

# **LG Electronics Inc.**

Separate financial statements  
for each of the two years ended December 31, 2025  
with the independent auditor's report

**LG Electronics Inc.**

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### Independent auditor's report

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## Independent auditor's report

(English translation of a report originally issued in Korean)

### The Stockholders and Board of Directors LG Electronics Inc.

#### Opinion

We have audited the separate financial statements of LG Electronics Inc. (the "Company"), which comprise the separate statements of financial position as of December 31, 2025, and the separate statements of profit or loss, separate statements of comprehensive income, separate statements of changes in equity and separate statement of cash flows for the year then ended, and the notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2025 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") and Korean Standards on Auditing ("KSA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") and the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the separate financial statements of the current period. This matter was addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

#### (a) Impairment assessment of internally generated development costs

##### 1) Reasons why the matter was determined as a key audit matter

As described in Note 3(7) to the separate financial statements, the Company capitalizes expenditures related to internally generated development projects only when management can reasonably demonstrate the technical feasibility of the project and the probability of generating future economic benefits. The Company also performs periodic assessments for indications of impairment. When such indications exist, the recoverable amount is determined at the project level based on significant management judgment and complex assumptions, including estimates of future cash flows and discount rates.

The estimation of future cash flows is particularly sensitive to key assumptions such as anticipated sales volumes and pricing of related products and projected operating profitability. As these inputs are inherently uncertain and may have a material impact on the recoverable amount, management's impairment assessment involves significant judgment and complexity.

We selected the impairment assessment of internally generated development costs as a key audit matter, considering that the carrying amount of capitalized development costs recognized by the Company is significant, and that there are complexity and a need for judgment in the assumptions used to estimate future cash flows in performing the impairment test. As of December 31, 2025, the carrying amount of development costs capitalized by the Company amounts to KRW 1,428,254 million (including intangible assets construction-in-progress of KRW 823,180 million).

## 2) How our audit addressed the key audit matter

Our audit procedures addressing this key audit matter included, among others, the following:

- Obtained an understanding of, and evaluated, the Company's accounting policies relating to capitalization and impairment of internally generated development costs.
- Evaluated the design and operating effectiveness of relevant internal controls of the Company.
- Assessed the valuation methodologies applied by management and evaluated the appropriateness of key assumptions used in estimating value-in-use.
- Obtained an understanding of the cash flow projections based on management-approved business plans and assessed whether they were consistent with those plans.
- Evaluated the reasonableness of management's forecasts by comparing historical performance against previous business plans.
- Independently recalculated management's value-in-use calculations and compared the results with those used by management.
- Assessed the sensitivity analyses performed by management, including the effects of changes in discount rates and perpetual growth rates.

## **Responsibilities of management and those charged with governance for the separate financial statements**

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's responsibilities for the audit of the separate financial statements**

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

As part of an audit in accordance with ISA and KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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



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

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

The engagement partner on the audit resulting in this independent auditor's report is Jung Ho Chae.

*Ernst & Young Han Young*

March 10, 2026

This audit report is effective as of March 10, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying separate financial statements and may result in modifications to this report.

**LG Electronics Inc.**  
Separate financial statements  
for each of the two years in the period ended December 31, 2025

“The accompanying separate financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company.”

JOO WAN CHO  
Chief Executive Officer  
LG Electronics Inc.

**LG Electronics Inc.**  
**Separate statements of financial position**  
**as of December 31, 2025 and 2024**

(in millions of Korean won)

	<b>Notes</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,5,35	1,035,432	1,204,080
Trade receivables	4,6,35	5,979,954	6,275,525
Other receivables	4,6,35	500,004	1,339,202
Other financial assets	4,7,35	-	62,670
Inventories	8	1,269,874	1,465,092
Current tax assets		11,915	26,270
Contract assets	9	894,831	1,028,262
Other current assets	10	477,982	535,896
Assets held for sale	36	52,236	-
		<u>10,222,228</u>	<u>11,936,997</u>
<b>Non-current assets</b>			
Deposits held by financial institutions	4,5,35	120,241	120,631
Trade receivables	4,6,35	2,600,470	1,563,723
Other receivables	4,6,35	151,820	410,669
Other financial assets	4,7,35	512,801	477,908
Property, plant and equipment	11	6,129,011	6,224,208
Intangible assets	12	3,257,813	2,681,854
Deferred tax assets	18	2,130,481	2,197,033
Investments in subsidiaries, associates and joint ventures	13	9,049,241	8,642,277
Investment properties	14	71,824	76,144
Net defined benefit assets	19	564,948	319,380
Contract assets	9	223,604	181,522
Other non-current assets	10	56,661	66,136
		<u>24,868,915</u>	<u>22,961,485</u>
<b>Total assets</b>		<u>35,091,143</u>	<u>34,898,482</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	4,35	6,749,502	6,787,335
Borrowings	4,15,32,35	1,473,895	901,800
Lease liabilities	4,16,32,35	74,973	72,610
Other payables	4,17,35	2,178,808	2,492,269
Other financial liabilities	4,7,35	63,540	7,682
Current tax liabilities		21,164	29,713
Provisions	20	721,747	1,059,834
Contract liabilities	9	822,262	1,152,649
Other current liabilities	21	1,765,377	2,104,643
		<u>13,871,268</u>	<u>14,608,535</u>
<b>Non-current liabilities</b>			
Borrowings	4,15,32,35	7,541,288	8,460,942
Lease liabilities	4,16,32,35	43,078	55,562
Other payables	4,17,35	12,190	11,890
Other financial liabilities	4,7,35	30,509	63,158
Provisions	20	101,848	71,398
Contract liabilities	9	726,055	3,772
Other non-current liabilities	21	142,715	146,174
		<u>8,597,683</u>	<u>8,812,896</u>
<b>Total liabilities</b>		<u>22,468,951</u>	<u>23,421,431</u>
<b>Equity</b>			
Paid-in capital:	22		
Share capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	23	8,587,106	7,539,176
Accumulated other comprehensive income (loss)	24	30,906	(21,654)
Other components of equity	25	11,832	(32,819)
<b>Total equity</b>		<u>12,622,192</u>	<u>11,477,051</u>
<b>Total liabilities and equity</b>		<u>35,091,143</u>	<u>34,898,482</u>

**LG Electronics Inc.**  
**Separate statements of profit or loss**  
**for each of the two years in the period ended December 31, 2025**

*(In millions of Korean won except for earnings (loss) per share)*

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<b>Continuing operations</b>			
<b>Net sales</b>	26	29,554,826	30,762,552
<b>Cost of sales</b>	27	<u>22,476,017</u>	<u>22,359,808</u>
<b>Gross profit</b>		7,078,809	8,402,744
Selling expenses	27,28	4,102,278	4,151,395
Administrative expenses	27,28	931,750	907,969
Research and development expenses	27,28	1,970,376	1,927,679
Service costs	27,28	<u>861,909</u>	<u>856,737</u>
<b>Operating profit (loss)</b>		(787,504)	558,964
Finance income	29	435,445	533,170
Finance expenses	29	734,048	581,565
Other non-operating income	30	3,814,264	2,454,444
Other non-operating expenses	30	<u>1,388,112</u>	<u>1,856,186</u>
Profit (Loss) before income tax		1,340,045	1,108,827
Income tax expense (benefit)	18	<u>301,284</u>	<u>(311,856)</u>
<b>Profit (Loss) from continuing operations</b>		<u>1,038,761</u>	<u>1,420,683</u>
<b>Discontinued operations</b>			
Profit (Loss) from discontinued operations	37	<u>(8,166)</u>	<u>(284,050)</u>
<b>Profit (Loss) for the period</b>		<u>1,030,595</u>	<u>1,136,633</u>
<b>Earnings (Losses) per share during the period</b>			
<i>(in Korean won):</i>	31		
Earnings (Losses) per ordinary share			
From continuing operations		5,764	7,885
From discontinued operations		<u>(45)</u>	<u>(1,577)</u>
		<u>5,719</u>	<u>6,308</u>
Earnings (Losses) per preferred share			
From continuing operations		5,814	7,935
From discontinued operations		<u>(45)</u>	<u>(1,577)</u>
		<u>5,769</u>	<u>6,358</u>

**LG Electronics Inc.**  
**Separate statements of comprehensive income**  
**for each of the two years in the period ended December 31, 2025**

(In millions of Korean won)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<b>Profit (Loss) for the period</b>		1,030,595	1,136,633
<b>Other comprehensive income (loss), net of tax</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurements of the net defined benefit liability	18,19	242,911	71,265
Financial assets at fair value through other comprehensive income	7,18	21,904	891
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Cash flow hedges	18,35	30,656	(12,340)
<b>Other comprehensive income (loss) for the period, net of tax</b>		295,471	59,816
<b>Total comprehensive income (loss) for the period, net of tax</b>		1,326,066	1,196,449

**LG Electronics Inc.**  
**Separate statements of changes in equity**  
**for each of the two years in the period ended December 31, 2025**

(in millions of Korean won)

	Notes	Paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Other components of equity	Total equity
<b>Balance as of January 1, 2024</b>		3,992,348	6,566,223	(10,205)	(32,819)	10,515,547
<b>Total comprehensive income (loss):</b>						
Profit (Loss) for the period		-	1,136,633	-	-	1,136,633
Remeasurements of the net defined benefit liability	19	-	71,265	-	-	71,265
Financial assets at fair value through other comprehensive income	7	-	-	891	-	891
Cash flow hedges	35	-	-	(12,340)	-	(12,340)
<b>Total comprehensive income (loss)</b>		-	1,207,898	(11,449)	-	1,196,449
<b>Transactions with owners:</b>						
Dividends	23	-	(234,945)	-	-	(234,945)
<b>Total transactions with owners</b>		-	(234,945)	-	-	(234,945)
<b>Balance as of December 31, 2024</b>		3,992,348	7,539,176	(21,654)	(32,819)	11,477,051
<b>Balance as of January 1, 2025</b>		3,992,348	7,539,176	(21,654)	(32,819)	11,477,051
<b>Total comprehensive income (loss):</b>						
Profit (Loss) for the period		-	1,030,595	-	-	1,030,595
Remeasurements of the net defined benefit liability	19	-	242,911	-	-	242,911
Financial assets at fair value through other comprehensive income	7	-	-	21,904	-	21,904
Cash flow hedges	35	-	-	30,656	-	30,656
<b>Total comprehensive income (loss)</b>		-	1,273,506	52,560	-	1,326,066
<b>Transactions with owners:</b>						
Dividends	23	-	(180,925)	-	-	(180,925)
Cancellation of treasury shares	25	-	(44,651)	-	44,651	-
<b>Total transactions with owners</b>		-	(225,576)	-	44,651	(180,925)
<b>Balance as of December 31, 2025</b>		3,992,348	8,587,106	30,906	11,832	12,622,192

**LG Electronics Inc.**  
**Separate statements of cash flows**  
**for each of the two years in the period ended December 31, 2025**

(in millions of Korean won)

	Notes	2025	2024
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	32	(459,950)	932,512
Interest received		64,197	144,327
Interest paid		(341,116)	(328,347)
Dividend received		630,985	1,280,744
Income tax paid		(328,056)	(162,821)
<b>Net cash provided by (used in) operating activities</b>		<b>(433,940)</b>	<b>1,866,415</b>
<b>Cash flows from investing activities</b>			
Decrease in deposits held by financial institutions		13,380	8,757
Decrease in other receivables		1,063,971	58,769
Proceeds from withdrawal and disposal of other financial assets		16,834	352
Proceeds from disposal of property, plant and equipment		26,484	19,869
Proceeds from disposal of intangible assets		3,395	10,254
Proceeds from withdrawal and disposal of investments in subsidiaries, associates and joint ventures		1,841,800	1,796
Proceeds from disposal of intangible assets		5,294	-
Proceeds from disposal of business unit		188,022	6,252
Increase in deposits held by financial institutions		(12,990)	(7,874)
Increase in other receivables		(56,469)	(52,585)
Acquisition of other financial assets		(60,862)	(26,610)
Acquisition of property, plant and equipment		(622,036)	(745,249)
Acquisition of intangible assets		(1,041,363)	(1,126,194)
Acquisition of investments in subsidiaries, associates and joint ventures		(582,253)	(705,320)
<b>Net cash provided by (used in) investing activities</b>		<b>783,207</b>	<b>(2,557,783)</b>
<b>Cash flows from financing activities</b>			
Increase in borrowings		3,866,985	1,416,655
Repayments of borrowings		(4,124,866)	(1,560,020)
Dividend paid	23	(180,925)	(234,945)
Repayments of lease liabilities		(79,109)	(75,947)
<b>Net cash provided by (used in) financing activities</b>		<b>(517,915)</b>	<b>(454,257)</b>
Effects of exchange rate changes on cash and cash equivalents		-	-
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(168,648)</b>	<b>(1,145,625)</b>
Cash and cash equivalents at the beginning of the period	5	1,204,080	2,349,705
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>1,035,432</b>	<b>1,204,080</b>

# **LG Electronics Inc.**

## **Notes to the separate financial statements**

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

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#### **1. General information**

LG Electronics Inc. (the “Company”) has been established as a spin-off of the electronics and the information and communications business divisions from former LG Electronics Inc. on April 1, 2002. The Company’s shares were listed on the Korea Exchange on April 22, 2002, and some of its preferred shares, in the form of global depositary receipts (“GDRs”), are listed on the London Stock Exchange as of December 31, 2025. The Company is domiciled in Korea at Yeoui-daero, Yeongdeungpo-gu, Seoul.

As of December 31, 2025, LG Corp. owns 35.3% of the Company’s total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

The Company operates the following major business segments: Home Appliance Solution segment manufacturing and selling home appliances such as refrigerators, washing machines, and vacuum cleaners; Media Entertainment Solution segment manufacturing and selling TVs, monitors, PCs, and information display products, and operating a platform business focused on webOS; Vehicle Solution segment designing and manufacturing automobile parts; and Eco Solution segment manufacturing and selling HVAC(Heating, Ventilation, and Air Conditioning) including residential and commercial air conditioners. As of December 31, 2025, the Company operates manufacturing facilities mainly in Changwon, Pyeongtaek and Gumi in the Republic of Korea.

#### **2. Material accounting policies**

The principal accounting policies applied in the preparation of these separate financial statements are stated below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **2.1 Basis of preparation**

The Company maintains its accounting records in Korean won (presented as “Korean won,” “KRW” or “₩”) and prepares statutory financial statements in the Korean language (“Hangeul”) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”).

The separate financial statements of the Company have been prepared in accordance with KIFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (“IASB”) that have been adopted by the Republic of Korea.

The preparation of separate financial statements requires the use of material accounting estimates. Management also needs to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 3.

**LG Electronics Inc.**  
**Notes to the separate financial statements**  
**December 31, 2025 and 2024**

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**2.1.1 Changes in accounting policies and disclosures**

(a) New and amended standards and interpretations effective for the financial year beginning on or after January 1, 2025

- Amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* and KIFRS 1101 *First-time Adoption of KIFRS – Lack of Exchangeability*

The amendments require entities to assess the exchangeability of a currency and, if the currency is not exchangeable into another currency, to estimate the spot exchange rate and disclose relevant information. The Company does not expect that these amendments will have a material impact on the separate financial statements.

(b) Newly enacted and amended standards issued, but not effective as of December 31, 2025 and not early adopted by the Company

- Amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments*

In response to questions raised in practice and to incorporate new requirements, the amendments have been made to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures*. These amendments apply to annual reporting periods beginning on or after January 1, 2026. The Company does not expect that these amendments will have a material impact on the separate financial statements. The amendments include the following:

- clarifying that a financial liability is regarded as settled (derecognized) before the settlement date through an electronic payment system (if certain conditions are met);
- clarifying and adding further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- adding 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
- updating the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

- Annual Improvements to KIFRS – Volume 11

Annual Improvements to KIFRS – Volume 11 apply to annual reporting periods beginning on or after January 1, 2026. The Company does not expect that these amendments will have a material impact on the financial statements.

- KIFRS 1101 *First-time Adoption of KIFRS*: Application of hedge accounting upon first-time adoption of KIFRS
- KIFRS 1107 *Financial Instruments: Disclosures*: Derecognition gains or losses, application guidance in practice

# LG Electronics Inc.

## Notes to the separate financial statements

### December 31, 2025 and 2024

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- KIFRS 1109 *Financial Instruments*: Derecognition of lease liabilities and definition of transaction price
- KIFRS 1110 *Consolidated Financial Statements*: Determination of a de facto agent
- KIFRS 1007 *Statement of Cash Flows*: Cost method

#### - KIFRS 1118 *Presentation and Disclosure in Financial Statements*

KIFRS 1118 has been issued, which replaces KIFRS 1001 Presentation of Financial Statements. KIFRS 1118 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified “roles” of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to KIFRS 1007 Statement of Cash Flows. There are consequential amendments to several other standards.

KIFRS 1118 and amendments to other related standards are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted, and, if applied early, that fact shall be disclosed. The KIFRS 1118 is to be applied retrospectively on initial application. The Company is currently assessing the impact of these amendments on the primary financial statements and the accompanying notes.

## 2.2 Investments in subsidiaries, associates and joint ventures

When the Company currently has the right to substantially access to the returns associated with an ownership interest, the investments in subsidiaries, associates and joint ventures are recorded at acquisition cost on the basis of the direct equity interest in accordance with KIFRS 1027 *Separate Financial Statements*. In all other cases, investments are accounted for in accordance with KIFRS 1109 *Financial Instruments*. The Company recognizes dividend income from subsidiaries, associates and joint ventures in profit or loss when its right to receive the dividend is established.

## 2.3 Segment reporting

Operating segments are established on the basis of business divisions whose internal reporting is provided to the chief operating decision-maker who is the chief executive officer. Segmental disclosures are disclosed in Note 4 of the consolidated financial statements in accordance with KIFRS 1108 *Operating Segment*.

**LG Electronics Inc.**  
**Notes to the separate financial statements**  
**December 31, 2025 and 2024**

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**2.4 Foreign currency translation**

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The separate financial statements are presented in Korean won, which is the Company’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation in case of items subject to re-measurement. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in separate statements of profit or loss, except cash flow hedges qualifying to be recognized in other comprehensive income.

Changes in the fair value of monetary debt securities denominated in foreign currency classified as financial assets at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are recognized in the separate statements of profit or loss as part of the fair value gain or loss - translation differences arising from equities held at fair value through profit or loss are recognized in profit or loss, and those arising from equities held at fair value through other comprehensive income are recognized in other comprehensive income.

**2.5 Cash and cash equivalents**

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

**2.6 Financial instruments**

*2.6.1 Classification*

(a) Financial assets

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

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

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

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

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

**(b) Financial liabilities**

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

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost.

*2.6.2 Recognition and measurement*

Typical purchases and sales of financial assets are recognized on the trade date. At initial recognition, the Company measures a financial asset and financial liabilities at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

**(a) Debt instruments**

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

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

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- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other non-operating income and expenses' and impairment losses are presented in 'other non-operating expenses.'

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the income statement under 'other non-operating income and expenses' in the year in which it arises.

(b) Equity instruments

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

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

*2.6.3 Impairment*

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

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*2.6.4 Offsetting of financial instruments*

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

*2.6.5 Derecognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

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

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

**2.7 Derivative financial instruments**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The resulting gain or loss that does not meet the conditions for hedge accounting is recognized in 'other non-operating income (expenses)' or 'financial income (expenses)' in the separate statements of profit or loss according to the nature of transactions.

For cash flow hedges, the Company separates and excludes the foreign currency basis spread from the designation of a financial instrument as the hedging instrument.

The effective portion of changes in the fair value of derivatives excluding the foreign currency basis spread, that qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the separate statements of profit or loss under 'other non-operating income (expenses)' or 'financial income (expenses).' In addition, changes in the foreign currency basis spread of derivatives related to the hedged item is recognized within other comprehensive income.

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Amounts accumulated in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the separate statements of profit or loss under 'other non-operating income (expenses)' or 'financial income (expenses).'

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

### **2.8 Trade receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the collection of trade receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value, less allowance for doubtful debts.

### **2.9 Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method, except for inventories in-transit whose cost is determined using the specific identification method. The cost of finished goods and work-in-process comprises of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). The Company periodically reviews a possibility of significant changes in net realizable value of inventories from not in use, decrease in market value and obsolescence, and recognizes as allowances for valuation of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

### **2.10 Assets held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as 'assets held for sale' when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of carrying amount and the fair value less costs to sell.

When a component of discontinued operations or a component of the Company representing a separate major line of business or geographical area of operation has been disposed of, or is subject to a sale plan involving loss of control of a subsidiary, the Company discloses in the separate statements of profit or loss the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation. The net cash flows attributable to the operating, investing and financing activities of discontinued operations are presented in the notes to the separate financial statements.

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**2.11 Property, plant and equipment**

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the separate statements of profit or loss during the financial period in which they are incurred.

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

	<b>Useful lives</b>
Buildings and Structures	20, 40 years
Machinery	5, 10 years
Tools and Equipment	5 years
Furniture and Fixtures	5 years
Other	5 years

Each asset's depreciation method, residual values, and useful lives are reviewed and adjusted if necessary, at the end of each reporting period. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the separate statements of profit or loss as other non-operating income (expenses).

**2.12 Borrowing costs**

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

**2.13 Government grants**

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

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**2.14 Intangible assets**

(a) Goodwill

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

(b) Industrial property rights

Industrial property rights are shown at historical cost. Industrial property rights have a limited useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of industrial property rights over their estimated useful lives of 10 years.

(c) Development costs

New product development project is processed through product planning, design planning, product design, mass production verification, production readiness approval, and shipment approval. The Company generally recognizes expenditures incurred during and after the product design phase as development costs, and expenditures incurred before the phase are recognized as expenses within research and development expenses. Costs recognized as development costs are controlled by the Company and directly attributable to identifiable development projects and meet all of the following criteria.

- it is technically feasible to complete the intangible assets so that it will be available for use or sale;
- management intends to complete the intangible asset to use or sell it;
- it has the ability to use or sell the intangible asset.
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development for using and selling the intangible assets are available; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Amortization of development costs based on the straight-line method over their estimated useful lives of 1 year or 3 years begins at the commencement of sale or use of the related products.

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(d) Membership

Membership rights are regarded as intangible assets with an indefinite useful life and are not amortized because there is no foreseeable limit to the period over which the assets are expected to be utilized. All membership rights are tested annually for impairment and stated at acquisition cost less accumulated impairment losses.

(e) Other intangible assets

Other intangible assets such as licensed assets, customer relationships, values of techniques, software and which meet the definition of an intangible asset are amortized using the straight-line method over their estimated useful lives of 5 or 10 years.

(f) Crypto assets

The Company classifies individually acquired crypto assets as intangible assets and recognizes them at acquisition cost, which includes the purchase price and costs directly related to the acquisition, if any. Crypto assets classified as intangible assets are considered to have an indefinite useful life and are not subject to amortization, accordingly. The cost of disposed crypto assets is determined using the first-in, first-out (FIFO) method.

The Company performs an impairment test on crypto assets classified as intangible assets annually or when there is an indication of impairment, and their carrying amount is measured net of accumulated impairment losses. Impairment losses and gains or losses on disposal of crypto assets are recognized in other non-operating income or expenses.

**2.15 Investment property**

Investment property is held to earn rentals or for capital appreciation or both. Investment property is measured initially at its cost including transaction costs incurred in acquiring the asset. After its initial recognition, investment property is carried at its cost less any accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the separate statements of profit or loss during the financial period in which they are incurred.

Land held for investment is not depreciated. Investment property, except for land, is depreciated using the straight-line method over their estimated useful lives of 20 or 40 years.

Management reviews the depreciation method, the residual value and the useful life of an asset at the end of each period. If it is decided that previous estimates should be adjusted, the adjustment is accounted for as a change in an accounting estimate.

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**2.16 Impairment of non-financial assets**

Goodwill and intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment. As of December 31, 2025 and 2024, assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized as profit or loss for the year for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use.

The value-in-use is measured by determining the estimated pre-tax cash flows based on past performance and its expectations of market development and applying the pre-tax discount rates that reflect specific risks relating to the relevant operating segments. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment loss are reviewed for possible reversal of the impairment as of December 31, 2025 and 2024.

**2.17 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Current trade payables measured initially at fair value are not significantly different from amortized cost using the effective interest method.

**2.18 Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the separate statements of profit or loss over the period of the borrowings using the effective interest method. The Company classifies the liability as current as long as it does not have an unconditional right to defer its settlement over 12 months after the end of the reporting period.

**2.19 Financial guarantee contracts**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the original or modified terms of a debt instrument. Financial guarantees contracts provided by the Company are initially measured at fair value on the date the guarantee was given. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the following amounts below and recognized as 'other financial liabilities':

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(a) the amount determined in accordance with the expected credit loss model under KIFRS 1109 *Financial Instruments*; and

(b) the amount initially recognized less the cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*.

## **2.20 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and an outflow of resources required to settle the obligation is probable and can be reliably estimated. The Company recognizes a warranty provision, a provision for restoration, and a provision for litigation.

A warranty provision is accrued for the estimated costs of future warranty claims based on historical experience. Where the Company, as a tenant, is required to restore its leased assets to their original state at the end of the lease-term, the Company recognizes the present value of the estimated cost of restoration as a provision for restoration. When there is a probability that an outflow of economic benefits will occur from litigation or disputes, and whose amount is reasonably estimable, a corresponding amount of provision is recognized as a provision for litigation in the separate financial statements.

A contingent liability is disclosed (See Note 33) when:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognized because: it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

## **2.21 Current and deferred income tax**

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

The income tax expense is calculated on the basis of the tax laws enacted or substantively enacted as of at the end of the reporting period in jurisdictions where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. It represents future tax consequences that will arise when recovering or settling the carrying amount of its assets and liabilities. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor tax profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by December 31, 2025 and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Company, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized only to the extent that it is probable that the deductible temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **2.22 Employee benefits**

### **(a) Retirement benefits**

The Company operates a defined contribution and a defined benefit plan as its retirement benefit plan.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate fund. The Company has no legal or constructive obligations to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expenses when an employee has rendered service. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation as of December 31, 2025 less the fair value of plan assets. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds and that have terms to maturity approximating to the terms of the related pension obligation. The remeasurements of the net defined

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benefit liabilities are recognized in other comprehensive income.

If any plan amendments, curtailments, or settlements occur, past service costs or any gains or losses on settlement are recognized as profit or loss for the year.

(b) Other long-term employee benefits

The Company provides other long-term employee benefits to their employees. The entitlement to these benefits is usually conditional on the employee working more than ten years. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Company recognizes past service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These benefits are calculated annually by independent qualified actuaries.

(c) Severance benefits

Severance benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes severance benefits at the earlier of the following dates: when the entity can no longer withdraw the offer of those benefits or when the entity recognizes costs for a restructuring.

(d) Share-based payments

The acquiree may have outstanding share-based payment transactions that the acquirer does not exchange for its share-based payment transactions. If vested, those acquiree share-based payment transactions are part of the non-controlling interest in the acquiree and are measured at their market-based measure as of the acquisition date. If unvested, the market-based measure of unvested share-based payment transactions is allocated to the non-controlling interest on the basis of the ratio of the portion of the vesting period completed to the greater of the total vesting period and the original vesting period of the share-based payment transaction. The balance is allocated to post-combination service.

## **2.23 Share capital**

Ordinary shares and preferred shares without any obligation to repay are classified as equity. Where the Company purchases its own ordinary shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such treasury shares are subsequently reissued, any consideration received is included in equity attributable to owners of the Company.

## **2.24 Revenue recognition**

(a) Identify performance obligation

The Company sells home appliances, TVs, monitors, automobile parts, information displays and others. If the contract with a customer includes any separate services in addition to sales of goods, the Company identifies performance obligations of the services to be rendered from such sales contracts.

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According to the rules and guidance on the terms and conditions of international trading (INCOTERMS 2020), the Company recognizes the transportation services as a separate performance obligation apart from the sale of goods, under the transactions with the rules where seller is responsible for paying shipping cost and insurance premium.

The Company determines standard warranty coverage periods per product and country, considering warranty periods required by law and others when entering into contracts with customers for the sales of products. If the Company provides an extended warranty beyond the standard warranty coverage periods or a customer has the option to purchase an additional warranty separately, the Company identifies the warranty as a separate performance obligation and recognizes revenue.

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

Sales of goods are recognized when the Company has delivered products to the customer. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with volume discounts and customers have a right to return faulty products. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual sales. The Company recognizes provisions for product warranties and contract liabilities for sales returns based on reasonable expectations reflecting warranty obligation and sales return rates incurred historically.

For royalty contracts, if there are no other goods or services provided to customer in the contracts other than obligations to provide license, the nature of the contracts are provision of right to use the Company's intellectual property that exist at the time of transfer. This means that the customer can direct the use of and obtain substantially all of the remaining benefits from the license at the point in time at which the license transfers. The Company determined the royalty income as a performance obligation satisfied at a point in time.

(c) A performance obligation satisfied over time

The Company builds and sells customized equipment and design plan for a customer. The revenue is recognized over time by measuring progress only if the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. The Company performed an analysis on those contracts and determined the Company has an enforceable right to payment for performance completed to date; therefore, the revenue is recognized over time using input methods by measuring the percentage of completion.

When the outcome of a transaction involving the rendering of services provided separately to customers can be estimated reliably, revenue associated with such transaction is recognized by reference to the percentage of completion of the services. Any changes in expected revenue, cost or the amount of services rendered are accounted for as changes in estimates. These changes in estimates may bring adjustments to the expected revenue or cost which is recognized in the profit or loss in the period in which

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management recognizes the changes in circumstances.

The Company receives licensing fees for the trademark held by the Company from subsidiaries and associates. The Company continues to develop the trademark's value and performs marketing activities through various media such as TV, internet, exhibitions, road shows and others. The nature of the Company's promise in granting a license is a promise to provide a right to access the Company's intellectual property over a license period; therefore, the Company determined the promised license is a performance obligation that is satisfied over time.

Income from rental, lease, extended guarantees and others is recognized on a straight-line basis over the period of the contract.

(d) Variable consideration

The Company estimates an amount of variable consideration by using the expected value which the Company expects to better predict the amount of consideration. The Company recognizes revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the refund period has lapsed. The refund liability is measured at the amount of consideration received for which the Company does not expect to be entitled.

(e) Allocating the transaction price

The transaction price in an arrangement must be allocated to each separate performance obligation based on the relative stand-alone selling prices of the goods or services being provided to a customer. The Company determines the stand-alone selling price for each separate performance obligation by using an adjusted market assessment approach. In limited circumstances, the Company plans to use an expected cost plus a margin approach to estimate expected cost plus a reasonable margin.

(f) Returns

A gross contract liability (refund liability) for the expected returns to customers is recognized as adjustment to revenue, and the Company has a right to recover the product from the customer when the customer exercises his right of return and recognizes an asset and a corresponding adjustment to cost of sales. A right to recover the products is measured at former carrying amount of the product less the costs to recover the products.

(g) Significant financing component

In general, the period between the transfer of the promised goods or services to the customer and the payment made by the customer is less than one year. In this case, the Company uses the practical expedient in which the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

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**2.25 Leases**

*Company as a lessee*

The Company leases various offices, warehouses, retail stores, equipment and cars. A lease term is normally determined considering non-cancellable period of a lease and its extension options. Lease conditions are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated to the repayment of lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(a) Right-of-use assets

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

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

(b) Lease liabilities

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

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments:

- fixed lease payments (including in-substance fixed payments, less any lease incentives receivable)
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

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However, payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The underlying assets of low-value lease assets are comprised of IT-equipment below US\$ 5,000 and others.

*Company as a lessor*

A lessor classifies each of its leases as either an operating lease or a finance lease. A lease that transfers substantially all the risks and rewards incidental to ownership of underlying asset is classified as a finance lease, and a lease other than a finance lease is classified as an operating lease. In a finance lease, the amount received from the lessee is recognized as receivables as a net investment in the lease. The Company distributes finance income over the lease term in a way that a certain period of return is reflected in the net investment amount of the lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the separate statement of financial position based on their nature.

**2.26 Dividend distribution**

A dividend liability is recognized when the dividends are approved by the shareholders at their general meeting.

**2.27 Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares issued excluding shares purchased by the Company that are held as treasury shares. Preferred shares have a right to participate in the profits of the Company. These participation rights have been considered in presenting the EPS for ordinary shares and preferred shares.

**2.28 Greenhouse gas emissions rights (allowances) and obligations**

Emission rights are defined as allowed amount of emissions that can be released, allocated by the Korean government as 'Act on the Allocation and Trading of Greenhouse-Gas Emission Permits' takes effect. Emission rights that are received free of charge from the government are measured at zero, while the rights purchased additionally from trading market such as the Korea Exchange are measured at acquisition cost. Emission rights are subsequently stated as acquisition cost less accumulated impairment loss. Emission liabilities are measured as the sum of the carrying amount of emission rights to be delivered to the government to settle the obligation for emissions occurred and expected expenditure required at the end of the reporting period for any excess emissions. The emission rights and liabilities are classified as 'intangible assets' and 'provisions', respectively, in the separate statement of financial position.

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**3. Material accounting estimates and judgments**

**3.1 Material accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. 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 will, by definition, seldom equal the related actual results.

The Russia - Ukraine armed conflict has a material impact on the global economy. It may have a negative impact such as decrease in productivity, decrease or delay in sales, collection of existing receivables and others. Accordingly, it may have a negative impact on the financial position and financial performance of the Company.

Material accounting estimates and assumptions applied in the preparation of the separate financial statements can be adjusted depending on changes in the uncertainty from Russia - Ukraine armed conflict. Also, the ultimate effect of Russia - Ukraine armed conflict on the Company's business, financial position and financial performance cannot presently be determined.

The estimates and assumptions that have a material risk of causing adjustments to the carrying amounts of assets and liabilities after the reporting date are addressed below.

(a) Revenue recognition

The Company recognizes revenue over time using the percentage of completion method for the rendering of services such as equipment production and installation. The Company measures the percentage of completion by estimating total cost for the completion of the transaction, and the factors for the estimation of revenue may vary.

(b) Impairment of goodwill and others

The Company tests goodwill and others regularly for impairment. The recoverable amounts of cash-generating units have been determined based on fair value less costs of disposal or value-in-use calculations. These calculations require estimates.

(c) Income taxes

The Company recognizes assets and liabilities for anticipated tax audit issues based on the best estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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(d) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing as of December 31, 2025.

(e) Provisions

The Company recognizes provisions for product warranties and others based on their historical data as of December 31, 2025.

(f) Net defined benefit liabilities

The present value of the defined benefit liability depends on various factors that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for pensions include the discount rate, which is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit liability. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for defined benefit liability are based on current market conditions. For the year ended December 31, 2025, the Company changed its actuarial assumption regarding the determination of the discount rate under the projected unit credit method to provide a more reasonable assessment of its defined benefit obligations (see Note 19).

(g) Development costs

The Company capitalizes development costs when there is reasonable assurance that projects have technical feasibility and the possibility of generating future economic benefits, and it performs periodic impairment tests. The recoverable amount of each project has been calculated on a basis of the value-in-use reflecting expected sales quantity and unit price and estimated operating profit.

(h) Leases

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

The reassessment of the lease term based on a judgment of whether the extension option is reasonably certain to be exercised (or not exercised) is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

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When the Company is a lessor, management estimates the lease period by considering non-cancellable lease period in the contract. And management compares a major part of the economic life of the underlying asset with the lease period and classifies it as a finance lease if the lease period exceeds for a major part of the economic life of the underlying asset. When classified as a finance lease, the Company recognizes income at the lower of the lease net investment discounted at the market interest rate and the sale price of the underlying asset.

**4. Financial instruments by category and offsetting financial assets and financial liabilities**

(a) Details of financial instruments by category as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	1,035,432	-	-	-	1,035,432
Deposits held by financial institutions	120,241	-	-	-	120,241
Trade receivables	5,395,993	176,861	-	3,007,570	8,580,424
Other receivables	651,824	-	-	-	651,824
Other financial assets and others	-	98,869	118,555	302,377	519,801
<b>Total</b>	<b>7,203,490</b>	<b>275,730</b>	<b>118,555</b>	<b>3,309,947</b>	<b>10,907,722</b>

<i>(in millions of Korean won)</i>	December 31, 2025			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	6,749,502	-	-	6,749,502
Borrowings	9,015,183	-	-	9,015,183
Lease liabilities	-	-	118,051	118,051
Other payables	2,190,998	-	-	2,190,998
Other financial liabilities	-	47,982	46,067	94,049
<b>Total</b>	<b>17,955,683</b>	<b>47,982</b>	<b>164,118</b>	<b>18,167,783</b>

<i>(in millions of Korean won)</i>	December 31, 2024				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	1,204,080	-	-	-	1,204,080
Deposits held by financial institutions	120,631	-	-	-	120,631
Trade receivables	5,914,571	220,898	-	1,703,779	7,839,248
Other receivables	1,749,871	-	-	-	1,749,871
Other financial assets and others	-	68,728	109,227	377,325	555,280
<b>Total</b>	<b>8,989,153</b>	<b>289,626</b>	<b>109,227</b>	<b>2,081,104</b>	<b>11,469,110</b>

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<i>(in millions of Korean won)</i>	December 31, 2024			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	6,787,335	-	-	6,787,335
Borrowings	9,362,742	-	-	9,362,742
Lease liabilities	-	-	128,172	128,172
Other payables	2,504,159	-	-	2,504,159
Other financial liabilities	-	27,848	42,992	70,840
<b>Total</b>	<b>18,654,236</b>	<b>27,848</b>	<b>171,164</b>	<b>18,853,248</b>

(b) Details of net gains or losses on financial instruments by category for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	For the period ended December 31, 2025				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	66,298	-	-	-	66,298
Exchange differences	8,439	-	-	-	8,439
Bad debt expenses	(13,441)	-	-	(9,673)	(23,114)
Loss on disposal of trade receivables	-	(171)	-	-	(171)
Dividend income	-	302	1,310	-	1,612
Gain (Loss) on valuation of financial assets at fair value through profit or loss	-	-	(5,340)	-	(5,340)
Profit (Loss) for the year from discontinued operations	412	-	-	-	412
Fair value gain (loss), net of tax (through other comprehensive income)	-	21,904	-	-	21,904
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	4,809	4,809
Others	(5,615)	-	-	-	(5,615)

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<i>(in millions of Korean won)</i>	For the period ended December 31, 2025			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expense	(372,624)	-	41,669	(330,955)
Exchange differences	173,606	-	(105,279)	68,327
Gain (Loss) on derivatives (through profit or loss)	-	(48,168)	-	(48,168)
Profit (Loss) for the year from discontinued operations	(1,645)	-	-	(1,645)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	25,847	25,847
Others	(8,682)	-	4,126	(4,556)

<i>(in millions of Korean won)</i>	For the period ended December 31, 2024				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	142,893	-	-	-	142,893
Exchange differences	765,683	-	-	-	765,683
Bad debt expenses	(986)	-	-	(5,979)	(6,965)
Loss on disposal of trade receivables	-	(242)	-	-	(242)
Dividend income	-	257	347	-	604
Gain (Loss) on valuation of financial assets at fair value through profit or loss	-	-	(1,000)	-	(1,000)
Profit (Loss) for the year from discontinued operations	7,198	-	-	-	7,198
Fair value gain (loss), net of tax (through other comprehensive income)	-	891	-	-	891
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	(8,151)	(8,151)
Others	(953)	-	-	-	(953)

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<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2024</b>			
	<b>Financial liabilities at amortized cost</b>	<b>Financial liabilities at fair value through profit or loss</b>	<b>Other</b>	<b>Total</b>
Interest expense	(339,319)	-	61,584	(277,735)
Exchange differences	(1,089,358)	-	257,102	(832,256)
Gain (Loss) on derivatives (through profit or loss)	-	(40,946)	-	(40,946)
Profit (Loss) for the year from discontinued operations	(43,888)	-	-	(43,888)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	(4,189)	(4,189)
Others	(2,588)	-	1,744	(844)

(c) Details of financial instruments that are subject to enforceable master netting arrangements or similar arrangements as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>					
	<b>Recognized financial instrument</b>	<b>Recognized financial instrument offset</b>	<b>Net amounts presented in the statement of financial position</b>	<b>Amounts not offset</b>		
				<b>Financial instruments</b>	<b>Cash collateral</b>	<b>Net amount</b>
<b>Financial assets</b>						
Trade receivables	140,235	(140,235)	-	-	-	-
<b>Financial liabilities</b>						
Trade payables	267,061	(140,235)	126,826	-	-	126,826

<i>(in millions of Korean won)</i>	<b>December 31, 2024</b>					
	<b>Recognized financial instrument</b>	<b>Recognized financial instrument offset</b>	<b>Net amounts presented in the statement of financial position</b>	<b>Amounts not offset</b>		
				<b>Financial instruments</b>	<b>Cash collateral</b>	<b>Net amount</b>
<b>Financial assets</b>						
Trade receivables	151,258	(151,258)	-	-	-	-
<b>Financial liabilities</b>						
Trade payables	293,842	(151,258)	142,584	-	-	142,584

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**5. Cash and cash equivalents and deposits held by financial institutions**

(a) Cash and cash equivalents

Cash and cash equivalents in the separate statements of financial position are equal to the cash and cash equivalents in the separate statements of cash flows. Details of cash and cash equivalents as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash on hand	47	60
Bank deposits <sup>1</sup>	1,035,385	1,204,020
<b>Total</b>	<b>1,035,432</b>	<b>1,204,080</b>

<sup>1</sup> As of December 31, 2025, there are no deposits whose use was restricted in relation to value-added tax (December 31, 2024: ₩3,178 million).

(b) Deposits held by financial institutions

The deposits held by financial institutions restricted in use as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Deposit for mutually beneficial cooperation	120,000	120,000
Deposit for checking account	31	31
National project	210	600
<b>Total</b>	<b>120,241</b>	<b>120,631</b>

**6. Trade receivables and other receivables**

(a) Trade receivables and other receivables, net of allowance for doubtful accounts, as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>			<b>December 31, 2024</b>		
	<b>Original amount</b>	<b>Allowance for doubtful accounts</b>	<b>Carrying amount</b>	<b>Original amount</b>	<b>Allowance for doubtful accounts</b>	<b>Carrying amount</b>
Trade receivables						
Current	6,045,797	(65,843)	5,979,954	6,322,673	(47,148)	6,275,525
Non-current	2,605,520	(5,050)	2,600,470	1,566,849	(3,126)	1,563,723
Other receivables						
Current	502,520	(2,516)	500,004	1,341,687	(2,485)	1,339,202
Non-current	151,833	(13)	151,820	410,683	(14)	410,669

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(b) Details of other receivables as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Current</b>		
Loans	15,423	766,086
Non-trade receivables	280,541	254,210
Accrued revenues	117,426	232,856
Deposits	86,614	86,050
<b>Subtotal</b>	<b>500,004</b>	<b>1,339,202</b>
<b>Non-current</b>		
Loans	129,791	381,347
Deposits	22,029	29,322
<b>Subtotal</b>	<b>151,820</b>	<b>410,669</b>
<b>Total</b>	<b>651,824</b>	<b>1,749,871</b>

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

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>				<b>Total</b>
	<b>Trade receivables</b>		<b>Other receivables</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>	
<b>Receivables not past due</b>	5,265,187	2,605,520	453,657	151,833	8,476,197
<b>Past due but not individually impaired</b>					
Up to 6 months	440,129	-	20,774	-	460,903
7 to 12 months	63,079	-	15,855	-	78,934
Over 1 year	225,258	-	10,507	-	235,765
<b>Subtotal</b>	<b>728,466</b>	<b>-</b>	<b>47,136</b>	<b>-</b>	<b>775,602</b>
<b>Individually impaired</b>	52,144	-	1,727	-	53,871
<b>Total</b>	<b>6,045,797</b>	<b>2,605,520</b>	<b>502,520</b>	<b>151,833</b>	<b>9,305,670</b>

<i>(in millions of Korean won)</i>	<b>December 31, 2024</b>				<b>Total</b>
	<b>Trade receivables</b>		<b>Other receivables</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>	
<b>Receivables not past due</b>	5,421,012	1,566,849	1,303,548	410,683	8,702,092
<b>Past due but not individually impaired</b>					
Up to 6 months	465,157	-	24,256	-	489,413
7 to 12 months	86,987	-	9,014	-	96,001
Over 1 year	274,798	-	2,530	-	277,328
<b>Subtotal</b>	<b>826,942</b>	<b>-</b>	<b>35,800</b>	<b>-</b>	<b>862,742</b>
<b>Individually impaired</b>	74,719	-	2,339	-	77,058
<b>Total</b>	<b>6,322,673</b>	<b>1,566,849</b>	<b>1,341,687</b>	<b>410,683</b>	<b>9,641,892</b>

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(d) The Company recognizes the estimated amount of the allowance for doubtful accounts based on the aging analysis of the trade receivables and historical loss experience.

(e) The Company classifies individually impaired receivables as defaulted receivables if the receivables are impaired due to reasons including bankruptcy and insolvency of the debtors. Defaulted receivables are classified into two categories of rehabilitation related receivables and other defaulted receivables. The Company performs an impairment test on rehabilitation related receivables based on expected repayment amount and recognizes impairment loss on other defaulted receivables based on types and values of collaterals.

(f) Changes in allowance for doubtful accounts for each of the two years in the period ended December 31, 2025 are as follows:

<b>For the period ended December 31, 2025</b>				
<i>(in millions of Korean won)</i>	<b>January 1</b>	<b>Addition (Reversal)</b>	<b>Write-off and other</b>	<b>December 31</b>
<b>Trade receivables</b>				
Current	47,148	20,628	(1,933)	65,843
Non-current	3,126	2,007	(83)	5,050
<b>Other receivables</b>				
Current	2,485	562	(531)	2,516
Non-current	14	(1)	-	13
<b>For the period ended December 31, 2024</b>				
<i>(in millions of Korean won)</i>	<b>January 1</b>	<b>Addition (Reversal)</b>	<b>Write-off and other</b>	<b>December 31</b>
<b>Trade receivables</b>				
Current	41,063	6,565	(480)	47,148
Non-current	1,497	1,647	(18)	3,126
<b>Other receivables</b>				
Current	3,419	(934)	-	2,485
Non-current	14	-	-	14

Bad debt expenses for trade receivables are included in 'selling expenses' and those for other receivables are included in 'other non-operating expenses' in the separate statement of profit or loss. Allowance for doubtful accounts decreases when reasons for allowance are resolved or when the receivables are written off as there is no reasonable expectation of recovery.

(g) Some of trade receivables have been discounted through collateralized borrowing agreements with banks for the year ended December 31, 2025. In case the customers default, the Company has an obligation to pay the amounts related thereto to the banks which hold the right of indemnity. As a result, this transaction has been accounted for as a collateralized borrowing (See Note 15).

There are no discounted trade receivables as of December 31, 2025 (December 31, 2024: ₩43,462 million).

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**7. Other financial assets and liabilities**

(a) Details of other financial assets and liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Other financial assets</b>		
Derivatives	302,377	381,684
Financial assets at fair value through other comprehensive income	98,869	68,728
Financial assets at fair value through profit or loss	111,555	90,166
<b>Total</b>	<b>512,801</b>	<b>540,578</b>
Current	-	62,670
Non-current	512,801	477,908

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Other financial liabilities</b>		
Derivatives	69,972	56,228
Financial guarantee liability	24,077	14,612
<b>Total</b>	<b>94,049</b>	<b>70,840</b>
Current	63,540	7,682
Non-current	30,509	63,158

(b) Details of derivatives as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Current</b>				
Cross-currency swap	-	2,114	58,311	-
Option	-	37,349	4,359	-
<b>Subtotal</b>	<b>-</b>	<b>39,463</b>	<b>62,670</b>	<b>-</b>
<b>Non-current</b>				
Cross-currency swap	297,927	14,383	313,389	13,167
Interest rate swap	4,450	7,607	5,625	15,213
Option	-	8,519	-	27,848
<b>Subtotal</b>	<b>302,377</b>	<b>30,509</b>	<b>319,014</b>	<b>56,228</b>
<b>Total</b>	<b>302,377</b>	<b>69,972</b>	<b>381,684</b>	<b>56,228</b>

Details of major derivative contracts for each of the two years in the period ended December 31, 2025 are presented in Note 35.

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(c) Changes in financial assets at fair value through other comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>					
	<b>January 1</b>	<b>Acquisition</b>	<b>Disposals</b>	<b>Transfer</b>	<b>Valuation</b>	<b>December 31</b>
Marketable equity securities	32,912	-	(2,721)	1,971	27,945	60,107
Unmarketable equity securities	35,816	5,037	(5,305)	1,374	1,840	38,762
<b>Total</b>	<b>68,728</b>	<b>5,037</b>	<b>(8,026)</b>	<b>3,345</b>	<b>29,785</b>	<b>98,869</b>

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2024</b>					
	<b>January 1</b>	<b>Acquisition</b>	<b>Disposals</b>	<b>Transfer</b>	<b>Valuation</b>	<b>December 31</b>
Marketable equity securities	18,311	-	-	30	14,571	32,912
Unmarketable equity securities	48,615	1,093	-	(30)	(13,862)	35,816
<b>Total</b>	<b>66,926</b>	<b>1,093</b>	<b>-</b>	<b>-</b>	<b>709</b>	<b>68,728</b>

(d) Changes in financial assets at fair value through profit or loss for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>					
	<b>January 1</b>	<b>Acquisition</b>	<b>Disposals</b>	<b>Transfer</b>	<b>Valuation</b>	<b>December 31</b>
Unmarketable equity securities	73,828	14,654	(1,301)	(8,824)	6,623	84,980
Debt securities	16,338	14,710	-	7,490	(11,963)	26,575
<b>Total</b>	<b>90,166</b>	<b>29,364</b>	<b>(1,301)</b>	<b>(1,334)</b>	<b>(5,340)</b>	<b>111,555</b>

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2024</b>					
	<b>January 1</b>	<b>Acquisition</b>	<b>Disposals</b>	<b>Transfer</b>	<b>Valuation</b>	<b>December 31</b>
Unmarketable equity securities	64,867	9,812	(351)	500	(1,000)	73,828
Debt securities	1,133	15,705	-	(500)	-	16,338
<b>Total</b>	<b>66,000</b>	<b>25,517</b>	<b>(351)</b>	<b>-</b>	<b>(1,000)</b>	<b>90,166</b>

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**8. Inventories**

(a) Inventories as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025			December 31, 2024		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	781,416	(36,850)	744,566	881,471	(26,707)	854,764
Work-in-process	22,957	(1,165)	21,792	49,953	(1,625)	48,328
Raw materials and supplies	436,844	(39,266)	397,578	507,154	(50,756)	456,398
Others	128,741	(22,803)	105,938	129,203	(23,601)	105,602
<b>Total</b>	<b>1,369,958</b>	<b>(100,084)</b>	<b>1,269,874</b>	<b>1,567,781</b>	<b>(102,689)</b>	<b>1,465,092</b>

(b) The cost of inventories, recognized as an expense during the year ended December 31, 2025 amounted to ₩20,880,427 million (2024: ₩20,643,885 million). This was included in 'cost of sales'. Loss on valuation of inventories during the year ended December 31, 2025 amounted to ₩22,167 million (2024: ₩47,151 million).

(c) No inventories were pledged as collateral for borrowings as of December 31, 2025.

**9. Contract assets and contract liabilities**

(a) Contract assets as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Due from customers for contract work	826,076	889,184
(Less: allowance for doubtful accounts)	(5)	(6)
Refundable assets	991	1,080
Costs to fulfil contracts with customers and others	291,373	319,526
<b>Total</b>	<b>1,118,435</b>	<b>1,209,784</b>
Current	894,831	1,028,262
Non-current	223,604	181,522

(b) Contract liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Expected promotional incentives for customers	41,598	32,867
Expected returns from customers	189,919	121,038
Customer loyalty program	134,174	98,698
Rendering of warranty services	8,712	10,149
Due to customers for contract work and others	1,173,914	893,669
<b>Total</b>	<b>1,548,317</b>	<b>1,156,421</b>
Current	822,262	1,152,649
Non-current	726,055	3,772

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(c) Revenue recognized in relation to contract liabilities for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
Revenue recognized from beginning contract liability:		
Due to customers for contract work and others	432,326	416,998
Customer loyalty program	98,698	55,843
Rendering of warranty services	7,205	8,210
<b>Total</b>	<b>538,229</b>	<b>481,051</b>
Revenue recognized from performance obligations satisfied in previous year	15,012	45,414

(d) Unsatisfied long-term contracts

As of December 31, 2025, the total amount of transaction price allocated to the unsatisfied or partially unsatisfied performance obligations is ₩894,940 million (December 31, 2024: ₩1,067,316 million), expected to be satisfied by 2031, at the latest. Also, as a practical expedient, the Company excluded a contract of which performance obligation had an original expected duration of one year or less.

(e) For the year ended December 31, 2025, the Company recognized a reversal of an impairment loss amounting to ₩1 million (2024: impairment loss amounting to ₩2 million) in relation to due from customers for contract work, and amortization and others of ₩83,944 million (2024: ₩135,832 million) in relation to costs to fulfil contracts.

**10. Other assets**

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

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Current</b>		
Prepayments	8,662	10,579
Prepaid expenses	271,476	216,749
Value added tax receivables	129,914	104,814
Others <sup>1</sup>	67,930	203,754
<b>Subtotal</b>	<b>477,982</b>	<b>535,896</b>
<b>Non-current</b>		
Long-term prepaid expenses	56,661	66,136
<b>Total</b>	<b>534,643</b>	<b>602,032</b>

<sup>1</sup> The amount agreed to be reimbursed by the related party for provisions to be paid by the Company to a third party is included.

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**11. Property, plant and equipment**

(a) Details of property, plant and equipment as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>Land</b>	<b>Buildings</b>	<b>Structures</b>	<b>Machinery</b>	<b>Tools and equipment</b>	<b>Furniture and fixtures</b>	<b>Other</b>	<b>Construction -in-progress</b>	<b>Total</b>
<b>December 31, 2025</b>									
Acquisition cost	2,048,425	4,641,150	195,452	1,615,000	1,826,750	513,197	374,558	88,162	11,302,694
Accumulated depreciation	(6,328)	(1,662,852)	(120,232)	(1,165,608)	(1,562,890)	(350,696)	(258,364)	-	(5,126,970)
Accumulated impairment losses	-	(12,457)	(4,704)	(6,833)	(17,901)	(3,026)	(1,792)	-	(46,713)
<b>Net carrying amount</b>	<b>2,042,097</b>	<b>2,965,841</b>	<b>70,516</b>	<b>442,559</b>	<b>245,959</b>	<b>159,475</b>	<b>114,402</b>	<b>88,162</b>	<b>6,129,011</b>

<i>(in millions of Korean won)</i>	<b>Land</b>	<b>Buildings</b>	<b>Structures</b>	<b>Machinery</b>	<b>Tools and equipment</b>	<b>Furniture and fixtures</b>	<b>Other</b>	<b>Construction -in-progress</b>	<b>Total</b>
<b>December 31, 2024</b>									
Acquisition cost	2,064,613	4,438,422	200,320	1,600,839	1,805,859	467,904	604,055	175,830	11,357,842
Accumulated depreciation	(4,895)	(1,539,480)	(122,212)	(1,113,855)	(1,534,812)	(325,481)	(394,341)	-	(5,035,076)
Accumulated impairment losses	-	(53,625)	(4,786)	(14,951)	(19,431)	(2,986)	(2,779)	-	(98,558)
<b>Net carrying amount</b>	<b>2,059,718</b>	<b>2,845,317</b>	<b>73,322</b>	<b>472,033</b>	<b>251,616</b>	<b>139,437</b>	<b>206,935</b>	<b>175,830</b>	<b>6,224,208</b>

(b) Changes in property, plant and equipment for each of the two years in the period ended December 31, 2025 are as follows:

<b>For the period ended December 31, 2025</b>									
<i>(in millions of Korean won)</i>	<b>Land</b>	<b>Buildings</b>	<b>Structures</b>	<b>Machinery</b>	<b>Tools and equipment</b>	<b>Furniture and fixtures</b>	<b>Other</b>	<b>Construction -in-progress</b>	<b>Total</b>
<b>January 1</b>	2,059,718	2,845,317	73,322	472,033	251,616	139,437	206,935	175,830	6,224,208
Acquisitions	659	160,209	1,372	54,922	109,619	74,361	11,172	186,188	598,502
Transfer <sup>1</sup>	-	197,633	1,919	48,790	22,276	1,330	1,741	(273,856)	(167)
Disposals and others	-	(287)	(151)	(14,845)	(8,137)	(466)	(2,596)	-	(26,482)
Decrease due to transfer of business	-	-	-	(96)	(771)	(253)	-	-	(1,120)
Depreciation	(1,432)	(195,228)	(5,419)	(115,005)	(127,517)	(54,709)	(96,520)	-	(595,830)
Impairment losses <sup>2</sup>	-	(1,141)	(15)	(3,240)	(1,127)	(166)	(6,282)	-	(11,971)
Reclassification to assets held for sale	(16,848)	(40,662)	(512)	-	-	(59)	(48)	-	(58,129)
<b>December 31</b>	<b>2,042,097</b>	<b>2,965,841</b>	<b>70,516</b>	<b>442,559</b>	<b>245,959</b>	<b>159,475</b>	<b>114,402</b>	<b>88,162</b>	<b>6,129,011</b>

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**For the period ended December 31, 2024**

<i>(in millions of Korean won)</i>	<b>Land</b>	<b>Buildings</b>	<b>Structures</b>	<b>Machinery</b>	<b>Tools and equipment</b>	<b>Furniture and fixtures</b>	<b>Other</b>	<b>Construction -in-progress</b>	<b>Total</b>
<b>January 1</b>	2,061,056	2,486,414	71,453	466,675	229,339	110,938	344,336	259,919	6,030,130
Acquisitions	95	132,953	2,387	80,325	124,552	73,264	13,104	435,557	862,237
Transfer <sup>1</sup>	-	422,335	5,421	62,211	27,865	(1,178)	11,883	(519,643)	8,894
Disposals and others	-	(8,040)	(209)	(11,269)	(6,814)	(803)	(2,024)	(3)	(29,162)
Decrease due to transfer of business	-	-	-	-	-	-	-	-	-
Depreciation	(1,433)	(177,673)	(5,663)	(114,047)	(122,115)	(42,506)	(150,593)	-	(614,030)
Impairment losses <sup>2,3</sup>	-	(10,672)	(67)	(11,862)	(1,211)	(278)	(9,771)	-	(33,861)
Reclassification to assets held for sale	-	-	-	-	-	-	-	-	-
<b>December 31</b>	<b>2,059,718</b>	<b>2,845,317</b>	<b>73,322</b>	<b>472,033</b>	<b>251,616</b>	<b>139,437</b>	<b>206,935</b>	<b>175,830</b>	<b>6,224,208</b>

<sup>1</sup> The transfer of other property, plant and equipment includes ₩14 million (2024: ₩10,354 million) of transfer from inventories to rental assets.

<sup>2</sup> The Company conducted a periodic impairment test and recognized impairment loss of ₩506 million (2024: ₩226 million) for businesses under Media Entertainment Solution segment as other non-operating expenses due to expected sales decline. The impairment loss was allocated to tools and equipment of the cash-generating units. The recoverable amount was measured at the higher of fair value less costs of disposal or value-in-use, and the fair value amount is categorized within Level 3 of fair value hierarchy.

<sup>3</sup> For the year ended December 31, 2024, impairment loss on property, plant and equipment from discontinued operations of the battery pack business amounting to ₩817 million is included.

(c) Line items included in depreciation in the separate statements of profit or loss for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Continuing operations</b>		
Cost of sales	407,796	444,117
Selling expenses	32,240	29,590
Administrative expenses	68,479	70,319
Research and development expenses	55,535	40,558
Service costs	28,489	26,049
Other non-operating expenses	3,291	3,468
<b>Subtotal</b>	<b>595,830</b>	<b>614,101</b>
<b>Discontinued operations</b>	<b>-</b>	<b>(71)</b>
<b>Total</b>	<b>595,830</b>	<b>614,030</b>

**LG Electronics Inc.**  
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(d) Changes in right-of-use assets for each of the two years in the period ended December 31, 2025 are as follows:

For the period ended December 31, 2025									
<i>(in millions of Korean won)</i>	Land	Buildings	Structures	Machinery	Tools and equipment	Furniture and fixtures	Other	Construction -in-progress	Total
<b>January 1</b>	9,296	56,148	388	164	-	6,989	53,203	-	126,188
Acquisitions	-	49,279	-	159	-	13,690	10,739	-	73,867
Transfer	-	-	-	-	-	-	-	-	-
Disposals and others	-	(92)	-	-	-	-	(2,498)	-	(2,590)
Depreciation	(1,433)	(49,071)	(305)	(158)	-	(6,438)	(23,463)	-	(80,868)
<b>December 31</b>	7,863	56,264	83	165	-	14,241	37,981	-	116,597

For the period ended December 31, 2024									
<i>(in millions of Korean won)</i>	Land	Buildings	Structures	Machinery	Tools and equipment	Furniture and fixtures	Other	Construction -in-progress	Total
<b>January 1</b>	10,729	67,469	48	21	-	9,643	66,231	-	154,141
Acquisitions	-	39,157	290	294	-	2,334	11,726	300	54,101
Transfer	-	-	300	-	-	-	-	(300)	-
Disposals and others	-	(772)	(18)	-	-	(10)	(1,899)	-	(2,699)
Depreciation	(1,433)	(49,706)	(232)	(151)	-	(4,978)	(22,855)	-	(79,355)
<b>December 31</b>	9,296	56,148	388	164	-	6,989	53,203	-	126,188

The amount of lease income recognized in relation to sublease of the right-of-use assets for the year ended December 31, 2025 is ₩2,108 million (2024: ₩4,032 million).

(e) Capitalized borrowing costs and capitalization rates for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Capitalized borrowing costs	1,632	10,148
Capitalization rate (%)	3.56	3.62

(f) There is no property, plant and equipment pledged as collateral for borrowings from banks.

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**12. Intangible assets**

(a) Details of intangible assets as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>Goodwill</b>	<b>Industrial property rights</b>	<b>Development costs<sup>1</sup></b>	<b>Membership rights</b>	<b>Other</b>	<b>Construction -in-progress<sup>1</sup></b>	<b>Total</b>
<b>December 31, 2025</b>							
Acquisition cost	85,314	930,211	4,112,975	24,763	973,577	1,600,803	7,727,643
Accumulated amortization and impairment losses	(85,123)	(509,752)	(3,142,940)	(641)	(721,814)	(9,560)	(4,469,830)
<b>Net carrying amount</b>	<b>191</b>	<b>420,459</b>	<b>970,035</b>	<b>24,122</b>	<b>251,763</b>	<b>1,591,243</b>	<b>3,257,813</b>

<i>(in millions of Korean won)</i>	<b>Goodwill</b>	<b>Industrial property rights</b>	<b>Development costs<sup>1</sup></b>	<b>Membership rights</b>	<b>Other</b>	<b>Construction -in-progress<sup>1</sup></b>	<b>Total</b>
<b>December 31, 2024</b>							
Acquisition cost	86,528	912,247	3,714,231	23,552	1,022,137	1,214,507	6,973,202
Accumulated amortization and impairment losses	(86,337)	(489,814)	(2,926,303)	(633)	(786,995)	(1,266)	(4,291,348)
<b>Net carrying amount</b>	<b>191</b>	<b>422,433</b>	<b>787,928</b>	<b>22,919</b>	<b>235,142</b>	<b>1,213,241</b>	<b>2,681,854</b>

<sup>1</sup> As of December 31, 2025, internally generated development costs are included in development costs and construction-in-progress amounting to ₩605,074 million and ₩823,180 million (December 31, 2024: ₩506,877 million and ₩640,309 million), respectively.

(b) Changes in intangible assets for each of the two years in the period ended December 31, 2025 are as follows:

<b>For the period ended December 31, 2025</b>							
<i>(in millions of Korean won)</i>	<b>Goodwill</b>	<b>Industrial property rights</b>	<b>Development costs</b>	<b>Membership rights</b>	<b>Other</b>	<b>Construction -in-progress</b>	<b>Total</b>
<b>January 1</b>	191	422,433	787,928	22,919	235,142	1,213,241	2,681,854
Acquisitions	-	-	74,566	1,271	116,742	414,861	607,440
Acquisitions by internal development	-	-	-	-	-	501,064	501,064
Transfer	-	101,923	402,625	(48)	810	(505,433)	(123)
Disposals and others	-	(22,967)	430	(20)	(334)	(23,483)	(46,374)
Decrease due to transfer of business	-	(498)	-	-	-	(714)	(1,212)
Amortization	-	(80,207)	(286,731)	-	(96,909)	-	(463,847)
Impairment losses <sup>1,2</sup>	-	(225)	(8,783)	-	(3,688)	(8,293)	(20,989)
<b>December 31</b>	<b>191</b>	<b>420,459</b>	<b>970,035</b>	<b>24,122</b>	<b>251,763</b>	<b>1,591,243</b>	<b>3,257,813</b>

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For the period ended December 31, 2024

<i>(in millions of Korean won)</i>	Goodwill	Industrial property rights	Development costs	Membership rights	Other	Construction -in-progress	Total
<b>January 1</b>	191	405,436	600,922	18,482	243,398	828,970	2,097,399
Acquisitions	-	-	55,672	7,077	113,832	443,448	620,029
Acquisitions by internal development	-	-	-	-	-	466,930	466,930
Transfer	-	111,731	415,573	-	325	(524,639)	2,990
Disposals and others	-	(15,762)	(15,966)	(2,640)	(99)	(1,468)	(35,935)
Decrease due to transfer of business	-	-	-	-	-	-	-
Amortization	-	(77,335)	(241,768)	-	(122,312)	-	(441,415)
Impairment losses <sup>1,2</sup>	-	(1,637)	(26,505)	-	(2)	-	(28,144)
<b>December 31</b>	191	422,433	787,928	22,919	235,142	1,213,241	2,681,854

<sup>1</sup> The Company conducted a periodic impairment test and recognized a loss of ₩3,835 million (2024: nil) within 'other non-operating expenses' for a portion of the Media Entertainment Solution business segment due to expected sales decline. The recoverable amount was measured at the higher of fair value less costs of disposal or value-in-use, and the fair value amount is categorized within Level 3 of fair value hierarchy.

<sup>2</sup> As a result of an impairment test for all projects related to internally generated development costs and others, impairment loss for projects determined to have low profitability amounting to ₩16,734 million (2024: ₩25,967 million) was recognized as 'other non-operating expenses'.

(c) Line items including amortization of intangible assets for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	For the period ended December 31, 2025	For the period ended December 31, 2024
<b>Continuing operations</b>		
Cost of sales	324,365	331,800
Selling expenses	13,826	13,327
Administrative expenses	57,819	39,519
Research and development expenses	58,418	55,652
Service costs	9,419	7,048
Other non-operating expenses	-	(5,947)
<b>Subtotal</b>	463,847	441,399
<b>Discontinued operations</b>	-	16
<b>Total</b>	463,847	441,415

(d) Capitalized borrowing costs and capitalization rates for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	For the period ended December 31, 2025	For the period ended December 31, 2024
Capitalized borrowing costs	11,700	5,542
Capitalization rate (%)	3.56	3.62

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(e) There are no intangible assets pledged as a collateral for borrowings as of December 31, 2025 and 2024.

(f) Impairment tests for goodwill

i) Goodwill is allocated to the Company's cash-generating units (CGUs) under each operating segment. As of December 31, 2025, goodwill amounting to ₩191 million is allocated to Eco Solution business segment.

ii) The recoverable amount of CGUs has been determined based on value-in-use or fair value less costs of disposal. These calculations use pre-tax cash flow projections based on the financial budget approved by management. When approving this financial budget, management reviewed the estimation method, assumptions, and estimation period in consideration of the uniqueness of the industry and business. Cash flows beyond the financial budget are extrapolated using the estimated growth rate which does not exceed the long-term average growth rate for the industry in which the identified CGUs operate.

iii) Management determined the estimated pre-tax cash flow based on past performance and its expectations of market development. Discount rates used for calculating the value-in-use are the discount rates reflecting specific risks relating to CGUs identified in Air conditioning business under Eco Solution business segment of 5.66% and nominal perpetual growth rates of 2%.

iv) There is no impairment loss on goodwill recognized based on the recoverable amount calculated based on fair value-less costs to sell for each cash-generating unit.

(g) Research and development expenses

Research and development expenses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Continuing operations</b>		
Uncapitalized research and development expenditures	3,638,027	3,171,847
Amortization of internally generated development costs	197,048	178,294
<b>Total</b>	<b>3,835,075</b>	<b>3,350,141</b>

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(h) Acquisition, holding, and disposal of crypto assets

i) Purpose of acquisition

The Company holds crypto assets for various business purposes.

ii) The acquisition and holding of crypto assets for each of the two years in the period ended December 31, 2025 are as follows:

Name of virtual asset	Listed/unlisted <sup>1</sup>	Source of acquisition <sup>2</sup>	Number of units			Fair value per unit (KRW) <sup>4</sup>		
			December 31, 2024	Acquisitions	Disposal and usage	December 31, 2025 <sup>3</sup>	December 31, 2024	December 31, 2025
HEDERA	Listed	Gratuitous acquisition	1,988,627	-	1,988,627	-	414	160
KAIA	Listed	Gratuitous acquisition	8,076,609	-	-	8,076,609	309	82
USDC	Listed	Gratuitous acquisition	2,287	-	2,287	-	1,490	1,452

<sup>1</sup> Listed on domestic exchanges such as KORBIT.

<sup>2</sup> The crypto assets acquired for free of charge do not incur a significant acquisition cost, and therefore, are recognized as memorandum assets.

<sup>3</sup> As of December 31, 2025, the Company does not recognize any crypto assets.

<sup>4</sup> The valuation was based on the monthly average quoted price in KORBIT Exchange as of December 31, 2025 and 2024.

iii) Disposal

There is no gain (loss) on disposal of crypto assets recognized as gain (loss) on disposal of intangible assets for the year ended December 31, 2025 (2024: ₩1 million).

iv) Risk of holding crypto assets

The fair value of crypto assets held by the Company as of December 31, 2025 has fluctuated after the reporting date. However, as of the date of the independent auditor's report, the potential impact of these changes on the financial statements cannot be estimated, and the Company's financial statements are not adjusted to reflect any potential effects arising from the fair value fluctuation considering the uncertain estimate.

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**13. Investments in subsidiaries, associates and joint ventures**

(a) Investments in subsidiaries, associates and joint ventures as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	Location	Closing month	Percentage of ownership at December 31, 2025 (%) <sup>14</sup>	Carrying amount	
				December 31, 2025	December 31, 2024
<b>Subsidiaries</b>					
LG Electronics U.S.A., Inc.(LGEUS)	USA	December	100.0	955,542	955,542
LG Innotek Co., Ltd. <sup>3</sup>	Korea	December	40.8	541,538	541,538
LG Magna e-Powertrain Co., Ltd.	Korea	December	51.0	388,661	388,661
Bear Robotics, Inc. <sup>1,9</sup>	USA	December	61.1	321,894	-
LG Electronics do Brasil Ltda.(LGEBR)	Brazil	December	100.0	270,631	270,631
LG ELECTRONICS INDIA LIMITED(LGEIL) <sup>13</sup>	India	March	85.0	264,984	311,746
OSO Group AS <sup>2</sup>	Norway	December	100.0	216,420	-
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	Poland	December	100.0	214,091	214,091
ZKW Holding GmbH <sup>1</sup>	Austria	December	70.0	196,094	101,297
LG Electronics Nanjing Vehicle Components Co., Ltd.(LGENV)	China	December	100.0	180,349	180,349
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	China	December	70.0	161,331	161,331
LG Electronics European Holding B.V.(LGEEH)	Netherlands	December	100.0	148,551	148,551
Hiplaza Co., Ltd.	Korea	December	100.0	136,459	136,459
PT LGE INDONESIA RESEARCH AND DEVELOPMENT CENTER(LGERC)	Indonesia	December	100.0	121,467	121,467
LG Electronics Egypt S.A.E(LGEEG)	Egypt	December	100.0	110,245	110,245
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	China	December	90.0	97,608	97,608
P.T. LG Electronics Indonesia(LGEIN)	Indonesia	December	100.0	94,118	94,118
LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	Vietnam	December	100.0	84,784	84,784
LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	Poland	December	100.0	70,014	70,014
LG Electronics Mexico S.A. DE C.V.(LGEMS)	Mexico	December	100.0	68,721	68,721
LG Electronics Fund I LLC <sup>1</sup>	USA	December	100.0	62,260	48,295
LG Electronics (Shenyang) Inc(LGESY)	China	December	56.3	62,033	62,033
LG Electronics (Thailand) Company Limited(LGETH)	Thailand	December	100.0	55,578	55,578
LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)	Australia	December	100.0	50,664	50,664
LG Electronics Ticaret A.S.(LGETK)	Türkiye	December	100.0	47,320	47,320
LG Electronics RUS, LLC(LGERA)	Russia	December	100.0	43,645	43,645
LG Electronics (Huizhou) Inc.(LGEHZ) <sup>4</sup>	China	December	45.0	41,984	41,984
LG Electronics Nanjing New Technology co.,LTD (LSENT) <sup>4</sup>	China	December	45.0	38,744	38,744
LG Electronics Panama, S.A.(LGEPS)	Panama	December	100.0	36,492	36,492
Athom Holding B.V. <sup>8</sup>	Netherlands	December	80.0	35,584	69,206
LG Electronics Fund II LLC. <sup>1,11</sup>	USA	December	100.0	32,541	32,597
LG Electronics S.A. (Pty) Ltd.(LGESA)	Republic of South Africa	December	100.0	30,175	30,175

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<i>(in millions of Korean won)</i>	Location	Closing month	Percentage of ownership at December 31, 2025 (%) <sup>14</sup>	Carrying amount	
				December 31, 2025	December 31, 2024
Nanjing LG Panda Appliances Co., Ltd(LGEPN) <sup>4</sup>	China	December	50.0	26,614	26,614
LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	China	December	100.0	20,615	20,615
LG Soft India Private Limited(LGSI)	India	March	100.0	20,105	20,105
LG Electronics Peru S.A.(LGEPR) <sup>8</sup>	Peru	December	100.0	15,515	25,043
ACE R&A Co., Ltd. <sup>1</sup>	Korea	December	100.0	7,480	2,480
Cybellum Technologies Ltd. <sup>8</sup>	Israel	December	79.5	-	77,643
HIEVCHARGER CO., LTD. <sup>12</sup>	Korea	December	-	-	35,040
LG Electronics Qinhuangdao Co., Ltd.(LGEQH) <sup>13</sup>	China	December	-	-	9,467
Others			-	144,374	144,374
<b>Associates</b>					
LG Display Co., Ltd	Korea	December	36.7	3,247,980	3,247,980
Robostar Co.,Ltd.	Korea	December	33.4	88,112	88,112
RINSE, INC.	USA	December	43.0	55,036	55,036
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0	52,124	52,124
Mirae Asset-LG Electronics New Growth Fund I <sup>1,11</sup>	Korea	December	50.0	46,052	36,552
Ericsson Korea Partners Co., Ltd. <sup>5</sup>	Korea	December	25.0	38,834	38,834
NOVAWAVE Fund I, L.P. <sup>2,6</sup>	USA	December	87.5	21,084	-
NOVA Prime Fund I, LP <sup>6</sup>	USA	December	79.3	16,889	16,889
Mo-Sys Holding Ltd. <sup>7</sup>	UK	December	11.9	11,458	11,458
ROBOTIS Co., Ltd. <sup>7</sup>	Korea	December	6.6	9,000	9,000
GOQUAL INC. <sup>7</sup>	Korea	December	7.2	5,000	5,000
Apartmentary Co., Ltd. <sup>2,7</sup>	Korea	December	1.3	3,000	-
TheWaveTalk Co., Ltd. <sup>7</sup>	Korea	December	3.7	2,000	2,000
BEAR ROBOTICS, INC. <sup>9</sup>	USA	December	-	-	56,076
SideChef Group Limited <sup>7,8</sup>	Hong Kong	December	15.4	-	7,702
Acryl Inc. <sup>10</sup>	Korea	December	-	-	2,000
aiM Future, Inc. <sup>7,8</sup>	Korea	December	11.7	-	800
<b>Joint ventures</b>					
Arcelik-LG Klima Sanayi ve Ticaret A.S. (LGEAT)	Türkiye	December	50.0	27,711	27,711
EIC PROPERTIES PTE LTD.	Singapore	December	38.2	7,881	7,881
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	China	December	35.0	1,855	1,855
<b>Total</b>				<b>9,049,241</b>	<b>8,642,277</b>

<sup>1</sup> Investments in the entity were additionally acquired for the year ended December 31, 2025.

<sup>2</sup> The entity was newly acquired for the year ended December 31, 2025.

<sup>3</sup> Although the Company owns less than half of the percentage of ownership of LG Innotek Co., Ltd., the Company is deemed to have control over LG Innotek Co., Ltd. due to the size and dispersion of holdings of the other shareholders and their voting patterns at previous shareholders' meetings.

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<sup>4</sup> Although the Company owns less than half of the percentage of ownership of the investees, the investees are classified as subsidiaries because the Company can exercise control over the investees considering the shares held by the subsidiary.

<sup>5</sup> The entity has changed its name from Ericsson-LG Co., Ltd to Ericsson Korea Partners Co., Ltd for the year ended December 31, 2025.

<sup>6</sup> Although the Company's ownership exceeds 50%, the entity has been classified as an associate due to the absence of control under a shareholder agreement.

<sup>7</sup> The entity was classified as an associate because the Company can exercise a significant influence in the Board of Directors of the investee although its percentage of ownership is less than 20%.

<sup>8</sup> Impairment loss was recognized for the year ended December 31, 2025.

<sup>9</sup> The entity was reclassified from an associate to a subsidiary due to the acquisition of a controlling interest through the exercise of a call option for the year ended December 31, 2025.

<sup>10</sup> The entity was reclassified from an associate to other financial assets due to the loss of significant influence following the expiration of the right to appoint board members for the year ended December 31, 2025.

<sup>11</sup> The Company partially recovered its investment for the year ended December 31, 2025.

<sup>12</sup> The investment was fully impaired and subsequently liquidated for the year ended December 31, 2025.

<sup>13</sup> The entity was disposed of for the year ended December 31, 2025.

<sup>14</sup> The percentage of ownership has been rounded to the fourth decimal place.

(b) Changes in investments in subsidiaries, associates and joint ventures for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>January 1</b>	8,642,277	8,391,013
Acquisitions	631,387	692,149
Transfer	(1,971)	(22,590)
Disposal and others	(63,827)	(87,201)
Impairment loss	(158,625)	(331,094)
<b>December 31</b>	<b>9,049,241</b>	<b>8,642,277</b>

c) Impairment test for investments in subsidiaries, associates and joint ventures

i) The Company records the investments in subsidiaries, associates and joint ventures at acquisition cost on the basis of the direct equity interest and assesses as of December 31, 2025 and 2024 whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset by future cash flow projection technique. And if the recoverable amount of an asset is less than its carrying amount, the Company recognizes an impairment loss immediately by reducing its carrying amount to its recoverable amount.

ii) The difference of ₩77,643 million between recoverable amount and carrying amount relating to Cybellum Technologies Ltd., a subsidiary, is recognized in the separate statement of profit or loss under 'other non-operating expenses' for the year ended December 31, 2025.

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iii) The difference of ₩33,622 million between recoverable amount and carrying amount relating to Athom Holding B.V., a subsidiary, is recognized in the separate statement of profit or loss under 'other non-operating expenses' for the year ended December 31, 2025.

iv) The difference of ₩29,330 million between recoverable amount and carrying amount relating to HIEVCHARGER CO., LTD, a subsidiary, is recognized in the separate statement of profit or loss under 'other non-operating expenses' for the year ended December 31, 2025.

v) The difference of ₩9,528 million between recoverable amount and carrying amount relating to LG Electronics Peru S.A. (LGEPR), a subsidiary, is recognized in the separate statement of profit or loss under 'other non-operating expenses' for the year ended December 31, 2025.

vi) The difference of ₩7,702 million between recoverable amount and carrying amount relating to SideChef Group Limited, an associate, is recognized in the separate statement of profit or loss under 'other non-operating expenses' for the year ended December 31, 2025.

vii) The difference of ₩800 million between recoverable amount and carrying amount relating to AiM Future, Inc., an associate, is recognized in the separate statement of profit or loss under 'other non-operating expenses' for the year ended December 31, 2025.

(d) Details of marketable investments in subsidiaries and associates as of December 31, 2025 and 2024 are as follows:

<b>December 31, 2025</b>					
	<b>Type</b>	<b>Shares held (Unit: shares)</b>	<b>Price per share (Unit: won)</b>	<b>Fair value (in millions of Korean won)</b>	<b>Carrying amount</b>
LG Display Co., Ltd.	Associate	183,593,206	11,810	2,168,236	3,247,980
LG Innotek Co., Ltd.	Subsidiary	9,653,181	271,000	2,616,012	541,538
LG ELECTRONICS INDIA LIMITED	Subsidiary	576,956,527	24,312	14,026,951	264,984
Robostar Co.,Ltd.	Associate	3,256,500	80,100	260,846	88,112
ROBOTIS Co., Ltd.	Associate	961,550	261,000	250,965	9,000

<b>December 31, 2024</b>					
	<b>Type</b>	<b>Shares held (Unit: shares)</b>	<b>Price per share (Unit: won)</b>	<b>Fair value (in millions of Korean won)</b>	<b>Carrying amount</b>
LG Display Co., Ltd.	Associate	183,593,206	9,130	1,676,206	3,247,980
LG Innotek Co., Ltd.	Subsidiary	9,653,181	162,000	1,563,815	541,538
Robostar Co.,Ltd.	Associate	3,256,500	21,900	71,317	88,112
ROBOTIS Co., Ltd.	Associate	961,550	23,250	22,356	9,000

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**14. Investment properties**

(a) Details of investment properties as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<b>December 31, 2025</b>			
Acquisition cost	1,603	134,839	136,442
Accumulated depreciation	(358)	(16,831)	(17,189)
Accumulated impairment losses	-	(47,429)	(47,429)
<b>Net carrying amount</b>	<b>1,245</b>	<b>70,579</b>	<b>71,824</b>

<i>(in millions of Korean won)</i>	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<b>December 31, 2024</b>			
Acquisition cost	1,549	134,839	136,388
Accumulated depreciation	(284)	(12,531)	(12,815)
Accumulated impairment losses	-	(47,429)	(47,429)
<b>Net carrying amount</b>	<b>1,265</b>	<b>74,879</b>	<b>76,144</b>

(b) Changes in investment properties for each of the two years in the period ended December 31, 2025 are as follows:

	<b>For the period ended December 31, 2025</b>		
<i>(in millions of Korean won)</i>	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<b>January 1</b>	1,265	74,879	76,144
Acquisition and others	54	-	54
Depreciation	(74)	(4,300)	(4,374)
<b>December 31</b>	<b>1,245</b>	<b>70,579</b>	<b>71,824</b>

	<b>For the period ended December 31, 2024</b>		
<i>(in millions of Korean won)</i>	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<b>January 1</b>	1,329	79,178	80,507
Acquisition and others	8	-	8
Depreciation	(72)	(4,299)	(4,371)
<b>December 31</b>	<b>1,265</b>	<b>74,879</b>	<b>76,144</b>

(c) The fair value of investment property is determined based on the assumptions and data used in the valuation of the independent professional appraiser with certified qualification. The fair value of investment property as of December 31, 2025 is ₩90,069 million(December 31, 2024: ₩86,383 million).

(d) Rental income amounting to ₩4,741 million (2024: ₩5,023 million) and rental costs amounting to ₩4,683 million (2024: ₩4,697 million) are recognized in the separate statements of profit or loss relating to the investment properties for the year ended December 31, 2025.

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**15. Borrowings**

(a) Carrying amounts of borrowings as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Current</b>		
Short-term borrowings	377,143	43,462
Current portion of long-term borrowings	326,889	588,365
Current portion of debentures	769,863	269,973
<b>Subtotal</b>	<b>1,473,895</b>	<b>901,800</b>
<b>Non-current</b>		
Long-term borrowings	2,752,857	2,862,371
Debentures	4,788,431	5,598,571
<b>Subtotal</b>	<b>7,541,288</b>	<b>8,460,942</b>
<b>Total</b>	<b>9,015,183</b>	<b>9,362,742</b>

(b) Details of borrowings as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>Latest maturity date</b>	<b>Annual interest rate at December 31, 2025 (%)</b>	<b>Carrying amount</b>	
			<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Short-term borrowings in foreign currency</b>				
LG Electronics European Shared Service Center B.V.(LGESC) and others <sup>1</sup>	-	2.95 ~ 3.13	377,143	43,462
<b>Long-term borrowings in local currency</b>				
Korea Development Bank and others	Jan. 9, 2035	2.49 ~ 4.82	2,234,179	2,253,322
<b>Long-term borrowings in foreign currency</b>				
The Export-Import Bank of Korea and others	Jul. 28, 2031	0.67 ~ 5.87	845,567	1,197,414
<b>Local currency debentures</b>				
Public, non-guaranteed bonds	May. 4, 2036	1.62 ~ 4.84	2,650,000	2,920,000
Private, non-guaranteed bonds	Feb. 9, 2041	2.66 ~ 5.15	1,030,000	1,030,000
<b>Foreign currency debentures</b>				
Public, non-guaranteed bonds	Apr. 24, 2029	5.63	1,147,920	1,176,000
Private, non-guaranteed bonds	Jan. 8, 2031	1.57 ~ 5.88	746,644	764,512
Less: discount on debentures			(16,270)	(21,968)
<b>Total</b>			<b>9,015,183</b>	<b>9,362,742</b>

<sup>1</sup> There are no short-term borrowings in foreign currency that include the short-term borrowings collateralized by trade receivables as of December 31, 2025. As of December 31, 2024, such borrowings amounted to ₩43,462 million as of December 31, 2024.

The Company entered into interest rate swap and cross-currency swap contracts to hedge cash flow risks related to floating interest rates and foreign exchange rates of certain portion of borrowings (See Note 35).

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**16. Lease liabilities**

(a) Details of lease liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Lease liabilities</b>		
Current	74,973	72,610
Non-current	43,078	55,562
<b>Total</b>	<b>118,051</b>	<b>128,172</b>

(b) The amounts, relating to leases, recognized in the separate statements of profit or loss for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Continuing operations</b>		
Interest expense relating to lease liabilities	4,106	4,462
Short-term lease payments (included in cost of sales, selling and administrative expenses, and others)	28,975	29,841
Payments for leases of low-value assets that are not short-term leases (included in cost of sales, selling and administrative expenses, and others)	20,474	19,964
<b>Subtotal</b>	<b>53,555</b>	<b>54,267</b>
<b>Discontinued operations</b>	<b>638</b>	<b>2,651</b>
<b>Total</b>	<b>54,193</b>	<b>56,918</b>

Depreciation of right-of-use assets is presented in Note 11.

(c) Total expenditures for leases including short-term leases and leases of low-value assets for the year ended December 31, 2025 are ₩132,998 million (2024: ₩132,621 million).

**17. Other payables**

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

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Current</b>		
Non-trade payables	1,813,146	2,172,500
Accrued expenses	356,814	319,483
Leasehold deposits received	8,848	286
<b>Subtotal</b>	<b>2,178,808</b>	<b>2,492,269</b>
<b>Non-current</b>		
Leasehold deposits received	12,190	11,890
<b>Total</b>	<b>2,190,998</b>	<b>2,504,159</b>

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**18. Current and deferred income tax**

**18.1 Income tax expense**

(a) Details of income tax expense for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Current income taxes</b>		
Current tax on profits for the year	339,712	180,359
Adjustments in respect of prior years	(3,884)	(8,388)
<b>Deferred tax</b>		
Changes in temporary differences	14,630	(180,512)
Changes in tax credit carry forwards	(97,753)	(480,173)
Changes in tax loss carry forwards	45,600	77,310
<b>Income tax expense (benefit)</b>	298,305	(411,404)
Continuing operations	301,284	(311,856)
Discontinued operations	(2,979)	(99,548)

(b) The reconciliation of profit (loss) before income tax to income tax expense for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
Continuing operations	1,340,045	1,108,827
Discontinued operations	(11,145)	(383,599)
<b>Profit (Loss) before income tax</b>	1,328,900	725,228
Tax expense (benefit) based on statutory tax rate	340,468	181,098
Income not subject to tax	(173,661)	(306,827)
Expenses not deductible for tax purposes	9,451	13,807
Tax credits/exemptions	(251,593)	(480,172)
Adjustments in respect of prior years	(3,884)	(8,388)
Others	377,524	189,078
<b>Income tax expense (benefit)<sup>1</sup></b>	298,305	(411,404)
Continuing operations	301,284	(311,856)
Discontinued operations	(2,979)	(99,548)
Effective tax rate	22.45%	(-)56.73%

<sup>1</sup> The income tax expense recognized in the statements of profit or loss for the year ended December 31, 2024 includes ₩15,197 million of Pillar Two income taxes.

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**18.2 Deferred income tax**

(a) Deferred tax assets and deferred tax liabilities after offsetting as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	324,871	395,795
Deferred tax asset to be recovered after more than 12 months	3,294,765	3,284,421
<b>Deferred tax assets before offsetting</b>	<b>3,619,636</b>	<b>3,680,216</b>
Deferred tax liabilities		
Deferred tax liability to be settled within 12 months	44,034	75,082
Deferred tax liability to be settled after more than 12 months	1,445,121	1,408,101
<b>Deferred tax liabilities before offsetting</b>	<b>1,489,155</b>	<b>1,483,183</b>
<b>Deferred tax assets after offsetting</b>	<b>2,130,481</b>	<b>2,197,033</b>

(b) Changes in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>			
	<b>January 1</b>	<b>Charged (credited) to statements of profit or loss</b>	<b>Charged to other comprehensive income</b>	<b>December 31</b>
Changes in temporary differences				
Investments in subsidiaries, associates and joint ventures	(92,957)	(4,592)	-	(97,549)
Property, plant and equipment	(91,670)	22,235	-	(69,435)
Accrued expenses	396,439	(41,521)	-	354,918
Provisions	322,190	(52,773)	-	269,417
Others	(46,411)	62,021	(104,075)	(88,465)
<b>Subtotal</b>	<b>487,591</b>	<b>(14,630)</b>	<b>(104,075)</b>	<b>368,886</b>
Tax credit carry forwards	1,663,842	97,753	-	1,761,595
Tax loss carry forwards	45,600	(45,600)	-	-
<b>Deferred tax assets (liabilities)</b>	<b>2,197,033</b>	<b>37,523</b>	<b>(104,075)</b>	<b>2,130,481</b>

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2024</b>			
	<b>January 1</b>	<b>Charged (credited) to statements of profit or loss</b>	<b>Charged to other comprehensive income</b>	<b>December 31</b>
Changes in temporary differences				
Investments in subsidiaries, associates and joint ventures	(75,342)	(17,615)	-	(92,957)
Property, plant and equipment	(130,815)	39,145	-	(91,670)
Accrued expenses	373,412	23,027	-	396,439

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<i>(in millions of Korean won)</i>	For the period ended December 31, 2024			
	January 1	Charged (credited) to statements of profit or loss	Charged to other comprehensive income	December 31
Provisions	164,861	157,329	-	322,190
Others	(21,727)	(21,374)	(3,310)	(46,411)
<b>Subtotal</b>	<b>310,389</b>	<b>180,512</b>	<b>(3,310)</b>	<b>487,591</b>
Tax credit carry forwards	1,183,669	480,173	-	1,663,842
Tax loss carry forwards	122,910	(77,310)	-	45,600
<b>Deferred tax assets (liabilities)</b>	<b>1,616,968</b>	<b>583,375</b>	<b>(3,310)</b>	<b>2,197,033</b>

(c) Tax effects recognized in other comprehensive income directly for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	For the period ended December 31, 2025			For the period ended December 31, 2024		
	Before tax	Tax effects	After tax	Before tax	Tax effects	After tax
Remeasurements of the net defined benefit liability	327,896	(84,985)	242,911	79,126	(7,861)	71,265
Financial assets at fair value through other comprehensive income	29,785	(7,881)	21,904	709	182	891
Cash flow hedges	41,865	(11,209)	30,656	(16,710)	4,370	(12,340)
<b>Total</b>	<b>399,546</b>	<b>(104,075)</b>	<b>295,471</b>	<b>63,125</b>	<b>(3,309)</b>	<b>59,816</b>

(d) Details of deductible (taxable) temporary differences and tax credit carryforwards unrecognized as deferred tax assets (liabilities) as of December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	Amount	Remark
Taxable temporary difference (investment in subsidiaries)	(1,297,421)	Permanent reinvestment of undistributed profit planned
Deductible temporary difference (investment in subsidiaries)	3,100,148	Unlikely to reverse (dispose of) in the foreseeable future
Tax credit carryforwards <sup>1</sup>	316,021	Uncertainty of future taxable profit

<sup>1</sup> Unrecognized tax credit carry forwards as of December 31, 2025 will begin to expire in 2026.

## 19. Retirement benefits

### 19.1 Defined benefit plan

(a) The amounts of net defined benefit liabilities(assets) as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Present value of funded obligations	3,372,031	3,588,433
Fair value of plan assets	(3,936,979)	(3,907,813)
<b>Net defined benefit liabilities (assets)</b>	<b>(564,948)</b>	<b>(319,380)</b>

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(b) The amounts recognized in the separate statements for profit or loss for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
Current service cost	310,984	312,810
Past service cost	35,090	-
Net interest cost	(11,674)	(15,489)
Administrative cost related to plan assets	2,497	2,727
<b>Total</b>	<b>336,897</b>	<b>300,048</b>

(c) Line items in which expenses are included for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Continuing operations</b>		
Cost of sales	164,012	140,755
Selling expenses	47,079	42,341
Administrative expenses	31,471	28,813
Research and development expenses	65,238	60,951
Service costs	28,863	27,063
Other non-operating expenses	206	79
<b>Subtotal</b>	<b>336,869</b>	<b>300,002</b>
<b>Discontinued operations</b>	<b>28</b>	<b>46</b>
<b>Total</b>	<b>336,897</b>	<b>300,048</b>

(d) Changes in the present value of defined benefit obligations for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>January 1</b>	<b>3,588,433</b>	<b>3,419,800</b>
Current service cost	310,984	312,810
Past service cost	35,090	-
Interest cost	139,823	148,783
Remeasurements for:		
- Actuarial loss (gain) arising from changes in demographic assumptions	7,674	525
- Actuarial loss (gain) arising from changes in financial assumptions	(294,007)	(81,758)
- Actuarial loss (gain) arising from experience adjustments	(58,091)	(12,410)
Benefits paid	(357,875)	(199,317)
<b>December 31</b>	<b>3,372,031</b>	<b>3,588,433</b>

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(e) Changes in the fair value of plan assets for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>January 1</b>	3,907,813	3,767,107
Interest income	151,497	164,272
Remeasurements of plan assets	(16,529)	(14,516)
Employer contributions	250,000	200,000
Benefits paid	(353,305)	(206,323)
Operating management cost	(2,497)	(2,727)
<b>December 31</b>	<b>3,936,979</b>	<b>3,907,813</b>

(f) The key actuarial assumptions used as of December 31, 2025 and 2024 are as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Discount rate	4.8%	3.8%
Expected salary growth rate	4.9%	4.9%

During the current year, the Company changed its actuarial assumption regarding the determination of the discount rate under the projected unit credit method to provide a more reasonable assessment of its defined benefit obligations. As a result of the impact of this change in accounting estimate, the defined benefit obligations decreased by ₩233,916 million, and retained earnings increased by ₩233,916 million.

(g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as of December 31, 2025 is as follows:

<i>(in millions of Korean won)</i>	<b>1%p increase</b>	<b>1%p decrease</b>
Discount rate	(257,609)	293,344
Expected salary growth rate	305,247	(271,792)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, changes in some of the assumptions may be occurred since the various assumptions are 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.

(h) The composition of plan assets as of December 31, 2025 and 2024 is as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
	<b>Amount</b>	<b>Composition ratio (%)</b>	<b>Amount</b>	<b>Composition ratio (%)</b>
Securities combined with derivatives (principal and interest guaranteed)	1,607,304	40.8	1,666,309	42.6
Time deposits and others	2,329,675	59.2	2,241,504	57.4
<b>Total</b>	<b>3,936,979</b>	<b>100.0</b>	<b>3,907,813</b>	<b>100.0</b>

The Company's plan assets mainly consist of the assets with the quoted prices in an active market.

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(i) The weighted average duration of the defined benefit obligations is 8.6 years.

(j) The Company evaluates the level of fund contribution level annually, and if there is a shortfall in the funds, the Company shall finance the funds in accordance with the related policies. Expected contributions to retirement benefit plans for the year ended December 31, 2026 are ₩260,000 million.

**19.2 Defined contribution plan**

The expense recognized in relation to defined contribution plan for the year ended December 31, 2025 is ₩23,468 million (2024: ₩15,428 million).

**20. Provisions**

(a) Changes in provisions for each of the two years in the period ended December 31, 2025 are as follows:

<b>For the period ended December 31, 2025</b>				
<i>(in millions of Korean won)</i>	<b>Warranty</b>	<b>Restoration</b>	<b>Litigation and others</b>	<b>Total</b>
<b>January 1</b>	997,512	9,610	124,110	1,131,232
Additions <sup>1</sup>	345,191	888	47,539	393,618
Utilizations	(697,845)	(533)	(2,877)	(701,255)
<b>December 31</b>	<b>644,858</b>	<b>9,965</b>	<b>168,772</b>	<b>823,595</b>
Current	619,020	8,775	93,952	721,747
Non-current	25,838	1,190	74,820	101,848

  

<b>For the period ended December 31, 2024</b>				
<i>(in millions of Korean won)</i>	<b>Warranty</b>	<b>Restoration</b>	<b>Litigation and others</b>	<b>Total</b>
<b>January 1</b>	528,100	8,868	144,360	681,328
Additions <sup>1</sup>	972,566	1,206	3,631	977,403
Utilizations	(503,154)	(464)	(23,881)	(527,499)
<b>December 31</b>	<b>997,512</b>	<b>9,610</b>	<b>124,110</b>	<b>1,131,232</b>
Current	962,422	7,089	90,323	1,059,834
Non-current	35,090	2,521	33,787	71,398

<sup>1</sup> Net amount of additional provisions equals to additional provisions less reversed amounts.

(b) Greenhouse gas emission liabilities

Details of emission rights received free of charge and estimated greenhouse gas emissions for each compliance year are as follows:

<i>(in tons)</i>	<b>For the compliance year 2025</b>	<b>For the compliance year 2026</b>
Emission rights received free of charge <sup>1</sup>	900,507	1,148,035

<sup>1</sup> Emission rights received free of charge are defined as allowed amount of emissions that can be released, allocated

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by Korean government for free in accordance with 'Act on the Allocation and Trading of Greenhouse-Gas Emission Permits' of the Republic of Korea.

There were no emission rights that the Company additionally purchased from the market, and there was no recognized emission liability for the year ended December 31, 2025, as greenhouse gas emission estimated by management was 248,685 tons.

**21. Other liabilities**

Other liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Current</b>		
Advances from customers	259,793	311,743
Withholding	161,352	155,610
Accrued expenses	1,344,232	1,637,290
<b>Subtotal</b>	<b>1,765,377</b>	<b>2,104,643</b>
<b>Non-current</b>		
Accrued expenses	142,715	146,174
<b>Total</b>	<b>1,908,092</b>	<b>2,250,817</b>

**22. Paid-in capital**

(a) As of December 31, 2025 and 2024, the number of authorized ordinary and preferred shares is 600 million.

	<b>Par value per share</b>	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
		<b>Number of shares issued</b>	<b>Amount (in millions of Korean won)</b>	<b>Number of shares issued</b>	<b>Amount (in millions of Korean won)</b>
Ordinary shares	5,000	162,886,387	818,239	163,647,814	818,239
Preferred shares	5,000	17,185,992	85,930	17,185,992	85,930
<b>Total</b>		<b>180,072,379</b>	<b>904,169</b>	<b>180,833,806</b>	<b>904,169</b>

The preferred shareholders have no voting rights and are entitled to preferred dividends at a rate of one percentage point over that of ordinary shares. This preferred dividend rate is not applicable to stock dividends. In addition, the preferred shareholders have same rights on the remaining assets as ordinary shareholders. Repayment and conversion are not applicable to preferred shares.

(b) Share premium balance as of December 31, 2025 is ₩3,088,179 million. The share premium of ₩1,876,153 million was recognized, which is ₩2,815,707 million of the carrying amount of net assets acquired from the entity split-off back on April 1, 2002, less the Company's capital of ₩783,961 million and less the Company's capital adjustment of ₩155,593 million. In addition, the amount of ₩331,766 million paid in excess of par value due to issuance of ordinary shares (merger with LG IBMPC Co., Ltd.) and the exercise of conversion options in 2005 and 2006 are included. The excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as the share premium due to the issuance of ordinary shares in 2011.

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(c) As of December 31, 2025, the Company had 162,886,387 shares of common stock outstanding (par value: ₩5,000 per share), and the number of treasury shares (excluding fractional shares) was 1,749 shares. The amounts of common stock and share premium were ₩818,239 million and ₩3,088,179 million, respectively. As a result of these equity transactions, the total equity issued amounted to ₩814,432 million, which differs from the common stock amount of ₩818,239 million.

**23. Retained earnings and dividends**

(a) Retained earnings as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Legal reserves <sup>1</sup>	291,883	273,791
Discretionary reserves	7,156,302	6,147,421
Unappropriated retained earnings (Undisposed accumulated deficit) <sup>2</sup>	1,138,921	1,117,964
<b>Total</b>	<b>8,587,106</b>	<b>7,539,176</b>

<sup>1</sup> The Commercial Act of the Republic of Korea requires the Company to appropriate, 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 stock. The reserve is not available for the payment of cash dividends but may be transferred to capital stock or used to reduce accumulated deficit.

<sup>2</sup> A dividend of ₩90,892 million for the year ended December 31, 2024 was approved as originally proposed at the Annual Shareholder's Meeting held on March 25, 2025 and was paid in April 2025. The interim dividend of ₩90,033 million, for which the dividend base date is August 8, 2025, was decided at the meeting of the Board of Directors held on July 24, 2025, and was paid in August 2025 (Total payments in 2024: ₩234,945 million).

(b) Appropriation of retained earnings for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Unappropriated retained earnings</b>	1,138,921	1,117,964
Unappropriated retained earnings carried over from prior year	99	99
Interim dividends (Cash dividends per share (rate))	(90,033)	(90,033)
Ordinary share :		
₩ 500 (10%) in 2025		
₩ 500 (10%) in 2024		
Preferred share :		
₩ 500 (10%) in 2025		
₩ 500 (10%) in 2024		
Remeasurement of net defined benefit liability	242,911	71,265
Cancellation of treasury shares	(44,651)	-
Profit (Loss)	1,030,595	1,136,633
<b>Transfer from discretionary reserve</b>	<b>7,156,302</b>	<b>6,147,421</b>
Reserve for research and manpower development	7,156,302	6,147,421
<b>Total</b>	<b>8,295,223</b>	<b>7,265,385</b>

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<i>(in millions of Korean won)</i>	For the period ended December 31, 2025	For the period ended December 31, 2024
<b>Appropriation of retained earnings</b>	8,295,124	7,265,286
Earned profit reserves	24,395	18,092
Reserve for research and manpower development	8,116,464	7,155,952
Discretionary reserves	350	350
Dividends (Cash dividends per share (rate))	153,915	90,892
Ordinary share :		
₩ 850 (17%) in 2025		
₩ 500 (10%) in 2024		
Preferred share :		
₩ 900 (18%) in 2025		
₩ 550 (11%) in 2024		
<b>Unappropriated retained earnings to be carried forward to subsequent year</b>	<b>99</b>	<b>99</b>

(c) Dividends

Details of dividends per share and total dividend in respect of the year ended December 31, 2025 which is to be proposed at the annual general meeting on March 23, 2026, are as follows. These separate financial statements do not reflect this dividend payable.

The details of dividend calculations for each of the two years in the period ended December 31, 2025 are as follows:

i) Interim dividend

	For the period ended December 31, 2025		For the period ended December 31, 2024	
	Ordinary shares	Preferred shares	Ordinary shares	Preferred shares
Dividend record date	2025.08.08	2025.08.08	2024.06.30	2024.06.30
Outstanding shares	162,886,387	17,185,992	163,647,814	17,185,992
Treasury shares	(1,749)	(4,693)	(763,176)	(4,693)
Numbers of shares for dividend	162,884,638	17,181,299	162,884,638	17,181,299
Par value ( <i>in Korean won</i> )	5,000	5,000	5,000	5,000
Dividend rate	10%	10%	10%	10%
Dividends per share ( <i>in Korean won</i> )	500	500	500	500
Total dividend amount ( <i>in millions of Korean won</i> )	81,442	8,591	81,442	8,591

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ii) Annual dividend

	For the period ended December 31, 2025		For the period ended December 31, 2024	
	Ordinary shares	Preferred shares	Ordinary shares	Preferred shares
Dividend record date	2026.03.31	2026.03.31	2025.03.31	2025.03.31
Outstanding shares	162,886,387	17,185,992	163,647,814	17,185,992
Treasury shares	(1,749)	(4,693)	(763,176)	(4,693)
Numbers of shares for dividend	162,884,638	17,181,299	162,884,638	17,181,299
Par value (in Korean won)	5,000	5,000	5,000	5,000
Dividend rate	17%	18%	10%	11%
Dividends per share (in Korean won)	850	900	500	550
Total dividend amount (in millions of Korean won)	138,452	15,463	81,442	9,450

**24. Accumulated other comprehensive income (loss)**

Accumulated other comprehensive income (loss) as of December 31, 2025 and 2024 is as follows:

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Cash flow hedge	17,478	(13,178)
Financial assets at fair value through other comprehensive income	13,428	(8,476)
<b>Total</b>	<b>30,906</b>	<b>(21,654)</b>

**25. Other components of equity**

Other components of equity as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Treasury shares <sup>1</sup>	(242)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
<b>December 31</b>	<b>11,832</b>	<b>(32,819)</b>

<sup>1</sup> The Company has treasury shares consisting of 1,749 ordinary shares (December 31, 2024: 763,176 shares) and 4,693 preferred shares (December 31, 2024: 4,693 shares) as of December 31, 2025. On July 24, 2025, the Board of Directors resolved to cancel 761,427 shares of the Company's ordinary shares of ₩44,651 million held as treasury shares as part of its shareholder return policy to enhance corporate value. The cancellation was completed on July 31, 2025.

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**26. Net sales**

(a) Details of net sales for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Continuing operations</b>		
Revenue from contracts with customers:		
Sales of goods	25,691,559	27,350,947
Rendering of services	1,814,499	1,814,760
<b>Subtotal</b>	<b>27,506,058</b>	<b>29,165,707</b>
Revenue from other sources:		
Rental income and others	2,048,768	1,596,845
<b>Subtotal</b>	<b>29,554,826</b>	<b>30,762,552</b>
<b>Discontinued operations</b>	-	-
<b>Total</b>	<b>29,554,826</b>	<b>30,762,552</b>

(b) Details of revenue from contracts with customers for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
By type of products:		
Refrigerator/washing machine and others	10,726,454	11,369,460
TV/audio/monitor/PC and others	5,174,332	5,833,014
In-vehicle infotainment and others	4,902,381	4,855,968
Air conditioner and others	4,970,729	4,975,320
Others <sup>1</sup>	1,732,162	2,131,945
Domestic/Export:		
Domestic	9,952,231	10,177,460
Export	17,553,827	18,988,247
Timing of revenue recognition:		
At a point in time	24,413,933	25,491,076
Over time	3,092,125	3,674,631
<b>Total</b>	<b>27,506,058</b>	<b>29,165,707</b>

<sup>1</sup> Others include equipment production, inter-segment transactions and others.

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(c) Changes in the estimates of total contract revenue and total contract costs

Due to the factors causing the changes in the costs of other segments in 2025, the estimated total contract revenue and costs for contracts in progress have changed. Details of changes in estimated total contract revenue and costs, and the impact on profit or loss for the year ended December 31, 2025 and after the reporting period are as follows:

<i>(in millions of Korean won)</i>	<b>Changes in estimated total contract revenue<sup>1</sup></b>	<b>Changes in estimated total contract cost</b>	<b>Impact on profit or loss for the year<sup>1</sup></b>	<b>Impact on profit or loss for the succeeding year<sup>1</sup></b>
	110,256	95,930	16,877	(2,551)

<sup>1</sup> The effects of exchange rate fluctuations are included.

**27. Expenses by nature**

Expenses that are recorded by nature for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Continuing operations</b>		
Changes in finished goods and work-in-process	110,490	(30,227)
Raw materials and merchandise used	16,389,972	16,425,499
Employee benefit expense	5,043,700	4,737,156
Depreciation and amortization	1,060,760	1,062,350
Advertising expense	671,418	849,698
Promotion expense	143,476	156,288
Freight expense	937,140	904,349
Commission expense	3,053,177	2,916,253
Other expenses	2,932,197	3,182,222
<b>Subtotal<sup>1</sup></b>	<b>30,342,330</b>	<b>30,203,588</b>
<b>Discontinued operations</b>	<b>9,799</b>	<b>346,044</b>
<b>Total<sup>1</sup></b>	<b>30,352,129</b>	<b>30,549,632</b>

<sup>1</sup> Cost of sales, selling and administrative expenses, research and development expenses and service costs are included.

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**28. General operating expenses (selling and administrative expenses, research and development expenses, and service costs)**

Details of general operating expenses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Continuing operations</b>		
Salaries	1,748,572	1,802,080
Retirement benefits	355,808	179,259
Employee welfare benefits	366,582	336,199
Freight expense	899,586	892,061
Rental expense	33,541	34,652
Commission expense	2,429,064	2,292,579
Depreciation	189,117	170,887
Amortization	139,482	115,546
Advertising expense	671,418	849,698
Promotional expense	143,476	156,288
R&D expense	301,180	343,173
Direct service costs	275,096	324,401
Bad debts expense	22,550	7,886
Others	290,841	339,071
<b>Subtotal</b>	<b>7,866,313</b>	<b>7,843,780</b>
<b>Discontinued operations</b>	<b>9,733</b>	<b>345,970</b>
<b>Total</b>	<b>7,876,046</b>	<b>8,189,750</b>

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**29. Financial income and financial expenses**

(a) Financial income for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Continuing operations</b>		
Interest income	66,298	142,893
Exchange differences	358,893	385,260
Others	10,254	5,017
<b>Subtotal</b>	<b>435,445</b>	<b>533,170</b>
<b>Discontinued operations</b>	<b>-</b>	<b>3,405</b>
<b>Total</b>	<b>435,445</b>	<b>536,575</b>

(b) Financial expenses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Continuing operations</b>		
Interest expense	330,955	277,735
Exchange differences	353,923	296,774
Loss on disposal of trade receivables	171	242
Others	48,999	6,814
<b>Subtotal</b>	<b>734,048</b>	<b>581,565</b>
<b>Discontinued operations</b>	<b>-</b>	<b>47,041</b>
<b>Total</b>	<b>734,048</b>	<b>628,606</b>

**30. Other non-operating income and other non-operating expenses**

(a) Other non-operating income for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Continuing operations</b>		
Dividend income	644,078	1,259,599
Exchange differences	1,175,867	1,159,925
Gain on derivatives	2,786	45
Gain on disposal of property, plant and equipment	4,212	3,393
Gain on disposal of intangible assets	1,358	2,929
Gain on valuation of financial assets at fair value through profit or loss	15,525	-
Gain on disposal of investments in subsidiaries, associates and joint ventures	1,756,845	-
Gain on disposal of business unit	181,762	-
Others	31,831	28,553
<b>Subtotal</b>	<b>3,814,264</b>	<b>2,454,444</b>
<b>Discontinued operations</b>	<b>52</b>	<b>6,548</b>
<b>Total</b>	<b>3,814,316</b>	<b>2,460,992</b>

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(b) Other non-operating expenses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Continuing operations</b>		
Exchange differences	1,112,027	1,261,470
Loss on valuation of derivatives	22,379	40,991
Loss on disposal of property, plant and equipment	2,314	12,627
Impairment loss on property, plant and equipment	11,971	33,044
Loss on disposal of intangible assets	36,104	27,664
Impairment loss on intangible assets	20,989	27,987
Loss on valuation of financial assets at fair value through profit or loss	20,865	1,000
Loss on disposal of investments in subsidiaries, associates and joint ventures	29	-
Impairment loss on investments in subsidiaries, associates and joint ventures	158,625	416,498
Others	2,809	34,905
<b>Subtotal</b>	<b>1,388,112</b>	<b>1,856,186</b>
<b>Discontinued operations</b>	<b>1,399</b>	<b>466</b>
<b>Total</b>	<b>1,389,511</b>	<b>1,856,652</b>

**31. Earnings (Losses) per share**

The Company has no potential dilutive ordinary shares. Accordingly, basic earnings (losses) per share is identical to diluted earnings (losses) per share.

(a) Basic earnings (losses) per ordinary share for each of the two years in the period ended December 31, 2025 are as follows:

	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
Profit (loss) attributable to ordinary shares <i>(in millions of Korean won)</i> <sup>1</sup>	931,482	1,027,402
Profit (loss) from continuing operations	938,869	1,284,349
Profit (loss) from discontinued operations	(7,387)	(256,947)
Weighted average number of ordinary shares outstanding <i>(unit: shares)</i> <sup>2</sup>	162,884,638	162,884,638
Basic earnings (losses) per ordinary share <i>(in Korean won)</i>	5,719	6,308
Profit (loss) from continuing operations	5,764	7,885
Profit (loss) from discontinued operations	(45)	(1,577)

(b) Basic earnings (losses) per preferred share for each of the two years in the period ended December 31, 2025 are as follows:

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	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
Profit (loss) attributable to preferred shares (in millions of Korean won) <sup>1</sup>	99,113	109,231
Profit (loss) from continuing operations	99,892	136,334
Profit (loss) from discontinued operations	(779)	(27,103)
Weighted average number of preferred shares outstanding (unit: shares) <sup>2</sup>	17,181,299	17,181,299
Basic earnings (losses) per preferred share (in Korean won)	5,769	6,358
Profit (loss) from continuing operations	5,814	7,935
Profit (loss) from discontinued operations	(45)	(1,577)

<sup>1</sup> Profit (loss) attributable to ordinary and preferred shares is as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>Profit (loss) for the year (A)</b>	1,030,595	1,136,633
Profit (loss) from continuing operations	1,038,761	1,420,683
Profit (loss) from discontinued operations	(8,166)	(284,050)
Ordinary share dividends (B)	219,894	162,885
Preferred share dividends (C)	24,054	18,040
<b>Undistributed profit (loss) (D=A-B-C)</b>	786,647	955,708
Profit(loss) from continuing operations	794,813	1,239,758
Profit(loss) from discontinued operations	(8,166)	(284,050)
Undistributed profit (loss) available for ordinary shares (E)	711,588	864,517
Undistributed profit (loss) available for preferred shares (F)	75,059	91,191
<b>Profit (loss) attributable to ordinary shares (G=B+E)</b>	931,482	1,027,402
<b>Profit (loss) attributable to preferred shares (H=C+F)</b>	99,113	109,231

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

<i>(unit: shares)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
Ordinary shares issued	162,886,387	163,647,814
Ordinary treasury shares	(1,749)	(763,176)
Ordinary shares outstanding	162,884,638	162,884,638
<b>Weighted average number of ordinary shares outstanding</b>	162,884,638	162,884,638
Preferred shares issued as of December 31	17,185,992	17,185,992
Preferred treasury shares as of December 31	(4,693)	(4,693)
Preferred shares outstanding	17,181,299	17,181,299
<b>Weighted average number of preferred shares outstanding</b>	17,181,299	17,181,299

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**32. Cash flow information**

Cash flows from operating activities are presented using the indirect method. Details of cash generated from operations for each of the two years in the period ended December 31, 2025 are as follows:

(a) Cash generated from (used in) operations

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
Profit (Loss) for the year	1,030,595	1,136,633
Adjustments:		
Interest expense, net	264,657	134,842
Exchange differences, net	(9,724)	34,927
Depreciation	595,830	614,101
Amortization	463,847	441,399
Loss (gain) on disposal of property, plant and equipment and intangible assets, net	32,848	33,969
Provisions for severance benefits	336,869	300,002
Additional provisions, net	393,120	479,591
Dividend income	(644,078)	(1,259,599)
Income tax expense	301,284	(311,856)
Loss (gain) on disposal of investments in subsidiaries, associates and joint ventures	(1,756,816)	-
Impairment loss on investments in subsidiaries, associates and joint ventures	158,625	416,498
Others	(63,753)	127,442
Discontinued operations	(3,396)	442,092
	<u>69,313</u>	<u>1,453,408</u>
Changes in operating assets and liabilities:		
Decrease (Increase) in trade receivables	(842,287)	(1,645,564)
Decrease (Increase) in other receivables	95,762	(120,704)
Decrease (Increase) in inventories	178,862	(118,061)
Decrease (Increase) in contract assets	113,662	(235,500)
Decrease (Increase) in other assets	75,727	(145,737)
Increase (Decrease) in trade payables	24,791	719,291
Increase (Decrease) in other payables	(301,254)	317,595
Increase (Decrease) in provisions	(701,255)	(527,499)
Increase (Decrease) in contract liabilities	393,439	329,793
Increase (Decrease) in other liabilities	(342,735)	(38,149)
Payment of retirement benefits	(4,570)	7,006
Deposit in plan assets, net	(250,000)	(200,000)
	<u>(1,559,858)</u>	<u>(1,657,529)</u>
<b>Cash generated from (used in) operations</b>	<u>(459,950)</u>	<u>932,512</u>

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(b) Changes in liabilities (assets) arising from financing activities

<i>(in millions of Korean won)</i>	For the period ended December 31, 2025					
	January 1	Cash flows from (used in) financing activities	Effects of other changes			December 31
			Additions	Exchange differences	Amortization and others	
Borrowings	3,494,198	(33,589)	-	(3,720)	-	3,456,889
Debentures	5,868,544	(270,000)	-	(45,381)	5,131	5,558,294
Lease liabilities	128,172	(79,109)	68,622	58	308	118,051
Net derivatives liabilities (assets)	(358,533)	45,708	2,114	59,513	(30,232)	(281,430)
<b>Total</b>	<b>9,132,381</b>	<b>(336,990)</b>	<b>70,736</b>	<b>10,470</b>	<b>(24,793)</b>	<b>8,851,804</b>

<i>(in millions of Korean won)</i>	For the period ended December 31, 2024					
	January 1	Cash flows from (used in) financing activities	Effects of other changes			December 31
			Additions	Exchange differences	Amortization and others	
Borrowings	4,087,832	(733,260)	-	139,626	-	3,494,198
Debentures	5,136,779	554,453	-	173,051	4,261	5,868,544
Lease liabilities	155,464	(75,947)	48,443	(38)	250	128,172
Net derivatives liabilities (assets)	(104,687)	35,442	-	(292,506)	3,218	(358,533)
<b>Total</b>	<b>9,275,388</b>	<b>(219,312)</b>	<b>48,443</b>	<b>20,133</b>	<b>7,729</b>	<b>9,132,381</b>

(c) Material non-cash transactions

<i>(in millions of Korean won)</i>	For the period ended Decembe 31, 2025	For the period ended December 31, 2024
Reclassification of construction-in-progress to property, plant and equipment	273,856	519,643
Reclassification of construction-in-progress to intangible assets	505,433	524,639
Reclassification of current portion of borrowings and debentures	1,033,924	858,120
Reclassification of current portion of loans	293,981	795,472
Other payables to acquire property, plant and equipment	72,974	172,006
Other payables to acquire intangible assets	171,240	146,239
Acquisition of right-of-use assets	73,867	53,801

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(d) Assets and liabilities of the transferred business

– Disposal of Robot Business Division

i) As of May 14, 2025, the Company transferred its robot business division to Bear Robotics Korea Inc.

ii) Total consideration for the business transfer and the assets and liabilities of the transferred business is as follows:

<i>(in millions of Korean won)</i>	<b>Amount</b>
<b>Total consideration transferred</b>	187,343
Cash and cash equivalents	188,022
Other receivables	1,303
Other payables	(1,982)
<b>Assets of the transferred business</b>	7,217
Trade receivables	326
Other receivables	2,640
Inventories	1,399
Property, plant and equipment	1,120
Intangible assets	1,212
Other assets	520
<b>Liabilities of the transferred business</b>	1,636
Other payables	1,571
Provisions	64
Other liabilities	1

### 33. Contingencies and Commitments

#### 33.1 Contingencies

(a) As of December 31, 2025, the Company is provided with performance guarantees of ₩318,136 million (December 31, 2024: ₩328,724 million) from Seoul Guarantee Insurance and others relating to the performance guarantees.

(b) As of December 31, 2025, the financial guarantees provided by the Company to related parties amount to ₩4,682,077 million (December 31, 2024: ₩4,206,674 million) on the indebtedness of its subsidiaries. Details are as follows:

<i>(in millions of Korean won)</i>	<b>Beneficiaries</b>	<b>December 31, 2025<sup>1</sup></b>	<b>December 31, 2024<sup>1</sup></b>
LG Electronics European Shared Service Center B.V.(LGESC)	Citibank and others	968,211	921,523
ZKW Group GmbH	DBS and others	788,917	305,746
LG Electronics U.S.A., Inc.(LGEUS)	Citibank and others	609,833	742,350
LG Electronics Mexico S.A. DE C.V.(LGEMS)	HSBC and others	303,880	279,660
LG Electronics Vehicle Components U.S.A., LLC.(LGEVU)	Citibank and others	301,329	308,700
LG Electronics (China) Co., Ltd(LGECH)	Citibank and others	292,996	324,549

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<i>(in millions of Korean won)</i>	<b>Beneficiaries</b>	<b>December 31, 2025<sup>1</sup></b>	<b>December 31, 2024<sup>1</sup></b>
LG Electronics Peru S.A.(LGEPR)	BBVA and others	208,896	230,664
LG Electronics Mlawa Sp. z.O.O.(LGEMA), LG Electronics Polska Sp. Z.O.O.(LGEPL), LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	Citibank and others	188,052	173,630
LG Electronics Inc Chile Limitada(LGECL)	Scotiabank and others	110,385	107,032
LG Electronics do Brasil Ltda.(LGEBR)	Citibank	108,301	110,038
LG Electronics Algeria SARL(LGEAS)	Citibank and others	103,856	103,921
LG Electronics Morocco S.A.R.L.(LGEMC)	Citibank and others	99,502	97,351
LG Electronics Colombia Limitada(LGECB)	Citibank and others	94,905	82,418
LG Electronics Vehicle Components Europe GmbH(LGEVG)	SMBC and others	92,715	84,080
LG Electronics U.S.A., Inc.(LGEUS), LG Electronics do Brasil Ltda.(LGEBR)	MUFG	71,745	-
LG Electronics Almaty Kazakhstan(LGEAK)	Citibank	57,396	58,800
LG Electronics Saudi Arabia LLC(LGESJ)	SAB and others	57,384	58,715
LG Electronics Egypt S.A.E(LGEEG)	CA_CIB and others	49,061	49,882
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	ING	42,143	38,218
LG Electronics Ticaret A.S.(LGETK)	Citibank and others	32,038	33,561
LG Electronics S.A. (Pty) Ltd.(LGESA)	Citibank and others	30,833	27,894
LG Soft India Private Limited.(LGSi)	Citibank	28,698	-
Others	Citibank and others	41,001	67,942
<b>Total</b>		<b>4,682,077</b>	<b>4,206,674</b>

<sup>1</sup> These are the amount for which payment guarantees are provided as of December 31, 2025 and 2024. For some guarantee contracts, the Company has committed to include incidental costs incurred in performing guaranteed obligations and others in its payment guaranteed.

(c) There are a number of legal actions, disputes and investigations arising from the normal course of business that remain pending as of December 31, 2025 and 2024. The Company cannot reasonably expect the ultimate effect of those litigations on the financial position. Management does not expect the outcome of the litigations will have a material impact on the Company's financial position.

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**33.2 Commitments**

(a) As of December 31, 2025, the Company has borrowing agreements, such as overdraft facility agreements, trade financing and others, with various banks, including Shinhan Bank and others, with a limit of ₩1,204,412 million (December 31, 2024: ₩1,769,650 million).

(b) As of December 31, 2025, the Company has sales agreements for receivables with various banks including KEB Hana Bank amounting to ₩2,761,419 million (December 31, 2024: ₩3,026,850 million).

(c) As of December 31, 2025, the Company has corporate trade receivables secured loan agreement by electronic settlement and mutually beneficial cooperation settlement with various banks, including Shinhan Bank, for up to ₩1,214,954 million (December 31, 2024: ₩1,255,550 million) in connection with the payment of trade payables. In addition, the Company has entered into supply financing agreements with financial institutions to enhance the efficiency of the payment process and to provide early payment options to suppliers. Under these agreements, if a supplier that has provided goods or services to the Company transfers its trade receivables to a financial institution within the payment term, the Company will settle the amount directly with the financial institution. Since the supply financing agreements do not result in a substantial reduction of the Company's payment obligations or modification of payment terms, there is no change in the underlying liabilities recognized as trade payables or other payables.

(d) Contractual commitments for the acquisition of assets

Assets contracted to be acquired, but not yet acquired as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Property, plant and equipment	65,242	94,025
Intangible assets	124,344	34,961
Investments in subsidiaries, associates, joint ventures	174,064	76,106
<b>Total</b>	<b>363,650</b>	<b>205,092</b>

The Company agreed to tender offers based on fair value at a certain time in relation to the shares of Cybellum Technologies Ltd. and the shares to be issued by the exercise of stock options. As of December 31, 2025 and 2024, the Company recognized this commitment as 'other financial liabilities' (See Note 7).

(e) Operating lease commitments – Company as a lessor

i) The Company has non-cancellable operating lease agreements regarding home appliance rental business and investment properties. The future minimum lease payments to be received under operating leases as of December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>					<b>Total lease payments</b>
	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>	<b>3 to 4 years</b>	<b>Over 4 years</b>	
Home appliance rental	70,130	14,170	1,052	-	-	85,352
Real estate rental	4,634	4,619	127	4	-	9,384
<b>Total</b>	<b>74,764</b>	<b>18,789</b>	<b>1,179</b>	<b>4</b>	<b>-</b>	<b>94,736</b>

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ii) The Company recognized ₩221,930 million (2024: ₩332,496 million) in lease income for the year ended December 31, 2025.

iii) Details of assets subject to operating lease are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Acquisition cost	327,054	546,941
Accumulated depreciation	(158,281)	(304,321)
Accumulated impairment losses	(49,221)	(50,203)
<b>Net carrying amount</b>	<b>119,552</b>	<b>192,417</b>

iv) Changes in net carrying amount of assets subject to operating lease for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
<b>January 1</b>	192,417	314,654
Acquisition	1,725	10,354
Disposal and others	(23)	(56)
Depreciation	(68,285)	(122,768)
Impairment loss	(6,282)	(9,767)
<b>December 31</b>	<b>119,552</b>	<b>192,417</b>

(f) Finance lease commitments – Company as lessor

i) The gross investment in the lease and present value of the minimum lease payments for the finance lease as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
	<b>Gross investment in the lease<sup>1</sup></b>	<b>Net investment in the lease</b>	<b>Gross investment in the lease<sup>1</sup></b>	<b>Net investment in the lease</b>
Within 1 year	737,514	541,133	384,460	272,313
1 to 2 years	755,294	600,188	399,179	307,822
2 to 3 years	735,728	625,349	404,021	335,699
3 to 4 years	662,318	596,538	385,227	341,557
Over 4 years	683,015	651,190	474,657	450,446
<b>Total</b>	<b>3,573,869</b>	<b>3,014,398</b>	<b>2,047,544</b>	<b>1,707,837</b>

<sup>1</sup> There is no unguaranteed residual value reflected on gross investment in the lease.

ii) Details of unrealized interest income of finance lease as of December 31, 2025 and 2024 is as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Gross investment in the lease	3,573,869	2,047,544
Net investment in the lease	3,014,398	1,707,837
<b>Unrealized interest income</b>	<b>559,471</b>	<b>339,707</b>

iii) For the year ended December 31, 2025, the Company recognized income amounting to ₩1,810,678 million (December 31, 2024: ₩1,252,143 million) in relation to finance lease contract, and finance income

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net investment in the lease amounting to ₩170,406 million (December 31, 2024: ₩78,196 million) is included.

(g) License agreements including patent and trademark

As of December 31, 2025, the Company has various agreements as follows:

<u>Purpose</u>	<u>Related products</u>	<u>Provided by</u>	<u>Used by</u>
Use of license	All products	Qualcomm Incorporated and others	LG Electronics Inc.
Provision for license	All products	LG Electronics Inc.	Panasonic Corporation and others
Use of trademarks	All products	LG Corp.	LG Electronics Inc.

**34. Related Party**

(a) Major transactions for each of the two years in the period ended December 31, 2025 and transaction balances of receivables from payables to the related parties as of December 31, 2025 are as follows:

i) Major income and expense transactions with the related parties

(in millions of Korean won)

<u>Classification</u>	<u>Name</u>	<u>For the year ended by December 31, 2025</u>					
		<u>Income transactions</u>			<u>Expense transactions</u>		
		<u>Sales</u>	<u>Others</u>	<u>Total</u>	<u>Purchases</u>	<u>Others</u>	<u>Total</u>
Significantly influencing the Company	LG Corp.	3,297	-	3,297	423	138,700	139,123
Subsidiaries	LG Innotek Co., Ltd.	64,531	7,820	72,351	75,905	27	75,932
	Hiplaza Co., Ltd.	1,028,149	16,062	1,044,211	-	238,678	238,678
	LG Electronics U.S.A., Inc.	4,305,579	3,186	4,308,765	17,627	100,531	118,158
	LG Electronics Vietnam Hai Phong Co., Ltd.	2,042,380	2,652	2,045,032	352,483	20,011	372,494
	LG Electronics Mlawo Sp. z.O.O.	1,078,946	1,230	1,080,176	1,649	5,247	6,896
	LG Electronics Canada, Inc.	624,162	154	624,316	718	17,036	17,754
	LG Electronics European Shared Service Center B.V.	432,062	8,694	440,756	4,487	52,613	57,100
	LG Electronics Nanjing New Technology Co.,Ltd	269,454	202	269,656	430,112	997	431,109
	LG Electronics Vehicle Components Europe GmbH	740,964	9,132	750,096	7,469	106,028	113,497
	LG ELECTRONICS INDIA LIMITED	442,610	686	443,296	6,407	8,018	14,425
	Alphonso Inc.	154,076	-	154,076	-	-	-
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	63,017	-	63,017	7,546	155	7,701
	P.T. LG Electronics Indonesia	227,059	1,644	228,703	463,577	2,755	466,332
	LG Electronics Vehicle Components U.S.A., LLC.	145,641	6,826	152,467	4,391	42,568	46,959

**LG Electronics Inc.**  
**Notes to the separate financial statements**  
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(in millions of Korean won)

		For the year ended by December 31, 2025					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others	Total
	LG Electronics Mexico S.A. DE C.V.	274,471	444	274,915	-	2,766	2,766
	LG Electronics RUS, LLC.	174,453	4,683	179,136	103	2,054	2,157
	LG Electronics (Tianjin) Appliances Co., Ltd.	145,398	513	145,911	686,885	1,931	688,816
	LG Electronics U.K. Ltd	232,014	478	232,492	2,063	14,314	16,377
	Taizhou LG Electronics Refrigeration Co., Ltd.	97,963	4,416	102,379	477,381	3,357	480,738
	LG Electronics Almaty Kazakhstan	114,086	253	114,339	-	804	804
	LG Electronics Colombia Ltda.	85,429	285	85,714	19	642	661
	Hi-Caresolution Corp	44,577	-	44,577	272,587	47,770	320,357
	LG Electronics Deutschland GmbH	93,114	281	93,395	762	24,201	24,963
	LG Electronics Peru S.A.	87,344	126	87,470	1	40	41
	LG Electronics Africa Logistics FZE	313,652	3,596	317,248	-	464	464
	Zenith Electronics LLC	71,459	37,311	108,770	91	463,549	463,640
	NanJing LG Panda Appliances Co., Ltd.	109,878	447	110,325	76,882	2,036	78,918
	Others	3,695,129	74,042	3,769,171	315,617	588,231	903,848
	<b>Subtotal</b>	<b>17,157,597</b>	<b>185,163</b>	<b>17,342,760</b>	<b>3,204,762</b>	<b>1,746,823</b>	<b>4,951,585</b>
Associates	LG Display Co., Ltd. and its subsidiaries	212,887	54,880	267,767	291,710	1,135	292,845
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	230	-	230	62	-	62
	Robostar Co.,Ltd.	25	-	25	19,844	3,198	23,042
	ROBOTIS Co., Ltd.	-	-	-	24	194	218
	Acryl Inc. <sup>3</sup>	-	-	-	-	436	436
	TheWaveTalk Co., Ltd.	-	-	-	2,000	30	2,030
	GOQUAL INC.	-	-	-	3	22	25
	APARTMENTARY Co., Ltd	-	-	-	-	103	103
	<b>Subtotal</b>	<b>213,142</b>	<b>54,880</b>	<b>268,022</b>	<b>313,643</b>	<b>5,118</b>	<b>318,761</b>
Joint venture	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	42,213	-	42,213	-	-	-
	<b>Subtotal</b>	<b>42,213</b>	<b>-</b>	<b>42,213</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other related parties	LG CNS Co., Ltd. And its subsidiaries	655	2,501	3,156	122,841	896,540	1,019,381
	D&O Corp. and its subsidiaries	826	-	826	36	24,691	24,727
	LG Management Development Institute	62	-	62	19	83,438	83,457
	LG SPORTS Ltd.	14	22	36	280	18,644	18,924
	<b>Subtotal</b>	<b>1,557</b>	<b>2,523</b>	<b>4,080</b>	<b>123,176</b>	<b>1,023,313</b>	<b>1,146,489</b>
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures	722,986	161,604	884,590	218,838	34	218,872

**LG Electronics Inc.**  
**Notes to the separate financial statements**  
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		For the year ended by December 31, 2025					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others	Total
	LG Uplus Corp and its subsidiaries	3,403	3,142	6,545	3,090	4,658	7,748
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	1,767	1,932	3,699	177	62	239
	HS Ad Inc. and its subsidiaries	142	-	142	350	362,277	362,627
	<b>Subtotal</b>	<b>728,298</b>	<b>166,678</b>	<b>894,976</b>	<b>222,455</b>	<b>367,031</b>	<b>589,486</b>
	<b>Total</b>	<b>18,146,104</b>	<b>409,244</b>	<b>18,555,348</b>	<b>3,864,459</b>	<b>3,280,985</b>	<b>7,145,444</b>

(in millions of Korean won)

		For the year ended by December 31, 2024					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others	Total
Significantly influencing the Company	LG Corp.	1,510	-	1,510	203	139,362	139,565
Subsidiaries	LG Innotek Co., Ltd.	113,516	14,455	127,971	86,554	369	86,923
	Hiplaza Co., Ltd.	1,309,284	13,333	1,322,617	132,786	17,874	150,660
	LG Electronics U.S.A., Inc.	4,986,905	4,626	4,991,531	25,804	103,308	129,112
	LG Electronics Vietnam Hai Phong Co., Ltd.	2,280,997	8,517	2,289,514	199,590	23,653	223,243
	LG Electronics Mlawa Sp. z.O.O.	1,079,710	2,337	1,082,047	1,586	2,512	4,098
	LG Electronics Canada, Inc.	603,008	21	603,029	471	15,572	16,043
	LG Electronics European Shared Service Center B.V.	414,778	9,728	424,506	2,418	32,196	34,614
	LG Electronics Nanjing New Technology Co.,Ltd	342,568	139	342,707	564,641	845	565,486
	LG Electronics Vehicle Components Europe GmbH	641,291	12,471	653,762	8,563	114,338	122,901
	LG ELECTRONICS INDIA LIMITED	409,294	699	409,993	6,838	6,765	13,603
	Alphonso Inc.	185,214	-	185,214	-	-	-
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	225,946	-	225,946	9,141	67	9,208
	P.T. LG Electronics Indonesia	208,617	2,974	211,591	530,127	201	530,328
	LG Electronics Vehicle Components U.S.A., LLC.	111,747	1,435	113,182	5,438	40,628	46,066
	LG Electronics Mexico S.A. DE C.V.	315,066	304	315,370	-	2,832	2,832
	LG Electronics RUS, LLC.	137,498	1,789	139,287	92	2,871	2,963
	LG Electronics (Tianjin) Appliances Co., Ltd.	170,876	335	171,211	661,567	2,782	664,349
	LG Electronics U.K. Ltd	276,684	611	277,295	2,039	12,569	14,608
	Taizhou LG Electronics Refrigeration Co., Ltd.	115,561	4,018	119,579	442,898	498	443,396
	LG Electronics Almaty Kazakhstan	91,379	94	91,473	7	768	775

**LG Electronics Inc.**  
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(in millions of Korean won)

		<b>For the year ended by December 31, 2024</b>					
		<b>Income transactions</b>			<b>Expense transactions</b>		
<b>Classification</b>	<b>Name</b>	<b>Sales</b>	<b>Others</b>	<b>Total</b>	<b>Purchases</b>	<b>Others</b>	<b>Total</b>
	LG Electronics Colombia Ltda.	89,008	69	89,077	1	369	370
	Hi-Caresolution Corp	44,948	-	44,948	315,708	198	315,906
	LG Electronics Deutschland GmbH	124,055	148	124,203	715	21,198	21,913
	LG Electronics Peru S.A.	129,560	136	129,696	-	230	230
	LG Electronics Africa Logistics FZE	312,983	5,506	318,489	-	1,309	1,309
	Zenith Electronics LLC	57,184	1	57,185	57	396,014	396,071
	NanJing LG Panda Appliances Co., Ltd.	101,667	378	102,045	82,185	1,566	83,751
	Others	3,579,897	18,001	3,597,898	276,744	516,984	793,728
	<b>Subtotal</b>	<b>18,459,241</b>	<b>102,125</b>	<b>18,561,366</b>	<b>3,355,970</b>	<b>1,318,516</b>	<b>4,674,486</b>
Associates	LG Display Co., Ltd. and its subsidiaries	283,541	105,935	389,476	349,121	73	349,194
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	202	-	202	3,508	-	3,508
	Robostar Co.,Ltd.	9	-	9	9,137	1,144	10,281
	ROBOTIS Co., Ltd.	-	-	-	-	74	74
	Acryl Inc. <sup>3</sup>	-	-	-	681	1,561	2,242
	TheWaveTalk Co., Ltd.	-	-	-	-	100	100
	GOQUAL INC.	-	-	-	13	78	91
	<b>Subtotal</b>	<b>283,752</b>	<b>105,935</b>	<b>389,687</b>	<b>362,460</b>	<b>3,030</b>	<b>365,490</b>
Other related parties	LG CNS Co., Ltd. And its subsidiaries	61,920	3,324	65,244	120,180	1,002,742	1,122,922
	D&O Corp. and its subsidiaries	255	-	255	33	25,084	25,117
	LG Management Development Institute	51	-	51	10	75,175	75,185
	LG SPORTS Ltd.	10	18	28	280	15,166	15,446
	<b>Subtotal</b>	<b>62,236</b>	<b>3,342</b>	<b>65,578</b>	<b>120,503</b>	<b>1,118,167</b>	<b>1,238,670</b>
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures	1,287,127	151,953	1,439,080	221,067	444	221,511
	LG Uplus Corp and its subsidiaries	44,263	2,678	46,941	6,914	631	7,545
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	1,133	2,518	3,651	-	16	16
	HS Ad Inc. and its subsidiaries	133	-	133	143	361,893	362,036
	XI C&A Co., Ltd. <sup>2</sup>	1,100	-	1,100	-	14,343	14,343
	S&I Corp. and its subsidiaries <sup>2</sup>	677	-	677	111	24,402	24,513
	<b>Subtotal</b>	<b>1,334,433</b>	<b>157,149</b>	<b>1,491,582</b>	<b>228,235</b>	<b>401,729</b>	<b>629,964</b>
	<b>Total</b>	<b>20,141,172</b>	<b>368,551</b>	<b>20,509,723</b>	<b>4,067,371</b>	<b>2,980,804</b>	<b>7,048,175</b>

**LG Electronics Inc.**  
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<sup>1</sup> Although the entities are not the related parties of the Company in accordance with KIFRS 1024, the entities belong to the large-scale business group to which the Company also belongs in accordance with the *Monopoly Regulation and Fair Trade Act*.

<sup>2</sup> Excluded from the large-scale business group designation under the *Monopoly Regulation and Fair Trade Act* as of March 19, 2024.

<sup>3</sup> The entity was excluded from associates due to the loss of significant influence following the loss of the right to appoint members of the Board of Directors for the year ended December 31, 2025.

ii) Major outstanding balances of receivables from and payables to the related parties

(in millions of Korean won)

		December 31, 2025							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>2</sup>	Total
Significantly influencing the Company	LG Corp.	59	-	29,782	29,841	-	-	31,583	31,583
Subsidiaries	LG Innotek Co., Ltd.	26,838	-	1,605	28,443	17,073	-	16,345	33,418
	Hiplaza Co., Ltd.	78,562	-	29,405	107,967	-	-	742	742
	LG Electronics U.S.A., Inc.	234,282	-	202	234,484	253,977	-	8,052	262,029
	LG Electronics Vietnam Hai Phong Co., Ltd.	377,166	-	4,748	381,914	748,809	-	373	749,182
	LG Electronics Mlawá Sp. z.O.O.	129,087	-	527	129,614	737,231	-	91	737,322
	LG Electronics Canada, Inc.	59,814	-	-	59,814	-	-	1,663	1,663
	LG Electronics European Shared Service Center B.V.	113,494	-	-	113,494	8,873	303,430	26	312,329
	LG Electronics Nanjing New Technology Co.,Ltd	73,588	-	32	73,620	230,126	-	204	230,330
	LG Electronics Vehicle Components Europe GmbH	615,644	-	90,151	705,795	-	-	25,959	25,959
	LG ELECTRONICS INDIA LIMITED	83,180	-	3,316	86,496	32,479	-	927	33,406
	Alphonso Inc.	77,808	-	-	77,808	-	-	-	-
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	12,469	-	3,874	16,343	2,680	-	1,383	4,063
	P.T. LG Electronics Indonesia	14,009	-	593	14,602	692,982	-	25	693,007
	LG Electronics Vehicle Components U.S.A., LLC.	97,281	-	-	97,281	-	-	5,257	5,257

**LG Electronics Inc.**  
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		December 31, 2025							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>2</sup>	Total
	LG Electronics Mexico S.A. DE C.V.	172,918	-	189	173,107	3,583	-	190	3,773
	LG Electronics RUS, LLC.	123,420	-	120,292	243,712	-	-	2,925	2,925
	LG Electronics (Tianjin) Appliances Co., Ltd.	38,113	-	39	38,152	327,625	-	195	327,820
	LG Electronics U.K. Ltd	85,810	-	-	85,810	-	-	1,173	1,173
	Taizhou LG Electronics Refrigeration Co., Ltd.	20,398	-	1,080	21,478	410,235	73,714	877	484,826
	LG Electronics Almaty Kazakhstan	119,138	-	4	119,142	-	-	139	139
	LG Electronics Colombia Ltda.	81,290	-	65	81,355	-	-	275	275
	Hi-Caresolution Corp	8,130	-	-	8,130	-	-	29,475	29,475
	LG Electronics Deutschland GmbH	102,624	-	110	102,734	-	-	3,546	3,546
	LG Electronics Peru S.A.	46,373	-	-	46,373	-	-	1	1
	LG Electronics Africa Logistics FZE	44,327	-	-	44,327	-	-	32	32
	Zenith Electronics LLC	-	-	12,607	12,607	-	-	140,348	140,348
	NanJing LG Panda Appliances Co., Ltd.	28,487	-	2	28,489	331,280	-	620	331,900
	Others	1,125,109	-	108,109	1,233,218	628,914	-	122,370	751,284
	<b>Subtotal</b>	<b>3,989,359</b>	<b>-</b>	<b>376,950</b>	<b>4,366,309</b>	<b>4,425,867</b>	<b>377,144</b>	<b>363,213</b>	<b>5,166,224</b>
Associates	LG Display Co., Ltd. and its subsidiaries	83,661	-	54,257	137,918	70,934	-	44,417	115,351
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	-	-	-	-	32	-	3	35
	Robostar Co.,Ltd.	-	-	-	-	62	-	11,806	11,868
	<b>Subtotal</b>	<b>83,661</b>	<b>-</b>	<b>54,257</b>	<b>137,918</b>	<b>71,028</b>	<b>-</b>	<b>56,226</b>	<b>127,254</b>
Joint venture	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	2,420	-	-	2,420	6,889	-	1,360	8,249
	<b>Subtotal</b>	<b>2,420</b>	<b>-</b>	<b>-</b>	<b>2,420</b>	<b>6,889</b>	<b>-</b>	<b>1,360</b>	<b>8,249</b>
Other related parties	LG CNS Co., Ltd. and its subsidiaries	1,075	-	618	1,693	3,457	-	355,848	359,305
	D&O Corp. and its subsidiaries	2	-	-	2	-	-	8,635	8,635
	LG Management Development Institute	10	-	-	10	-	-	1,381	1,381
	LG SPORTS Ltd.	-	-	-	-	-	-	1,457	1,457
	<b>Subtotal</b>	<b>1,087</b>	<b>-</b>	<b>618</b>	<b>1,705</b>	<b>3,457</b>	<b>-</b>	<b>367,321</b>	<b>370,778</b>

**LG Electronics Inc.**  
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		December 31, 2025							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>2</sup>	Total
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures	133,102	-	503,932	637,034	54,799	-	58,021	112,820
	LG Uplus Corp and its subsidiaries.	148	-	285	433	242	-	710	952
	LG H & H Co., Ltd. and its subsidiaries	31	-	21	52	8	-	46	54
	HS Ad Inc. and its subsidiaries	18	-	-	18	-	-	212,005	212,005
	<b>Subtotal</b>	<b>133,299</b>	<b>-</b>	<b>504,238</b>	<b>637,537</b>	<b>55,049</b>	<b>-</b>	<b>270,782</b>	<b>325,831</b>
<b>Total</b>		<b>4,209,885</b>	<b>-</b>	<b>965,845</b>	<b>5,175,730</b>	<b>4,562,290</b>	<b>377,144</b>	<b>1,090,485</b>	<b>6,029,919</b>

(in millions of Korean won)

		December 31, 2024							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>2</sup>	Total
Significantly influencing the Company	LG Corp.	59	-	28,158	28,217	-	-	36,316	36,316
Subsidiaries	LG Innotek Co., Ltd.	35,828	-	738	36,566	25,238	-	24,362	49,600
	Hiplaza Co., Ltd.	122,359	-	32,675	155,034	-	-	885	885
	LG Electronics U.S.A., Inc.	462,157	-	395	462,552	-	-	14,079	14,079
	LG Electronics Vietnam Hai Phong Co., Ltd.	372,109	-	4,581	376,690	860,091	-	16,623	876,714
	LG Electronics Mlawá Sp. z.O.O.	116,095	-	1,829	117,924	878,258	-	94	878,352
	LG Electronics Canada, Inc.	87,533	-	8	87,541	-	-	1,469	1,469
	LG Electronics European Shared Service Center B.V.	73,429	-	9,397	82,826	-	-	8,847	8,847
	LG Electronics Nanjing New Technology Co.,Ltd	90,607	-	66	90,673	421,332	-	264	421,596
	LG Electronics Vehicle Components Europe GmbH	743,835	-	70,204	814,039	-	-	16,296	16,296
	LG ELECTRONICS INDIA LIMITED	62,515	-	77	62,592	18,612	-	2,640	21,252
	Alphonso Inc.	80,766	-	-	80,766	-	-	-	-
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	41,517	-	49,001	90,518	2,111	-	3,005	5,116
	P.T. LG Electronics Indonesia	17,609	-	260	17,869	744,539	-	312	744,851

**LG Electronics Inc.**  
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		December 31, 2024							
		Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>2</sup>	Total
Classification	Name								
	LG Electronics								
	Vehicle Components U.S.A., LLC.	109,558	-	10,450	120,008	-	-	3,856	3,856
	LG Electronics Mexico S.A. DE C.V.	188,424	-	34	188,458	-	-	175	175
	LG Electronics RUS, LLC.	131,416	-	119,656	251,072	-	-	364	364
	LG Electronics (Tianjin) Appliances Co., Ltd.	45,388	-	154	45,542	313,231	-	47	313,278
	LG Electronics U.K. Ltd	67,950	-	10,894	78,844	-	-	1,615	1,615
	Taizhou LG Electronics Refrigeration Co., Ltd.	30,179	-	965	31,144	413,022	-	141	413,163
	LG Electronics Almaty Kazakhstan	118,563	-	-	118,563	-	-	175	175
	LG Electronics Colombia Ltda.	99,800	-	54	99,854	-	-	163	163
	Hi-Caresolution Corp	7,521	-	-	7,521	-	-	27,197	27,197
	LG Electronics Deutschland GmbH	114,254	-	6,368	120,622	-	-	2,644	2,644
	LG Electronics Peru S.A.	89,420	-	34	89,454	-	-	32	32
	LG Electronics Africa Logistics FZE	32,364	-	-	32,364	-	-	19	19
	Zenith Electronics LLC	-	-	5,101	5,101	-	-	134,422	134,422
	NanJing LG Panda Appliances Co., Ltd.	29,499	-	-	29,499	342,839	-	405	343,244
	Others	1,050,414	-	58,999	1,109,413	640,495	-	125,639	766,134
	<b>Subtotal</b>	<b>4,421,109</b>	<b>-</b>	<b>381,940</b>	<b>4,803,049</b>	<b>4,659,768</b>	<b>-</b>	<b>385,770</b>	<b>5,045,538</b>
Associates	LG Display Co., Ltd. and its subsidiaries	67,544	1,000,000	72,850	1,140,394	163,352	-	44,188	207,540
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	-	-	-	-	1,712	-	3	1,715
	Robostar Co.,Ltd.	-	-	-	-	311	-	5,966	6,277
	<b>Subtotal</b>	<b>67,544</b>	<b>1,000,000</b>	<b>72,850</b>	<b>1,140,394</b>	<b>165,375</b>	<b>-</b>	<b>50,157</b>	<b>215,532</b>
Other related parties	LG CNS Co., Ltd. and its subsidiaries	12,521	-	316	12,837	2,894	-	408,363	411,257
	D&O Corp. and its subsidiaries	1	-	-	1	-	-	4,384	4,384
	LG Management Development Institute	8	-	7	15	-	-	1,182	1,182
	LG SPORTS Ltd.	-	-	-	-	-	-	972	972
	<b>Subtotal</b>	<b>12,530</b>	<b>-</b>	<b>323</b>	<b>12,853</b>	<b>2,894</b>	<b>-</b>	<b>414,901</b>	<b>417,795</b>

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		December 31, 2024							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>2</sup>	Total
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures	314,245	-	637,298	951,543	80,461	-	74,467	154,928
	LG Uplus Corp and its subsidiaries	856	-	487	1,343	127	-	829	956
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	21	-	277	298	-	-	45	45
	HS Ad Inc. and its subsidiaries	19	-	-	19	-	-	208,329	208,329
	<b>Subtotal</b>	<b>315,141</b>	<b>-</b>	<b>638,062</b>	<b>953,203</b>	<b>80,588</b>	<b>-</b>	<b>283,670</b>	<b>364,258</b>
	<b>Total</b>	<b>4,816,383</b>	<b>1,000,000</b>	<b>1,121,333</b>	<b>6,937,716</b>	<b>4,908,625</b>	<b>-</b>	<b>1,170,814</b>	<b>6,079,439</b>

<sup>1</sup> Although the entities are not the related parties of the Company in accordance with KIFRS 1024, the entities belong to the large-scale business group to which the Company also belongs in accordance with the *Monopoly Regulation and Fair Trade Act*.

<sup>2</sup> Other payables include lease liabilities.

iii) Major capital transactions and others with the related parties

(in millions of Korean won)

		For the year ended by December 31, 2025						
Classification	Name	Dividend income	Dividend paid	Cash distribution (reduction) and others	Financing loan transactions		Financing borrowing transactions <sup>7</sup>	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Company	LG Corp.	-	57,433	-	-	-	31,365	30,529
Subsidiaries	LG Innotek Co., Ltd.	20,175	-	-	-	-	-	-
	Hi-Caresolution Corp	5,000	-	-	-	-	-	-
	ACE R&A Co., Ltd.	-	-	5,000	-	-	-	-
	LG Electronics Fund I LLC.	-	-	13,965	-	-	-	-
	LG Electronics Fund II LLC.	272	-	(57)	-	-	-	-
	LG Electronics U.S.A., Inc.	-	-	-	-	-	434,130	434,130
	LG Electronics European Shared Service Center B.V.	-	-	-	-	-	588,688	285,259
	NanJing LG-Panda Appliances Co., Ltd.	28,055	-	-	-	-	-	-
	LG Electronics Thailand Co., Ltd.	58,748	-	-	-	-	-	-
	LG Electronics Taiwan Taipei Co.,Ltd.	7,124	-	-	-	-	-	-
	LG Electronics Huizhou Ltd.	3,727	-	-	-	-	-	-

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<i>(in millions of Korean won)</i>		<b>For the year ended by December 31, 2025</b>						
<b>Classification</b>	<b>Name</b>	<b>Dividend income</b>	<b>Dividend paid</b>	<b>Cash distribution (reduction) and others</b>	<b>Financing loan transactions</b>		<b>Financing borrowing transactions<sup>7</sup></b>	
					<b>Loans</b>	<b>Collections</b>	<b>Borrowings</b>	<b>Repayments</b>
	LG Electronics	30,082	-	-	-	-	-	-
	Nanjing New Technology Co.,Ltd							
	LG Electronics (Tianjin) Appliances Co., Ltd.	61,973	-	-	-	-	-	-
	LG ELECTRONICS AUSTRALIA PTY LIMITED	29,897	-	-	-	-	-	-
	LG Electronics Mlawa Sp. z.O.O.	206,134	-	-	-	-	-	-
	P.T. LG Electronics Indonesia	31,244	-	-	-	-	-	-
	LG Electronics Vietnam Hai Phong Co., Ltd	117,620	-	-	-	-	-	-
	LG Electronics Canada, Inc.	22,086	-	-	-	-	-	-
	Taizhou LG Electronics Refrigeration Co., Ltd.	-	-	-	-	-	75,996	-
	LG Electronics do Brasil Ltda.	13,093	-	-	-	-	-	-
	ZKW Holding GmbH	-	-	94,797	-	-	-	-
	HIEVCHARGER CO., LTD. <sup>6</sup>	-	-	(5,500)	-	-	-	-
	Bear Robotics, Inc. <sup>3</sup>	-	-	265,818	-	-	-	-
	<b>Subtotal</b>	<b>635,230</b>	<b>-</b>	<b>374,023</b>	<b>-</b>	<b>-</b>	<b>1,098,814</b>	<b>719,389</b>
Associates	LG Display Co., Ltd. <sup>1</sup>	-	-	-	-	1,000,000	-	-
	Ericsson Korea Partners Co., Ltd. <sup>2</sup>	5,000	-	-	-	-	-	-
	Mirae Asset-LG Electronics New Growth Fund I	2,234	-	9,500	-	-	-	-
	NOVAWAVE Fund I, LP <sup>4</sup>	-	-	15,314	-	-	-	-
	<b>Subtotal</b>	<b>7,234</b>	<b>-</b>	<b>24,814</b>	<b>-</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>
Other related parties	D&O Corp. and its subsidiaries	-	-	-	-	-	5,107	956
<b>Total</b>		<b>642,464</b>	<b>57,433</b>	<b>398,837</b>	<b>-</b>	<b>1,000,000</b>	<b>1,135,286</b>	<b>750,874</b>

<i>(in millions of Korean won)</i>		<b>For the year ended by December 31, 2024</b>						
<b>Classification</b>	<b>Name</b>	<b>Dividend income</b>	<b>Dividend paid</b>	<b>Cash distribution (reduction) and others</b>	<b>Financing loan transactions</b>		<b>Financing borrowing transactions<sup>7</sup></b>	
					<b>Loans</b>	<b>Collections</b>	<b>Borrowings</b>	<b>Repayments</b>
Significantly influencing the Company	LG Corp.	-	71,623	-	-	-	-	29,814

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		For the year ended by December 31, 2024						
Classification	Name	Dividend income	Dividend paid	Cash distribution (reduction) and others	Financing loan transactions		Financing borrowing transactions <sup>7</sup>	
					Loans	Collections	Borrowings	Repayments
Subsidiaries	LG Innotek Co., Ltd.	25,195	-	-	-	-	-	-
	LG Electronics Fund I LLC	-	-	456	-	-	-	-
	LG Electronics Fund II LLC	-	-	18,826	-	-	-	-
	LG Electronics U.S.A., Inc.	535,400	-	-	-	-	-	644,560
	NanJing LG-Panda Appliances Co., Ltd.	19,196	-	-	-	-	-	-
	LG Electronics Thailand Co., Ltd.	83,529	-	-	-	-	-	-
	LG Electronics Taiwan Taipei Co.,Ltd.	29,769	-	-	-	-	-	-
	LG Electronics Huizhou Ltd.	5,885	-	-	-	-	-	-
	LG Electronics Philippines, Inc.	5,669	-	-	-	-	-	-
	LG Electronics HK Ltd.	13,690	-	-	-	-	-	-
	LG Electronics Nanjing New Technology co.,LTD	23,760	-	-	-	-	-	-
	LG Electronics (Tianjin) Appliances Co., Ltd.	53,974	-	-	-	-	-	-
	LG ELECTRONICS AUSTRALIA PTY LIMITED	30,542	-	-	-	-	-	-
	LG Electronics Mlawa Sp. z.O.O.	68,807	-	-	-	-	-	-
	P.T. LG Electronics Indonesia	76,047	-	-	-	-	-	-
	LG Electronics Vietnam Hai Phong Co., Ltd	213,919	-	-	-	-	-	-
	LG Electronics Canada, Inc.	48,664	-	-	-	-	-	-
	LG Electronics do Brasil Ltda.	4,013	-	-	-	-	-	-
	LG Electronics Overseas Trading FZE	-	-	6,558	-	-	-	-
	Cybellum Technologies Ltd.	-	-	31,669	-	-	-	-
	<b>Subtotal</b>	<b>1,238,059</b>	<b>-</b>	<b>57,509</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>644,560</b>
Associates	LG Display Co., Ltd. <sup>1</sup>	-	-	436,030	-	-	-	-
	Ericsson Korea Partners Co., Ltd.	17,500	-	-	-	-	-	-
	Mirae Asset-LG Electronics New Growth Fund I	3,436	-	8,529	-	-	-	-
	NOVA Prime Fund I, LP	-	-	5,584	-	-	-	-
	Rinse, INC.	-	-	36,852	-	-	-	-

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Classification	Name	For the year ended by December 31, 2024						
		Dividend income	Dividend paid	Cash distribution (reduction) and others	Financing loan transactions		Financing borrowing transactions <sup>7</sup>	
					Loans	Collections	Borrowings	Repayments
	<b>Subtotal</b>	20,936	-	486,995	-	-	-	-
Joint ventures	LG-LHT Aircraft Solutions GmbH <sup>5</sup>	-	-	5,330	-	-	-	-
	LG-LHT Passenger Solutions GmbH <sup>5</sup>	-	-	5,330	-	-	-	-
	<b>Subtotal</b>	-	-	10,660	-	-	-	-
Other related parties	D&O Corp. and its subsidiaries	-	-	-	-	-	99	1,302
<b>Total</b>		<b>1,258,995</b>	<b>71,623</b>	<b>555,164</b>	<b>-</b>	<b>-</b>	<b>99</b>	<b>675,676</b>

<sup>1</sup> The Company has collected the loan of ₩1,000,000 million from LG Display Co., Ltd for the year ended December 31, 2025.

<sup>2</sup> The entity has changed its name from Ericsson-LG Co., Ltd. to Ericsson Korea Partners Co., Ltd. on March 1, 2025.

<sup>3</sup> The entity was reclassified from an associate to a subsidiary due to the acquisition of a controlling interest through the exercise of a call option for the year ended December 31, 2025.

<sup>4</sup> The entity was newly classified as an associate due to an equity investment for the year ended December 31, 2025, and transactions for the current year include only the amounts incurred after the date on which the counterparty was identified as a related party.

<sup>5</sup> The entity was disposed of for the year ended December 31, 2024.

<sup>6</sup> The entity was excluded from subsidiaries due to liquidation during the year ended December 31, 2025.

<sup>7</sup> Financing borrowing transactions include repayment of the principal amount of lease liabilities.

(b) The compensation paid or payable to key management personnel for each of the two years in the period ended December 31, 2025 is as follows:

(in millions of Korean won)	For the period ended December 31, 2025	For the period ended December 31, 2024
Salaries and other short-term benefits	16,507	17,234
Retirement benefits	3,274	1,682
<b>Total</b>	<b>19,781</b>	<b>18,916</b>

Key management refers to the directors who have material control and responsibilities on the Company's business plans, operations and control.

(c) The payment guarantees for the financial support of related parties as of December 31, 2025 are presented in Note 33.

(d) There is no collateral provided by the Company for the financial support of related parties as of December 31, 2025.

(e) The Company has not recognized any allowance for doubtful accounts of receivables from related parties as of December 31, 2025.

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(f) The Company entered into a business transfer transaction with its subsidiary, Bear Robotics Korea Co., Ltd., and the related details are presented in Note 32.

**35. Risk Management**

**35.1 Financial Risk Management**

The Company's Financial Risk Management ("FRM") policy supports each business division to achieve excellent performance solidly and continuously against market risk, credit risk and liquidity risk. In addition, FRM helps the Company to enhance cost competitiveness through cost-efficient financing cost by improving financial structure and effectiveness of cash management.

While cooperating with other divisions, Finance Division in the Company mainly implements FRM. This involves setting-up risk management policies and recognizing, evaluating and hedging risks from a global point of view.

The Company mitigates adverse effects from financial risk by monitoring the risk periodically and updating the FRM policy each year.

The carrying amount and profit or loss of each category of financial instruments and details of borrowings related to financial risk management are presented in Note 4 and Note 15, respectively.

(a) Market risk

i) Foreign exchange risk

Due to its multinational business operations, the Company is exposed to foreign exchange risk on various currencies. The Company is mainly exposed to foreign exchange risk on the US Dollar and Euro.

The purpose of foreign exchange risk management is to provide the foundation of a stable business operation by minimizing the uncertainty and volatility of foreign exchange gains and losses from foreign exchange rate fluctuations.

The Company's foreign exchange risk management is implemented under its own foreign exchange policy which regulates the measure and the management of foreign exchange risk. The Company can minimize exposure to foreign exchange risk by preferentially making equal amounts of foreign exchange assets and liabilities from general operating activities by using this policy. Accordingly, the Company continuously considers efficient foreign exchange risk hedges against its remaining exposure with derivative financial instruments and scrutinizes changes in foreign exchange exposure and the results of hedging activities on a monthly basis. Speculative foreign exchange trading is prohibited in principle.

As of December 31, 2025 and 2024 assuming all other variables remain constant, if the functional currency fluctuated by 10% against the US dollar and the Euro for the Company's monetary assets and liabilities denominated in major foreign currency other than functional currency, the impact on profits (losses) before tax would be as follows:

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<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
	<b>10% increase</b>	<b>10% decrease</b>	<b>10% increase</b>	<b>10% decrease</b>
USD/KRW	5,217	(5,217)	(35,564)	35,564
EUR/KRW	3,509	(3,509)	18,136	(18,136)

ii) Interest rate risk

The Company is exposed to interest rate risk through changes in interest-bearing liabilities or assets. The risk mainly arises from borrowings and deposits held by financial institutions with variable interest rates linked to market interest rate changes in the future. The purpose of interest rate risk management lies in improving corporate value by minimizing uncertainty caused by fluctuations in interest rates and minimizing net interest expense.

The Company minimizes its borrowings from others and optimizes its deposits. The Company periodically monitors both domestic and foreign interest rate trends to establish countermeasures against changes in interest rates.

If interest rates fluctuate by 1%p with all other variables held constant, the effects on income and expenses related to borrowings and deposits held by financial institutions with variable interest rates for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
	<b>1%p increase</b>	<b>1%p decrease</b>	<b>1%p increase</b>	<b>1%p decrease</b>
Interest income	10,354	(10,354)	12,056	(12,056)
Interest expense	3,034	(3,034)	435	(435)

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iii) Details of derivative contracts are as follows:

*Derivatives for hedging purposes*

The Company entered into the cross-currency swap and interest rate swap contracts to hedge cash flow risks related to the floating interest rates and foreign exchange rates.

Details of hedging instruments are as follows:

	Contractor	Contracted amount (in millions)	Contracted currency rate	Interest rate (paid) (%)	Starting date	Expiration date	Carrying amount (in millions of Korean won)	
							Assets	Liabilities
Cross-currency swap	Korea Development Bank and others	USD 1,545	1,067.9 ~ 1,377.9	1.88 ~ 4.56	May. 17, 2018 ~ Apr. 24, 2024	Apr. 24, 2027 ~ Jul. 28, 2031	260,326	-
	Citi Bank	EUR 95	1,312.5	3.84	Jul.15, 2022	Jan.14, 2028	33,652	-
	Citi Bank and others	JPY 22,000	8.7 ~ 10.0	4.06 ~ 4.38	Apr. 4, 2023 ~ Nov. 24, 2023	Apr.4, 2029 ~ May 24, 2029	3,949	14,383
Interest rate swap	Woori Bank and others	KRW 839,179	-	2.75 ~ 4.87	Apr. 30, 2014 ~ Mar. 29, 2024	Jan. 15, 2027 ~ Nov. 16, 2032	4,450	7,607

Interest rates received for the above swap contracts are equal to annual interest rates of borrowings (See Note 15).

Details of hedged items are as follows:

(in millions of Korean won)	Hedged items	Carrying amount	Changes in fair value (net of tax)
Cross-currency swap	Borrowings	2,568,833	17,156
Interest rate swap	Borrowings	839,179	(4,286)

The results of hedge accounting are as follows:

(in millions of Korean won)	Changes in fair value of derivatives (net of tax)	Line items in profit or loss	Reclassified to profit or loss (net of tax)	Other comprehensive income(loss) (net of tax)	Accumulated other comprehensive income(loss)
Cross-currency swap	(17,156)	Interest expense and exchange differences	41,746	24,590	19,320
Interest rate swap	4,286	Interest expense	1,780	6,066	(1,842)

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*Derivatives for trading purposes*

- Stock purchase agreement

According to the put options granted to Cybellum Technologies Ltd.'s shareholders and employees to whom stock options were granted, the Company recognized ₩45,868 million of derivative liabilities and ₩18,020 million of loss on derivative valuation for the year ended December 31, 2025.

For the call option acquired for the acquisition of Series C-1 shares of Bear Robotics, Inc., the Company recognized ₩4,359 million of derivative assets as of December 31, 2024 and ₩4,359 million of loss on derivative valuation for the year ended December 31, 2025. The entire derivative was exercised for the year ended December 31, 2025 to obtain its control.

- Currency swap agreement

The Company entered into a currency swap agreement for its short-term borrowings in foreign currencies and, as it did not apply hedge accounting, the Company recognized a derivative valuation loss of ₩2,114 million.

iv) Price risk

The Company is exposed to price risk through equity securities owned by the Company classified as financial assets at fair value through other comprehensive income.

The listed securities owned by the Company are traded in the open market, and related to KOSDAQ, NASDAQ and NYSE Index.

The effect of price index's fluctuation related to the listed securities on the equity (before income tax effect) is set out in the below table. The analysis is performed in respect of 30% increase/decrease in the price index under the assumption that other variations are held constant and the listed securities owned by the Company have correlation with the relevant past index.

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
	<b>30% increase</b>	<b>30% decrease</b>	<b>30% increase</b>	<b>30% decrease</b>
KOSDAQ	(18,606)	18,606	12,461	(12,461)
NASDAQ	-	-	62	(62)
NYSE	-	-	1,482	(1,482)

The valuation and changes in carrying amounts of the financial assets at fair value through other comprehensive income related to the market risk above are presented in Note 7.

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(b) Credit risk

The Company operates a consistent Global Credit / TR (trade receivables) policy to manage credit risk exposure.

In regard to trade receivables, the Company operates an integrated receivable insurance program with the global top three receivable insurers (Allianz Trade, Atradius, Coface) and the Korea Trade Insurance Corporation (K-SURE). To minimize receivable credit risk, the Company applies the credit rating of the counterparty rated by insurers, when determining the insurance coverage. In addition, the Company performs stringent credit risk management based on credit valuation criteria for receivables without insurance coverage or collateral.

Details of credit soundness for trade receivables that are neither past due nor impaired are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Trade receivables with insurance or collateral</b>		
Excellent	210,170	113,470
Good	170,221	137,946
Fair	325,319	251,397
Poor <sup>1</sup>	12,956	270,037
<b>Subtotal</b>	<b>718,666</b>	<b>772,850</b>
<b>Trade receivables without insurance or collateral</b>		
Tier 1	6,544,876	5,480,684
Tier 2	146,090	159,510
Tier 3	461,075	574,817
<b>Subtotal</b>	<b>7,152,041</b>	<b>6,215,011</b>
<b>Total</b>	<b>7,870,707</b>	<b>6,987,861</b>

<sup>1</sup> Debtors with insurance or collateral, but without credit rating are included herein.

Criteria of categorizing trade receivables with insurance or collateral are as follows:

<b>Category</b>	<b>Atradius</b>	<b>Allianz Trade</b>	<b>Coface</b>	<b>K-SURE</b>
Excellent	1~28	1~3	8~10	A~B
Good	29~40	4~5	7	C
Fair	41~72	6~7	3~6	D~E
Poor	73~	8~10	0~2	F~R

Debtors for which credit ratings are not provided by the insurance companies are categorized using the criteria from domestic credit rating agency.

Criteria of categorizing trade receivables without insurance or collateral are as follows:

Tier 1 – National or local government, domestic credit rating agency AA- ~ AAA+, including related parties such as subsidiaries, associates, and others

Tier 2 – Debtors with domestic credit rating other than Tier 1

Tier 3 – Small debtors without credit history

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The credit rating of financial institutions which hold the Company's cash equivalents and deposits held by financial institutions as of December 31, 2025 and 2024 is as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Excellent	1,155,626	1,324,651
Good	-	-
<b>Total</b>	<b>1,155,626</b>	<b>1,324,651</b>

Excellent: A- and above (Global credit rating agency such as Moody's), AA+ and above (Domestic credit rating agency such as Korea Investors Service)

Good: BBB- and above (Global credit rating agency such as Moody's), AA and above (Domestic credit rating agency such as Korea Investors Service)

(c) Liquidity risk

The Company forecasts its cash flow and liquidity status and sets action plans on a regular base to manage liquidity risk proactively. The Company systematically works with experts in four regional treasury centers to carry out fund and liquidity management that can react proactively to the changing global financial environment.

The Company also maintains the adequate amounts of bank deposits.

In addition, the Company is able to source funds any time in domestic and international financial markets because it has good investment credit grades of AA Stable from Korea Investors Service, Korea Ratings and NICE Information Service, BBB from Standard & Poors, and Baa2 from Moody's as of September 30, 2025.

i) Cash flow information on maturity of financial liabilities as of December 31, 2025 and 2024 is as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>				
	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>
Trade payables	6,749,502	6,749,502	-	-	-
Borrowings	10,098,986	1,795,580	1,839,835	4,722,653	1,740,918
Lease liabilities	122,776	76,667	29,176	14,897	2,036
Other payables	2,190,998	2,178,808	11,799	191	200
Other financial liabilities	47,982	39,463	-	8,519	-
<b>Total</b>	<b>19,210,244</b>	<b>10,840,020</b>	<b>1,880,810</b>	<b>4,746,260</b>	<b>1,743,154</b>

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<i>(in millions of Korean won)</i>	<b>December 31, 2024</b>				
	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>
Trade payables	6,787,335	6,787,335	-	-	-
Borrowings	10,681,079	1,204,138	1,398,849	5,077,065	3,001,027
Lease liabilities	134,104	74,037	30,782	25,455	3,830
Other payables	2,504,159	2,492,269	-	11,690	200
Other financial liabilities	27,848	-	22,885	4,963	-
<b>Total</b>	<b>20,134,525</b>	<b>10,557,779</b>	<b>1,452,516</b>	<b>5,119,173</b>	<b>3,005,057</b>

The above cash flows are calculated at nominal value based on the earliest maturity dates, and include cash flows of principal and interests. Derivatives for cash flow hedges from changes in interest rate and exchange rate are reflected in the cash flows of related borrowings.

ii) The maturity analysis of financial guarantee contracts provided by the Company to subsidiaries and third party companies as of December 31, 2025 is as follows:

<i>(in millions of Korean won)</i>	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>
Financial guarantee contracts	4,682,077	4,682,077	-	-	-

The financial guarantee contracts provided to subsidiaries and the third party companies are allocated to earliest period in which the Company can be required to make the payments, at the maximum amount of guarantees.

### **35.2 Capital risk management**

The Company's capital risk management purpose is to maximize shareholders' value through maintaining a sound capital structure. The Company monitors financial ratios, such as liability to equity ratio and net borrowing ratio each month and implements required action plan to improve the capital structure.

Details of liability to equity ratio and net borrowing ratio as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won, except for ratios)</i>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Liability(A)	22,468,951	23,421,431
Equity(B)	12,622,192	11,477,051
Cash and cash equivalents(C)	1,035,432	1,204,080
Borrowings and lease liabilities(D)	9,133,234	9,490,914
Liability to equity ratio(A/B)	178.0%	204.1%
Net borrowings ratio((D-C)/B)	64.2%	72.2%

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**35.3 Fair value estimation**

(a) The carrying amounts and fair values of the Company's financial assets and liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>			
	<b>Current</b>		<b>Non-current</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Assets at fair value</b>				
Financial assets at fair value through profit or loss				
Other financial assets and others	-	-	118,555	118,555
Financial assets at fair value through other comprehensive income				
Trade receivables	176,861	1	-	-
Other financial assets	-	-	98,869	98,869
Derivatives for hedging purposes				
Other financial assets	-	-	302,377	302,377
<b>Assets at amortized cost</b>				
Financial assets at amortized cost				
Cash and cash equivalents	1,035,432	1	-	-
Deposits held by financial institutions	-	1	120,241	1
Trade receivables	5,263,751	1	132,242	132,242
Other receivables	500,004	1	151,820	138,238
<b>Other assets</b>				
Trade payables	539,342	1	2,468,228	2,468,228
<b>Total</b>	<b>7,515,390</b>		<b>3,392,332</b>	

<i>(in millions of Korean won)</i>	<b>December 31, 2025</b>			
	<b>Current</b>		<b>Non-current</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Liabilities at fair value</b>				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	39,463	39,463	8,519	8,519
Derivatives for hedging purposes				
Other financial liabilities	-	-	21,990	21,990
<b>Liabilities at amortized cost</b>				
Financial liabilities at amortized cost				
Trade payables	6,749,502	1	-	-
Borrowings	1,473,895	1	7,541,288	8,380,880
Other payables	2,178,808	1	12,190	11,331
<b>Other liabilities</b>				
Lease liabilities	74,973	2	43,078	2
Other financial liabilities	24,077	3	-	3
<b>Total</b>	<b>10,540,718</b>		<b>7,627,065</b>	

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<i>(in millions of Korean won)</i>	December 31, 2024			
	Current		Non-current	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets at fair value</b>				
Financial assets at fair value through profit or loss				
Other financial assets	4,359	4,359	104,868	104,868
Financial assets at fair value through other comprehensive income				
Trade receivables	220,898	1	-	-
Other financial assets	-	-	68,728	1
Derivatives for hedging purposes				
Other financial assets	58,311	58,311	319,014	319,014
<b>Assets at amortized cost</b>				
Financial assets at amortized cost				
Cash and cash equivalents	1,204,080	1	-	-
Deposits held by financial institutions	-	1	120,631	1
Trade receivables	5,783,313	1	131,258	131,258
Other receivables	1,339,202	1	410,669	416,231
<b>Other assets</b>				
Trade receivables	271,314	1	1,432,465	1,432,465
<b>Total</b>	<b>8,881,477</b>		<b>2,587,633</b>	

<i>(in millions of Korean won)</i>	December 31, 2024			
	Current		Non-current	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Liabilities at fair value</b>				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	-	-	27,848	27,848
Derivatives for hedging purposes				
Other financial liabilities	-	-	28,380	28,380
<b>Liabilities at amortized cost</b>				
Financial liabilities at amortized cost				
Trade payables	6,787,335	1	-	-
Borrowings	901,800	1	8,460,942	8,822,622
Other payables	2,492,269	1	11,890	10,700
<b>Other liabilities</b>				
Lease liabilities	72,610	2	55,562	2
Other financial liabilities	7,682	3	6,930	3
<b>Total</b>	<b>10,261,696</b>		<b>8,591,552</b>	

<sup>1</sup>Excluded from disclosures such as fair value hierarchy and measurement method as the carrying amount is the reasonable approximate of fair value.

<sup>2</sup>Lease liabilities were excluded from the fair value disclosures in accordance with KIFRS 1107 *Financial Instruments: Disclosures*.

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<sup>3</sup> Measured at the higher of the amount of the loss allowance determined in accordance with KIFRS 1109 *Financial Instruments* and the amount initially recognized less cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*, and excluded from disclosure as there is no significant difference between the carrying amount and its fair value.

(b) Fair value measurements of assets and liabilities

i) Fair value hierarchy and measurement method

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value measurement is to estimate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. When measuring fair value using valuation techniques, the Company maximizes the use of market information and minimizes the use of unobservable inputs.

Financial instruments measured at fair value are categorized within the fair value hierarchy, and the defined levels are as follows:

- Level 1: Financial instruments measured at the quoted price in an active market for identical assets or liabilities are included in Level 1. Assets or liabilities categorized within Level 1 are financial instruments such as marketable equity securities traded.

- Level 2: When financial instruments are measured by using a discounted cash flow, if all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2. Assets or liabilities categorized within Level 2 are financial instruments such as derivative financial instruments.

- Level 3: When financial instruments are measured by using a discounted cash flow, if one or more of the significant inputs are unobservable in the market, the instrument is included in Level 3. The assets or liabilities categorized within Level 3 are unmarketable equity securities and debt securities.

The fair value of financial instruments traded in active markets is based on quoted market prices as of December 31, 2025. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, an entity within the same industry, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price for financial assets held by the Company is the closing price as of December 31, 2025. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed equity securities classified as financial assets at fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses various valuation techniques that the Company develops or figures that external valuation agencies provide, and makes judgements based on current market conditions. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

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If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. Financial instrument included Level 3 uses other method including discounting cash flow method.

ii) Financial instruments measured at fair value

The fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value as of December 31, 2025 and 2024 are as follows:

	<b>December 31, 2025</b>			
<i>(in millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Other financial assets and others				
Financial assets at fair value through other comprehensive income	60,107	-	38,762	98,869
Financial assets at fair value through profit or loss	-	-	118,555	118,555
Derivatives for hedging purposes	-	302,377	-	302,377
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	47,982	-	47,982
Derivatives for hedging purposes	-	21,990	-	21,990
	<b>December 31, 2024</b>			
<i>(in millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Other financial assets and others				
Financial assets at fair value through other comprehensive income	32,912	-	35,816	68,728
Financial assets at fair value through profit or loss	-	4,359	104,868	109,227
Derivatives for hedging purposes	-	377,325	-	377,325
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	27,848	-	27,848
Derivatives for hedging purposes	-	28,380	-	28,380

The above fair value amounts are recurring fair value measurements.

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- Valuation technique and inputs for fair value measurements categorized within Level 2

The valuation techniques and inputs for fair value measurements categorized within Level 2 as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	December 31, 2025	December 31, 2024		
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through profit or loss	-	4,359	Binomial model	Share price and volatility
Derivatives for hedging purposes	302,377	377,325	Discounted cash flow	Discount rate and exchange rate

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	December 31, 2025	December 31, 2024		
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	47,982	27,848	Binomial model	Share price and volatility
Derivatives for hedging purposes	21,990	28,380	Discounted cash flow	Discount rate and exchange rate

- Valuation technique and inputs of fair value measurements categorized within Level 3

As of December 31, 2025 and 2024, financial instruments measured at fair value categorized within Level 3 comprise unmarketable equity securities and debt securities and are measured using discounted cash flow considering discount rate and others as inputs.

iii) Financial instruments not measured at fair value but for which the fair value is disclosed

Details of financial instruments not measured at fair value but for which the fair value is disclosed as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Non-current trade receivables	-	-	2,600,470	2,600,470
Non-current other receivables	-	-	138,238	138,238
<b>Liabilities</b>				
Non-current borrowings	-	-	8,380,880	8,380,880
Non-current other payables	-	-	11,331	11,331

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<i>(in millions of Korean won)</i>	December 31, 2024			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Non-current trade receivables	-	-	1,563,723	1,563,723
Non-current other receivables	-	-	416,231	416,231
<b>Liabilities</b>				
Non-current borrowings	-	-	8,822,622	8,822,622
Non-current other payables	-	-	10,700	10,700

- Valuation technique and inputs for fair value measurements categorized within Level 2

As of December 31, 2025 and 2024, there are no financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within Level 2.

- Disclosure in relation to fair value measurements categorized within Level 3

Details of valuation techniques, inputs and unobservable inputs of financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within Level 3 as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025		December 31, 2024		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Carrying amount	Fair value	Carrying amount	Fair value				
<b>Assets</b>								
Non-current trade receivables	2,600,470	2,600,470	1,563,723	1,563,723	Discounted cash flow	Discount rate and exchange rate	Discount rate	4.8%~5.7%
Non-current other receivables	151,820	138,238	410,669	416,231	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.9%~4.9%
<b>Liabilities</b>								
Non-current borrowings	7,541,288	8,380,880	8,460,942	8,822,622	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.0%~5.1%
Non-current other payables	12,190	11,331	11,890	10,700	Discounted cash flow	Discount rate	Discount rate	3.1%~4.5%

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**36. Assets held for sale**

(a) Details of assets held for sale as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2025<sup>1</sup></b>	<b>December 31, 2024</b>
Assets held for sale		
Land	14,042	-
Buildings	37,634	-
Structures	512	-
Other property, plant and equipment	48	-
<b>Total</b>	<b>52,236</b>	<b>-</b>

<sup>1</sup> The sale is in progress as of December 31, 2025 and expected to be completed by 2026.

(b) Assets held for sale were measured at the lower of their carrying amount and fair value less costs to sell before the reclassification, and there is no related impairment loss recognized.

**37. Discontinued Operations**

In 2024, the Company discontinued the operations of the battery pack business in order to focus on the Company's core business through firmwide resource efficiency and to secure financial resources for preparing new business for future growth by improving its financial structure.

Profit and loss from discontinued operations for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
Net sales	-	-
Operating profit (loss)	(9,799)	(346,044)
Profit (Loss) before income tax	(11,145)	(383,598)
Income tax expense (benefit)	(2,979)	(99,548)
Profit (Loss) for the year, net of tax	(8,166)	(284,050)

Cash flows from discontinued operations for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	<b>For the period ended December 31, 2025</b>	<b>For the period ended December 31, 2024</b>
Net cash flows from (used in) operating activities	(178,826)	(54,864)
Net cash flows from (used in) investing activities	10	1,215
Net cash flows from (used in) financing activities	178,816	53,649

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**38. Approval of the Separate Financial Statements**

The separate financial statements of the Company were approved by the Board of Directors on January 29, 2026, and are scheduled to be finally approved at the Annual Shareholders' Meeting held on March 23, 2026.