

LG Chem, Ltd. and Subsidiaries

Condensed Consolidated Interim Financial Statements
June 30, 2026 and 2025

LG Chem, Ltd. and Subsidiaries

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Report on Review of Condensed Consolidated Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

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

Reviewed Financial Statements

We have reviewed the accompanying condensed consolidated interim financial statements of LG Chem, Ltd. and its subsidiaries (collectively referred to as the “Group”). These condensed consolidated interim financial statements consist of the consolidated interim statement of financial position of the Group as at June 30, 2026, and the related consolidated interim income statement, statements of comprehensive income for the three-month and six-month periods ended June 30, 2026 and 2025, and consolidated interim statement of changes in equity and cash flows for the six-month periods ended June 30, 2026 and 2025, and material accounting policy information and other selected explanatory notes, expressed in Korean won.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

Other Matters

We have audited the consolidated statement of financial position of the Group as at December 31, 2025, and the related consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended, not presented herein, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements in our audit report dated March 6, 2026. The consolidated statement of financial position as at December 31, 2025, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2025.

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

The logo for Samuel PricewaterhouseCoopers, written in a stylized, cursive script.

August 14, 2026
Seoul, Korea

This report is effective as of August 14, 2026, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

LG Chem, Ltd. and Subsidiaries
Consolidated Interim Statements of Financial Position
June 30, 2026 and December 31, 2025

<i>(in millions of Korean won)</i>	Notes	June 30, 2026 (Unaudited)	December 31, 2025
Assets			
Current assets			
Cash and cash equivalents	3, 5, 6	₩ 11,086,639	₩ 9,899,926
Trade receivables	3, 5, 7, 30	9,475,720	6,724,744
Other receivables	3, 5, 7, 30	2,640,893	1,802,607
Other current financial assets	3, 5, 8	323,200	245,464
Prepaid income taxes		180,015	177,156
Other current assets	13	2,568,167	1,503,274
Inventories	9	11,156,732	8,177,310
Assets held for sale	33	53,985	3,996,418
Total current assets		<u>37,485,351</u>	<u>32,526,899</u>
Non-current assets			
Trade receivables	3, 5, 7	732,478	383,553
Other receivables	3, 5, 7	1,057,956	464,066
Other non-current financial assets	3, 5, 8	2,605,708	2,659,952
Investments in associates and joint ventures	1, 10, 32	355,766	353,051
Deferred tax assets	27	3,231,526	3,075,236
Property, plant and equipment	11	61,793,180	56,458,203
Intangible assets	12	3,649,343	3,501,805
Investment properties	35	91,695	94,450
Other non-current assets	13, 16	1,206,779	1,544,446
Total non-current assets		<u>74,724,431</u>	<u>68,534,762</u>
Total assets		<u>₩ 112,209,782</u>	<u>₩ 101,061,661</u>
Liabilities			
Current liabilities			
Trade payables	3, 5, 30	₩ 5,354,032	₩ 3,536,524
Other payables	3, 5, 30	6,452,790	6,982,459
Borrowings	3, 5, 14	11,603,156	11,738,137
Other current financial liabilities	3, 5, 8	564,067	679,039
Provisions	15	1,240,827	1,122,324
Income tax payables		304,869	569,189
Other current liabilities	17, 34	2,053,593	1,508,472
Liabilities of disposal group held for sale	33	768	1,004
Total current liabilities		<u>27,574,102</u>	<u>26,137,148</u>
Non-current liabilities			
Other payables	3, 5	34,076	40,268
Borrowings	3, 5, 14	28,686,069	22,073,820
Other non-current financial liabilities	3, 5, 8	3,099,240	2,407,851
Provisions	15	1,501,396	1,166,019
Net defined benefit liabilities	13, 16	24,888	5,603
Deferred tax liabilities	27	413,149	281,082
Other non-current liabilities	17, 34	2,005,939	1,844,325
Total non-current liabilities		<u>35,764,757</u>	<u>27,818,968</u>
Total liabilities		<u>₩ 63,338,859</u>	<u>₩ 53,956,116</u>

LG Chem, Ltd. and Subsidiaries
Consolidated Interim Statements of Financial Position
June 30, 2026 and December 31, 2025

<i>(in millions of Korean won)</i>	Notes	June 30, 2026 (Unaudited)	December 31, 2025
Equity			
Issued capital	1, 19	391,406	391,406
Capital surplus	19	13,689,611	12,653,966
Elements of other stockholders equity	21	(19,569)	(19,569)
Accumulated other comprehensive income		4,648,194	2,820,530
Retained earnings	20	16,720,585	16,999,267
Equity attributable to owners of the Parent Company		35,430,227	32,845,600
Non-controlling interests		13,440,696	14,259,945
Total equity		48,870,923	47,105,545
Total liabilities and equity		₩ 112,209,782	₩ 101,061,661

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

LG Chem, Ltd. and Subsidiaries
Consolidated Interim Income Statements
Three-month and Six-month Periods Ended June 30, 2026 and 2025

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

	Notes	Period Ended June 30			
		2026		2025	
		(Unaudited)		(Unaudited)	
		Three months	Six months	Three months	Six months
Revenue and other income	22, 30, 32, 34	₩ 14,175,901	₩ 26,422,690	₩ 11,908,472	₩ 24,487,340
Cost of sales	22, 23, 30	(11,180,196)	(21,111,970)	(9,517,605)	(19,618,679)
Gross profit		2,995,705	5,310,720	2,390,867	4,868,661
Selling and administrative expenses	22, 23, 30	(2,396,117)	(4,760,823)	(1,914,084)	(3,954,211)
Operating income	22, 32	599,588	549,897	476,783	914,450
Finance income	25	831,994	2,020,653	1,184,669	1,661,824
Finance costs	25	(964,226)	(2,365,401)	(1,429,398)	(1,878,688)
Profits (losses) of associates and joint ventures	10	3,876	2,515	(100,301)	(103,518)
Other non-operating income	26	264,401	959,346	288,745	565,035
Other non-operating expenses	26	(306,330)	(1,304,169)	(605,273)	(907,184)
Profit (loss) before income tax		429,303	(137,159)	(184,775)	251,919
Income tax benefit (expense)	27	(357,840)	(573,201)	67,751	(92,898)
Profit (loss) from continuing operations	31	₩ 71,463	₩ (710,360)	₩ (117,024)	₩ 159,021
Profit (loss) from discontinued operations	31, 33	₩ (4,675)	₩ (4,744)	₩ 5,139	₩ (10,536)
Profit (loss)	31	₩ 66,788	₩ (715,104)	₩ (111,885)	₩ 148,485
Profit (loss) is attributable to:					
Owners of the Parent Company					
Profit (loss) from continuing operations		₩ 118,128	₩ (230,022)	₩ (439,475)	₩ (531,368)
Profit (loss) from discontinued operations		(4,675)	(4,744)	5,139	(10,536)
		113,453	(234,766)	(434,336)	(541,904)
Non-controlling interests					
Profit (loss) from continuing operations		(46,665)	(480,338)	322,451	690,389
Profit (loss) from discontinued operations		-	-	-	-
		(46,665)	(480,338)	322,451	690,389
Earnings (losses) per share for profit (loss) attributable to the owners of the Parent Company (in won)					
28					
Basic and diluted earnings (loss) per common share		₩ 1,445	₩ (2,999)	₩ (5,549)	₩ (6,923)
Basic and diluted earnings (loss) per preferred share		1,495	(2,999)	(5,549)	(6,923)
Earnings (losses) per share for profit (loss) from continuing operations attributable to the owners of the Parent Company (in won)					
Basic and diluted income (loss) from continuing operations per common share		₩ 1,504	₩ (2,939)	₩ (5,614)	₩ (6,788)
Basic and diluted income (loss) from continuing operations per preferred share		1,554	(2,939)	(5,614)	(6,788)

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

LG Chem, Ltd. and Subsidiaries
Consolidated Interim Statements of Comprehensive Income
Three-month and Six-month Periods Ended June 30, 2026 and 2025
(in millions of Korean won)

	Notes	Period Ended June 30			
		2026 (Unaudited)		2025 (Unaudited)	
		Three months	Six months	Three months	Six months
Profit (loss)		₩ 66,788	₩ (715,104)	₩ (111,885)	₩ 148,485
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of net defined benefit liabilities	16	(6,651)	(7,456)	(1,016)	(532)
Profit (loss) on valuation of financial assets at fair value through other comprehensive income	8	(132,180)	(47,292)	14,149	(107,500)
Shares of remeasurements of net defined benefit liabilities of associates		-	-	-	(2)
Income tax relating to these items		38,657	28,168	(3,879)	20,995
<i>Items that may be subsequently reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations		822,491	2,726,927	(2,312,244)	(2,136,962)
Cash flow hedge		7,855	5,214	(915)	(277)
Shares of other comprehensive income of associates and joint ventures		4,406	12,236	(11,824)	5,052
Income tax relating to these items		3,332	11,452	(377)	16,291
Other comprehensive income (loss) for the period, net of tax		<u>737,910</u>	<u>2,729,249</u>	<u>(2,316,106)</u>	<u>(2,202,935)</u>
Total comprehensive income (loss) for the period		₩ 804,698	₩ 2,014,145	₩ (2,427,991)	₩ (2,054,450)
Total comprehensive income (loss) for the period is attributable to:					
Owners of the Parent Company		₩ 569,010	₩ 1,621,344	₩ (1,764,897)	₩ (1,756,433)
Non-controlling interests		235,688	392,801	(663,094)	(298,017)

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

LG Chem, Ltd. and Subsidiaries
Consolidated Interim Statements of Changes in Equity
Six-Month Periods Ended June 30, 2026 and 2025

(in millions of Korean won)

Notes	Attributable to owners of the Parent Company						Total	Non-controlling interests	Total equity
	Issued capital	Capital surplus	Elements of other stockholders equity	Accumulated other comprehensive income (loss)	Retained earnings				
Balance at January 1, 2025	₩ 391,406	₩ 11,568,870	₩ (19,569)	₩ 2,751,299	₩ 18,592,174	₩ 33,284,180	₩ 14,711,283	₩ 47,995,463	
Comprehensive income									
Profit (loss)	-	-	-	-	(541,904)	(541,904)	690,389	148,485	
Remeasurements of net defined benefit liabilities	16	-	-	-	(492)	(492)	134	(358)	
Exchange differences on translation of foreign operations		-	-	(1,133,422)	-	(1,133,422)	(987,165)	(2,120,587)	
Loss on valuation of financial assets at fair value through other comprehensive income	8	-	-	(85,369)	-	(85,369)	(1,309)	(86,678)	
Cash flow hedge		-	-	(296)	-	(296)	(66)	(362)	
Others		-	-	5,052	(2)	5,050	-	5,050	
Total comprehensive income (loss) for the period	-	-	-	(1,214,035)	(542,398)	(1,756,433)	(298,017)	(2,054,450)	
Transactions with owners:									
Dividends	29	-	-	-	(78,659)	(78,659)	(147,903)	(226,562)	
Increase in paid-in capital of a subsidiary		-	-	-	-	-	1,593,550	1,593,550	
Decrease in paid-in capital of a subsidiary		-	-	-	-	-	(1,470,416)	(1,470,416)	
Others		-	-	3,213	(5,066)	(1,853)	(1,248,452)	(1,250,305)	
Total transactions with owners		-	-	3,213	(83,725)	(80,512)	(1,273,221)	(1,353,733)	
Balance at June 30, 2025 (Unaudited)	₩ 391,406	₩ 11,568,870	₩ (19,569)	₩ 1,540,477	₩ 17,966,051	₩ 31,447,235	₩ 13,140,045	₩ 44,587,280	
Balance at January 1, 2026	₩ 391,406	₩ 12,653,966	₩ (19,569)	₩ 2,820,530	₩ 16,999,267	₩ 32,845,600	₩ 14,259,945	₩ 47,105,545	
Comprehensive income									
Profit (loss)		-	-	-	(234,766)	(234,766)	(480,338)	(715,104)	
Remeasurements of net defined benefit liabilities	16	-	-	-	(4,993)	(4,993)	(531)	(5,524)	
Exchange differences on translation of foreign operations		-	-	1,865,591	-	1,865,591	874,013	2,739,604	
Loss on valuation of financial assets at fair value through other comprehensive income	8	-	-	(19,453)	-	(19,453)	(1,602)	(21,055)	
Cash flow hedge		-	-	3,166	-	3,166	822	3,988	
Others		-	-	11,799	-	11,799	437	12,236	
Total comprehensive profit (loss) for the period	-	-	-	1,861,103	(239,759)	1,621,344	392,801	2,014,145	
Transactions with owners:									
Dividends	29	-	-	-	(156,934)	(156,934)	(29,121)	(186,055)	
Changes in ownership interest in subsidiary		-	1,035,645	-	84,650	-	1,120,295	-	
Increase in paid-in capital of a subsidiary		-	-	-	-	-	50,112	50,112	
Others		-	-	(118,089)	118,011	(78)	(112,746)	(112,824)	
Total transactions with owners		-	1,035,645	(33,439)	(38,923)	963,283	(1,212,050)	(248,767)	
Balance at June 30, 2026 (Unaudited)	₩ 391,406	₩ 13,689,611	₩ (19,569)	₩ 4,648,194	₩ 16,720,585	₩ 35,430,227	₩ 13,440,696	₩ 48,870,923	

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

LG Chem, Ltd. and Subsidiaries
Consolidated Interim Statements of Cash Flows
Six-Month Periods Ended June 30, 2026 and 2025

(in millions of Korean won)

	Notes	Period Ended June 30	
		2026 (Unaudited)	2025 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	31	₩ 2,392,655	₩ 4,173,386
Interest received		200,007	143,711
Interest paid		(621,052)	(579,502)
Dividends received		20,365	13,036
Income taxes paid		(824,177)	(521,129)
Net cash inflow from operating activities		1,167,798	3,229,502
Cash flows from investing activities			
Decrease in other receivables		1,176,911	430,640
Proceeds from disposal of other financial assets		595,311	65,956
Proceeds from disposal of property, plant and equipment		32,290	62,174
Proceeds from disposal of intangible assets		8,699	18,839
Government grants received		316,197	68,968
Proceeds from disposal of assets held for sale		3,769,978	-
Cash inflow from transfer of business		145,848	136,171
Cash inflow from settlement of derivative instruments transactions		211,897	-
Increase in other receivables		(2,194,897)	(176,324)
Acquisition of investments in associates and joint ventures		(501)	(3,536)
Acquisition of other financial assets		(28,239)	(74,245)
Acquisition of property, plant and equipment		(4,141,553)	(7,594,043)
Acquisition of intangible assets		(182,061)	(87,475)
Cash outflow from settlement of derivative instruments transactions		(26,206)	-
Net cash outflow from investing activities		(316,326)	(7,152,875)
Cash flows from financing activities			
Proceeds from borrowings		15,752,448	13,927,522
Capital contribution from non-controlling interests		50,112	1,593,550
Cash inflow from settlement of derivative instruments transactions		67,160	96,799
Repayments of borrowings and others		(15,552,842)	(9,152,465)
Decrease in non-controlling interests		-	(146,639)
Dividends paid		(186,055)	(226,562)
Others		(112,749)	(1,448,119)
Net cash inflow from financing activities		18,074	4,644,086
Net increase in cash and cash equivalents		869,546	720,713
Cash equivalents included in the disposal group held for sale at the beginning of the period		1,162	-
Cash and cash equivalents at the beginning of the period		9,899,926	7,854,877
Effects of exchange rate changes on cash and cash equivalents		316,005	(193,038)
Cash and cash equivalents at the end of the period		₩ 11,086,639	₩ 8,382,552

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

LG Chem, Ltd. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

June 30, 2026 and 2025 (Unaudited), and December 31, 2025

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 June 30, 2026, the Group has its manufacturing facilities in Yeosu, Daesan, Ochang, Cheongju, Naju, Iksan, Osong, Onsan and overseas sites.

As at June 30, 2026, the Parent Company's capital, including the preferred issued capital of ₩38,444 million, is ₩391,406 million. The largest shareholder of the Parent Company is LG Corp., which owns 34.95% of the Parent Company's ordinary shares.

The Parent Company is authorized to issue 292 million shares of ordinary shares with par value of ₩5,000 per share. As at June 30, 2026, the Parent Company has 70,592,343 ordinary shares and 7,688,800 preferred shares issued and outstanding. Preferred shareholders have no voting rights but are entitled to receive dividends at a rate of 1% more than those paid to ordinary shareholders.

1.2 Business Overview

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

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

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

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

The Life Sciences business manufactures and supplies pharmaceutical products, such as human growth hormone ‘Eutropin’, diabetes drug ‘Zemiglo’, bovine somatotropin ‘Boostin’ and others, as well as fine chemical products, such as herbicide ‘PYANCHOR’ for rice farming and others.

LG Chem, Ltd. and Subsidiaries **Notes to the Condensed Consolidated Interim Financial Statements** **June 30, 2026 and 2025 (Unaudited), and December 31, 2025**

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

1.3 Consolidated Subsidiaries, Associates and Joint Ventures

	Percentage of ownership		Business location	Closing month	Business activities
	June 30, 2026	December 31, 2025			
Consolidated subsidiaries					
LG Energy Solution, Ltd. ¹	79	79	Korea	December	Battery manufacturing and sales
Ningbo LG Yongxing Chemical Co., Ltd. ^{2, 19, 20, 22}	75	75	China	December	ABS/SBL manufacturing and sales
Ningbo Zhenhai LG Yongxing Trade Co., Ltd. ²	75	75	China	December	ABS sales
LG Chem America, Inc	100	100	USA	December	Sales and trading
LG Chemical India Pvt. Ltd. ³	100	100	India	December	Synthetic resin manufacturing and sales
LG Polymers India Pvt. Ltd. ³	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. ^{19, 20, 22}	75	75	China	December	PVC, VCM, EDC manufacturing and sales
Tianjin LG BOTIAN Chemical Co., Ltd. ^{19, 20, 21, 22}	58	58	China	December	SBS manufacturing and sales
LG Chem (China) Investment Co., Ltd. ⁴	100	100	China	December	China holding company
LG Chem (Tianjin) Engineering Plastics Co., Ltd. ¹⁹	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 Chem (Chongqing) Engineering Plastics Co., Ltd.	100	100	China	December	EP manufacturing and sales
LG Chem(HUIZHOU) Petrochemical Co., Ltd. ¹⁹	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. ⁵	-	100	China	December	Pharmaceutical products sales
LG Chem Life Sciences (Thailand) Ltd.	100	100	Thailand	December	Pharmaceutical products sales
LG Chem Hai Phong Vietnam Company Ltd.	100	100	Vietnam	December	Polarizer manufacturing and sales
LG Chem Mexico S.A. de C.V.	100	100	Mexico	December	Sales and trading
LG Chem Hai Phong engineering Plastics LLC	100	100	Vietnam	December	EP manufacturing and sales

LG Chem, Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
June 30, 2026 and 2025 (Unaudited), and December 31, 2025

	Percentage of ownership (%)		Business location	Closing month	Business activities
	June 30, 2026	December 31, 2025			
LG Chem (Guangzhou) Information & Electronics Materials Co., Ltd.	100	100	China	December	OLED manufacturing and sales
LEYOU NEW ENERGY MATERIALS(WUXI) Co., LTD. ^{17, 19, 20, 22}	51	51	China	December	Battery materials manufacturing and sales
LG Chem Fund I LLC	100	100	USA	December	Investments in venture companies
Uniseal, Inc.	100	100	USA	December	Adhesive manufacturing and sales
LG Chem Life Sciences USA Inc. ⁶	100	100	USA	December	Pharmaceutical products research
LG Chem Asia Pte. Ltd.	100	100	Singapore	December	Asia BSC
LG Chem China Tech Center ⁴	100	100	China	December	Research on petrochemicals
LG PETRONAS Chemicals Malaysia Sdn.Bhd. ^{7, 19, 20, 21}	51	51	Malaysia	December	NBL manufacturing and sales
LG-HY BCM CO., LTD. ^{18, 19, 20, 21, 22}	51	51	Korea	December	Battery materials manufacturing and sales
LG Chem Ohio Petrochemical, Inc.	100	100	USA	December	ABS manufacturing and sales
LG Chem VietNam Co., Ltd.	100	100	Vietnam	December	Sales and trading
LG Chem Malaysia SDN.BHD.	100	100	Malaysia	December	Sales and trading
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMICO LTDA.	100	100	Brazil	December	Sales and trading
Aveo Pharmaceuticals, Inc. ⁶	100	100	USA	December	Anticancer drug sales and research
PT LG CHEM INDONESIA	100	100	Indonesia	December	Sales and trading
TW Biomassenergy Co., Ltd ^{18, 19, 20, 21, 22}	60	60	Korea	December	Plant utility manufacturing and sales
LG Chem America Advanced Materials, Inc.	100	100	USA	December	Battery materials manufacturing and sales
LG-Eni Biorefining Co., Ltd ^{18, 20, 21, 22}	51	51	Korea	December	Bio-fuel manufacturing and sales
LG CHEM COLOMBIA S.A.S	100	100	Colombia	December	Sales and trading
LG Chem Hungary Battery Separator Kft.	100	100	Hungary	December	Plant utility and distribution, research assistance service
LG NANO H2O ²⁷	100	-	Saudi Arabia	December	Sales and trading
FarmHannong Co., Ltd. ⁸	100	100	Korea	December	Agricultural pesticide manufacturing and sales
Farmhannong America, Inc. ⁸	100	100	USA	December	Agricultural pesticide sales
FARMHANNONG(MALAYSIA) SDN. BHD. ⁸	100	100	Malaysia	December	Agricultural pesticide licensing
PT FARM HANNONG INDONESIA ⁸	100	100	Indonesia	December	Agricultural pesticide licensing
FarmHannong do Brasil Limitada ⁸	100	100	Brazil	December	Agricultural pesticide sales
LG Energy Solution (Nanjing) Co., Ltd. ¹	79	79	China	December	Small-battery manufacturing and sales
LG Energy Solution Michigan Inc. ^{1, 26}	79	79	USA	December	Secondary battery manufacturing and sales
LG Energy Solution Battery (Nanjing) Co., Ltd. ¹	79	79	China	December	Secondary battery manufacturing and sales
LG Energy Solution Wroclaw sp. z o.o. ¹	79	79	Poland	December	Secondary battery manufacturing and sales
LG Energy Solution Australia Pty Ltd. ¹	79	79	Australia	December	ESS sales
LG Energy Solution Technology (Nanjing) Co., Ltd. ¹	79	79	China	December	Secondary battery manufacturing and sales
Ultium Cells Holdings LLC ^{1, 15}	40	40	USA	December	Automotive battery manufacturing and sales
Ultium Cells LLC ^{1, 15}	40	40	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Europe GmbH ¹	79	79	Germany	December	ESS sales
LG Energy Solution (Taiwan), Ltd. ¹	79	79	Taiwan	December	Small-battery sales
Aremnuri. Co. Ltd ¹	79	79	Korea	December	Facility management and general cleaning
LG Energy Solution Fund I LLC ¹	79	79	USA	December	Investments in venture companies

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	Percentage of ownership (%)		Business location	Closing month	Business activities
	June 30, 2026	December 31, 2025			
LG Energy Solution Vertech Inc. ¹	79	79	USA	December	ESS installation service
LG Energy Solution Arizona, Inc. ¹	79	79	USA	December	Small-battery manufacturing and sales
Baterias De Castilla, S.L. ¹	79	79	Spain	December	Special purpose company
L-H Battery Company, Inc. ¹	40	40	USA	December	Automotive battery manufacturing and sales
LG Energy Solution India Private Limited ¹	79	79	India	December	Small-battery sales
LG Energy Solution Arizona ESS, Inc. ¹	79	79	USA	December	ESS Manufacturing and sales
Nextstar Energy Inc. ^{1, 25}	79	40	Canada	December	Secondary battery manufacturing and sales
LG Energy Solution Fund II LLC ¹	79	79	USA	December	Investments in venture companies
HLBMA LLC ^{1, 9}	40	40	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Japan Co., Ltd. ¹	79	79	Japan	December	ESS sales
PT. HLI Green Power ^{1, 11}	40	40	Indonesia	December	Automotive battery manufacturing and sales
LG Energy Solution China Co., Ltd. ¹	79	79	China	December	Management support services
Xensol Energy(Nanjing) Co.,Ltd. ^{1, 10}	-	-	China	December	Secondary battery manufacturing and sales
Associates					
TECHWIN Co., Ltd.	20	20	Korea	December	Environment solution and construction of chemical plant
LG Chem Life Sciences Poland Ltd. ¹⁶	100	100	Poland	December	Pharmaceutical products sales
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.	49	49	China	December	Battery materials manufacturing and sales
KOREA PRECURSOR CO., LTD.	49	49	Korea	December	Battery materials manufacturing and sales
Sam-a Aluminium Company, Limited ^{1, 12}	8	8	Korea	December	Aluminum sales and manufacturing
NEXPO Co., Ltd ^{1, 12}	15	15	Korea	December	Battery products manufacturing and sales
Bricks Capital Management Global Battery Private Equity Fund I ^{1, 13}	48	48	Korea	December	Collective investment scheme
Jeju Bukchon BESS Plant Co.,Ltd. ^{1, 12}	8	8	Korea	December	Renewable energy services industry
PT LBM Energi Baru Indonesia ¹	16	16	Indonesia	December	Secondary battery materials manufacturing and sales
EV-LOOP ¹	40	40	France	December	Secondary battery materials manufacturing and sales
Engicorix Co., Ltd. ^{12, 23, 24}	15	-	Korea	December	Business facility management
Joint ventures ¹⁴					
SEETEC Co., Ltd.	50	50	Korea	December	DOP production and sales

¹ As at June 30, 2026, 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.

² As at June 30, 2026, Ningbo LG Yongxing Chemical Co., Ltd. owns 100% of Ningbo Zhenhai LG Yongxing Trade Co.'s shares.

³ As at June 30, 2026, LG Chemical India Pvt. Ltd. owns 100% of LG Polymers India Pvt. Ltd.'s shares.

⁴ As at June 30, 2026, LG Chem (China) Investment Co., Ltd. owns 100% of LG Chem China Tech Center's shares.

⁵ During the six-month period ended June 30, 2026, the Group additionally acquired shares of LG Jiansheng Life Sciences (Beijing) Co., Ltd. for ₩ 19,712 million. As a decision was made to sell the entire equity interest, the related assets and liabilities were classified as assets held for sale, and the sale was completed during the period.

⁶ As at June 30, 2026, LG Chem Life Sciences USA Inc. owns 100% of the shares of Aveo Pharmaceuticals, Inc.

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- ⁷ During the six-month period ended June 30, 2026, the Group additionally acquired shares of LG PETRONAS Chemicals Malaysia Sdn.Bhd. for ₩ 11,877 million.
- ⁸ As at June 30, 2026, 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.
- ⁹ Although the Group has less than a majority ownership interest in HLBMA LLC, it is considered to have control over HLBMA 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. During the six-month period ended June 30, 2026, HL-GA Battery COMPANY LLC changed its name to HLBMA LLC.
- ¹⁰ 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.
- ¹¹ Although the Group has less than a majority ownership interest in PT. HLI Green Power, 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 shareholders' agreement.
- ¹² 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.
- ¹³ 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 does not have control over the limited partnership and has classified it as an associate.
- ¹⁴ 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.
- ¹⁵ 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 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.
- ¹⁶ Classified as an investment in associate due to its small size.
- ¹⁷ In accordance with the shareholders' 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.
- ¹⁸ 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.
- ¹⁹ In accordance with the shareholders' agreement regarding the shares held, each shareholder holds a right of first refusal on the shares held by the other party of the agreement.
- ²⁰ In accordance with the shareholders' 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.
- ²¹ In accordance with the shareholders' 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.
- ²² In accordance with the shareholders' 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.
- ²³ In accordance with the shareholders' agreement on the shares held, the major shareholder is restricted from selling its equity interest to a third party without the consent of the Group, and the Group holds a right of first refusal and a tag-along right on the shares held by the major shareholder.

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²⁴ During the six-month period ended June 30, 2026, the Group newly acquired a 15% interest in Engicorix Co., Ltd. for ₩ 240 million.

²⁵ During the six-month period ended June 30, 2026, the Group acquired Stellantis N.V.'s entire equity interest(USD 980 million, 49% ownership interest) in NextStar Energy Inc., a joint venture with Stellantis N.V., for USD 100.

²⁶ As at June 30, 2026, LG Energy Solution Michigan Inc. owns 50% of Ultium Cells Holdings LLC and HLBMA LLC.

²⁷ During the six months ended June 30, 2026, the Group newly acquired a 100% equity interest in LG NANO H₂O for ₩ 8,138 million and decided to sell the entire equity interest.

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1.4 Changes in Scope for Consolidation

A subsidiary newly included in the consolidation for the six-month period ended June 30, 2026, are as follows:

Subsidiary	Reason
LG NANOH2O	Newly established

A subsidiary excluded from the consolidation for the six-month period ended June 30, 2026, is as follows:

Subsidiary	Reason
LG Jiansheng Life Sciences (Beijing) Co., Ltd.	Disposal

2. Material Accounting Policies

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

2.1 Basis of Preparation

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

The Group's condensed consolidated interim financial statements for the six-month period ended June 30, 2026, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. As these interim financial statements do not include all information required for annual financial statements, they should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2025.

2.1.1 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, 2026.

(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.

- 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;

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- add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instruments if the timing or amount of contractual cash flow changes due to amendment of contract term; and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

(b) Annual Improvements to Korean IFRS -Volume 11

Annual Improvements to Korean IFRS -Volume 11 should be applied for annual periods beginning on or after January 1, 2026

- 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.

2.1.2 New and amended standards not yet adopted by the Group

The following new and amended accounting standards and interpretations had been issued but were not mandatory for annual reporting periods ending on December 31, 2026.

(a) 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. Korean IFRS 1118 is expected to increase comparability of the financial performance of similar entities by providing users with more useful information for analyzing and comparing the entity's performance based on the income statement.

Korean IFRS 1118 should be first applied for annual periods beginning on or after January 1, 2027, and earlier application is permitted. In accordance with Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors, the comparative information for the year ended December 31, 2026, shall be restated under Korean IFRS 1118 as the Group is required to apply the standard retrospectively.

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When the Group prepares its financial statements by applying Korean IFRS 1118, the following material accounting policies are expected to result in significant differences compared to the current financial statements. These items do not include all differences that may arise in the future and may be subject to change based on the results of additional analysis.

[Changes in presentation of income statement]

Korean IFRS 1118 requires all income and expenses in the income statement to be classified into one of five categories: the operating category, investing category, financing category, income taxes category, and discontinued operations category. Under the standard, all income and expenses that are not classified as investing, financing, income tax, or discontinued operations categories are classified in the operating category. Accordingly, the operating category is a residual category, and operating profit or loss is defined as the total of income and expenses classified within that category.

In classifying income and expenses, the Group is required to assess its main business activities. If the Group determines that investing in particular types of assets or providing financing to customers is a main business activity, income and expenses that would otherwise be classified in the investing or financing categories are classified instead in the operating category.

As a consequence, operating profit or loss determined in accordance with Korean IFRS 1118 may differ significantly from operating profit calculated under Korean IFRS 1001, which has generally been defined as revenue less cost of sales and selling, general and administrative expenses. Korean IFRS 1118 requires the Group to disclose, in the notes, the operating profit or loss calculated in accordance with Korean IFRS 1001, together with a reconciliation between that amount and operating profit or loss as defined by Korean IFRS 1118.

In addition, Korean IFRS 1118 requires to present in the income statement the following defined subtotals: 'operating profit or loss' comprising all income and expenses classified in the operating category; 'profit or loss before financing and income taxes' comprising operating profit or loss and all income and expenses classified in the investing category; and 'profit or loss' for the period. However, if providing financing to customers is a main business activity of the Group, the presentation of profit or loss before financing and income taxes may not be required, depending on the accounting policy applied.

[Introduction of disclosure of management-defined performance measures]

Korean IFRS 1118 introduces requirements for the disclosure of management-defined performance measures (MPMs). MPMs are defined as subtotals of income and expenses that are used by management in public communications outside the financial statements, are used to communicate management's view of an aspect of the Group's financial performance, and are not listed in paragraph 118 of Korean IFRS 1118 or otherwise explicitly required to be presented or disclosed by Korean IFRS.

When the Group reports MPMs, it is required to disclose the reasons why such measures provide useful information, how those measures are calculated, and a reconciliation between those measures and the most directly comparable subtotal specified in Korean IFRS 1118. In addition, the Group shall disclose the income tax effect of each reconciling item and the effect of each reconciling item on non-controlling interests.

[Changes in classification of cash flows]

In accordance with the issuance of Korean IFRS 1118, certain amendments have been made to Korean IFRS 1007 Statement of Cash Flows. Under the amendment, when applying the indirect method, the starting point for determining net cash flows from operating activities has been

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changed from profit or loss for the period to operating profit or loss, and the accounting policy choice regarding the classification of cash flows related to interest and dividends has been eliminated.

① Assessment of key impacts

The Group has not applied Korean IFRS 1118 as its mandatory effective date has not yet arrived and plans to report its first interim financial statements for the period ending March 31, 2027, in accordance with Korean IFRS 1118. The Group has completed the implementation of its financial reporting system to reflect the new classification of income and expenses and is performing ongoing system validation and parallel closing activities during 2026.

Based on information available as at June 30, 2026, the Group has performed a preliminary assessment of the overall impact of Korean IFRS 1118, and the following potential impacts have been identified.

- Changes in the statement of financial position and income statement

In accordance with classification of income and expenses under Korean IFRS 1118, gains or losses on disposal of property, plant and equipment and impairment losses (and reversals) of property, plant and equipment and intangible assets that are currently classified as non-operating items are expected to be classified within the operating category. Interest income, dividend income and the share of profit or loss of associates and joint ventures are expected to be classified within the investing category, while interest expenses and gains or losses on the redemption of borrowings are expected to be classified within the financing category. Foreign exchange differences are expected to be classified in the same category as the related income and expenses that give rise to those differences.

As a result of these changes, there is expected to be no impact on the Group's profit or loss for the period; however, operating profit or loss is expected to change.

In addition, due to the amendments to Korean IFRS 1007, cash inflows and outflows related to interest received, interest paid and dividends received, which are currently classified as cash flows from operating activities, are expected to be classified within investing or financing activities, and accordingly, cash flows from operating activities are expected to change.

- Assessment of management-defined performance measures

The Group is further assessing whether any measures reported in its investor relations presentations and other measures disclosed externally meet the definition of management-defined performance measures.

- Assessment of specific main business activities

Meanwhile, the Group is currently evaluating whether its investment property activities constitute a main business activity, and depending on the outcome of this assessment, the classification of income and expenses may be significantly affected.

2.2 Income Tax Expense

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

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average annual tax rate is applied to the pre-tax income.

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

3. Financial Risk Management

3.1 Financial Risk Factors

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

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

(a) Market risk

Foreign exchange risk

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

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The Group manages maximum loss for currency risk exposures within acceptable range by using currency risk management model and hires employees who are exclusively responsible for currency risk management.

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 June 30, 2026 and December 31, 2025, the Group's monetary assets and liabilities denominated in currencies other than its functional currency, are as follows:

	June 30, 2026				December 31, 2025			
	Assets		Liabilities		Assets		Liabilities	
USD	₩	5,913,690	₩	19,428,359	₩	5,354,716	₩	15,456,415
EUR		554,173		3,685,408		472,839		3,662,307
JPY		24,832		74,077		38,222		111,978
CNY and others		471,991		226,668		252,889		163,590

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As at June 30, 2026 and December 31, 2025, 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:

	June 30, 2026		December 31, 2025	
	10% Increase	10% Decrease	10% Increase	10% Decrease
USD	₩ (1,258,019)	₩ 1,258,019	₩ (964,926)	₩ 964,926
EUR	(268,280)	268,280	(292,693)	292,693
JPY	(4,925)	4,925	(7,372)	7,372
CNY and others	25,994	(25,994)	10,892	(10,892)

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

As at June 30, 2026 and December 31, 2025, 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)

		June 30, 2026					
	Contractor	Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Book amount	
						Assets	Liabilities
Currency Forward	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.4.16	₩ 187,939	₩ -
Currency swap	Shinhan Bank	USD 300	1,131.80	2021.7.7	2026.7.7	123,700	-
	Woori Bank	USD 100	1,131.80	2021.7.7	2026.7.7	41,208	-
	Industrial and Commercial Bank of China	USD 100	1,131.80	2021.7.7	2026.7.7	41,250	-
	Shinhan Bank	USD 100	1,131.80	2021.7.7	2031.7.7	37,240	-
	Woori Bank	USD 200	1,131.80	2021.7.7	2031.7.7	74,798	-
	KDB	USD 200	1,131.80	2021.7.7	2031.7.7	74,878	-
	Shinhan Bank	USD 55	1,289.70	2022.6.15	2027.6.15	14,080	-
	JP Morgan	USD 200	1,337.60	2023.9.25	2026.9.25	44,396	-
	Shinhan Bank	USD 200	1,337.60	2023.9.25	2026.9.25	42,771	-
	KDB	USD 400	1,337.60	2023.9.25	2028.9.25	88,712	-
	Woori Bank	USD 200	1,337.60	2023.9.25	2028.9.25	44,367	-
	DBS	USD 200	1,380.80	2024.7.2	2027.7.2	38,993	-
	JP Morgan	USD 200	1,380.80	2024.7.2	2027.7.2	38,947	-
	Shinhan Bank	USD 300	1,380.80	2024.7.2	2027.7.2	55,937	-
	KB Kookmin Bank	USD 200	1,380.80	2024.7.2	2029.7.2	41,678	-
	Woori Bank	USD 200	1,380.80	2024.7.2	2029.7.2	41,663	-
	The Export-Import Bank of Korea	USD 200	1,380.80	2024.7.2	2029.7.2	41,665	-

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

June 30, 2026						
Contractor	Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Book amount	
					Assets	Liabilities
IBK	USD 100	1,380.80	2024.7.2	2029.7.2	20,779	-
KDB	USD 100	1,380.80	2024.7.2	2029.7.2	20,790	-
KDB	USD 400	1,380.80	2024.7.2	2034.7.2	105,463	-
Woori Bank	USD 100	1,380.80	2024.7.2	2034.7.2	26,352	-
KEB HANA Bank	USD 200	1,471.70	2025.4.2	2028.4.2	19,661	-
JP Morgan	USD 100	1,471.70	2025.4.2	2028.4.2	10,539	-
SMBC	USD 100	1,471.70	2025.4.2	2028.4.2	9,713	-
Shinhan Bank	USD 200	1,471.70	2025.4.2	2030.4.2	27,629	-
Woori Bank	USD 100	1,471.70	2025.4.2	2030.4.2	13,864	-
KDB	USD 500	1,471.70	2025.4.2	2030.4.2	66,687	-
Shinhan Bank	USD 100	1,471.70	2025.4.2	2030.4.2	13,275	-
Woori Bank	USD 200	1,471.70	2025.4.2	2035.4.2	41,597	-
HANWHA INVESTMENT & SECURITIES	USD 200	1,471.70	2025.4.2	2035.4.2	41,651	-
KEB HANA Bank	USD 100	1,471.70	2025.4.2	2035.4.2	20,726	-
KB Kookmin Bank	USD 100	1,471.70	2025.4.2	2035.4.2	20,687	-
Credit Agricole	USD 50	1,471.70	2025.4.2	2035.4.2	10,719	-
KDB	USD 50	1,471.70	2025.4.2	2035.4.2	10,404	-
Shinhan Bank	USD 100	1,507.80	2026.4.2	2029.4.2	3,417	-
KB Kookmin Bank	USD 50	1,507.80	2026.4.2	2029.4.2	1,709	-
Woori Bank	USD 100	1,507.80	2026.4.2	2029.4.2	3,342	-
KEB HANA Bank	USD 50	1,507.80	2026.4.2	2029.4.2	1,669	-
Shinhan Bank	USD 200	1,507.80	2026.4.2	2031.4.2	9,047	-
KB Kookmin Bank	USD 100	1,507.80	2026.4.2	2031.4.2	4,525	-
Woori Bank	USD 200	1,507.80	2026.4.2	2031.4.2	6,677	-
KB Kookmin Bank	USD 150	1,507.80	2026.4.2	2031.4.2	5,019	-
KEB HANA Bank	USD 150	1,507.80	2026.4.2	2031.4.2	5,020	-
The Export-Import Bank of Korea	USD 200	1,507.80	2026.4.2	2036.4.2	9,243	-
Woori Bank	USD 100	1,507.80	2026.4.2	2036.4.2	4,563	-
KEB HANA Bank	USD 100	1,507.80	2026.4.2	2036.4.2	4,545	-
KDB	USD 100	1,507.80	2026.4.2	2036.4.2	4,565	-

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December 31, 2025								
	Contractor	Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Book amount		
						Assets	Liabilities	
Currency Forward Currency swap	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.4.16	₩ 137,663	₩	-
	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	2023.9.25	2026.9.25	21,675		-
	Shinhan Bank	USD 200	1,337.60	2023.9.25	2026.9.25	20,901		-
	KDB	USD 400	1,337.60	2023.9.25	2028.9.25	44,702		-
	Woori Bank	USD 200	1,337.60	2023.9.25	2028.9.25	22,348		-
	DBS	USD 200	1,380.80	2024.7.2	2027.7.2	16,752		-
	JP Morgan	USD 200	1,380.80	2024.7.2	2027.7.2	16,781		-
	Shinhan Bank	USD 300	1,380.80	2024.7.2	2027.7.2	23,869		-
	KB Kookmin Bank	USD 200	1,380.80	2024.7.2	2029.7.2	19,381		-
	Woori Bank	USD 200	1,380.80	2024.7.2	2029.7.2	19,425		-
	The Export-Import Bank of Korea	USD 200	1,380.80	2024.7.2	2029.7.2	19,469		-
	IBK	USD 100	1,380.80	2024.7.2	2029.7.2	9,632		-
	KDB	USD 100	1,380.80	2024.7.2	2029.7.2	9,671		-
	KDB	USD 400	1,380.80	2024.7.2	2034.7.2	42,639		-
	Woori Bank	USD 100	1,380.80	2024.7.2	2034.7.2	10,644		-
	KEB HANA Bank	USD 200	1,471.70	2025.4.2	2028.4.2	-		1,568
	JP Morgan	USD 100	1,471.70	2025.4.2	2028.4.2	-		506
	SMBC	USD 100	1,471.70	2025.4.2	2028.4.2	-		969
	Shinhan Bank	USD 200	1,471.70	2025.4.2	2030.4.2	-		406
	Woori Bank	USD 100	1,471.70	2025.4.2	2030.4.2	-		156
	KDB	USD 500	1,471.70	2025.4.2	2030.4.2	9,626		-
	Shinhan Bank	USD 100	1,471.70	2025.4.2	2030.4.2	1,863		-
	Woori Bank	USD 200	1,471.70	2025.4.2	2035.4.2	8,075		-

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December 31, 2025						
Contractor	Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Book amount	
					Assets	Liabilities
HANWHA INVESTMENT & SECURITIES	USD 200	1,471.70	2025.4.2	2035.4.2	7,993	-
KEB HANA Bank	USD 100	1,471.70	2025.4.2	2035.4.2	4,010	-
KB Kookmin Bank	USD 100	1,471.70	2025.4.2	2035.4.2	3,917	-
Credit Agricole	USD 50	1,471.70	2025.4.2	2035.4.2	2,461	-
KDB	USD 50	1,471.70	2025.4.2	2035.4.2	2,025	-

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

The table below summarizes the impact of increases/decreases of the listed stock price index on the Group's equity before tax effects as at June 30, 2026 and December 31, 2025. 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.

(in millions of Korean won)

	June 30, 2026				December 31, 2025			
	10% Increase		10% Decrease		10% Increase		10% Decrease	
NASDAQ	₩	7,103	₩	(7,103)	₩	13,556	₩	(13,556)
ASX		54		(54)		107		(107)
HSI		12,251		(12,251)		14,546		(14,546)
KOSPI		35,775		(35,775)		43,386		(43,386)
Total	₩	55,183	₩	(55,183)	₩	71,595	₩	(71,595)

Interest rate risk

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

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

The table below summarizes the impact of increases/decreases of interest rate on the Group's interest income from deposits and interest expense on variable interest rate borrowings for the six-month periods ended June 30, 2026 and 2025. 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.

(in millions of Korean won)

	June 30, 2026				June 30, 2025			
	1%p Increase		1%p Decrease		1%p Increase		1%p Decrease	
Interest income	₩	16,435	₩	(16,435)	₩	9,649	₩	(9,649)
Interest expense		(58,642)		58,642		(35,399)		35,399

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

Also, the above borrowings are variable interest rate borrowings from KDB Bank and others, and the Group has entered into a currency interest rate swap contract amounting to USD 55 million (equivalent to ₩ 84,783 million) to hedge interest rate risk of variable interest rate borrowings.

(b) Credit risk

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

Trade receivables and contract assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at June 30, 2026 and December 31, 2025, is as follows. Expected credit losses include forward-looking information.

(in millions of Korean won)

	Receivables not past due ¹		Receivables past due but not impaired ¹		Impaired receivables ²		Total
June 30, 2026							
Gross carrying amount— trade receivables	₩	9,710,062	₩	502,310	₩	861	₩ 10,213,233
Gross carrying amount – contract assets		165,053		-		-	165,053
Expected loss rate		0.04%		0.02%		97.91%	0.05%
Loss allowance provision	₩	4,088	₩	104	₩	843	₩ 5,035
December 31, 2025							
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		0.02%		0.01%		37.61%	0.03%
Loss allowance provision	₩	1,495	₩	21	₩	906	₩ 2,422

¹ Note 7.(3) for aging analysis.

² 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 for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, are as follows:

(in millions of Korean won)

	Trade receivables & contract assets			
	June 30, 2026		December 31, 2025	
Beginning balance	₩	2,422	₩	2,435
Loss allowance		2,485		532
Write-off		-		(712)
Exchange differences		128		167
Ending balance	₩	5,035	₩	2,422

The carrying amounts of trade receivables and contract assets representing the maximum exposure to credit risk as at June 30, 2026 and December 31, 2025, are as follows:

(in millions of Korean won)

	June 30, 2026			
	Trade receivables		Contract assets	
Maximum exposure to credit risk	₩	10,208,198	₩	165,053

(in millions of Korean won)

	December 31, 2025			
	Trade receivables		Contract assets	
Maximum exposure to credit risk	₩	7,108,297	₩	73,296

Other financial assets at amortized cost

Other financial assets at amortized cost include other receivables, other non-current receivables and others. Movements in loss allowance provision for other financial assets at amortized cost for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, are as follows:

(in millions of Korean won)

	Other receivables			
	June 30, 2026		December 31, 2025	
Beginning balance	₩	628	₩	628
Provision for doubtful accounts		-		1,402
Write-off		-		(1,208)
Exchange differences		-		(194)
Ending balance	₩	628	₩	628

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

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

To manage credit risks relating to trade receivables, the Group evaluates the credit rating of customers and determines credit limit for each customer based on the information provided by

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credit rating agencies and other available financial information before commencing business with new customers. The credit risks relating to trade receivables are also mitigated by insurance contracts, collateral as well as payment guarantees.

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

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

(c) Liquidity risk

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

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

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

(in millions of Korean won)

	June 30, 2026			
	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Non-derivative financial instruments				
Borrowings (excluding lease liabilities)	₩ 13,504,765	₩ 6,986,315	₩ 15,149,075	₩ 7,516,280
Lease liabilities	508,820	472,867	1,319,101	2,659,102
Trade and other payables ¹	11,806,822	24,028	9,986	62
	<u>25,820,407</u>	<u>7,483,210</u>	<u>16,478,162</u>	<u>10,175,444</u>
Derivative instruments				
Gross settlement				
currency forwards and swaps				
(Inflows)	(1,498,612)	(1,713,955)	(6,066,766)	(3,400,453)
Outflows	1,190,468	1,568,002	5,480,046	3,046,719
	<u>(308,144)</u>	<u>(145,953)</u>	<u>(586,720)</u>	<u>(353,734)</u>
	<u>₩ 25,512,263</u>	<u>₩ 7,337,257</u>	<u>₩ 15,891,442</u>	<u>₩ 9,821,710</u>

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	December 31, 2025			
	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Non-derivative financial 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 ¹	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>

¹ As at June 30, 2026, the amount paid using reverse factoring arrangements includes ₩ 375,870 million, for which the actual maturity has been extended. As at December 31, 2025, the balance of reverse factoring arrangements amounted to ₩ 746,260 million.

The Group issued exchangeable bonds in the prior year and in earlier periods that allow the issuer and investors to exercise their early redemption rights, and the related amounts are included in the above cash flows (Note 14).

As at June 30, 2026 and December 31, 2025, the Group has entered into swap contracts for which cash flow hedge accounting is applied, to avoid market price fluctuation of raw materials.

(in millions of Korean won)

	Purpose of the contracts	Hedged items	Financial institution	Maturity	June 30, 2026		December 31, 2025	
					Assets	Liabilities	Assets	Liabilities
Merchandise (raw materials) swap ¹	Cash flow hedge	Non-ferrous metal	Citi Bank and others	2028.12	₩ 10,373	₩ 1,739	₩ 4,288	₩ 336

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

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3.2 Capital Risk Management

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

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

The gearing ratio and debt-to-equity ratio as at June 30, 2026 and December 31, 2025, were as follows:

<i>(in millions of Korean won, except for ratios)</i>	June 30, 2026		December 31, 2025	
Total borrowings (Note 14) (A)	₩	40,289,225	₩	33,811,957
Less: cash and cash equivalents (B)		(11,086,639)		(9,899,926)
Net debt (C=A+B)		<u>29,202,586</u>		<u>23,912,031</u>
Total liabilities (D)		63,338,859		53,956,116
Total equity (E)		<u>48,870,923</u>		<u>47,105,545</u>
Total capital (F=C+E)		<u>78,073,509</u>		<u>71,017,576</u>
Gearing ratio (C/F)		37.40%		33.70%
Debt-to-equity ratio (D/E)		129.60%		114.50%

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3.3 Fair Value

Carrying amount and fair value of financial instruments by category as at June 30, 2026 and December 31, 2025, are as follows:

(in millions of Korean won)

	June 30, 2026		December 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets (current)				
Cash and cash equivalents	₩ 11,086,639	¹	₩ 9,899,926	¹
Deposits held by financial institutions	1,609,362	¹	1,002,863	¹
Trade receivables	9,475,720	¹	6,724,744	¹
Other receivables (excluding deposits held by financial institutions)	1,031,531	¹	799,744	¹
Other current financial assets				
Non-marketable other current financial assets ³	1,004	1,004	-	-
Other current financial assets	9,258	9,258	4,147	4,147
Current derivative financial assets (excluding currency forward)	307,406	307,406	241,316	241,316
Current derivative financial assets (purchase of interests)	5,532	¹	-	-
Financial assets (non-current)				
Deposits held by financial institutions	327,781	¹	321,264	¹
Trade receivables	732,478	¹	383,553	¹
Other receivables (excluding deposits held by financial institutions)	730,175	¹	142,802	¹
Other non-current financial assets				
Marketable financial assets (excluding derivative financial assets)	586,885	586,885	773,333	773,333
Non-marketable financial assets ³	684,125	684,125	1,162,025	1,162,025
Non-current derivative financial assets (currency forward)	187,939	187,939	137,663	137,663
Non-current derivative financial assets (excluding currency forward)	2,447	2,447	1,640	1,640
Non-current derivative financial assets (currency swap)	1,122,755	1,122,755	439,053	439,053
Non-current derivative financial assets (price return swap)	21,557	21,557	105,525	105,525
Non-current derivative financial assets (put-option)	-	-	40,713	40,713
Financial liabilities (current)				
Trade and other payables	11,806,822	¹	10,518,983	¹
Current borrowings (excluding lease liabilities/ exchangeable bond)	8,674,066	¹	9,265,891	¹
Current borrowings (exchangeable bond)	2,639,385	2,822,552	2,348,186	2,661,851
Current lease liabilities	289,705	²	124,060	²
Other current financial liabilities				
Current derivative financial liabilities	989	989	331	331

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(in millions of Korean won)

	June 30, 2026		December 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
(excluding currency forward)				
Current derivative financial liabilities (right of exchange/option)	516,182	516,182	609,817	609,817
Current derivative financial liabilities (price return swap)	14,049	14,049	67,353	67,353
Current financial liabilities at amortized cost	32,847	1	1,538	(¹)
Financial liabilities (non-current)				
Non-current borrowings (excluding lease liabilities)	25,411,336	26,849,848	21,182,908	21,753,275
Non-current lease liabilities	3,274,733	²	890,912	²
Other non-current payables	34,076	¹	40,268	¹
Other non-current financial liabilities				
Non-current derivative financial liabilities (excluding currency forward)	749	749	5	5
Non-current derivative financial liabilities (currency swap)	-	-	3,605	3,605
Financial liabilities at amortized cost	3,098,491	¹	2,404,241	¹

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

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

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

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

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

Discount rate	June 30, 2026	December 31, 2025	Remark
Non-current borrowings (excluding lease liabilities/ exchangeable bond)	3.44% ~ 5.67%	3.03% ~ 4.52%	Yield of won debenture with credit rating (AA+) and others
Current borrowings (Exchangeable Bond)	4.90% ~ 4.93%	4.04% ~ 4.13%	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,

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prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).

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

Fair value hierarchy of the financial instruments that are either measured at fair value or their fair values are disclosed for as at June 30, 2026 and December 31, 2025, are as follows:

(in millions of Korean won)

	June 30, 2026			
	Level 1	Level 2	Level 3	Total
Financial assets/liabilities measured at fair value				
Other current financial assets (non-marketable financial assets) ¹	₩ -	₩ -	₩ 1,004	₩ 1,004
Other non-current financial assets (marketable financial assets)	586,885	-	-	586,885
Other non-current financial assets (non-marketable financial assets) ¹	-	-	684,125	684,125
Current derivative financial assets (excluding currency forward)	-	9,258	-	9,258
Current derivative financial assets (currency swap)	-	307,406	-	307,406
Non-current derivative financial assets (currency forward)	-	187,939	-	187,939
Non-current derivative financial assets (excluding currency forward)	-	2,447	-	2,447
Non-current derivative financial assets (currency swap)	-	1,122,755	-	1,122,755
Non-current derivative financial assets (price return swap)	-	-	21,557	21,557
Current derivative financial liabilities (excluding currency forward)	-	989	-	989
Current derivative financial liabilities (right of exchange/option)	-	-	516,182	516,182
Current derivative financial liabilities (price return swap)	-	-	14,049	14,049
Non-current derivative financial liabilities (excluding currency forward)	-	749	-	749
Financial assets/liabilities not measured at fair value				
Current borrowings (exchangeable bond)	-	-	2,822,552	2,822,552
Non-current borrowings (excluding lease liabilities)	-	-	26,849,848	26,849,848

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	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets/liabilities measured at fair value				
Other non-current financial assets (marketable financial assets)	₩ 773,333	₩ -	₩ -	₩ 773,333
Other non-current financial assets (non-marketable financial assets) ¹	-	-	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
Financial assets/liabilities not measured at fair value				
Current borrowings (exchangeable bond)	-	-	2,661,851	2,661,851
Non-current borrowings (excluding lease liabilities)	-	-	21,753,275	21,753,275

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

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Valuation technique and the inputs

Valuation techniques and inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy as at June 30, 2026 and December 31, 2025, are as follows:

(in millions of Korean won)

won)

		June 30, 2026				
	Fair value		Level	Valuation Technique	Inputs	Coverage of Level 3 inputs
Other current financial assets (non-marketable financial assets)	₩	1,004	3	Adjusted net asset method	-	-
Non-current derivative financial assets (price return swap)		21,557	3	Binominal option-pricing model	Stock price of underlying assets Risk-free rate Risk rate Volatility	₩ 362,000 (in Korean won) 2.81% ~ 3.70% 3.39% ~ 4.50% 49.92%
		56,358	3	Binominal option-pricing model	Volatility	19.51%
		13,925	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)		12,976	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%
		65,486	3	Market approach	-	-
		97,849	3	Discounted cash flows model	Discount rates	10.28% and others
		203,535	3	Adjusted net asset method	-	-
Current derivative financial liabilities (Price return swap)		14,049	3 3 3 3	Binominal option-pricing model	Stock price of underlying assets Risk-free rate Risk rate Volatility	₩ 362,000 (in Korean won) 2.81% ~ 3.70% 3.39% ~ 4.50% 49.92%
Current derivative financial liabilities (right of exchange/option)		516,182	3	Binominal option-pricing model	Stock price of underlying assets Risk-free rate Risk rate Volatility	₩ 362,000 (in Korean won) 4.10% ~ 4.13% 4.90% ~ 4.93% 45.89%

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(in millions of Korean won)

won)

December 31, 2025						
	Fair value	Level	Valuation Technique	Inputs	Coverage of Level 3 inputs	
Non-current derivative financial assets (put- option)	₩ 40,713	3	Binominal option-pricing model	Volatility	55.00%	
				Risk-free rate	3.62%	
Non-current derivative financial assets (price return swap)	105,525	3	Binominal option-pricing model	Stock price of underlying assets	₩ 368,500 (in Korean won)	
				Risk-free rate	2.39% ~ 2.98%	
				Risk rate	3.07% ~ 3.51%	
				Volatility	43.66%	
Other non-current financial assets (non-listed shares and compound financial instruments)	560,041	3	Binominal option-pricing model	Volatility	92.63% and others	
	12,962	3	Option pricing model	Volatility	111.76% and others	
				Risk-free rate	3.92%	
	14,123	3	Hull&White/LSMC	Stock price of underlying assets	₩ 6,794 (in Korean won)	
				Risk-free rate	3.17%	
				Discount rates	21.24%	
				Volatility	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	₩ 368,500 (in Korean won)	
				Risk-free rate	2.39% ~ 2.98%	
				Risk rate	3.07% ~ 3.51%	
				Volatility	43.66%	
Current derivative financial liabilities (right of exchange/ option)	609,817	3	Binominal option-pricing model	Stock price of underlying assets	₩ 368,500 (in Korean won)	
				Risk-free rate	3.61% ~ 3.75%	
				Risk rate	4.04% ~ 4.13%	
				Volatility	43.10%	

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4. Critical Accounting Estimates and Assumptions

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

Significant accounting estimates and assumptions applied in the preparation of these condensed consolidated interim financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2025, except for the estimates used to determine income tax expense.

5. Financial Instruments by Category

Categorizations of financial instruments as at June 30, 2026 and December 31, 2025, are as follows:

(in millions of Korean won)

	June 30, 2026					Total
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income ¹	Other financial assets ²		
Financial assets						
Cash and cash equivalents	₩ 11,086,639	₩ -	₩ -	₩ -	₩ -	₩ 11,086,639
Trade receivables	9,215,682	-	260,038	-	-	9,475,720
Non-current trade receivables	732,478	-	-	-	-	732,478
Other receivables	2,640,893	-	-	-	-	2,640,893
Other non-current receivables	1,057,956	-	-	-	-	1,057,956
Other current financial assets	5,533	308,409	-	9,258	-	323,200
Other non-current financial assets	-	1,787,925	816,668	1,115	-	2,605,708
Total	<u>₩ 24,739,181</u>	<u>₩ 2,096,334</u>	<u>₩ 1,076,706</u>	<u>₩ 10,373</u>	<u>₩ -</u>	<u>₩ 27,922,594</u>

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(in millions of Korean won)

		June 30, 2026			
		Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other financial liabilities ³	Total
Financial liabilities					
Trade payables	₩	5,354,032	₩ -	₩ -	₩ 5,354,032
Other payables		6,449,550	-	-	6,449,550
Borrowings (current)		11,292,351	-	310,805	11,603,156
Other current financial liabilities		32,847	530,231	989	564,067
Other non-current financial liabilities		3,098,491	-	749	3,099,240
Other non-current payables		34,076	-	-	34,076
Borrowings (non-current)		25,411,336	-	3,274,733	28,686,069
Total	₩	51,672,683	₩ 530,231	₩ 3,587,276	₩ 55,790,190

(in millions of Korean won)

(in millions of Korean won)		December 31, 2025								
		Financial assets at amortized cost		Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income ¹		Other financial assets ²		Total
Financial assets										
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
Total	₩	19,059,540	₩	1,917,302	₩	1,199,182	₩	4,288	₩	22,180,312

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(in millions of
Korean won)

	December 31, 2025			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other financial liabilities ³	Total
Financial liabilities				
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
Total	₩ 45,744,377	₩ 680,777	₩ 1,029,982	₩ 47,455,136

¹ 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.

² Other financial assets include derivative assets that are not subject to the categorizations.

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

(b) Liabilities under supplier finance arrangements

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

Supplier finance arrangements as at June 30, 2026 and December 31, 2025, as follows:

(in millions of Korean won)

	June 30, 2026	December 31, 2025
Liabilities presented as trade and other payables		
Carrying amounts of trade and other payables under supplier finance arrangements ^{1, 2}	₩ 1,000,460	₩ 1,409,547
Carrying amounts of trade and other payables of which the supplier has already received payment from the finance provider ³	397,592	805,605

¹ 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

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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.

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

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

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
Liabilities presented as trade and other payables		
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

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Net gains or losses on each category of financial instruments for the three-month and six-month periods ended June 30, 2026 and 2025, are as follows:

(in millions of Korean won)	2026		2025	
	Three months	Six months	Three months	Six months
Dividend income				
Financial assets at fair value through other comprehensive income	₩ 1,974	₩ 9,805	₩ 284	₩ 3,082
Impairment losses				
Financial assets at amortized cost	109	2,485	(88)	1,147
Interest income				
Financial assets at amortized cost	119,302	193,268	84,564	170,159
Interest expense				
Financial liabilities at amortized cost	(454,047)	(842,761)	(354,776)	(636,264)
Other financial liabilities ¹	(56,445)	(68,007)	(12,823)	(21,418)
Gain (loss) on valuation and disposal				
Financial assets at fair value through profit or loss	1,379	(72,744)	(32,585)	(25,409)
Financial assets at fair value through other comprehensive income	(132,180)	(47,292)	14,149	(107,500)
Derivative instruments	437,075	1,184,535	(889,117)	(776,724)
Financial assets at amortized cost	-	-	(26,736)	(26,736)
Exchange differences				
Financial assets at amortized cost	145,864	473,523	(492,208)	(577,743)
Financial liabilities at amortized cost	(365,355)	(1,211,558)	1,176,672	1,345,746
Other financial liabilities	(189)	(189)	(398)	(7,226)

¹ 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.

6. Cash and Cash Equivalents

Details of cash and cash equivalents as at June 30, 2026 and December 31, 2025, are as follows:

(in millions of Korean won)	June 30, 2026	December 31, 2025
Bank deposits and cash on hand	₩ 3,861,929	₩ 2,974,561
Deposits held by financial institutions and others	7,224,710	6,925,365
Total	₩ 11,086,639	₩ 9,899,926

As at June 30, 2026, cash and cash equivalents include ₩ 22,893 million (December 31, 2025: ₩ 19,688 million), which is subject to a restriction on the use in association with the national R&D projects.

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7. Trade and Other Receivables

Trade and other receivables and its provisions for impairment as at June 30, 2026 and December 31, 2025, are as follows:

(in millions of Korean won)

	June 30, 2026		
	Gross amount	Provision for impairment	Carrying amount
Trade receivables	₩ 9,480,755	₩ (5,035)	₩ 9,475,720
Non-current trade receivables	732,478	-	732,478
Other current receivables	2,641,521	(628)	2,640,893
Other non-current receivables	1,057,956	-	1,057,956
Total	₩ 13,912,710	₩ (5,663)	₩ 13,907,047

(in millions of Korean won)

	December 31, 2025		
	Gross amount	Provision for impairment	Carrying amount
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
Total	₩ 9,378,020	₩ (3,050)	₩ 9,374,970

Details of other receivables as at June 30, 2026 and December 31, 2025, are as follows:

(in millions of Korean won)

	June 30, 2026	December 31, 2025
Current		
Non-trade receivables	₩ 871,643	₩ 681,908
Deposits held by financial institutions ¹	1,609,362	1,002,863
Accrued income	32,571	39,310
Loans	79	-
Guarantee deposits provided	127,238	78,526
	<u>2,640,893</u>	<u>1,802,607</u>
Non-current		
Non-trade receivables	246,573	38,580
Deposits held by financial institutions ¹	327,781	321,264
Loans	47,195	12,935
Guarantee deposits provided	436,407	91,287
	<u>1,057,956</u>	<u>464,066</u>
Total	₩ 3,698,849	₩ 2,266,673

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¹ As at June 30, 2026, ₩ 266,100 million (December 31, 2025: ₩ 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 ₩45 million (December 31, 2025: ₩ 43 million) is restricted 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 June 30, 2026, USD 40 million (December 31, 2025: USD 38 million) is restricted as collateral for issuing a letter of credit (LOC).

The aging analysis of trade and other receivables as at June 30, 2026 and December 31, 2025, is as follows:

(in millions of Korean won)

	June 30, 2026		December 31, 2025	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Receivables not past due	₩ 9,710,062	₩ 3,599,926	₩ 6,872,332	₩ 2,191,023
Past due but not impaired	502,310	98,905	235,978	75,650
Up to 3 months	490,120	82,717	233,511	69,479
Between 3-6 months	9,974	7,074	1,409	3,791
Over 6 months	2,216	9,114	1,058	2,380
Impaired receivables	861	646	2,409	628
Total	₩ 10,213,233	₩ 3,699,477	₩ 7,110,719	₩ 2,267,301

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Movements on the provision for impairment of trade and other receivables for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, are as follows:

(in millions of Korean won)

	June 30, 2026			
	Trade receivables		Other receivables	
	Current	Non-current	Current	Non-current
Beginning balance	₩ 2,422	₩ -	₩ 628	₩ -
Additions	2,485	-	-	-
Write-off	-	-	-	-
Exchange differences	128	-	-	-
Ending balance	₩ 5,035	₩ -	₩ 628	₩ -

(in millions of Korean won)

	December 31, 2025			
	Trade receivables		Other receivables	
	Current	Non-current	Current	Non-current
Beginning balance	₩ 2,435	₩ -	₩ 628	₩ -
Reversal	532	-	1,402	-
Write-off	(712)	-	(1,208)	-
Exchange differences	167	-	(194)	-
Ending balance	₩ 2,422	₩ -	₩ 628	₩ -

As at June 30, 2026 and December 31, 2025, the carrying amounts of trade and other receivables are approximation of their fair values.

The Group transferred trade receivables to financial institutions and derecognized the trade receivables from the financial statements at the date of disposal, as substantial all the risks and rewards were transferred and as at June 30, 2026, the balance of transferred trade receivables is ₩ 938,540 million (December 31, 2025: ₩ 309,043 million).

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8. Other Financial Assets and Liabilities

Details of other financial assets and liabilities as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026	December 31, 2025
Other financial assets		
Financial assets at amortized cost (current)	₩ 5,532	₩ -
Financial assets at fair value through profit or loss (excluding derivative instruments) (current)	1,004	-
Financial assets at fair value through other comprehensive income (derivative instruments) (current)	9,258	4,147
Financial assets at fair value through profit or loss (derivative instruments) (current)	307,406	241,317
Financial assets at fair value through other comprehensive income (derivative instruments) (non-current)	1,115	141
Financial assets at fair value through other comprehensive income (excluding derivative instruments) (non-current)	816,668	983,826
Financial assets at fair value through profit or loss (derivative instruments) (non-current)	1,333,583	724,454
Financial assets at fair value through profit or loss (excluding derivative instruments) (non-current)	454,342	951,531
	<u>2,928,908</u>	<u>2,905,416</u>
Other financial liabilities		
Financial liabilities at amortized cost (current)	32,847	1,537
Financial liabilities at fair value through other comprehensive income (derivative instruments) (current)	989	331
Financial liabilities at fair value through profit or loss (derivative instruments) (current)	530,231	677,171
Financial liabilities at fair value through other comprehensive income (derivative instruments) (non-current)	749	4
Financial liabilities at fair value through profit or loss (derivative instruments) (non-current)	-	3,606
Financial liabilities at amortized cost (non-current)	3,098,491	2,404,241
	<u>₩ 3,663,307</u>	<u>₩ 3,086,890</u>

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Changes in equity and debt instruments included in other financial assets for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026		December 31, 2025	
Beginning balance¹	₩	1,935,358	₩	1,708,974
Acquisitions / transfer ²		28,239		116,161
Disposals ^{2, 3}		(595,311)		(223,747)
Gain (loss) on valuation through other comprehensive income (before income tax effects)		(47,292)		150,308
Gain (loss) on valuation through profit or loss		(72,745)		175,593
Exchange differences on translation of foreign currency		29,297		8,069
Ending balance	₩	<u>1,277,546</u>	₩	<u>1,935,358</u>

¹ The Group has entered into a Put-Option agreement regarding its equity investment for Capchem Poland SP. Z o.o. for the purpose of guaranteeing the principal amount of investments. The main conditions of the Put-Option agreement are as follows:

Category	Details
Exercise date	From five years after the contract date (initial investment date, April 9, 2021) to the following one year (subject to three months' prior notice).
Exercise price	The higher amount between the fair market value and the investment principal.

² During the six-month period ended June 30, 2026, the group exercised the conversion option on convertible bonds of Liontown Resources Ltd., acquired equity securities upon conversion, and subsequently disposed of all such securities.

³ During the six-month period ended June 30, 2026, the Group exercised its put option with respect to Volta Energy Solutions S.à r.l. and, in accordance with the agreement, plans to dispose of its entire interest upon receipt of the remaining consideration and transfer of ownership.

During the six-month period ended June 30, 2026 and for the year ended December 31, 2025, the Group did not recognize impairment for other financial assets.

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9. Inventories

Details of inventories as at June 30, 2026 and December 31, 2025, are as follows:

(in millions of Korean won)

	June 30, 2026		
	Gross amount	Provision for impairment	Carrying amount
Merchandise	₩ 685,355	₩ (36,197)	₩ 649,158
Finished / Semi-finished products	5,939,828	(324,345)	5,615,483
Work-in-process	29,626	-	29,626
Raw materials	3,487,747	(64,730)	3,423,017
Supplies	441,028	(38,921)	402,107
Goods-in-transit	1,037,341	-	1,037,341
Total	₩ 11,620,925	₩ (464,193)	₩ 11,156,732

(in millions of Korean won)

	December 31, 2025		
	Gross amount	Provision for impairment	Carrying amount
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
Total	₩ 8,635,904	₩ (458,594)	₩ 8,177,310

During the six-month period ended June 30, 2026, the cost of inventories recognized as expense and included in 'cost of sales' amounted to ₩ 12,957,118 million (December 31, 2025: ₩ 13,957,652 million).

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10. Investments in Associates and Joint Ventures

Changes in investments in associates and joint ventures for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, are as follows:

(in millions of Korean won)	June 30, 2026															
				Share of profit (loss) of associates and joint ventures	Share of other comprehensive income (loss) of associates and joint ventures					Ending balance						
	Beginning balance	Acquisitions / transfer	Dividends		Exchange rate changes	Reclassification due to the disposal	Disposals / impairment	Others								
TECHWIN Co., Ltd.	₩	16,094	₩	-	₩	-	₩	(95)	₩	-	₩	-	₩	-	₩	15,999
SEETEC Co., Ltd		140,288		-		(12,500)		4,234		-		-		-		132,022
LG Life Sciences Poland Ltd.		17		-		-		-		-		-		-		17
HUAJIN NEW ENERGY MATERIALS (QUZHOU)CO., LTD. ¹		94,762		-		-		(1,832)		10,120		-		-		103,050
Sam-a Aluminium Company, Ltd. ²		31,876		-		(38)		(770)		-		-		-		31,068
NEXPO Co., Ltd ³		5,865		-		-		(167)		-		-		-		5,698
Bricks Capital Management Global Battery Private Equity Fund I		14,512		262		-		(262)		-		-		-		14,512
Jeju Bukchon BESS Plant Co.,Ltd. ⁴		677		-		-		(234)		-		-		-		443
PT LBM Energi Baru Indonesia ⁵		23,103		-		-		2,075		2,043		-		-		27,221
EV-LOOP ⁶		1,686		-		-		(77)		73		-		-		1,682
KOREA PRECURSOR CO., LTD. ⁷		24,171		-		-		(762)		-		-		-		23,409
Engicorix ⁸		-		240		-		405		-		-		-		645
	₩	353,051	₩	502	₩	(12,538)	₩	2,515	₩	12,236	₩	-	₩	-	₩	355,766

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(in millions of
Korean won)

(in millions of Korean won)		December 31, 2025																
						Share of profit (loss) of associates and joint ventures	Share of other comprehensive income (loss) of associates and joint ventures						Ending balance					
							Reclassification											
							Beginning balance	Acquisitions / transfer	Dividends	Exchange rate changes				due to the disposal	Disposals / impairment	Others		
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. ¹		91,415		-		-		1,729		1,618		-		-		-		94,762
Sam-a Aluminium Company, Ltd. ²		45,396		-		(38)		(2,429)		-		-		(11,053)		-		31,876
NEXPO Co., Ltd ³		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. ⁴		-		900		-		(223)		-		-		-		-		677
PT LBM Energi Baru Indonesia ⁵		-		22,107		-		186		810		-		-		-		23,103
EV-LOOP ⁶		-		1,714		-		-		(28)		-		-		-		1,686
TL Chemical CO., Ltd ⁹		50,934		-		-		831		-		-		(51,765)		-		-
LG Chem Hungary Battery Separator Kft. ¹⁰		499,309		-		-		(114,805)		30,720		(85,431)		-		(329,793)		-
KOREA PRECURSOR CO., LTD. ⁷		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

¹ The Group is restricted from disposing its shares to any third party for 10 years from the registration date in accordance with the shareholder's agreement, and after the 10-year period, each shareholder holds a right of first refusal on the shares held by the other shareholder. In accordance with the relevant agreement, 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.

² 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

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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.

- ³ 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.
- ⁴ 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.
- ⁵ 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.
- ⁶ The Group may exercise a put option on its shares if the other shareholder breaches any material contractual obligations, and the other shareholder may exercise a call option on the shares held by the Group if the Group breaches any material contractual obligations. In addition, each shareholder can exercise a call option on the shares held by the other shareholder upon the occurrence of certain events, including the expiration of the contract term.
- ⁷ The Group holds a right of first refusal and a tag-along right on the shares held by the other shareholder in accordance with the shareholders' agreement. 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.
- ⁸ During the six-month period ended June 30, 2026, the Group newly acquired a 15% interest in Engicorix Co., Ltd. for ₩ 240 million. Although the Group's ownership interest in Engicorix Co., Ltd. is less than 20%, the Group has classified it as an associate as the Group can exercise significant influence through the investee's board of directors. In accordance with the relevant shareholders' agreement, the majority shareholder is restricted from disposing of its shares to any third party without the consent of the Group, and the Group holds a right of first refusal and a tag-along right on the shares held by the major shareholder.
- ⁹ TL Chemical CO., Ltd are disposed of during the year ended December 31, 2025
- ¹⁰ 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.

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)

June 30, 2026								
	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	₩ 270,984	50	₩ 135,492	₩ -	₩ (3,470)	₩ -	₩ 132,022	
HUAJIN NEW ENERGY MATERIALS(QUZH OU) CO., LTD.	208,268	49	102,051	-	999	-	103,050	
Sam-a Aluminium Company, Limited	221,537	10	22,597	-	8,471	-	31,068	
PT LBM Energi Baru Indonesia	159,272	20	31,854	-	(4,633)	-	27,221	
KOREA PRECURSOR CO., LTD.	37,229	49	18,242	-	5,167	-	23,409	

(in millions of Korean won)

December 31, 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	
PT LBM Energi Baru Indonesia	124,480	20	24,896	-	(1,793)	-	23,103	
KOREA PRECURSOR CO., LTD.	48,935	49	23,978	-	193	-	24,171	

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11. Property, Plant and Equipment

Changes in property, plant and equipment for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026		December 31, 2025	
Beginning balance	₩	56,458,203	₩	54,570,446
Business combination (Note 36)		-		36,545
Acquisitions / transfer		11,433,831		29,414,080
Disposals / transfer		(6,160,328)		(20,773,499)
Exchange differences		2,953,454		49,095
Depreciation		(2,759,539)		(4,690,856)
Impairment ¹		(131,134)		(1,899,481)
Reversal of impairment		-		6,441
Transfer to assets held for sale (Note 33)		(1,307)		(254,568)
Ending balance	₩	<u>61,793,180</u>	₩	<u>56,458,203</u>

¹ The Group reviews whether there is any indicator that an asset may be impaired at the end of each reporting period. If any such indicator exists, the recoverable amount of the asset is estimated using the discounted cash flow method or other valuation techniques. If the recoverable amount is less than the carrying amount of the asset, the carrying amount of the asset is reduced and the impairment loss is recognized immediately in profit or loss.

During the six-month ended June 30, 2026, the Group capitalized ₩ 153,434 million of borrowing costs (2025: ₩ 66,585 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 2.05%~5.50% (2025: 3.58%~4.68%).

Line items including depreciation in the consolidated income statements for the three-month and six-month periods ended June 30, 2026 and 2025, are as follows:

	2026		2025	
	Three months	Six months	Three months	Six months
Cost of sales	₩ 1,266,847	₩ 2,458,743	₩ 1,006,734	₩ 1,963,277
Selling and administrative expenses	158,431	300,534	129,956	252,797
Discontinued operations	127	261	3,753	4,492
Total	<u>₩ 1,425,405</u>	<u>₩ 2,759,538</u>	<u>₩ 1,140,443</u>	<u>₩ 2,220,566</u>

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Details of property, plant and equipment provided as collateral as at June 30, 2026 and December 31, 2025, is as follows:

(in millions of Korean won)

		June 30, 2026			
	Carrying amount	Secured amount	Related line item	Related amount	Secured party
Buildings and others	₩ 398,430	₩ 337,200	Borrowings (Note 14)	₩ 267,375	KDB Bank
Land	6,491	240,000	Borrowings (Note 14)	160,000	KDB Bank

(in millions of Korean won)

		December 31, 2025			
	Carrying amount	Secured amount	Related line item	Related amount	Secured party
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

Leases

Amounts recognized in the consolidated statement of financial position

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

(in millions of Korean won)

	June 30, 2026	December 31, 2025
Right-of-use assets ¹		
Real estate	₩ 3,202,438	₩ 690,512
Machinery	340,584	325,563
Vehicles	27,080	25,561
Tools	5,615	4,912
Equipment	1,122	929
	₩ 3,576,839	₩ 1,047,477

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

Additions to the right-of-use assets during the six-month period ended June 30, 2026, were ₩ 2,529,989 million (2025: ₩ 53,785 million).

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<i>(in millions of Korean won)</i>	June 30, 2026	December 31, 2025
Lease liabilities ¹		
Current	₩ 289,705	₩ 124,060
Non-current	3,274,733	890,912
	<u>₩ 3,564,438</u>	<u>₩ 1,014,972</u>

¹ Included in the line item 'Borrowings' in the consolidated interim statements of financial position.

Amounts recognized in the consolidated interim income statements

Lease related expenses recognized in the consolidated income statements for the six-month periods ended June 30, 2026 and 2025, are as follows:

<i>(in millions of Korean won)</i>	2026	2025
Depreciation of right-of-use assets		
Real-estate	₩ 68,475	₩ 47,804
Machinery	12,320	5,665
Vehicles	9,847	10,710
Tools	910	688
Equipment	219	232
	<u>₩ 91,771</u>	<u>₩ 65,099</u>
Interest expense relating to lease liabilities (included in finance cost)	₩ 56,888	₩ 18,693
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	18,833	23,444
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)	8,280	9,669

Total cash outflow for leases during the six-month period ended June 30, 2026, was ₩ 181,143 million (2025: ₩ 138,483 million).

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12. Intangible Assets

Changes in intangible assets for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026		December 31, 2025	
Beginning balance	₩	3,501,805	₩	3,619,361
Business combination (Note 36)		-		6,962
Acquisitions/transfer		792,145		880,627
Disposals/transfer		(432,428)		(198,222)
Exchange differences		95,233		(51,484)
Amortization		(306,288)		(563,417)
Impairment		(1,114)		(82,902)
Transfer to assets held for sale (Note 33)		(10)		(109,120)
Ending balance	₩	3,649,343	₩	3,501,805

Line items including amortization of intangible assets for the three-month and six-month periods ended June 30, 2026 and 2025, are as follows:

<i>(in millions of Korean won)</i>	2026		2025	
	Three months	Six months	Three months	Six months
Cost of sales	₩ 26,184	₩ 56,839	₩ 21,329	₩ 41,745
Selling and administrative expenses	125,350	249,299	115,414	231,421
Discontinued operations	54	150	1,465	2,958
Total	₩ 151,588	₩ 306,288	₩ 138,208	₩ 276,124

Research and development costs

Total research and development costs recognized as expenses amounted to ₩ 1,310,410 million (2025: ₩ 1,136,621 million) for the six-month period ended June 30, 2026.

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 4th planning period (2026 to 2030) is as follows:

<i>(in thousands of tons)</i>	2026	2027	2028	2029	2030	Total
Allocation with nil consideration	8,160	8,070	7,975	7,881	7,786	39,872

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Changes in greenhouse gas emission permits for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, are as follows:

<i>(in thousands of tons and millions of Korean won)</i>	June 30, 2026							
	2025		2026		2027		2028	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance								
/Allocation with nil consideration	9,104	₩ -	8,160	₩ -	8,070	-	7,975	₩ -
Purchase/Sale	(423)	-	-	-	-	-	-	-
Exchange	-	-	-	-	-	-	-	-
Borrowings/Carry forwards								
between years	1,855	-	-	-	-	-	-	-
Surrendered to the government	-	-	-	-	-	-	-	-
		₩		₩		₩		₩
Ending balance	10,536	-	8,160	-	8,070	-	7,975	-

<i>(in thousands of tons and millions of Korean won)</i>	June 30, 2026					
	2029		2030		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance/						
Allocation with nil consideration	7,881	₩ -	7,786	₩ -	48,976	₩ -
Purchase/Sale	-	-	-	-	(423)	-
Exchange	-	-	-	-	-	-
Borrowings/Carry forwards between years	-	-	-	-	1,855	-
Surrendered to the government	-	-	-	-	-	-
Ending balance	7,881	₩ -	7,786	₩ -	50,408	₩ -

<i>(in thousands of tons and millions of Korean won)</i>	December 31, 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	-	₩ -	-	₩ -	-	₩ -	-	₩ -

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(in thousands of tons and millions of Korean won)	December 31, 2025					
	2025		2026		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	₩ -

For the six-month period ended June 30, 2026, and the year ended December 31, 2025, there are no greenhouse gas emission permits held for short-term trading purpose.

Details of Greenhouse gas emission permits included in other intangible assets of condensed financial statements regarding the EU ETS (Emissions Trading System) for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, are as follows:

(in thousands of tons, in millions of Korean won)	June 30, 2026		December 31, 2025	
	Quantity	Amount	Quantity	Amount
Beginning balance	97	₩ 11,239	112	₩ 11,568
Increase	44	6,080	96	10,059
Used	(93)	(11,040)	(111)	(10,388)
Ending balance	48	₩ 6,279	97	₩ 11,239

13. Other Current and Non-current Assets

Details of other current and non-current assets as at June 30, 2026 and December 31, 2025, are as follows:

(in millions of Korean won)	June 30, 2026	December 31, 2025
Current		
Prepayments to suppliers and prepaid expenses	₩ 477,972	₩ 534,214
Prepaid value added tax	209,176	217,406
Current contract fulfillment costs	501,129	78,212
Others ¹	1,379,890	673,442
Total	₩ 2,568,167	₩ 1,503,274
Non-current		
Net defined benefit assets	₩ 361,679	₩ 434,704
Long-term prepayments to suppliers and long-term prepaid expenses	399,887	257,110
Costs to fulfil a contract	445,033	852,459
Others	180	173
Total	₩ 1,206,779	₩ 1,544,446

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¹ Included in other income for the current interim period is an amount of ₩1,065,329 million (₩538,902 million as at December 31, 2025) expected to be received in connection with IRA tax credits.

14. Borrowings

Borrowings as at June 30, 2026 and December 31, 2025, consist of:

<i>(in millions of Korean won)</i>	June 30, 2026		December 31, 2025	
Current				
Short-term borrowings	₩	3,593,014	₩	3,273,425
Current portion of long-term borrowings		1,975,516		3,118,639
Current portion of debentures		5,744,921		5,222,013
Current lease liabilities		289,705		124,060
		<u>11,603,156</u>		<u>11,738,137</u>
Non-current				
Long-term borrowings		8,184,118		6,180,027
Debentures		17,227,218		15,002,881
Lease liabilities		3,274,733		890,912
		<u>28,686,069</u>		<u>22,073,820</u>
Total	₩	<u>40,289,225</u>	₩	<u>33,811,957</u>

Details of general borrowings as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>					Carrying amount			
	Currency	Bank	Latest maturity date	Interest rate(%) as at June 30, 2026	June 30, 2026		December 31, 2025	
					Current	Non-current	Current	Non-current
Short-term borrowings								
	Foreign currency	Woori Bank	July 19, 2026	4.18 and others	₩ 4,421	₩ -	₩ -	₩ -
Bank loans	Korean won	NH Bank and others	March 11, 2027	4.60 and others	732,300	-	340,900	-
	Foreign currency	Kookmin Bank Co.,Ltd. and others	June 18, 2027	2.50 and others	2,856,293	-	2,932,525	-
Total					<u>₩ 3,593,014</u>	<u>₩ -</u>	<u>₩ 3,273,425</u>	<u>₩ -</u>
Long-term borrowings								
	Korean won	KDB Bank and others ¹	June 30, 2035	3.74 and others	₩ 179,500	₩ 604,197	₩ 90,875	₩ 841,476
Bank loans	Foreign currency	ANZ and others ^{2,3}	June 2, 2036	5.70 and others	1,813,520	7,712,181	3,027,877	5,443,518
Less: discount on long-term borrowings					<u>(17,504)</u>	<u>(132,260)</u>	<u>(113)</u>	<u>(104,967)</u>
Total					<u>₩ 1,975,516</u>	<u>₩ 8,184,118</u>	<u>₩ 3,118,639</u>	<u>₩ 6,180,027</u>
Debentures								
Public debentures	Korean won	KB Securities Co., Ltd. and others	March 5, 2036	4.61 and others	₩ 1,720,000	₩ 6,070,000	₩ 1,585,000	₩ 6,890,000
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, 2036	5.89 and others	1,387,350	11,098,800	1,291,410	8,035,440
Exchangeable	Foreign	CITI Securities and	July 18, 2030	1.60 and others	3,090,862	-	2,877,118	-

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(in millions of Korean won)	Currency	Bank	Latest maturity date	Interest rate(%) as at June 30, 2026	Carrying amount			
					June 30, 2026	December 31, 2025		
bonds ^{4,5,6}	currency	others			(453,291)	(91,582)	(531,515)	(72,559)
Less: discount on debentures								
Total					₩ 5,744,921	₩ 17,227,218	₩ 5,222,013	₩ 15,002,881

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

² For the year ended December 31, 2025, General Motors ("GM") repaid the US Department of Energy policy fund borrowing of the Group. As at June 30, 2026, the outstanding balance of borrowings related to GM amounted to ₩1.3 trillion, with a final maturity date of April 30, 2030.

³ As of December 31, 2025, 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. During the six-month period ended June 30, 2026, the Group resolved the non-compliance with financial covenants relating to the syndicated loans through amendments to the loan agreements. As a result, the related long-term borrowings have been classified as non-current liabilities as of June 30, 2026. Long-term borrowings from the EIB, for which the non-compliance with the relevant financial covenants has not been resolved, remain classified as current liabilities as of June 30, 2026.

⁴ The details of issued exchangeable bonds (Tranche 1) are as follows:

Category	Details
Aggregate principal amount	USD 1,000,000,000
Issue price	USD 1,000,000,000
Interest rate (%)	1.25
Issue Date	July 18, 2023
Maturity Date	July 18, 2028
Principal Repayment Method	Maturity repayment: Lump-sum repayment at maturity of the remaining principal and interest of debentures that have been repaid early by maturity or for which the right of exchange has not been exercised. Early redemption: The Parent Company has the Call Option, and the bondholder has the Put Option.
Exchange Target	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.
Exchange Price (KRW/share)	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.
Claim Period	August 28, 2023 – July 11, 2028
Early Redemption at the Option of the Issuer	1) After three years and 14 days from the date of payment, if there are more than 20 trading days out of 30 consecutive trading days when the stock price (based on closing price) is 130% or more of the exchange price based on U.S. dollar conversion. 2) When the outstanding principal is less than 10% of the original debt (Clean Up Call) 3) When additional tax burden arises due to revision of related laws, etc.
Early Redemption at the Option	1) Can be exercised on 2026.07.18 (Optional Put Date)

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Category	Details
of the Bondholders	2) When Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 30 consecutive Trading Days on the Relevant Stock Exchange 3) When there is a change in control of the company or the issuer of stocks subject to exchange (Change of Control) 4) When the issuer acquires more than 85% of the Voting Rights of the issued capital of LG Energy Solution (Free Float)

⁵ The details of issued exchangeable bonds (Tranche 2) are as follows:

Category	Details
Aggregate principal amount	USD 1,000,000,000
Issue price	USD 1,000,000,000
Interest rate (%)	1.60
Issue Date	July 18, 2023
Maturity Date	July 18, 2030
Principal Repayment Method	Maturity repayment: Lump-sum repayment at maturity of the remaining principal and interest of debentures that have been repaid early by maturity or for which the right of exchange has not been exercised. Early redemption: The Parent Company has the Call Option, and the bondholder has the Put Option.
Exchange Target	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.
Exchange Price (KRW/share)	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.
Claim Period	August 28, 2023 – July 11, 2030
Early Redemption at the Option of the Issuer	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. 2) When the outstanding principal is less than 10% of the original debt (Clean Up Call) 3) When additional tax burden arises due to revision of related laws, etc.
Early Redemption at the Option of the Bondholders	1) Can be exercised on 2027.07.18 (Optional Put Date) 2) When Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 30

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Category	Details
	consecutive Trading Days on the Relevant Stock Exchange
	3) When there is a change in control of the company or the issuer of stocks subject to exchange (Change of Control)
	4) When the issuer acquires more than 85% of the Voting Rights of the issued capital of LG Energy Solution (Free Float)

⁶ The details of issued exchangeable bonds (Tranche 3) are as follows:

Category	Details
Aggregate principal amount	USD 1,000,000,000
Issue price	USD 1,000,000,000
Interest rate (%)	1.75
Issue Date	June 16, 2026
Maturity Date	June 16, 2028
Principal Repayment Method	Maturity repayment: Lump-sum repayment at maturity of the remaining principal and interest of debentures that have been repaid early by maturity or for which the right of exchange has not been exercised. Early redemption: The Parent Company has the Call Option.
Exchange Target	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.
Exchange Price (KRW/share)	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.
Claim Period	July 27, 2026 – June 09, 2028
Early Redemption at the Option of the Issuer	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. 2) When the outstanding principal is less than 10% of the original debt (Clean Up Call) 3) When additional tax burden arises due to revision of related laws, etc.

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Category	Details
Early Redemption at the Option of the Bondholders	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 2) When there is a change in control of the company or the issuer of stocks subject to exchange (Change of Control) 3) When the issuer acquires more than 85% of the Voting Rights of the issued capital of LG Energy Solution (Free Float)

Details of the exchangeable bonds (Tranche 1) as of the date of issuance, as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	July 18, 2023	December 31, 2025	June 30, 2026
Issue price	₩ 1,266,100	₩ 8,179	₩ 8,787
Book amount of exchangeable bonds	991,756	7,369	8,132
Derivative financial liabilities	263,532	305	199

¹ 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.

² 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.

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Details of the exchangeable bonds (Tranche 2) as of the date of issuance, as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	July 18, 2023	December 31, 2025	June 30, 2026
Issue price	₩ 1,266,100	₩ 1,434,900	₩ 1,541,500
Book amount of exchangeable bonds	914,412	1,201,706	1,332,972
Derivative financial liabilities	340,876	148,785	166,027

Details of the exchangeable bonds (Tranche 3) as of the date of issuance and as at June 30, 2026, and December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	June 6, 2025	December 31, 2025	June 30, 2026
Issue price	₩ 1,366,800	₩ 1,434,039	₩ 1,540,575
Book amount of exchangeable bonds	1,017,330	1,139,112	1,298,281
Derivative financial liabilities	337,914	460,728	349,956

¹ 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 June 30, 2026, the related amount is ₩ 14,444,073 million, and the Group is in compliance with the required financial covenant ratios for non-current debentures and long-term borrowings that are not classified as current.

Details of lease liabilities as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>		June 30, 2026			
Leaser	Annual interest rate (%)	Latest maturity date	Total amount	Current	Non-current
Korea World Service and others	0.67 ~ 9.00	2082.02.28	₩ 3,564,438	₩ 289,705	₩ 3,274,733

<i>(in millions of Korean won)</i>		December 31, 2025			
Leaser	Annual interest rate (%)	Latest maturity date	Total amount	Current	Non-current
Korea World Service and others	0.67 ~ 9.00	2082.02.28	₩ 1,014,972	₩ 124,060	₩ 890,912

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15. Provisions

Changes in provisions for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, are as follows:

(in millions of Korean won)

	June 30, 2026				
	Warranty ¹	Greenhouse gas emission ²	Others ³	Total	
Beginning balance	₩ 1,917,409	₩ 9,694	₩ 361,240	₩	2,288,343
Additions (reversal)	735,419	8,556	31,372		775,347
Used	(303,653)	(11,040)	(6,774)		(321,467)
Ending balance	₩ 2,349,175	₩ 7,210	₩ 385,838	₩	2,742,223
Current	₩ 1,080,551	₩ 7,210	₩ 153,066	₩	1,240,827
Non-current	1,268,624	-	232,772		1,501,396

(in millions of Korean won)

	December 31, 2025				
	Warranty ¹	Greenhouse gas emission ²	Others ³	Total	
Beginning balance	₩ 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)
Ending balance	₩ 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

¹ Warranty provisions have been accrued based on historical experience for the estimated warranty costs to be incurred due to quality guarantee, exchanges and refunds of products. The warranty provisions also include provisions related to replacement costs for ESS due to fire accidents and voluntary recalls of automotive batteries are determined based on the best estimates. The provisions are adjusted to reflect the current best estimate. As at June 30, 2026, the warranty provision included ₩ 2,347,042 million (December 31, 2025: ₩ 1,904,456 million) of warranty provision for LG Energy Solution, Ltd. and its subsidiaries. As at June 30, the carrying amount of LG Energy Solution, Ltd. And its subsidiaries' provision for warranty obligations was ₩ 1,785,342 million (December 31, 2025: ₩ 1,549,908 million).

² Greenhouse gas emission provisions have been accrued for estimated expenditures to be obligated for any excess emission. The estimated emission as at June 30, 2026, amounts to 4,033 thousand tons (December 31, 2025: 8,201 thousand tons).

³ 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

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16. Net Defined Benefit Assets

Details of net defined benefit assets recognized in the consolidated statements of financial position as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026		December 31, 2025	
Present value of defined benefit obligations ¹	₩	1,546,942	₩	1,628,182
Fair value of plan assets		(1,883,733)		(2,057,283)
Liabilities (Assets) in the consolidated statement of financial position	₩	(336,791)	₩	(429,101)

¹ The present value of retirement benefit obligations is net of existing contributions to the National Pension Plan of ₩ 335 million as at June 30, 2026 (December 31, 2025: ₩ 427 million).

The amounts recognized in the consolidated interim income statements for the three-month and six-month periods ended June 30, 2026 and 2025, are as follows:

<i>(in millions of Korean won)</i>	2026				2025			
	Three months		Six months		Three months		Six months	
Current service cost ¹	₩	51,615	₩	96,656	₩	57,361	₩	115,211
Interest cost		(5,192)		(10,368)		(2,142)		(4,244)
Total, included in employee benefit expenses	₩	46,423	₩	86,288	₩	55,219	₩	110,967

¹ The above amounts excluded ₩ 907 million (2025: ₩ 1,274 million) of expenses capitalized to construction in progress and development costs.

Post-employment benefits recognized for defined contribution plan for the six-month period ended June 30, 2026, amounted to ₩ 21,910 million (2025: ₩ 15,119 million).

Post-employment benefits recognized in the consolidated interim income statements for the three-month and six-month periods ended June 30, 2026 and 2025, are as follows:

<i>(in millions of Korean won)</i>	2026				2025			
	Three months		Six months		Three months		Six months	
Cost of sales	₩	20,322	₩	42,259	₩	29,339	₩	61,446
Selling and administrative expenses		31,161		65,852		34,532		63,522
Discontinued operations		-		87		517		1,118
Total	₩	51,483	₩	108,198	₩	64,388	₩	126,086

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Movements in the present value of defined benefit obligations for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026		December 31, 2025	
Beginning balance	₩	1,628,182	₩	1,967,056
Transferred-in liability due to intercompany transfer		2,746		3,353
Transferred-out liability due to intercompany transfer		-4,264		-4,139
Transfer to assets held for sale (Note 33)		-		-10713
Current service cost		97,563		235,017
Past service cost		-		8,209
Interest expense		38,617		77,701
Remeasurements:				
Actuarial loss arising from change in demographic assumptions		-		2,672
Actuarial loss arising from change in financial assumptions		-		-372,303
Actuarial gain arising from experience adjustments		-		-56,731
Others		-		-118
Exchange differences		-713		-4,735
Payments from plans ¹		-215,189		-217,087
Ending balance	₩	<u>1,546,942</u>	₩	<u>1,628,182</u>

¹The amount paid to employees who converted to the defined contribution plan for the six-month period ended June 30, 2026, is ₩ 187,589 million (2025: ₩ 159,202 million).

Movements in the fair value of plan assets for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026		December 31, 2025	
Beginning balance	₩	2,057,283	₩	2,174,317
Transferred-in plan assets due to intercompany transfer		-		1,914
Transferred-out plan assets due to intercompany transfer		(1,006)		(300)
Transfer to assets held for sale (Note 33)		-		(10,713)
Interest income		48,985		87,533
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)		(7,456)		(8,062)
Contributions:				
Employers		2,016		22,106
Payments from plans ¹		(214,567)		(205,633)
Administrative costs		(1,522)		(3,879)
Ending balance	₩	<u>1,883,733</u>	₩	<u>2,057,283</u>

¹The amount paid to employees who converted to the defined contribution plan for the six-month period ended June 30, 2026, is ₩ 187,589 million (2025: ₩ 159,202 million).

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The actual return on plan assets for the six-month period ended June 30, 2026, was ₩ 41,529 million (December 31, 2025: ₩ 79,471 million).

The significant actuarial assumptions as at June 30, 2026 and December 31, 2025, are as follows:

	June 30, 2026	December 31, 2025
Discount rate	4.2%~5.0%	4.2%~5.0%
Salary growth rate	3.7%~6.0%	3.7%~6.0%

¹ 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.

The sensitivity analysis for changes in key actuarial assumptions as at June 30, 2026, is as follows:

<i>(in millions of Korean won)</i>	Increase by 1%	Decrease by 1%
Discount rate:		
Increase (decrease) in defined benefit obligations	₩ (135,676)	₩ 158,389
Salary growth rate:		
Increase (decrease) in defined benefit obligations	165,002	(143,065)

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

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

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

Plan assets as at June 30, 2026 and December 31, 2025, consist of:

<i>(in millions of Korean won)</i>	June 30, 2026		December 31, 2025	
	Amount	Composition (%)	Amount	Composition (%)
Insurance contracts with guaranteed yield	₩ 1,868,170	99.2	₩ 2,040,006	99.2
Equity linked bonds	15,558	0.8	17,161	0.8
Time deposits	5	-	116	-
	₩ 1,883,733	100	₩ 2,057,283	100

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

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17. Other Current and Non-Current Liabilities

Details of other current and non-current liabilities as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026	December 31, 2025
Current		
Advances from customers	₩ 1,099,985	₩ 869,037
Dividends payable	-	-
Withholdings	291,614	260,018
Unearned revenues	75,115	51,450
Accrued expenses	586,879	327,967
	<u>₩ 2,053,593</u>	<u>₩ 1,508,472</u>
Non-current		
Long-term accrued expenses	₩ 86,459	₩ 84,479
Long-term unearned revenues	26,798	27,162
Long-term advances from customers	1,892,682	1,732,684
	<u>₩ 2,005,939</u>	<u>₩ 1,844,325</u>

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18. Commitments and Contingencies

- (a) As at June 30, 2026, the Parent Company and certain subsidiaries have been guaranteed by Seoul Guarantee Insurance Company for the payment and others.
- (b) As at June 30, 2026, the Parent Company and certain subsidiaries have various specific line of credit agreements with several financial institutions, as follows:

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

Type of Agreement ¹	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	485	-	117	-	-	-	-	-	100	-	-
Limit of discount of notes from export	-	560	-	602	1,500	-	-	-	-	-	-	-
Limit of guaranteed payments in other foreign currency ²	-	21	50,600	2,212	1,095	-	-	-	-	-	313	-
Limit of loan arrangements	350,000	-	2,168,000	10,628	10,282	1,827	6,670	10	450	-	-	6
Limit of import loan	-	-	-	40	-	-	-	-	-	-	-	-
Credit facilities	20,000	235	-	-	-	-	-	-	-	-	-	-
Receivables assignment agreement	-	-	100,000	1,100	-	-	-	-	-	-	-	-
Purchase agreement(B2 B)	278,000	-	160,000	275	1,790	20	-	-	-	-	-	-

¹ As at June 30, 2026, the Group has entered into derivative instrument agreements with financial institutions for risk management purposes.

² As at June 30, 2026, the Group has entered into payment guarantee agreements with financial institutions, within the agreed limits, in relation to quality and bid guarantees, customs clearance of imported raw materials, and others.

- (c) As at June 30, 2026, the Parent Company and its subsidiaries have reverse factoring agreements with Lotte Card, Shinhan Card, Hyundai Card, CITI, HSBC and ING. The subsidiaries are utilizing ₩ 375,870 million of the limits granted by these card companies.

- (d) As at June 30, 2026, the Group's litigation status is as follows and the ultimate outcome of these cases cannot be determined at the reporting date.

(in millions of Korean won, USD)

Legal contingent liabilities
Plaintiff Defendant

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<i>(in millions of Korean won, USD)</i>		Legal contingent liabilities	
Number of lawsuits		34	94
Amount of lawsuits	KRW	63,900	42,888
	USD	234	4

- (e) The Group has entered into multiple technology license agreements with BPI Europe and others to be provided with licenses for technologies and services.
- (f) 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.
- (g) As at June 30, 2026, the Group has entered into a payment guarantee contract of USD 2.3 million and INR 1,220 million, and certain subsidiaries have entered into payment guarantee contracts of ₩ 85,703 million, USD 12 million, EUR 1 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 clearance of imported raw materials.
- (h) As at June 30, 2026, 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 Korean Construction Guarantee Cooperative.
- (i) Capital expenditure arrangement that has not incurred as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>		June 30, 2026		December 31, 2025
Property, plant and equipment	₩	5,478,836	₩	6,467,222

- (j) As at June 30, 2026, the Group has entered into an agreement with 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. the Group provided payment guarantees to the joint venture amounting to USD 431 million according to the ratio of portion in the borrowing with a total amount of USD 862 million and secured the borrowing with comprehensive assets of Ultium Cells LLC as collateral.
- (k) As at June 30, 2026, the Group has entered into a joint venture agreement with Honda in which the Group agreed to invest USD 1,802 million. At the end of the current period, a total investment of USD 1,801 million has been made. In 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.
- (l) As at June 30, 2026, the Group has entered into a joint venture agreement with HMG Global LLC for the joint venture, HLBMA LLC, and the Group completed the investment for the committed amount of USD 1,084 million. In specified circumstances, including after the

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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.

- (m) As at June 30, 2026, the Group has 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. 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.
- (n) As at June 30, 2026, the Group has entered into an agreement to construct a new plant for LG Energy Solution Arizona, Inc which amounts to USD 2,358 million.
- (o) As at June 30, 2026, the Group and certain subsidiaries' investment agreements are as follows:

(in millions of Korean won,
USD and EUR)

	Currency	Committed investments	Cumulative investments	Remaining
KBE Fund ²	KRW	150,000	124,291	25,709
Phoenix Venture Partners III ¹	USD	10	8	2
Growth Acceleration Fund	KRW	5,000	5,000	-
BNZ (Beyond Net Zero) Fund	USD	150	118	32
Secondary Battery Growth Fund ³	KRW	6,700	6,700	-
Bricks Capital Management Global Battery Private Equity Fund I	KRW	30,000	19,849	10,151
Yonsei Technology Holdings IP Fund	KRW	3,000	3,000	-
U.S. Venture Partners XII ¹	USD	5	5	-
U.S. Venture Partners XIII ¹	USD	5	4	1
Emerald Industrial Innovation Fund IX ¹	EUR	5	2	3
Decheng Capital Fund V ¹	USD	5	2	3
EV-LOOP	EUR	9	1	8

¹ Investment agreements of LG Chem Fund LLC.

² As at June 30, 2026, the Group received a refund of ₩ 43,850 million out of its cumulative investments of ₩ 124,291 million from the KBE Fund.

³ As at June 30, 2026, the Group received a refund of ₩ 2,023 million out of its cumulative investments of ₩ 6,700 million from the Secondary battery growth Fund.

- (p) The Group has the right to request GS EPS to sell all of its shares at fair value, once in a year, after 20 years from the commencement of commercial operation of its subsidiary, TW Biomassenergy Co., Ltd. Additionally, GS EPS has the right to request LG Chem to purchase all of its shares at fair value.

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- (q) 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.
- (r) The Group has 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).
- (s) As at June 30, 2026, the Group has provided as collateral for borrowings of ₩ 427,375 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 ₩ 577,200 million) to the KDB Bank (Note 11).
- (t) 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 March 31, 2026. In addition, the Group provides a guarantee over certain advances from customers that become refundable to the non-controlling shareholders if Ultium Cells LLC fails to meet its obligations.
- (u) 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 stock value is settled between the buyer and the Group based on predetermined conditions. The details of the contract are as follows:

Category	Price Return Swap contract
Investor	Korea Investment & Securities Co., Ltd. and others
Underlying asset	5,750,000 ordinary shares of LG Energy Solution
Reference amount	₩ 347,500 per share (closing price of September 30, 2025)
Contract amount	₩ 1,998,125 million
Effective date	November 3, 2025
Maturity date	November 3, 2028 (3 years from the effective date)
Contract details	1) Upon the disposal of the underlying asset by the investor, the difference between the disposal amount and the settlement amount shall be settled. 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. 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

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underlying asset.

- (v) 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.

19. Issued Capital

Changes in issued capital and share premium for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, 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, 2025	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
June 30, 2026	70,592,343	₩ 352,962	7,688,800	₩ 38,444	₩ 2,014,036

Changes in treasury shares for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, 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, 2025	1	6,041	₩ 270	₩ 655,927
Acquisition of shares	1	-	-	-
December 31, 2025	2	6,041	270	655,927
June 30, 2026	2	6,041	₩ 270	₩ 655,927

Capital surplus as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026	December 31, 2025
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	10,812,879	9,777,234
Total	₩ 13,689,611	₩ 12,653,966

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20. Retained Earnings

Retained earnings as at June 30, 2026 and December 31, 2025, consist of:

<i>(in millions of Korean won)</i>	June 30, 2026	December 31, 2025
Legal reserve ¹	₩ 905,815	₩ 905,835
Discretionary reserve ²	18,272,388	16,755,755
Accumulated deficit before disposition	(2,457,618)	(662,323)
Total	₩ 16,720,585	₩ 16,999,267

¹ 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.

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

21. Elements of Other Stockholders Equity

Details of other components of equity as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026	December 31, 2025
Treasury shares (Note 19)	₩ (270)	₩ (270)
Capital transactions within the Group ¹	(19,299)	(19,299)
Total	₩ (19,569)	₩ (19,569)

¹ 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 (Loss)

Operating income (loss) for the three-month and six-month periods ended June 30, 2026 and 2025, are as follows:

(in millions of Korean won)

	2026		2025	
	Three months	Six months	Three months	Six months
Revenue and other operating income	₩ 14,175,901	₩ 26,422,690	₩ 11,908,472	₩ 24,487,340
Revenue from external customers	13,757,127	25,684,135	11,417,711	23,538,863
Revenue from government grants ¹	418,774	738,555	490,761	948,477
Cost of sales	11,180,196	21,111,970	9,517,605	19,618,679
Gross profit	2,995,705	5,310,720	2,390,867	4,868,661
Selling and administrative expenses	2,396,117	4,760,823	1,914,084	3,954,211
Wages and salaries	601,433	1,154,481	476,450	954,329
Post-employment benefits (Note 16)	31,161	65,852	34,531	63,521
Employee benefits	129,449	249,882	109,469	228,423
Travel expense	33,979	60,074	31,177	53,411
Water and utilities	45,089	89,740	37,536	80,913
Packaging expense	2,543	6,797	2,256	5,975
Rental expenses	36,368	67,118	31,723	55,895
Commission expenses	293,692	552,341	246,501	536,018
Depreciation (Notes 11 and 35)	159,333	302,200	130,854	254,593
Advertising expense	17,316	28,838	19,752	35,881
Freight expenses	222,261	417,835	206,601	446,496
Training expense	10,686	18,357	7,275	15,098
Amortization (Note 12)	125,350	249,299	115,414	231,421
Sample expense	13,711	20,389	6,767	12,641
Development costs	167,875	289,453	143,675	288,191
Others	505,871	1,188,167	314,103	691,405
Operating income (loss)	<u>₩ 599,588</u>	<u>₩ 549,897</u>	<u>₩ 476,783</u>	<u>₩ 914,450</u>

¹ Under the Inflation Reduction Act, which takes effect on January 1, 2023, manufacturers and sellers of battery cells/modules produced in the United States are eligible for tax deductions of a certain amount. This is the amount the Group is expected to receive for the six-month period ended June 30, 2026.

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23. Classification of Expenses by Nature

Cost of sales, and selling and administrative expenses by nature for the three-month and six-month periods ended June 30, 2026 and 2025, consist of:

(in millions of Korean won)	2026		2025	
	Three months	Six months	Three months	Six months
Changes in inventories of merchandise, finished goods, semi-finished goods and work in process	₩ (1,591,835)	₩ (2,245,585)	₩ 376,270	₩ 891,953
Raw materials and consumables used	6,290,726	11,407,713	5,907,344	12,421,582
Purchase of merchandise	2,233,996	3,794,990	304,079	644,117
Employee benefit expenses (Note 24)	1,516,570	2,902,708	1,246,099	2,525,853
Advertising expenses	17,452	29,002	20,033	36,631
Freight expenses	249,673	462,760	216,019	466,437
Commission expenses	597,316	1,086,730	572,047	1,154,117
Depreciation and amortization (Notes 11, 12, and 35)	1,577,713	3,067,080	1,274,331	2,491,036
Rent expenses and usage fee	22,407	44,774	26,028	47,358
Other expenses	2,662,295	5,322,621	1,489,439	2,893,806
Total	₩ 13,576,313	₩ 25,872,793	₩ 11,431,689	₩ 23,572,890

24. Employee Benefit Expenses

Details of employee benefit expenses for the three-month and six-month periods ended June 30, 2026 and 2025, are as follows:

(in millions of Korean won)	2026		2025	
	Three months	Six months	Three months	Six months
Salaries	₩ 1,271,633	₩ 2,419,455	₩ 1,016,436	₩ 2,050,666
Post-employment benefits – Defined benefit plan (Note 16)	46,423	86,218	54,711	109,870
Post-employment benefits – Defined contribution plan (Note 16)	5,060	21,893	9,160	15,098
Others	193,454	375,142	165,792	350,219
Total	₩ 1,516,570	₩ 2,902,708	₩ 1,246,099	₩ 2,525,853

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25. Finance Income and Costs

Details of finance income and costs for the three-month and six-month periods ended June 30, 2026 and 2025, are as follows:

(in millions of Korean won)

	2026		2025	
	Three months	Six months	Three months	Six months
Finance income				
Interest income ¹	₩ 119,302	₩ 193,268	₩ 84,564	₩ 170,159
Dividend income	1,974	9,805	284	3,083
Exchange differences	302,573	590,402	1,121,089	1,377,243
Gain related to derivative instruments	407,452	1,196,563	(32,444)	89,828
Gain related to financial assets	693	30,615	11,176	21,511
Total	831,994	2,020,653	1,184,669	1,661,824
Finance costs				
Interest expense ²	422,437	757,334	329,574	591,097
Exchange differences	564,243	1,487,466	173,569	347,660
Loss related to derivative instruments	(21,768)	17,242	855,758	866,275
Loss related to financial assets	(686)	103,359	43,761	46,920
Loss on redemption of bonds	-	-	26,736	26,736
Total	₩ 964,226	₩ 2,365,401	₩ 1,429,398	₩ 1,878,688

¹ Details of interest income for the three-month and six-month periods ended June 30, 2026 and 2025, are as follows:

(in millions of Korean won)

	2026		2025	
	Three months	Six months	Three months	Six months
Financial assets at amortized cost	₩ 119,302	₩ 193,268	₩ 84,564	₩ 170,159
Total	₩ 119,302	₩ 193,268	₩ 84,564	₩ 170,159

² Details of interest expense for the three-month and six-month periods ended June 30, 2026 and 2025, are as follows:

(in millions of Korean won)

	2026		2025	
	Three months	Six months	Three months	Six months
Financial liabilities at amortized cost	₩ 454,047	₩ 842,761	₩ 354,777	₩ 636,264
Interest on lease liabilities	46,845	56,888	10,842	18,693
Other interest expenses	9,600	11,119	1,981	2,725
Capitalized interest for qualifying assets	(88,055)	(153,434)	(38,026)	(66,585)
Total	₩ 422,437	₩ 757,334	₩ 329,574	₩ 591,097

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

Details of other non-operating income and other non-operating expenses for the three-month and six-month periods ended June 30, 2026 and 2025, are as follows:

(in millions of Korean won)

	2026		2025	
	Three months	Six months	Three months	Six months
Other non-operating income				
Exchange differences	₩ 234,907	₩ 598,904	₩ 261,813	₩ 510,834
Gain on disposal of property, plant and equipment	6,357	11,262	7,066	22,417
Gain on disposal of intangible assets	-	817	-	-
Insurance income	34	1,651	1,007	3,449
Gain on disposal of a business	1,191	126,789	-	-
Others ¹	21,912	219,923	18,859	28,335
Total	₩ 264,401	₩ 959,346	₩ 288,745	₩ 565,035

(in millions of Korean won)

	2026		2025	
	Three months	Six months	Three months	Six months
Other non-operating expenses				
Exchange differences	₩ 192,917	₩ 440,064	₩ 525,267	₩ 779,640
Loss on disposal of property, plant and equipment	52,804	72,253	38,412	39,075
Loss on disposal of intangible assets	16,859	24,190	13,741	21,581
Impairment loss on property, plant and equipment (Note 11)	65,975	131,133	13,123	18,545
Impairment loss on intangible assets (Note 12)	503	1,114	47	356
Impairment loss on assets held for sale ²	(14,360)	482,093	-	-
Loss on disasters	947	1,000	4,929	29,152
Donations	5,329	5,963	1,397	5,446
Others ³	(14,644)	146,359	8,357	13,389
Total	₩ 306,330	₩ 1,304,169	₩ 605,273	₩ 907,184

¹ Including income of ₩ 192,608 million received as compensation for sunk costs related to property, plant and equipment.

² The impairment loss on assets held for sale for the current interim period was recognized based on the agreement with Honda Development and Manufacturing of America, LLC, and includes an adjustment of ₩14,360 million arising from the settlement of the transaction (Note 33.1).

³ Including one-off expenses of ₩141,719 million incurred as sunk costs related to property, plant and equipment, which include an adjustment of ₩16,147 million arising from reclassifications to profit or loss accounts related to property, plant and equipment for the six-month period ended June 30, 2026.

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27. Tax Expense and Deferred Tax

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

The Group is within the scope of Pillar Two model rules and LG Chem Hai Phong Engineering Plastics LLC., the subsidiaries operating in Vietnam, liable to pay an additional tax expense. The Group recognized current income tax expense under Pillar II model amounting to ₩ 477 million for the six-month period ended June 30, 2026, and applied the exception to recognizing and disclosing information about deferred tax.

28. 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 three-month and six-month periods ended June 30, 2026 and 2025, are computed as follows:

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

(in millions of Korean won)

	2026		2025	
	Three months	Six months	Three months	Six months
Loss attributable to ordinary shares	₩ 101,971	₩ (211,724)	₩ (391,706)	₩ (488,715)
Loss from continuing operations attributable to ordinary shares	106,188	(207,446)	(396,340)	(479,214)
Loss from discontinued operations attributable to ordinary shares	(4,217)	(4,278)	4,634	(9,501)
Weighted average number of ordinary shares outstanding (in shares)	70,592,341	70,592,341	70,592,342	70,592,342
Basic losses per ordinary shares (in won)	₩ 1,445	₩ (2,999)	₩ (5,549)	₩ (6,923)
Basic losses per ordinary share from continuing operations (in won)	1,504	(2,939)	(5,614)	(6,788)
Basic losses per ordinary share from discontinued operations (in won)	₩ (59)	₩ (60)	₩ 65	₩ (135)

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

(in millions of Korean won)

	2026		2025	
	Three months	Six months	Three months	Six months
Loss attributable to ordinary shares	₩ 11,482	₩ (23,042)	₩ (42,630)	₩ (53,189)
Loss from continuing operations attributable to preferred shares	11,941	(22,577)	(43,135)	(52,154)
Loss from discontinued operations attributable to preferred shares	(459)	(465)	505	(1,035)
Weighted average number of preferred shares outstanding <i>(in shares)</i> ²	7,682,759	7,682,759	7,682,759	7,682,759
Basic losses per preferred shares <i>(in won)</i>	₩ 1,495	₩ (2,999)	₩ (5,549)	₩ (6,923)
Basic losses per preferred share from continuing operations <i>(in won)</i>	1,554	(2,939)	(5,614)	(6,788)
Basic earnings per preferred share from discontinued operations <i>(in won)</i>	₩ (59)	₩ (60)	₩ 65	₩ (135)

For the six-month periods ended June 30, 2026 and 2025, 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.

29. Dividends

The amount of dividends and dividends per share for the six-month periods ended June 30, 2026 and 2025, are as follows:

(in Korean won and number of share)

	2026		2025	
	Ordinary share	Preferred share	Ordinary share	Preferred share
Number of shares outstanding	70,592,343	7,688,800	70,592,343	7,688,800
Number of treasury shares	(2)	(6,041)	(1)	(6,041)
Number of dividend shares	70,592,341	7,682,759	70,592,342	7,682,759
Dividend per share	₩ 2,000	₩ 2,050	₩ 1,000	₩ 1,050
Total dividends (in millions of Korean won)	141,184	15,750	70,592	8,067

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30. Related Party Transactions

Details of related parties as at June 30, 2026 and December 31, 2025, are as follows:

Related party	Related party's subsidiary (Domestic)	Related party's subsidiary (Overseas)	Related party's associates and joint ventures
Significant influence over the group:¹			
LG Corp.			
Subsidiaries of the entity with significant influence:			
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.			
Associates and joint ventures:²			
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. ³			
Bricks Capital Management Global Battery Private Equity Fund I			
Jeju Bukchon BESS Plant Co.,Ltd. ⁴			
PT LBM Energi Baru Indonesia ⁴			
EV-LOOP ⁴			
Engicorix Co., Ltd. ⁵			
Affiliate within the same large enterprise group ⁶			
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	

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

² For the year ended December 31, 2025, TL Chemical CO., Ltd was disposed of and excluded from associates.

³ 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.

⁴ For the year ended December 31, 2025, the Group newly acquired shares of the entity.

⁵ During the six-month period ended June 30, 2026, the Group newly acquired shares of the entity.

⁶ Although, these entities are not the related parties of the Group in accordance with Korean IFRS 1024, these entities belong to a large enterprise group in accordance with the Monopoly Regulation and Fair-Trade Act.

Sales and purchases with related parties for the six-month periods ended June 30, 2026 and 2025, are as follows:

(in millions of Korean won)

	2026							
	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		
Entity with a significant influence over the Group								
LG Corp.	₩ -	₩ -	₩ -	₩ 16,092	₩ 189	₩ 49,096		
Associates and joint ventures								
SEETEC Co., Ltd.	40,314	74,751	1	7	175	40,013		
TECHWIN Co., Ltd.	-	-	22,156	-	-	-		
KOREA PRECURSOR CO., LTD.	1,942	17,135	-	-	-	138		
Others	9	141,742	305	-	-	6,491		
Subsidiaries of the entity with significant influence:								
D&O Corp. and its subsidiaries	66	-	15,970	-	-	10,826		
LG CNS Co., Ltd. and its subsidiaries	31,030	724	228,024	-	-	225,739		
Others	-	-	-	-	-	34,518		
Affiliate within the same large enterprise group:								
LG Display Co., Ltd. and its subsidiaries	187,581	129	-	-	-	7		
LG Electronics Inc. and its subsidiaries and joint ventures	218,286	59,323	228,794	16,034	232	42,973		
Others	2,867	13,567	10	5	38	5,442		
Total	₩ 482,095	₩ 307,371	₩ 495,260	₩ 32,138	₩ 634	₩ 415,243		

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

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Balances of receivables and payables arising from sales and purchases of goods and services as at June 30, 2026 and December 31, 2025, are as follows:

(in millions of Korean won)

		June 30, 2026			
		Receivables			
		Trade receivables and others	Loan receivables	Other receivables	Total
Entity with a significant influence over the Group					
LG Corp.	₩	-	-	13,626	13,626
Associates and joint ventures					
SEETEC Co., Ltd.		3,040	19,541	235	22,816
TECHWIN Co., Ltd.		-	-	-	-
KOREA PRECURSOR CO., LTD.		-	9,800	98	9,898
Others		-	-	5,311	5,311
Subsidiaries of the entity with significant influence:					
D&O Corp. and its subsidiaries		-	-	387	387
LG CNS Co., Ltd. and its subsidiaries		17,212	-	44	17,256
Others		-	-	-	-
Affiliate within the same large enterprise group:					
LG Display Co., Ltd. and its subsidiaries		74,556	-	-	74,556
LG Electronics Inc. and its subsidiaries and joint ventures ¹		138,515	-	12,598	151,113
Others		100	-	2,006	2,106
Total	₩	233,423	29,341	34,305	297,069

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		June 30, 2026				
		Payables				Total
		Trade payables	Borrowings	Lease liabilities	Other payables	
Entity with a significant influence over the Group						
LG Corp.	₩	-	-	12,114	6,925	19,039
Associates and joint ventures						
SEETEC Co., Ltd.		16,802	-	17,279	9,758	43,839
TECHWIN Co., Ltd.		-	-	-	21,874	21,874
KOREA PRECURSOR CO., LTD.		732	-	-	18	750
Others		58,224	-	-	4,226	62,450
Subsidiaries of the entity with significant influence:						
D&O Corp. and its subsidiaries		-	-	-	5,863	5,863
LG CNS Co., Ltd. and its subsidiaries		-	-	-	276,198	276,198
Others		-	-	-	1,329	1,329
Affiliate within the same large enterprise group:						
LG Display Co., Ltd. and its subsidiaries		30	-	-	65	95
LG Electronics Inc. and its subsidiaries and joint ventures ¹		22,474	-	27,371	65,673	115,518
Others		5,369	-	2,690	6,941	15,000
Total	₩	103,631	-	59,454	398,870	561,955

(in millions of Korean won)

		December 31, 2025			
		Receivables			Total
		Trade receivables and others	Loan receivables	Other receivables	
Entity with a significant influence over the Group					
LG Corp.	₩	-	-	22,211	22,211
Associates and joint ventures					
SEETEC Co., Ltd.		8,307	800	499	9,606
TECHWIN Co., Ltd.		-	-	-	-
KOREA PRECURSOR CO., LTD.		-	-	600	600
Others		-	-	42,066	42,066
Subsidiaries of the entity with significant influence:					
D&O Corp. and its subsidiaries		-	-	-	-
LG CNS Co., Ltd. and its subsidiaries		19,838	-	-	19,838
Others		-	-	11	11
Affiliate within the same large enterprise group:					
LG Display Co., Ltd. and its subsidiaries		55,776	-	103	55,879
LG Electronics Inc. and its subsidiaries and joint ventures ¹		125,241	-	10,290	135,531
Others		87	-	2,272	2,359
Total	₩	209,249	800	78,052	288,101

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	December 31, 2025				
	Payables				Total
	Trade payables	Borrowings	Lease liabilities	Other payables	
Entity with a significant influence over the Group					
LG Corp.	₩ -	₩ -	₩ -	₩ 29	₩ 29
Associates and joint ventures					
SEETEC Co., Ltd.	25,050	-	17,771	10,990	53,811
TECHWIN Co., Ltd.	-	-	-	20,790	20,790
KOREA PRECURSOR CO., LTD.	2,686	-	-	-	2,686
Others	32,408	-	-	1,966	34,374
Subsidiaries of the entity with significant influence:					
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
Affiliate within the same large enterprise group:					
LG Display Co., Ltd. and its subsidiaries	-	-	-	59	59
LG Electronics Inc. and its subsidiaries and joint ventures ¹	24,822	-	16,652	141,087	182,561
Others	3,262	-	3,897	5,896	13,055
Total	<u>₩ 88,498</u>	<u>₩ -</u>	<u>₩ 38,320</u>	<u>₩ 608,418</u>	<u>₩ 735,236</u>

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

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Fund transactions with related parties for the six-month periods ended June 30, 2026 and 2025, are as follows:

(in millions of Korean won)

	(in millions of Korean won)															
	2026															
	Dividends received		Dividends paid		Equity investment		Loans		Borrowings ¹							
Contributions					Capital reduction	Loans	Repayment	Borrowings	Repayment							
Entity with a significant influence over the Group																
LG Corp.	₩	-	₩	49,341	₩	-	₩	-	₩	-	₩	-	₩	16,092	₩	7,987
Associates and joint ventures																
SEETEC Co., Ltd.		12,500		-		-		-		18,741		-		7		721
SAM-A ALUMINUM CO., LTD.		38		-		-		-		-		-		-		-
Bricks Capital management Global Battery Private Equity Fund I		-		-		262		-		-		-		-		-
KOREA PRECURSOR CO., LTD.		-		-		-		-		9,800		-		-		-
Engicorix Co., Ltd.		-		-		240		-		-		-		-		-
Affiliate within the same large enterprise group:																
LG Electronics																
Deutschland GmbH		-		-		-		-		-		-		-		219
LG ELECTRONICS WROCLAW SP. Z O.O.		-		-		-		-		-		-		-		982
LG Electronics Inc.		-		-		-		-		-		-		16,034		5,118
LG HOUSEHOLD & HEALTH CARE LTD		-		-		-		-		-		-		5		587
Total	₩	12,538	₩	49,341	₩	502	₩	-	₩	28,541	₩	-	₩	32,138	₩	15,614

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(in millions of Korean won)

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

¹ The amounts represent lease liabilities that were recognized or repaid for the six-month periods ended June 30, 2026 and 2025.

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Compensation for key management of the Group for the six-month periods ended June 30, 2026 and 2025, consists of:

<i>(in millions of Korean won)</i>	2026		2025	
Short-term employee benefits	₩	79,328	₩	60,780
Post-employment benefits		7,396		6,320
Total	₩	86,724	₩	67,100

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 June 30, 2026 and December 31, 2025; therefore, there are no impairment losses recognized against the receivables from related parties for the six-month periods ended June 30, 2026 and 2025.

Payment guarantees provided by the Group for related parties as at June 30, 2026, are described in Note 18.

31. Cash Flows

Cash generated from operations for the six-month periods ended June 30, 2026 and 2025, are as follows:

<i>(in millions of Korean won)</i>	2026		2025	
Profit (loss)	₩	(715,104)	₩	148,485
Profit (loss) from continuing operations		(710,360)	₩	159,021
Loss from discontinued operations		(4,744)		(10,536)
Adjustments for:				
Income tax expense		572,257		92,610
Depreciation		2,761,204		2,222,364
Amortization		306,288		276,125
Post-employment benefits		86,288		110,968
Finance income		(1,512,824)		(1,296,767)
Finance costs		1,968,751		1,596,360
Other foreign exchange differences		(13,289)		110,009
Impairment loss on valuation of inventories (reversal)		5,599		(37,198)
Gain on disposal of property, plant and equipment		(11,262)		(23,044)
Gain on disposal of intangible assets		(817)		-
Loss on disposal of property, plant and equipment		72,253		39,386
Loss on disposal of intangible assets		24,190		24,944
Impairment loss on property, plant and equipment		131,133		12,393
Impairment loss on intangible assets		1,114		356
Impairment loss on assets held for sale		482,093		-
Gain on disposal of a business		(126,706)		-

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<i>(in millions of Korean won)</i>	2026	2025
Additions to provisions	775,347	276,768
Share of profit of associates and joint ventures	(2,515)	-
Other loss (income)	50,718	133,276
Decrease (increase) in inventories	(1,940,222)	993,148
Increase in trade receivables	(2,472,727)	467,841
Decrease (increase) in other receivables	(802,512)	(85,755)
Decrease (increase) in other assets	(650,082)	(134,254)
Increase in trade payables	1,352,588	(492,646)
Increase (decrease) in other payables	1,713,367	321,468
Increase in other liabilities	679,253	(258,768)
Decrease in provisions	(321,466)	(194,962)
Decrease in net defined benefit liabilities	(2,341)	(8,082)
Other cash flows from operations	(17,921)	(121,639)
Cash generated from operations	₩ 2,392,655	₩ 4,173,386

Changes in liabilities arising from financial activities for the six-month periods ended June 30, 2026 and 2025, are as follows:

*(in millions of
Korean won)*

	2026					
	As at January 1, 2026	Cash flows from financing activities	Non-cash transactions			As at June 30, 2026
			Acquisition	Amortization	Others	
Short-term borrowings	₩ 12,572,091	₩ 406,439	₩ -	₩ 2,698	₩ 771,422	₩ 13,752,650
Debentures	20,224,894	1,700,978	-	90,304	955,963	22,972,139
Lease liabilities	1,014,972	(97,142)	2,527,958	-	118,650	3,564,438
Other payables for the reverse factoring arrangement	746,261	(1,810,670)	-	-	1,440,279	375,870
	<u>₩ 34,558,218</u>	<u>₩ 199,605</u>	<u>₩ 2,527,958</u>	<u>₩ 93,002</u>	<u>₩ 3,286,314</u>	<u>₩ 40,665,097</u>

*(in millions of
Korean won)*

	2025					
	As at January 1, 2025	Cash flows from financing activities	Non-cash transactions			As at June 30, 2025
			Acquisition	Amortization	Others	
Short-term borrowings	₩ 9,750,686	₩ 1,118,871	₩ -	₩ 3,753	₩ (226,306)	₩ 10,647,004
Debentures	16,710,659	4,793,201	-	64,112	(1,234,128)	20,333,844
Lease liabilities	914,753	(86,675)	50,167	-	(61,538)	816,707
Other payables for the reverse factoring arrangement	439,604	(1,050,340)	-	-	610,736	-
	<u>₩ 27,815,702</u>	<u>₩ 4,775,057</u>	<u>₩ 50,167</u>	<u>₩ 67,865</u>	<u>₩ (911,236)</u>	<u>₩ 31,797,555</u>

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Significant non-cash transactions for the six-month periods ended June 30, 2026 and 2025, are as follows:

<i>(in millions of Korean won)</i>		2026		2025
Reclassification of construction-in-progress	₩	5,629,174	₩	4,115,450
Reclassification of machinery-in-transit		32,588		31,758
Reclassification of long-term borrowings into current portion		3,300,666		4,947,623
Other payables related to acquisitions of property, plant and equipment and intangible assets		2,207,258		3,155,749
Reclassification of other payables under the reverse factoring arrangement		1,440,279		610,736
Other non-current financial liabilities related to acquisition of property, plant and equipment		3,054,375		1,463,267
Changes in payables related to capital reduction		-		1,323,778

32. Segment Information

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

Segment	Products or services
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 ¹	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

¹ 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 33.

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Segment information on revenue, profit and loss for the six-month periods ended June 30, 2026 and 2025, are as follows:

(in millions of
Korean won)

	2026					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others ⁴	Total
Total segment revenue	₩ 9,801,190	₩ 14,120,283	₩ 1,842,040	₩ 681,600	₩ 538,968	₩ 26,984,081
Inter-segment revenue	168,866	5,067	353,409	3,478	30,571	561,391
Revenue from external customers ¹	9,632,324	13,376,661	1,488,631	678,122	508,397	25,684,135
Revenue from government grants ²	-	738,555	-	-	-	738,555
Operating profit (loss) ³	591,294	(94,453)	(23,409)	93,732	(17,267)	549,897
Depreciation and amortization	442,555	2,308,756	141,199	80,647	93,923	3,067,080

(in millions of
Korean won)

	2025					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others ⁴	Total
Total segment revenue	₩ 9,477,674	₩ 12,785,015	₩ 2,500,458	₩ 622,723	₩ 486,496	₩ 25,872,366
Inter-segment revenue	173,396	6,135	1,175,346	3,426	26,723	1,385,026
Revenue from external customers ¹	9,304,278	11,830,403	1,325,112	619,297	459,773	23,538,863
Revenue from government grants ²	-	948,477	-	-	-	948,477
Operating profit (loss) ³	(146,876)	866,832	188,631	11,203	(5,340)	914,450
Depreciation and amortization	446,882	1,739,068	118,011	61,335	125,740	2,491,036

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

² Under the Inflation Reduction Act, which takes effect on January 1, 2023, manufacturers and sellers of battery cells/modules produced in the United States are eligible for tax deductions of a certain amount. This is the amount the Group is expected to receive for the six-month period ended June 30, 2026.

³ Management assesses the performance of the operating segments based on a measurement of operating profit of segment.

⁴ 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 June 30, 2026 and December 31, 2025, are as follows:

(in millions of
Korean won)

	June 30, 2026					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others	Total
Reportable segment asset ¹	₩ 15,523,727	₩ 77,877,681	₩ 8,311,171	₩ 2,447,300	₩ 8,049,903	₩ 112,209,782
Investments in associates and joint ventures	-	80,626	127,102	17	148,021	355,766
Reportable segment liability ¹	5,980,364	47,591,037	3,786,110	519,806	5,461,542	63,338,859

(in millions of
Korean won)

	December 31, 2025					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others	Total
Reportable segment asset ¹	₩ 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 ¹	5,458,763	37,826,277	3,092,854	517,889	7,060,333	53,956,116

¹ 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 six-month periods ended June 30, 2026 and 2025, and as at June 30, 2026 and December 31, 2025, are as follows:

(in millions of Korean won)

	Sales		Non-current assets ¹	
	2026	2025	June 30, 2026	December 31, 2025
Korea ²	₩ 5,837,709	₩ 5,822,595	₩ 19,119,525	₩ 19,279,749
China	6,363,699	5,343,240	4,190,907	4,222,195
Asia/Oceania	2,951,842	2,739,485	1,691,070	1,661,315
America	7,431,385	6,304,972	35,927,004	30,020,455
Europe	3,732,501	4,237,806	4,605,712	4,870,744
Others	105,554	39,242	-	-
Total	₩ 26,422,690	₩ 24,487,340	₩ 65,534,218	₩ 60,054,458

¹ Represents aggregate amount of property, plant and equipment, intangible assets and investment properties.

² Domestic sales include the exports made through local letters of credit.

During the six-month period ended June 30, 2026, revenue to single external customers accounting for more than 10% of the Group's revenue was ₩ 2,996,278 million (2025: ₩ 2,165,235 million).

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33. Assets and Liabilities Held for Sale and Discontinued Operations

33.1 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 including its entire shares of 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 shares of LG Chem Hungary Battery Separator Kft. in October 2025. Subsequently, the Group decided to dispose of a portion of the acquired share, and the related assets and liabilities have been classified as assets held for sale and liabilities held for sale, respectively.

As of December 31, 2025, the Group decided to sell all of the plant building assets 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 also entered into a sale-and leaseback arrangement for the assets, under which the assets will be leased back after the sale.

Meanwhile, sale of the polarizer and related material business was finalized in December 2024, sale of Water Solutions business including the entire shares of LG NanoH2O, LLC was finalized in December 2025, and sale of the aesthetic business including the entire shares of LG Jiansheng Life Sciences (Beijing) Co., Ltd. was finalized in February 2026.

Details of assets and liabilities of disposal group classified as held for sale as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026	December 31, 2025
Assets of disposal group		
Property, plant and equipment	₩ 42,609	₩ 3,970,963
Intangible assets	993	2,505
Inventories	9,398	15,765
Trade and other receivables	541	310
Right-of-use assets	-	-
Other current assets and others	305	1,665
Other non-current assets and others	139	5,210
	<u>₩ 53,985</u>	<u>₩ 3,996,418</u>
Liabilities of disposal group		
Trade and non-trade payables	₩ -	₩ 4
Other current and non-current liabilities	768	1,000
	<u>₩ 768</u>	<u>₩ 1,004</u>

As the fair value less costs to sell of the disposal group is expected to exceed its carrying amount, no impairment loss has been recognized on the disposal group classified as held for sale as at June 30, 2026.

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33.2 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 business following the acquisition of the remaining shares of LG Chem Hungary Battery Separator Kft., then classified the related business as discontinued operations as at December 2025.

Meanwhile, sale of Water Solutions business including the entire shares of LG NanoH2O, LLC was finalized in December 2025.

Comprehensive income information from discontinued operation for the six-month periods ended June 30, 2026 and 2025, are as follows:

(in millions of Korean won)

	2026				
	Glass substrate	Polarizer and related material	Water Solutions	Separator	Total
Revenue	₩ -	₩ 175	₩ 623	₩ 15,026	₩ 15,824
Expense	(4,286)	(761)	(1,342)	(15,122)	(21,511)
Profit (loss) before income tax of discontinued operation	(4,286)	(586)	(719)	(96)	(5,687)
Income tax benefit (expense)	905	(45)	68	15	943
Profit (loss) after income tax of discontinued operations	₩ (3,381)	₩ (631)	₩ (651)	₩ (81)	₩ (4,744)

(in millions of Korean won)

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

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Profit (loss) after income tax of discontinued operations	₩	(3,723)	₩	(21,622)	₩	14,809	₩	-	₩	(10,536)
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Net cash flows from discontinued operations for the six-month periods ended June 30, 2026 and 2025, are as follows:

(in millions of Korean won)

	2026				
	Glass substrate	Polarizer and related material	Water Solutions	Separator	Total
Net cash outflow from operating activities	₩ (3,131)	₩ (3,138)	₩ (6,902)	₩ (8,989)	₩ (22,160)
Net cash outflow from investing activities	(1)	(151)	(23,895)	(1)	(24,048)
Net cash inflow from financing activities	-	-	-	-	-

(in millions of Korean won)

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

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34. Assets and Liabilities related to Contracts with Customers

Assets and liabilities related to contracts with customers as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026		December 31, 2025	
Contract assets				
Due from customers for contract work	₩	165,053	₩	73,296
Total contract assets	₩	165,053	₩	73,296
Contract liabilities				
Advances in relation to revenue from the Group's main business activities	₩	2,555,303	₩	2,182,570
Expected customer incentives		121,910		3,234
Unearned revenue		53,388		45,641
Due to customers for contract work		38,866		31,688
Total contract liabilities	₩	2,769,467	₩	2,263,133

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>	June 30, 2026		June 30, 2025	
Revenue recognized in the current period from the contract liabilities balance at the beginning of the period	₩	275,314	₩	205,239
Advances received in relation to revenue from the Group's main business activities		254,929		191,388
Unearned revenue		11,770		13,341
Due to customers for contract work		8,615		510
Revenue recognized from performance obligations satisfied in previous periods		-		-

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

<i>(in millions of Korean won)</i>		2026				
	Change in estimate of total contract amount	Changes in total contract cost estimates	Effect on Profit or Loss	Effect on future profit or loss	Changes in contract assets (liabilities)	
	₩ 5,553	₩ 3,466	₩ 1,515	₩ 572	₩ 1,515	

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Costs to fulfil a contract as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026	December 31, 2025
Costs to fulfil a contract	₩ 946,162	₩ 930,671

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 ₩ 333,103 million (2025: ₩ 32,829 million).

35. Investment Properties

Details of investment properties as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026				December 31, 2025			
	Cost	Accumulated depreciation	Accumulated impairment	Book amount	Cost	Accumulated depreciation	Accumulated impairment	Book amount
Land	₩ 6,743	₩ (107)	₩ (497)	₩ 6,139	₩ 6,696	₩ (101)	₩ (497)	₩ 6,098
Buildings	132,075	(28,286)	(18,233)	85,556	133,792	(27,200)	(18,240)	88,352
Total	₩ 138,818	₩ (28,393)	₩ (18,730)	₩ 91,695	₩ 140,488	₩ (27,301)	₩ (18,737)	₩ 94,450

Changes in investment properties for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026			December 31, 2025		
	Land	Building	Total	Land	Building	Total
Beginning balance	₩ 6,098	₩ 88,352	₩ 94,450	₩ 6,111	₩ 92,076	₩ 98,187
Acquisitions/transfers	48	457	505	-	69	69
Disposals/transfers	-	(1,595)	(1,595)	-	(174)	(174)
Depreciation	(7)	(1,658)	(1,665)	(13)	(3,619)	(3,632)
Ending balance	₩ 6,139	₩ 85,556	₩ 91,695	₩ 6,098	₩ 88,352	₩ 94,450

The fair value of investment properties is measured either by independent professional appraisers with certified qualification or measured based on official appraised value of land and available information from recent transactions of similar properties, and it is classified as 'Level 3' of the fair value hierarchy. The fair value of investment properties as at June 30, 2026, is ₩ 95,882 million (December 31, 2025: ₩ 99,158 million).

During the six-month period ended June 30, 2026, rental income from investment properties under operating lease is ₩ 2,475 million (2025: ₩ 2,509 million), and operating expenses incurred for investment properties that generated rental income (including maintenance and repair expenses) are ₩ 2,199 million (2025: ₩ 2,307 million). During the six-month period ended June 30, 2026, there are no operating expenses incurred for investment properties that do not generate rental income (including maintenance and repair expenses).

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.

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

The future minimum lease payments expected to be received in relation to the above operating lease agreement for investment properties as at June 30, 2026 and December 31, 2025, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2026	December 31, 2025
Within one year	₩ 3,529	₩ 4,053
Within two years	1,333	2,297
Within five years	795	803
Total	₩ 5,657	₩ 7,153

36. Business Combination

Details of business combination during the year ended December 31, 2025, are as follows:

Description	Details
Name of acquiree	LG Chem Hungary Battery Separator Kft.
Acquisition date	December 31, 2025
Voting equity interest acquired	50%
Primary reason for the business combination	Through the acquisition of an additional 50% equity interest, the Group obtained control over the entity, which was included in the consolidation as of December 31, 2025.

<i>(in millions of Korean won)</i>	Amount
Consideration transferred	
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
	584,887
Identifiable assets acquired and liabilities assumed ¹	
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)

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Other payables	(76)
Net identifiable assets	578,282
Non-controlling interests	-
Goodwill	6,605
Loss recognized on the remeasurement of the previously held interest in the acquiree at fair value before the business combination ²	(29,682)
Revenue of the Group for the six-month period ended June 30, 2025, had the business combination been effected on January 1, 2025.	23,548,156
Net profit of the Group for the six-month period ended June 30, 2025, had the business combination been effected on January 1, 2025.	122,038

¹ A subsidiary acquired exclusively with a view to resale. The related assets and liabilities have been classified as assets held for sale and liabilities held for sale, respectively (Note 33).

² Included in other non-operating income and expenses in the consolidated statements of comprehensive income for the year ended December 31, 2025.