

LG Electronics Inc. and its subsidiaries

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

Table of contents

Independent auditor's report

Consolidated financial statements	Page
Consolidated statements of financial position	1
Consolidated statements of profit or loss	2
Consolidated statements of comprehensive income	3
Consolidated statements of changes in equity	4
Consolidated statements of cash flows	5
Notes to the consolidated financial statements	6



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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 consolidated financial statements of LG Electronics Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the two years in the period ended December 31, 2025, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated 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 consolidated financial statements section of our report. We are independent of the Group 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 consolidated 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 consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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 consolidated financial statements, the Group 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 Group 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.

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 Group 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 Group amounts to KRW 1,639,044 million (including intangible assets construction-in-progress of KRW 927,798 million).

2) How our audit addressed the key audit matter

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

- Evaluate the Group's accounting policies relating to capitalization and impairment of internally generated development costs by obtaining an understanding thereof.
- Evaluate the design and operating effectiveness of relevant internal controls of the Group.
- Assess the valuation methodologies applied by management and evaluate the appropriateness of key assumptions used in estimating value-in-use.
- Assess the cash flow projections based on management-approved business plans by obtaining an understanding thereof.
- Evaluate the reasonableness of management's forecasts by comparing historical performance with previous business plans.
- Independently recalculate management's value-in-use calculations
- Assess 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 consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



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

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

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

The engagement partner on the audit resulting in this independent auditor's report is 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 consolidated financial statements and may result in modifications to this report.

LG Electronics Inc. and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2025

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

JOO WAN CHO
Chief Executive Officer
LG Electronics Inc.

LG Electronics Inc. and its subsidiaries
Consolidated statements of financial position
as of December 31, 2025 and 2024

(in millions of Korean won)

	Notes	December 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	5,6,37	8,769,841	7,573,036
Deposits held by financial institutions	5,6,37	26,341	46,681
Trade receivables	5,7,37	11,160,680	10,535,614
Other receivables	5,7,37	791,808	1,583,477
Other financial assets	5,8,37	22,406	76,226
Inventories	9	11,084,962	10,729,360
Current tax assets		264,513	258,606
Contract assets	10	1,122,347	1,352,092
Other current assets	11	1,559,395	1,764,807
Assets held for sale	39	67,588	3,618
		<u>34,869,881</u>	<u>33,923,517</u>
Non-current assets			
Deposits held by financial institutions	5,6,37	200,523	193,637
Trade receivables	5,7,37	2,783,685	1,645,716
Other receivables	5,7,37	847,222	1,022,169
Other financial assets	5,8,37	853,270	644,325
Property, plant and equipment	12	16,714,331	17,075,231
Intangible assets	13	4,370,438	3,518,728
Deferred tax assets	19	3,520,898	3,509,556
Investments in associates and joint ventures	14	2,797,319	2,775,655
Investment properties	15	177,460	92,627
Net defined benefit assets	20	799,771	507,087
Contract assets	10	408,687	410,604
Other non-current assets	11	276,682	310,737
		<u>33,750,286</u>	<u>31,706,072</u>
Total assets		<u>68,620,167</u>	<u>65,629,589</u>
Liabilities			
Current liabilities			
Trade payables	5,37	10,582,060	9,884,770
Borrowings	5,16,37	2,464,190	2,889,260
Lease liabilities	5,17,37	422,402	385,675
Other payables	5,18,37	5,712,036	5,729,464
Other financial liabilities	5,8,37	9,411	2,967
Current tax liabilities		349,878	370,854
Provisions	21	1,234,670	1,515,367
Contract liabilities	10	1,942,550	2,146,029
Other current liabilities	22	4,465,963	4,383,053
		<u>27,183,160</u>	<u>27,307,439</u>
Non-current liabilities			
Borrowings	5,16,37	10,180,049	11,093,282
Lease liabilities	5,17,37	893,694	874,185
Other payables	5,18,37	93,275	319,949
Other financial liabilities	5,8,37	54,072	57,039
Deferred tax liabilities	19	78,690	35,077
Net defined benefit liabilities	20	128,450	146,985
Provisions	21	289,269	244,347
Contract liabilities	10	904,144	100,177
Other non-current liabilities	22	263,339	239,445
		<u>12,884,982</u>	<u>13,110,486</u>
Total liabilities		<u>40,068,142</u>	<u>40,417,925</u>
Equity			
Paid-in capital:	23		
Share capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	24	17,419,333	16,352,773
Accumulated other comprehensive income (loss)	25	1,234,223	812,913
Accumulated other comprehensive income (loss) from assets held for sale	39	1,114	(457)
Other components of equity	26	1,240,375	(162,808)
Equity attributable to owners of the Parent Company		<u>23,887,393</u>	<u>20,994,769</u>
Non-controlling interests		<u>4,664,632</u>	<u>4,216,895</u>
Total equity		<u>28,552,025</u>	<u>25,211,664</u>
Total liabilities and equity		<u>68,620,167</u>	<u>65,629,589</u>

LG Electronics Inc. and its subsidiaries
Consolidated statements of profit or loss
for each of the two years in the period ended December 31, 2025

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

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Continuing operations			
Net sales	28	89,200,882	87,728,182
Cost of sales	29	<u>68,359,224</u>	<u>66,348,948</u>
Gross profit		20,841,658	21,379,234
Selling expenses	29,30	11,246,653	11,168,813
Administrative expenses	29,30	2,477,166	2,295,340
Research and development expenses	29,30	2,776,637	2,687,295
Service costs	29,30	<u>1,862,810</u>	<u>1,808,111</u>
Operating profit (loss)		2,478,392	3,419,675
Finance income	31	1,061,464	1,167,721
Finance expenses	31	1,440,338	1,132,596
Profit (Loss) from equity method valuation	14	111,237	(992,387)
Other non-operating income	32	2,401,884	2,405,944
Other non-operating expenses	32	2,776,214	3,532,562
Profit (Loss) before income tax		1,836,425	1,335,795
Income tax expense (benefit)	19	<u>608,466</u>	<u>462,520</u>
Profit (loss) from continuing operations		1,227,959	873,275
Discontinued operations			
Profit (Loss) from discontinued operations		<u>(7,547)</u>	<u>(281,910)</u>
Profit (Loss) for the period		<u>1,220,412</u>	<u>591,365</u>
Profit (Loss) for the period attributable to:			
Owners of the Parent Company			
Profit (Loss) from continuing operations		968,126	649,425
Profit (Loss) from discontinued operations		<u>(7,547)</u>	<u>(281,910)</u>
		<u>960,579</u>	<u>367,515</u>
Non-controlling interests			
Profit (Loss) from continuing operations		259,833	223,850
Profit (Loss) from discontinued operations		<u>-</u>	<u>-</u>
		<u>259,833</u>	<u>223,850</u>
Earnings (Losses) per share attributable to owners of the Parent Company during the period (in Korean won)			
Earnings (Losses) per ordinary share			
From continuing operations		5,372	3,602
From discontinued operations		<u>(42)</u>	<u>(1,566)</u>
		<u>5,330</u>	<u>2,036</u>
Earnings (Losses) per preferred share			
From continuing operations		5,422	3,652
From discontinued operations		<u>(42)</u>	<u>(1,566)</u>
		<u>5,380</u>	<u>2,086</u>

LG Electronics Inc. and its subsidiaries
Consolidated 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>
Profit (Loss) for the period		1,220,412	591,365
Other comprehensive income (loss), net of tax			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurements of the net defined benefit liability	20	325,488	114,291
Share of remeasurements of associates	14	25,737	(49,362)
Financial assets at fair value through other comprehensive income	8	119,338	1,165
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income			
(excluding remeasurements) of associates and joint ventures	14	(93,397)	268,324
Cash flow hedges	37	29,197	(17,299)
Exchange differences on translation of foreign operations		435,505	1,159,195
Other comprehensive income (loss) for the period, net of tax		<u>841,868</u>	<u>1,476,314</u>
Total comprehensive income (loss) for the period, net of tax		<u>2,062,280</u>	<u>2,067,679</u>
Total comprehensive income (loss) for the period, net of tax, attributable to:			
Owners of the Parent Company		1,715,017	1,619,689
Non-controlling interests		<u>347,263</u>	<u>447,990</u>
Total comprehensive income (loss) for the period, net of tax		<u>2,062,280</u>	<u>2,067,679</u>

LG Electronics Inc. and its subsidiaries
Consolidated statements of changes in equity
for each of the two years in the period ended December 31, 2025

(in millions of Korean won)

Notes	Attributable to owners of the Parent Company					Total	Non-controlling interests	Total equity
	Paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Accumulated other comprehensive income (loss) from assets held for sale	Other components of equity			
Balance as of January 1, 2024	3,992,348	16,201,439	(420,818)	(136)	(108,079)	19,664,754	3,833,782	23,498,536
Total comprehensive income (loss):								
Profit (Loss) for the period	-	367,515	-	-	-	367,515	223,850	591,365
Remeasurements of the net defined benefit liability	20	-	74,683	-	-	74,683	39,608	114,291
Share of remeasurements of associates	14	-	(49,362)	-	-	(49,362)	-	(49,362)
Financial assets at fair value through other comprehensive income	8	-	(6,557)	7,470	-	913	252	1,165
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	14	-	-	268,324	-	268,324	-	268,324
Cash flow hedges	37	-	-	(14,641)	-	(14,641)	(2,658)	(17,299)
Exchange differences on translation of foreign operations		-	-	972,578	(321)	972,257	186,938	1,159,195
Total comprehensive income (loss):		-	386,279	1,233,731	(321)	1,619,689	447,990	2,067,679
Transactions with owners:								
Dividends	24	-	(234,945)	-	-	(234,945)	(81,764)	(316,709)
Changes in controlling interests in subsidiaries		-	-	-	(54,729)	(54,729)	16,887	(37,842)
Total transactions with owners		-	(234,945)	-	(54,729)	(289,674)	(64,877)	(354,551)
Balance as of December 31, 2024	3,992,348	16,352,773	812,913	(457)	(162,808)	20,994,769	4,216,895	25,211,664
Balance as of January 1, 2025	3,992,348	16,352,773	812,913	(457)	(162,808)	20,994,769	4,216,895	25,211,664
Total comprehensive income (loss):								
Profit (Loss) for the period	-	960,579	-	-	-	960,579	259,833	1,220,412
Remeasurements of the net defined benefit liability	20	-	300,330	-	-	300,330	25,158	325,488
Share of remeasurements of associates	14	-	25,737	-	-	25,737	-	25,737
Financial assets at fair value through other comprehensive income	8	-	5,490	51,573	-	57,063	62,275	119,338
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	14	-	-	(93,397)	-	(93,397)	-	(93,397)
Cash flow hedges	37	-	-	27,747	-	27,747	1,450	29,197
Exchange differences on translation of foreign operations		-	-	435,387	1,571	436,958	(1,453)	435,505
Total comprehensive income (loss)		-	1,292,136	421,310	1,571	1,715,017	347,263	2,062,280
Transactions with owners:								
Dividends	24	-	(180,925)	-	-	(180,925)	(85,410)	(266,335)
Changes in controlling interests in subsidiaries		-	-	-	1,358,532	1,358,532	67,958	1,426,490
Business combinations	38	-	-	-	-	-	117,926	117,926
Cancellation of treasury shares	26	-	(44,651)	-	-	44,651	-	-
Total transactions with owners		-	(225,576)	-	-	1,403,183	100,474	1,278,081
Balance as of December 31, 2025	3,992,348	17,419,333	1,234,223	1,114	1,240,375	23,887,393	4,664,632	28,552,025

LG Electronics Inc. and its subsidiaries
Consolidated 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
Cash flows from operating activities			
Cash generated from (used in) operations	34	5,627,885	4,934,587
Interest received		393,425	488,034
Interest paid		(624,587)	(623,089)
Dividend received		8,847	23,145
Income tax paid		(1,125,070)	(980,016)
Net cash provided by (used in) operating activities		4,280,500	3,842,661
Cash flows from investing activities			
Decrease in deposits held by financial institutions		40,437	25,545
Decrease in other receivables		1,116,426	96,537
Proceeds from withdrawal and disposal of other financial assets		73,895	203,506
Proceeds from disposal of property, plant and equipment		101,823	41,229
Proceeds from disposal of intangible assets		19,227	26,023
Proceeds from withdrawal and disposal of investments in associates and joint ventures		271	1,546
Proceeds from disposal of investment properties		7,650	-
Proceeds from disposal of assets held for sale		5,294	-
Proceeds from disposal of business unit and business combination	34, 38	32,437	6,252
Increase in deposits held by financial institutions		(26,884)	(61,374)
Increase in other receivables		(99,307)	(100,022)
Acquisition of other financial assets		(189,039)	(126,699)
Acquisition of property, plant and equipment		(2,615,348)	(2,356,437)
Acquisition of intangible assets		(1,292,032)	(1,311,588)
Acquisition of investments in associates and joint ventures		(34,084)	(589,252)
Business combinations	38	(154,369)	(67,139)
Net cash provided by (used in) investing activities		(3,013,603)	(4,211,873)
Cash flows from financing activities			
Increase in borrowings		3,663,720	4,355,225
Increase due to consolidated capital transactions		1,817,913	-
Increase due to transactions with non-controlling interests		16,853	1,808
Repayments of borrowings		(5,089,191)	(4,139,096)
Repayments of lease liabilities		(456,694)	(380,298)
Decrease due to transactions with non-controlling interests		(5,742)	(225,605)
Dividend paid and others		(266,335)	(316,709)
Net cash provided by (used in) financing activities		(319,476)	(704,675)
Effects of exchange rate changes on cash and cash equivalents		249,384	159,360
Net increase (decrease) in cash and cash equivalents		1,196,805	(914,527)
Cash and cash equivalents at the beginning of the period	6	7,573,036	8,487,563
Cash and cash equivalents at the end of the period	6	8,769,841	7,573,036

LG Electronics Inc. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

1. General information

LG Electronics Inc. (the “Company” or “Parent 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 Parent 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 Parent Company is domiciled in Korea at Yeoui-daero, Yeongdeungpo-gu, Seoul.

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

The Parent Company and its subsidiaries (collectively referred to as the “Group”) operate the following five 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 displays, also operating a platform business focused on webOS; Vehicle Solution segment designing and manufacturing automobile parts; Eco solution segment manufacturing and selling HVAC products(Heating, Ventilation, and Air Conditioning) including residential and commercial air conditioners; and LG Innotek Co., Ltd. operating optics solutions, substrate materials and automotive components businesses. As of December 31, 2025, the Parent Company has 177 subsidiaries (See Note 1 (a)), 21 associates and joint ventures (See Note 14).

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(a) Details of the Group's consolidated subsidiaries as of December 31, 2025 and 2024 are as follows:

Territory	Location	Subsidiary	December 31, 2025		December 31, 2024		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
The Republic of Korea	Korea	Hiplaza Co., Ltd.	100.0%	-	100.0%	-	December	Wholesales and retails of electronic products	More than half of voting rights
	Korea	ACE R&A Co., Ltd.	100.0%	-	100.0%	-	December	Production and sales of air conditioning plants	More than half of voting rights
	Korea	Hi M Solutek Co., Ltd.	100.0%	-	100.0%	-	December	Other general machinery and equipment repairs	More than half of voting rights
	Korea	Hi-Caresolution Corp.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Korea	Hi Teleservice Co., Ltd.	100.0%	-	100.0%	-	December	Call center and telemarketing services	More than half of voting rights
	Korea	LG Innotek Co., Ltd. ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	Korea	Innowith Co., Ltd. ¹	40.8%	59.2%	40.8%	59.2%	December	Services	De-facto control
	Korea	Hanuri Co., Ltd.	100.0%	-	100.0%	-	December	Business facility maintenance	More than half of voting rights
	Korea	ZKW Lighting Systems Korea Co., Ltd.	70.0%	30.0%	70.0%	30.0%	December	R&D	More than half of voting rights
	Korea	LG Magna e-Powertrain Co., Ltd.	51.0%	49.0%	51.0%	49.0%	December	Production and sales of vehicle components	More than half of voting rights
Korea	Bear Robotics Korea Co., Ltd.	61.0%	39.0%	-	-	December	Production and sales of commercial robots	More than half of voting rights	
China	China	LG Electronics (China) Co., Ltd.(LGECH)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	China	LG Electronics (China) Research and Development Center Co., Ltd.(LGERD)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	China	LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Territory	Location	Subsidiary	December 31, 2025		December 31, 2024		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	China	LG ELECTRONICS HK LIMITED(LGEHK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	China	LG Electronics (Huizhou) Inc.(LGEHZ)	80.0%	20.0%	80.0%	20.0%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics Nanjing New Technology Co.,Ltd(LGENT)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics Nanjing Vehicle Components Co.,Ltd.(LGENV)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	China	LG Electronics (Shenyang) Inc(LGESY)	78.9%	21.1%	78.9%	21.1%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	80.0%	20.0%	80.0%	20.0%	December	Production of electronic products	More than half of voting rights
	China	Nanjing LG Panda Appliances Co., Ltd(LGEPN)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	China	QINGGONGLIAN ELECTRICAL INSTALLATION ENGINEERING CO.,LTD.	80.0%	20.0%	80.0%	20.0%	December	Installation and sales of air conditioners	More than half of voting rights
	China	LG Innotek Yantai Co.,Ltd.(LGITYT) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	China	LG Innotek Trading (Shanghai) Co.,Ltd.(LGITSH) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic materials	De-facto control
	China	ZKW Lighting Systems (Dalian) Co. Ltd.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	China	LG Magna Nanjing e-Powertrain Vehicle Components Co., Ltd.	51.0%	49.0%	51.0%	49.0%	December	Production and sales of vehicle components	More than half of voting rights
Asia	Australia	LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Territory	Location	Subsidiary	December 31, 2025		December 31, 2024		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
India		LG ELECTRONICS INDIA LIMITED(LGEIL) ²	85.0%	15.0%	100.0%	-	March	Production and sales of electronic products	More than half of voting rights
Japan		LG Japan Lab. Inc.(LGJL)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
Japan		LG Electronics Japan, Inc.(LGEJP)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
Malaysia		LG Electronics (M) Sdn. Bhd(LGEML)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
Philippines		LG Electronics Philippines Inc.(LGEPH)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
Singapore		LG Electronics Singapore Pte.Ltd.(LGESL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
Taiwan		LG Electronics Taiwan Taipei Co., Ltd.(LGETT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
Thailand		LG Electronics (Thailand) Company Limited(LGETH)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
India		LG Soft India Private Limited.(LGSIL) ²	100.0%	-	100.0%	-	March	R&D	More than half of voting rights
Indonesia		P.T. LG Electronics Indonesia(LGEIN)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
Philippines		LG Electronics Pasig Inc. ³	38.0%	62.0%	38.0%	62.0%	December	Real estates	De-facto control
Indonesia		PT. LG Innotek Indonesia(LGITIN) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
Taiwan		LG Innotek (Taiwan) Co., Ltd.(LGITTW) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic materials	De-facto control
Vietnam		LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
Vietnam		LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
Indonesia		PT. LG Electronics Service Indonesia(LGEID)	100.0%	-	100.0%	-	December	Services	More than half of voting rights

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Territory	Location	Subsidiary	December 31, 2025		December 31, 2024		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Philippines	HI-M SOLUTEK PHILIPPINES INC.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Vietnam	HI-M SOLUTEK VIETNAM CO., LTD.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	India	Alphonso Labs Private Limited ²	65.4%	34.6%	65.7%	34.3%	March	R&D	More than half of voting rights
	Indonesia	PT LGE INDONESIA RESEARCH AND DEVELOPMENT CENTER (LGERC)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Japan	Cybellum Technologies Ltd.	79.5%	20.5%	80.5%	19.5%	December	Development and sales of automotive security solutions	More than half of voting rights
	Vietnam	LG Electronics Development Vietnam Company Limited(LGEDV)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Indonesia	PT HI-M SOLUTEK INDONESIA	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	India	ACERNA ECO INDIA PRIVATE LIMITED ²	100.0%	-	-	-	March	Production and sales of air conditioner	More than half of voting rights
	India	Hi-M.Solutek India Private Limited ²	100.0%	-	100.0%	-	March	Services	More than half of voting rights
	Japan	Bear Robotics Japan LLC	61.0%	39.0%	-	-	December	Production and sales of commercial robots	More than half of voting rights
	Singapore	Bear Robotics Pte, Ltd.	61.0%	39.0%	-	-	December	Production and sales of commercial robots	More than half of voting rights
Europe	Netherlands	LG Electronics Benelux Sales B.V.(LGEBN)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Germany	LG Electronics Deutschland GmbH(LGEDG)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Spain	LG Electronics Espana S.A.(LGEES)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Netherlands	LG Electronics European Holding B.V.(LGEEH)	100.0%	-	100.0%	-	December	European holding company	More than half of voting rights

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Territory	Location	Subsidiary	December 31, 2025		December 31, 2024		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Netherlands	LG Electronics European Shared Service Center B.V.(LGESC)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	France	LG Electronics France S.A.S(LGEFS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Greece	LG ELECTRONICS HELLAS SINGLE MEMBER SA (LGEHS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Italy	LG Electronics Italia S.P.A.(LGEIS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Latvia	LG Electronics Latvia LTD(LGELA)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Hungary	LG Electronics Magyar K.F.T.(LGEMK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Mlawa Sp. Z.O.O.(LGEMA)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Sweden	LG Electronics Nordic AB(LGESW)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Polska Sp. Z.O.O(LGEPL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Portugal	LG Electronics Portugal S.A.(LGEPT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UK	LG Electronics U.K. LTD(LGEUK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Finland	LG Electronics Finland Lab Oy(LGEFL)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Poland	LG Innotek Poland Sp. z.o. o.(LGITPO) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	German	LG Electronics Vehicle Components Europe GmbH (LGEVG)	100.0%	-	100.0%	-	December	Sales of vehicle components	More than half of voting rights
	Austria	ZKW Holding GmbH	70.0%	30.0%	70.0%	30.0%	December	Holding company	More than half of voting rights

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Territory	Location	Subsidiary	December 31, 2025		December 31, 2024		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
Austria		ZKW Group GmbH	70.0%	30.0%	70.0%	30.0%	December	Services	More than half of voting rights
Austria		ZKW Lichtsysteme GmbH	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
Austria		ZKW Austria Immobilien Holding GmbH	70.0%	30.0%	70.0%	30.0%	December	Holding company	More than half of voting rights
Austria		ZKW Austria Immobilien GmbH	70.0%	30.0%	70.0%	30.0%	December	Real estates	More than half of voting rights
Slovakia		ZKW Slovakia s.r.o.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
Czech		KES - kabelové a elektrické systémy spol. s.r.o.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
Czech		ZKW Automotive Engineering CZ s.r.o.	70.0%	30.0%	70.0%	30.0%	December	R&D	More than half of voting rights
Poland		KES Poland Sp.z o.o.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
Poland		HI-M SOLUTEK POLAND Sp. z o.o.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
Hungary		ACE R&A Hungary Limited Liability Company	100.0%	-	100.0%	-	December	Production and sales of air conditioner	More than half of voting rights
UK		Alphonso UK Limited	65.4%	34.6%	65.7%	34.3%	December	Advertisement	More than half of voting rights
Hungary		LG Magna e-Powertrain Hungary Ltd.	51.0%	49.0%	51.0%	49.0%	December	Production and sales of vehicle components	More than half of voting rights
Germany		Hi-M. SOLUTEK Germany GmbH	100.0%	-	100.0%	-	December	Services	More than half of voting rights
Czech		LG ELECTRONICS CZ, s.r.o.(LGECK)	100.0%	-	-	-	December	Sales of electronic products	More than half of voting rights
Netherlands		Athom Holding B.V.	80.0%	20.0%	80.0%	20.0%	December	Development and sales of smart home solutions	More than half of voting rights
Netherlands		Athom B.V.	80.0%	20.0%	80.0%	20.0%	December	Development and sales of smart home solutions	More than half of voting rights

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Territory	Location	Subsidiary	December 31, 2025		December 31, 2024		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Ireland	Bear Robotics Ireland Limited	61.0%	39.0%	-	-	December	Production and sales of commercial robots	More than half of voting rights
	Norway	OSO Group AS	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Norway	OSO Technology AS	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Norway	OSO Property AS	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Norway	Norteam Holding AS	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Norway	Norteam Eiendom AS	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Norway	FlowForm AS	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Norway	OSO Hotwater AS	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Norway	OSO Energy AS	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Norway	Onetank AS	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Norway	OSO Logistics AS	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Finland	OSO Hotwater Oy	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Sweden	OSO Hotwater Sweden Holding AB	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Sweden	OSO Hotwater AB	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Territory	Location	Subsidiary	December 31, 2025		December 31, 2024		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	UK	OSO Hotwater Ltd.	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
America	USA	LG Electronics Alabama Inc.(LGEAI)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Canada	LG Electronics Canada, Inc.(LGECI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Mexico	LG Electronics Mexico S.A. DE C.V.(LGEMS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Mexico	LG Electronics Reynosa, S.A. De C.V.(LGERS)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	USA	LG Electronics U.S.A., Inc.(LGEUS)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	USA	Zenith Electronics LLC(Zenith)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	USA	LG Innotek USA, Inc.(LGITUS) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic components	De-facto control
	Mexico	LG Innotek Mexico SA DE CV(LGITMX) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic components	De-facto control
	USA	LG Electronics Vehicle Components U.S.A., LLC.(LGEVU)	100.0%	-	100.0%	-	December	Sales of vehicle components	More than half of voting rights
	USA	LGEUS Power, LLC	100.0%	-	100.0%	-	December	Investment of solar power plant	More than half of voting rights
	USA	LG Electronics Fund I LLC	100.0%	-	100.0%	-	December	Investment in technology start-ups	More than half of voting rights
	USA	LG Technology Ventures LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	USA	ZKW Lighting Systems USA, Inc.	70.0%	30.0%	70.0%	30.0%	December	Sales of vehicle components	More than half of voting rights
	Mexico	ZKW Mexico Inmobiliaria, S.A. de C.V.	70.0%	30.0%	70.0%	30.0%	December	Real estates	More than half of voting rights
	Mexico	ZKW Mexico, S.A. de C.V.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Territory	Location	Subsidiary	December 31, 2025		December 31, 2024		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
USA		LG Magna e-Powertrain USA Inc.	51.0%	49.0%	51.0%	49.0%	December	Sales of vehicle components	More than half of voting rights
USA		Alphonso Inc.	65.4%	34.6%	65.7%	34.3%	December	Advertisement	More than half of voting rights
USA		LG Innotek Fund I LLC ¹	40.8%	59.2%	40.8%	59.2%	December	Investment in technology start-ups	De-facto control
USA		LG Innotek Fund II LLC ¹	40.8%	59.2%	40.8%	59.2%	December	Investment in technology start-ups	De-facto control
USA		Cybellum Technologies USA, Inc.	79.5%	20.5%	80.5%	19.5%	December	Development and sales of automotive security solutions	More than half of voting rights
USA		LG Electronics Fund II LLC.	100.0%	-	100.0%	-	December	Investment in technology start-ups	More than half of voting rights
Mexico		HI-M SOLUTEK MEXICO S DE RL DE CV.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
Mexico		LG Magna e-Powertrain Mexico S.A. DE C.V.	51.0%	49.0%	51.0%	49.0%	December	Production and sales of vehicle components	More than half of voting rights
USA		ACE R&A US INC.	100.0%	-	100.0%	-	December	Production and sales of air conditioner	More than half of voting rights
USA		Primefocus Health, Inc.	54.0%	46.0%	54.0%	46.0%	December	Investment in technology start-ups	More than half of voting rights
USA		Hi-M.SOLUTEK US INC.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
USA		Athom Inc.	80.0%	20.0%	80.0%	20.0%	December	Development and sales of smart home solutions	More than half of voting rights
Argentina		LG Electronics Argentina S.A.(LGEAR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
Colombia		LG Electronics Colombia Limitada(LGECB)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
Brazil		LG Electronics do Brasil Ltda.(LGEBR)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
Brazil		Hi-M.Solutek Brazil Ltda.	100.0%	-	100.0%	-	December	Services	More than half of voting rights

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Territory	Location	Subsidiary	December 31, 2025		December 31, 2024		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Brazil	ALPHONSO BRAZIL LTDA.	65.4%	34.6%	-	-	December	Advertisement	More than half of voting rights
	Honduras	LG Electronics Honduras S.de R.L. ⁴	20.0%	80.0%	20.0%	80.0%	December	Sales of electronic products	De-facto control
	Chile	LG Electronics Inc Chile Limitada(LGECL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Panama	LG Electronics Panama, S.A.(LGEPS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Peru	LG Electronics Peru S.A.(LGEPR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Venezuela	LG Electronics Venezuela, S.A.(LGEVZ)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Panama	LG Consulting Corp.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Guatemala	LG Electronics Guatemala, S.A.	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	USA	Bear Robotics, Inc.	61.0%	39.0%	-	-	December	Production and sales of commercial robots	More than half of voting rights
	USA	ReliefAI, Inc.	54.0%	46.0%	-	-	December	Investment in technology start-ups	More than half of voting rights
	USA	Pado AI Orchestration, Inc. ⁵	54.0%	46.0%	75.0%	25.0%	December	Investment in technology start-ups	More than half of voting rights
	Canada	OSO Hotwater Canada Holding Inc.	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Canada	OSO Hotwater Inc.	100.0%	-	-	-	December	Production and sales of hotwater solution products	More than half of voting rights
	Mexico	ALPHONSO MEXICO, S. de R.L. de C.V.	65.4%	34.6%	-	-	December	Advertisement	More than half of voting rights
	USA	ONVIBE, INC.	54.0%	46.0%	-	-	December	Investment in technology start-ups	More than half of voting rights
	USA	ELEVAI, INC.	54.0%	46.0%	-	-	December	Investment in technology start-ups	More than half of voting rights

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Territory	Location	Subsidiary	December 31, 2025		December 31, 2024		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
Middle East and Africa	Angola	LG Electronics Angola Limitada(LGEAO)	100.0%	-	100.0%	-	December	Sales and services of electronic products	More than half of voting rights
	Jordan	LG Electronics Levant - Jordan(LGELF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Africa Logistics FZE(LGEAF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Algeria	LG Electronics Algerie EVRL(LGEAS) ⁶	100.0%	-	70.0%	30.0%	December	Production and sales of electronic products	More than half of voting rights
	UAE	LG Electronics Dubai FZE(LGEDF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Egypt	LG Electronics Egypt S.A.E(LGEEG)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	UAE	LG Electronics Gulf FZE(LGEGF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Middle East Company FZCO (LGEME)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Morocco	LG Electronics Morocco S.A.R.L.(LGEMC)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Nigeria	LG Electronics Nigeria Limited(LGENI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Tunisia	LGENAF Service Company SARL	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Overseas Trading FZE(LGEOT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	South Africa	LG Electronics S.A. (Pty) Ltd.(LGESA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Türkiye	LG Electronics Ticaret A.S.(LGETK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Saudi Arabia	LG-Shaker Co.Ltd.(LGESR)	51.0%	49.0%	51.0%	49.0%	December	Production of electronic products	More than half of voting rights
Saudi Arabia	LG Electronics Saudi Arabia LLC.	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights	

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Territory	Location	Subsidiary	December 31, 2025		December 31, 2024		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	UAE	HI M SOLUTEK HVAC SERVICE AND MAINTENANCE LLC.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Egypt	HI-M.SOLUTEK LLC.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Israel	Cybellum Technologies Ltd.	79.5%	20.5%	80.5%	19.5%	December	Development and sales of automotive security solutions	More than half of voting rights
	Saudi Arabia	LG Electronics Middle East & Africa Regional Headquarter(LGESQ)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
Other	Kazakhstan	LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Russia	LG Electronics RUS, LLC. (LGERA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Uzbekistan	"LG ELECTRONICS UZBEKISTAN" FE LLC(LGEUZ) ⁷	100.0%	-	-	-	December	Services	More than half of voting rights
	Ukraine	LG Electronics Ukraine(LGEUR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

¹ Although the Group owns less than majority of the voting rights of LG Innotek Co., Ltd., which is an intermediate parent company of its subsidiaries, the Group 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 (See Note 3.2).

² In the preparation of the consolidated financial statements, the financial statements for the 12-month period ended December 31 were used for those subsidiaries with different fiscal year-ends.

³ Although the Group owns less than majority of the effective percentage of ownership of the entity, the Group has concluded that the Group controls the entity. This is because the Group has the substantial power to direct the relevant activities and is exposed to variable returns.

⁴ Although the Group owns less than majority of the effective percentage of ownership of the entity, the Group has concluded that the Group controls the entity. This is because the Group has a right to appoint or dismiss the majority of the entity's Board of Directors by virtue of the shareholders' agreement.

⁵ The entity changed its name from Overdrive Energy, Inc. to Pado AI Orchestration, Inc for the year ended December 31, 2025.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

⁶ The entity changed its name from LG Electronics Algeria SARL to LG Electronics Algerie EURL for the year ended December 31, 2025.

⁷ The entity changed its name from LG-ELECTRONICS TSHK LLC. to "LG ELECTRONICS UZBEKISTAN" FE LLC for the year ended December 31, 2025.

⁸ The percentage of ownership has been rounded to the fourth decimal place.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(b) The financial information of major subsidiaries as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025 is as follows (before elimination of intercompany transactions):

Subsidiaries <i>(in millions of Korean won)</i>	For the year ended December 31, 2025				
	Assets	Liabilities	Equity	Sales ¹	Profit (Loss) for the year
LG Innotek Co., Ltd.	10,190,414	5,838,059	4,352,355	21,596,008	259,217
LG Electronics U.S.A., Inc.(LGEUS)	5,812,038	3,609,906	2,202,132	14,296,879	80,092
LG Electronics European Shared Service Center B.V.(LGESC)	2,206,812	2,148,547	58,265	707,264	1,780
LG ELECTRONICS INDIA LIMITED(LGEIL)	2,009,617	899,058	1,110,559	3,921,000	282,473
LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	2,254,881	1,176,474	1,078,407	5,967,923	204,908
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,484,953	664,915	820,038	4,107,157	127,250
Zenith Electronics LLC.(Zenith)	1,933,245	705,879	1,227,366	467,052	177,701
LG Electronics do Brasil Ltda.(LGEBR)	1,898,737	527,146	1,371,591	1,835,466	32,405
Hiplaza Co., Ltd.	994,291	768,294	225,997	1,877,433	7,717
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	2,651,620	1,236,979	1,414,641	5,914,233	220,507
ZKW Lichtsysteme GmbH	956,366	618,708	337,658	825,276	41,901
LG Electronics (China) Co., Ltd.(LGECH)	1,272,041	1,160,841	111,200	211,491	25,730
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	1,385,126	782,475	602,651	2,506,080	126,085
ZKW Group GmbH	1,988,142	1,160,205	827,937	238,263	252,329
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	1,013,623	711,773	301,850	1,715,053	50,537
Alphonso Inc.	803,664	262,404	541,260	934,018	147,057
LG Electronics (Thailand) Company Limited(LGETH)	776,166	484,366	291,800	2,035,897	63,669
P.T. LG Electronics Indonesia(LGEIN)	1,206,601	514,415	692,186	3,330,000	79,494
LG Electronics Nanjing New Technology co.,LTD.(LGENT)	595,881	312,839	283,042	1,431,132	41,853
Nanjing LG Panda Appliances Co., Ltd.(LGEPN)	815,241	586,003	229,238	1,467,009	54,303
LG Magna E-Powertrain Co.,Ltd.	1,389,519	656,914	732,605	480,857	21,238
LG Electronics Vehicle Components Europe GmbH(LGEVG)	1,237,025	1,068,224	168,801	4,218,190	20,070
LG Electronics Deutschland GmbH(LGEDG)	581,979	461,878	120,101	1,332,802	26,087

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Subsidiaries <i>(in millions of Korean won)</i>	For the year ended December 31, 2024				
	Assets	Liabilities	Equity	Sales ¹	Profit (Loss) for the year
LG Innotek Co., Ltd.	9,862,840	5,770,110	4,092,730	20,841,776	290,055
LG Electronics U.S.A., Inc.(LGEUS)	6,306,217	4,129,685	2,176,532	14,741,842	502,347
LG Electronics European Shared Service Center B.V.(LGESC)	1,763,473	1,713,635	49,838	663,667	2,107
LG ELECTRONICS INDIA LIMITED(LGEIL)	1,732,661	833,148	899,513	3,791,013	331,781
LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	2,233,250	1,187,806	1,045,444	5,635,680	173,872
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,493,067	691,378	801,689	4,344,440	106,909
Zenith Electronics LLC.(Zenith)	1,760,783	683,433	1,077,350	397,400	(228,002)
LG Electronics do Brasil Ltda.(LGEBR)	1,659,376	433,576	1,225,800	1,804,174	111,572
Hiplaza Co., Ltd.	1,069,375	879,627	189,748	2,165,344	6,448
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	2,021,900	798,672	1,223,228	5,419,525	187,974
ZKW Lichtsysteme GmbH	1,080,541	620,067	460,474	824,586	12,749
LG Electronics (China) Co., Ltd.(LGECH)	998,595	916,289	82,306	226,579	8,985
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	1,328,970	775,085	553,885	2,419,264	109,514
ZKW Group GmbH	1,766,691	1,345,385	421,306	197,303	13,192
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	925,719	681,461	244,258	1,642,245	34,645
Alphonso Inc.	660,973	261,874	399,169	781,976	147,439
LG Electronics (Thailand) Company Limited(LGETH)	782,635	515,699	266,936	1,802,888	70,240
P.T. LG Electronics Indonesia(LGEIN)	1,199,402	538,592	660,810	3,302,786	79,357
LG Electronics Nanjing New Technology co.,LTD.(LGENT)	737,649	435,142	302,507	1,978,232	69,722
Nanjing LG Panda Appliances Co., Ltd.(LGEPN)	745,349	516,692	228,657	1,338,589	60,901
LG Magna E-Powertrain Co.,Ltd.	1,457,188	758,005	699,183	443,159	(102,003)
LG Electronics Vehicle Components Europe GmbH(LGEVG)	1,365,980	1,230,211	135,769	3,966,378	2,954
LG Electronics Deutschland GmbH(LGEDG)	674,893	407,288	267,605	1,390,588	29,831

¹ The sales related to the discontinued operations were excluded.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(c) Information of subsidiaries with material non-controlling interests is as follows:

- LG Innotek Co., Ltd. and its subsidiaries

i) The percentage of ownership held by non-controlling interests and accumulated non-controlling interests as of December 31, 2025 and 2024 is as follows:

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Percentage of ownership held by non-controlling interests	59.2%	59.2%
Accumulated non-controlling interests	3,543,742	3,280,298

ii) Details of profits (losses) and dividends attributable to non-controlling interests 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
Profit(Loss) attributable to non-controlling interests	223,223	289,851
Dividends attributable to non-controlling interests	29,284	36,570

iii) The summarized consolidated statements of financial position of subsidiaries with material non-controlling interests as of December 31, 2025 and 2024 are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Current assets	6,778,361	5,853,122
Non-current assets	5,152,522	5,525,090
Total assets	11,930,883	11,378,212
Current liabilities	4,507,244	3,954,860
Non-current liabilities	1,660,585	2,069,486
Total liabilities	6,167,829	6,024,346
Equity attributable to the owners of the parent company	5,763,054	5,353,866
Non-controlling interests	-	-
Total equity	5,763,054	5,353,866

iv) The summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for each of the two years in the period ended December 31, 2025 are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Net sales	21,896,603	21,200,755
Profit (Loss) for the year	341,262	449,274
Other comprehensive income (loss), net of tax	117,385	251,781
Total comprehensive income (loss), net of tax	458,647	701,055

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

v) The summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for each of the two years in the period ended December 31, 2025 are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Cash flows from operating activities	1,331,402	1,110,059
Cash flows from investing activities	(796,345)	(969,469)
Cash flows from financing activities	(452,852)	(219,826)
Effects of exchange rate changes on cash and cash equivalents	(5,188)	18,976
Net increase (decrease) in cash and cash equivalents	77,017	(60,260)
Cash and cash equivalents at the beginning of the year	1,329,386	1,389,646
Cash and cash equivalents at the end of the year	1,406,403	1,329,386

(d) Significant restrictions on subsidiaries

i) Significant restrictions on the Group's ability to use the assets and settle the liabilities

Cash and other short-term financial instruments held by subsidiaries in Egypt, Algeria, Russia and Kazakhstan are subject to foreign exchange control regulations effective in each jurisdiction. Accordingly, it is restricted to transfer the cash and other short-term financial instruments held by the subsidiaries from these jurisdictions.

ii) The protective rights of non-controlling interests which can restrict the Group's use of the assets and settlement of the liabilities exist in certain subsidiaries.

(e) Changes in the Parent Company's interest in subsidiaries

i) For the year ended December 31, 2025, non-controlling interests in Cybellum Technologies Ltd. increased by ₩346 million due to the effect of changes in the percentage of ownership resulting from the exercise of stock options and tender offer agreements for non-controlling interests.

ii) For the year ended December 31, 2025, non-controlling interests in Alphonso Inc. increased by ₩3,049 million due to the effect of changes in the percentage of ownership resulting from the exercise of stock options and tender offer agreements for non-controlling interests.

iii) For the year ended December 31, 2025, non-controlling interests in Bear Robotics. Inc. increased by ₩413 million due to the effect of changes in the percentage of ownership resulting from the exercise of stock options.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(f) Details of subsidiaries newly included in the scope of consolidated financial statements for the year ended December 31, 2025 are as follows:

Subsidiary	Reason	Location	Controlling interest	Closing month	Major business
LG ELECTRONICS CZ, s.r.o.	Newly established	Czech	100.0%	December	Sales of electronic products
"LG ELECTRONICS UZBEKISTAN" FE LLC	Newly established	Uzbekistan	100.0%	December	Services
ACERNA ECO INDIA PRIVATE LIMITED	Newly established	India	100.0%	March	Production and supply of air conditioning products
ALPHONSO BRAZIL LTDA.	Newly established	Brazil	65.4%	December	Advertisement
Bear Robotics, Inc.	Acquisition of shares	USA	61.0%	December	Production and sales of commercial robots
Bear Robotics Korea	Acquisition of shares	Korea	61.0%	December	Production and sales of commercial robots
Bear Robotics Japan LLC	Acquisition of shares	Japan	61.0%	December	Production and sales of commercial robots
Bear Robotics Pte, Ltd.	Acquisition of shares	Singapore	61.0%	December	Production and sales of commercial robots
Bear Robotics Ireland Limited	Acquisition of shares	Ireland	61.0%	December	Production and sales of commercial robots
ReliefAI, Inc.	Newly established	USA	54.0%	December	Investment in technology start-ups
OSO Group AS	Acquisition of shares	Norway	100.0%	December	Production and sales of hot water solution products
OSO Technology AS	Acquisition of shares	Norway	100.0%	December	Production and sales of hot water solution products
OSO Property AS	Acquisition of shares	Norway	100.0%	December	Production and sales of hot water solution products
Norteam Holding AS	Acquisition of shares	Norway	100.0%	December	Production and sales of hot water solution products
Norteam Eiendom AS	Acquisition of shares	Norway	100.0%	December	Production and sales of hot water solution products
FlowForm AS	Acquisition of shares	Norway	100.0%	December	Production and sales of hot water solution products
OSO Hotwater AS	Acquisition of shares	Norway	100.0%	December	Production and sales of hot water solution products
OSO Energy AS	Acquisition of shares	Norway	100.0%	December	Production and sales of hot water solution products
Onetank AS	Acquisition of shares	Norway	100.0%	December	Production and sales of hot water solution products
OSO Logistics AS	Acquisition of shares	Norway	100.0%	December	Production and sales of hot water solution products
OSO Hotwater Oy	Acquisition of shares	Finland	100.0%	December	Production and sales of hot water solution products
OSO Hotwater Sweden Holding AB	Acquisition of shares	Sweden	100.0%	December	Production and sales of hot water solution products
OSO Hotwater AB	Acquisition of shares	Sweden	100.0%	December	Production and sales of hot water solution products
OSO Hotwater Ltd.	Acquisition of shares	UK	100.0%	December	Production and sales of hot water solution products
OSO Hotwater Canada Holding Inc.	Acquisition of shares	Canada	100.0%	December	Production and sales of hot water solution products
OSO Hotwater Inc.	Acquisition of shares	Canada	100.0%	December	Production and sales of hot water solution products

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Subsidiary	Reason	Location	Controlling interest	Closing month	Major business
ALPHONSO MEXICO, S. de R.L. de C.V.	Newly established	Mexico	65.4%	December	Advertisement
ONVIBE, INC.	Newly established	USA	54.0%	December	Investment in technology start-ups
ELEVAI, INC.	Newly established	USA	54.0%	December	Investment in technology start-ups

(g) Details of subsidiaries excluded from the scope of consolidated financial statements for the year ended December 31, 2025 are as follows:

Subsidiary	Reason	Location
HIEVCHARGER CO., LTD.	Liquidation	Korea
LG Electronics New Jersey, LLC. ¹	Absorbed in a merger	USA
Alphonso Hellas S.A.	Liquidation	Greece
LG Electronics (Qinhuangdao) Co.,LTD.	Disposal	China

¹ LG Electronics New Jersey, LLC. was merged by absorption into LG Electronics U.S.A., Inc. for the year ended December 31, 2025.

Gains amounting to ₩76 million are recognized in the consolidated statements of profit or loss from the disposal of LG Electronics (Qinhuangdao) Co., LTD., and there was no gain or loss related to the loss of control over HIEVCHARGER CO., LTD., LG Electronics New Jersey, LLC., and Alphonso Hellas S.A. for the year ended December 31, 2025.

2. Material accounting policy information

The principal accounting policies applied in the preparation of these consolidated 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 Group maintains its accounting records in Korean won (presented as “Korean won,” “KRW” or “₩”) and prepares statutory consolidated financial statements in the Korean language (Hangeul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s audit report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

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

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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 Group does not expect that these amendments will have a material impact on the consolidated financial statements.

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

- 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 Group does not expect that these amendments will have a material impact on the consolidated 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 Group does not expect that these amendments will have a material impact on the consolidated 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
- KIFRS 1109 *Financial Instruments*: Derecognition of lease liabilities and definition of transaction price
- KIFRS 1110 *Consolidated Financial Statements*: Determination of a de facto agent

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

• 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 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 Group is currently assessing the impact of these amendments on the primary financial statements and the accompanying notes.

2.2 Consolidation

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

(a) Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation, either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of acquiree’s identifiable net assets. All other non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRSs. Acquisition-related costs are expensed as incurred.

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. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In transactions with non-controlling interests, which do not result in loss of control, the Group recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

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

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. When the Group currently have the right to substantially access to the returns associated with an ownership interest, investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. In all other cases, investments are accounted for in accordance with KIFRS 1109 Financial Instruments. The Group's investment in associates includes goodwill identified at acquisition, net of any accumulated impairment loss (See Note 14).

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statements of profit or loss, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognized in the consolidated statements of profit or loss.

(c) Joint arrangements

A joint arrangement of which two or more parties have joint control is classified as either a joint operation or a joint venture. A joint operator has rights to the assets, and obligations for the liabilities, relating to the joint operation and recognizes the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venture has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

(d) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with owners of the Group. The difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary is recorded in equity. Gains and losses on disposal of non-controlling interests are also recognized in other components of equity.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(e) Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred in a business combination includes fair values of the assets and liabilities from arrangements for contingent payments. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group measures non-controlling interests in the acquiree that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, on a case-by-case basis, at the proportionate share of the acquiree's identifiable net assets or fair value. All other components of non-controlling interests are measured at fair values, unless another measurement basis is required by IFRSs. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred.

In case of business combination achieved in stages, previously held equity interest in the acquiree is re-measured to fair value and a gain or loss is recognized in the consolidated statements of profit or loss.

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the Group's previously held equity interest in the acquiree over the net identifiable assets at the date of acquisition is recorded as goodwill (See Note 2.14). If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of profit or loss.

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 in accordance with KIFRS 1108 *Operating Segment*.

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 Group operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent 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 the consolidated 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 analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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 consolidated 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.

(c) Translation into presentation currency

The results and financial position of Group companies whose functional currency is different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities are translated at the closing exchange rate as of December 31, 2025 and 2024;
- ii) income and expenses are translated at monthly average exchange rates; and
- iii) all resulting exchange differences from above i) and ii) are recognized in other comprehensive income.

When the Parent Company ceases to control a subsidiary, exchange differences that were recorded in equity are recognized in the consolidated statements of profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate as of December 31, 2025.

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 Group classifies its financial assets in the following measurement categories:

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

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

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

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of non-designated 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 Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost.

2.6.2 Recognition and measurement

Typical purchases and sales of financial assets are recognized on the trade date. At initial recognition, the Group 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 Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

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

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

- 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 consolidated income statement under other non-operating income and expenses in the year in which it arises.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which 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 for the Group 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 consolidated 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 Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, contract assets, and lease receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

2.6.4 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is presented in the consolidated 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 Group 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 Group has transferred substantially all the risks and rewards of ownership.

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

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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

2.7 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 consolidated statements of profit or loss according to the nature of transactions.

For cash flow hedges, the Group 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 consolidated 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.

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 consolidated 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 raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). The Group periodically reviews the 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

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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 Group 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 Group discloses in the consolidated 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 consolidated financial statements.

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 Group 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 consolidated 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:

	Useful lives
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 consolidated statements of profit or loss as other non-operating income (expenses).

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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 Group 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.

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 Group 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 Group and directly attributable to identifiable development projects, and meet all of the following criteria:

- it is technically feasible to complete the intangible asset 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;

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

- adequate technical, financial and other resources to complete the development for using and selling the intangible asset 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.

(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 Group 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 crypto assets disposed is determined using the first-in, first-out (FIFO) method.

The Group 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 Group 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 consolidated 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.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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 consolidated statements of profit or loss over the period of the borrowings using the effective interest method. The Group 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 Group are initially measured at fair value on the date the guarantee was given. After initial recognition, the Group's liabilities under such guarantees are measured at the higher of the following amounts below and recognized as 'other financial liabilities':

- (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*

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2.20 Provisions

Provisions are recognized when the Group 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 Group 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. Whereas the Group, as a tenant, is required to restore its leased assets to their original state at the end of the lease-term, the Group 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 consolidated financial statements.

A contingent liability is disclosed (See Note 35) 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 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 consolidated 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 at the end of the reporting period in jurisdictions where the Group 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.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated 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 2024 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.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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 Group, 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 Group operates a defined contribution plan and a defined benefit plan as its retirement benefit plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund. The Group 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 consolidated 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 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 Group 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 Group recognizes past service costs, 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.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(c) Severance benefits

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

(d) Share-based payment

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 Parent Company purchases its own ordinary shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to owners of the Parent 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 Parent Company.

2.24 Revenue recognition

(a) Identify performance obligation

The Group 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 Group identifies performance obligations of the services to be rendered from such sales contracts.

According to the rules and guidance on the terms and conditions of international trading (INCOTERMS 2020), the Group 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 Group 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 Group provides an extended warranty beyond the standard warranty coverage periods or a customer has the option to purchase an additional warranty separately, the Group identifies the warranty as a separate performance obligation and recognizes revenue.

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

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Sales of goods are recognized when the Group 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 Group 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 Group recognizes provisions for product warranties and contract liabilities for sales returns based on reasonable expectation 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 is provision of right to use the Group'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 Group determined the royalty income as a performance obligation satisfied at a point in time.

(c) A performance obligation satisfied over time

The Group builds and sells customized equipment and design plan for a customer. The revenue is recognized over time by measuring progress only if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group performed an analysis on those contracts and determined the Group 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 management recognizes the changes in circumstances.

The Group receives licensing fees for the trademark held by the Group from subsidiaries and associates. The Parent 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 Group's promise in granting a license is a promise to provide a right to access the Parent Company's intellectual property over a license period; therefore, the Group 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 Group estimates an amount of variable consideration by using the expected value which the Group expects to better predict the amount of consideration. The Group 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

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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 Group 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 Group determines the stand-alone selling price for each separate performance obligation by using an adjusted market assessment approach. In limited circumstances, the Group 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 Group 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 Group uses the practical expedient in which the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

2.25 Leases

Group as a lessee

The Group 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 Group. 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

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(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

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.

Group 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 Group 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 consolidated 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 Parent Company by the weighted average number of shares issued excluding shares purchased by the Parent Company that are held as treasury shares. Preferred shares have a right to participate in the profits of the Parent Company. These participation rights have been considered in presenting the EPS for ordinary shares and preferred shares.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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 consolidated statement of financial position.

3. Material accounting estimates and judgments

The estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

3.1 Material accounting estimates and assumptions

The Group 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 armed conflict between Russia and Ukraine has a material impact on the global economy. It may have a negative impact on the Group 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 Group.

Material accounting estimates and assumptions applied in the preparation of the consolidated financial statements can be adjusted depending on changes in the uncertainty from the armed conflict between Russia and Ukraine. Also, the ultimate effect of the armed conflict between Russia and Ukraine on the Group'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 Group recognizes revenue over time using the percentage of completion method for the rendering of service such as equipment production and installation. The Group 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 Group 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

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

calculations require estimates.

(c) Income taxes

The Group 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.

(d) Fair value of financial instruments

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

(e) Provisions

The Group 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 Group 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 Group 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 20).

(g) Development costs

The Group 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 Group 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.

When the Group is a lessor, management estimates the lease period by considering non-cancellable lease

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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 financial lease, the Group recognizes income at the lower of the lease net investment discounted at the market interest rate and the sale price of the underlying asset.

3.2 Material judgment on accounting policies adopted by the group

In order to determine the Group's de-facto control, the Group considers the Group's shareholding of voting rights relative to the percentage of shareholding and dispersion of other voting right holders and additional facts and circumstances including voting patterns at previous shareholders' meetings.

4. Segment information

The segments of the Group are strategic business divisions providing different products and services. They are reported separately because each business division requires different technologies and marketing strategies. As of December 31, 2025, the main products of each business division are as follows and the comparative information is presented in conformity with the same classification in the current period.

Operating segment	Type of products
Home Appliance Solution ("HS")	Refrigerators, washing machines, vacuum cleaners and others
Media Entertainment Solution ("MS")	TVs, Audio, monitors, PCs, information displays and others
Vehicle Solution ("VS")	Vehicle components and others
Eco Solution ("ES")	Air conditioners and others
LG Innotek Co., Ltd. and its subsidiaries ("Innotek")	Camera modules, substrate material, motor/sensor and others
Others	Equipment production and others

(a) Details of sales and operating profits (losses) by segment for each of the two years in the period ended December 31, 2025 are as follows:

For the year ended December 31, 2025							
<i>(in millions of Korean won)</i>	HS	MS	VS	ES	Innotek	Other ¹	Total
Sales	26,125,945	19,426,301	11,135,747	9,323,036	21,896,603	1,293,250	89,200,882
External sales	25,737,491	19,410,512	11,135,747	9,303,319	21,463,540	2,150,273	89,200,882
Internal sales	388,454	15,789	-	19,717	433,063	(857,023)	-
Operating income (loss) ²	1,279,283	(750,856)	558,987	647,291	665,007	78,680	2,478,392
Depreciation and amortization	889,660	449,462	652,546	216,185	1,150,301	245,709	3,603,863
For the year ended December 31, 2024							
<i>(in millions of Korean won)</i>	HS	MS	VS	ES	Innotek	Other ¹	Total
Sales	24,805,656	20,889,045	10,620,542	8,821,102	21,200,755	1,391,082	87,728,182
External sales	24,379,944	20,872,994	10,620,542	8,781,188	20,628,785	2,444,729	87,728,182
Internal sales	425,712	16,051	-	39,914	571,970	(1,053,647)	-
Operating income (loss) ²	1,301,148	268,242	115,805	675,347	706,043	353,090	3,419,675
Depreciation and amortization	828,225	430,879	602,489	194,820	1,280,018	199,001	3,535,432

¹ Other includes operating segments that are not qualified as reportable segments and departments that support the operating segments and R&D, and inter-segment transactions. Sales between segments are accounted for under the terms equivalent to those that prevail in arm's length transactions.

² Other income or expenses items not included in the operating profit (loss) are not separately disclosed because the Chief Operating Decision Maker does not review them by segment.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(b) Details of assets and liabilities by segment as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
HS	25,455,949	14,376,287	23,208,753	13,185,383
MS	23,300,959	16,691,545	21,736,327	14,881,094
VS	10,452,461	11,092,592	10,488,626	11,423,771
ES	10,015,587	4,167,901	9,061,397	3,852,177
Innotek	11,930,883	6,167,829	11,378,212	6,024,346
Subtotal¹	81,155,839	52,496,154	75,873,315	49,366,771
Other segments and inter-segment transactions	(12,535,672)	(12,428,012)	(10,243,726)	(8,948,846)
Total	68,620,167	40,068,142	65,629,589	40,417,925

¹ The amounts of assets and liabilities of each segment are before inter-company elimination, and common assets and liabilities are allocated based on the operations of the segments.

(c) Details of non-current assets by geographic area as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	Geographic areas	Non-current assets ¹	
		December 31, 2025	December 31, 2024
Korea		13,421,859	13,635,249
America		3,001,553	2,556,397
Europe		1,377,560	1,095,889
Asia, Africa and others		3,461,257	3,399,051
Total		21,262,229	20,686,586

¹ Non-current assets consist of property, plant and equipment, intangible assets and investment properties.

(d) Sales from a single external customer who contributes more than 10% of the Group's total sales for the year ended December 31, 2025 are sales from LG Innotek segment and others amounting to ₩17,874,077 million (December 31, 2024: ₩17,209,358 million).

5. 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	8,769,841	-	-	-	8,769,841
Deposits held by financial institutions	226,864	-	-	-	226,864
Trade receivables	7,928,906	2,793,334	-	3,222,125	13,944,365
Other receivables	1,639,030	-	-	-	1,639,030
Other financial assets and others	-	378,555	180,461	323,660	882,676
Total	18,564,641	3,171,889	180,461	3,545,785	25,462,776

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

December 31, 2025				
<i>(in millions of Korean won)</i>	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	10,582,060	-	-	10,582,060
Borrowings	12,644,239	-	-	12,644,239
Lease liabilities	-	-	1,316,096	1,316,096
Other payables	5,805,311	-	-	5,805,311
Other financial liabilities	-	38,987	24,496	63,483
Total	29,031,610	38,987	1,340,592	30,411,189

December 31, 2024					
<i>(in millions of Korean won)</i>	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	7,573,036	-	-	-	7,573,036
Deposits held by financial institutions	240,318	-	-	-	240,318
Trade receivables	7,728,143	2,652,562	-	1,800,625	12,181,330
Other receivables	2,605,646	-	-	-	2,605,646
Other financial assets and others	-	140,904	181,040	413,309	735,253
Total	18,147,143	2,793,466	181,040	2,213,934	23,335,583

December 31, 2024				
<i>(in millions of Korean won)</i>	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	9,884,770	-	-	9,884,770
Borrowings	13,982,542	-	-	13,982,542
Lease liabilities	-	-	1,259,860	1,259,860
Other payables	6,049,413	-	-	6,049,413
Other financial liabilities	-	27,886	32,120	60,006
Total	29,916,725	27,886	1,291,980	31,236,591

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(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 year 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	409,404	-	-	-	409,404
Exchange differences	(376,929)	45,580	-	-	(331,349)
Bad debt expenses	10,552	-	-	(16,822)	(6,270)
Loss on disposal of trade receivables	-	(49,525)	-	-	(49,525)
Dividend income	-	302	1,314	-	1,616
Gain (Loss) on valuation of financial assets at fair value through profit or loss	-	-	735	-	735
Gain (Loss) on derivatives (through profit or loss)	-	-	39,251	-	39,251
Profit (Loss) for the year from discontinued operations	412	-	-	-	412
Fair value gain (loss), net of tax (through other comprehensive income)	-	119,338	-	-	119,338
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	5,595	5,595

<i>(in millions of Korean won)</i>	For the year ended December 31, 2025			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expense	(588,280)	-	(11,810)	(600,090)
Exchange differences	459,514	-	(101,766)	357,748
Gain (Loss) on derivatives (through profit or loss)	-	(84,292)	-	(84,292)
Profit and Loss on remeasurement of financial liabilities	(32,239)	-	-	(32,239)
Profit (Loss) for the year from discontinued operations	(1,645)	-	-	(1,645)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	23,602	23,602
Others	(4,281)	-	-	(4,281)

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

<i>(in millions of Korean won)</i>	For the year 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	500,454	-	-	-	500,454
Exchange differences	1,180,165	251,268	-	-	1,431,433
Bad debt expenses	(38,199)	-	-	(5,979)	(44,178)
Loss on disposal of trade receivables	(1,949)	(51,550)	-	-	(53,499)
Dividend income	-	391	347	-	738
Gain (Loss) on valuation of financial assets at fair value through profit or loss	-	-	4,589	-	4,589
Gain (Loss) on derivatives (through profit or loss)	-	-	70,417	-	70,417
Profit (Loss) for the year from discontinued operations	7,455	-	-	-	7,455
Fair value gain (loss), net of tax (through other comprehensive income)	-	1,165	-	-	1,165
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	(11,710)	(11,710)

<i>(in millions of Korean won)</i>	For the year ended December 31, 2024			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expense	(591,157)	-	19,817	(571,340)
Exchange differences	(1,829,228)	-	256,573	(1,572,655)
Gain (Loss) on derivatives (through profit or loss)	-	(61,535)	-	(61,535)
Profit and Loss on remeasurement of financial liabilities	(423,382)	-	-	(423,382)
Profit (Loss) for the year from discontinued operations	(45,266)	-	-	(45,266)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	(5,589)	(5,589)
Others	(559)	-	-	(559)

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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

<i>(in millions of Korean won)</i>	December 31, 2025					
	Recognized financial instrument	Recognized financial instrument offset	Net amounts presented in the statement of financial position	Amounts not offset		Net amount
				Financial instruments	Cash collateral	
Financial assets						
Trade receivables	522,706	(481,233)	41,473	-	-	41,473
Financial liabilities						
Trade payables	898,693	(481,233)	417,460	-	-	417,460
	December 31, 2024					
<i>(in millions of Korean won)</i>	Recognized financial instrument	Recognized financial instrument offset	Net amounts presented in the statement of financial position	Amounts not offset		Net amount
				Financial instruments	Cash collateral	
Financial assets						
Trade receivables	524,327	(498,035)	26,292	-	-	26,292
Financial liabilities						
Trade payables	837,325	(498,035)	339,290	-	-	339,290

6. Cash and cash equivalents and deposits held by financial institutions

(a) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position are equal to the cash and cash equivalents in the consolidated 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>	December 31, 2025	December 31, 2024
Cash on hand	282	412
Bank deposits ¹	8,769,559	7,572,624
Total	8,769,841	7,573,036

¹ As of December 31, 2025, bank deposits include ₩29,331 million (December 31, 2024: ₩15,830 million) of deposits restricted in use in relation to value-added tax.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(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>	December 31, 2025	December 31, 2024
Current		
Others	26,341	46,681
Subtotal	26,341	46,681
Non-current		
Deposit for mutually beneficial cooperation	190,000	191,406
Deposit for checking account	62	76
National project	210	600
Others	10,251	1,555
Subtotal	200,523	193,637
Total	226,864	240,318

7. Trade receivables and other receivables

(a) Details of 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>	December 31, 2025			December 31, 2024		
	Original amount	Allowance for doubtful accounts	Carrying amount	Original amount	Allowance for doubtful accounts	Carrying amount
Trade receivables						
Current	11,277,691	(117,011)	11,160,680	10,657,726	(122,112)	10,535,614
Non-current	2,788,735	(5,050)	2,783,685	1,648,842	(3,126)	1,645,716
Other receivables						
Current	798,997	(7,189)	791,808	1,591,047	(7,570)	1,583,477
Non-current	847,346	(124)	847,222	1,022,244	(75)	1,022,169

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

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Current		
Loans	24,922	773,769
Non-trade receivables	488,406	432,409
Accrued revenues	175,479	286,845
Deposits	103,001	90,454
Subtotal	791,808	1,583,477
Non-current		
Loans	189,569	429,687
Non-trade receivables	268,878	155,253
Deposits	388,775	437,229
Subtotal	847,222	1,022,169
Total	1,639,030	2,605,646

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(c) Details of the aging analysis of trade receivables and other receivables as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025				
	Trade receivables		Other receivables		Total
	Current	Non-current	Current	Non-current	
Receivables not past due	9,739,897	2,788,735	718,506	847,346	14,094,484
Past due but not individually impaired					
Up to 6 months	1,207,425	-	46,143	-	1,253,568
7 to 12 months	56,269	-	8,533	-	64,802
Over 1 year	76,239	-	20,712	-	96,951
Subtotal	1,339,933	-	75,388	-	1,415,321
Individually impaired	197,861	-	5,103	-	202,964
Total	11,277,691	2,788,735	798,997	847,346	15,712,769

<i>(in millions of Korean won)</i>	December 31, 2024				
	Trade receivables		Other receivables		Total
	Current	Non-current	Current	Non-current	
Receivables not past due	9,158,510	1,648,842	1,501,963	1,022,244	13,331,559
Past due but not individually impaired					
Up to 6 months	1,171,502	-	44,981	-	1,216,483
7 to 12 months	42,208	-	15,272	-	57,480
Over 1 year	94,906	-	22,515	-	117,421
Subtotal	1,308,616	-	82,768	-	1,391,384
Individually impaired	190,600	-	6,316	-	196,916
Total	10,657,726	1,648,842	1,591,047	1,022,244	14,919,859

(d) The Group 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 Group 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 Group performs 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.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(f) Changes in allowance for doubtful accounts 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				
	January 1	Addition (Reversal)	Write-off	Other	December 31
Trade receivables					
Current	122,112	3,412	(3,610)	(4,903)	117,011
Non-current	3,126	2,007	(83)	-	5,050
Other receivables					
Current	7,570	581	(622)	(340)	7,189
Non-current	75	-	-	49	124

<i>(in millions of Korean won)</i>	For the year ended December 31, 2024				
	January 1	Addition (Reversal)	Write-off	Other	December 31
Trade receivables					
Current	101,926	43,429	(31,897)	8,654	122,112
Non-current	1,497	1,647	(18)	-	3,126
Other receivables					
Current	6,988	(1,048)	11	1,619	7,570
Non-current	83	(8)	-	-	75

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 consolidated 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 Group has an obligation to pay the amounts related thereto to banks which hold the right of indemnity. As a result, this transaction has been accounted for as a collateralized borrowing (See Note 16).

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

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

8. 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>	December 31, 2025	December 31, 2024
Other financial assets		
Derivatives	334,681	432,330
Financial assets at fair value through other comprehensive income	378,555	140,904
Financial assets at fair value through profit or loss	162,440	147,317
Total	875,676	720,551
Current	22,406	76,226
Non-current	853,270	644,325

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Other financial liabilities		
Derivatives	63,483	59,891
Financial guarantee liability	-	115
Total	63,483	60,006
Current	9,411	2,967
Non-current	54,072	57,039

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

<i>(in millions of Korean won)</i>	December 31, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
Current				
Currency forward	5,033	3,197	8,539	2,852
Cross-currency swap	17,373	2,114	62,776	-
Option	-	4,100	4,359	-
Subtotal	22,406	9,411	75,674	2,852
Non-current				
Cross-currency swap	299,288	14,383	336,555	13,167
Interest rate swap	6,999	9,433	13,978	18,671
Option	5,988	944	6,123	3,489
Embedded derivatives	-	29,312	-	21,712
Subtotal	312,275	54,072	356,656	57,039
Total	334,681	63,483	432,330	59,891

Details of major derivative contracts as of December 31, 2025 and 2024 are presented in Note 37.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(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:

For the year ended December 31, 2025							
<i>(in millions of Korean won)</i>	January 1	Acquisition	Disposal	Transfer	Valuation	Other ¹	December 31
Marketable equity securities	46,398	51,870	(16,540)	1,971	51,934	(1,727)	133,906
Unmarketable equity securities	94,506	23,189	(5,305)	29,291	106,722	(3,754)	244,649
Total	140,904	75,059	(21,845)	31,262	158,656	(5,481)	378,555

For the year ended December 31, 2024							
<i>(in millions of Korean won)</i>	January 1	Acquisition	Disposal	Transfer	Valuation	Other ¹	December 31
Marketable equity securities	30,668	-	(307)	30	15,289	718	46,398
Unmarketable equity securities	87,204	14,384	-	(30)	(13,863)	6,811	94,506
Total	117,872	14,384	(307)	-	1,426	7,529	140,904

¹ Other increases and decreases include increases and decreases due to changes in the scope of consolidation and exchange rate fluctuations.

(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:

For the year ended December 31, 2025							
<i>(in millions of Korean won)</i>	January 1	Acquisition	Disposals	Transfer	Valuation	Others	December 31
Marketable debt securities	552	-	-	(8,260)	7,731	(23)	-
Unmarketable equity securities	141,400	21,393	(5,291)	(38,176)	2,652	476	122,454
Unmarketable debt securities	5,365	26,605	-	8,925	(990)	81	39,986
Total	147,317	47,998	(5,291)	(37,511)	9,393	534	162,440

For the year ended December 31, 2024							
<i>(in millions of Korean won)</i>	January 1	Acquisition	Disposals	Transfer	Valuation	Others	December 31
Marketable debt securities	74,750	49,487	(136,926)	-	6,694	6,547	552
Unmarketable equity securities	108,232	32,672	(3,021)	500	(2,105)	5,122	141,400
Unmarketable debt securities	1,133	4,732	-	(500)	-	-	5,365
Total	184,115	86,891	(139,947)	-	4,589	11,669	147,317

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

9. 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	6,958,074	(204,528)	6,753,546	6,666,592	(175,410)	6,491,182
Work-in-process	809,002	(47,360)	761,642	744,781	(39,926)	704,855
Raw materials and supplies	3,333,883	(126,847)	3,207,036	3,404,458	(202,250)	3,202,208
Others	404,099	(41,361)	362,738	367,595	(36,480)	331,115
Total	11,505,058	(420,096)	11,084,962	11,183,426	(454,066)	10,729,360

(b) The cost of inventories recognized as an expense for the year ended December 31, 2025 amounted to ₩66,010,629 million (2024: ₩64,027,604 million). This was included in 'cost of sales'. Loss on valuation of inventories for the year ended December 31, 2025 amounted to ₩104,880 million (2024: ₩241,672 million).

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

10. 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	1,025,948	1,142,509
(Less: allowance for doubtful accounts)	(1,620)	(2,747)
Right to recover returned products	81,662	95,415
Costs to fulfil contracts with customers and others	425,044	527,519
Total	1,531,034	1,762,696
Current	1,122,347	1,352,092
Non-current	408,687	410,604

(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	805,222	723,858
Expected returns from customers	335,529	285,779
Customer loyalty program	165,014	136,354
Rendering of warranty services	220,490	210,456
Due to customers for contract work and others	1,320,439	889,759
Total	2,846,694	2,246,206
Current	1,942,550	2,146,029
Non-current	904,144	100,177

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(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>	For the year ended December 31, 2025	For the year ended December 31, 2024
Revenue recognized from beginning contract liability:		
Due to customers for contract work and others	334,599	336,468
Customer loyalty program	120,425	83,741
Rendering of warranty services	77,825	66,733
Total	532,849	486,942
Revenue recognized from performance obligations satisfied in previous year	27,130	56,073

(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 ₩1,007,096 million (December 31, 2024: ₩1,258,551 million), expected to be satisfied by 2031, at the latest. Also, as a practical expedient, the Group 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 Group recognized a reversal of impairment loss amounting to ₩1,153 million (2024: reversal of impairment loss of ₩443 million) in relation to due from customers for contract work, and amortization and others of ₩181,236 million (2024: ₩243,214 million) in relation to costs to fulfil contracts.

11. Other assets

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

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Current		
Prepayments	184,487	124,442
Prepaid expenses	498,575	422,389
Value added tax receivables	808,404	1,014,310
Others ¹	67,929	203,666
Subtotal	1,559,395	1,764,807
Non-current		
Long-term prepaid expenses	255,563	298,445
Long-term advances	20,937	12,128
Other investment assets	182	164
Subtotal	276,682	310,737
Total	1,836,077	2,075,544

¹ The amount agreed to be reimbursed by the related party for provisions to be paid by the Group to a third party is included.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

12. 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>	Land	Buildings	Structures	Machinery	Tools and equipment	Furniture and fixtures	Other	Construction-in-progress	Total
December 31, 2025									
Acquisition cost	3,318,601	13,422,580	580,612	13,306,356	4,564,331	1,823,280	975,697	780,188	38,771,645
Accumulated depreciation	(301,751)	(5,246,962)	(281,432)	(9,928,346)	(3,728,576)	(1,253,874)	(605,829)	-	(21,346,770)
Accumulated impairment losses	-	(44,262)	(10,372)	(495,322)	(41,039)	(55,365)	(5,033)	-	(651,393)
Government grants	(23,457)	(3,573)	(1,779)	(27,523)	(2,312)	(507)	-	-	(59,151)
Net carrying amount	2,993,393	8,127,783	287,029	2,855,165	792,404	513,534	364,835	780,188	16,714,331

<i>(in millions of Korean won)</i>	Land	Buildings	Structures	Machinery	Tools and equipment	Furniture and fixtures	Other	Construction-in-progress	Total
December 31, 2024									
Acquisition cost	3,302,508	12,391,632	590,390	12,764,177	4,268,592	1,690,419	1,118,065	886,635	37,012,418
Accumulated depreciation	(264,662)	(4,706,022)	(271,387)	(8,796,708)	(3,479,089)	(1,140,957)	(691,779)	-	(19,350,604)
Accumulated impairment losses	-	(91,943)	(11,434)	(365,956)	(30,242)	(47,848)	(4,694)	-	(552,117)
Government grants	(10,187)	(1,269)	(1,862)	(17,544)	(3,123)	(481)	-	-	(34,466)
Net carrying amount	3,027,659	7,592,398	305,707	3,583,969	756,138	501,133	421,592	886,635	17,075,231

(b) Changes in property, plant and equipment 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								
	Land	Buildings	Structures	Machinery	Tools and equipment	Furniture and fixtures	Other	Construction-in-progress	Total
January 1	3,027,659	7,592,398	305,707	3,583,969	756,138	501,133	421,592	886,635	17,075,231
Acquisitions	63,189	511,981	5,445	904	263,539	161,117	128,338	1,902,297	3,036,810
Acquisition from business combination	10,107	38,624	1,355	14,946	2,437	767	5,109	10,001	83,346
Transfer ¹	(44,102)	766,478	2,815	855,069	247,198	42,882	35,479	(1,987,520)	(81,701)
Disposals and others	(3,192)	(21,557)	(2,225)	(50,811)	(36,139)	(5,395)	(24,626)	(27,966)	(171,911)
Depreciation	(45,230)	(761,154)	(24,423)	(1,399,991)	(427,224)	(183,570)	(198,548)	-	(3,040,140)
Impairment losses ²	-	(29,221)	(5,165)	(159,995)	(13,812)	(9,812)	(7,512)	-	(225,517)
Reclassification to assets held for sale	(16,848)	(40,662)	(512)	(11,008)	(1)	(73)	(48)	-	(69,152)
Exchange differences and others	1,810	70,896	4,032	22,082	268	6,485	5,051	(3,259)	107,365
December 31	2,993,393	8,127,783	287,029	2,855,165	792,404	513,534	364,835	780,188	16,714,331

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in millions of Korean won)	For the year ended December 31, 2024								
	Land	Buildings	Structures	Machinery	Tools and equipment	Furniture and fixtures	Other	Construction-in-progress	Total
January 1	3,009,927	7,080,788	299,392	4,183,443	656,152	492,426	522,776	573,725	16,818,629
Acquisitions	38,016	453,833	7,649	136,961	222,284	163,855	93,524	1,849,760	2,965,882
Acquisition from business combination	-	-	-	133	17	-	36	-	186
Reclassification from assets held for sale	-	-	-	209	-	-	-	-	209
Transfer ¹	-	563,924	9,988	716,868	210,051	32,841	37,827	(1,558,552)	12,947
Disposals and others	(25)	(36,628)	(435)	(21,815)	(2,827)	(2,816)	(4,049)	(14,270)	(82,865)
Depreciation	(46,500)	(689,267)	(24,038)	(1,480,174)	(353,786)	(167,317)	(230,729)	-	(2,991,811)
Impairment losses ^{2,3}	-	(10,761)	(482)	(162,322)	(4,020)	(43,432)	(9,058)	-	(230,075)
Exchange differences and others	26,241	230,509	13,633	210,666	28,267	25,576	11,265	35,972	582,129
December 31	3,027,659	7,592,398	305,707	3,583,969	756,138	501,133	421,592	886,635	17,075,231

¹ The transfer of other property, plant and equipment includes ₩11,473 million (2024: ₩12,947 million) of transfer from inventories to rental assets.

² The Group performed its annual impairment tests and recognized impairment losses of ₩2,725 million in the MS business division, where a decline in future sales is expected, and ₩125,421 million in certain business divisions of LG Innotek, which were recorded as other non-operating expenses (2024: ₩160,505 million). The impairment loss was allocated to machinery, furniture and fixtures and others 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 (See Note 13).

³ 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 including depreciation in the consolidated statements of profit or loss for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)	For the year ended December 31, 2025	For the year ended December 31, 2024
Continuing operations		
Cost of sales	2,288,304	2,321,892
Selling expenses	310,370	280,194
Administrative expenses	240,731	215,036
Research and development expenses	149,052	128,054
Service costs	48,351	44,213
Other non-operating expenses	3,332	3,545
Subtotal	3,040,140	2,992,934
Discontinued operations	-	(1,123)
Total	3,040,140	2,991,811

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(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 year ended December 31, 2025									
<i>(in millions of Korean won)</i>	Land	Buildings	Structures	Machinery	Tools	Furniture and fixtures	Other	Construction in-progress	Total
January 1	312,808	835,590	1,965	1,211	246	19,484	157,956	26	1,329,286
Acquisitions	45,330	347,257	2,931	833	456	20,018	97,891	7	514,723
Acquisition from business combination	-	6,783	-	512	-	-	316	-	7,611
Disposals and others	(3,188)	(10,045)	(575)	(195)	(4)	(2,647)	(15,625)	-	(32,279)
Depreciation	(45,230)	(324,139)	(2,290)	(529)	(317)	(12,664)	(83,037)	-	(468,206)
Exchange differences	(1,001)	19,693	(3)	(10)	(5)	(127)	4,374	18	22,939
December 31	308,719	875,139	2,028	1,822	376	24,064	161,875	51	1,374,074

For the year ended December 31, 2024									
<i>(in millions of Korean won)</i>	Land	Buildings	Structures	Machinery	Tools	Furniture and fixtures	Other	Construction in-progress	Total
January 1	324,214	785,089	416	466	56	16,563	164,177	314	1,291,295
Acquisitions	28,385	327,000	3,511	1,102	257	12,415	63,895	-	436,565
Transfer	-	291	-	-	-	-	-	(291)	-
Disposals and others	(25)	(27,933)	(46)	-	-	(207)	(3,913)	-	(32,124)
Depreciation	(46,820)	(299,040)	(2,029)	(464)	(75)	(10,016)	(71,819)	-	(430,263)
Exchange differences	7,054	50,183	113	107	8	729	5,616	3	63,813
December 31	312,808	835,590	1,965	1,211	246	19,484	157,956	26	1,329,286

The amount of lease income recognized in relation to lessee's sublease of the above right-of-use assets for the year ended December 31, 2025 is ₩3,547 million (2024: ₩4,324 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	13,015	25,760
Capitalization rate (%)	5.69	4.77

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

i) Details of collateral provided for the Group

December 31, 2025					
<i>(in millions of Korean won)</i>	Carrying amount	Secured amount	Related line item	Related amount	Secured party
Land and buildings	43,112	106,085	Borrowings and others	56,971	KT Corporation and others

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

<i>(in millions of Korean won)</i>	December 31, 2024				
	Carrying amount	Secured amount	Related line item	Related amount	Secured party
Land and buildings	156,615	89,459	Borrowings and others	50,780	KT Corporation and others

ii) Details of collateral provided for external parties

As of December 31, 2025, buildings were pledged as collateral to guarantee the land lessor's obligation to Shinhan Bank and others, within the secured amount of up to ₩13,920 million (December 31, 2024: ₩15,600 million). The carrying amount of the pledged asset was ₩3,969 million as of December 31, 2025 (December 31, 2024: ₩4,076 million).

13. Intangible assets

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

<i>(in millions of Korean won)</i>	Goodwill	Industrial property rights	Development costs ¹	Membership rights	Other	Construction-in-progress ¹	Total
December 31, 2025							
Acquisition cost	1,304,227	1,065,090	4,645,403	41,965	1,554,628	1,863,138	10,474,451
Accumulated amortization and impairment losses	(849,426)	(586,177)	(3,505,757)	(640)	(1,145,550)	(16,463)	(6,104,013)
Net carrying amount	454,801	478,913	1,139,646	41,325	409,078	1,846,675	4,370,438

<i>(in millions of Korean won)</i>	Goodwill	Industrial property rights	Development costs ¹	Membership rights	Other	Construction-in-progress ¹	Total
December 31, 2024							
Acquisition cost	1,032,468	1,027,189	4,081,159	40,126	1,492,036	1,381,042	9,054,020
Accumulated amortization and impairment losses	(727,299)	(547,776)	(3,180,347)	(633)	(1,068,076)	(11,161)	(5,535,292)
Net carrying amount	305,169	479,413	900,812	39,493	423,960	1,369,881	3,518,728

¹ As of December 31, 2025, internally generated development costs are included in development costs and construction-in-progress amounting to ₩711,246 million and ₩927,798 million (December 31, 2024: ₩611,481 million and ₩714,144 million), respectively.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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

For the year ended December 31, 2025							
<i>(in millions of Korean won)</i>	Goodwill	Industrial property rights	Development costs	Membership rights	Other	Construction-in-progress	Total
January 1	305,169	479,413	900,812	39,493	423,960	1,369,881	3,518,728
Acquisitions	-	6,443	156,695	3,094	102,509	518,083	786,824
Acquisitions by internal development	-	-	-	-	-	572,326	572,326
Acquisition from business combination	265,672	-	-	-	65,262	-	330,934
Transfer	-	113,908	445,207	-	21,746	(580,861)	-
Disposals and others	-	(33,657)	(15,325)	(1,249)	(971)	(30,559)	(81,761)
Amortization	-	(88,414)	(322,366)	(21)	(151,095)	-	(561,896)
Impairment losses ^{1,2}	(122,127)	-	(25,961)	(7)	(42,232)	(5,291)	(195,618)
Exchange differences	6,087	1,220	584	15	(10,101)	3,096	901
December 31	454,801	478,913	1,139,646	41,325	409,078	1,846,675	4,370,438

For the year ended December 31, 2024							
<i>(in millions of Korean won)</i>	Goodwill	Industrial property rights	Development costs	Membership rights	Other	Construction-in-progress	Total
January 1	281,534	454,252	699,478	34,494	426,682	971,247	2,867,687
Acquisitions	-	10,890	78,474	7,719	135,746	503,505	736,334
Acquisitions by internal development	-	-	-	-	-	547,006	547,006
Acquisition from business combination	72,111	-	-	-	10,338	-	82,449
Transfer	-	120,786	464,011	(194)	29,878	(629,235)	(14,754)
Disposals and others	(774)	(21,648)	(15,540)	(2,646)	451	(18,985)	(59,142)
Amortization	-	(84,803)	(272,345)	(20)	(183,779)	-	(540,947)
Impairment losses ^{1,2}	(74,061)	(658)	(57,689)	-	(4,730)	(6,447)	(143,585)
Exchange differences	26,359	594	4,423	140	9,374	2,790	43,680
December 31	305,169	479,413	900,812	39,493	423,960	1,369,881	3,518,728

¹ The Group performed its periodic impairment tests and recognized impairment losses of ₩166,687 million in the VS business division, the MS business division, and the headquarters division, where a decline in future sales is expected, as well as ₩11,909 million in certain business divisions of LG Innotek. These impairment losses were recorded as other non-operating expenses (2024: ₩97,630 million). The impairment loss was allocated to goodwill and others. 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.

² 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 ₩23,290 million (2024: ₩30,836 million), was recognized as other non-operating expenses.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(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 year ended December 31, 2025	For the year ended December 31, 2024
Continuing operations		
Cost of sales	366,240	372,969
Selling expenses	30,338	24,415
Administrative expenses	78,152	61,494
Research and development expenses	76,320	73,633
Service costs	10,846	8,392
Other non-operating expenses	-	27
Subtotal	561,896	540,930
Discontinued operations	-	17
Total	561,896	540,947

(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 year ended December 31, 2025	For the year ended December 31, 2024
Capitalized borrowing costs	12,165	5,542
Capitalization rate (%)	3.69	3.62

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

(f) Impairment tests for goodwill

i) Goodwill is allocated to the Group's cash generating units (CGUs) under each operating segment. As of December 31, 2025, an operating segment-level summary of goodwill allocation is presented below:

<i>(in millions of Korean won)</i>	HS	MS	VS	ES	Others	Total
Goodwill	136,971	148,926	-	131,792	37,112	454,801

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. Value-in-use is measured by applying the discount rates according to the cash flows reflecting specific risks relating to the relevant CGUs by operating segments. Key assumptions used for calculating the value-in-use of major divisions are as follows:

	HS	MS	VS	ES
Discount rates	5.78%	9.21%	15.80%	5.66%
Nominal permanent growth rates	2%	1%	-	2%

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

The discount rate of Athom B.V Holdings within other segments is 15.6% and the nominal perpetual growth rate is 2%, respectively.

iv) The sensitivity analysis of the impairment test in case of changes in the key assumptions is as follows:

	Athom B.V Holdings	
	1%p increase	1%p decrease
Discount rates	3,281	(3,832)
Nominal permanent growth rates	(2,398)	2,069

The above sensitivity analysis indicates the amount of impairment loss that would be impacted.

(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:

(in millions of Korean won)	For the year ended December 31, 2025	For the year ended December 31, 2024
Continuing operations		
Uncapitalized research and development expenditures	4,427,019	3,996,713
Amortization of internally generated development costs	215,830	187,444
Subtotal	4,642,849	4,184,157
Discontinued operations	-	-
Total	4,642,849	4,184,157

(h) Acquisition, holding and disposal of crypto assets

i) Purpose of acquisition

The Group 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 ¹	Source of acquisition ²	Number of units			Fair value per unit (KRW) ⁴		
			December 31, 2024	Acquisitions	Disposal and usage	December 31, 2025 ³	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

¹ Listed on domestic exchanges such as KORBIT.

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

³ As of December 31, 2025, the Group does not recognize any crypto assets.

⁴ The valuation was based on the monthly average quoted price in KORBIT exchange as of December 31, 2025 and 2024.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

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 Group 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 Group's financial statements are not adjusted to reflect any potential effects arising from the fair value fluctuation considering the uncertain estimate.

14. Investments in associates and joint ventures

(a) Investments in associates and joint ventures

i) Carrying amounts of investments in associates and joint ventures as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Associates	2,723,700	2,715,655
Joint ventures	73,619	60,000
Total	2,797,319	2,775,655

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

ii) Details of investments in associates as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025				December 31, 2024			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Display Co., Ltd.	1,115,249	2,424,945	(88,574)	2,336,371	1,115,249	2,402,229	(82,696)	2,319,533
Ericsson-LG Co., Ltd.	12,649	56,433	-	56,433	12,649	58,064	-	58,064
Hitachi-LG Data Storage Inc.(HLDS)	101,961	82,940	(899)	82,041	101,961	69,922	(930)	68,992
CCP-LGE OWNER, LLC ¹	11,652	9,557	-	9,557	11,652	10,142	-	10,142
ROBOTIS Co., Ltd. ¹	9,000	20,931	-	20,931	9,000	7,862	-	7,862
Acryl Inc.	-	-	-	-	2,000	1,446	-	1,446
Robostar Co., Ltd.	88,112	78,084	(888)	77,196	88,112	79,999	(1,592)	78,407
AiM Future, Inc. ¹	800	-	-	-	800	456	-	456
Mirae Asset-LG Electronics New Growth Fund I	50,000	42,075	-	42,075	40,000	28,099	-	28,099
Rinse, Inc. ¹	55,037	44,819	-	44,819	55,037	49,995	-	49,995
SideChef Group Limited	7,702	-	-	-	7,702	-	-	7,702
THE WAVE TALK, INC.	2,000	-	-	2,000	2,000	-	-	2,000
GOQUAL INC.	5,000	-	-	5,000	5,000	-	-	5,000
NOVA Prime Fund I, LP ¹	16,889	15,202	-	15,202	16,889	16,261	-	16,261
BEAR ROBOTICS, INC.	-	-	-	-	56,076	51,267	-	51,267
Mo-Sys Holding Ltd ¹	11,458	9,883	-	9,883	11,458	10,429	-	10,429
NOVAWAVE Fund I, LP ¹	21,084	18,416	-	18,416	-	-	-	-
M2M Tech. Co., Ltd	1,059	778	-	778	-	-	-	-
APARTMENTARY Co., Ltd	3,000	2,998	-	2,998	-	-	-	-
Total	1,512,652	2,807,061	(90,361)	2,723,700	1,535,585	2,786,171	(85,218)	2,715,655

¹ The financial statements as of November 30, 2025 were used due to a different closing date.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

iii) Details of investments in joint ventures as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025				December 31, 2024			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	14,718	39,595	(191)	39,404	14,718	35,677	(163)	35,514
EIC PROPERTIES PTE LTD.	9,636	22,636	-	22,636	9,636	21,587	-	21,587
Neolite ZKW Lightings PVT Ltd.	-	8,889	-	8,889	-	-	-	-
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD ¹	1,855	2,690	-	2,690	1,855	2,609	-	2,609
Alluto LLC	-	-	-	-	2,095	290	-	290
Total	26,209	73,810	(191)	73,619	28,304	60,163	(163)	60,000

¹ The financial statements as of November 30, 2025 were used due to a different closing date.

(b) Associates and joint ventures

i) Details of associates as of December 31, 2025 are as follows:

Name of associate	Location	Closing month	Percentage of ownership (%)	Nature of relationships with the Group
LG Display Co., Ltd.	Korea	December	36.7	Production and supply of display products
Ericsson Korea Partners Co., Ltd ¹	Korea	December	25.0	Supply of communication devices and network solution products
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0	Production and supply of Data Storages
CCP-LGE OWNER, LLC ²	USA	December	71.0	Solar power plant
ROBOTIS Co., Ltd. ³	Korea	December	6.6	Production and sales of personal robot
Robostar Co., Ltd.	Korea	December	33.4	Production and sales of industrial robot
AiM Future, Inc. ³	Korea	December	11.7	A.I. solution
Mirae Asset-LG Electronics New Growth Fund I	Korea	December	50.0	Investment in technology start ups
Rinse, Inc.	USA	December	43.0	Laundry service
SideChef Group Limited ³	Hong Kong	December	17.0	Provision of smart kitchen contents service
THE WAVE TALK, INC. ³	Korea	December	3.7	Provision of joint development of microbial sensors
GOQUAL INC. ³	Korea	December	7.2	Supply of communication devices and network solution products
NOVA Prime Fund I, LP ²	USA	December	79.3	Investment in new technology business
Mo-Sys Holding Ltd ³	UK	December	11.9	Virtual Production (VP) product sales and solution
NOVAWAVE Fund I, LP ²	USA	December	87.5	Investment in new technology business
M2M Tech Co., Ltd.	Korea	December	20.0	Development and sales of Artificial Intelligence of Things (AIoT) software
Apartmentary Co., Ltd. ³	Korea	December	1.3	Interior design and construction services

¹ The entity has changed its name from Ericsson-LG Co., Ltd. to Ericsson Korea Partners Co., Ltd for the year ended December 31, 2025.

² Classified as an associate because the Group does not have the right to control in accordance with a shareholders' agreement although its percentage of ownership is more than 50%.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

³ Classified as an associate because the Group can exercise a significant influence in the Board of Directors of the investee although its percentage of ownership is less than 20%.

ii) Joint ventures as of December 31, 2025 are as follows:

All joint arrangements, over which the Group has joint control, are structured through separate companies and are categorized as joint ventures as the parties with joint control are assumed to have rights to the net assets of the arrangement.

<u>Name of joint venture</u>	<u>Location</u>	<u>Closing month</u>	<u>Percentage of ownership (%)</u>	<u>Nature of relationships with the Group</u>
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Türkiye	December	50.0	Production and supply of air conditioning products
EIC PROPERTIES PTE LTD.	Singapore	December	38.2	Real estate rentals
Neolite ZKW Lightings PVT Ltd.	India	March	22.6	Production and sales of vehicle components
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD	China	December	35.0	Sales of electronic products

(c) Changes in investments in associates and joint ventures

i) Changes in the carrying amounts of investments in associates for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)

For the year ended December 31, 2025

	<u>January 1</u>	<u>Acquisition/Transfer</u>	<u>Share of profit (loss)</u>	<u>Other comprehensive income (excluding remeasurement)</u>	<u>Remeasurement component</u>	<u>Withdrawal of investments by dividend /capital reduction /liquidation and others</u>	<u>Reversal of impairment loss (Impairment loss)</u>	<u>Changes in share of associates</u>	<u>Exchange differences</u>	<u>December 31</u>
LG Display Co., Ltd.	2,319,533	-	77,184	(87,559)	27,213	-	-	-	-	2,336,371
Ericsson Korea Partners Co., Ltd	58,064	-	4,692	165	(1,488)	(5,000)	-	-	-	56,433
Hitachi-LG Data Storage Inc.(HLDS)	68,992	-	10,310	2,739	-	-	-	-	-	82,041
CCP-LGE OWNER, LLC	10,142	-	(327)	-	-	-	-	-	(258)	9,557
ROBOTIS Co.,Ltd.	7,862	-	13,124	(55)	-	-	-	-	-	20,931
Acryl Inc.	1,446	(1,971)	525	-	-	-	-	-	-	-
Robostar Co.,Ltd.	78,407	-	(1,229)	6	12	-	-	-	-	77,196
AiM Future, Inc.	456	-	(105)	-	-	-	(351)	-	-	-
Mirae Asset-LG Electronics New Growth Fund I	28,099	10,000	6,585	125	-	(2,734)	-	-	-	42,075
Rinse, Inc.	49,995	-	(5,065)	(111)	-	-	-	-	-	44,819
SideChef Group Limited	7,702	-	-	-	-	-	(7,702)	-	-	-
THE WAVE TALK, INC.	2,000	-	-	-	-	-	-	-	-	2,000
GOQUAL INC.	5,000	-	-	-	-	-	-	-	-	5,000
NOVA Prime Fund I, LP	16,261	-	(781)	(278)	-	-	-	-	-	15,202

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in millions of
Korean won)

For the year ended December 31, 2025

	January 1	Acquisition/Transfer	Share of profit (loss)	Other comprehensive income (excluding remeasurement)	Remeasurement component	Withdrawal of investments by dividend /capital reduction /liquidation and others	Reversal of impairment loss (Impairment loss)	Changes in share of associates	Exchange differences	December 31
BEAR ROBOTICS, INC.	51,267	(45,420)	(4,276)	(1,571)	-	-	-	-	-	-
Mo-Sys Holding Ltd	10,429	-	(578)	32	-	-	-	-	-	9,883
NOVAWAVE FUND I, LP	-	21,084	(2,834)	166	-	-	-	-	-	18,416
M2M Tech Co., Ltd.	-	1,059	(294)	-	-	-	-	-	13	778
Apartmentary Co., Ltd.	-	3,000	(2)	-	-	-	-	-	-	2,998
Total	2,715,655	(12,248)	96,929	(86,341)	25,737	(7,734)	(8,053)	-	(245)	2,723,700

(in millions of
Korean won)

For the year ended December 31, 2024

	January 1	Acquisition/Transfer	Share of profit (loss)	Other comprehensive income (excluding remeasurement)	Remeasurement component	Withdrawal of investments by dividend /capital reduction /liquidation and others	Reversal of impairment loss (Impairment loss)	Changes in share of associates	Exchange differences	December 31
LG Display Co., Ltd.	2,649,411	436,031	(976,350)	258,880	(48,439)	-	-	-	-	2,319,533
Ericsson Korea Partners Co., Ltd	67,327	-	8,598	742	(1,103)	(17,500)	-	-	-	58,064
Hitachi-LG Data Storage Inc.(HLDS)	64,670	-	(1,198)	5,520	-	-	-	-	-	68,992
CCP-LGE OWNER, LLC	9,476	-	(619)	-	-	-	-	-	1,285	10,142
ROBOTIS Co.,Ltd.	8,604	-	(533)	(209)	-	-	-	-	-	7,862
Acryl Inc.	873	-	573	-	-	-	-	-	-	1,446
Robostar Co.,Ltd.	76,988	-	1,218	20	181	-	-	-	-	78,407
AiM Future, Inc.	1,106	-	(655)	6	(1)	-	-	-	-	456
Mirae Asset-LG Electronics New Growth Fund I	27,207	10,000	(4,183)	(18)	-	(4,907)	-	-	-	28,099
Rinse, Inc.	14,950	36,852	(1,692)	(115)	-	-	-	-	-	49,995
SideChef Group Limited	7,702	-	-	-	-	-	-	-	-	7,702
THE WAVE TALK, INC.	2,000	-	-	-	-	-	-	-	-	2,000
GOQUAL INC.	5,000	-	-	-	-	-	-	-	-	5,000
NOVA Prime Fund I, LP	11,305	5,584	(2,439)	1,811	-	-	-	-	-	16,261
BEAR ROBOTICS, INC.	-	56,076	(6,379)	1,570	-	-	-	-	-	51,267
Mo-Sys Holding Ltd	-	11,459	(1,054)	24	-	-	-	-	-	10,429
Total	2,946,619	556,002	(984,713)	268,231	(49,362)	(22,407)	-	-	1,285	2,715,655

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

- ii) Changes in the carrying amounts of investments in joint ventures for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)

	For the year ended December 31, 2025								
	January 1	Acquisition	Share of profit (loss)	Other comprehensive income (excluding remeasurement)	Remeasurement component	Withdrawal of investments by dividend /capital reduction /liquidation and others	Reversal of impairment loss (Impairment loss)	Exchange differences	December 31
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	35,514	-	11,729	(7,839)	-	-	-	-	39,404
EIC PROPERTIES PTE LTD.	21,587	-	313	736	-	-	-	-	22,636
Neolite ZKW Lightings PVT Ltd.	-	-	2,197	-	-	-	6,472	220	8,889
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	2,609	-	34	47	-	-	-	-	2,690
Alluto LLC	290	-	35	-	-	(325)	-	-	-
Total	60,000	-	14,308	(7,056)	-	(325)	6,472	220	73,619

(in millions of Korean won)

	For the year ended December 31, 2024								
	January 1	Acquisition/Transfer	Share of profit (loss)	Other comprehensive income (excluding remeasurement)	Remeasurement component	Withdrawal of investments by dividend /capital reduction /liquidation and others	Reversal of impairment loss (Impairment loss)	Exchange differences	December 31
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	26,827	-	9,975	(1,288)	-	-	-	-	35,514
EIC PROPERTIES PTE LTD.	19,313	-	204	2,070	-	-	-	-	21,587
LG-MRI LLC	1,222	-	(259)	-	-	(925)	-	(38)	-
Neolite ZKW Lightings PVT Ltd.	-	-	-	-	-	-	-	-	-
LG-LHT Aircraft Solutions GmbH	5,080	5,330	(9,864)	(546)	-	-	-	-	-
LG-LHT Passenger Solutions GmbH	2,895	5,330	(7,830)	(395)	-	-	-	-	-
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	2,207	-	142	260	-	-	-	-	2,609
Alluto LLC	301	-	(49)	(1)	-	-	-	39	290
FITNESSCANDY Co., Ltd.	-	-	7	(7)	-	-	-	-	-
Total	57,845	10,660	(7,674)	93	-	(925)	-	1	60,000

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(d) The summarized financial information on the associates that are material to the Group as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025 is as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Current assets	6,982,077	10,123,037
Non-current assets	19,934,623	22,736,529
Total assets	26,916,700	32,859,566
Current liabilities	9,596,471	15,859,084
Non-current liabilities	9,480,991	8,927,675
Total liabilities	19,077,462	24,786,759
Equity attributable to owners of the parent company	6,604,124	6,542,261
Non-controlling interests	1,235,114	1,530,546
Total equity	7,839,238	8,072,807

<i>(in millions of Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Net sales	25,810,082	26,615,347
Profit (Loss) for the year	303,807	(2,409,300)
Equity attributable to the owners of the Parent Company		
Profit (Loss) for the year	226,312	(2,562,606)
Other comprehensive income (loss), net of tax	(131,673)	639,290
Total comprehensive income (loss), net of tax	94,639	(1,923,316)

Dividends received from LG Display Co., Ltd. for the year ended December 31, 2025 are nil (2024: nil).

(e) Reconciliations of the summarized financial information of associates that are material to the Group to the carrying amount of the Group's interest for each of the two years in the period ended December 31, 2025 are as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Opening equity attributable to the owners of the Parent Company	6,542,261	7,232,182
Paid-in capital increase	-	1,280,814
Profit (Loss) for the year	226,312	(2,562,606)
Other comprehensive income, net of tax	(131,673)	639,290
Other capital changes	(32,776)	(47,419)
Closing equity attributable to owners of the Parent Company	6,604,124	6,542,261
Group ownership (%)	36.7%	36.7%
The Group's share as of December 31, 2025	2,424,945	2,402,229
Unrealized gain (loss)	(88,574)	(82,696)
Carrying amount as of December 31, 2025	2,336,371	2,319,533

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(f) The Group's share of the operating results of the individually insignificant associates and joint ventures for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in millions of Korean won)</i>	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Associates	Joint ventures	Associates	Joint ventures
Profit (loss) for the period	5,426	14,344	(10,687)	(6,790)
Other comprehensive income (loss), net of tax	1,269	(7,056)	8,465	1,586
Total comprehensive income (loss), net of tax	6,695	7,288	(2,222)	(5,204)

(g) There is no accumulated unrecognized change in equity due to discontinued use of the equity method for each of the two years in the period ended December 31, 2025.

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

December 31, 2025					
	Type	Shares held <i>(Unit: shares)</i>	Price per share <i>(Unit: Korean won)</i>	Fair value <i>(in millions of Korean won)</i>	Carrying amount
LG Display Co., Ltd.	Associate	183,593,206	11,810	2,168,236	2,336,371
Robostar Co.,Ltd.	Associate	3,256,500	80,100	260,846	77,196
ROBOTIS Co.,Ltd.	Associate	961,550	261,000	250,965	20,931
December 31, 2024					
	Type	Shares held <i>(Unit: shares)</i>	Price per share <i>(Unit: Korean won)</i>	Fair value <i>(in millions of Korean won)</i>	Carrying amount
LG Display Co., Ltd.	Associate	183,593,206	9,130	1,676,206	2,319,533
Robostar Co.,Ltd.	Associate	3,256,500	21,900	71,317	78,407
ROBOTIS Co.,Ltd.	Associate	961,550	23,250	22,356	7,862

15. Investment properties

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

<i>(in millions of Korean won)</i>	December 31, 2025		
	Land	Buildings	Total
December 31, 2025			
Acquisition cost	32,568	235,390	267,958
Accumulated depreciation	(388)	(34,547)	(34,935)
Accumulated impairment losses	-	(55,563)	(55,563)
Net carrying amount	32,180	145,280	177,460

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

<i>(in millions of Korean won)</i>	December 31, 2024		
	Land	Buildings	Total
December 31, 2024			
Acquisition cost	4,169	160,273	164,442
Accumulated depreciation	(303)	(15,949)	(16,252)
Accumulated impairment losses	-	(55,563)	(55,563)
Net carrying amount	3,866	88,761	92,627

(b) Changes in investment properties 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		
	Land	Buildings	Total
January 1	3,866	88,761	92,627
Transfer	30,602	62,629	93,231
Depreciation	(86)	(5,073)	(5,159)
Disposal	(2,202)	(1,037)	(3,229)
December 31	32,180	145,280	177,460

<i>(in millions of Korean won)</i>	For the year ended December 31, 2024		
	Land	Buildings	Total
January 1	1,740	92,721	94,461
Disposal and Others	2,210	1,096	3,306
Depreciation	(84)	(5,056)	(5,140)
December 31	3,866	88,761	92,627

(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 ₩247,869 million (December 31, 2024: ₩107,693 million).

(d) Rental income amounting to ₩6,146 million (2024: ₩6,425 million) and rental expenses amounting to ₩5,215 million (2024: ₩5,230 million) are recognized in the consolidated statements of profit or loss relating to the investment properties for the year ended December 31, 2025.

(e) Gains on disposal amounting to ₩4,410 million (2024: nil) are recognized in the consolidated statements of profit or loss relating to the investment properties for the year ended December 31, 2025.

16. Borrowings

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

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Current		
Short-term borrowings	482,235	564,410
Current portion of long-term borrowings	960,483	1,834,943
Current portion of debentures	1,021,472	489,907

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Subtotal	2,464,190	2,889,260
Non-current		
Long-term borrowings	4,862,641	4,713,325
Debentures	5,317,408	6,379,957
Subtotal	10,180,049	11,093,282
Total	12,644,239	13,982,542

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

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at December 31, 2025 (%)	Carrying amount December 31, 2025	December 31, 2024
Short-term borrowings in local currency				
Korea Development Bank and others	-	3.90 ~ 4.63	32,970	66,970
Short-term borrowings in foreign currency				
Citibank and others ¹	-	2.40 ~ 6.71	449,265	497,440
Long-term borrowings in local currency				
Korea Development Bank and others	Jan. 9, 2035	2.31 ~ 5.13	3,428,108	3,721,536
Long-term borrowings in foreign currency				
The Export-Import Bank of Korea and others	May. 30, 2034	0.52 ~ 6.21	2,395,016	2,826,732
Local currency debentures				
Public, non-guaranteed bonds	May. 4, 2036	1.62 ~ 4.84	3,340,000	3,750,000
Private, non-guaranteed bonds	Feb. 9, 2041	2.29 ~ 5.15	1,050,000	1,130,000
Foreign currency debentures				
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
Private, guaranteed bonds	Oct. 26, 2026	5.68	71,745	73,500
Less: discount on debentures			(17,429)	(24,148)
Total			12,644,239	13,982,542

¹ The above short-term borrowings in foreign currency do not include the short-term borrowings collateralized by trade receivables as of December 31, 2025. The included short-term borrowings collateralized by trade receivables as of December 31, 2024 are amounting to ₩43,462 million.

The Group entered into currency forward, cross-currency swap and interest rate swap contracts to hedge cash flow risk related to floating interest rates and foreign exchange rates of certain portion of borrowings (See Note 37).

The principal and interests of certain private guaranteed bonds are guaranteed by Shinhan Bank (See Note 35).

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

17. Lease liabilities

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

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Lease liabilities		
Current	422,402	385,675
Non-current	893,694	874,185
Total	1,316,096	1,259,860

(b) The amounts, relating to leases, recognized in the consolidated 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>	December 31, 2025	December 31, 2024
Continuing operations		
Interest expense relating to lease liabilities	61,916	53,881
Short-term lease payments (included in cost of sales, selling and administrative expenses, and others)	66,639	61,099
Payments for leases of low-value assets that are not short-term leases (included in cost of sales, selling and administrative expenses, and others)	35,895	31,755
Expense relating to variable lease payments not included in the measurement of lease liabilities (included in selling and administrative expenses, and others)	66,388	102,405
Subtotal	230,838	249,140
Discontinued operations	637	2,651
Total	231,475	251,791

Depreciation of right-of-use assets is presented in Note 12.

(c) Total expenses for leases including short-term leases and leases of low-value assets for the year ended December 31, 2025 are ₩685,972 million (2024: ₩627,392 million).

18. Other payables

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

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Current		
Non-trade payables	4,227,128	4,469,600
Accrued expenses	1,471,658	1,250,058
Dividends payable	112	107
Leasehold deposits received	13,138	9,699
Subtotal	5,712,036	5,729,464
Non-current		
Non-trade payables	78,980	306,017
Leasehold deposits received	14,295	13,932
Subtotal	93,275	319,949
Total	5,805,311	6,049,413

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

19. Current and deferred income tax

19.1 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>	For the year ended December 31, 2025	For the year ended December 31, 2024
Current income taxes		
Current tax on profits for the year	709,805	980,077
Adjustments in respect of prior years	(13,296)	47,544
Deferred income taxes		
Changes in temporary differences	2,896	(254,357)
Changes in tax credit carry forwards	(79,813)	(444,939)
Changes in tax loss carry forwards	(13,935)	35,391
Income tax expense (benefit)	605,657	363,716
Continuing operations	608,466	462,520
Discontinued operations	(2,809)	(98,804)

(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>	2025	2024
Continuing operations	1,836,425	1,335,795
Discontinued operations	(10,356)	(380,714)
Profit (Loss) before income tax	1,826,069	955,081
Tax expense based on applicable tax rate ¹	714,622	617,900
Income not subject to tax	(43,894)	(38,994)
Expenses not deductible for tax purposes	37,545	172,982
Tax credits/exemptions	(318,348)	(442,008)
Adjustments in respect of prior years	(13,296)	47,544
Others	229,028	6,292
Income tax expense (benefit)²	605,657	363,716
Continuing operations	608,466	462,520
Discontinued operations	(2,809)	(98,804)
Effective tax rate	33.20%	38.10%

¹ The applicable tax rate, calculated using the weighted average statutory tax rates applicable to each entity within the Group to the profit before tax of the Group, is 39.1% (2024: 64.7%) for the year ended December 31, 2025. The applicable tax rate has decreased compared to the previous year due to changes in the proportions of each entity's profit (loss) before income tax.

² The income tax expense recognized in the financial statements of profit or loss for the year ended December 31, 2025 includes ₩31,711 million (2024: ₩49,823 million) of Pillar Two income taxes.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

19.2 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>	December 31, 2025	December 31, 2024
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	1,161,751	1,202,390
Deferred tax asset to be recovered after more than 12 months	4,218,734	4,141,615
Deferred tax assets before offsetting	5,380,485	5,344,005
Deferred tax liabilities		
Deferred tax liability to be settled within 12 months	115,584	118,346
Deferred tax liability to be settled after more than 12 months	1,822,693	1,751,180
Deferred tax liabilities before offsetting	1,938,277	1,869,526
Deferred tax assets after offsetting	3,520,898	3,509,556
Deferred tax liabilities after offsetting	78,690	35,077

(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>	For the year ended December 31, 2025					
	January 1	Business combination	Charged (credited) to the statements of profit or loss	Charged (credited) to other comprehensive income	Exchange differences	December 31
Changes in temporary differences						
Investments in subsidiaries, associates and joint ventures	(156,759)	-	(8,343)	3,042	(94)	(162,154)
Property, plant and equipment	260,925	-	68,842	-	547	330,314
Accrued expenses	627,515	-	1,192	-	82	628,789
Provisions	389,705	-	(76,410)	-	(421)	312,874
Others	503,976	(15,435)	11,823	(158,789)	50,370	391,945
Subtotal	1,625,362	(15,435)	(2,896)	(155,747)	50,484	1,501,768
Tax credit carry forwards	1,692,191	-	79,813	-	(16)	1,771,988
Tax loss carry forwards	156,926	-	13,935	-	(2,409)	168,452
Deferred tax assets (liabilities)	3,474,479	(15,435)	90,852	(155,747)	48,059	3,442,208

<i>(in millions of Korean won)</i>	For the year ended December 31, 2024					
	January 1	Business combination	Charged (credited) to the statements of profit or loss	Charged (credited) to other comprehensive income	Exchange differences	December 31
Changes in temporary differences						
Investments in subsidiaries, associates and joint ventures	(133,321)	-	(3,403)	(7,697)	(12,338)	(156,759)
Property, plant and equipment	191,574	(2,667)	65,644	-	6,374	260,925

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Accrued expenses	612,025	-	16,883	-	(1,393)	627,515
Provisions	239,195	-	150,585	-	(75)	389,705
Others	437,646	-	24,648	(17,468)	59,150	503,976
Subtotal	1,347,119	(2,667)	254,357	(25,165)	51,718	1,625,362
Tax credit carry forwards	1,247,504	-	444,939	-	(252)	1,692,191
Tax loss carry forwards	191,909	-	(35,391)	-	408	156,926
Deferred tax assets (liabilities)	2,786,532	(2,667)	663,905	(25,165)	51,874	3,474,479

(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 year ended December 31, 2025			For the year ended December 31, 2024		
	Before tax	Tax effects	After tax	Before tax	Tax effects	After tax
Remeasurements of the net defined benefit liability	434,626	(109,138)	325,488	137,262	(22,971)	114,291
Cash flow hedges	39,530	(10,333)	29,197	(23,063)	5,764	(17,299)
Financial assets at fair value through other comprehensive income	158,656	(39,318)	119,338	1,426	(261)	1,165
Exchange differences on translation of foreign operations	432,463	3,042	435,505	1,166,892	(7,697)	1,159,195
Total	1,065,275	(155,747)	909,528	1,282,517	(25,165)	1,257,352

(d) Details of deductible (taxable) temporary differences, tax credit carry forwards and loss carry forwards 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)	(10,266,257)	Planned permanent reinvestment of undistributed profit
Deductible temporary difference (investment in subsidiaries)	5,538,801	Unlikely to reverse (disposed of) in the foreseeable future
Tax credit carryforwards ¹	341,299	Uncertainty of future taxable profit
Loss carryforwards ²	66,798	Uncertainty of future taxable profit

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

² Unrecognized loss carry forwards as of December 31, 2025 will begin to expire in 2026.

20. Retirement benefits

20.1 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	4,476,721	4,752,436

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Present value of unfunded obligations	87,702	82,327
Subtotal	4,564,423	4,834,763
Fair value of plan assets	(5,235,744)	(5,194,865)
Net defined benefit liabilities (assets)	(671,321)	(360,102)

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

(in millions of Korean won)

	For the year ended December 31, 2025	For the year ended December 31, 2024
Current service cost	450,703	457,375
Past service cost	35,984	9,760
Net interest cost	(12,477)	(19,855)
Operating management cost	4,090	4,087
Total	478,300	451,367

(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>	For the year ended December 31, 2025	For the year ended December 31, 2024
Continuing operations		
Cost of sales	208,305	204,445
Selling expenses	97,148	79,574
Administrative expenses	47,137	49,098
Research and development expenses	86,338	83,012
Service costs	39,037	35,037
Other non-operating expenses	307	155
Subtotal	478,272	451,321
Discontinued operations	28	46
Total	478,300	451,367

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(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>	For the year ended December 31, 2025	For the year ended December 31, 2024
January 1	4,834,763	4,623,089
Current service cost	450,703	457,375
Past service cost	35,984	9,760
Interest cost	191,202	204,090
Remeasurements for:		
- Actuarial loss (gain) arising from changes in demographic assumptions	314	2,303
- Actuarial loss (gain) arising from changes in financial assumptions	(402,311)	(129,055)
- Actuarial loss (gain) arising from experience adjustments	(52,741)	(31,806)
Benefits paid	(495,572)	(308,596)
Business combination	141	-
Others ¹	1,940	7,603
December 31	4,564,423	4,834,763

¹ Others include effects of exchange rate changes.

(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>	For the year ended December 31, 2025	For the year ended December 31, 2024
January 1	5,194,865	5,075,633
Interest income	203,679	223,945
Remeasurements of plan assets	(20,112)	(21,296)
Employer contributions	335,178	226,207
Benefits paid	(472,484)	(307,320)
Operating management cost	(4,090)	(4,087)
Business combination	7	-
Others ¹	(1,299)	1,783
December 31	5,235,744	5,194,865

¹ Others include effects of exchange rate changes.

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

	December 31, 2025	December 31, 2024
Weighted average of discount rate of the Group	4.8%	3.9%
Weighted average of expected salary growth rate of the Group	4.9%	4.9%

As of December 31, 2025, the discount rates applied to the Parent Company and subsidiaries are within the range of 1.7% and 11.5% (December 31, 2024: 1.2% and 11.7%), and the expected salary growth rates are within the range of 0.0% and 10.0% (December 31, 2024: 0.0% and 10.0%).

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

For the year ended December 31, 2025, the Group changed the method for determining the discount rate, which is one of the actuarial assumptions applied under the projected unit credit method, in order to achieve a more reasonable measurement of defined benefit obligations. As a result of this change in accounting estimates, defined benefit obligations decreased by ₩287,497 million, and retained earnings increased by ₩287,497 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>	<u>1%p increase</u>	<u>1%p decrease</u>
Weighted average of discount rate of the Group	(360,764)	412,584
Weighted average of expected salary growth rate of the Group	420,923	(373,527)

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 occur 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>	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Amount</u>	<u>Composition ratio(%)</u>	<u>Amount</u>	<u>Composition ratio(%)</u>
Securities combined with derivatives (principal and interest guaranteed)	1,908,109	36.4	2,059,783	39.7
Time deposits and others	3,327,635	63.6	3,135,082	60.3
Total	5,235,744	100.0	5,194,865	100.0

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

(i) The weighted average duration of the defined benefit obligations is 8.92 years.

(j) The Group evaluates the level of fund contribution annually, and if there is a shortfall in the funds, the Group shall finance the funds in accordance with the related policies. Expected contributions to retirement benefit plans for the year ended December 31, 2026 are ₩338,128 million.

20.2 Defined contribution plan

The expense recognized in relation to defined contribution plan for the year ended December 31, 2025 is ₩58,741 million (2024: ₩38,068 million).

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

21. Provisions

(a) Changes in provisions 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			Total
	Sales warranty	Restoration	Litigation and others	
January 1	1,491,550	60,602	207,562	1,759,714
Additions ¹	898,360	10,241	95,706	1,004,307
Transfer-in due to business combination	1,835	-	-	1,835
Utilization	(1,219,836)	(3,519)	(35,860)	(1,259,215)
Exchange differences	13,436	849	3,013	17,298
December 31	1,185,345	68,173	270,421	1,523,939
Current	1,086,407	19,097	129,166	1,234,670
Non-current	98,938	49,076	141,255	289,269

<i>(in millions of Korean won)</i>	For the year ended December 31, 2024			Total
	Sales warranty	Restoration	Litigation and others	
January 1	1,001,682	52,511	322,927	1,377,120
Additions ¹	1,482,851	10,016	(41,522)	1,451,345
Transfer-in due to business combination	446	-	-	446
Utilization	(1,025,369)	(3,472)	(81,735)	(1,110,576)
Exchange differences	31,940	1,547	7,892	41,379
December 31	1,491,550	60,602	207,562	1,759,714
Current	1,391,670	12,118	111,579	1,515,367
Non-current	99,880	48,484	95,983	244,347

¹ The 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>	For the compliance year 2025	For the compliance year 2026
Emission rights received free of charge ¹	1,308,721	1,533,254

¹ Emission rights received free of charge are defined as allowed amount of emissions that can be released, allocated by Korean government for free in accordance with *Act on the Allocation and Trading of Greenhouse-Gas Emission Permits* of the Republic of Korea.

In relation to greenhouse gas emissions, the Group estimates the expected future expenses to be borne by the Group for emissions exceeding the emission allowances for the corresponding compliance year, and accounts for ₩845 million (2024: ₩323) as other liabilities (accrued expenses). The estimated greenhouse gas emissions for compliance year 2025 are 680,137 tons as of December 31, 2025.

22. Other liabilities

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Current		
Advances from customers	543,498	596,718
Withholding	869,244	643,884
Accrued expenses and others	3,053,221	3,142,451
Subtotal	4,465,963	4,383,053
Non-current		
Accrued expenses and others	263,339	239,445
Total	4,729,302	4,622,498

23. Paid-in capital

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

	December 31, 2025			December 31, 2024	
	Par value per share	Number of shares issued	Amount (in millions of Korean won)	Number of shares issued	Amount (in millions of Korean won)
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
Total		180,072,379	904,169	180,833,806	904,169

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 Parent Company's capital of ₩783,961 million and less the Parent 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 right 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.

(c) The number of ordinary shares issued as of December 31, 2025 is 162,886,387 shares (with a par value of ₩5,000 per share). The number of treasury shares, excluding cancelled shares, is 1,749 shares. The balances of ordinary shares and share premium amount to ₩818,239 million and ₩3,088,179 million, respectively. Due to the cancellation of treasury shares, the total par value of issued shares amounts to ₩814,432 million, which differs from the balance of ordinary shares of ₩818,239 million.

24. Retained earnings and dividends

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Legal reserves ¹	291,883	273,791
Discretionary reserves	7,156,302	6,147,421
Unappropriated retained earnings ²	9,971,148	9,931,561
Total	17,419,333	16,352,773

¹ The Commercial Act of the Republic of Korea requires the Parent 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 share capital. The reserve is not available for the payment of cash dividends but may be transferred to share capital or used to reduce accumulated deficit.

² A dividend of ₩90,892 million for the year ended December 31, 2024 was approved as originally proposed at the Annual Shareholders' Meeting held on March 25, 2025 and was paid in April 2025. The interim dividend of ₩90,033 million with a record date of August 8, 2025 was resolved by the Board of Directors on July 24, 2025 and was paid in August 2025 (Total payments in 2024: ₩234,945 million).

(b) Dividends of the Parent Company

Details of dividends per share and a 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 consolidated financial statements do not reflect this dividend payable.

i) Interim dividend

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Ordinary shares	Preferred shares	Ordinary shares	Preferred shares
Dividend record date	Aug. 8, 2025	Aug. 8, 2025	Jun. 30, 2024	Jun. 30, 2024
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

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

ii) Annual dividend

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Ordinary shares	Preferred shares	Ordinary shares	Preferred shares
Dividend record date	Mar. 31, 2026	Mar. 31, 2026	Mar. 31, 2025	Mar. 31, 2025
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	17%	18%	10%	11%
Dividends per share (<i>in Korean won</i>)	850	900	500	550
Total dividend amount (<i>in millions of Korean won</i>)	138,452	15,463	81,442	9,450

25. Accumulated other comprehensive income (loss)

Details of accumulated other comprehensive income (loss) as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Accumulated share of other comprehensive income (loss) of associates and joint ventures	262,956	356,353
Cash flow hedge	19,986	(7,761)
Financial assets at fair value through other comprehensive income	39,341	(12,232)
Exchange differences on translation of foreign operations	911,940	476,553
Subtotal	1,234,223	812,913
Accumulated other comprehensive income (loss) held for sale	1,114	(457)
Total	1,235,337	812,456

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

26. Other components of equity

Details of 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 ¹	(242)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
Capital transactions within the Group and others ²	1,228,543	(129,989)
Total	1,240,375	(162,808)

¹ The Parent 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 Parent 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.

² Included gain (loss) from transactions with non-controlling interests and other reserves of subsidiaries net of deferred taxes.

27. Share-based payments

(a) On December 31, 2020, the Group acquired Alphonso Inc., which had granted share options to directors and selected employees. Details are as follows:

- Type of shares issued through share option: registered share capital
- Grant method: issuance of shares
- Vesting condition and exercisable period:
 - The options are exercisable if the directors and employees have completed service in Alphonso Inc. and its subsidiary for five years after the grant date. Five years after the grant date, 100% of originally issued number of shares are exercisable. (But for retiree with service period over one year and less than five years, only the number of vested shares is exercisable.)

On December 31, 2021, the Group acquired Cybellum Technologies Ltd., which had granted share options to directors and selected employees. Details are as follows:

- type of shares issued through share option: registered share capital;
- grant method: issuance of shares; and
- vesting condition and exercisable period:
 - The options are exercisable if the directors and employees have completed service in Cybellum Technologies Ltd. and its subsidiary for one year after the grant date. Four years after the grant date, 100% of originally issued number of shares are exercisable. (But for retiree with service period over one year and less than four years, only the number of vested shares is exercisable.)

On December 31, 2025, the Group acquired Bear Robotics, Inc., which had granted share options to directors and selected employees. Details are as follows:

- type of shares issued through share option: registered share capital;

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

· grant method: issuance of shares; and

· vesting condition and exercisable period:

- The options are exercisable if the directors and employees have completed service in Bear Robotics, Inc. and its subsidiary for one year after the grant date. Four years after the grant date, 100% of originally issued number of shares are exercisable. (But for retiree with service period over one year and less than four years, only the number of vested shares is exercisable.)

(b) The number of share options granted to employees by Alphonso Inc. as of December 31, 2025 is as follows:

Expected expiry date	Number of granted shares (Unit: shares)¹	Number of vested shares (Unit: shares)	Exercise price per share (in USD)
2027	11,171	11,171	0.40
2028	6,097	6,097	0.67
2029	20,665	20,665	0.51
2030	4,901	4,901	0.49
2031	273,489	244,503	1.82
2032	181,797	97,593	5.48
2033	30,099	12,870	21.40
2034	205,916	88,081	77.37
Total	734,135	485,881	

¹ For the year ended December 31, 2025, there are no share options newly granted.

For the year ended December 31, 2025, the Group recognized share-based payments of ₩3,855 million (2024: ₩4,411 million).

The number of share options granted to employees by Cybellum Technologies Ltd. as of December 31, 2025 is as follows:

Expected expiry date	Number of granted shares (Unit: shares)¹	Number of vested shares (Unit: shares)	Exercise price per share (in USD)
2026	617	617	30.75
2027	484	484	30.75
2028	357	357	30.75
2029	175	175	30.75
2030	2,471	2,471	14.76
2031	735	735	10.86
2032	6,132	5,945	124.18
2033	967	773	576.09
2034	255	92	658.16
2035	41	10	658.16
Total	12,234	11,659	

¹ For the year ended December 31, 2025, share options of 82 shares were newly granted, and the type of shares to be issued, grant method and vesting condition and exercisable period are the same as the previously granted share options. The Group measured the cost of the share options using the Black-Scholes model.

For the year ended December 31, 2025, the Group recognized the reversal of share-based payment expenses of ₩413 million (2024: ₩1,843 million recognized as expenses).

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

The number of share options granted to employees by Bear Robotics, Inc. as of December 31, 2025 is as follows:

Expected expiry date	Number of granted shares (Unit: shares)	Number of vested shares (Unit: shares)	Exercise price per share (in USD)
2026	64,000	9,333	0.79
2030	205,500	130,583	0.57
2031	212,958	212,958	0.72
2032	3,654,608	777,559	3.28
2033	269,750	201,244	3.08
2034	322,922	147,214	3.08
2035	2,861,171	-	3.35
Total	7,590,909	1,478,891	

For the year ended December 31, 2025, the Group recognized the share-based payment expenses of ₩347 million following the business combination.

(c) Changes in unexercised share options

Changes in the number of Alphonso Inc.'s unexercised share options outstanding and their related weighted average exercise prices for each of the two years in the period ended December 31, 2025 are as follows:

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Number of shares (Unit: shares)	Exercise price (in USD)	Number of shares (Unit: shares)	Exercise price (in USD)
Beginning unexercised balance	896,023	21.81	1,072,204	3.46
Expired	(27,371)	25.98	(96,940)	2.01
Exercised	(134,517)	5.50	(294,241)	2.07
Increase (newly granted)	-	-	215,000	77.37
Ending unexercised balance	734,135	24.64	896,023	21.81
Exercisable as of December 31	485,881	16.65	427,767	11.61

The weighted average remaining contractual maturity of share options outstanding is 6.6 years and 7.5 years as of December 31, 2025 and 2024, respectively.

Changes in the number of Cybellum Technologies Ltd.'s unexercised share options outstanding and their related weighted average exercise prices for the year ended December 31, 2025 are as follows:

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Number of shares (Unit: shares)	Exercise price (in USD)	Number of shares (Unit: shares)	Exercise price (in USD)
Beginning unexercised balance	22,401	195.68	30,291	161.16
Expired	(6,571)	419.84	(5,002)	407.73
Exercised	(3,678)	19.18	(5,548)	13.14
Increase (newly granted)	82	658.16	2,660	606.74
Ending unexercised balance	12,234	131.44	22,401	195.68
Exercisable as of December 31	11,659	113.96	16,486	134.53

The weighted average remaining contractual maturity of share options outstanding is 5.5 years and 6.7 years as of December 31, 2025 and 2024, respectively.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

28. 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>	For the year ended December 31, 2025	For the year ended December 31, 2024
Continuing operations		
Revenue from contracts with customers:		
Sales of goods	83,622,298	83,087,712
Rendering of services and others	3,354,821	2,930,033
Subtotal	86,977,119	86,017,745
Revenue from other sources:		
Rental income and others	2,223,763	1,710,437
Subtotal	89,200,882	87,728,182
Discontinued operations	-	134
Total	89,200,882	87,728,316

(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>	For the year ended December 31, 2025	For the year ended December 31, 2024
By type of products:		
Refrigerator/washing machine and others	24,535,856	23,516,145
TV/audio/monitor/PC and others	19,217,669	20,758,037
In-vehicle infotainment and others	11,133,056	10,617,399
Air conditioner and others	8,898,451	8,522,487
Camera module and others	21,893,287	21,195,330
Others ¹	1,298,800	1,408,347
By major geographical market ² :		
Korea	34,549,814	34,074,135
America	22,919,854	22,885,493
Europe	13,764,752	13,617,258
Asia & Africa and others	15,742,699	15,440,859
Timing of revenue recognition:		
At a point in time	82,658,643	81,394,881
Over time	4,318,476	4,622,864
Total	86,977,119	86,017,745

¹ Others include equipment production, inter-segment transactions and others.

² Sales by major geographical market are the sales by region in which the Group is located.

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

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Due to the factors causing the changes in the costs of other segments for the year ended December 31, 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 the succeeding periods are as follows:

<i>(in millions of Korean won)</i>	Changes in estimated total contract revenue¹	Changes in estimated total contract cost	Impact on profit or loss for the year¹	Impact on profit or loss for the succeeding years¹
	94,365	81,589	16,352	(3,576)

¹ The effects of exchange rate fluctuations are included.

29. Expenses by nature

Details of expenses that are classified 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>	For the year ended December 31, 2025	For the year ended December 31, 2024
Continuing operations		
Changes in finished goods and work-in-process	(355,569)	(1,301,792)
Raw materials and merchandise used	55,522,739	54,700,305
Employee benefit expense	11,299,754	10,589,872
Depreciation and amortization	3,603,863	3,535,432
Advertisement	1,304,430	1,589,502
Sales promotion	467,819	533,629
Freight	3,097,903	3,110,986
Commission	6,042,638	5,710,261
Other expenses	5,738,913	5,840,312
Subtotal¹	86,722,490	84,308,507
Discontinued operations	9,011	342,170
Total¹	86,731,501	84,650,677

¹ Cost of sales, selling and administrative expenses, research and development expenses and service expenses are included.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

30. 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>	For the year ended December 31, 2025	For the year ended December 31, 2024
Continuing operations		
Salaries	4,472,025	4,268,523
Retirement benefits	472,834	282,297
Employee welfare benefits	1,083,055	1,010,008
Freight	3,051,358	3,089,325
Rents	89,889	84,093
Commission	4,579,555	4,200,241
Depreciation	753,663	672,636
Amortization	195,656	167,934
Advertisement	1,304,430	1,589,502
Sales promotion	467,819	533,629
R&D expense	310,539	343,227
Direct service costs	682,485	718,382
Bad debts expense	4,533	44,611
Others	895,425	955,151
Subtotal	18,363,266	17,959,559
Discontinued operations	8,944	341,980
Total	18,372,210	18,301,539

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

31. Finance income and expenses

(a) Details of finance income 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
Continuing operations		
Interest income	409,404	500,454
Exchange differences	610,213	617,942
Gain on derivatives	41,847	49,325
Subtotal	1,061,464	1,167,721
Discontinued operations	-	3,661
Total	1,061,464	1,171,382

(b) Details of finance expenses 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
Continuing operations		
Interest expense	600,090	571,340
Exchange differences	714,023	467,225
Loss on derivatives	72,419	39,973
Loss on disposal of trade receivables	49,525	53,499
Others	4,281	559
Subtotal	1,440,338	1,132,596
Discontinued operations	-	48,419
Total	1,440,338	1,181,015

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

32. Other non-operating income and other non-operating expenses

(a) Details of other non-operating income 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
Continuing operations		
Dividend income	1,616	738
Exchange differences	2,270,583	2,274,494
Gain on derivatives	26,061	45,226
Gain on disposal of property, plant and equipment	17,612	12,271
Gain on disposal of intangible assets	2,001	2,931
Gain on disposal of assets held for sale	1,431	2
Gain on valuation of financial assets at fair value through profit or loss	24,364	7,112
Gain on disposal of investments in associates and joint ventures	10,490	-
Reversal of impairment loss on investments in associates and joint ventures	6,472	-
Gain on transfer of business	76	-
Others	41,178	63,170
Subtotal	2,401,884	2,405,944
Discontinued operations	54	6,548
Total	2,401,938	2,412,492

(b) Details of 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>	For the year ended December 31, 2025	For the year ended December 31, 2024
Continuing operations		
Exchange differences	2,148,517	2,512,680
Loss on derivatives	40,530	45,696
Loss on disposal of property, plant and equipment	20,523	29,913
Impairment loss on property, plant and equipment	225,739	229,325
Loss on disposal of intangible assets	44,224	31,527
Impairment loss on intangible assets	195,834	143,426
Loss on disposal of assets held for sale	2,030	-
Loss on valuation of financial assets at fair value through profit or loss	23,629	2,523
Loss on disposal of investments in associates and joint ventures	54	-
Loss on remeasurement of financial liabilities	32,239	423,382
Others	42,895	114,090
Subtotal	2,776,214	3,532,562
Discontinued operations	1,399	466
Total	2,777,613	3,533,028

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

33. Earnings (losses) per share

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

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

	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Profit (loss) attributable to ordinary shares (in millions of Korean won) ¹	868,146	331,671
Continuing operations	874,973	586,682
Discontinued operations	(6,827)	(255,011)
Weighted average number of ordinary shares outstanding (in number of shares) ²	162,884,638	162,884,638
Basic earnings (losses) per ordinary share (in Korean won)	5,330	2,036
Continuing operations	5,372	3,602
Discontinued operations	(42)	(1,566)

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

	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Profit (loss) attributable to preferred shares (in millions of Korean won) ¹	92,433	35,844
Continuing operations	93,153	62,743
Discontinued operations	(720)	(26,899)
Weighted average number of preferred shares outstanding (in number of shares) ²	17,181,299	17,181,299
Basic earnings (losses) per preferred share (in Korean won)	5,380	2,086
Continuing operations	5,422	3,652
Discontinued operations	(42)	(1,566)

¹ Profit (loss) attributable to ordinary and preferred shares is as follows:

<i>(in millions of Korean won)</i>	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Profit (loss) for the year attributable to owners of the Parent Company (A)	960,579	367,515
Profit (loss) from continuing operations attributable to owners of the Parent Company	968,126	649,425
Profit (loss) from discontinued operations attributable to owners of the Parent Company	(7,547)	(281,910)
Ordinary share dividends (B)	219,894	162,884
Preferred share dividends (C)	24,054	18,041
Undistributed profit (loss) (D=A-B-C)	716,631	186,590
Profit (loss) from continuing operations	724,178	468,500
Profit (loss) from discontinued operations	(7,547)	(281,910)
Undistributed profit available for ordinary shares (E)	648,252	168,787
Undistributed profit available for preferred shares (F)	68,379	17,803

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

<i>(in millions of Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Profit (loss) attributable to ordinary shares (G=B+E)	868,146	331,671
Profit (loss) attributable to preferred shares (H=C+F)	92,433	35,844

² Weighted average numbers of shares are calculated as follows:

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

34. Cash flow information

Cash flows from operating activities are prepared 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>	For the year ended December 31, 2025	For the year ended December 31, 2024
Profit (Loss) for the year	1,220,412	591,365
Adjustments:		
Interest expense, net	190,686	70,886
Exchange differences, net	15,504	101,955
Loss (gain) on derivatives, net	45,041	(10,874)
Depreciation	3,040,140	2,992,934
Amortization	561,896	540,930
Loss (gain) on disposal of property, plant and equipment and intangible assets, net	45,134	46,238
Provisions for severance benefits	478,272	451,321
Additional provisions, net	995,652	947,476
Income tax expense	608,466	462,520
Loss (gain) from equity method, net	(111,237)	992,387
Others	581,551	1,104,851
Discontinued operations	(518)	440,018
	6,450,587	8,140,642
Changes in operating assets and liabilities		
Decrease (Increase) in trade receivables	(1,590,648)	(870,988)
Decrease (Increase) in other receivables	61,607	(116,059)
Decrease (Increase) in inventories	(293,202)	(1,154,130)
Decrease (Increase) in contract assets	293,097	(110,728)
Decrease (Increase) in other assets	254,026	(383,775)
Increase (Decrease) in trade payables	572,393	(700,991)
Increase (Decrease) in other payables	(300,252)	301,737

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

<i>(in millions of Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Decrease in provisions	(1,259,215)	(1,087,286)
Increase (Decrease) in contract liabilities	502,377	183,434
Increase (Decrease) in other liabilities	74,969	368,849
Payment of defined benefit liability	(23,088)	(1,276)
Deposit in plan assets, net	(335,178)	(226,207)
	<u>(2,043,114)</u>	<u>(3,797,420)</u>
Cash generated from operations	5,627,885	4,934,587

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

For the year ended December 31, 2025								
<i>(in millions of Korean won)</i>	January 1	Cash flows from (used in) financing activities	Effects of other changes					December 31
			Addition and others	Exchange differences (profit/loss)	Amortization	Effects of exchange rate changes	Gain (Loss) on valuation and others	
Borrowings	7,112,678	(935,471)	62,733	(54,499)	-	119,918	-	6,305,359
Debentures	6,869,864	(533,565)	-	(3,572)	6,153	-	-	6,338,880
Lease liabilities	1,259,860	(456,694)	492,609	(5,209)	2,197	23,333	-	1,316,096
Net derivatives liabilities (assets)	(382,675)	43,565	-	60,761	3,469	-	(22,354)	(297,234)
Other payables	589,453	-	381	763	-	(11,089)	32,239	611,747
Total	15,449,180	(1,882,165)	555,723	(1,756)	11,819	132,162	9,885	14,274,848

For the year ended December 31, 2024								
<i>(in millions of Korean won)</i>	January 1	Cash flows from (used in) financing activities	Effects of other changes					December 31
			Addition and others	Exchange differences (profit/loss)	Amortization	Effects of exchange rate changes	Gain (Loss) on valuation and others	
Borrowings	7,491,572	(672,434)	-	180,684	-	112,856	-	7,112,678
Debentures	5,829,239	870,250	-	164,950	5,425	-	-	6,869,864
Lease liabilities	1,193,023	(380,298)	386,289	4,088	4,697	52,061	-	1,259,860
Net derivatives liabilities (assets)	(123,743)	18,313	-	(271,745)	(3,719)	-	(1,781)	(382,675)
Other payables	271,413	(182,047)	17,251	11,472	-	44,980	426,384	589,453
Total	14,661,504	(346,216)	403,540	89,449	6,403	209,897	424,603	15,449,180

(c) Material non-cash transactions

<i>(in millions of Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Reclassification of construction-in-progress to property, plant and equipment	1,987,520	1,558,552
Reclassification of construction-in-progress to intangible assets	580,861	629,235
Reclassification of current portion of borrowings and debentures	2,151,990	2,304,285
Reclassification of current portion of loans	57,952	805,869
Other payables to acquire property, plant and equipment	519,209	593,548
Other payables to acquire intangible assets	171,240	146,239
Acquisition of right-of-use assets	522,334	436,565

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(d) Assets and liabilities of the disposed business

- Loss of control over the LG Electronics (Qinhuangdao) Co., LTD., the subsidiary

i) As of December 1, 2025, the Group disposed of LG Electronics (Qinhuangdao) Co., LTD., its subsidiary, and lost control over it.

ii) Total consideration received and assets and liabilities of the disposed business are as follows:

<i>(in millions of Korean won)</i>	Amount
Total consideration received	
Cash and cash equivalents	15,529
Assets of the disposed business	
Cash and cash equivalents	353
Trade receivables	7,546
Inventories	3,422
Property, plant and equipment	26,053
Other assets	2,772
Subtotal	40,146
Liabilities of the disposed business	
Trade payables	6,786
Accounts payables	3,667
Short-term borrowings	10,798
Other liabilities	1,800
Subtotal	23,051

35. Contingencies and commitments

35.1. Contingencies

(a) As of December 31, 2025, borrowings are collateralized by a certain property, plant and equipment (land, buildings and others) (See Note 12).

(b) As of December 31, 2025, the Company and its domestic subsidiaries have been provided with payment guarantees amounting to ₩398,723 million (December 31, 2024: ₩415,136 million) from Seoul Guarantee Insurance and others in connection with performance guarantees. In addition, LG Innotek Co., Ltd. has been provided with guarantees by Shinhan Bank for the principal amount of US\$50 million (December 31, 2024: US\$50 million) and related interest on guaranteed private placement bonds, and with a payment guarantee by Shinhan Bank and a counter-guarantee by Hana Bank for a customs bond in the amount of US\$1 million.

(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. The Group 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 Group's financial position.

As of December 31, 2025, LG Display Co., Ltd., an associate of the Group, is facing multiple patent-related

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

lawsuits and is under investigation by relevant authorities for collusion allegations, with civil litigation also in progress. The outcome may affect the gain or loss from investments under equity method, but the Group is not individually responsible for the above suit or the ongoing investigation.

35.2 Commitments

(a) As of December 31, 2025, the Group has borrowing agreements, such as overdraft facility agreements, trade financing and others, with various banks, including Shinhan Bank and others, with a limit of ₩8,827,898 million (December 31, 2024: ₩8,354,071 million).

(b) As of December 31, 2025, the Group has sales agreements for receivables with various banks including Hana Bank amounting to ₩6,142,773 million (December 31, 2024: ₩5,571,311 million).

(c) As of December 31, 2025, the Group has corporate trade receivables secured loan agreement by electronic settlement and mutually beneficial cooperation settlement with various banks, including Shinhan Bank, for up to ₩1,495,953 million (December 31, 2024: ₩1,527,311million) in connection with the payment of trade payables.

In addition, the Group has entered into supplier financing agreements with financial institutions to enhance the efficiency of the payment process and to provide early payment options to suppliers. Under these arrangements, if a supplier that has provided goods or services to the Group transfers its trade receivables to a financial institution within the payment term, the Group will settle the amount directly with the financial institution. Since the supplier finance arrangements do not result in a substantial reduction of the Group's payment obligations or modification of payment terms, there is no change in the underlying liabilities recognized as trade payables or other payables.

(d) As of December 31, 2025, the Group has commercial paper agreements with Shinhan Bank and others for ₩40,000 million (December 31, 2024: ₩40,000 million).

(e) 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>	December 31, 2025	December 31, 2024
Property, plant and equipment	335,251	232,362
Intangible assets	253,653	35,241
Investments in associates and joint ventures and others	118,342	54,310
Total	707,246	321,913

Other than the above commitments, Zenith Electronics LLC. (Zenith), a subsidiary, agreed to tender offers based on fair value at certain time in relation to the shares held by non-controlling shareholders of Alphonso Inc. and the shares to be issued by the exercise of stock options. As of December 31, 2025, the Group recognized this commitment as 'other payables'.

In addition, the Parent Company agreed to tender offers based on fair value at certain time in relation to the shares held by non-controlling shareholders of Cybellum Technologies Ltd. and the shares to be issued by the exercise of stock options. As of December 31, 2025, the Group recognized this commitment as 'other payables' and 'other financial liabilities'. Regarding the shares held by non-controlling shareholders of Athom Holding B.V., the Parent Company agreed to purchase them at a certain time based on the acquisition price. The Group recognized this commitment as 'other payables' as of December 31, 2025.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(f) Operating lease commitments – Group as a lessor

i) The Group has non-cancellable operating lease agreements regarding home appliance rental business and real estate rental business. 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>	December 31, 2025					Total lease payments
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	
Home appliance rental	73,578	19,017	3,660	573	-	96,828
Real estate rental	5,423	5,406	149	5	-	10,983
Total	79,001	24,423	3,809	578	-	107,811

ii) The Group recognized ₩225,552 million (2024: ₩338,585 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>	December 31, 2025	December 31, 2024
Acquisition cost	444,897	553,062
Accumulated depreciation	(154,510)	(282,595)
Accumulated impairment losses	(60,498)	(60,169)
Net carrying amount	229,889	210,298

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>	For the year ended December 31, 2025	For the year ended December 31, 2024
January 1	210,298	325,625
Acquisition	11,473	12,950
Transfer	93,231	3,306
Disposal and others	(8,052)	(212)
Depreciation	(69,940)	(123,110)
Impairment loss	(7,370)	(8,978)
Exchange differences	249	717
December 31	229,889	210,298

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(g) Finance lease commitments – Group as lessor

i) The gross investments 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>	December 31, 2025		December 31, 2024	
	Gross investment in the lease ¹	Net investment in the lease	Gross investment in the lease ¹	Net investment in the lease
Within 1 year	789,987	581,808	406,817	289,031
1 and 2 years	810,048	645,949	421,249	325,252
2 and 3 years	790,634	673,868	426,058	354,207
3 and 4 years	712,458	642,976	407,256	361,266
Over 4 years	727,932	695,278	504,549	478,712
Total	3,831,059	3,239,879	2,165,929	1,808,468

¹ There is no unguaranteed residual value reflected in the gross investment in the lease.

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

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Gross investment in the lease	3,831,059	2,165,929
Net investment in the lease	3,239,879	1,808,468
Unrealized interest income	591,180	357,461

iii) For the year ended December 31, 2025, the Group recognized income amounting to ₩1,955,586 million (2024: ₩1,334,157 million) in relation to finance lease contract, and finance income from net investment in the lease amounting to ₩178,529 million (2024: ₩81,436 million) is included.

(h) License agreements including patent and trademark

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

Purpose	Related products	Provided by	Used by
Use of license	All products	Qualcomm Incorporated and others	LG Electronics Inc.
Provision of license	All products	LG Electronics Inc.	Panasonic Corporation and others
Use of trademarks	All products	LG Corp.	LG Electronics Inc.
Use of trademarks	Vehicle components	Magna International Inc.	LG Electronics Inc.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

36. 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 and 2024 are as follows:

i) Major income and expense transactions with the related parties

(in millions of Korean won)

Classification	Name	For the year ended December 31, 2025					
		Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others	Total
Significantly influencing the Group	LG Corp.	3,298	-	3,298	424	183,796	184,220
Associates	LG Display Co., Ltd. and its subsidiaries	346,891	54,884	401,775	3,387,913	1,253	3,389,166
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	665	-	665	17,401	16	17,417
	Acryl Inc. ²	-	-	-	-	436	436
	ROBOTIS Co., Ltd.	-	-	-	24	194	218
	Robostar Co., Ltd. and its subsidiaries	38	-	38	19,865	3,239	23,104
	THE WAVE TALK, INC.	-	-	-	2,000	30	2,030
	GOQUAL INC.	-	-	-	3	22	25
	Apartmentary Co., Ltd.	-	-	-	-	103	103
	Subtotal	347,594	54,884	402,478	3,427,206	5,293	3,432,499
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	87,774	-	87,774	35,843	4	35,847
	EIC PROPERTIES PTE LTD.	-	-	-	-	971	971
	Subtotal	87,774	-	87,774	35,843	975	36,818
Other related parties	LG CNS Co., Ltd. and its subsidiaries	7,973	2,503	10,476	179,062	1,356,902	1,535,964
	D&O Corp. and its subsidiaries	1,021	-	1,021	191	40,556	40,747
	LG Management Development Institute	62	-	62	36	119,457	119,493
	LG SPORTS Ltd.	40	22	62	280	18,644	18,924
	LG Holdings Japan Co., Ltd.	-	-	-	-	1,220	1,220
	Subtotal	9,096	2,525	11,621	179,569	1,536,779	1,716,348
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	866,090	161,605	1,027,695	532,415	717	533,132
	LG Uplus Corp and its subsidiaries	26,978	3,142	30,120	34,037	10,998	45,035
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	1,854	1,932	3,786	177	564	741
	HS Ad Inc. and its subsidiaries	14,744	1	14,745	457	628,714	629,171
	Subtotal	909,666	166,680	1,076,346	567,086	640,993	1,208,079
	Total	1,357,428	224,089	1,581,517	4,210,128	2,367,836	6,577,964

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in millions of Korean won)

		For the year ended December 31, 2024					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others	Total
Significantly influencing the Group	LG Corp.	1,511	-	1,511	203	182,985	183,188
Associates	LG Display Co., Ltd. and its subsidiaries	409,443	105,935	515,378	3,588,925	259	3,589,184
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	202	-	202	21,173	10	21,183
	Acryl Inc. ²	-	-	-	681	1,561	2,242
	ROBOTIS Co., Ltd.	-	-	-	-	74	74
	Robostar Co., Ltd. and its subsidiaries	29	-	29	9,190	1,217	10,407
	THE WAVE TALK, INC.	-	-	-	-	100	100
	GOQUAL INC.	-	-	-	13	78	91
	Subtotal	409,674	105,935	515,609	3,619,982	3,299	3,623,281
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	93,366	-	93,366	109,752	30	109,782
	EIC PROPERTIES PTE LTD.	-	-	-	-	913	913
	LG-MRI LLC ³	-	-	-	2,281	-	2,281
	LG-LHT Passenger Solution GmbH ⁴	23	-	23	-	-	-
	Subtotal	93,389	-	93,389	112,033	943	112,976
Other related parties	LG CNS Co., Ltd. and its subsidiaries	70,206	3,324	73,530	179,083	1,378,468	1,557,551
	D&O Corp. and its subsidiaries	373	-	373	147	35,658	35,805
	LG Management Development Institute	51	-	51	10	106,289	106,299
	LG SPORTS Ltd.	24	18	42	280	15,166	15,446
	LG Holdings Japan Co., Ltd.	-	-	-	-	1,116	1,116
	Subtotal	70,654	3,342	73,996	179,520	1,536,697	1,716,217
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	1,469,890	153,183	1,623,073	586,101	3,656	589,757
	LG Uplus Corp and its subsidiaries	71,782	2,678	74,460	36,368	8,198	44,566
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	5,357	2,518	7,875	-	670	670
	HS Ad Inc. and its subsidiaries	12,625	-	12,625	192	641,955	642,147
	XI C&A Co., Ltd. and its subsidiaries ⁵	1,113	-	1,113	-	74,478	74,478
	S&I Corp. and its subsidiaries ⁵	4,355	-	4,355	1,103	27,422	28,525
	Subtotal	1,565,122	158,379	1,723,501	623,764	756,379	1,380,143
	Total	2,140,350	267,656	2,408,006	4,535,502	2,480,303	7,015,805

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

² 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 during the year ended December 31, 2025.

³ The entity was liquidated during the year ended December 31, 2024.

⁴ The entity was disposed of during the year ended December 31, 2024.

⁵ Excluded from the large-scale business group under the *Monopoly Regulation and Fair Trade Act* as of March 19, 2024.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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

(in millions of Korean won)

		December 31, 2025							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ²	Total
Significantly influencing the Group	LG Corp.	59	-	29,899	29,958	-	-	33,305	33,305
Associates	LG Display Co., Ltd. and its subsidiaries	121,412	-	194,165	315,577	348,790	-	49,291	398,081
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	-	-	-	-	5,477	-	3	5,480
	Robostar Co., Ltd. and its subsidiaries	-	-	-	-	62	-	11,806	11,868
	Subtotal	121,412	-	194,165	315,577	354,329	-	61,100	415,429
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	10,048	-	-	10,048	7,459	-	1,361	8,820
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	91	91
	Subtotal	10,048	-	-	10,048	7,459	-	1,452	8,911
Other related parties	LG CNS Co., Ltd. and its subsidiaries	600	-	2,545	3,145	17,387	-	541,043	558,430
	D&O Corp., LTD. and its subsidiaries	7	-	1,000	1,007	522	-	12,072	12,594
	LG Management Development Institute	10	-	-	10	-	-	1,715	1,715
	LG SPORTS Ltd.	1	-	-	1	-	-	1,457	1,457
	LG Holdings Japan Co., Ltd.	-	-	5,554	5,554	-	-	4,565	4,565
	Subtotal	618	-	9,099	9,717	17,909	-	560,852	578,761
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	162,372	-	504,667	667,039	125,274	-	58,812	184,086
	LG Uplus Corp and its subsidiaries	2,278	-	391	2,669	1,585	-	1,815	3,400
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	38	-	21	59	31	-	82	113
	HS Ad Inc. and its subsidiaries	233	-	1,230	1,463	1,017	-	265,262	266,279
	Subtotal	164,921	-	506,309	671,230	127,907	-	325,971	453,878
Total	297,058	-	739,472	1,036,530	507,604	-	982,680	1,490,284	

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in millions of Korean won)

		December 31, 2024							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ²	Total
Significantly influencing the Group	LG Corp.	59	-	28,273	28,332	-	-	37,804	37,804
Associates	LG Display Co., Ltd. and its subsidiaries	101,054	1,000,000	254,115	1,355,169	588,628	-	51,642	640,270
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	-	-	-	-	6,593	-	3	6,596
	Robostar Co., Ltd. and its subsidiaries	-	-	-	-	311	-	6,015	6,326
	Subtotal	101,054	1,000,000	254,115	1,355,169	595,532	-	57,660	653,192
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	15,911	-	-	15,911	11,792	-	2	11,794
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	88	88
	Subtotal	15,911	-	-	15,911	11,792	-	90	11,882
Other related parties	LG CNS Co., Ltd. and its subsidiaries	13,808	-	1,311	15,119	17,311	-	572,040	589,351
	D&O Corp., LTD. and its subsidiaries	6	-	1,000	1,006	22	-	7,778	7,800
	LG Management Development Institute	8	-	7	15	-	-	1,516	1,516
	LG SPORTS Ltd.	2	-	-	2	-	-	972	972
	LG Holdings Japan Co., Ltd.	-	-	5,666	5,666	-	-	10,202	10,202
	Subtotal	13,824	-	7,984	21,808	17,333	-	592,508	609,841
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	334,191	-	638,076	972,267	165,787	-	77,311	243,098
	LG Uplus Corp and its subsidiaries	3,108	-	590	3,698	1,323	-	3,056	4,379
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	23	-	277	300	24	-	789	813
	HS Ad Inc. and its subsidiaries	38	-	1,226	1,264	791	-	287,156	287,947
	Subtotal	337,360	-	640,169	977,529	167,925	-	368,312	536,237
Total	468,208	1,000,000	930,541	2,398,749	792,582	-	1,056,374	1,848,956	

¹ Although the entities are not the related parties of the Group in accordance with KIFRS 1024, the entities belong to the large-scale group to which the Group also belongs in accordance with the *Monopoly Regulation and Fair-Trade Act* of the Republic of Korea.

² Other payables include lease liabilities.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

iii) Major capital transactions and others with related parties

(in millions of Korean won)

		For the year ended December 31, 2025						
		Dividend income	Dividend paid	Cash distribution (reduction) and others	Financing loan transactions		Financing borrowing transactions ⁵	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Group	LG Corp.	-	57,433	-	-	-	31,365	30,529
Associates	LG Display Co., Ltd. ¹	-	-	-	-	1,000,000	-	1,903
	Ericsson Korea Partners Co., Ltd	5,000	-	-	-	-	-	-
	Mirae Asset-LG Electronics New Growth Fund I	2,234	-	9,500	-	-	-	-
	NOVA Prime Fund I, LP ³	-	-	15,314	-	-	-	-
	Subtotal	7,234	-	24,814	-	1,000,000	-	1,903
Other related parties	LG CNS Co., Ltd. and its subsidiaries	-	-	-	-	-	-	1,682
	D&O Corp. and its subsidiaries	-	-	-	-	-	5,107	1,353
	LG Holdings Japan Co., Ltd.	-	-	-	-	-	4	5,653
	Subtotal	-	-	-	-	-	5,111	8,688
	Total	7,234	57,433	24,814	-	1,000,000	36,476	41,120

(in millions of Korean won)

		For the year ended December 31, 2024						
		Dividend income	Dividend paid	Cash distribution (reduction) and others	Financing loan transactions		Financing borrowing transactions ⁵	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Group	LG Corp.	-	71,623	-	-	-	-	29,814
Associates	LG Display Co., Ltd.	-	-	436,031	-	-	-	2,130
	Ericsson Korea Partners Co., Ltd ²	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	-	-	-	-
	LG-LHT Aircraft Solutions GmbH ⁴	-	-	5,330	-	-	-	-
	LG-LHT Passenger Solutions GmbH ⁴	-	-	5,330	-	-	-	-
	Subtotal	20,936	-	497,656	-	-	-	2,130
Other related parties	LG CNS Co., Ltd. and its subsidiaries	-	-	-	-	-	5,280	1,853
	D&O Corp. and its subsidiaries	-	-	-	-	-	469	1,708
	LG Holdings Japan Co., Ltd.	-	-	-	-	-	-	5,156
	Subtotal	-	-	-	-	-	5,749	8,717
	Total	20,936	71,623	497,656	-	-	5,749	40,661

¹ The Group fully collected the loan of ₩1,000,000 million from LG Display Co., Ltd. for the year ended December 31, 2025.

² The entity changed its name from Ericsson-LG Co., Ltd. to Ericsson Korea Partners Co., Ltd. as of March 1, 2025.

³ The entity was newly classified as an associate due to an equity investment for the year ended December 31, 2025, and the transactions for the current period include only the amounts incurred after the date on which the counterparty was identified as a related party.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

⁴ The entity was disposed of during the year ended December 31, 2024.

⁵ Financing borrowing transactions include repayment of the principal amount of lease liabilities.

(b) The compensations paid or payable to key management personnel 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
Salaries and other short-term benefits	16,507	17,234
Retirement benefits and others	3,274	1,682
Total	19,781	18,916

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

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

(d) The Group has not recognized any bad debt expense or allowance for trade receivables from related parties as of December 31, 2025.

37. Risk management

37.1 Financial risk management

The Group'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 Group to enhance cost competitiveness through cost-efficient financing cost by improving financial structure and effectiveness of cash management.

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

The Group anticipatively and systematically manages the financial risks over global business activities through its four overseas treasury centers in New Jersey (United States), Amsterdam (Netherlands), Beijing (China), and Singapore and others in coordination with Finance Division in the Parent Company. It also helps improve the business competitiveness of overseas subsidiaries by performing integration of their finance functions.

The Group mitigates the adverse effects from financial risk by monitoring the risk periodically and updating 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 5 and Note 16, respectively.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(a) Market risk

i) Foreign exchange risk

Due to its multinational business operations, the Group is exposed to foreign exchange risk on various currencies. The Group is mainly exposed to foreign exchange risk on the US Dollars and Euros.

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 Group's foreign exchange risk management is implemented under its own foreign exchange policy which regulates the measurement and the management of foreign exchange risk. The Group can minimize the exposure to foreign exchange risk by preferentially making equal amount of foreign exchange assets and liabilities from general operating activities by using this policy. Accordingly, the Group 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, if the foreign exchange rate of the Korean won fluctuated for monetary assets and liabilities denominated in major foreign currency other than functional currency by 10% while holding other variables constant, the impact on profit (loss) before tax would be as follows:

<i>(in millions of Korean won)</i>	December 31, 2025		December 31, 2024	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	127,834	(127,834)	104,160	(104,160)
EUR/KRW	6,868	(6,868)	27,940	(27,940)

ii) Interest rate risk

The Group 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 Group minimizes its borrowings from others and optimizes its deposits by expanding internal finance sharing. The Group periodically monitors both domestic and foreign interest rate trends to establish countermeasures against changes in interest rates.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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>	For the year ended December 31, 2025		For the year ended December 31, 2024	
	1%p increase	1%p decrease	1%p increase	1%p decrease
Interest income	85,196	(85,196)	75,574	(75,574)
Interest expense	10,016	(10,016)	13,127	(13,127)

iii) Details of derivatives contracts are as follows:

Derivatives for hedging purposes

The Group entered into the cross-currency swap and the 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:

Classifi- cation	Contractor	Contracted amount(<i>in millions</i>)	Contracted currency rate	Interest rate (paid) (%)	Types of hedging	Starting date	Expiration date	Carrying amount <i>(in millions of Korean won)</i>	
								Assets	Liabilities
Cross- currency swap	Korea Develop- ment Bank and others	USD 1,719 (USD/KRW)	1,067.9 ~ 1,380.0	1.88 ~ 4.56	Cash flow hedge	May. 17, 2018 ~ Sep. 24, 2024	Sep. 27, 2026 ~ Jul. 28, 2031	279,060	-
	CITI Bank	EUR 95 (EUR/KRW)	1,312.5	3.84	Cash flow hedge	Jun. 15, 2022	Jan. 14, 2028	33,652	-
	CITI Bank and others	JPY 22,000 (JPY/KRW)	8.7 ~ 10.0	4.06 ~ 4.38	Cash flow hedge	Apr. 4, 2023 ~ Nov. 24, 2023	Apr. 4, 2029 ~ May 24, 2029	3,949	14,383
Interest rate swap	Woori Bank and others	KRW 939,179 / USD 203	-	2.75 ~ 4.87	Cash flow hedge	Apr. 30, 2014 ~ Mar. 29, 2024	Jan. 15, 2027 ~ Nov. 16, 2032	6,999	9,433
Currency forward	HSBC and others	EUR 116 (EUR/USD)	0.8	-	Fair value hedge	Sep. 11 2025 ~ Dec. 23, 2025	Feb. 23, 2026 ~ Sep. 2, 2026	-	680

The interest rates received for the above derivative contracts are equal to annual interest rates on the related borrowings (See Note 16).

Details of hedged items are as follows:

<i>(in millions of Korean won)</i>	Types of hedging	Hedged items	Carrying amount	Changes in fair value (net of tax)
Cross-currency swap	Cash flow hedge	Borrowings	2,717,960	21,564
Interest rate swap	Cash flow hedge	Borrowings	1,230,464	(4,425)

<i>(in millions of Korean won)</i>	Types of hedging	Hedged items	Carrying amount	Changes in fair value (pre-tax)
Currency forward	Fair value hedge	Borrowings	-	(6,830)

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

The results of hedge accounting are as follows:

<i>(in millions of Korean won)</i>	Types of hedging	Changes in fair value of derivatives (Pre-tax)	Line items in profit or loss	Reclassified to profit or loss (net of tax)	Other comprehensive loss (net of tax)	Accumulated other comprehensive income (loss)
Cross-currency swap	Cash flow hedge	(21,564)	Interest expense and exchange differences	47,383	25,819	20,438
Interest rate swap	Cash flow hedge	4,425	Interest expense	(1,047)	3,378	(588)

<i>(in millions of Korean won)</i>	Types of hedging	Changes in fair value of derivatives (net of tax)	Line items in profit or loss	Effective risk hedging (pre-tax)	Ineffective risk hedging (pre-tax)
Currency forward	Fair value hedge	6,830	Exchange differences	6,830	-

Derivatives for trading purposes

Currency forward contracts

The Group entered into the currency forward contracts and others to hedge against the risk of possible future changes in foreign exchange rates and interest rates. Details of currency forward, interest rate swap, option contracts and embedded derivatives of the Group, as of December 31, 2025, and related profits or losses for the year ended December 31, 2025 are as follows:

<i>(in millions of Korean won)</i>	Purchase	Sale	Gain (Loss) on valuation	Gain (Loss) on transaction
Currency forward	673,497	306,339	413	(11,469)
Currency swap	73,714	-	(2,114)	(26,460)
Interest rate swap	-	-	-	8,011
Option contracts	-	-	12	-
Embedded derivatives	-	-	(7,520)	-

Stock purchase contracts

According to the put options granted to employees to whom stock options of Cybellum Technologies Ltd. were granted, the Group recognizes ₩5,044 million of derivative liabilities as of December 31, 2025 and ₩1,555 million of loss on derivatives valuation during the year ended December 31, 2025.

As of December 31, 2024, the Group also recognized a derivative financial asset of ₩4,359 million upon acquiring a call option to purchase Series C-1 shares of Bear Robotics, Inc. Additionally, the Group recognized a derivative valuation loss of ₩4,359 million related to this contract for the year ended December 31, 2025. The derivative instruments were exercised in full in order to obtain control for the year ended December 31, 2025.

iv) Price risk

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

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

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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

<i>(in millions of Korean won)</i>	December 31, 2025		December 31, 2024	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	(14,931)	14,931	12,461	(12,461)
NASDAQ	11,998	(11,998)	62	(62)
NYSE	-	-	1,482	(1,482)
Austrian Traded Index	-	-	255	(255)

The valuation of the financial assets at fair value through other comprehensive income related to the market risk above is presented in Note 8.

(b) Credit risk

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

In regard to receivables, the Group operates an integrated receivable insurance program with the global top three receivable insurers (Allianz Trade, Atradius and Coface) and Korea Trade Insurance Corporation (K-SURE). To minimize credit risk from receivables, the Group applies the credit rating of the counterparty rated by insurers, when determining the insurance coverage. In addition, the Group 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 as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Trade receivables with insurance or collateral		
Excellent	4,788,788	4,425,475
Good	982,368	1,218,602
Fair	2,127,807	2,465,699
Poor ¹	223,754	551,861
Subtotal	8,122,717	8,661,637
Trade receivables without insurance or collateral		
Tier 1	1,832,619	340,736
Tier 2	726,388	525,776
Tier 3	1,846,908	1,279,203
Subtotal	4,405,915	2,145,715
Total	12,528,632	10,807,352

¹ Debtors with insurance or collateral but without credit rating are included herein.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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

Category	Atradius	Allianz Trade	Coface	K-SURE
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 company 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 and global credit rating agency AA- ~ AAA+, including related parties such as associates

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

Tier 3 – Small debtors without credit history

The credit rating of cash equivalents and deposits held by financial institutions estimated by the Group using external credit rating criteria as of December 31, 2025 and 2024 is as follows:

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Excellent	8,407,041	7,551,890
Good	576,026	247,195
Others	13,638	14,269
Total	8,996,705	7,813,354

Excellent: A- and above (Global credit rating agency such as S&P), AA+ and above (Domestic credit rating agency such as Korea Investors Service)

Good: Equal to or more than BBB- (Global credit rating agency such as S&P), AA and above (Domestic credit rating agency such as Korea Investors Service)

Others: Financial deposit without credit rating

(c) Liquidity risk

The Group forecasts its cash flow and liquidity status and sets action plans on a regular basis to manage liquidity risk proactively. In particular, through close collaboration between the headquarters and four overseas financial centers, the Group carries out cash management and liquidity management activities that enable it to proactively respond to changes in the global financial environment.

The Group also maintains the adequate amounts of bank deposits.

In addition, the Group is able to source funds any time in the domestic and international financial markets because it has good investment credit grades of AA from Korea Investors Service, Korea Ratings and NICE Information Service, BBB from Standard & Poors, and Baa2 from Moody's as of December 31, 2025.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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>	December 31, 2025				
	Total	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Trade payables	10,582,060	10,582,060	-	-	-
Borrowings	14,001,858	3,069,305	2,697,792	6,265,448	1,969,313
Lease liabilities	1,481,438	458,363	307,473	445,232	270,370
Other payables	5,805,528	5,712,112	60,518	32,244	654
Other financial liabilities	57,175	9,338	1,861	6,623	39,353
Total	31,928,059	19,831,178	3,067,644	6,749,547	2,279,690

<i>(in millions of Korean won)</i>	December 31, 2024				
	Total	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Trade payables	9,884,770	9,884,770	-	-	-
Borrowings	15,750,257	3,474,912	2,410,448	6,678,027	3,186,870
Lease liabilities	1,445,351	423,265	308,046	424,953	289,087
Other payables	6,049,696	5,729,548	275,858	13,250	31,040
Other financial liabilities	86,340	962	4,057	9,175	72,146
Total	33,216,414	19,513,457	2,998,409	7,125,405	3,579,143

The above cash flows are calculated at nominal value based on the earliest maturity dates and include cash flows of principal and interests. The Group's trading portfolio derivatives within other financial liabilities that are not qualified for hedge accounting have been included at their fair value of ₩2,517 million (2024: ₩2,685 million) within the less than 1-year time bucket. This is because contractual maturities are not essential for an understanding of the timing of the cash flow. These contracts are managed on a net-fair value basis rather than by maturity date. Derivatives for cash flow hedges from changes in interest rate and exchange rate are reflected in the cash flow of related borrowings.

37.2 Capital risk management

The purpose of the Group's capital risk management is to maximize shareholders' value through a sound capital structure. The Group 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.

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>	December 31, 2025	December 31, 2024
Liability(A)	40,068,142	40,417,925
Equity(B)	28,552,025	25,211,664
Cash and cash equivalents(C)	8,769,841	7,573,036
Borrowings and lease liabilities(D)	13,960,335	15,242,402
Liability to equity ratio(A/B)	140.3%	160.3%
Net borrowings ratio((D-C)/B)	18.2%	30.4%

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

37.3 Fair value estimation

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

<i>(in millions of Korean won)</i>	December 31, 2025			
	Current		Non-current	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets at fair value				
Financial assets at fair value through profit or loss				
Other financial assets and others	5,033	5,033	175,428	175,428
Financial assets at fair value through other comprehensive income				
Trade receivables	2,793,334	1	-	-
Other financial assets	-	-	378,555	378,555
Derivatives for hedging purposes				
Other financial assets	17,373	17,373	306,287	306,287
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	8,769,841	1	-	-
Deposits held by financial institutions	26,341	1	200,523	1
Trade receivables	7,796,665	1	132,241	132,241
Other receivables	791,808	1	847,222	779,894
Other assets				
Trade receivables	570,681	1	2,651,444	2,651,444
Total	20,771,076		4,691,700	

<i>(in millions of Korean won)</i>	December 31, 2025			
	Current		Non-current	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities at fair value				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	8,731	8,731	30,256	30,256
Derivatives for hedging purposes				
Other financial liabilities	680	680	23,816	23,816
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	10,582,060	1	-	-
Borrowings	2,464,190	1	10,180,049	10,874,614
Other payables	5,712,036	1	93,275	92,359
Other liabilities				
Lease liabilities	422,402	2	893,694	2
Total	19,190,099		11,221,090	

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

<i>(in millions of Korean won)</i>	December 31, 2024			
	Current		Non-current	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets at fair value				
Financial assets at fair value through profit or loss				
Other financial assets and others	13,450	13,450	167,590	167,590
Financial assets at fair value through other comprehensive income				
Trade receivables	2,652,562	1	-	-
Other financial assets	-	-	140,904	140,904
Derivatives for hedging purposes				
Other financial assets	62,776	62,776	350,533	350,533
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	7,573,036	1	-	-
Deposits held by financial institutions	46,681	1	193,637	1
Trade receivables	7,596,479	1	131,664	131,664
Other receivables	1,583,477	1	1,022,169	986,210
Other assets				
Trade receivables	286,573	1	1,514,052	1,514,052
Total	19,815,034		3,520,549	

<i>(in millions of Korean won)</i>	December 31, 2024			
	Current		Non-current	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities at fair value				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	2,685	2,685	25,201	25,201
Derivatives for hedging purposes				
Other financial liabilities	167	167	31,838	31,838
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	9,884,770	1	-	-
Borrowings	2,889,260	1	11,093,282	11,597,228
Other payables	5,729,464	1	319,949	318,701
Other liabilities				
Lease liabilities	385,675	2	874,185	2
Other financial liabilities	115	3	-	-
Total	18,892,136		12,344,455	

¹ Excluded from disclosure such as fair value hierarchy and measurement method as the carrying amount is the reasonable approximate of fair value.

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

³ 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.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(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 Group 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 prices 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 and others.

- 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 and others, 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 and others.

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 Group is the closing price as of December 31, 2025. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments and others 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 Group uses various valuation techniques that the Group 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.

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 and others.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

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:

<i>(in millions of Korean won)</i>	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets and others				
Financial assets at fair value through other comprehensive income	133,906	-	244,649	378,555
Financial assets at fair value through profit or loss	-	11,021	169,440	180,461
Derivatives for hedging purposes	-	323,660	-	323,660
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	9,675	29,312	38,987
Derivatives for hedging purposes	-	24,496	-	24,496
December 31, 2024				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	46,398	-	94,506	140,904
Financial assets at fair value through profit or loss	552	19,021	161,467	181,040
Derivatives for hedging purposes	-	413,309	-	413,309
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	6,174	21,712	27,886
Derivatives for hedging purposes	-	32,005	-	32,005

The above fair value amounts are recurring fair value measurements.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

- Valuation techniques 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		
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	11,021	19,021	Discounted cash flow and binomial model	Discount rate and exchange rate share price and volatility
Derivatives for hedging purposes	323,660	413,309	Discounted cash flow	Discount rate and exchange rate
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	9,675	6,174	Discounted cash flow and binomial model	Discount rate and exchange rate share price and volatility
Derivatives for hedging purposes	24,496	32,005	Discounted cash flow	Discount rate and exchange rate

- Valuation techniques and inputs for fair value measurements categorized within Level 3

As of December 31, 2025, financial instruments measured at fair value categorized within Level 3 comprise unmarketable equity securities, debt securities, other financial liabilities 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

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
Assets				
Non-current trade receivables	-	-	2,783,685	2,783,685
Non-current other receivables	-	-	779,894	779,894
Liabilities				
Non-current borrowings	-	-	10,874,614	10,874,614
Non-current other payables	-	-	92,359	92,359

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

<i>(in millions of Korean won)</i>	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current trade receivables	-	-	1,645,716	1,645,716
Non-current other receivables	-	-	986,210	986,210
Liabilities				
Non-current borrowings	-	-	11,597,228	11,597,228
Non-current other payables	-	-	318,701	318,701

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

As of December 31, 2025, 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				
Assets								
Non-current trade receivables	2,783,685	2,783,685	1,645,716	1,645,716	Discounted cash flow	Discount rate and exchange rate	Discount rate	4.8% ~ 5.7%
Non-current other receivables	847,222	779,894	1,022,169	986,210	Discounted cash flow	Discount rate and exchange rate	Discount rate	2.6% ~ 4.9%
Liabilities								
Non-current borrowings	10,180,049	10,874,614	11,093,282	11,597,228	Discounted cash flow	Discount rate and exchange rate	Discount rate	2.9% ~ 5.1%
Non-current other payables	93,275	92,359	319,949	318,701	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.1% ~ 4.5%

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

38. Business combinations

(a) As of September 30, 2025, the Group acquired 100% of the equity interests in OSO Group AS and its subsidiaries to strengthen its HVAC portfolio, a core growth driver of its B2B business, thereby obtaining control. The consideration transferred and the fair value of assets acquired and liabilities assumed are as follows:

<i>(in millions of Korean won)</i>	Amount
Consideration transferred	
Cash and cash equivalents	167,287
Other liabilities ¹	49,133
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	
Cash and cash equivalents	12,918
Trade receivables ²	27,954
Other receivables ²	37
Inventories	32,959
Current tax assets	142
Other assets	5,110
Non-current assets	
Other financial assets	125
Property, plant and equipment	70,180
Intangible assets	59,501
Current liabilities	
Trade payables	11,110
Lease liabilities	713
Other payables	646
Current tax liabilities	343
Contract liabilities	905
Other liabilities	15,336
Non-current liabilities	
Borrowings	69,516
Lease liabilities	4,777
Retirement benefit liabilities	134
Provisions	1,454
Deferred tax liabilities	17,148
Fair value of total identifiable net assets	86,844
Non-controlling interests	-
Goodwill³	129,576

¹ The Group entered into a contingent consideration arrangement with the previous owners of OSO Group AS and its subsidiaries, under which additional consideration is payable if the EBITDA of OSO Group AS and its subsidiaries exceeds a certain threshold for the year ended December 31, 2025. The maximum amount of the contingent consideration is ₩49,133 million, which is expected to be settled in cash, and was recognized at its fair value on the acquisition date. Subsequent changes in fair value will be recognized in profit or loss.

² The fair value of the above trade receivables and other receivables is the same as the gross contractual amount.

³ Goodwill of ₩129,576 million is assumed from the business combination with OSO Group AS and its subsidiaries as the Group's sales increased thereafter and the goodwill is not included in a deductible expense for taxation purposes.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

The direct costs related to the acquisition arising from the business combination amount to ₩4,014 million are expensed as incurred.

The sales and net loss of OSO Group AS and its subsidiaries, which have been included in the consolidated statements of profit or loss from September 30, 2025 (the acquisition date), amount to ₩37,118 million and ₩4,701 million, respectively. If OSO Group AS and its subsidiaries had been included in the scope of consolidation from January 1, 2025, net sales and net profit that would have been recorded in the consolidated statement of profit or loss are as follows:

<i>(in millions of Korean won)</i>	Pre-adjustment	Adjustment	Post-adjustment
Net sales	89,200,882	101,747	89,302,629
Net profit (loss) for the period	1,220,412	2,820	1,223,232

(b) On May 7, 2025, the Group exercised a call option to strengthen its home and industrial robot business, acquiring an additional 36.2% interest in Bear Robotics, Inc. and its subsidiaries. As a result, the Group acquired a total of 61.1% ownership in Bear Robotics, Inc. and its subsidiaries, thereby obtaining control. The consideration transferred and the fair value of assets acquired and liabilities assumed are as follows:

<i>(in millions of Korean won)</i>	Amount
Consideration transferred	
Cash and cash equivalents	265,818
Investments in associates ¹	55,841

Recognized amounts of identifiable assets acquired and liabilities assumed

Current assets

Cash and cash equivalents	283,079
Trade receivables ²	3,534
Deposits held by financial institutions	428
Other receivables ²	24
Inventories	7,570
Other assets	9,468

Non-current assets

Deposits held by financial institutions	240
Other receivables ²	859
Deferred tax assets	3,326
Investments in associates	1,059
Property, plant and equipment	13,166
Intangible assets	5,761

Current liabilities

Trade payables	2,880
Borrowings	4,015
Other payables	399
Current tax liabilities	45
Contract liabilities	2,018
Other liabilities	7,405

Non-current liabilities

Lease liabilities	5,657
Provisions	381
Contract liabilities	612

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

<i>(in millions of Korean won)</i>	Amount
Deferred tax liabilities	1,613
Fair value of total identifiable net assets	303,489
Non-controlling interests	117,926
Goodwill³	136,096

¹ In the business combination achieved in stages, the previously held equity interest in the acquiree was remeasured at its fair value at the acquisition date. As a result of remeasuring the previously held interests and the call option exercised at their fair values as of the acquisition date, a gain of ₩10,490 million and a loss of ₩4,359 million were recognized in profit or loss. These amounts were included in other non-operating income and other non-operating expenses, respectively, in the statements of profit or loss.

² The fair value of the above trade receivables and other receivables is the same as the gross contractual amount.

³ Goodwill of ₩136,096 million is assumed from the business combination with Bear Robotics, Inc. as the Group's sales increased thereafter and the goodwill is not included in a deductible expense for taxation purposes.

The direct costs related to the acquisition arising from the business combination amount to ₩7,229 million are expensed as incurred.

The net sales and net loss of Bear Robotics, Inc. and its subsidiaries, which have been included in the consolidated statements of profit or loss from May 7, 2025 (the acquisition date), amount to ₩17,029 million and ₩42,209 million, respectively. If Bear Robotics, Inc. and its subsidiaries had been included in the scope of consolidation from January 1, 2025, net sales and net profit that would have been recorded in the consolidated statements of profit or loss are as follows:

<i>(in millions of Korean won)</i>	Amounts before adjustments	Adjustments	Amounts after adjustments
Net sales	89,200,882	5,365	89,206,247
Net profit (loss) for the period	1,220,412	(19,547)	1,200,865

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(c) On June 5, 2024, the Group acquired 80.0% of shares in Athom Holding B.V. and its subsidiaries for the purposes of acquiring and enhancing its capacity in smart space business. The consideration transferred and the fair value of assets acquired and liabilities assumed are as follows:

<i>(in millions of Korean won)</i>	Amount
Consideration transferred	
Cash and cash equivalents	69,106
Other liabilities ¹	17,251
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	
Cash and cash equivalents	1,967
Trade receivables ²	853
Other receivables ²	118
Inventories	4,400
Other assets	168
Non-current assets	
Property, plant and equipment	186
Intangible assets	10,338
Current liabilities	
Trade payables	106
Other liabilities	565
Provisions	446
Non-current liabilities	
Deferred tax liabilities	2,667
Fair value of total identifiable net assets	14,246
Non-controlling interests	-
Goodwill³	72,111

¹ The Group recognized these liabilities as financial liabilities upon the business combination, in accordance with the contingent agreement to purchase the remaining shares of Athom Holding B.V.

² The fair value of the above trade receivables and other receivables is the same as the gross contractual amount.

³ Goodwill of ₩72,111 million is assumed from the business combination with Athom Holding B.V. as the Group's sales increased thereafter and the goodwill is not included in a deductible expense for taxation purposes.

The direct costs related to the acquisition arising from the business combination amount to ₩2,134 million are expensed as incurred.

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

39. Assets classified as held for sale

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

<i>(in millions of Korean won)</i>	December 31, 2025¹	December 31, 2024
Assets held for sale		
Land	15,291	682
Building	41,009	2,929
Machinery	10,722	-
Other property, plant and equipment	566	7
Total	67,588	3,618

¹ 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 prior to the initial classification, and a related impairment loss of ₩2,901 million was recognized.

(c) Details of other components of equity as held for sale as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2025	December 31, 2024
Exchange differences on translation of foreign operations	1,114	(457)

40. Discontinued operations

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

(a) Details of profits and losses 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>	For the year ended December 31, 2025	For the year ended December 31, 2024
Net sales	-	134
Operating income (loss)	(9,011)	(342,036)
Profit (Loss) before income tax	(10,356)	(380,714)
Income tax expense (benefit)	(2,809)	(98,804)
Loss for the year, net of tax	(7,547)	(281,910)

(b) 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>	For the year ended December 31, 2025	For the year ended December 31, 2024
Net cash flows from operating activities	(180,034)	(106,733)
Net cash flows from investing activities	84	13,472
Net cash flows from financing activities	179,950	93,261

LG Electronics and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

41. Approval of the consolidated financial statements

The consolidated financial statements of the Group were approved by the Board of Directors on January 29, 2026, and are scheduled to be finally approved at the regular general meeting of shareholders to be held on March 23, 2026.