Ltd.	13,990	12,021	1,969	4,012	21
LG Chem China Tech Center	42,154	936	41,218	11,375	1,022
LG PETRONAS Chemicals Malaysia Sdn.Bhd.	578,881	578,359	522	96,343	(73,912)
LG-HY BCM CO., LTD.	639,581	369,635	269,946	412,784	(19,405)
LG Chem Ohio Petrochemical, Inc.	97,803	106,698	(8,895)	21,971	(22,718)
LG Chem Vietnam Co.,Ltd	1,179	337	842	1,104	108
LG Chem Malaysia SDN.BHD.	2,056	719	1,337	2,288	121
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMI CO LTDA.	2,474	443	2,031	3,568	287
Aveo Pharmaceuticals, Inc.	78,944	157,244	(78,300)	281,691	(31,267)
PT LG CHEM INDONESIA	1,745	397	1,348	2,148	89
TW Biomassenergy Co., Ltd	231,468	119,491	111,977	-	(1,029)
LG Chem America Advanced Materials, Inc.	1,957,788	965,248	992,540	42	(8,188)
LG-Eni Biorefining Co., Ltd	397,939	94,798	303,141	-	(603)
LG CHEM COLOMBIA S.A.S <sup>6</sup>	431	222	209	1,237	(4)
LG Chem Hungary Battery Separator Kft. <sup>6,7</sup>	693,050	1,004	692,046	-	-
FarmHannong Co., Ltd. and its subsidiaries <sup>1</sup>	1,086,598	608,916	477,682	774,799	43,382
<b>Associates</b>					
TECHWIN Co., Ltd.	158,665	79,307	79,358	150,523	1,165
LG Chem Life Sciences Poland Ltd.	380	122	258	238	9
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.	261,301	67,892	193,409	125,917	4,188
TL Chemical CO., Ltd <sup>4</sup>	-	-	-	-	2,317
KOREA PRECURSOR CO., LTD.	252,990	204,055	48,935	192,967	(25,075)
Sam-a Aluminium Company, Limited	450,789	230,855	219,934	271,392	(17,372)
NEXPO Co., Ltd	39,554	9,369	30,185	1,346	(2,740)
Bricks Capital Management Global Battery Private Equity Fund I	24,356	22	24,334	-	1,247
Jeju Bukchon BESS Plant Co.,Ltd. <sup>6</sup>	63,762	57,301	6,461	-	(2,334)
PT LBM Energi Baru Indonesia <sup>6</sup>	287,177	162,697	124,480	95,450	11,604
EV-LOOP <sup>6</sup>	3,371	-	3,371	-	-
<b>Joint ventures</b>					
SEETEC Co., Ltd.	351,344	63,829	287,515	775,855	15,994

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

	December 31, 2024			2024	
	Assets	Liabilities	Equity	Sales	Profit (loss)
<b>Consolidated subsidiaries</b>					
LG Energy Solution, Ltd. and its subsidiaries <sup>1</sup>	₩ 60,306,791	₩ 29,340,248	₩ 30,966,543	₩ 25,619,585	₩ 338,602
Ningbo LG Yongxing Chemical Co.,Ltd.	955,239	133,431	821,808	2,019,697	14,651
Ningbo Zhenhai LG Yongxing Trade Co.,Ltd.	8,620	764	7,856	17,133	431
LG Chem America, Inc.	541,255	460,585	80,670	1,016,595	16,277
LG Chemical India Pvt. Ltd.	63,095	11	63,084	-	35
LG Polymers India Pvt. Ltd.	129,564	124,970	4,594	22,363	(21,485)
LG Chemical (Guangzhou) Engineering Plastics Co.,Ltd.	136,484	39,839	96,645	205,281	19,119
LG Chem (Taiwan), Ltd. <sup>2</sup>	31,403	12,523	18,880	30,461	3,241
Tianjin LG Bohai Chemical Co.,Ltd.	439,156	116,417	322,739	498,267	(14,297)
Tianjin LG BOTIAN Chemical Co.,Ltd.	49,875	27,221	22,654	166,546	(2,393)
LG Chem (China) Investment Co.,Ltd.	1,717,235	1,279,373	437,862	70,996	13,400
LG Chem (Tianjin) Engineering Plastics Co.,Ltd.	71,749	20,513	51,236	80,132	8,731
LG Chem Europe GmbH	531,999	394,722	137,277	1,025,828	20,141
LG Chem Poland Sp. z o.o.	233,959	63,615	170,344	308,265	21,877
LGC Petrochemical India Private Ltd.	8,198	1,451	6,747	6,768	824
HAENGBOKNURI CO., LTD.	4,776	1,761	3,015	9,337	(52)
LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.	31,819	29,175	2,644	52,609	3,220
LG Chem Japan Co.,Ltd.	7,398	2,244	5,154	4,885	412
LG NanoH2O, LLC <sup>3, 4</sup>	87,776	25,618	62,158	69,295	8,045
LG Chem (Chongqing) Engineering Plastics Co., Ltd.	72,919	17,649	55,270	72,540	9,187
LG Chem(HUIZHOU) Petrochemical Co., Ltd.	580,284	193,767	386,517	791,036	(10,581)
LG Chem Life Sciences India Pvt. Ltd.	3,276	1,913	1,363	502	112
LG Jiansheng Life Sciences (Beijing) Co., Ltd.	9,898	12,359	(2,461)	23,966	(2,135)
LG Chem Life Sciences (Thailand) Ltd.	41,403	20,609	20,794	61,581	2,916
LG Chem Hai Phong Vietnam Company Ltd. <sup>2</sup>	18,165	2,997	15,168	-	1,818
LG Chem Mexico S.A. de C.V.	13,435	9,358	4,077	13,087	1,131
LG Chem Hai Phong Engineering Plastics LLC.	43,811	9,255	34,556	49,671	8,794
LG Chem (Guangzhou) Information & Electronics Materials Co.,Ltd. <sup>2</sup>	387,290	94,765	292,525	146,200	60,544
LEYOU NEW ENERGY MATERIALS(WUXI) Co.,LTD	997,806	249,104	748,702	1,342,007	108,591
LG CHEM FUND I LLC	180,022	83	179,939	-	(4,314)

**LG Chem, Ltd. and Subsidiaries**  
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Uniseal, Inc.	98,285	20,434	77,851	114,293	15,812
LG Chem Life Sciences USA, Inc.	59,547	29,777	29,770	14,241	2,384
LG Chem Asia Pte. Ltd.	15,410	13,526	1,884	4,633	143
LG Chem China Tech Center	41,276	1,806	39,470	11,414	869
LG PETRONAS Chemicals Malaysia Sdn.Bhd.	572,949	568,267	4,682	62,855	(51,733)
LG Chem Hangzhou Advanced Materials Co., Ltd. <sup>2, 5</sup>	-	-	-	-	820
LG-HY BCM CO., LTD.	803,106	513,853	289,253	625,870	35,049
LG Chem Ohio Petrochemical, Inc.	96,473	82,512	13,961	1,022	(11,207)
LG Chem Vietnam Co.,Ltd	1,260	484	776	1,153	129
LG Chem Malaysia SDN.BHD.	1,446	329	1,117	2,425	180
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMI CO LTDA.	2,043	464	1,579	3,299	303
Aveo Pharmaceuticals, Inc.	84,144	132,458	(48,314)	230,932	(30,037)
PT LG CHEM INDONESIA	2,040	713	1,327	2,746	256
TW Biomassenergy Co., Ltd	126,369	13,399	112,970	-	273
LG Chem America Advanced Materials, Inc. <sup>6</sup>	779,029	341,466	437,563	-	(3,065)
LG-Eni Biorefining Co., Ltd <sup>6</sup>	170,069	-	170,069	-	1
FarmHannong Co., Ltd. and its subsidiaries <sup>1</sup>	1,096,030	660,652	435,378	762,052	373
<b>Associates</b>					
TECHWIN Co., Ltd.	134,188	54,925	79,263	96,578	(2,852)
LG Chem Life Sciences Poland Ltd.	329	107	222	224	7
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.	480,877	293,925	186,952	710,541	4,932
TL Chemical CO., Ltd <sup>4</sup>	127,409	74	127,335	-	3,961
KOREA PRECURSOR CO., LTD.	252,314	177,706	74,608	5,036	(22,450)
Sam-a Aluminium Company, Limited	434,260	190,595	243,665	251,738	(9,120)
NEXPO Co., Ltd	25,056	4,786	20,270	4,218	(1,253)
Bricks Capital Management Global Battery Private Equity Fund I	22,367	22	22,345	-	(8,793)
<b>Joint ventures</b>					
SEETEC Co., Ltd.	351,787	61,459	290,328	795,769	22,750
LG Chem Hungary Battery Separator Kft. <sup>7</sup>	881,054	8,618	872,436	37,537	7,412

<sup>1</sup> The information is presented on the basis of the consolidated financial information.

<sup>2</sup> Polarizer and related material business of these entities were classified as discontinued operations and profit or loss from the business was included in profit from discontinued operations.

<sup>3</sup> Water Solutions business of these entities were classified as discontinued operations and profit or loss from the business was included in profit from discontinued operations.

<sup>4</sup> The entities were disposed of during the year ended December 31, 2025, and the information on revenue and profit or loss for the period represents the financial performance before the disposal.

<sup>5</sup> The entities were disposed of during the year ended December 31, 2024, and the information on revenue and profit or loss for the period represents the financial performance before the disposal.

**LG Chem, Ltd. and Subsidiaries**  
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<sup>6</sup> The information on revenue and profit or loss for the period represents the financial performance after the acquisition of shares.

<sup>7</sup> The entity changed its name to LG Chem Hungary Battery Separator Kft. during the year ended December 31, 2025.

**1.5 Information of Non-Controlling Interests that are Material to the Group**

(a) LG Energy Solution, Ltd. and its subsidiaries

Percentage of ownership held by non-controlling interests and accumulated non-controlling interests for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Percentage of ownership held by non-controlling interests	20.60%	18.20%
Accumulated non-controlling interests	₩ 13,363,943	₩ 13,685,332

Profit and dividends attributable to non-controlling interests for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Profit allocated to non-controlling interests	₩ 933,507	₩ 1,172,574
Dividends paid to non-controlling interests	2,297,534	201,559

Summarized condensed consolidated statements of financial positions of subsidiaries with material non-controlling interests for years ended December 31, 2025 and 2024, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Current assets	₩ 18,412,127	₩ 15,327,395
Non-current assets	48,735,826	44,979,396
<b>Total assets</b>	<u>67,147,953</u>	<u>60,306,791</u>
Current liabilities	16,785,357	12,054,922
Non-current liabilities	21,040,920	17,285,326
<b>Total liabilities</b>	<u>37,826,277</u>	<u>29,340,248</u>
<b>Total equity</b>	<u>₩ 29,321,676</u>	<u>₩ 30,966,543</u>

Summarized condensed consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the years ended December 31, 2025 and 2024, are as follows (before elimination of intercompany transaction):

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Revenue	₩ 23,671,759	₩ 25,619,585
Profit for the year	80,803	338,602
Total comprehensive income	9,683	3,217,341

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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Summarized condensed consolidated statements of cash flows of subsidiaries with material non-controlling interests for the years ended December 31, 2025 and 2024, are as follows (before elimination of intercompany transaction):

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Cash flows from operating activities	₩ 4,432,277	₩ 5,111,700
Cash flows from investing activities	(10,881,277)	(12,065,447)
Cash flows from financing activities	6,285,926	5,381,506
<b>Net decrease in cash and cash equivalents</b>	<u>(163,074)</u>	<u>(1,572,241)</u>
Cash and cash equivalents at the beginning of year	3,898,711	5,068,783
Effects of exchange rate changes on cash and cash equivalents	43,670	402,169
<b>Cash and cash equivalents at the end of year</b>	<u>₩ 3,779,307</u>	<u>₩ 3,898,711</u>

**1.6 Changes in Scope for Consolidation**

Subsidiaries newly included in the consolidation for the year ended December 31, 2025, are as follows:

<b>Subsidiary</b>	<b>Reason</b>
LG CHEM COLOMBIA S.A.S	Newly established
LG Energy Solution China Co., Ltd.	Newly established
LG Chem Hungary Battery Separator Kft.	Acquired additional interests
Xensol Energy(Nanjing) Co.,Ltd	Newly established

Subsidiaries excluded from the consolidation for the year ended December 31, 2025, are as follows:

<b>Subsidiary</b>	<b>Reason</b>
FarmHannong(Thailand) Ltd.	Liquidation
LG NanoH2O, LLC	Disposal

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

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## 2. Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years 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 consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value
- Non-current assets held for sale – measured at fair value less costs to sell
- Contingent consideration – measured at fair value, and
- Defined benefit plans – plan assets measured at fair value

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

### 2.2 Changes in Accounting Policies and Disclosures

#### 2.2.1 New and amended standards 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 consolidated financial statements.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

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#### *(b) Amendments to Korean IFRS 1117 Insurance Contracts*

If the estimation techniques used for input variables in measuring insurance contracts differ from the principles required by insurance regulations, the entity shall disclose those differences and their effects when the differences and their effects on the consolidated financial statements are considered relevant and material to users of financial statements.

#### *2.2.2 New standards and interpretations not yet adopted by the Group*

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Group.

#### *(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 consolidated 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 instrument 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).

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

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

Korean IFRS 1109 Financial Instruments and Korean IFRS 1107 Financial Instruments: 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 consolidated 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*

#### *(c) Amendments to Korean IFRS 1109 Financial Instruments and Korean IFRS 1107 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity*

Contracts referencing nature-dependent electricity are defined contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions (for example, the weather). The amendments clarify that 'contracts to buy or sell such electricity' are assessed for eligibility under the own-use exemption. In addition, the amendments modify hedge accounting requirements by allowing an entity to designate as the hedged item a variable nominal amount of forecast electricity transactions that reflect the nature-dependent variability of electricity and introduce additional disclosure requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The amendments do not have a significant impact on the consolidated financial statements.

#### *(d) Korean IFRS 1118 Presentation and Disclosure in Financial Statements*

Korean IFRS 1118 Presentation and Disclosure in Financial Statements replaces Korean IFRS 1001 Presentation of Financial Statements and includes new requirements aimed at enhancing comparability of financial performance between similar entities and providing more relevant information to users. While the amendments do not affect the recognition or measurement of items in the consolidated financial statements, they are expected to have a significant impact on presentation and disclosure, including the income statement and the disclosure of management-defined performance measures.

The amendments should be applied for annual periods beginning on or after January 1, 2027, and earlier application is permitted. In accordance with the retrospective application requirements, comparative information for the year ended December 31, 2026, shall be restated under Korean IFRS 1118.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

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Management is in review for the impact of applying the new standard on consolidated financial statements. Adoption of the standard is not expected to have an impact on the Group's net profit or loss; however, it will require revenues and expenses in the income statements to be classified into new categories, which is expected to have an impact on the calculation and presentation of operating profit (loss).

#### 2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110 *Consolidated Financial Statements*.

##### (a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

If the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity are greater than the fair value of the net identifiable assets acquired, the excess is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of adjustment to non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Parent Company.

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

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

### **December 31, 2025 and 2024**

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When the Group ceases to consolidate for a subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the changed in carrying amount recognized in profit or loss.

#### *(b) Associates*

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its carrying amount as impairment loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

#### *(c) Joint Arrangements*

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

## **2.4 Foreign Currency Translation**

#### *(a) Functional and presentation currency*

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

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#### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of hedges of net investments, or are attributable to monetary part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement within 'other income or other expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

#### *(c) Translation to the presentation currency*

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period,
- income and expenses for each income statement are translated at monthly average exchange rates,
- equity is translated at the historical exchange rate, and
- all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the end of the reporting period.

## **2.5 Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, bank deposits, and other short-term highly liquid investments with original maturities of three months or less.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

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#### 2.6 Financial Assets

##### *(a) Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of non-designated equity investment are recognized in profit or loss.

##### *(b) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### *A. Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.

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- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income (costs)' or other non-operating income (expenses)' and impairment losses are presented in 'other non-operating expenses'.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the income statement within 'finance income (costs)' in the year in which it arises.

#### *B. Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continues to be recognized in profit or loss as 'finance income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'finance income (costs)' in the income statement as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

#### *(c) Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

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#### *(e) Recognition and Derecognition*

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as 'borrowings' in the consolidated statement of financial position.

#### *(f) Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## **2.7 Derivatives**

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss within 'finance income or costs' based on the nature of transactions.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has hedge relationships and designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (hedges of net investments)

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

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The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity, limited to the cumulative change in fair value (present value) of the hedged item (the present value of the cumulative change in the future expected cash flows of the hedged item) from the inception of the hedge. The ineffective portion is recognized in 'finance income (costs)'.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognized in the cash flow hedge reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognized within the costs of hedging in other comprehensive income within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot element as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot element of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item is recognized within other comprehensive income within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within 'finance cost' at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any accumulated cash flow hedge reserve at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cash flow hedge reserve and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. A non-derivative financial asset and a non-derivative financial liability are classified as a current or non-current based on its expected maturity and its settlement, respectively.

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#### 2.8 Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. See Note 7 for further information about the Group's accounting for trade receivables and Note 3.1.(2) for a description of the Group's accounting policy for impairment.

#### 2.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the monthly weighted average method.

#### 2.10 Assets Held for sale (or disposal group)

Non-current assets (or disposal group) are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

#### 2.11 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	<b>Useful lives</b>
Buildings	25 - 50 years
Structures	6 - 50
Machinery	4 - 15
Others	1 - 15

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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#### 2.12 Investment Property

Investment property is property (including right-of-use assets) held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. An investment property is measured after initial measurement at depreciated cost (less any accumulated impairment losses). After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Group depreciates investment properties, except for land, using the straight-line method over their useful lives of 20 ~ 50 years.

#### 2.13 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

#### 2.14 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the consolidated statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

#### 2.15 Intangible Assets

If the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity are greater than the fair value of the net identifiable assets acquired, the excess is recorded as goodwill. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Intangible assets, except for goodwill, are initially recognized at its historical cost, and carried at cost less accumulated amortization and accumulated impairment losses.

Development costs that are directly attributable to internally generated by the Group are recognized when the criteria; such as, technically feasible, generate probable future economic benefits and other, are met. Membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	Useful lives
Software	3 - 15 years
Development costs	3 - 15
Industrial property rights	1 - 15
Others	6 - 20

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#### 2.16 Research and Development

Costs associated with research are recognized as an expense as incurred. Costs that are identifiable, controllable and directly attributable to development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the development project so that it will be available for use.
- management intends to complete the development project for its own use or selling.
- there is an ability to use or sell the development project.
- it can be demonstrated how the development project will generate probable future economic benefits.
- adequate technical, financial resources and other resources to complete the development and to use or sell the development project are available.
- the expenditure attributable to the development project during its development can be reliably measured.

Generally, internally generated development projects have the following stages; formulation and selection of a project, verification of idea and technology, development and testing, decision of commercialization and test of final application. Expenditures can be capitalized as intangible assets only after the decision of commercialization. Expenditures incurred in other stages are recognized as expenses in the research phase.

Internally generated development projects in the Life Sciences business have the following stages; formulation of potential candidates, preclinical research, clinical research, such as phase 1, 2 and 3 trials, approval of regulatory body and new product launch. Expenditures incurred from new drug development projects are recognized as expensed in the research phase. However, expenditures incurred during clinical phase 1–3 trials from development projects for generic drugs or biosimilars are recognized as intangible assets depending on the nature of the products.

Expenditures incurred from technology license agreements with third parties are recognized as intangible assets.

Development costs previously recognized as an expense are not recognized as assets in a subsequent period. Capitalized development costs that are recognized as intangible assets are amortized using the straight-line method over their estimated useful lives when the assets are available for use and are tested for impairment.

#### 2.17 Impairment of Non-financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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#### 2.18 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

When it is determined that the terms of trade and other payables are substantially changed due to a supplier finance arrangement, the Group derecognizes the existing liabilities and presents them as new financial liabilities. The determination of whether the changes in terms of liabilities are substantial is described in Note 5.

#### 2.19 Financial Liabilities

##### *(a) Classification and measurement*

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade and other payables' and 'borrowings' in the consolidated statement of financial position.

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has a substantive right to defer settlement of the liability for at least 12 months after the reporting period.

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#### (b) Derecognition

Financial liabilities are removed from the consolidated statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### 2.20 Financial Guarantee Contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 *Financial Instruments* and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*

#### 2.21 Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction effects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

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The Group recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, The Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

#### **2.22 Provisions**

Provisions for service warranties, make good obligation, and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

#### **2.23 Greenhouse Gas Emissions Permits and Obligations**

With enforcement of *The Act on the Allocation and Trading of Greenhouse Gas Emission Permits*, the permits that are received free of charge from the government are measured at zero while permits purchased are measured at acquisition cost and stated net of accumulated impairment loss. Emission obligations are measured as the sum of the carrying amount of the allocated permits that will be submitted to the government and the best estimate of expenditure required to settle the obligation at the end of reporting period for any excess emission. The permits and emission obligations are classified as intangible assets and provisions, respectively, in the consolidated statements of financial position.

#### **2.24 Employee Benefits**

##### *(a) Post-employment benefits*

The Group operates both defined contribution and defined benefit plans.

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution has been paid. The contribution is recognized as employee benefit expense when they are due.

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A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depends on the employee's age, period of service or salary levels. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

#### *(b) Other long-term employee benefits*

The Group provide long-term employee benefits that are entitled to employees with service period for ten years and above. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent qualified actuary.

## **2.25 Revenue Recognition**

#### *(a) Identify performance obligation*

With regard to the contract of selling products to the customer, the Group identifies the services provided separately to the customer as a different performance obligation. When the Group makes a sales contract with the customer, the standard warranty period for each product and customer is set up considering the legal warranty period. The warranties are recognized as a revenue and is identified as a separate performance obligation when the Group provides additional warranties for the quality of product exceeding the standard warranty period or when the customer has an option to purchase additional warranties separately.

#### *(b) A performance obligation satisfied at a point in time*

The revenue from the sale of goods is recognized at the time they are delivered to the customer. Delivery occurs when the products have been shipped to a specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

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The goods are often sold with volume discounts, and it is the group's policy to sell its products to the customer with a right of return. Accumulated experiences are used to estimate the discounts and the refund, and the volume discounts are calculated based on the periodic forecast sales. The warranty provision for the sales and refund is recognized based on reasonable estimation.

#### *(c) Sales return*

A gross contract liability for the expected refunds to customers is recognized as adjustment to revenue, and for the right to recover the product from the customer where the customers exercise the right of return, the Group recognizes an asset and a corresponding adjustment to cost of sales. A right to recover the products is measured at former carrying amount of the product less the costs to recover.

#### *(d) Significant financing component*

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component as the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service is generally one year or less.

## **2.26 Leases**

#### *(a) Lessor*

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

#### *(b) Lessee*

The Group leases various machinery, real estate, and cars. Lease contracts are typically made for fixed periods, but may have extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is lessee, the Group applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option

Measurement of lease liability also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, for example term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group uses that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT-equipment and small items of office furniture.

#### *(c) Extension and termination options*

Extension and termination options are included in a number of leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

## **2.27 Segment Reporting**

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (Note 33). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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**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.

The Group has made certain investments in overseas operations, and the net assets of these foreign operations are exposed to foreign currency translation risk. This foreign exchange exposure is primarily managed through borrowings and other financial instruments denominated in the relevant foreign currency.

As at December 31, 2025 and 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>			
	<b>2025</b>		<b>2024</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
USD	₩ 5,354,716	₩ 15,456,415	₩ 6,798,800	₩ 14,238,401
EUR	472,839	3,662,307	569,793	3,784,316
JPY	38,222	111,978	61,091	170,608
CNY and others	252,889	163,590	54,780	122,784

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As at December 31, 2025 and 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:

*(in millions of Korean won)*

	2025				2024			
	10% Increase		10% Decrease		10% Increase		10% Decrease	
USD	₩	(964,926)	₩	964,926	₩	(654,208)	₩	654,208
EUR		(292,693)		292,693		(293,859)		293,859
JPY		(7,372)		7,372		(10,874)		10,874
CNY and others		10,892		(10,892)		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 December 31, 2025 and 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)*

	Contractor	Contract amount	Contract exchange rate	2025		Book amount	
				Contract inception date	Contract maturity	Assets	Liabilities
Currency Forward	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.4.16	₩ 137,663	₩ -
Currency swap	KDB	USD 35	1,135.60	2021.6.24	2026.6.24	10,883	-
	Shinhan Bank	USD 300	1,131.80	2021.7.7	2026.7.7	87,898	-
	Woori Bank	USD 100	1,131.80	2021.7.7	2026.7.7	29,355	-
	Industrial and Commercial Bank of China	USD 100	1,131.80	2021.7.7	2026.7.7	29,417	-
	Shinhan Bank	USD 100	1,131.80	2021.7.7	2031.7.7	26,266	-
	Woori Bank	USD 200	1,131.80	2021.7.7	2031.7.7	52,897	-
	KDB	USD 200	1,131.80	2021.7.7	2031.7.7	52,989	-
	Shinhan Bank	USD 82.5	1,289.70	2022.6.15	2027.6.15	11,618	-
	Shinhan Bank	USD 100	1,233.40	2023.1.26	2026.1.26	20,586	-
	KDB	USD 100	1,233.40	2023.1.26	2026.1.26	20,601	-
	JP Morgan	USD 200	1,337.60	2023.09.25	2026.09.25	21,675	-
	Shinhan Bank	USD 200	1,337.60	2023.09.25	2026.09.25	20,901	-
	KDB	USD 400	1,337.60	2023.09.25	2028.09.25	44,702	-
	Woori Bank	USD 200	1,337.60	2023.09.25	2028.09.25	22,348	-
	DBS	USD 200	1,380.80	2024.07.02	2027.07.02	16,752	-
	JP Morgan	USD 200	1,380.80	2024.07.02	2027.07.02	16,781	-
	Shinhan Bank	USD 300	1,380.80	2024.07.02	2027.07.02	23,869	-
	KB Kookmin Bank	USD 200	1,380.80	2024.07.02	2029.07.02	19,381	-
	Woori Bank	USD 200	1,380.80	2024.07.02	2029.07.02	19,425	-

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Contractor	Contract amount	Contract exchange rate	2025		Book amount	
			Contract inception date	Contract maturity	Assets	Liabilities
The Export-Import Bank of Korea	USD 200	1,380.80	2024.07.02	2029.07.02	19,469	-
IBK	USD 100	1,380.80	2024.07.02	2029.07.02	9,632	-
KDB	USD 100	1,380.80	2024.07.02	2029.07.02	9,671	-
KDB	USD 400	1,380.80	2024.07.02	2034.07.02	42,639	-
Woori Bank	USD 100	1,380.80	2024.07.02	2034.07.02	10,644	-
KEB HANA Bank	USD 200	1,471.70	2025.04.02	2028.04.02	-	1,568
JP Morgan	USD 100	1,471.70	2025.04.02	2028.04.02	-	506
SMBC	USD 100	1,471.70	2025.04.02	2028.04.02	-	969
Shinhan Bank	USD 200	1,471.70	2025.04.02	2030.04.02	-	406
Woori Bank	USD 100	1,471.70	2025.04.02	2030.04.02	-	156
KDB	USD 500	1,471.70	2025.04.02	2030.04.02	9,626	-
Shinhan Bank	USD 100	1,471.70	2025.04.02	2030.04.02	1,863	-
Woori Bank	USD 200	1,471.70	2025.04.02	2035.04.02	8,075	-
HANWHA INVESTMENT & SECURITIES	USD 200	1,471.70	2025.04.02	2035.04.02	7,993	-
KEB HANA Bank	USD 100	1,471.70	2025.04.02	2035.04.02	4,010	-
KB Kookmin Bank	USD 100	1,471.70	2025.04.02	2035.04.02	3,917	-
Credit Agricole	USD 50	1,471.70	2025.04.02	2035.04.02	2,461	-
KDB	USD 50	1,471.70	2025.04.02	2035.04.02	2,025	-

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

		2024							
		Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Book amount			
Contractor						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		-	

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*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), HSI (Hang Seng Index), ASX (Australian Stock Exchange) and KOSPI index and others.

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 December 31, 2025 and 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>	<b>2025</b>				<b>2024</b>			
		<b>10% Increase</b>	<b>10% Decrease</b>		<b>10% Increase</b>	<b>10% Decrease</b>		
NASDAQ	₩	13,556	₩	(13,556)	₩	15,609	₩	(15,609)
ASX		107		(107)		885		(885)
NYSE		-		-		236		(236)
SZSE		-		-		6,943		(6,943)
HSI		14,546		(14,546)		6,427		(6,427)
KOSPI and others		43,386		(43,386)		32,615		(32,615)
<b>Total</b>	₩	<b>71,595</b>	₩	<b>(71,595)</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, as at December 31, 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>	<b>2025</b>				<b>2024</b>			
		<b>1%p Increase</b>	<b>1%p Decrease</b>		<b>1%p Increase</b>	<b>1%p Decrease</b>		
Interest income	₩	26,810	₩	(26,810)	₩	27,347	₩	(27,347)
Interest expense		(92,814)		92,814		(51,899)		51,899

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.

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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 318 million (equivalent to ₩ 455,581 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 provisions as at December 31, 2025 and 2024, are as follows. Expected credit losses include forward-looking information.

*(in millions of Korean won)*

	Receivables not past due <sup>1</sup>		Receivables past due but not impaired <sup>1</sup>		Impaired receivables <sup>2</sup>		Total
<b>December 31, 2025</b>							
Gross carrying amount—trade receivables	₩	6,872,332	₩	235,978	₩	2,409	₩ 7,110,719
Gross carrying amount—contract assets		73,296		-		-	73,296
Expected loss rate		0.0%		0.0%		37.6%	0.0%
Loss allowance provision	₩	1,495	₩	21	₩	906	₩ 2,422
<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 years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>Trade receivables and contract assets</b>			
	<b>2025</b>		<b>2024</b>	
<b>Beginning balance</b>	₩	2,435	₩	2,810
(Reversal of) Loss allowance		532		(262)
Write-off		(712)		(119)
Exchange differences		167		6
<b>Ending balance</b>	₩	<u>2,422</u>	₩	<u>2,435</u>

The carrying amounts of trade receivables and contract assets representing the maximum exposure to credit risk as at December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>			
	<b>Trade receivables</b>		<b>Contract assets</b>	
Maximum exposure to credit risk	₩	7,108,297	₩	73,296

<i>(in millions of Korean won)</i>	<b>2024</b>			
	<b>Trade receivables</b>		<b>Contract assets</b>	
Maximum exposure to credit risk	₩	8,558,632	₩	77,237

*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 years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>Financial assets at amortized cost</b>			
	<b>2025</b>		<b>2024</b>	
<b>Beginning balance</b>	₩	628	₩	628
Loss allowance		1,402		-
Write-off		(1,208)		-
Exchange differences		(194)		-
<b>Ending balance</b>	₩	<u>628</u>	₩	<u>628</u>

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 the 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.

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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.

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.

	<b>2025</b>			
	<b>Less than 1 year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>
<i>(in millions of Korean won)</i>				
Non-derivative instruments				
Borrowings (excluding lease liabilities)	₩ 12,562,578	₩ 5,205,929	₩ 14,154,682	₩ 5,820,427
Lease liabilities	167,572	139,473	345,414	608,857
Trade and other payables <sup>1</sup>	10,518,983	30,093	10,117	58
	<u>23,249,133</u>	<u>5,375,495</u>	<u>14,510,213</u>	<u>6,429,342</u>
Derivative instruments				
Gross settlement currency forwards and swaps				
(Inflows)	(1,743,891)	(1,061,830)	(4,642,798)	(2,456,369)
Outflows	1,485,061	1,015,422	4,410,146	2,299,252
	<u>(258,830)</u>	<u>(46,408)</u>	<u>(232,652)</u>	<u>(157,117)</u>
	<u>₩ 22,990,303</u>	<u>₩ 5,329,087</u>	<u>₩ 14,277,561</u>	<u>₩ 6,272,225</u>

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	2024			
	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Non-derivative 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	1,204,261	1,485,061	3,499,596	1,281,824
	<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 December 31, 2025, ₩ 746,260 million with extended actual maturity paid by reverse factoring arrangement is included. Balance of reverse factoring arrangement as at December 31, 2024, is ₩ 439,604 million.

During the years ended December 31, 2025 and prior periods, the Group issued exchangeable bonds that allow issuers and investors to exercise their early redemption rights and included in the above cash flow (Note 14).

As at December 31, 2025 and 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	2025		2024		
				Assets	Liabilities	Assets	Liabilities	
Merchandise (raw materials) swap <sup>1</sup>	Cash flow hedge	Non-ferrous metal	Citi Bank and others	2027.12	₩ 4,288	₩ 336	₩ 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 December 31, 2025 and 2024, were as follows:

<i>(in millions of Korean won, except for ratios)</i>	<b>2025</b>		<b>2024</b>	
Total borrowings (Note 14) (A)	₩	33,811,957	₩	27,376,097
Less: cash and cash equivalents (B)		<u>(9,899,926)</u>		<u>(7,854,877)</u>
Net debt (C=A+B)		<u>23,912,031</u>		<u>19,521,220</u>
Total liabilities (D)		53,956,116		45,862,299
Total equity (E)		<u>47,105,545</u>		<u>47,995,463</u>
Total capital (F=C+E)		<u>71,017,576</u>		<u>67,516,683</u>
Gearing ratio (C/F)		33.7%		28.9%
Debt-to-equity ratio (D/E)		114.5%		95.6%

**3.3 Fair Value**

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

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets (current)</b>				
Cash and cash equivalents	₩ 9,899,926	1	₩ 7,854,877	1
Deposits held by financial institutions	1,002,863	1	213,473	1
Trade receivables	6,724,744	1	8,166,047	1
Other receivables (excluding deposits held by financial institutions)	799,744	1	903,886	1
<b>Other current financial assets</b>				
Current derivative financial assets (excluding currency forward)	4,147	4,147	42	42
Current derivative financial assets (currency swap)	241,316	241,316	188,578	188,578
Current derivative financial assets (purchase of interests)	-	-	31,225	31,225
<b>Financial assets (non-current)</b>				
Deposits held by financial institutions	321,264	1	272,457	1
Trade receivables	383,553	1	392,585	1
Other receivables (excluding deposits held by financial institutions)	142,802	1	178,078	1
<b>Other non-current financial assets</b>				

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<i>(in millions of Korean won)</i>	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Marketable financial assets (excluding derivative instruments)	773,333	773,333	677,742	677,742
Non-marketable financial assets <sup>3</sup>	1,162,025	1,162,025	1,031,232	1,031,232
Non-current derivative financial assets (currency forward)	137,663	137,663	118,088	118,088
Non-current derivative financial assets (excluding currency forward)	1,640	1,640	22	22
Non-current derivative financial assets (currency swap)	439,053	439,053	581,692	581,692
Non-current derivative financial assets (price return swap)	105,525	105,525	-	-
Non-current derivative financial assets (put- option)	40,713	40,713	31,141	31,141
<b>Financial liabilities (current)</b>				
Trade and other payables	10,518,983	<sup>1</sup>	10,706,200	<sup>1</sup>
Current borrowings (excluding lease liabilities/ exchangeable bond)	9,265,891	<sup>1</sup>	5,018,619	<sup>1</sup>
Current borrowings (exchangeable bond)	2,348,186	2,661,851	2,461,344	2,532,310
Current lease liabilities	124,060	<sup>2</sup>	141,096	<sup>2</sup>
<b>Other current financial liabilities</b>				
Current derivative financial liabilities (excluding currency forward)	331	331	1,159	1,159
Current derivative financial liabilities (right of exchange/option)	609,817	609,817	351,110	351,110
Current derivative financial liabilities (price return swap)	67,353	67,353	-	-
Current financial liabilities at amortized cost	1,538	<sup>1</sup>	-	-
<b>Financial liabilities (non-current)</b>				
Non-current borrowings (excluding lease liabilities)	21,182,908	21,753,275	18,981,381	19,352,223
Non-current lease liabilities	890,912	<sup>2</sup>	773,657	<sup>2</sup>
Other non-current payables	40,268	<sup>1</sup>	31,065	<sup>1</sup>
<b>Other non-current financial liabilities</b>				
Non-current derivative financial liabilities (excluding currency forward)	5	5	435	435
Non-current derivative financial liabilities (currency swap)	3,605	3,605	-	-
Non-current financial liabilities at amortized cost	2,404,241	<sup>1</sup>	1,000,200	<sup>1</sup>
Non-current derivative financial liabilities (purchase of interests)	-	-	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 non-marketable financial assets for which acquisition cost is used as the best estimate of fair value.

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Fair value for 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.

<b>Discount rate</b>	<b>2025</b>	<b>2024</b>	<b>Remark</b>
Non-current borrowings (excluding lease liabilities/ exchangeable bond)	3.03% ~ 4.52%	3.07% ~ 4.12%	Yield of won debenture with credit rating (AA+) and others
Current borrowings (Exchangeable Bond)	4.04% ~ 4.13%	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).
- Unobservable inputs for the asset or liability (Level 3).

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

(in millions of Korean won)

	<b>2025</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets/liabilities measured at fair value</b>				
Other non-current financial assets (marketable financial assets)	₩ 773,333	₩ -	₩ -	₩ 773,333
Other non-current financial assets (non-marketable financial assets) <sup>1</sup>	-	-	1,162,025	1,162,025
Current derivative financial assets (excluding currency forward)	-	4,147	-	4,147
Current derivative financial assets (currency swap)	-	241,316	-	241,316
Non-current derivative financial assets (currency forward)	-	137,663	-	137,663
Non-current derivative financial assets (excluding currency forward)	-	1,640	-	1,640
Non-current derivative financial assets (currency swap)	-	439,053	-	439,053
Non-current derivative financial assets (put- option)	-	-	40,713	40,713
Non-current derivative financial assets (price return swap)	-	-	105,525	105,525
Current derivative financial liabilities (excluding currency forward)	-	331	-	331
Current derivative financial liabilities (right of exchange/option)	-	-	609,817	609,817
Current derivative financial liabilities (price return swap)	-	-	67,353	67,353
Non-current derivative financial liabilities (currency swap)	-	3,605	-	3,605
Non-current derivative financial liabilities (excluding currency forward)	-	5	-	5
<b>Financial assets/liabilities not measured at fair value</b>				
Current borrowings (exchangeable bond)	-	-	2,661,851	2,661,851
Non-current borrowings (excluding lease liabilities)	-	-	21,753,275	21,753,275

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	<b>2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<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 December 31, 2025 and December 31, 2024, are as follows:

(in millions of Korean won)

		<b>2025</b>			
	Fair value	Level	Valuation Technique	Inputs	Coverage of Level 3 inputs (weighted average)
Non-current derivative financial assets (put- option)	₩ 40,713	3	Binominal option-pricing model	Volatility Risk-free rate	55.00% 3.62%
Non-current derivative financial assets (price return swap)	105,525	3	Binominal option-pricing model	Stock price of underlying assets Risk-free rate Risk rate Volatility	₩ 368,500 (in Korean won) 2.39% ~ 2.98% 3.07% ~ 3.51% 43.66%
	560,041	3	Binominal option-pricing model	Volatility	92.63% and others
	12,962	3	Option pricing model	Volatility Risk-free rate	111.76% and others 3.92%
Other non-current financial assets (non-listed shares and compound financial instruments)	14,123	3	Hull&White/LSMC	Stock price of underlying assets Risk-free rate Discount rates Volatility	₩ 6,794 (in Korean won) 3.17% 21.24% 28.81%
	56,791	3	Market approach	-	-
	92,347	3	Discounted cash flows model	Discount rates	12.80% and others
	200,865	3	Adjusted net asset method	-	-
Current derivative financial liabilities (Price return swap)	67,353	3	Binominal option-pricing model	Stock price of underlying assets Risk-free rate Risk rate Volatility	₩ 368,500 (in Korean won) 2.39% ~ 2.98% 3.07% ~ 3.51% 43.66%
Current derivative financial liabilities (right of exchange/ option)	609,817	3	Binominal option-pricing model	Stock price of underlying assets Risk-free rate Risk rate Volatility	₩ 368,500 (in Korean won) 3.61% ~ 3.75% 4.04% ~ 4.13% 43.10%

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(in millions of Korean won)

		2024			
	Fair value	Level	Valuation Technique	Inputs	Coverage of Level 3 inputs (weighted average)
Current derivative financial assets (purchase of interests)	₩ 31,225	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)	31,141	3	Binominal option-pricing model	Volatility	47.83%
				Risk-free rate	3.63%
Non-current derivative financial liabilities (purchase of interests)	42,464	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)	362,581	3	Binominal option-pricing model	Volatility	68.13% and others
				Stock price of underlying assets	₩ 7,439 (in Korean won)
	19,442	3	Hull&White/LSMC	Risk-free rate	2.65%
				Discount rates	20.85%
	45,787	3	Market approach	Volatility	28.39%
	95,317	3	Discounted cash flows model	-	-
213,802	3	Adjusted net asset method	Discount rates	13.41% and others	
Current derivative financial liabilities (right of exchange/ option)	351,110	3	Binominal option-pricing model	Adjusted net asset method	-
				Stock price of underlying assets	₩ 348,000 (in Korean won)
				Risk-free rate	4.51% ~ 4.74%
				Risk rate	5.04% ~ 5.20%
				Volatility	40.86%

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*Changes in Level 3 of the Fair Value Hierarchy for the Recurring Fair Value Measurements*

*(in millions of Korean won)*

	2025		2024	
	Financial assets measured at fair value	Financial liabilities measured at fair value	Financial assets measured at fair value	Financial liabilities measured at fair value
Beginning balance	₩ 1,093,598	₩ 393,574	₩ 577,209	₩ 521,832
Acquisitions of level 3 financial assets	31,726	168,749	447,995	-
Gains (losses) recognized in profit or loss	216,530	114,847	49,463	(128,258)
Gains recognized in other comprehensive income	(33,591)	-	18,931	-
Ending balance	₩ 1,308,263	₩ 677,170	₩ 1,093,598	₩ 393,574

**4. Critical Accounting Estimates and Assumptions**

The preparation of consolidated 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.

*(a) Estimated goodwill impairment*

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations (Note 12).

*(b) Income tax*

If certain portion of the taxable income is not used for investments or increase in wages or dividends for a certain period, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects for such period. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects (Note 28).

Additionally, the company estimates the future corporate tax effects and recognizes them as current and deferred corporate taxes. However, the actual future tax burden may differ from the recognized related assets and liabilities. Such differences may impact the current and deferred corporate taxes when the estimated tax effects are finalized.

*(c) Provisions*

The Group recognizes provisions for product warranties, as explained in Note 15. These provisions are estimated based on the warranty period, revenue and historical claims rate. Provisions related to voluntary recall by the Group's customer are estimated based on the number of vehicles subject to recall, estimated total repair costs, and cost-sharing ratio.

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

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

### **December 31, 2025 and 2024**

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#### *(d) Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 3.3).

#### *(e) Impairment of financial assets*

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period (Note 3.1.(b)).

#### *(f) Net defined benefit liability (asset)*

The present value of net defined benefit liability (asset) depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate. The Group changed the basis for determining the discount rate within the actuarial assumptions used in the projected unit credit method in order to derive a more reasonable measurement of its defined benefit obligations during the year ended December 31, 2025. (Note 16).

#### *(g) Leases*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee (Note 11).

#### *(h) Valuation of Inventories*

Inventories are stated at the lower of cost and net realizable value, which is determined by the estimated selling price and the estimated costs necessary to make the sale. The assessment of slow-moving inventories is made of net realizable value estimated with the market circumstances and the historical experience (Note 9).

#### *(i) Impairment assessment of CGUs*

To assess the recoverable amount for CGUs for impairment of property, plant and equipment and intangible assets, it is determined based on the higher amount between value in use and the net fair value, less costs of disposal.

#### *(j) Business Combinations*

In a business combination, the identifiable net assets of the acquired company are assessed at fair value, based on estimates of uncertain future business performance. The fair value of these identifiable net assets and the amount of goodwill may fluctuate depending on the future performance of the acquired company, interest rate levels at financial institutions, market conditions, and changes in domestic and international economic environments.

**LG Chem, Ltd. and Subsidiaries**  
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**5. Financial Instruments by Category**

(a) Categorizations of financial instruments as at December 31, 2025 and 2024, are as follows:

(in millions of Korean won)

	2025				
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income <sup>1</sup>	Other financial assets <sup>2</sup>	Total
<b>Financial assets</b>					
Cash and cash equivalents	₩ 9,899,926	₩ -	₩ -	₩ -	₩ 9,899,926
Trade receivables	6,509,388	-	215,356	-	6,724,744
Non-current trade receivables	383,553	-	-	-	383,553
Other receivables	1,802,607	-	-	-	1,802,607
Other non-current receivables	464,066	-	-	-	464,066
Other current financial assets	-	241,317	-	4,147	245,464
Other non-current financial assets	-	1,675,985	983,826	141	2,659,952
<b>Total</b>	<b>₩ 19,059,540</b>	<b>₩ 1,917,302</b>	<b>₩ 1,199,182</b>	<b>₩ 4,288</b>	<b>₩ 22,180,312</b>

(in millions of Korean won)

	2025			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other financial liabilities <sup>3</sup>	Total
<b>Financial liabilities</b>				
Trade payables	₩ 3,536,524	₩ -	₩ -	₩ 3,536,524
Other payables	6,979,497	-	-	6,979,497
Borrowings (current)	11,599,402	-	138,735	11,738,137
Other current financial liabilities	1,537	677,171	331	679,039
Other non-current financial liabilities	2,404,241	3,606	4	2,407,851
Other non-current payables	40,268	-	-	40,268
Borrowings (non-current)	21,182,908	-	890,912	22,073,820
<b>Total</b>	<b>₩ 45,744,377</b>	<b>₩ 680,777</b>	<b>₩ 1,029,982</b>	<b>₩ 47,455,136</b>

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

	2024				
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income <sup>1</sup>	Other financial assets <sup>2</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>

(in millions of Korean won)

	2024			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other financial liabilities <sup>3</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>	<b>₩ 38,173,060</b>	<b>₩ 393,574</b>	<b>₩ 939,267</b>	<b>₩ 39,505,901</b>

<sup>1</sup> At initial recognition, the Group made an irrevocable election to designate investments in equity instruments as at FVOCI. These instruments are held for strategic purposes, not for short-term trading. In addition, the Group classified trade receivables under the 'hold to collect and sell' business model as financial assets at FVOCI.

<sup>2</sup> Other financial assets include derivative assets that are not subject to the categorizations.

<sup>3</sup> Other financial liabilities include lease liabilities, derivative liabilities and negotiated borrowings that are not subject to the categorizations.

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*(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 December 31, 2025 and 2024, as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
<b>Liabilities presented as trade and other payables</b>		
Carrying amounts of trade and other payables under supplier finance arrangements <sup>1, 2</sup>	₩ 1,409,547	₩ 1,094,258
Carrying amounts of trade and other payables of which the supplier has already received payment from the finance provider <sup>3</sup>	805,605	504,589

<sup>1</sup> Under the Shipper's Usance and B2B purchase arrangements, 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 and other payables on the consolidated statements of financial position. In the consolidated 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 and other 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 arrangements, financial institutions acquire rights to specific trade receivables from suppliers. The payment due has been extended due to this arrangement, and since the terms of the liability have substantially changed, the related amount is recognized as financial liabilities in the consolidated statements of financial position, and previous liabilities are derecognized at the time of assumption of debt by financial institutions. In the consolidated 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 financing activities.

<sup>3</sup> The amounts paid under separate arrangements between the supplier and the financial institutions are excluded.

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Range of payment due dates of financial liabilities under supplier finance arrangements and of comparable trade payables that are not part of the supplier finance arrangement are as follows:

	Reverse factoring arrangement	Shipper's Usance and B2B purchase arrangements
<b>Liabilities presented as trade and other payables</b>		
Range of payment due dates of trade payables under supplier finance arrangements	Approximately 90 days to up to 1 year from the settlement date	Within 90 days from the end of the billing month
Range of payment due dates of trade payables that are not part of the supplier finance arrangement	Within 60 days from the end of the billing month	Within 90 days from the end of the billing month

Net gains or losses on each category of financial instruments for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
<b>Dividend income</b>		
Financial assets at fair value through other comprehensive income	₩ 3,083	₩ 9,812
Financial assets at fair value through profit or loss	-	249
<b>Impairment losses (reversal)</b>		
Financial assets at amortized cost	1,934	(262)
<b>Interest income</b>		
Financial assets at amortized cost	328,344	350,752
<b>Interest expense</b>		
Financial liabilities at amortized cost	(1,373,557)	(1,076,877)
Other financial liabilities <sup>1</sup>	(41,702)	(22,116)
<b>Gain (loss) on valuation and disposal</b>		
Financial assets at fair value through profit or loss	175,593	61,395
Financial assets at fair value through other comprehensive income	150,308	179,102
Derivative instruments	99,949	925,379
Financial liabilities at amortized cost	(41,540)	-
<b>Exchange differences</b>		
Financial assets at amortized cost	(232,103)	932,082
Financial liabilities at amortized cost	575,633	(1,509,535)
Derivative instruments	-	41,062
Other financial liabilities	(11,563)	(183)

<sup>1</sup> Other financial liabilities include interest expenses of lease liabilities and fees paid to financial institutions for factoring that are not affected by category of financial liabilities.

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**6. Cash and Cash Equivalents**

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

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Bank deposits and cash on hand	₩	2,974,561	₩	3,896,775
Deposits held by financial institutions and others		6,925,365		3,958,102
<b>Total</b>	₩	<u>9,899,926</u>	₩	<u>7,854,877</u>

As at December 31, 2025, cash and cash equivalents include ₩ 19,688 million (2024: ₩ 1,212,371 million), which is subject to a restriction on the use in association with the national R&D projects.

**7. Trade and Other Receivables**

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

<i>(in millions of Korean won)</i>	<b>2025</b>					
	<b>Gross amount</b>		<b>Provision for impairment</b>		<b>Carrying amount</b>	
Trade receivables	₩	6,727,166	₩	(2,422)	₩	6,724,744
Non-current trade receivables		383,553		-		383,553
Other current receivables		1,803,235		(628)		1,802,607
Other non-current receivables		464,066		-		464,066
<b>Total</b>	₩	<u>9,378,020</u>	₩	<u>(3,050)</u>	₩	<u>9,374,970</u>

<i>(in millions of Korean won)</i>	<b>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>	₩	<u>10,129,589</u>	₩	<u>(3,063)</u>	₩	<u>10,126,526</u>

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

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
<b>Current</b>				
Non-trade receivables	₩	681,908	₩	851,737
Deposits held by financial institutions <sup>1</sup>		1,002,863		213,473
Accrued income		39,310		9,012
Guarantee deposits provided		78,526		43,137
		<u>1,802,607</u>		<u>1,117,359</u>
<b>Non-current</b>				
Non-trade receivables		38,580		40,623
Deposits held by financial institutions <sup>1</sup>		321,264		272,457
Loans		12,935		15,673
Guarantee deposits provided		91,287		121,782
		<u>464,066</u>		<u>450,535</u>
<b>Total</b>	<b>₩</b>	<b><u>2,266,673</u></b>	<b>₩</b>	<b><u>1,567,894</u></b>

<sup>1</sup> As at December 31, 2025, ₩ 266,100 million (2024: ₩ 266,100 million) in financial institutions are restricted in use under agreements such as the Co-Growth Cooperation Agreement between large and small-medium enterprises, and ₩ 43 million (2024: ₩ 138 million) is restricted in use as a deposit for opening a checking account. Additionally, a deposit of PLN 1 million related to the overseas transfer of hazardous waste was restricted for use. As at December 31, 2025, USD 38 million (2024: USD 4 million) is restricted as collateral for issuing a letter of credit (LOC).

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

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Trade receivables</b>	<b>Other receivables</b>
<b>Receivables not past due</b>	₩ 6,872,332	₩ 2,191,023	₩ 8,352,072	₩ 1,564,851
<b>Past due but not impaired</b>	235,978	75,650	207,352	3,043
Up to 3 months	233,511	69,479	189,570	55
Between 3-6 months	1,409	3,791	17,414	676
Over 6 months	1,058	2,380	369	2,312
<b>Impaired receivables</b>	<u>2,409</u>	<u>628</u>	<u>1,643</u>	<u>628</u>
<b>Total</b>	<b>₩ <u>7,110,719</u></b>	<b>₩ <u>2,267,301</u></b>	<b>₩ <u>8,561,067</u></b>	<b>₩ <u>1,568,522</u></b>

**LG Chem, Ltd. and Subsidiaries**  
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Movements on the provision for impairment of trade and other receivables for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)

	2025							
	Trade receivables				Other receivables			
	Current		Non-current		Current		Non-current	
<b>Beginning balance</b>	₩	2,435	₩	-	₩	628	₩	-
Additions		532		-		1,402		-
Write-off		(712)		-		(1,208)		-
Exchange differences		167		-		(194)		-
<b>Ending balance</b>	₩	<u>2,422</u>	₩	<u>-</u>	₩	<u>628</u>	₩	<u>-</u>

(in millions of Korean won)

	2024							
	Trade receivables				Other receivables			
	Current		Non-current		Current		Non-current	
<b>Beginning balance</b>	₩	2,810	₩	-	₩	628	₩	-
Reversal		(262)		-		-		-
Write-off		(119)		-		-		-
Exchange differences		6		-		-		-
<b>Ending balance</b>	₩	<u>2,435</u>	₩	<u>-</u>	₩	<u>628</u>	₩	<u>-</u>

As at December 31, 2025 and 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 consolidated financial statements at the date of disposal, as substantial all the risks and rewards were transferred and as at December 31, 2025, the balance of transferred trade receivables is ₩ 309,043 million (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 December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
<b>Other financial assets</b>		
Financial assets at fair value through other comprehensive income (derivative instruments) (current)	₩ 4,147	₩ 42
Financial assets at fair value through profit or loss (derivative instruments) (current)	241,316	219,803
Financial assets at fair value through other comprehensive income (derivative instruments) (non-current)	141	22
Financial assets at fair value through other comprehensive income (excluding derivative instruments) (non-current)	983,826	853,701
Financial assets at fair value through profit or loss (derivative instruments) (non-current)	724,454	730,921
Financial assets at fair value through profit or loss (excluding derivative instruments) (non-current) <sup>1</sup>	951,532	855,273
	<u>₩ 2,905,416</u>	<u>₩ 2,659,762</u>
<b>Other financial liabilities</b>		
Financial liabilities at amortized cost (current)	1,538	-
Financial liabilities at fair value through other comprehensive income (derivative instruments) (current)	331	1,159
Financial liabilities at fair value through profit or loss (derivative instruments) (current)	677,171	351,110
Financial liabilities at fair value through other comprehensive income (derivative instruments) (non-current)	5	435
Financial liabilities at fair value through profit or loss (derivative instruments) (non-current)	3,605	42,464
Financial liabilities at amortized cost (non-current)	2,404,241	1,000,200
	<u>₩ 3,086,891</u>	<u>₩ 1,395,368</u>

<sup>1</sup> The above financial assets include convertible bonds of Liantown Resources Ltd. The principal terms and conditions of the investment agreement relating to the convertible bonds are as follows:

<b>Category</b>	<b>Content</b>
<b>Date of issuance</b>	July 4, 2024
<b>Issuance amount</b>	USD 250 million
<b>Conversion terms</b>	The bonds are convertible at the holder's option from six months after the issue date until five days prior to the fifth anniversary of the issue date

**LG Chem, Ltd. and Subsidiaries**  
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Changes in equity and debt instruments included in other financial assets for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
<b>Beginning balance</b>	₩	1,708,974	₩	1,022,110
Acquisitions / transfer		116,161		489,741
Disposals		(223,747)		(65,959)
Gain on valuation through other comprehensive income (before income tax effects)		150,308		179,103
Gain on valuation through profit or loss		175,593		61,314
Exchange differences on translation of foreign currency		8,069		22,665
<b>Ending balance</b>	₩	<u>1,935,358</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 and Capchem Poland SP. Z o.o. for the purpose of guaranteeing the principal amount of investments. The principal terms and conditions of the Put-Option agreement are as follows:

<b>Category</b>	<b>Volta Energy Solutions S.a.r.l</b>	<b>Capchem Poland SP. Z o.o.</b>
<b>Exercise date</b>	From three years after the acceptance date (initial investment date, January 27, 2021) to the following three years.	From five years after the contract date (initial investment date, April 9, 2021) to the following one year (subject to three months' prior notice).
<b>Exercise price</b>	The amount contributed, less any dividends received from the date of contribution up to the exercise.	The higher amount between the fair market value and the investment principal.
<b>Other conditions</b>	The option cannot be exercised once Volta Energy Solutions S.a.r.l. is listed.	-

For the years ended December 31, 2025 and 2024, the Group did not recognize impairment for other financial assets.

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**9. Inventories**

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

*(in millions of Korean won)*

	<b>2025</b>		
	<b>Gross amount</b>	<b>Provision for impairment</b>	<b>Carrying amount</b>
Merchandise	₩ 410,834	₩ (32,181)	₩ 378,653
Finished / Semi-finished products	4,011,253	(360,891)	3,650,362
Work-in-process	19,666	-	19,666
Raw materials	2,958,986	(32,731)	2,926,255
Supplies	412,034	(32,791)	379,243
Goods-in-transit	823,131	-	823,131
<b>Total</b>	<b>₩ 8,635,904</b>	<b>₩ (458,594)</b>	<b>₩ 8,177,310</b>

*(in millions of Korean won)*

	<b>2024</b>		
	<b>Gross amount</b>	<b>Provision for impairment</b>	<b>Carrying amount</b>
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 year ended December 31, 2025, the cost of inventories recognized as expense and included in 'cost of sales' amounted to ₩ 26,191,256 million (2024: ₩ 28,540,569 million).

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**10. Investments in Associates and Joint Ventures**

Changes in investments in associates and joint ventures for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)	2025										
	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		Disposals / impairment		Others	
						due to the disposal					
TECHWIN Co., Ltd.	₩ 16,075	₩ -	₩ -	₩ 10	₩ -	₩ -	₩ -	₩ -	₩ 9	₩ 16,094	
SEETEC Co., Ltd	141,694	-	(10,000)	8,113	-	-	-	-	481	140,288	
LG Life Sciences Poland Ltd.	17	-	-	-	-	-	-	-	-	17	
HUAJIN NEW ENERGY MATERIALS (QUZHOU)CO., LTD. <sup>1</sup>	91,415	-	-	1,729	1,618	-	-	-	-	94,762	
Sam-a Aluminium Company, Limited <sup>2</sup>	45,396	-	(38)	(2,429)	-	-	(11,053)	-	-	31,876	
NEXPO Co., Ltd <sup>3</sup>	3,831	2,375	-	(341)	-	-	-	-	-	5,865	
Bricks Capital Management Global Battery Private Equity Fund I	13,163	444	-	905	-	-	-	-	-	14,512	
Jeju Bukchon BESS Plant Co.,Ltd. <sup>4</sup>	-	900	-	(223)	-	-	-	-	-	677	
PT LBM Energi Baru Indonesia <sup>5</sup>	-	22,107	-	186	810	-	-	-	-	23,103	
EV-LOOP <sup>6</sup>	-	1,714	-	-	(28)	-	-	-	-	1,686	
TL Chemical CO., Ltd <sup>7</sup>	50,934	-	-	831	-	-	(51,765)	-	-	-	
LG Chem Hungary Battery Separator Kft. <sup>8</sup>	499,309	-	-	(114,805)	30,720	(85,431)	-	(329,793)	-	-	
KOREA PRECURSOR CO., LTD. <sup>9</sup>	36,559	-	-	(12,306)	-	-	-	(82)	-	24,171	
	₩ 898,393	₩ 27,540	₩ (10,038)	₩ (118,330)	₩ 33,120	₩ (85,431)	₩ (62,818)	₩ (329,385)	₩	₩ 353,051	

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

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(in millions of  
Korean won)

	2024										Ending balance
	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			Disposals / impairment	Others		
					Exchange rate changes	Reclassification due to the disposal					
TECHWIN Co., Ltd.	₩ 16,284	₩ -	₩ -	₩ (209)	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 16,075
SEETEC Co., Ltd	138,148	-	(7,500)	11,452	-	-	-	-	(406)	-	141,694
LG Life Sciences Poland Ltd.	17	-	-	-	-	-	-	-	-	-	17
HUAJIN NEW ENERGY MATERIALS (QUZHOU)CO., LTD. <sup>1</sup>	79,383	-	-	3,552	8,480	-	-	-	-	-	91,415
PT.HLI Green Power <sup>10</sup>	162,273	-	-	(42,710)	15,209	(37,804)	-	-	(96,968)	-	-
Sam-a Aluminium Company, Limited <sup>2</sup>	46,257	-	(150)	(711)	-	-	-	-	-	-	45,396
NEXPO Co., Ltd <sup>3</sup>	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 <sup>7</sup>	49,203	-	-	1,731	-	-	-	-	-	-	50,934
LG Chem Hungary Battery Separator Kft. <sup>8</sup>	451,408	-	-	18,728	29,173	-	-	-	-	-	499,309
KOREA PRECURSOR CO., LTD. <sup>9</sup>	47,604	-	-	(11,001)	-	-	-	-	(44)	-	36,559
	₩ 1,005,606	₩ 7,662	₩ (7,650)	₩ (24,865)	₩ 52,862	₩ (37,804)	₩ -	₩ -	₩ (97,418)	₩ -	₩ 898,393

<sup>1</sup> In accordance with the shareholder's agreement, the Group is restricted from disposing of its shares to any third party for 10 years from the registration date. After the 10-year period, each shareholder holds a right of first refusal over the other shareholder's shares. In addition, upon termination due to a party's default, the non-defaulting party has both a call option and a put option over the defaulting party's shares. In the event of the investee's liquidation, each shareholder holds a right of first refusal over the investee's assets.

<sup>2</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. In accordance with the relevant agreement, the Group has the right to request the sale of the shares held by the Group upon the occurrence of events, including the termination of the shareholders' agreement or the master purchase agreement.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

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- <sup>3</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. In accordance with the relevant agreement, the Group has the right to request the sale of the shares held by the Group upon the occurrence of events, including the termination of the shareholders' agreement or the master purchase agreement.
- <sup>4</sup> During the year ended December 31, 2025, LG Energy Solution, Ltd. 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. Under the relevant agreement, if a particular investor is excluded from the shareholders' agreement due to breach of contract and others, another investor can purchase the shares of the excluded investor.
- <sup>5</sup> During the year ended December 31, 2025, LG Energy Solution, Ltd. has newly acquired a 20% interest in PT LBM Energi Baru Indonesia for ₩ 22,107 million. In accordance with the relevant agreement, the Group has the right to request the sale of the shares held by the Group upon the occurrence of events, including the termination of the shareholders' agreement or the master purchase agreement. If the shareholders' agreement is terminated due to the Group's fault, the controlling shareholders have the right to purchase the shares held by the Group.
- <sup>6</sup> During the year ended December 31, 2025, LG Energy Solution has newly acquired a 50% interest in EV-LOOP for ₩ 1,714 million. Under the shareholders' agreement, if the other shareholder breaches any material contractual obligation, the Group may exercise a put option on its own shares; conversely, if the Group breaches a material contractual obligations, the other shareholder may exercise a call option over the shares held by the Group. In addition, upon the occurrence of specified events, including the expiry of the agreement term, each shareholder may exercise a call option over the other shareholder's interest.
- <sup>7</sup> TL Chemical CO., Ltd was disposed of during the year ended December 31, 2025
- <sup>8</sup> During the year ended December 31, 2025, the Group has acquired an additional 50% interest in LG Toray Hungary Battery Separator Kft. under the joint venture agreement with Toray Industries, Inc. and reclassified it from a joint venture to a subsidiary. After the acquisition, the entity changed its name to LG Chem Hungary Battery Separator Kft.
- <sup>9</sup> Under the shareholders' agreement, the Group holds a right of first refusal and a tag-along right with respect to the shares held by the other shareholder. After 10 years from the establishment date of the joint venture, the Group may exercise a put option on the shares held by the other shareholder, and the other shareholder may exercise a call option on the shares held by the Group upon the occurrence events of a decision-making deadlock. In addition, upon the occurrence of termination due to a party's default, the non-defaulting party has a call option or a put option on the defaulting party's shares, and the occurrence of liquidation, each shareholder has a right of first refusal on the assets of the investee company.
- <sup>10</sup> During the year ended December 31, 2024, the Group reclassified PT. HLI Green Power from a joint venture to a subsidiary due to the amendment of the shareholder's agreement.

See Notes 1.3 and 1.4 for the details of associates and joint ventures and summarized financial information.

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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)

	2025							
	Net Asset (a)	Group's share in % (b)	Group's share in KRW (a x b)	Investment difference	Intercompany transactions, etc.	Impairment	Carrying amount	
SEETEC Co., Ltd	₩ 287,515	50	₩ 143,758	₩ -	₩ (3,470)	₩ -	₩ 140,288	
HUAJIN NEW ENERGY MATERIALS(QUZH OU) CO., LTD.	193,409	49	94,770	-	(8)	-	94,762	
Sam-a Aluminium Company, Limited	219,934	10	22,433	-	20,496	(11,053)	31,876	
KOREA PRECURSOR CO., LTD.	48,935	49	23,978	-	193	-	24,171	

(in millions of Korean won)

	2024							
	Net Asset (a)	Group's share in % (b)	Group's share in KRW (a x b)	Investment difference	Intercompany transactions, etc.	Impairment	Carrying amount	
LG Chem 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(QUZH OU) CO., LTD.	186,952	49	91,607	-	(192)	-	91,415	
Sam-a Aluminium Company, Limited	243,665	10	24,854	-	20,542	-	45,396	
KOREA PRECURSOR CO., LTD.	74,608	49	36,559	-	-	-	36,559	

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

Changes in property, plant and equipment for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)

	2025					
	Land	Buildings	Structures	Machinery	Vehicles	Tools
<b>Beginning balance</b>	₩ 2,139,029	₩ 10,821,156	₩ 1,703,926	₩ 13,853,058	₩ 19,326	₩ 1,155,396
Cost	2,175,980	12,821,025	2,736,156	34,017,480	64,294	2,813,205
Accumulated depreciation	-	(1,908,083)	(989,313)	(19,784,266)	(44,644)	(1,637,380)
Accumulated impairment losses	(36,951)	(91,786)	(42,917)	(380,156)	(324)	(20,429)
Business combination (Note 37)	6,448	19,002	80	10,906	4	44
Acquisitions/ transfer	33,425	9,056,509	131,617	4,983,499	6,647	499,745
Disposals/ transfer	(30,829)	(394,266)	(888)	(324,454)	(436)	(48,568)
Exchange differences	2,481	155,306	4,507	75,626	203	17,937
Depreciation	-	(376,635)	(99,157)	(3,380,800)	(5,830)	(364,131)
Impairment <sup>1</sup>	-	(31,533)	(109,027)	(1,368,651)	(577)	(12,953)
Reversal of impairment	-	-	-	5,988	2	115
Transfer to assets held for sale	(28,851)	(97,122)	(5,103)	(94,669)	(4)	(3,094)
<b>Ending balance</b>	₩ 2,121,703	₩ 19,152,417	₩ 1,625,955	₩ 13,760,503	₩ 19,335	₩ 1,244,491
Cost	₩ 2,158,459	₩ 21,582,143	₩ 2,902,642	₩ 38,452,155	₩ 58,242	₩ 3,176,612
Accumulated depreciation	-	(2,307,824)	(1,125,907)	(22,995,418)	(38,098)	(1,906,762)
Accumulated impairment losses	(36,756)	(121,902)	(150,780)	(1,696,234)	(809)	(25,359)

(in millions of Korean won)

	2025					
	Equipment	Others	Right-of-use assets	Construction-in-progress	Machinery-in-transit	Total
<b>Beginning balance</b>	₩ 698,632	₩ 200,203	₩ 984,740	₩ 22,742,189	₩ 252,791	₩ 54,570,446
Cost	1,343,689	582,194	1,444,723	23,033,485	281,111	81,313,342
Accumulated depreciation	(642,050)	(365,452)	(459,643)	-	-	(25,830,831)
Accumulated impairment losses	(3,007)	(16,539)	(340)	(291,296)	(28,320)	(912,065)
Business combination (Note 37)	51	10	-	-	-	36,545
Acquisitions/ transfer	302,397	203,248	285,205	13,796,806	114,982	29,414,080
Disposals/ transfer	(4,218)	(1,753)	(61,393)	(19,752,433)	(154,261)	(20,773,499)
Exchange differences	(4,698)	50	(6,190)	(196,151)	24	49,095
Depreciation	(191,253)	(139,153)	(133,897)	-	-	(4,690,856)
Impairment <sup>1</sup>	(8,451)	(30,048)	(20,693)	(317,548)	-	(1,899,481)
Reversal of impairment	1	-	-	335	-	6,441
Transfer to assets held for sale	(2,511)	(10)	(295)	(22,909)	-	(254,568)
<b>Ending balance</b>	₩ 789,950	₩ 232,547	₩ 1,047,477	₩ 16,250,289	₩ 213,536	₩ 56,458,203
Cost	₩ 1,624,451	₩ 648,329	₩ 1,619,837	₩ 16,590,183	₩ 241,856	₩ 89,054,909
Accumulated depreciation	(823,591)	(371,610)	(551,055)	-	-	(30,120,265)
Accumulated impairment losses	(10,910)	(44,172)	(21,305)	(339,894)	(28,320)	(2,476,441)

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(in millions of Korean won)

	2024					
	Land	Buildings	Structures	Machinery	Vehicles	Tools
<b>Beginning balance</b>	₩ 2,009,615	₩ 8,164,517	₩ 1,397,367	₩ 11,677,877	₩ 16,091	₩ 1,036,290
Cost	2,011,770	9,745,059	2,312,914	28,492,355	56,626	2,452,297
Accumulated depreciation	-	(1,533,806)	(883,066)	(16,603,890)	(40,243)	(1,407,081)
Accumulated impairment losses	(2,155)	(46,736)	(32,481)	(210,588)	(292)	(8,926)
Business combination (Note 37)	54,797	232,267	39,416	532,629	448	26,044
Acquisitions/ transfer	93,322	2,202,309	353,148	4,309,392	9,279	465,797
Disposals/ transfer	(27,301)	(64,830)	(7,078)	(221,993)	(1,474)	(51,494)
Exchange differences	16,951	625,260	29,835	758,286	696	43,150
Depreciation	-	(293,307)	(90,545)	(3,019,240)	(5,680)	(345,905)
Impairment/ reversal of impairment	-	(44,937)	(16,642)	(178,775)	(24)	(16,907)
Transfer to assets held for sale	(8,355)	(123)	(1,575)	(5,118)	(10)	(1,579)
<b>Ending balance</b>	<u>₩ 2,139,029</u>	<u>₩ 10,821,156</u>	<u>₩ 1,703,926</u>	<u>₩ 13,853,058</u>	<u>₩ 19,326</u>	<u>₩ 1,155,396</u>
Cost	₩ 2,175,980	₩ 12,821,025	₩ 2,736,156	₩ 34,017,480	₩ 64,294	₩ 2,813,205
Accumulated depreciation	-	(1,908,083)	(989,313)	(19,784,266)	(44,644)	(1,637,380)
Accumulated impairment losses	(36,951)	(91,786)	(42,917)	(380,156)	(324)	(20,429)

(in millions of Korean won)

	2024					
	Equipment	Others	Right-of-use assets	Construction-in-progress	Machinery -in-transit	Total
<b>Beginning balance</b>	₩ 496,729	₩ 297,939	₩ 562,081	₩ 13,037,527	₩ 254,360	₩ 38,950,393
Cost	985,788	539,643	912,058	13,234,185	254,360	60,997,055
Accumulated depreciation	(486,032)	(235,623)	(349,977)	-	-	(21,539,718)
Accumulated impairment losses	(3,027)	(6,081)	-	(196,658)	-	(506,944)
Business combination (Note 37)	31,493	-	604	108,639	-	1,026,337
Acquisitions/ transfer	303,272	67,743	530,875	15,987,475	170,226	24,492,838
Disposals/ transfer	(6,486)	(2,890)	(24,345)	(8,185,525)	(140,664)	(8,734,080)
Exchange differences	29,791	315	49,602	1,881,278	(2,811)	3,432,353
Depreciation	(155,680)	(152,283)	(133,737)	-	-	(4,196,377)
Impairment/ reversal of impairment	(426)	(10,621)	(340)	(86,096)	(28,320)	(383,088)
Transfer to assets held for sale	(61)	-	-	(1,109)	-	(17,930)
<b>Ending balance</b>	<u>₩ 698,632</u>	<u>₩ 200,203</u>	<u>₩ 984,740</u>	<u>₩ 22,742,189</u>	<u>₩ 252,791</u>	<u>₩ 54,570,446</u>
Cost	₩ 1,343,689	₩ 582,194	₩ 1,444,723	₩ 23,033,485	₩ 281,111	₩ 81,313,342
Accumulated depreciation	(642,050)	(365,452)	(459,643)	-	-	(25,830,831)
Accumulated impairment losses	(3,007)	(16,539)	(340)	(291,296)	(28,320)	(912,065)

<sup>1</sup> During the year ended December 31, 2025, the Group performed impairment tests on CGUs considering the outlook of the future economic benefits and changes in market conditions. As a result, impairment losses were recognized on certain assets and recorded as other non-operating expenses.

During the year ended December 31, 2025, impairment losses of ₩ 1,278,628 million were recognized on the group of Petrochemicals CGU as the recoverable amount is fell below its carrying amounts due to the deteriorating market conditions. Among this amount, impairment

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losses of ₩ 1,266,827 million are recognized on property, plant and equipment. Further, details related to impairment losses recognized on intangible assets, including goodwill of the relevant CGUs group and the determination of the recoverable amounts are described in Note 12.

During the year ended December 31, 2025, the Group capitalized ₩ 197,799 million of borrowing costs (2024: ₩ 149,822 million) in relation to acquisition of property, plant and equipment. The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 3.86%~5.11% (2024: 3.36%~4.68%).

Line items including depreciation in the consolidated income statements for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Cost of sales	₩	4,159,956	₩	3,762,694
Selling and administrative expenses		524,774		419,518
Discounted operations		6,126		14,165
<b>Total</b>	<b>₩</b>	<b>4,690,856</b>	<b>₩</b>	<b>4,196,377</b>

Details of property, plant and equipment provided as collateral as at December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>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	₩ 133,177	₩ 378,000	Borrowings (Note 14)	₩ 279,000	KDB Bank
Land	3,654	240,000	Borrowings (Note 14)	90,000	KDB Bank
<i>(in millions of Korean won)</i>	<b>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

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*Leases*

*Amounts recognized in the consolidated statement of financial position*

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

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>
Right-of-use assets <sup>1</sup>			
Real estate	₩ 690,512	₩	704,759
Machinery	325,563		241,212
Vehicles	25,561		32,930
Tools	4,912		4,563
Equipment	929		1,275
<b>Total</b>	<u>₩ 1,047,477</u>	<u>₩</u>	<u>984,739</u>

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

Additions to the right-of-use assets for the year ended December 31, 2025, were ₩ 284,908 million (2024: ₩ 531,479 million).

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>
Lease liabilities <sup>1</sup>			
Current	₩ 124,060	₩	141,096
Non-current	890,912		773,657
<b>Total</b>	<u>₩ 1,014,972</u>	<u>₩</u>	<u>914,753</u>

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

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*Amounts recognized in the consolidated income statements*

Lease related expenses recognized in the consolidated income statements for the years ended December 31, 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	₩ 97,278	₩ 101,149
Machinery	13,562	8,836
Vehicles	21,099	22,009
Tools	1,501	1,349
Equipment	457	394
	<u>₩ 133,897</u>	<u>₩ 133,737</u>
Interest expense on lease liabilities (included in finance cost)	₩ 35,734	₩ 18,386
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	38,555	56,551
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)	18,395	19,185

Total cash outflow for leases for the year ended December 31, 2025, was ₩ 242,023 million (2024: ₩ 234,448 million).

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**12. Intangible Assets**

Changes in intangible assets for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)

	2025						
	Development costs	Software	Industrial property rights	Goodwill	Memberships	Others	Total
<b>Beginning balance</b>	₩ 38,632	₩ 1,230,705	₩ 787,243	₩ 801,357	₩ 41,123	₩ 720,301	₩ 3,619,361
Business combination (Note 37)	-	2	-	6,605	-	355	6,962
Acquisitions/ transfer	482	573,152	292,361	-	1,166	13,466	880,627
Disposals/ transfer	(263)	(71,874)	(123,309)	-	(540)	(2,236)	(198,222)
Exchange differences	-	1,104	(8,912)	(30,263)	12	(13,425)	(51,484)
Amortization	(5,221)	(383,044)	(89,193)	-	-	(85,959)	(563,417)
Impairment	(288)	(4,609)	(62,791)	(14,798)	(123)	(293)	(82,902)
Transfer to assets held for sale (Note 34)	-	(292)	(5,733)	(102,741)	-	(354)	(109,120)
<b>Ending balance</b>	₩ 33,342	₩ 1,345,144	₩ 789,666	₩ 660,160	₩ 41,638	₩ 631,855	₩ 3,501,805

(in millions of Korean won)

	2024						
	Development costs	Software	Industrial property rights	Goodwill	Memberships	Others	Total
<b>Beginning balance</b>	₩ 35,184	₩ 1,044,397	₩ 722,658	₩ 1,061,174	₩ 38,865	₩ 790,644	₩ 3,692,922
Business combination (Note 37)	-	26,872	-	-	-	122,195	149,067
Acquisitions/ transfer	9,500	464,691	156,676	-	4,861	32,210	667,938
Disposals/ transfer	-	(8,085)	(8,617)	(139,948)	(2,665)	(1,077)	(160,392)
Exchange differences	-	28,180	2,795	64,211	62	65,154	160,402
Amortization	(6,052)	(312,567)	(72,981)	-	-	(90,629)	(482,229)
Impairment	-	(12,605)	(13,288)	(184,080)	-	(198,196)	(408,169)
Transfer to assets held for sale (Note 34)	-	(178)	-	-	-	-	(178)
<b>Ending balance</b>	₩ 38,632	₩ 1,230,705	₩ 787,243	₩ 801,357	₩ 41,123	₩ 720,301	₩ 3,619,361

Line items including amortization of intangible assets for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)

	2025	2024
Cost of sales	₩ 90,289	₩ 101,056
Selling and administrative expenses	469,219	367,440
Discontinued operations	3,909	13,733
<b>Total</b>	₩ 563,417	₩ 482,229

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*Research and development costs*

Total research and development costs recognized as expenses amounted to ₩ 2,359,525 million (2024: ₩ 2,153,823 million) for the year ended December 31, 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>	2021	2022	2023	2024	2025	Total
Allocation with nil consideration	10,167	10,504	9,073	10,190	9,217	49,151

Changes in greenhouse gas emission permits during the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of tons and millions of Korean won)</i>	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)	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	-	₩ -	-	₩ -	-	₩ -	-	₩ -

<i>(in thousands of tons and millions of Korean won)</i>	2025					
	2024		2025		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance / Allocation with nil consideration	10,190	₩ -	9,217	₩ -	57,817	₩ -
Purchase/Sale	(367)	-	-	-	(2,177)	1,441
Exchange	-	-	-	-	-	-
Borrowings/Carry forwards between years	(761)	-	1,834	-	1	-
Surrendered to the government	(8,981)	-	-	-	(44,509)	(1,441)
Ending balance	81	₩ -	11,051	₩ -	11,132	₩ -

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<i>(in thousands of tons and millions of Korean won)</i>	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	-	₩ -	-	₩ -	-	₩ -	-	₩ -

<i>(in thousands of tons and millions of Korean won)</i>	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	₩ -

During the years ended December 31, 2025 and 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 consolidated financial statements regarding the EU ETS (Emissions Trading System) for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of tons, in millions of Korean won)</i>	2025		2024	
	Quantity	Amount	Quantity	Amount
<b>Beginning balance</b>	112	₩ 11,568	153	₩ 13,809
Increase	95	10,059	74	6,120
Used	(111)	(10,388)	(115)	(8,361)
<b>Ending balance</b>	96	₩ 11,239	112	₩ 11,568

*Impairment Test of goodwill*

Goodwill is allocated to the Group's CGUs identified for each operating segment. The carrying amounts of goodwill allocation by CGUs as at December 31, 2025 and 2024, are as follows:

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<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
<b>Petrochemicals</b>		
Merger with LG Petrochemicals <sup>1</sup>	₩ -	₩ 8,193
Acquisition of the SAP business unit and others <sup>2</sup>	42,068	41,781
<b>Advanced Materials</b>		
Acquisition of LG NanoH2O, Inc <sup>3</sup>	-	127,870
Acquisition of CEM business	5,183	5,183
Acquisition of Uniseal, Inc. <sup>2</sup>	58,249	59,674
<b>Life Sciences</b>		
Acquisition of LG Life Sciences, Ltd	391,311	391,311
Acquisition of Aveo Pharmaceuticals, Inc. <sup>2,4</sup>	163,349	167,345
<b>Total</b>	₩ 660,160	₩ 801,357

<sup>1</sup> The Group recognized impairment losses of ₩ 8,193 million related to the goodwill from the merger with LG Petrochemicals as a result of an impairment test performed on the relevant group of CGU during the year ended December 31, 2025.

<sup>2</sup> Included changes resulting from foreign currency translation.

<sup>3</sup> Goodwill from the acquisition of LG NanoH2O, Inc. was reclassified as assets held for sale in June 2025 and sold in December 2025.

<sup>4</sup> ₩ 20,421 million of impairment losses related to goodwill from the acquisition of Aveo Pharmaceuticals, Inc. was recognized during the year ended December 31, 2024.

The recoverable amount of the CGUs was determined based on the value-in-use or the fair value less costs of disposal (net fair value). The value in use was calculated using estimated cash flows before tax over a period of five years based on the business plan approved by the management.

Net fair value was evaluated by independent appraisers with certified professional qualifications, reflecting public notification of the value of land and recently available similar transaction price, etc., and this is classified as Fair Value Hierarchy Level 3. The management determined estimated cash flows before tax based on past performance and market growth.

During the year ended December 31, 2025, key assumptions used for calculation of value-in-use related to the principal CGUs are as follows:

	<b>2025</b>	
	<b>Discount rate before tax</b>	<b>Growth rate for subsequent years after five years</b>
Petrochemicals	7.62% ~ 8.56%	1.00%
Life sciences	9.72%	2.00%
Uniseal Adhesive	13.01%	2.00%
AVEO	11.38%	1.00%

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The sensitivity analysis for the recoverable amounts of principal CGUs is as follows:

*Changes in discount rate*

<i>(in millions of Korean won)</i>	<b>Increase (decrease) in recoverable amount</b>			
	<b>Increase by 0.5%</b>		<b>Decrease by 0.5%</b>	
Life sciences	₩	(175,602)	₩	208,677
Petrochemicals		(1,108,382)		1,329,952
AVEO		(38,508)		43,420
Uniseal Adhesive		(13,782)		15,614

If the pre-tax discount rate used in the estimation is 0.5% higher than management's estimate, the Group will additionally recognize an impairment loss of ₩ 499,760 million.

*Changes in growth rate*

<i>(in millions of Korean won)</i>	<b>Increase (decrease) in recoverable amount</b>			
	<b>Increase by 0.5%</b>		<b>Decrease by 0.5%</b>	
Life sciences	₩	140,919	₩	(118,480)
Petrochemicals		892,818		(744,855)
AVEO		31,890		(28,346)
Uniseal Adhesive		10,176		(9,001)

If the growth rate used in the estimation is 0.5% lower than management's estimate, the Group will additionally recognize an impairment loss of ₩ 330,311 million.

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*Impairment test on intangible assets other than goodwill*

The impairment losses for intangible assets other than goodwill that the Group recognized during the years ended December 31, 2025 and 2024, are as follows:

(in millions of  
Korean won)

	2025											
	Development costs		Software		Industrial property rights		Memberships		Others		Total	
Separator	₩	-	₩	286	₩	446	₩	-	₩	-	₩	732
OLED		-		-		61,481		-		-		61,481
Petrochemicals <sup>1</sup>		-		3,647		-		-		-		3,647
FarmHannong Co., Ltd.		288		-		864		-		220		1,372
Others		-		676		-		123		73		872
Total	₩	288	₩	4,609	₩	62,791	₩	123	₩	293	₩	68,104

<sup>1</sup> The Group recognized impairment losses of ₩ 3,608 million on the group of Petrochemicals CGUs as their recoverable amount fell below their carrying amounts due to the deteriorating of market conditions.

(in millions of  
Korean won)

	2024											
	Development costs		Software		Industrial property rights		Memberships		Others		Total	
Separator	₩	-	₩	11,106	₩	2,548	₩	-	₩	28,018	₩	41,672
Advanced Materials		-		-		10,546		-		16,181		26,727
AVEO		-		-		-		-		153,997		153,997
Others		-		1,499		194		-		-		1,693
Total	₩	-	₩	12,605	₩	13,288	₩	-	₩	198,196	₩	224,089

Considering the outlook of the future economic benefits and changes in market conditions, impairment loss was recognized on certain intangible assets and included in other non-operating expenses.

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

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

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
<b>Current</b>		
Prepayments to suppliers and prepaid expenses	₩ 534,214	₩ 498,795
Prepaid value added tax	217,406	324,994
Others	751,654	658,984
<b>Total</b>	<u>₩ 1,503,274</u>	<u>₩ 1,482,773</u>
<b>Non-current</b>		
Net defined benefit assets	₩ 434,704	₩ 217,048
Long-term prepayments and long-term prepaid expenses	257,110	489,914
Others	852,632	156
<b>Total</b>	<u>₩ 1,544,446</u>	<u>₩ 707,118</u>

**14. Borrowings**

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

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
<b>Current</b>		
Short-term borrowings	₩ 3,273,425	₩ 1,811,995
Current portion of long-term borrowings	3,118,639	1,941,487
Current portion of debentures	5,222,013	3,726,481
Current lease liabilities	124,060	141,096
	<u>11,738,137</u>	<u>7,621,059</u>
<b>Non-current</b>		
Long-term borrowings	6,180,027	5,997,203
Debentures	15,002,881	12,984,178
Lease liabilities	890,912	773,657
	<u>22,073,820</u>	<u>19,755,038</u>
<b>Total</b>	<u>₩ 33,811,957</u>	<u>₩ 27,376,097</u>

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

(in millions of Korean won)		Currency	Bank	Latest maturity date	Interest rate (%) as at December 31, 2025	Carrying amount			
						2025		2024	
Short-term borrowings						Current	Non-current	Current	Non-current
Bank loans	Korean won	NH Bank and others	March 11, 2026	4.84 and others	₩ 340,900	₩ -	₩ 358,800	₩ -	
	Foreign currency	CITI Bank and others	December 18, 2026	2.64 and others	2,932,525	-	1,453,195	-	
<b>Total</b>					<b>₩ 3,273,425</b>	<b>₩ -</b>	<b>₩ 1,811,995</b>	<b>₩ -</b>	
<b>Long-term borrowings</b>									
Bank loans	Korean won	KDB Bank and others <sup>1</sup>	June 30, 2035	3.74 and others	₩ 90,875	₩ 841,476	₩ 50,000	₩ 518,000	
	Foreign currency	ANZ and others <sup>2,3</sup>	January 16, 2036	5.70 and others	3,027,877	5,443,518	1,891,666	5,618,146	
Less: discount on long-term borrowings					(113)	(104,967)	(179)	(138,943)	
<b>Total</b>					<b>₩ 3,118,639</b>	<b>₩ 6,180,027</b>	<b>₩ 1,941,487</b>	<b>₩ 5,997,203</b>	
<b>Debentures</b>									
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	1,291,410	8,035,440	441,000	6,615,000	
Exchangeable bonds <sup>4,5,6</sup>	Foreign currency	CITI Securities and others	July 18, 2030	1.60 and others	2,877,118	-	2,940,000	-	
Less: discount on debentures					(531,515)	(72,559)	(479,519)	(55,822)	
<b>Total</b>					<b>₩ 5,222,013</b>	<b>₩15,002,881</b>	<b>₩ 3,726,481</b>	<b>₩12,984,178</b>	

<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 year ended December 31, 2025, General Motors ("GM") repaid the US Department of Energy policy fund borrowing of the Group.

<sup>3</sup> As of the reporting date, in relation to the syndicated loans (ANZ/HSBC/JPM others) and the long-term borrowings from the EIB, the Group is subject to certain financial covenants under the respective loan agreements, including the requirement to maintain consolidated financial ratios such as total borrowings to EBITDA of less than 4.0 times until the borrowings are fully repaid. As the Group did not comply with the relevant financial covenants as of the reporting date, the related long-term borrowings have been classified as current liabilities.

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<sup>4</sup> The details of issued exchangeable bonds (Tranche 1) are as follows:

<b>Category</b>	<b>Details</b>
<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>	<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>	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>	<p>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.</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 2025.07.18 (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 2) are as follows:

<b>Category</b>	<b>Details</b>
<b>Aggregate principal amount</b>	USD 1,000,000,000
<b>Issue price</b>	USD 1,000,000,000
<b>Interest rate (%)</b>	1.6
<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>	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.
<b>Exchange Price (KRW/share)</b>	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.
<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>6</sup> The details of issued exchangeable bonds (Tranche 3) are as follows:

<b>Category</b>	<b>Details</b>
<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, and the bondholder has the Put Option.</p>
<b>Exchange Target</b>	4,129,404 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>	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.
<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 and as at December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>July 18, 2023</b>	<b>December 31, 2024</b>	<b>December 31, 2025</b>
Issue price	₩ 1,266,100	₩ 1,470,000	₩ 8,179
Book amount of exchangeable bonds	991,756	1,273,431	7,369
Derivative financial liabilities	263,532	156,776	305

<sup>1</sup> For the year ended December 31, 2025, the Group 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 was recognized as finance costs.

<sup>2</sup> For the year ended December 31, 2025, the Group repaid the debenture amounting to ₩ 530,173 million due to the exercise of the call option of the investors, and the book amount as of the date of repayment was ₩ 515,367 million (total book amount of ₩ 525,905 million). The difference between the repayment amount and the book amount of ₩ 14,804 million was recognized as finance costs.

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

<i>(in millions of Korean won)</i>	<b>July 18, 2023</b>	<b>December 31, 2024</b>	<b>December 31, 2025</b>
Issue price	₩ 1,266,100	₩ 1,470,000	₩ 1,434,900
Book amount of exchangeable bonds	914,412	1,187,914	1,201,706
Derivative financial liabilities	340,876	194,334	148,785

Details of the exchangeable bonds (Tranche 3) as of the date of issuance and as at December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	<b>June 16, 2025</b>	<b>December 31, 2025</b>
Issue price	₩ 1,366,800	₩ 1,434,039
Book amount of exchangeable bonds	1,017,330	1,139,112
Derivative financial liabilities	337,914	460,728

<sup>1</sup> For the year ended December 31, 2025, 2,475 shares amounting to USD 600,000 were exchanged due to the exercise of the right of exchange of the investors.

The Group has entered into an agreement stipulating that, if the Group fails to maintain the covenant ratios for bonds and borrowings as at the end of each reporting period for quarterly, semi-annual, or annual reports, an event of default will occur. As at December 31, 2025, the related amount is ₩ 14,648,158 million.

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

<i>(in millions of Korean won)</i>		2025				
		Annual interest rate (%)	Latest maturity date	Total amount	Current	Non-current
Leaser						
Korea World Service and others		0.67 ~ 9.00	2022.2.28	₩ 1,014,972	₩ 124,060	₩ 890,912

  

<i>(in millions of Korean won)</i>		2024				
		Annual interest rate (%)	Latest maturity date	Total amount	Current	Non-current
Leaser						
Hyundai Oil Bank and others		0.67 ~ 9.00	2022.2.28	₩ 914,753	₩ 141,096	₩ 773,657

**15. Provisions**

Changes in provisions for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>		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
Additions		779,360		8,913		217,583		1,005,856
Used		(559,553)		(10,388)		(2,299)		(572,240)
<b>Ending balance</b>	₩	1,917,409	₩	9,694	₩	361,240	₩	2,288,343
Current		970,589		9,694		142,041		1,122,324
Non-current		946,820		-		219,199		1,166,019

  

<i>(in millions of Korean won)</i>		2024						
		Warranty <sup>1</sup>	Greenhouse gas emission <sup>2</sup>	Others <sup>3</sup>	Total			
<b>Beginning balance</b>	₩	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)
<b>Ending balance</b>	₩	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> The Group has recognized warranty provisions based on historical experience for amounts expected to arise from quality warranties, exchanges and refunds related to products. In addition, warranty provisions have been recognized, based on the best estimates, for replacement costs related to the external replacement of ESS and for replacement costs arising from voluntary recalls of automotive batteries. The provisions are measured by reflecting the best estimate. As at December 31, 2025, the warranty provision included ₩ 1,904,456 million (2024: ₩

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1,693,916 million) of warranty provision for LG Energy Solution, Ltd. The warranty provisions of LG Energy Solution, Ltd., are estimated based on the average warranty period, revenue, and historical claim experience, and amounted to ₩ 1,549,908 million as at December 31, 2025 (2024: ₩ 1,204,813 million).

<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 December 31, 2025, amounts to 8,201 thousand tons (2024: 8,707 thousand tons).

<sup>3</sup> The Group has recognized provisions for certain pending lawsuits and provisions based on estimating the costs required for soil contamination restoration and other related remediation.

**16. Net Defined Benefit Assets**

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

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Present value of defined benefit obligations <sup>1</sup>	₩ 1,628,182	₩ 1,967,056
Fair value of plan assets	<u>(2,057,283)</u>	<u>(2,174,317)</u>
<b>Liabilities (assets) in the consolidated statement of financial position</b>	<b>₩ (429,101)</b>	<b>₩ (207,261)</b>

<sup>1</sup> The present value of retirement benefit obligations is net of existing contributions to the National Pension Plan of ₩ 427 million as at December 31, 2025 (2024: ₩ 508 million).

The amounts recognized in the consolidated income statements for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Current service cost <sup>1</sup>	₩ 231,897	₩ 217,518
Past service cost	8,209	-
Interest cost	<u>(9,832)</u>	<u>(22,301)</u>
<b>Total, included in employee benefit expenses</b>	<b>₩ 230,274</b>	<b>₩ 195,217</b>

<sup>1</sup> The above amounts excluded ₩ 3,120 million (2024: ₩ 1,384 million) of expenses capitalized to construction in progress and development costs.

Post-employment benefits recognized for defined contribution plan for the year ended December 31, 2025, amounted to ₩ 27,784 million (2024: ₩ 40,577 million).

Post-employment benefits recognized in the consolidated income statements for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Cost of sales	₩ 125,920	₩ 113,433
Selling and administrative expenses	129,920	114,997

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<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Discontinued operations	2,218	7,364
<b>Total</b>	<u>₩ 258,058</u>	<u>₩ 235,794</u>

Movements in the present value of defined benefit obligations for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
<b>Beginning balance</b>	₩ 1,967,056	₩ 1,750,986
Transferred-in liability due to intercompany transfer	3,353	3,499
Transferred-out liability due to intercompany transfer	(4,139)	(2,799)
Transfer to assets held for sale (Note 34)	(10,713)	-
Current service cost	235,017	218,902
Past service cost	8,209	-
Interest expense	77,701	79,360
Remeasurements:		
Actuarial loss arising from change in demographic assumptions	2,672	1,467
Actuarial loss (gain) arising from change in financial assumptions	(372,303)	122,060
Actuarial gain arising from experience adjustments	(56,731)	(15,588)
Others	(118)	(134)
Exchange differences	(4,735)	(1,316)
Payments from plans <sup>1</sup>	(217,087)	(189,381)
<b>Ending balance</b>	<u>₩ 1,628,182</u>	<u>₩ 1,967,056</u>

<sup>1</sup>The amount paid to employees who converted to the defined contribution plan for the year ended December 31, 2025, is ₩ 159,202 million (2024: ₩ 116,809 million).

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Movements in the fair value of plan assets for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
<b>Beginning balance</b>	₩ 2,174,317	₩ 2,233,925
Transferred-in plan assets due to intercompany transfer	1,914	-
Transferred-out plan assets due to intercompany transfer	(300)	(905)
Transfer to assets held for sale (Note 34)	(10,713)	-
Interest income	87,533	101,661
Remeasurements:		
Return on plan assets (excluding amounts included in interest income)	(8,062)	(9,196)
Contributions:		
Employers	22,106	24,523
Payments from plans <sup>1</sup>	(205,633)	(171,633)
Administrative costs	(3,879)	(4,058)
<b>Ending balance</b>	<u>₩ 2,057,283</u>	<u>₩ 2,174,317</u>

<sup>1</sup>The amount paid to employees who converted to the defined contribution plan for the year ended December 31, 2025, is ₩ 159,202 million (2024: ₩ 116,809 million).

The actual return on plan assets for the year ended December 31, 2025, was ₩ 79,471 million (2024: ₩ 92,465 million).

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

	<b>2025</b>	<b>2024</b>
Discount rate <sup>1</sup>	4.2%~5.0%	3.8%~4.1%
Salary growth rate	3.7%~6.0%	4.0%~6.0%

<sup>1</sup> During the year ended December 31, 2025, the Group changed the methodology for determining the discount rate within the actuarial assumptions applied under the projected unit credit method in order to derive a more reasonable measurement of its defined benefit obligations. As a result of this change in accounting estimate, the defined benefit obligations decreased by ₩ 103,884 million and retained earnings increased by ₩ 103,884 million, before income taxes effects.

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The sensitivity analysis for changes in key actuarial assumptions as at December 31, 2025, is as follows:

<i>(in millions of Korean won)</i>	<b>Increase by 1%</b>	<b>Decrease by 1%</b>
<b>Discount rate:</b>		
Increase (decrease) in defined benefit obligations	₩ (144,439)	₩ 168,643
<b>Salary growth rate:</b>		
Increase (decrease) in defined benefit obligations	175,698	(152,324)

The decrease in corporate bond yields, 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 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 December 31, 2025 and 2024, consist of:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
	<b>Amount</b>	<b>Composition (%)</b>	<b>Amount</b>	<b>Composition (%)</b>
Insurance contracts with guaranteed yield and others	₩ 2,040,006	99.2	₩ 2,158,859	99.3
Equity linked bonds	17,161	0.8	15,441	0.7
Time deposits	116	-	17	-
	<u>₩ 2,057,283</u>	<u>100</u>	<u>₩ 2,174,317</u>	<u>100</u>

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

The weighted-average duration of the defined benefit obligation is 10.05 years.

The Group reviews the funding level on an annual basis and has a policy of eliminating deficit from the fund. Expected contributions to postemployment benefit plans for the year ending December 31, 2026, are ₩ 164,835 million.

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

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

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
<b>Current</b>		
Advances from customers	₩ 869,037	₩ 230,803
Withholdings	260,018	454,000
Unearned revenues	51,450	90,941
Accrued expenses	327,967	391,458
<b>Total</b>	<u>₩ 1,508,472</u>	<u>₩ 1,167,202</u>
<b>Non-current</b>		
Long-term accrued expenses	₩ 84,479	₩ 91,977
Long-term unearned revenues	27,162	103,182
Long-term advanced received	1,732,684	2,509,323
<b>Total</b>	<u>₩ 1,844,325</u>	<u>₩ 2,704,482</u>

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**18. Commitments and Contingencies**

- (a) As at December 31, 2025, the Parent Company and certain subsidiaries have been guaranteed by Seoul Guarantee Insurance Company for the payment and others.
- (b) As at December 31, 2025, the Parent Company and certain subsidiaries have various specific line of credit agreements with several financial institutions, as follows:

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 500 million

As of the end of the reporting period, the Group has entered into derivative agreements with financial institutions for the purpose of managing certain risks.

(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	CAD
Limit of bank overdraft	20,400	-	-	70	-	330	-	-	-	-	-	-
Limit of the letter of credit	1,000	280	-	114	330	-	-	-	-	100	-	-
Limit of discount of notes from export	-	760	-	702	1,500	-	-	-	-	-	-	-
Limit of guaranteed payments	-	21	50,600	2,898	1,625	-	-	-	-	-	666	12
Limit of loan arrangements	150,000	-	1,874,000	10,830	10,147	2,006	4,670	10	450	-	-	-
Limit of import loan	-	-	-	40	-	-	-	-	-	-	-	-

- (c) As at December 31, 2025, the Parent Company and certain subsidiaries have B2B purchase arrangements with several financial institutions. The Parent Company's limit is ₩ 278,000 million, while the limits for certain subsidiaries are ₩ 198,000 million, USD 700 million, CNY 3,180 million and EUR 120 million.
- (d) As at December 31, 2025, the Parent Company and its subsidiaries have reverse factoring agreements with Lotte Card, Shinhan Card, Hyundai Card, Citi and HSBC. The subsidiaries are utilizing ₩ 746,260 million of the credit limits granted by these card companies.
- (e) As at December 31, 2025, the Group's litigation status is as follows:

As at December 31, 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

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NGT, and deposited INR 953 million generated from sales of inventories under the order from APHC in connection with this accident. The manufacturing facility is currently closed with limited access in accordance with the order from APHC.

As at December 31, 2025, in relation to small rechargeable batteries sales and General Motors (“GM”) Bolt EV, the consumers have filed six class actions against the Group. However, the ultimate outcome of these cases cannot be determined at the reporting date.

In addition, as at December 31, 2025, the Parent Company and certain subsidiaries have been named as plaintiffs in 16 (related claim amount of ₩ 36,464 million) and 21 (related claim amount of USD 234 million and ₩ 4,518 million) legal actions, respectively. They have been named as defendants in 12 and 61 legal actions, respectively, with ₩ 16,064 million, USD 13 million and ₩ 2,238 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 December 31, 2025, the Group has entered into a payment guarantee contract of USD 0.3 million, and certain subsidiaries have entered into payment guarantee contracts of ₩ 85,703 million, USD 12 million and EUR 2 million with financial institutions to guarantee the warranty of products and payment, and others. 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) As at December 31, 2025, the Group has entered into a turnkey construction contract for a combined heat and power plant within the Yeosu Hwachi Complex with DL E&C CO.,LTD., and the Group has received contract guarantee amounting to ₩ 26,681 million by Construction Guarantee.
- (j) Capital expenditure arrangement that has not incurred as at December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Property, plant and equipment	₩ 6,467,222	₩ 10,001,365

- (k) As at December 31, 2025, the Group has an agreement with General Motors (GM) regarding joint investment in Ultium Cells Holdings LLC and Ultium Cells LLC. GM may exercise a put option over its interests, and both parties may exercise a call option to purchase shares held by other investors in specified circumstances, including a counterparty’s breach. Each party is entitled to the right of first refusal to purchase shares upon any proposed transfer of shares by the counterparty. Upon dissolution of the joint venture, the Group retains the right to purchase the joint venture’s assets. In addition, the Group provided payment guarantees to the joint venture amounting to USD 492 million according to the ratio of portion in the borrowing with a total amount of USD 984 million and secured the borrowing with comprehensive assets of Ultium Cells LLC as collateral.
- (l) As at December 31, 2025, the Group 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

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

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

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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. In specified circumstances, including after the expiration of the contract term and a counterparty's breach of obligations, each party is entitled to exercise a put option over its shares and a call option to purchase shares held by the counterparty. The parties are also entitled to a right of first refusal over the joint venture's assets in such circumstances.

- (m) As at December 31, 2025, the Group 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. 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. In specified circumstances, including after the expiration of the contract term and a counterparty's breach of obligations, Stellantis is entitled to exercise a put option over its shares. Both parties are also entitled to exercise a call option to purchase shares held by the counterparty and a right of first refusal over the joint venture's assets in such circumstances.
- (n) As at December 31, 2025, the Group entered into a joint venture agreement with HMG Global LLC for the joint venture, HL-GA Battery Company LLC, and the Group completed the investment for the committed amount of USD 1,084 million. In specified circumstances, including after the expiration of the contract term and a counterparty's breach of obligations, HMG Global LLC is entitled to exercise a put option over its shares and the Group is entitled to exercise a call option to purchase shares held by HMG Global LLC. (Provided that, in certain limited circumstances, including the bankruptcy of the Group, HMG Global LLC is entitled to hold a call option.) Upon the liquidation of the joint venture, both parties are entitled to exercise the right of first refusal over certain assets of the joint venture.
- (o) As at December 31, 2025, the Group entered into a joint venture agreement with Hyundai Motor Group for the joint venture, PT HLI Green Power. In addition, the Group provided payment guarantees to the joint venture amounting to USD 315 million according to the ratio of portion in the borrowing with a total credit line of USD 629 million. In specified circumstances, including a counterparty's breach of obligations, each party is entitled to exercise a put option over its shares and a call option to purchase shares held by the counterparty. Additionally, upon the disposal of the joint venture's facilities or the termination of a license contract, the Group is entitled to a right of first refusal over the joint venture's assets. Furthermore, both parties are entitled to a right of first refusal upon any proposed transfer of shares by the counterparty.
- (p) As at December 31, 2025, the Group entered into an agreement to construct a new plant for LG Energy Solution Arizona, Inc which amounts to USD 2,048 million.

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(q) As at December 31, 2025, the Group and certain subsidiaries' investment agreements are as follows:

<i>(in millions of Korean won, USD and EUR)</i>	Currency	Committed investments	Cumulative investments	Remaining
KBE Fund <sup>2</sup>	KRW	150,000	124,099	25,901
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	114	36
Secondary battery growth Fund <sup>3</sup>	KRW	6,700	6,700	-
Bricks Capital Management Global Battery Private Equity Fund I	KRW	30,000	19,587	10,413
Yonsei Technology Holdings IP Fund	KRW	3,000	3,000	-
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
EV-LOOP	EUR	9	1	8

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

<sup>2</sup> As at December 31, 2025, the Group received a refund of ₩ 28,576 million out of its cumulative investments of ₩ 124,099 million from the KBE Fund.

<sup>3</sup> As at December 31, 2025, the Group received a refund of ₩ 2,023 million out of its cumulative investments of ₩ 6,700 million from the Secondary battery growth Fund.

- (r) 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.
- (s) 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.
- (t) For the year ended December 31, 2025 and before the prior period, 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).
- (u) As at December 31, 2025, the Group has provided as collateral for borrowings of ₩ 369,000 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 ₩ 618,000 million) to the KDB Bank (Note 11).

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- (v) 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 514 million as at December 31, 2025. In addition, the Group provides a guarantee over certain advances from customers that would become refundable to the non-controlling shareholders if Ultium Cells LLC fails to meet its obligations.
- (w) On October 30, 2025, the Group entered into a Price Return Swap (PRS) contract regarding the ordinary shares of LG Energy Solution, a subsidiary, under which the difference in share price is settled between the buyer and the Group based on predetermined conditions. The details of the contract are as follows:

<b>Category</b>	<b>Price Return Swap contract</b>
<b>Investor</b>	Korea Investment & Securities Co., Ltd. and others
<b>Underlying asset</b>	5,750,000 ordinary shares of LG Energy Solution
<b>Reference amount</b>	₩ 347,500 per share (closing price of September 30, 2025)
<b>Contract amount</b>	₩ 1,998,125 million
<b>Effective date</b>	November 3, 2025
<b>Maturity date</b>	November 3, 2028 (3 years from the effective date)
<b>Contract details</b>	<ol style="list-style-type: none"> <li>1) Upon the disposal of the underlying asset by the investor, the difference between the disposal amount and the settlement amount shall be settled.</li> <li>2) If the disposal price of the underlying asset exceeds the settlement reference amount, the investor shall pay the difference to the Group. If the disposal price of the underlying asset is lower than the settlement reference amount, the Group shall pay the difference to the investor.</li> <li>3) The investor may dispose of the underlying asset at any time before or at maturity. The Group shall not have any involvement in, nor the ability to influence, the disposal of the underlying asset.</li> </ol>

- (x) The Group is provided with payment guarantees from Korea Trade Insurance Corporation in relation to borrowing with a total credit line of USD 950 million.

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**19. Issued Capital**

Changes in issued capital and share premium for years ended December 31, 2025 and 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
December 31, 2025	70,592,343	₩ 352,962	7,688,800	₩ 38,444	₩ 2,014,036

Changes in treasury shares for the years ended December 31, 2025 and 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
Acquisition of shares	1	-	-	-
December 31, 2025	2	6,041	₩ 270	₩ 655,927

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

<i>(in millions of Korean won)</i>	2025	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	9,777,234	8,692,138
<b>Total</b>	₩ 12,653,966	₩ 11,568,870

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**20. Retained Earnings**

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

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Legal reserve <sup>1</sup>	₩ 905,835	₩ 849,167
Discretionary reserve <sup>2</sup>	16,755,755	16,779,743
Retained earnings before appropriation	<u>(662,323)</u>	<u>963,264</u>
<b>Total</b>	<u>₩ 16,999,267</u>	<u>₩ 18,592,174</u>

<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 December 31, 2025 and 2024, are as follows:

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

<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 years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
<b>Revenue</b>	₩	45,932,167	₩	48,699,754
<b>Cost of sales</b>		38,122,707		41,247,486
<b>Gross profit</b>		7,809,460		7,452,268
Other operating income <sup>1</sup>		1,646,811		1,480,020
<b>Selling and administrative expenses</b>		8,275,371		8,057,361
Wages and salaries		1,813,861		1,731,950
Post-employment benefits (Note 16)		129,920		114,996
Employee benefits		428,334		431,473
Travel expense		108,850		100,945
Water and utilities		164,306		141,616
Packaging expense		14,980		18,943
Rental expenses		120,740		147,998
Commission expenses		1,225,773		1,112,665
Depreciation (Notes 11 and 36)		528,406		423,271
Advertising expense		71,108		85,898
Freight expenses		825,842		906,297
Training expense		35,624		47,366
Amortization (Note 12)		469,219		367,440
Sample expense		25,589		41,803
Development costs		669,243		575,520
Others		1,643,576		1,809,180
<b>Operating income</b>	₩	<u>1,180,900</u>	₩	<u>874,927</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 as at December 31, 2025.

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**23. Classification of Expenses by Nature**

Cost of sales, and selling and administrative expenses by nature for the years ended December 31, 2025 and 2024, consist of:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Changes in inventories of finished goods, semi-finished goods, merchandise and work in process	₩ 899,542	₩ 454,327
Raw materials and consumables used	22,614,363	26,681,200
Purchase of merchandise	2,677,351	1,405,042
Employee benefit expenses (Note 24)	4,874,201	4,952,845
Advertising expenses	72,890	88,121
Freight expenses	876,298	955,384
Commission expenses	2,467,880	2,207,154
Depreciation and amortization (Notes 11, 12, and 36)	5,247,870	4,654,461
Rent expenses and usage fee	93,555	108,211
Other expenses	6,574,128	7,798,102
<b>Total</b>	<u>₩ 46,398,078</u>	<u>₩ 49,304,847</u>

**24. Employee Benefit Expenses**

Details of employee benefit expenses for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Salaries	₩ 3,972,476	₩ 3,993,863
Post-employment benefits – Defined benefit plan (Note 16)	228,103	188,776
Post-employment benefits – Defined contribution plan (Note 16)	27,737	39,654
Others	645,885	730,552
<b>Total</b>	<u>₩ 4,874,201</u>	<u>₩ 4,952,845</u>

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**25. Finance Income and Costs**

Details of finance income and costs for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
<b>Finance income</b>				
Interest income <sup>1</sup>	₩	328,344	₩	350,752
Dividend income		3,083		10,061
Exchange differences		1,059,500		686,295
Gain related to derivative instruments		317,725		972,947
Gain related to financial assets		236,057		91,897
<b>Total</b>	<b>₩</b>	<b>1,944,709</b>	<b>₩</b>	<b>2,111,952</b>
<b>Finance costs</b>				
Interest expense <sup>2</sup>	₩	1,217,460	₩	949,172
Exchange differences		616,195		1,672,281
Loss related to derivative instruments		222,659		51,013
Loss related to financial assets		60,464		30,502
Loss on repayment of debentures		41,540		-
<b>Total</b>	<b>₩</b>	<b>2,158,318</b>	<b>₩</b>	<b>2,702,968</b>

<sup>1</sup> Details of interest income for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Financial assets at amortized cost	₩	328,344	₩	350,752
<b>Total</b>	<b>₩</b>	<b>328,344</b>	<b>₩</b>	<b>350,752</b>

<sup>2</sup> Details of interest expense for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Financial liabilities at amortized cost	₩	1,373,557	₩	1,076,877
Interest on lease liabilities		35,734		18,386
Other interest expenses		5,968		3,730
Capitalized interest for qualifying assets		(197,799)		(149,821)
<b>Total</b>	<b>₩</b>	<b>1,217,460</b>	<b>₩</b>	<b>949,172</b>

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**26. Other Non-operating Income**

Details of other non-operating income for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Exchange differences	₩	781,326	₩	1,194,237
Gain on disposal of property, plant and equipment		54,833		12,716
Gain on disposal of intangible assets		-		34
Insurance income		17,566		21,883
Gain on disposal of a business		-		7,783
Others <sup>1</sup>		619,982		151,829
<b>Total</b>	<b>₩</b>	<b>1,473,707</b>	<b>₩</b>	<b>1,388,482</b>

<sup>1</sup> Including income of ₩ 572,286 million received as compensation for the retirement of property, plant and equipment.

**27. Other Non-operating Expenses**

Details of other non-operating expenses for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Exchange differences	₩	892,664	₩	744,825
Loss on disposal of property, plant and equipment		819,300		222,994
Loss on disposal of intangible assets		29,832		3,418
Impairment loss on property, plant and equipment (Note 11)		1,899,482		382,748
Impairment loss on intangible assets (Note 12)		76,298		408,168
Loss on disasters		32,889		10,049
Donations		10,135		28,234
Others <sup>1</sup>		342,493		156,522
<b>Total</b>	<b>₩</b>	<b>4,103,093</b>	<b>₩</b>	<b>1,956,958</b>

<sup>1</sup> Including one-off expenses of ₩ 159,108 million incurred one-off costs in connection with the retirement of property, plant and equipment.

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**28. Tax Expense and Deferred Tax**

Details of income tax expense for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Current tax:				
Current tax on profit for the year	₩	1,081,286	₩	793,843
Adjustments in respect of prior years		(38,530)		(20,604)
Deferred tax:				
Deferred tax - movements in temporary differences and foreign currency translation, etc.		47,924		(337,986)
Deferred tax – impact of changes in Korean tax rate		(76,842)		-
Deferred tax – unrecognized temporary differences, etc.		253,935		-
Deferred tax - unrecognized tax credits carryforwards		492,954		318,081
Deferred tax - tax credits carryforwards		(171,388)		(241,734)
Deferred tax - tax losses carryforwards		(859,383)		(381,391)
Total Income tax expense		<u>729,956</u>		<u>130,209</u>
Deferred tax charged or credited directly to equity		(137,225)		(56,558)
Current tax charged or credited directly to equity		(414,047)		1,282
Others (discontinuation effect and others)		(162,686)		(22,178)
Income tax expense	₩	<u>15,998</u>	₩	<u>52,755</u>

The aggregate current and deferred tax relating to items that are charged or credited directly to equity (other comprehensive income) for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
<b>Current tax</b>				
Gains on disposal of financial assets at fair value through other comprehensive income	₩	-	₩	1,282
Changes in equity due to the disposal of subsidiaries' shares		(414,047)		-
<b>Total</b>	₩	<u>(414,047)</u>	₩	<u>1,282</u>
<b>Deferred tax</b>				
Remeasurements of net defined benefit liabilities	₩	(109,008)	₩	33,099
Losses on valuation of derivative instruments		(1,323)		(462)
Exchange differences on translation of foreign operations		27,499		(50,691)
Losses on valuation of financial assets at fair value through other comprehensive income		(54,394)		(38,504)
<b>Total</b>	₩	<u>(137,225)</u>	₩	<u>(56,558)</u>

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The movements in deferred tax assets (liabilities) for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)	2025						
	Beginning balance	Business combination	Increase (decrease)				Ending balance
			Profit or loss	Other comprehensive income (loss) and others	Others	Exchange	
Post-employment benefit obligation	₩ 460,823	₩ -	₩ (83,811)	₩ (110,383)	₩ -	₩ (8)	₩ 266,621
Severance benefit insurance	(477,300)	-	108,762	1,375	-	-	(367,163)
Provision for impairment on receivables	72	-	5,133	-	-	148	5,353
Property, plant and equipment	254,301	-	(337,324)	-	(24)	4,993	(78,054)
Intangible assets	(148,034)	-	13,520	-	-	70	(134,444)
Investments in subsidiaries, associates and joint ventures	(333,671)	-	6,648	-	-	5,725	(321,298)
Accrued income	(135)	-	(3,358)	-	-	-	(3,493)
Others	1,234,494	-	144,524	(55,176)	557	14,511	1,338,370
	990,550	-	(145,906)	(164,724)	533	25,439	705,892
Exchange differences on translation of foreign operations	(49,858)	-	-	27,499	-	6	(22,353)
Tax credit carryforwards	487,994	-	(321,556)	-	(88)	1,886	168,226
Previously unrecognized tax losses	1,003,965	-	917,497	-	-	20,926	1,942,388
Deferred tax assets (liabilities)	₩ 2,432,651	₩ -	₩ 450,025	₩ (137,225)	₩ 445	₩ 48,257	₩ 2,794,153

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(in millions of  
Korean won)

	2024						
	Beginning balance	Business combination	Increase (decrease)				Ending balance
			Profit or loss	Other comprehensive income (loss) and others	Others	Exchange	
Post-employment benefit obligation	₩ 381,539	₩ -	₩ 47,228	₩ 32,045	₩ -	₩ 11	₩ 460,823
Severance benefit insurance	(477,182)	-	(1,172)	1,054	-	-	(477,300)
Provision for impairment on receivables	1,447	-	(1,442)	-	-	67	72
Property, plant and equipment	91,762	-	167,698	-	-	(5,159)	254,301
Intangible assets	(162,780)	-	14,366	-	-	380	(148,034)
Investments in subsidiaries, associates and joint ventures	(29,863)	-	(278,921)	-	-	(24,887)	(333,671)
Accrued income	105,804	-	(110,303)	-	-	4,364	(135)
Others	490,455	-	557,090	(38,966)	154,100	71,815	1,234,494
	<u>401,182</u>	<u>-</u>	<u>394,544</u>	<u>(5,867)</u>	<u>154,100</u>	<u>46,591</u>	<u>990,550</u>
Exchange differences on translation of foreign operations	833	-	-	(50,691)	-	-	(49,858)
Tax credit carryforwards	561,379	-	(76,347)	-	-	2,962	487,994
Previously unrecognized tax losses	610,246	-	381,391	-	-	12,328	1,003,965
Deferred tax assets (liabilities)	₩ 1,573,640	₩ -	₩ 699,588	₩ (56,558)	₩ 154,100	₩ 61,881	₩ 2,432,651

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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The reconciliations between income tax expense and accounting profit for the years ended December 31, 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 expense<sup>1</sup></b>	₩	(802,337)	592,888
<b>Income tax based on statutory tax rate<sup>2</sup></b>		155,683	62,705
<b>Adjustments:</b>		(139,685)	(9,950)
Non-taxable income		(440,104)	(332,798)
Non-deductible expense		28,261	31,639
Recognized deferred income tax arising from temporary differences from previous years		(38,291)	17,001
Unrecognized deferred income tax arising from temporary differences in the current period		54,060	95,485
Tax credit		(230,147)	(83,884)
Deferred tax effects due to tax credit carryforwards		(171,388)	(241,734)
Unrecognized tax credits carryforwards		492,955	318,081
Changes in deferred tax assets that are deemed to be not realizable		181,417	-
The effect of changes in tax rate		(76,842)	-
Others (reflection of discontinuation effects and others)		60,394	186,260
<b>Income tax expense</b>	₩	<u>15,998</u>	<u>52,755</u>
Effective tax rate (income tax expense/profit before income tax) <i>(in %)</i> <sup>3</sup>		-	8.90%

<sup>1</sup> The amount includes profit from discontinued operations.

<sup>2</sup> Effective tax rate is not calculated due to the loss before income tax in 2025. The weighted-average applicable tax rate on profit before income tax for the year ended December 31, 2024, is 10.58%.

<sup>3</sup> Effective tax rate is not calculated because a negative effective tax rate was calculated.

Realization of deferred tax assets is dependent on the Group's ability to generate future taxable profits in excess of the profits arising from the reversal of taxable temporary differences, and economic and industry outlooks. Management periodically reviews on these factors.

Details of deductible (taxable) temporary differences unrecognized as deferred tax assets (liabilities) due to the low probability of realization as at December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>		<b>2025</b>		<b>2024</b>	<b>Remarks</b>
Investments in subsidiaries, associates and joint ventures	₩	(753,653)	₩	(941,462)	Permanent reinvestment plan of undistributed profit
Land		7,312,319		6,662,259	No plan for disposal
Land		10,519		370	Land and goodwill, etc.
Temporary differences due to uncertainty of future taxable profit		1,258,355		-	Uncertainty of future taxable profit
Unused carried forward tax losses <sup>1</sup>		1,019,770		695,367	Uncertainty of future taxable profit

**LG Chem, Ltd. and Subsidiaries**  
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<sup>1</sup> The maturity of unused carried forward tax losses is as follows:

<i>(in millions of Korean won)</i>		<b>2025</b>		<b>2024</b>
Within one year	₩	5,781	₩	-
Between 1 year – 2 years		8,676		3,355
Between 2-5 years		62,516		18,673
Later than five years		942,797		673,339

*Unused tax credits unrecognized as deferred tax assets*

Amounts and maturity date of unused carried forward tax credits not recognized as deferred tax assets as at December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>				
	<b>Maturity in 2032</b>	<b>Maturity in 2033</b>	<b>Maturity in 2034</b>	<b>Maturity in 2034</b>	<b>Total</b>
Unused carried forward tax credits unrecognized as deferred tax assets	₩ 194,021	₩ 215,410	₩ 200,651	₩ 200,953	₩ 811,035

<i>(in millions of Korean won)</i>	<b>2024</b>			
	<b>Maturity in 2033</b>	<b>Maturity in 2034</b>	<b>Total</b>	
Unused carried forward tax credits unrecognized as deferred tax assets	₩ 132,635	₩ 185,446	₩	318,081

The Group is within the scope of Pillar Two model rules and the Group and subsidiaries that operates in Indonesia and Vietnam are liable to pay an additional Pillar II income tax. The Group recognized current income tax expense under Pillar II model amounting to ₩ 2,943 million for the year ended December 31, 2025, and applied the exception to recognizing and disclosing information about deferred tax.

**LG Chem, Ltd. and Subsidiaries**  
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**29. Earnings per Share**

Basic earnings per share is calculated by dividing the profit 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. Preferred shares have a right to participate in the profits of the Group. These participation rights have been considered in presenting the earnings per share information for both of ordinary shares and preferred shares.

Basic earnings per share for profit from continuing operations and earnings per share attributable to the owners of the Parent Company for the years ended December 31, 2025 and 2024, are computed as follows:

*Basic earnings (losses) per ordinary share from continuing operations and basic earnings (losses) per ordinary share*

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Loss attributable to ordinary shares <sup>1</sup>	₩ (1,640,869)	₩ (623,046)
Losses from continuing operations attributable to ordinary shares	(2,379,808)	(1,413,517)
Profit from discontinued operations attributable to ordinary shares	738,939	790,471
Weighted average number of ordinary shares outstanding <i>(in shares)</i> <sup>2</sup>	70,592,342	70,592,343
Basic losses per ordinary shares <i>(in won)</i>	₩ (23,244)	₩ (8,826)
Basic losses per ordinary share from continuing operations <i>(in won)</i>	(33,712)	(20,024)
Basic earnings per ordinary share from discontinued operations <i>(in won)</i>	₩ 10,468	₩ 11,198

*Basic earnings (losses) per preferred share from continuing operations and basic earnings (losses) per preferred share*

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Loss attributable to preferred shares <sup>1</sup>	₩ (178,580)	₩ (67,808)
Losses from continuing operations attributable to preferred shares	(259,001)	(153,837)
Profit from discontinued operations attributable to preferred shares	80,421	86,029
Weighted average number of preferred shares outstanding <i>(in shares)</i> <sup>2</sup>	7,682,759	7,682,759
Basic losses per preferred shares <i>(in won)</i>	₩ (23,244)	₩ (8,826)
Basic losses per preferred share from continuing operations <i>(in won)</i>	(33,712)	(20,024)
Basic earnings per preferred share from discontinued operations <i>(in won)</i>	₩ 10,468	₩ 11,198

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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<sup>1</sup> Profit attributable to ordinary and preferred shares are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
<b>Loss attributable to the ordinary equity holders of the Parent Company</b>	₩	(1,819,449)	₩	(690,854)
Ordinary shares dividends (A)		-		-
Preferred shares dividends (B)		-		-
<b>Undistributed losses for the period</b>		<u>(1,819,449)</u>		<u>(690,854)</u>
Undistributed losses available for ordinary shares (C)		(1,640,869)		(623,046)
Undistributed losses available for preferred shares (D)		<u>(178,580)</u>		<u>(67,808)</u>
<b>Loss for the period attributable to ordinary shares (A+C)</b>	₩	(1,640,869)	₩	(623,046)
<b>Loss for the period attributable to preferred shares (B+D)</b>	₩	(178,580)	₩	(67,808)

<sup>2</sup> Weighted average numbers of shares are calculated as follows:

<i>(in shares)</i>	<b>2025</b>		<b>2024</b>	
	<b>Ordinary share</b>	<b>Preferred share</b>	<b>Ordinary share</b>	<b>Preferred share</b>
Number of shares issued	70,592,343	7,688,800	70,592,343	7,688,800
Number of treasury shares	(2)	(6,041)	(1)	(6,041)
Shares issued and outstanding	<u>70,592,341</u>	<u>7,682,759</u>	<u>70,592,342</u>	<u>7,682,759</u>
Weighted average number of shares outstanding	<u>70,592,342</u>	<u>7,682,759</u>	<u>70,592,343</u>	<u>7,682,759</u>

For the years ended December 31, 2025 and 2024, there were no dilutive potential outstanding ordinary shares at the reporting date. Accordingly, diluted earnings per share for profit attributable to owners of the Parent Company is identical to basic earnings per share.

**LG Chem, Ltd. and Subsidiaries**  
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**30. Dividends**

Details of dividends of the Parent Company as at December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Number of shares entitled to dividends: Shares issued and outstanding (par value per share: ₩ 5,000)		
Ordinary shares	70,592,341	70,592,342
Preferred shares	7,682,759	7,682,759
Dividend per share <i>(in Korean won, %)</i>		
Ordinary shares: cash	₩ 2,000 (40%)	₩ 1,000 (20%)
Preferred shares: cash	2,050 (41%)	1,050 (21%)
Cash dividends to distribute		
Ordinary shares	141,185	70,592
Preferred shares	15,750	8,067
	₩ 156,935	₩ 78,659

Dividend payout ratios of the Parent Company for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
Dividends (A)	₩ 156,935	₩ 78,659
Profit attributable to equity holders of the Parent Company (B)	(1,819,449)	(690,854)
Dividend payout ratio (A/B)	-	-

Dividend yield ratios of the Parent Company for the years ended December 31, 2025 and 2024, are as follows:

<i>(in Korean won)</i>	<b>2025</b>		<b>2024</b>	
	<b>Ordinary share</b>	<b>Preferred share</b>	<b>Ordinary share</b>	<b>Preferred share</b>
Dividend per share (A)	₩ 2,000	₩ 2,050	₩ 1,000	₩ 1,050
Market value at the end of year (B) <sup>1</sup>	346,600	172,580	238,500	141,450
Dividend yield ratio (A/B)	0.58%	1.19%	0.42%	0.74%

<sup>1</sup> The price is the arithmetic average of the closing prices formed on the exchange market over the one-week period ending on the trading day immediately preceding the Board of Directors' resolution date for the cash and in-kind dividend.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

#### 31. Related Party Transactions

Details of related parties as at December 31, 2025 and 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.			
KOREA PRECURSOR CO., LTD.			
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>			
PT LBM Energi Baru Indonesia <sup>4</sup> EV-LOOP <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 Consolidated Financial Statements

### December 31, 2025 and 2024

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- <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. During the year ended December 31, 2025, the Group has acquired additional shares of LG Chem Hungary Battery Separator Kft. and reclassified it to a subsidiary. In addition, entire shares of TL Chemical CO., Ltd are disposed of and excluded from associates.
- <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> For the year ended December 31, 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.

**LG Chem, Ltd. and Subsidiaries**  
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Sales and purchases with related parties for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)

	2025					
	Sales and others		Purchase 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.	₩ 16	₩ -	₩ -	₩ -	₩ 213	₩ 85,592
<b>Associates and joint ventures</b>						
SEETEC Co., Ltd.	95,496	263,120	485	834	377	88,993
TECWIN Co., Ltd.	-	36	92,924	-	-	129
KOREA PRECURSOR CO., LTD.	5,473	190,774	-	-	-	64
Others	36,570	130,943	484	-	-	270
<b>Subsidiaries of the entity with significant influence:</b>						
D&O Corp. and its subsidiaries	110	-	25,868	-	-	14,599
LG CNS Co., Ltd. and its subsidiaries	43,632	696	859,929	-	-	362,259
Others	10	-	-	-	-	69,161
<b>Affiliate within the same large enterprise group:</b>						
LG Display Co., Ltd. and its subsidiaries	340,980	266	-	-	1	56
LG Electronics Inc. and its subsidiaries and joint ventures	533,146	262,355	608,111	-	465	226,004
Others	9,818	22,842	47	-	70	8,760
<b>Total</b>	<b>₩ 1,065,251</b>	<b>₩ 871,032</b>	<b>₩ 1,587,848</b>	<b>₩ 834</b>	<b>₩ 1,126</b>	<b>₩ 855,887</b>

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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(in millions of Korean won)

	2024					
	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.	₩ 33	₩ -	₩ -	₩ 26,455	₩ 191	₩ 91,751
<b>Associates and joint ventures</b>						
SEETEC Co., Ltd.	76,397	208,798	34	136	393	98,646
TECWIN Co., Ltd.	-	31	10,561	-	-	126
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	1,978	387,477	-	-	-	-
PT. HLI Green Power <sup>1</sup>	42,003	363	-	-	-	6,393
Others	2,156	53,887	-	-	-	446
<b>Subsidiaries of the entity with significant influence:</b>						
D&O Corp. and its subsidiaries	86	810	24,357	-	-	15,966
LG CNS Co., Ltd. and its subsidiaries	24,890	3,414	1,092,242	859	11	333,288
Others	96	-	-	-	-	73,348
<b>Affiliate within the same large enterprise group:</b>						
LG Display Co., Ltd. and its subsidiaries	567,215	440	-	-	10	6
LG Electronics Inc. and its subsidiaries and joint ventures	589,333	180,567	942,842	-	324	203,209
Others	9,360	31,127	93,045	-	62	46,043
<b>Total</b>	<b>₩ 1,313,547</b>	<b>₩ 866,914</b>	<b>₩ 2,163,081</b>	<b>₩ 27,450</b>	<b>₩ 991</b>	<b>₩ 869,222</b>

<sup>1</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 and the above amount is transactions prior to the reclassification.

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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Balances of receivables and payables arising from sales and purchases of goods and services as at December 31, 2025 and 2024, are as follows:

(in millions of Korean won)

	2025			
	Receivables			
	Trade receivables and others	Loan receivables	Other receivables	Total
<b>Entity with a significant influence over the Group</b>				
LG Corp.	₩ -	₩ -	₩ 22,211	₩ 22,211
<b>Associates and joint ventures</b>				
SEETEC Co., Ltd.	8,307	800	499	9,606
TECWIN Co., Ltd.	-	-	-	-
KOREA PRECURSOR CO., LTD.	-	-	600	600
Others	-	-	42,066	42,066
<b>Subsidiaries of the entity with significant influence:</b>				
D&O Corp. and its subsidiaries	-	-	-	-
LG CNS Co., Ltd. and its subsidiaries	19,838	-	-	19,838
Others	-	-	11	11
<b>Affiliate within the same large enterprise group:</b>				
LG Display Co., Ltd. and its subsidiaries	55,776	-	103	55,879
LG Electronics Inc. and its subsidiaries and joint ventures <sup>1</sup>	125,241	-	10,290	135,531
Others	87	-	2,272	2,359
<b>Total</b>	<b>₩ 209,249</b>	<b>₩ 800</b>	<b>₩ 78,052</b>	<b>₩ 288,101</b>

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

(in millions of Korean won)

	2025									
	Payables					Total				
	Trade payables	Borrowings	Lease liabilities	Other payables						
<b>Entity with a significant influence over the Group</b>										
LG Corp.	₩	-	₩	-	₩	29	₩	29		
<b>Associates and joint ventures</b>										
SEETEC Co., Ltd.		25,050		-	17,771	10,990		53,811		
TECWIN Co., Ltd.		-		-	-	20,790		20,790		
KOREA PRECURSOR CO., LTD.		2,686		-	-	-		2,686		
Others		32,408		-	-	1,966		34,374		
<b>Subsidiaries of the entity with significant influence:</b>										
D&O Corp. and its subsidiaries		-		-	-	4,083		4,083		
LG CNS Co., Ltd. and its subsidiaries		270		-	-	422,441		422,711		
Others		-		-	-	1,077		1,077		
<b>Affiliate within the same large enterprise group:</b>										
LG Display Co., Ltd. and its subsidiaries		-		-	-	59		59		
LG Electronics Inc. and its subsidiaries and joint ventures <sup>1</sup>		24,822		-	16,652	141,087		182,561		
Others		3,262		-	3,897	5,896		13,055		
<b>Total</b>	₩	88,498	₩	-	₩	38,320	₩	608,418	₩	735,236

(in millions of Korean won)

	2024							
	Receivables				Total			
	Trade receivables and others	Loan receivables	Other receivables					
<b>Entity with a significant influence over the Group</b>								
LG Corp.	₩	-	₩	-	₩	33,379	₩	33,379
<b>Associates and joint ventures</b>								
SEETEC Co., Ltd.		6,003		-	-	508		6,511
TECWIN Co., Ltd.		-		-	-	-		-
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.		1,549		-	-	72		1,621
Others		-		-	-	193		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		5,168
Others		-		-	-	6		6
<b>Affiliate within the same large enterprise group:</b>								
LG Display Co., Ltd. and its subsidiaries		239,891		-	-	4		239,895
LG Electronics Inc. and its subsidiaries and joint ventures <sup>1</sup>		165,734		-	-	3,444		169,178
Others		76		-	-	2,179		2,255
<b>Total</b>	₩	418,408	₩	-	₩	39,798	₩	458,206

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

	<b>2024</b>									
	<b>Payables</b>				<b>Total</b>					
	<b>Trade payables</b>	<b>Borrowings</b>	<b>Lease liabilities</b>	<b>Other payables</b>						
<b>Entity with a significant influence over the Group</b>										
LG Corp.	₩	-	₩	-	₩	13,390	₩	124	₩	13,514
<b>Associates and joint ventures</b>										
SEETEC Co., Ltd.		18,822		-		18,773		11,999		49,594
TECWIN 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>	<b>₩</b>	<b>108,318</b>	<b>₩</b>	<b>-</b>	<b>₩</b>	<b>49,034</b>	<b>₩</b>	<b>882,222</b>	<b>₩</b>	<b>1,039,574</b>

<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**  
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Fund transactions with related parties for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)

					2025			
	Dividends received	Dividends paid	Equity contributions in cash (capital reduction) and others	Loans	Repayment	Borrowings <sup>1</sup>		
				Loans	Repayment	Borrowings	Repayment	
<b>Entity with a significant influence over the Group</b>								
LG Corp.	₩ -	₩ 24,670	₩ -	₩ -	₩ -	₩ -	₩ 13,390	
<b>Associates and joint ventures</b>								
SEETEC Co., Ltd.	10,000	-	-	800	-	834	1,452	
Sam-A Aluminium Co., Ltd.	38	-	-	-	-	-	-	
NEXPO Co., Ltd	-	-	2,375	-	-	-	-	
Bricks Capital management Global Battery Private Equity Fund I	-	-	444	-	-	-	-	
Jeju Bukchon BESS Plant Co., Ltd.	-	-	900	-	-	-	-	
PT LBM Energi Baru Indonesia	-	-	22,107	-	-	-	-	
EV-LOOP	-	-	1,714	-	-	-	-	
<b>Subsidiary of the Group with significant influence:</b>								
LG CNS Co., Ltd.	-	-	-	-	-	-	-	
<b>Affiliate within the same large enterprise group:</b>								
LG Display America, Inc.	-	-	-	-	-	-	61	
LG Electronics Deutschland GmbH	-	-	-	-	-	-	419	
LG ELECTRONICS WROCLAW SP. Z O.O.	-	-	-	-	-	-	1,880	
LG Electronics Inc.	-	-	-	-	-	10,226	5,926	
LG HOUSEHOLD & HEALTH CARE LTD	-	-	-	-	-	2,308	932	
<b>Total</b>	₩ 10,038	₩ 24,670	₩ 27,540	₩ 800	₩ -	₩ 13,368	₩ 24,060	

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

					2024			
	Dividends received	Dividends paid	Equity contributions in cash (capital reduction) and others	Loans	Repayment	Borrowings <sup>1</sup>		
				Loans	Repayment	Borrowings	Repayment	
<b>Entity with a significant influence over the Group</b>								
LG Corp.	₩ -	₩ 82,370	₩ -	₩ -	₩ -	₩ 26,455	₩ 13,059	
<b>Associates and joint ventures</b>								
SEETEC Co., Ltd.	7,500	-	-	-	-	136	1,437	
Sam-A Aluminium Co., Ltd.	150	-	-	-	-	-	-	
NEXPO Co., Ltd	-	-	1,900	-	-	-	-	
Bricks Capital management Global Battery Private Equity Fund I	-	-	5,761	-	-	-	-	
<b>Subsidiary of the Group with significant influence:</b>								
LG CNS Co., Ltd.	-	-	-	-	-	859	714	
<b>Affiliate within the same large enterprise group:</b>								
LG Display America, Inc.	-	-	-	-	-	-	191	
LG Electronics Deutschland GmbH	-	-	-	-	-	-	357	
LG ELECTRONICS WROCLAW SP. Z O.O.	-	-	-	-	-	-	1,607	
LG Display Vietnam Haiphong Co. Ltd.	-	-	-	-	-	-	52	
LG HOUSEHOLD & HEALTH CARE LTD	-	-	-	-	-	-	964	
<b>Total</b>	<b>₩ 7,650</b>	<b>₩ 82,370</b>	<b>₩ 7,661</b>	<b>₩ -</b>	<b>₩ -</b>	<b>₩ 27,450</b>	<b>₩ 18,381</b>	

<sup>1</sup> The amounts represent lease liabilities that were recognized or repaid for the years ended December 31, 2025 and 2024.

**LG Chem, Ltd. and Subsidiaries**  
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Compensation for key management of the Group for the years ended December 31, 2025 and 2024, consists of:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Short-term employee benefits	₩	100,436	₩	86,130
Post-employment benefits		<u>14,206</u>		<u>15,684</u>
<b>Total</b>	<u>₩</u>	<u>114,642</u>	<u>₩</u>	<u>101,814</u>

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

There is no loss allowance recognized against receivables from related parties as at December 31, 2025 and 2024; therefore, there are no impairment losses recognized against the receivables from related parties for the years ended December 31, 2025 and 2024.

Payment guarantees provided by the Group for related parties as at December 31, 2025, are described in Note 18.

**LG Chem, Ltd. and Subsidiaries**  
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**32. Cash Flows**

Cash generated from operations for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)

	<b>2025</b>	<b>2024</b>
<b>Profit (loss)</b>		
Loss from continuing operations	₩ (1,796,423)	₩ (362,262)
Profit from discontinued operations	819,360	877,273
	<u>(977,063)</u>	<u>515,011</u>
<b>Adjustments for:</b>		
Income tax expense	174,727	77,877
Depreciation	4,694,488	4,200,130
Amortization	563,417	482,230
Post-employment benefits	230,274	195,214
Finance income	(1,212,820)	(1,541,778)
Finance costs	1,693,995	2,279,082
Other foreign exchange differences	245,934	(217,604)
Loss on valuation of inventories	35,523	43,793
Gain on disposal of property, plant and equipment	(54,888)	(14,146)
Gain on disposal of intangible assets	-	(34)
Loss on disposal of property, plant and equipment	843,712	224,837
Loss on disposal of intangible assets	33,525	3,681
Impairment loss on property, plant and equipment	1,872,406	383,086
Impairment loss on intangible assets	82,902	408,168
Impairment loss on investments in associates	11,053	-
Gain on disposal of investments in associates	-	(104,512)
Loss on disposal of investments in associates	38,494	10,294
Gain on disposal of a business	(1,003,394)	(803,150)
Additions to provisions	1,005,856	1,108,494
Share of loss of associates and joint ventures	118,330	24,864
Other loss (income)	5,676	(51,762)
Decrease in inventories	617,628	1,118,920
Decrease in trade receivables	1,383,606	617,947
Decrease (increase) in other receivables	(262,595)	117,066
Decrease (increase) in other assets	(672,621)	122,170
Cash inflow from settlement of derivative instruments transactions	5,168	-
Decrease in trade payables	(241,050)	(1,119,364)
Increase (decrease) in other payables	1,319,217	(138,167)
Increase (decrease) in other liabilities	(736,021)	1,458,008
Decrease in provisions	(572,240)	(690,299)
Decrease in net defined benefit liabilities	(36,817)	(38,024)
Other cash flows from operations	717,822	(435,922)
<b>Cash generated from operations</b>	<u>₩ 9,924,244</u>	<u>₩ 8,236,110</u>

**LG Chem, Ltd. and Subsidiaries**  
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Changes in liabilities arising from financial activities for the years ended December 31, 2025 and 2024, are as follows:

(in millions of  
Korean won)

	2025						
	Beginning balance	Cash flows from financing activities	Non-cash transactions			Ending balance	
			Acquisition	Amortization	Others		
Short-term borrowings	₩ 9,750,686	₩ 2,922,191	₩ -	₩ 1,573	₩ (102,359)	₩ 12,572,091	
Debentures	16,710,659	3,850,613	-	152,624	(489,002)	20,224,894	
Lease liabilities	914,753	(149,339)	285,609	-	(36,051)	1,014,972	
Other payables for the reverse factoring arrangement	439,604	(1,245,667)	-	-	1,552,324	746,261	
	<u>₩ 27,815,702</u>	<u>₩ 5,377,798</u>	<u>₩ 285,609</u>	<u>₩ 154,197</u>	<u>₩ 924,912</u>	<u>₩ 34,558,218</u>	

(in millions of  
Korean won)

	2024						
	Beginning balance	Cash flows from financing activities	Non-cash transactions			Ending balance	
			Acquisition	Amortization	Others		
Short-term borrowings	₩ 9,675,998	₩ (1,797,256)	₩ -	₩ 15,910	₩ 1,856,034	₩ 9,750,686	
Debentures	11,760,250	3,759,301	-	116,216	1,074,892	16,710,659	
Lease liabilities	491,866	(140,326)	543,333	-	19,880	914,753	
Other payables for the reverse factoring arrangement	-	-	-	-	439,604	439,604	
	<u>₩ 21,928,114</u>	<u>₩ 1,821,719</u>	<u>₩ 543,333</u>	<u>₩ 132,126</u>	<u>₩ 3,390,410</u>	<u>₩ 27,815,702</u>	

**LG Chem, Ltd. and Subsidiaries**  
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Significant non-cash transactions for the years ended December 31, 2025 and 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Reclassification of construction-in-progress	₩	19,704,524	₩	8,107,873
Reclassification of machinery-in-transit		154,261		140,312
Reclassification of long-term borrowings into current portion		7,769,212		3,478,504
Other payables related to acquisitions of property, plant and equipment and intangible assets		3,178,401		4,103,903
Reclassification of other payables under the reverse factoring arrangement		1,552,324		439,604
Reclassification of non-current assets held for sale		3,996,344		12,916
Reclassification of non-current liabilities held for sale		1,004		-
Other non-current financial liabilities related to acquisition of property, plant and equipment		2,334,841		1,000,200
Changes in other payables due to decrease in paid-in capital		735,208		-
Non-trade receivables related to disposal of non-current assets held for sale		-		166,662
Increase in non-controlling interests due to reinvestment after dividends		279,805		-
Offsetting of compensation proceeds received against the repayment of borrowings		(559,610)		-

**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 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 Consolidated Financial Statements**  
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Segment information on revenue, profit and loss for the years ended December 31, 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	₩ 17,885,949	₩ 23,671,759	₩ 4,063,252	₩ 1,353,155	₩ 783,143	₩ 47,757,258
Inter-segment revenue	317,639	10,446	1,424,726	61,442	10,838	1,825,091
Revenue from external customers <sup>1</sup>	17,568,310	23,661,313	2,638,526	1,291,713	772,305	45,932,167
Operating profit (loss) <sup>2</sup>	(356,378)	1,346,120	146,388	127,587	(82,817)	1,180,900
Depreciation and amortization	926,183	3,691,250	253,311	139,619	237,507	5,247,870

(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	₩ 19,160,300	₩ 25,619,585	₩ 6,027,040	₩ 1,334,147	₩ 771,785	₩ 52,912,857
Inter-segment revenue	522,286	10,103	3,604,662	65,096	10,956	4,213,103
Revenue from external customers <sup>1</sup>	18,638,014	25,609,482	2,422,378	1,269,051	760,829	48,699,754
Operating profit (loss) <sup>2</sup>	(104,182)	575,387	436,722	110,263	(143,263)	874,927
Depreciation and amortization	985,493	3,038,703	221,938	150,845	257,482	4,654,461

<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.

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Segment information on assets and liabilities as at December 31, 2025 and 2024, are as follows:

(in millions of  
Korean won)

	2025					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others	Total
Reportable segment asset <sup>1</sup>	₩ 14,475,050	₩ 67,147,953	₩ 7,787,295	₩ 2,353,855	₩ 9,297,508	₩ 101,061,661
Investments in associates and joint ventures	-	77,719	118,933	17	156,382	353,051
Reportable segment liability <sup>1</sup>	5,458,763	37,826,277	3,092,854	517,889	7,060,333	53,956,116

(in millions of  
Korean won)

	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 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 years ended December 31, 2025 and 2024, and as at December 31, 2025 and 2024, are as follows:

(in millions of Korean won)

	Sales		Non-current assets <sup>1</sup>	
	2025	2024	2025	2024
Korea <sup>2</sup>	₩ 11,054,106	₩ 10,547,091	₩ 19,279,749	₩ 20,165,226
China	10,658,082	11,077,802	4,222,195	4,989,625
Asia/Oceania	5,310,271	5,668,306	1,661,315	1,818,245
America	11,896,629	12,470,996	30,020,455	26,294,590
Europe	6,951,125	8,857,235	4,870,744	5,020,309
Others	61,954	78,324	-	-
<b>Total</b>	<b>₩ 45,932,167</b>	<b>₩ 48,699,754</b>	<b>₩ 60,054,458</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.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

During the year ended December 31, 2025, revenue to single external customers accounting for more than 10% of the Group's revenue was ₩ 4,845,460 million (2024: ₩ 6,090,940 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), Water Solutions business including its entire shares of LG NanoH2O, LLC (June 2025) and aesthetic business and LG Jiansheng Life Sciences (Beijing) Co., Ltd. (August 2025), and reclassified the related assets and liabilities as assets and liabilities held for sale.

Additionally, in accordance with the final approval of management, the Group acquired the remaining equity interest of LG Chem Hungary Battery Separator Kft. in October 2025. Subsequently, the Group decided to dispose of a portion of that interest, and the related assets and liabilities have been reclassified as assets held for sale and liabilities held for sale, respectively.

As of December 31, 2025, the Group decided to sell all plant buildings under construction of its subsidiary, LH Battery Company, Inc. to Honda Development and Manufacturing of America, LLC, and reclassified the related assets as assets held for sale. The Group is reviewing a sale-and-leaseback arrangement under which the assets will be leased back after the sale, and the closing of the asset sale agreement and the execution of the lease agreement are expected to be in April 2026.

Meanwhile, sale of the sulfuric acid and steam manufacturing business of FarmHannong Co., Ltd. was finalized in July 2024, polarizer and related material business was sold in December 2024 and Water Solutions business was sold in December 2025.

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

(in millions of Korean won)

	2025		2024	
<b>Assets of disposal group</b>				
Property, plant and equipment	₩	3,970,963	₩	74
Intangible assets		2,505		-
Inventories		15,765		-
Trade and other receivables		310		-
Right-of-use assets		-		-
Other current assets and others		1,665		-
Other non-current assets and others		5,210		-
	₩	<u>3,996,418</u>	₩	<u>74</u>
<b>Liabilities of disposal group</b>				
Trade and non-trade payables	₩	4	₩	-
Other current and non-current liabilities		1,000		-
	₩	<u>1,004</u>	₩	<u>-</u>

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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 December 31, 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. In addition, with the resolution of the board of directors in October 2025, the Group decided to divest its separator film business following the acquisition of the remaining equity interest of LG Chem Hungary Battery Separator Kft., then classified the related business as discontinued operations as at December 2025.

Meanwhile, sale of the sulfuric acid and steam manufacturing business of FarmHannong Co., Ltd. was finalized in July 2024 and sale of Water Solutions business was finalized in December 2025.

Comprehensive income information from discontinued operation for the years ended December 31, 2025 and 2024, are as follows:

*(in millions of Korean won)*

	<b>2025</b>				
	<b>Glass substrate</b>	<b>Polarizer and related material</b>	<b>Water Solutions</b>	<b>Separator</b>	<b>Total</b>
Revenue	₩ -	₩ 4,270	₩ 1,245,333	₩ -	₩ 1,249,603
Expense	(7,343)	(50,186)	(207,381)	(6,605)	(271,515)
Profit (loss) before income tax of discontinued operation	(7,343)	(45,916)	1,037,952	(6,605)	978,088
Income tax benefit (expense)	1,033	4,512	(164,273)	-	(158,728)
Profit (loss) after income tax of discontinued operations	₩ (6,310)	₩ (41,404)	₩ 873,679	₩ (6,605)	₩ 819,360

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

	<b>2024</b>			
	<b>Glass substrate</b>	<b>Polarizer and related material</b>	<b>Water Solutions</b>	<b>Total</b>
Revenue	₩ 7	₩ 1,567,557	₩ 230,821	₩ 1,798,385
Expense	(7,300)	(699,318)	(189,370)	(895,988)
Profit (loss) before income tax of discontinued operation	(7,293)	868,239	41,451	902,397
Income tax expense	-	(16,842)	(8,281)	(25,123)
Profit (loss) after income tax of discontinued operations	₩ (7,293)	₩ 851,397	₩ 33,170	₩ 877,274

Net cash flows from discontinued operations for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)

	<b>2025</b>			
	<b>Glass substrate</b>	<b>Polarizer and related material</b>	<b>Water Solutions</b>	<b>Total</b>
Net cash inflow (outflow) from operating activities	₩ (6,736)	₩ 14,671	₩ (138,196)	₩ (130,261)
Net cash inflow from investing activities	66	136,083	1,451,506	1,587,655
Net cash outflow from financing activities	-	(200,474)	-	(200,474)

(in millions of Korean won)

	<b>2024</b>			
	<b>Glass substrate</b>	<b>Polarizer and related material</b>	<b>Water Solutions</b>	<b>Total</b>
Net cash inflow (outflow) from operating activities	₩ (9,119)	₩ (94,530)	₩ 109,212	₩ 5,563
Net cash inflow (outflow) from investing activities	662	750,525	(16,428)	734,759
Net cash outflow from financing activities	-	(71,614)	-	(71,614)

**LG Chem, Ltd. and Subsidiaries**  
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**35. Assets and Liabilities related to Contracts with Customers**

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

<i>(in millions of Korean won)</i>	<b>2025</b>	<b>2024</b>
<b>Contract assets</b>		
Due from customers for contract work	₩ 73,296	₩ 77,237
<b>Total contract assets</b>	<b>₩ 73,296</b>	<b>₩ 77,237</b>
<b>Contract liabilities</b>		
Advances in relation to revenue from the Group's main business activities	₩ 2,182,570	₩ 2,287,911
Expected customer incentives	3,234	5,438
Unearned revenue	45,641	62,879
Due to customers for contract work	31,688	7,377
<b>Total contract liabilities</b>	<b>₩ 2,263,133</b>	<b>₩ 2,363,605</b>

*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>2025</b>	<b>2024</b>
Revenue recognized in the current period from the contract liabilities balance at the beginning of the period	₩ 767,448	₩ 167,204
Advances received in relation to revenue from the Group's main business activities	735,567	125,158
Unearned revenue	25,391	41,196
Due to customers for contract work	6,491	850
Revenue recognized from performance obligations satisfied in previous periods	-	-

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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.

(in millions of Korean won)

	<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>
₩	25,691	₩ 7,875	₩ 18,113	₩ (297)	₩ 18,113

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

(in millions of Korean won)

	<b>2025</b>	<b>2024</b>
Costs to fulfil a contract	₩ 930,671	₩ 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 ₩ 66,487 million (2024: ₩ 60,223 million).

**36. Investment Properties**

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

(in millions of Korean won)

	<b>2025</b>				<b>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	₩ (101)	₩ (497)	₩ 6,098	₩ 6,696	₩ (88)	₩ (497)	₩ 6,111
Buildings	133,792	(27,200)	(18,240)	88,352	133,989	(23,673)	(18,240)	92,076
<b>Total</b>	<b>₩ 140,488</b>	<b>₩ (27,301)</b>	<b>₩ (18,737)</b>	<b>₩ 94,450</b>	<b>₩ 140,685</b>	<b>₩ (23,761)</b>	<b>₩ (18,737)</b>	<b>₩ 98,187</b>

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Changes in investment properties for the years ended December 31, 2025 and 2024, are as follows:

(in millions of  
Korean won)

	2025			2024		
	Land	Building	Total	Land	Building	Total
Beginning balance	₩ 6,111	₩ 92,076	₩ 98,187	₩ 3,903	₩ 85,047	₩ 88,950
Acquisitions/transfers	-	69	69	2,222	10,985	13,207
Disposals/transfers	-	(174)	(174)	(1)	(216)	(217)
Depreciation	(13)	(3,619)	(3,632)	(13)	(3,740)	(3,753)
Ending balance	₩ 6,098	₩ 88,352	₩ 94,450	₩ 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 December 31, 2025, is ₩ 99,158 million (2024: ₩ 113,997 million).

During the year ended December 31, 2025, rental income from investment properties under operating lease is ₩ 4,968 million (2024: ₩ 4,920 million), and operating expenses incurred for investment properties that generated rental income (including maintenance and repair expenses) are ₩ 4,867 million (2024: ₩ 4,644 million). During the year ended December 31, 2025, there are no operating expenses incurred for investment properties that do not generate rental income (including maintenance and repair expenses).

*Operating lease*

Investment properties are leased to tenants under operating leases, requiring monthly rent payments. To reduce credit risk, the company may obtain a bank guarantee during the lease term if deemed necessary.

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 December 31, 2025 and 2024, are as follows:

(in millions of Korean won)	2025	2024
Within one year	₩ 4,053	₩ 3,952
Within two years	2,297	3,799
Within five years	803	2,145
<b>Total</b>	₩ 7,153	₩ 9,896

**LG Chem, Ltd. and Subsidiaries**  
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**37. Business Combination**

On December 31, 2025, the Group consolidated LG Chem Hungary Battery Separator Kft., which had previously been accounted for as a joint venture, since it is considered to have control as the Group obtained the power over the investee's relevant activities including decisions related to production and cost management, and ability to use that power to affect the investee's variable returns.

(a) Details of consideration transferred, the assets and liabilities recognized at the date of acquisition of LG Chem Hungary Battery Separator Kft. and fair value of the non-controlling interest for the year ended December 31, 2025, 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	₩ 300,111
Derivative financial asset (liability)	(10,970)
Cash and cash equivalents	295,746
	<u>584,887</u>
<b>Identifiable assets acquired and liabilities assumed <sup>1</sup></b>	
Cash and cash equivalents	₩ 530,452
Trade and other receivables	1,519
Inventories	10,033
Property, plant and equipment	36,545
Intangible assets	355
Other assets	544
Trade and non-trade payables	(1,090)
Other payables	(76)
Net identifiable assets	<u>578,282</u>
Non-controlling interests	<u>-</u>
Goodwill <sup>1</sup>	<u>6,605</u>

<sup>1</sup> As the subsidiary was acquired solely for the purpose of sale, its related assets and liabilities have been classified as held for sale (Note 34).

As at December 31, 2025, the fair value assessment was completed, and the final acquisition price allocation was completed based on the facts and circumstances as at the acquisition date.

As the Group remeasured the shares held prior to the business combinations at fair value, loss on disposal amounting to ₩ 29,682 million was incurred and included in other non-operating income and expenses in the consolidated statements of comprehensive income.

There were no revenue and net profit for the period reflected in the consolidated income statement for the year ended December 31, 2025, contributed by LG Chem Hungary Battery Separator Kft. after the acquisition.

Had LG Chem Hungary Battery Separator Kft. been consolidated from January 1, 2025, the consolidated statement of comprehensive income would have shown a revenue of ₩ 45,939,800 million and net loss for the period of ₩ 1,037,821 million.

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(b) During 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)

Had PT.HLI Green Power been consolidated from January 1, 2024, the consolidated statement of comprehensive income for the year ended December 31, 2024, would have shown a revenue of ₩ 48,850,139 million and net profit for the period of ₩ 422,283 million.

**38. Events After the Reporting Period**

FarmHannong Co., Ltd, the consolidated Subsidiary, decided to issue non-guaranteed bonds in KRW by resolution of the management committee held on November 27, 2025. Accordingly, the Group issued bonds in KRW of ₩ 100,000 million on January 29, 2026.

<i>(in millions of Korean won)</i>	<b>Maturity date</b>		<b>Amount</b>
Non-guaranteed bonds in KRW (two years maturity)	2028.01.25	₩	30,000
Non-guaranteed bonds in KRW (three years maturity)	2029.01.29		70,000

**LG Chem, Ltd. and Subsidiaries**  
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LG Energy Solution, Ltd, the consolidated Subsidiary, decided to issue non-guaranteed bonds in KRW by resolution of the management committee held on February 13, 2026. Accordingly, the Group issued bonds in KRW of ₩ 800,000 million on March 5, 2026.

<i>(in millions of Korean won)</i>	<b>Maturity date</b>	<b>Amount</b>
Unregistered, cum coupon, unsecured bonds (5-1)	2028.03.05	₩ 295,000
Unregistered, cum coupon, unsecured bonds (5-2)	2029.03.05	430,000
Unregistered, cum coupon, unsecured bonds (5-3)	2031.03.05	45,000
Unregistered, cum coupon, unsecured bonds (5-4)	2036.03.05	30,000

LG Energy Solution, Ltd, the consolidated Subsidiary, decided, upon approval by its board of directors on February 6, 2026, to terminate its joint venture arrangement with Stellantis N.V. through the acquisition of the entire 49% equity share (USD 980 million) of NextStar Energy Inc. held by Stellantis N.V. for USD 100. Therefore, the Group has entered into relevant agreements in February 2026, of which the termination date is scheduled in June 2026.

**39. Approval of Issuance of the Financial Statements**

The consolidated financial statements 2025 were approved for issue by the Board of Directors on January 28, 2026 and are planned to be finally approved at the general shareholder's meeting.

# **Independent Auditor's Report on Internal Control over Financial Reporting for Consolidation Purposes**

(English Translation of a Report Originally Issued in Korean)

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

## **Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We have audited the Internal Control over Financial Reporting of LG Chem, Ltd. and its subsidiaries (collectively referred to as the "Group") for consolidation purposes as at December 31, 2025, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Group maintained, in all material respects, effective ICFR for consolidation purposes as at December 31, 2025, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including material accounting policy information, and our report dated March 6, 2026 expressed an unqualified opinion.

## **Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for consolidation purposes* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of ICFR for consolidation purposes and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting for Consolidation Purposes**

Management is responsible for designing, implementing and maintaining effective ICFR for consolidation purposes, and for its assessment about the effectiveness of ICFR for consolidation purposes, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

Those charged with governance have the responsibilities for overseeing ICFR for consolidation purposes.

### **Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for Consolidation Purposes**

Our responsibility is to express an opinion on ICFR for consolidation purposes of the Group based on our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR for consolidation purposes was maintained in all material respects.

An audit of ICFR for consolidation purposes involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of ICFR for consolidation purposes and testing and evaluating the design and operating effectiveness of ICFR for consolidation purposes based on the assessed risk.

### **Definition and Inherent Limitations of Internal Control over Financial Reporting for Consolidation Purposes**

The Group's ICFR for consolidation purposes is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. The Group's ICFR for consolidation purposes includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR for consolidation purposes may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Jin-Hyun Kim, Certified Public Accountant.

*Samit PricewaterhouseCoopers*

Seoul, Korea

March 6, 2026

This report is effective as of March 6, 2026, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the Group's Internal Control over Financial Reporting for consolidation purposes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

## **Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purposes**

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Auditor (Audit Committee) of  
LG Chem, Ltd.

We, as the Chief Executive Officer (CEO) and the Internal Control over Financial Reporting Officer of LG Chem, Ltd. (the Company), assessed the effectiveness of the design and operation of the Group's Internal Control over Financial Reporting for consolidation purposes for the year ended December 31, 2025.

The Company's management, including ourselves, is responsible for designing and operating Internal Control over Financial Reporting for consolidation purposes. We assessed the design and operating effectiveness of Internal Control over Financial Reporting for consolidation purposes in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable consolidated financial statements. We designed and operated Internal Control over Financial Reporting for consolidation purposes in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the Internal Control over Financial Reporting Committee). And, we conducted an evaluation of Internal Control over Financial Reporting for consolidation purposes based on *Appendix 6: Evaluation and Reporting Standards for Internal Control over Financial Reporting of Enforcement Rules of the Act on External Audit and Accounting*.

Based on the assessment results, we believe that the Company's Internal Control over Financial Reporting for consolidation purposes, as of December 31, 2025, is designed and operating effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*

We certify that this report does not contain any untrue statement of a fact or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

(Attachment)

- Internal control activities implemented by the company to address fraud risks

January 28, 2026

Hak-Cheol Shin, Chief Executive Officer

Dong-Seok Cha, Internal Control over Financial Reporting Officer