LOTTE Chemical Corporation 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

LOTTE CHEMICAL

Contents

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Shape the future
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Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors
LOTTE Chemical Corporation

Opinion

We have audited the consolidated financial statements of LOTTE Chemical Corporation 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 comprehensive income or loss, 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").

We have also audited the Group's Internal Control over Financial Reporting ("ICFR") as of December 31, 2025 based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 12, 2026 expressed an unqualified opinion thereon.

Basis for opinion

We conducted our audit in accordance with 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 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 matters

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

(1) Impairment tests on cash-generating units ("CGUs") – Olefin segment (Daesan Plant and Yeosu Plant), Aromatic segment, LOTTE Chemical Titan Holding Berhad and its subsidiaries

Considering changes in the external environment that have an unfavorable impact on the Group, such as fluctuating market conditions in the basic chemical industry and increasing interest rates, the Group decided that there is an indication of impairment in CGUs of Olefin segment (Daesan Plant and Yeosu Plant), Aromatic segment and LOTTE Chemical Titan Holding Berhad and its subsidiaries, and conducted impairment tests thereof. As a result of the impairment test conducted for the year ended December 31, 2025, an impairment loss of ₩463,874 million was recognized for the CGU of LC Titan (Notes 13 and 14).

Material assumptions on the expected future cash flows, growth rates and discount rates which are used in measuring the size of property, plant and equipment and right-of-use assets for CGUs of the Olefin segment (Daesan Plant and Yeosu Plant), the Aromatic segment and LC Titan and the recoverable amounts of the CGUs require management's significant assumptions and judgements, thereby being accompanied by uncertainty, and accordingly, the impairment tests on CGUs of the Olefin segment (Daesan Plant and Yeosu Plant), the Aromatic segment and LC Titan have been selected as a key audit matter.

The primary procedures we performed to address this key audit matter are as follows:

- Assess the appropriateness of the valuation models used by management in measuring the recoverable amounts.
- Evaluate the reasonableness of material assumptions, such as discount rates, used by management in measuring the recoverable amounts.
- Assess by comparing the financial forecasts used for impairment tests with the business plans approved by management.
- Review and analyze actual performance for the current year versus estimates of the previous year to follow up with the estimates.
- Evaluate the qualification and independence of external valuation specialists used by management in conducting impairment tests.
- Obtain an understanding of the Group's processes in relation with identifying impairment indications and conducting impairment tests and assess the effectiveness of design and operation of relevant internal controls.

(2) Impairment tests of goodwill of LOTTE Energy Materials Corporation

On March 14, 2023, the Group acquired a 53.3% interest in LOTTE Energy Materials Corporation for ₩2,537,698 million. The Group performs annual impairment tests on the goodwill acquired through the business combination, regardless of any indicators suggesting impairment. As a result of the impairment test conducted for the year ended December 31, 2025, an impairment loss of ₩485,614 million was recognized (Note 16).

We identified the impairment tests on goodwill of LOTTE Energy Materials Corporation as a key audit matter, considering that the book value of the goodwill allocated to CGUs of LOTTE Energy Materials Corporation amounts to ₩801,012 million, which is significant, and the measurement of recoverable amounts of CGUs requires management's significant assumptions and judgements, thereby being accompanied by uncertainty.

The primary procedures we performed to address this key audit matter are as follows:

- Assess the appropriateness of the valuation model used by management in measuring the recoverable amounts.
- Evaluate the reasonableness of material assumptions, such as discount rates, used by management in measuring the recoverable amounts.
- Assess by comparing the financial forecasts used for impairment tests with the business plans approved by management.
- Review and analyze actual performance for the current year versus estimates of the previous year to follow up with the estimates.
- Evaluate the qualification and independence of external valuation specialists used by management in conducting impairment tests.
- Obtain an understanding of the Group's processes in relation with identifying impairment indications and conducting impairment tests and assess the effectiveness of design and operation of relevant internal controls.

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 the 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.

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 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 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management to prepare the consolidated financial statements.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is In Jae Lee.

Ernst & Young Han Young

March 12, 2026

This audit report is effective as of March 12, 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 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.

LOTTE Chemical Corporation and its subsidiaries

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

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

Youngjun Lee
Managing Director
LOTTE Chemical Corporation

LOTTE Chemical Corporation and its subsidiaries
Consolidated statements of financial position
as of December 31, 2025 and 2024

	Notes		Korean won (in thousands) December 31, 2025		December 31, 2024
Assets					
Current assets:					
Cash and cash equivalents	4,31	₩	1,870,312,011	₩	2,111,786,095
Short-term financial instruments	5,31		824,440,281		1,319,619,313
Financial assets at fair value through profit or loss (“FVPL”)	6,31,32,33		17,547,902		39,805,336
Trade and other accounts receivable	7,31,34,38		1,865,049,213		2,174,113,828
Inventories, net	8		2,910,029,951		2,818,404,313
Finance leases receivable	9,31		2,907,367		1,795,900
Current tax assets			65,553,175		93,081,861
Other financial assets	6,31,32,33		95,364,562		61,671,855
Other current assets	10		343,276,061		359,211,979
Non-current assets held for sale	12		-		3,911,415
			7,994,480,523		8,983,401,895
Non-current assets:					
Long-term financial instruments	5,31		78,833,396		78,549,326
Non-current financial assets at FVPL	6,31,32,33		109,509,013		102,763,160
Non-current financial assets at fair value through other comprehensive income (“FVOCI”)	6,31,33		24,726,819		366,892,800
Non-current finance leases receivable	9,31		15,919,455		8,183,148
Investments in associates	11,36		1,602,981,407		1,782,829,486
Investments in joint ventures	11,36,37		2,176,070,024		2,071,392,957
Property, plant and equipment, net	13		14,585,075,826		16,084,512,269
Right-of-use assets	14		384,642,170		464,397,165
Investment properties	15		56,039,415		56,160,312
Intangible assets, net	16		2,645,192,066		3,314,146,550
Other non-current financial assets	6,31,32,33		385,355,805		305,660,660
Other non-current assets	10,19		245,470,023		210,007,561
Deferred tax assets	28		813,037,108		723,433,086
			23,122,852,527		25,568,928,480
Total assets		₩	31,117,333,050	₩	34,552,330,375

LOTTE Chemical Corporation and its subsidiaries
Consolidated statements of financial position, Continued
as of December 31, 2025 and 2024

	Notes		Korean won (in thousands) December 31, 2025		December 31, 2024
Liabilities					
Current liabilities:					
Trade and other accounts payable	17,31,34	₩	1,693,693,042	₩	1,643,612,683
Financial liabilities at FVPL	6,31,32,33		254,046,728		2,458
Short-term borrowings and current portion of bonds payable	18,31,35,36		4,442,331,827		5,274,174,786
Current lease liabilities	14,31,35		54,377,938		61,846,327
Income taxes payable			16,402,123		36,402,141
Other financial liabilities	6,31,32,33,34		932,815,916		1,224,943,193
Other current liabilities	20,38		265,113,411		252,911,228
Current provisions	21		14,857,344		8,449,923
			7,673,638,329		8,502,342,739
Non-current liabilities:					
Long-term borrowings and bonds payable	18,31,35,36		4,957,055,835		5,131,249,863
Non-current lease liabilities	14,31,35		160,690,556		196,882,406
Defined benefit liabilities, net	19		25,907,278		38,262,569
Deferred tax liabilities	28		337,434,661		410,811,801
Other non-current financial liabilities	6,31,32,33,34		11,960,861		8,401,790
Other non-current liabilities	19,20		203,925,264		147,289,903
Non-current provisions	21		118,291,798		129,144,541
			5,815,266,253		6,062,042,873
Total liabilities			13,488,904,582		14,564,385,612
Equity					
Equity attributable to the owners of the Parent Company:					
Issued capital	22		213,877,095		213,877,095
Other paid-in capital	22		2,085,907,309		1,730,354,017
Retained earnings	23		9,043,906,535		11,062,434,421
Other components of equity	22		1,241,185,980		1,345,656,607
			12,584,876,919		14,352,322,140
Non-controlling interests	1		5,043,551,549		5,635,622,623
Total equity			17,628,428,468		19,987,944,763
Total liabilities and equity		₩	31,117,333,050	₩	34,552,330,375

The accompanying notes are an integral part of the consolidated financial statements.

LOTTE Chemical Corporation and its subsidiaries
Consolidated statements of comprehensive income or loss
for each of the two years in the period ended December 31, 2025

	Notes		Korean won (in thousands, except for earnings per share) 2025		2024
Sales	3,34	₩	18,483,005,315	₩	19,894,809,600
Cost of sales	29,34		(18,220,986,405)		(19,590,280,514)
Gross Profit			262,018,910		304,529,086
Selling, general and administrative expenses	25,29,34		(1,205,134,640)		(1,219,064,402)
Operating Loss	3		(943,115,730)		(914,535,316)
Finance income	3,26,32		288,570,406		439,735,452
Finance expenses	3,26,32		(866,366,263)		(800,430,403)
Share of losses in associates and joint ventures	3,11		(104,720,867)		(120,810,585)
Other non-operating income	3,27		325,311,742		478,525,931
Other non-operating expenses	3,27		(1,425,409,778)		(1,375,809,442)
Effect of KIFRS 1029	3		15,690,200		14,059,909
Loss before income tax	3		(2,710,040,290)		(2,279,264,454)
Income tax effects	28		226,559,965		440,779,651
Loss for the year from continuing operations			(2,483,480,325)		(1,838,484,803)
Profit after tax for the year from discontinued operations			7,303,999		12,929,051
Loss for the year			(2,476,176,326)		(1,825,555,752)
Other comprehensive income (loss)					
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	19,23		25,159,640		(23,780,753)
Gain (loss) on valuation of financial assets at FVOCI	6,22		(53,409,412)		86,474,166
Share of changes in retained earnings of equity-method investments	11,23		369,040		6,003,255
Gain (loss) on translation of foreign operations			(37,324,328)		424,009,903
Share of changes in net assets of equity-method investments	11,22		(3,929,432)		(637,813)
			(69,134,492)		492,068,758
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Gain on valuation of derivative financial instruments	22,32		8,711,052		6,740,996
Gain on translation of foreign operations	22		8,351,431		724,364,463
Share of changes in net assets of equity-method investments	11,22		(32,662,817)		85,630,008
			(15,600,334)		816,735,467
Other comprehensive income (loss), net of tax			(84,734,826)		1,308,804,225
Total comprehensive loss for the year		₩	(2,560,911,152)	₩	(516,751,527)

LOTTE Chemical Corporation and its subsidiaries
Consolidated statements of comprehensive income or loss, Continued
for each of the two years in the period ended December 31, 2025

	Notes		2025		2024
			Korean won (in thousands, except for earnings per share)		
Loss attributable to:					
Owners of the Parent Company		₩	(2,037,135,124)	₩	(1,710,507,346)
Loss for the year from continuing operations			(2,042,613,854)		(1,720,205,427)
Profit for the year from discontinued operations			5,478,730		9,698,081
Non-controlling interests			(439,041,202)		(115,048,406)
Loss for the year from continuing operations			(440,866,471)		(118,279,376)
Profit for the year from discontinued operations			1,825,269		3,230,970
Total comprehensive loss attributable to:					
Owners of the Parent Company			(2,085,212,531)		(824,447,929)
Non-controlling interests			(475,698,622)		307,696,402
Losses per share (in Korean won)					
Basic and diluted losses per share	30	₩	(48,311)	₩	(40,565)
Basic and diluted losses per share from continuing operations	30		(48,441)		(40,795)
Basic and diluted earning per share from discontinued operations	12		130		230

The accompanying notes are an integral part of the consolidated financial statements.

LOTTE Chemical Corporation and its subsidiaries
Consolidated statements of changes in equity
for each of the two years in the period ended December 31, 2025

	Korean won (in thousands)					
	Attributable to the owners of the Parent Company					
	Issued capital	Other paid-in capital	Retained earnings	Other components of equity	Non-controlling interests	Total equity
Balance as of January 1, 2024	₩ 213,877,095	₩ 1,942,926,816	₩ 12,964,760,829	₩ 421,562,210	₩ 4,689,413,630	₩ 20,232,540,580
Dividends	-	-	(189,784,712)	-	(35,621,572)	(225,406,284)
Total comprehensive income (loss) for the year:						
Loss for the year	-	-	(1,710,507,346)	-	(115,048,406)	(1,825,555,752)
Remeasurement loss on defined benefit plans	-	-	(19,635,387)	-	(4,145,366)	(23,780,753)
Share of changes in retained earnings of equity-method investments	-	-	6,211,737	-	(208,482)	6,003,255
Gain on valuation of financial assets at FVOCI	-	-	-	84,149,472	2,324,694	86,474,166
Share of changes in net assets of equity-method investments	-	-	-	84,974,508	17,687	84,992,195
Gain on valuation of derivative financial instruments	-	-	-	5,994,624	746,372	6,740,996
Gain on translation of foreign operations	-	-	-	724,364,463	424,009,903	1,148,374,366
	-	-	(1,723,930,996)	899,483,067	307,696,402	(516,751,527)
Issuance of new shares by subsidiaries	-	(4,390)	-	-	703,417,956	703,413,566
Equity transactions within the Group	-	(212,568,409)	-	-	(29,283,793)	(241,852,202)
Effect of KIFRS 1029	-	-	11,389,300	24,611,330	-	36,000,630
Balance as of December 31, 2024	₩ 213,877,095	₩ 1,730,354,017	₩ 11,062,434,421	₩ 1,345,656,607	₩ 5,635,622,623	₩ 19,987,944,763

LOTTE Chemical Corporation and its subsidiaries
Consolidated statements of changes in equity, Continued
For each of the two years in the period ended December 31, 2025

	Korean won (in thousands)					
	Attributable to the owners of the Parent Company					
	Issued capital	**Other paid-in capital**	**Retained earnings**	**Other components of equity**	**Non-controlling interests**	**Total equity**
Balance as of January 1, 2025	₩ 213,877,095	₩ 1,730,354,017	₩ 11,062,434,421	₩ 1,345,656,607	₩ 5,635,622,623	₩ 19,987,944,763
Dividends	-	-	(63,250,721)	-	(19,945,800)	(83,196,521)
Total comprehensive loss for the year:						
Loss for the year	-	-	(2,037,135,124)	-	(439,041,202)	(2,476,176,326)
Remeasurement loss on defined benefit plans	-	-	24,622,271	-	537,369	25,159,640
Share of changes in retained earnings of equity-method investments	-	-	431,854	-	(62,816)	369,038
Loss on valuation of financial assets at FVOCI	-	-	-	(52,772,865)	(636,547)	(53,409,412)
Share of changes in net assets of equity-method investments	-	-	-	(36,588,446)	(3,803)	(36,592,249)
Gain on valuation of derivative financial instruments	-	-	-	7,878,347	832,705	8,711,052
Gain (loss) on translation of foreign operations	-	-	15,028,006	(6,676,575)	(37,324,327)	(28,972,896)
	-	-	(1,997,052,993)	(88,159,539)	(475,698,621)	(2,560,911,153)
Changes in consolidation scope	-	-	-	-	(233,737,198)	(233,737,198)
Issuance of new shares by subsidiaries	-	(750)	-	-	174,681,842	174,681,092
Transfer to other comprehensive income not subsequently reclassified to profit or loss	-	-	33,133,562	(33,133,562)	-	-
Equity transactions within the Group	-	355,554,042	-	-	(37,371,297)	318,182,745
Effect of KIFRS 1029	-	-	8,642,265	16,822,474	-	25,464,739
Balance as of December 31, 2025	₩ 213,877,095	₩ 2,085,907,309	₩ 9,043,906,534	₩ 1,241,185,980	₩ 5,043,551,549	₩ 17,628,428,467

The accompanying notes are an integral part of the consolidated financial statements.

LOTTE Chemical Corporation and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2025

		Korean won (in thousands)		
		2025		**2024**
Operating activities				
Loss for the year	₩	(2,476,176,326)	₩	(1,825,555,752)
Adjustments		2,878,514,878		2,391,566,501
Changes in working capital		73,141,932		1,029,039,959
Income taxes paid		13,447,279		(52,657,033)
Net cash flows provided by operating activities		**488,927,763**		**1,542,393,675**
Investing activities				
Cash inflows from investing activities:				
Disposal of short-term financial instruments		1,307,195,295		339,938,413
Disposal of other financial assets		130,952,840		321,180,699
Disposal of financial assets at FVPL		2,226,211		118,843,125
Disposal of long-term financial instruments		12,250,444		9,500
Disposal of financial assets at FVOCI		274,132,621		-
Disposal of investments in associates and joint ventures		-		3,000,000
Disposal of property, plant and equipment		41,767,296		13,975,353
Disposal of intangible assets		2,035,360		159,091
Cash inflows from other investing activities		11,682,538		80,558,718
Interest received		137,864,791		178,173,248
Dividends received		186,140,419		150,645,312
Settlement of derivative transactions		137,279		641,195
Cash inflows from changes in consolidated companies		47,316,098		-
		2,153,701,192		1,207,124,654
Cash outflows from investing activities:				
Acquisition of short-term financial instruments		(788,445,945)		(466,715,497)
Acquisition of other financial instruments		(144,818,121)		(201,372,518)
Acquisition of derivative financial assets		(46,402,609)		(8,274,682)
Acquisition of financial assets at FVPL		(1,628,539)		(9,115,157)
Acquisition of long-term financial instruments		(27,103,428)		(17,037,079)
Acquisition of property, plant and equipment		(1,621,295,036)		(2,238,079,631)
Acquisition of intangible assets		(13,315,531)		(17,027,274)
Acquisition of investments in associates and joint ventures		(57,152,047)		(197,267,681)
Cash outflows from other investing activities		-		(442,273)
Settlement of derivative transactions		(34,567,820)		-
		(2,734,729,076)		(3,155,331,792)
Net cash flows used in investing activities		**(581,027,884)**		**(1,948,207,138)**
Financing activities				
Cash inflows from financing activities:				
Increase in borrowings		6,979,209,184		5,090,823,233
Settlement of derivative transactions		528,531		-
Issuance of new shares by subsidiaries		-		703,413,566
Increase in rental deposit		1,977,836		1,423,802
Receipt of financial guarantee profits		1,841,391		1,267,375
Changes in ownership interests in subsidiaries		656,435,000		-
	₩	7,639,991,942	₩	5,796,927,976

LOTTE Chemical Corporation and its subsidiaries
Consolidated statements of cash flows, Continued
for each of the two years in the period ended December 31, 2025

	Korean won (in thousands)			
		2025		**2024**
Cash outflows from financing activities:				
Repayment of borrowings	₩	(6,243,066,067)	₩	(4,626,535,768)
Repayment of bonds		(965,000,000)		(335,000,000)
Repayment of lease liabilities		(58,115,357)		(52,972,424)
Interest paid		(418,142,627)		(448,938,495)
Decrease in rental deposit		(2,470,150)		(1,530,016)
Dividends paid		(83,196,521)		(225,406,283)
Repayment of current bonds with warrant		-		(52,215,572)
Cash outflows from consolidated capital transactions		-		(241,852,202)
Payment of financial guarantee fees		(18,845,731)		-
		(7,788,836,453)		(5,984,450,760)
Net cash flows used in financing activities		**(148,844,511)**		**(187,522,784)**
Net decrease in cash and cash equivalents		**(240,944,632)**		**(593,336,247)**
Cash and cash equivalents as of January 1		**2,111,786,095**		**2,701,527,699**
Net foreign exchange differences, etc.		**(529,452)**		**3,594,643**
Cash and cash equivalents as of December 31	₩	**1,870,312,011**	₩	**2,111,786,095**

The accompanying notes are an integral part of the consolidated financial statements.

1. Corporate information

1.1 Company

LOTTE Chemical Corporation (the “Parent Company” or “Company”) was incorporated on March 16, 1976 to engage in manufacturing and distributing a range of petrochemical products. The Company’s plants are located in petrochemical complexes in Yeosu, Daesan and Ulsan. The Company is headquartered in Seoul and its branch offices are located in Busan, Daegu and Daejeon for sales of its petrochemical products. The Company’s shares have been listed on the KOSPI Market of the Korea Exchange (formerly, the Korea Stock Exchange) since May 30, 1991.

The Company acquired LOTTE Daesan Co., Ltd. on January 1, 2009 and KP Chemical Corp. on December 27, 2012, and changed its name to its current one from Honam Petrochemical Corp. In addition, the Company acquired LOTTE Advanced Materials Co., Ltd. on January 1, 2020. The Company completed the paid-in capital increase on February 1, 2023, and the total number of common stocks issued as of December 31, 2025 is 42,775,419.

The major shareholders of the Company as of December 31, 2025 are as follows:

Shareholders	Number of shares (in shares)	Equity ownership (%)
LOTTE Corporation	10,826,458	25.31
LOTTE Property & Development	8,555,084	20.00
LOTTE Holdings Co., Ltd.	3,932,514	9.19
Treasury shares	608,272	1.42
Others	18,853,091	44.08
	42,775,419	100.00

1. Corporate information (cont'd)

1.2 Consolidated subsidiaries

(1) Details of the Company and its subsidiaries (collectively, the "Group") included in the consolidation scope in accordance with KIFRS 1110 *Consolidated Financial statements* as of December 31, 2025 and 2024 are as follows:

Subsidiaries	Year-end	Principal business activities	Equity ownership (%) Dec, 31, 2025	Equity ownership (%) Dec. 31, 2024	Country of domicile
LOTTE Chemical Trading (Shanghai) Corp.	December 31	Wholesale	100.00	100.00	China
LOTTE Chemical Engineering Plastics (Jiaxing) Co., Ltd.	December 31	Chemical production	100.00	100.00	China
LOTTE Chemical Titan Holding Berhad and its subsidiaries	December 31	Chemical production	75.86	75.86	Malaysia and others
LOTTE Engineering Plastics Co., Ltd.	December 31	Chemical production	100.00	100.00	Korea
LOTTE Chemical Alabama Corp.	December 31	Chemical production	100.00	100.00	United States
LOTTE Chemical Pakistan Limited (*1)	December 31	Chemical production	-	75.01	Pakistan
LOTTE Chemical USA Corp. and its subsidiaries	December 31	Chemical production	90.34	90.34	United States
LOTTE Chemical Engineering Plastic (Shenyang) Co., Ltd.	December 31	Chemical production	100.00	100.00	China
LOTTE Chemical Nigeria Limited	September 30	Wholesale	100.00	100.00	Nigeria
LOTTE Chemical Innovation Fund No.1 (*2)	December 31	Investment	98.00	98.00	Korea
LOTTE Chemical Deutschland GMBH	December 31	Wholesale	100.00	100.00	Germany
LOTTE Chemical California, Inc.	December 31	Wholesale	100.00	100.00	United States
LOTTE Chemical Mexico S.A. de C.V. (*3)	December 31	Chemical production	100.00	100.00	Mexico
LOTTE Chemical (Thailand) Co., Ltd.	December 31	Wholesale	59.44	59.44	Thailand
LOTTE Chemical Engineering Plastics (Tianjin) Co., Ltd.	December 31	Chemical production	100.00	100.00	China
LOTTE Chemical Hungary Ltd.	December 31	Chemical production	100.00	100.00	Hungary
LOTTE Chemical Engineering Plastics (Dongguan) Co., Ltd.	December 31	Chemical production	100.00	100.00	China
LOTTE Chemical Japan Co., Ltd.	December 31	Wholesale	100.00	100.00	Japan
LOTTE Chemical Vietnam Co., Ltd.	December 31	Chemical production	100.00	100.00	Vietnam
LOTTE Chemical Engineering Plastics (Haryana) Pvt. Ltd.	March 31	Chemical production	100.00	100.00	India
LOTTE Chemical Turkey Surface Designs Industry and Trade and its subsidiaries	December 31	Chemical production	97.53	97.53	Türkiye
LOTTE GS Chemical Corporation (*4)	December 31	Chemical production	-	51.00	Korea
PT LOTTE Chemical Engineering Plastics Indonesia	December 31	Chemical production	99.96	99.96	Indonesia
LOTTE Chemical Innovation Fund No.2 (*2)	December 31	Investment	86.22	86.22	Korea
LOTTE Chemical ESG Fund (*2)	December 31	Investment	99.00	99.00	Korea
LOTTE Fine Chemical Co., Ltd. and its subsidiaries (*5)	December 31	Chemical production	44.06	44.06	Korea and others
LOTTE Battery Materials USA Corporation and its subsidiaries	December 31	Battery production	100.00	100.00	United States
LOTTE Energy Materials Corporation and its subsidiaries (*5,*6)	December 31	Battery production	46.94	53.30	Korea and others

(*1) For the year ended December 31, 2025, the Group disposed of its entire equity interest.
(*2) The Group shall present non-controlling interests in the consolidated statements of financial position within liabilities, separately from the equity of the owners of the Parent Company. Some puttable financial instruments or some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation are not accounted for as the residual equity in the consolidated financial statements, therefore, the non-controlling interests are classified as financial liabilities in the consolidated financial statements.
(*3) It is a subsidiary of LOTTE Chemical California, Inc.
(*4) For the year ended December 31, 2025, the Group disposed of a 1% equity interest, and as a result of amendments to the shareholders' agreement, the investee was reclassified from investments in subsidiaries to investments in joint ventures (see Note 11-2).
(*5) It was incorporated as a subsidiary, judging that although the Group had less than a majority of voting rights, it has significantly more voting rights than other voting rights holders or organized groups of voting rights holders, and other shareholders were widely dispersed.

1. Corporate information (cont'd)

(*6) Pursuant to an in-kind contribution agreement between the Company and STIC Special Situation Win Limited (hereinafter referred to as "STIC"), for the year ended December 31, 2025, LOTTE Energy Materials Corporation received 33,427,877 common shares of LOTTE EM Global Corporation held by STIC as consideration and issued 6,254,628 common shares and perpetual bonds with warrants (with a book value of ₩150,000 million). As a result, the Group's ownership interest decreased from 53.30% to 46.94%.

(2) No subsidiaries were newly included in the consolidation, while the subsidiaries excluded from the consolidation for the year ended December 31, 2025 are as follows:

	Subsidiaries	Reason
Exclusion	LOTTE Chemical Pakistan Limited	Disposal
Exclusion	LOTTE GS Chemical Corporation	Reclassification to joint venture

(3) The summarized financial information on major subsidiaries as of and for the years ended December 31, 2025 and 2024 is as follows (Korean won in thousands):

	December 31, 2025				
	Current assets:	Non-current assets:	Current liabilities:	Non-current liabilities:	Net assets
LOTTE Chemical Titan Holding Berhad and its subsidiaries	₩ 1,502,818,941	₩ 6,260,457,100	₩ 1,337,586,167	₩ 3,196,186,283	₩ 3,229,503,591
LOTTE Engineering Plastics Co., Ltd.	55,714,390	295,871,045	26,816,374	81,860,848	242,908,213
LOTTE Chemical Alabama Corp.	60,717,397	21,732,021	22,072,952	1,741,035	58,635,431
LOTTE Chemical Pakistan Limited	-	-	-	-	-
LOTTE Chemical USA Corp. and its subsidiaries	241,183,133	2,618,256,848	453,591,977	40,711,667	2,365,136,337
LOTTE Chemical California, Inc	118,868,847	31,543,821	80,450,584	3,087,287	66,874,797
LOTTE Chemical Hungary Ltd.	131,831,676	76,835,686	67,104,362	17,272	141,545,728
LOTTE Chemical Engineering Plastics (Dongguan) Co., Ltd.	49,789,474	29,314,195	8,654,603	17,397,011	53,052,055
LOTTE Chemical Vietnam Co., Ltd.	66,070,339	18,181,476	23,597,940	-	60,653,875
LOTTE Chemical Turkey Surface Designs Industry and Trade and its subsidiaries	52,733,660	80,346,477	33,385,687	64,146,649	35,547,801
LOTTE GS Chemical Corporation	-	-	-	-	-
PT LOTTE Chemical Engineering Plastics Indonesia	63,077,447	30,594,359	41,226,433	993,464	51,451,909
LOTTE Fine Chemical Co., Ltd. and its subsidiaries	1,060,908,595	1,685,259,820	249,647,773	60,783,535	2,435,737,107
LOTTE Battery Materials USA Corp. and its subsidiaries	36,051,695	596,741,517	13,968,248	258,090,680	360,734,284
LOTTE Energy Materials Corporation and its subsidiaries	958,897,587	1,249,783,000	202,276,053	212,939,607	1,793,464,927

	December 31, 2024				
	Current assets:	Non-current assets:	Current liabilities:	Non-current liabilities:	Net assets
LOTTE Chemical Titan Holding Berhad and its subsidiaries	₩ 1,045,777,172	₩ 6,680,110,655	₩ 621,172,431	₩ 2,837,526,716	₩ 4,267,188,680
LOTTE Engineering Plastics Co., Ltd.	85,858,561	182,136,369	31,594,654	1,297,165	235,103,111
LOTTE Chemical Alabama Corp.	69,905,879	24,571,927	23,524,554	16,744,568	54,208,684
LOTTE Chemical Pakistan Limited	174,088,335	47,887,844	100,872,813	2,759,487	118,343,879
LOTTE Chemical USA Corp. and its subsidiaries	233,551,334	2,730,173,542	386,660,692	42,923,240	2,534,140,944
LOTTE Chemical California, Inc	163,195,908	24,312,510	121,745,036	3,764,082	61,999,300
LOTTE Chemical Hungary Ltd.	138,870,432	67,541,142	80,474,895	-	125,936,679
LOTTE Chemical Engineering Plastics (Dongguan) Co., Ltd.	44,485,931	34,970,296	8,348,652	18,564,390	52,543,185
LOTTE Chemical Vietnam Co., Ltd.	84,136,834	21,602,081	44,628,108	-	61,110,807
LOTTE Chemical Turkey Surface Designs Industry and Trade and its subsidiaries	49,343,100	86,919,304	45,090,433	41,032,569	50,139,402
LOTTE GS Chemical Corporation	93,968,938	1,065,633,763	203,547,996	515,084,148	440,970,557
PT LOTTE Chemical Engineering Plastics Indonesia	60,256,666	35,719,553	43,621,448	1,269,554	51,085,217
LOTTE Fine Chemical Co., Ltd. and its subsidiaries	1,045,870,951	1,667,979,716	177,757,082	167,406,912	2,368,686,673
LOTTE Battery Materials USA Corp. and its subsidiaries	42,607,534	543,082,427	23,264,594	146,756,762	415,668,605
LOTTE Energy Materials Corporation and its subsidiaries	1,031,452,428	1,250,570,631	117,640,879	262,425,973	1,901,956,207

1. Corporate information (cont'd)

	2025		
	Sales	Profit (loss) for The year	Total comprehensive income (loss) for the year
LOTTE Chemical Titan Holding Berhad and its subsidiaries	₩ 2,646,705,604	₩ (930,020,959)	₩ (1,037,685,090)
LOTTE Engineering Plastics Co., Ltd.	200,477,634	3,340,737	3,151,029
LOTTE Chemical Alabama Corp.	126,989,134	5,670,563	4,426,749
LOTTE Chemical Pakistan Limited	-	7,319,890	(118,343,879)
LOTTE Chemical USA Corp. and its subsidiaries	592,675,716	(107,536,767)	(169,004,606)
LOTTE Chemical California, Inc	342,997,004	10,566,382	9,142,157
LOTTE Chemical Hungary Ltd.	288,111,205	2,551,978	15,609,049
LOTTE Chemical Engineering Plastics (Dongguan) Co., Ltd.	125,628,794	5,544,888	6,442,270
LOTTE Chemical Vietnam Co., Ltd.	181,534,259	12,610,299	9,321,873
LOTTE Chemical Turkey Surface Designs Industry and Trade and its subsidiaries	82,205,692	(18,164,006)	(14,591,601)
LOTTE GS Chemical Corporation	440,236,826	(25,513,766)	(25,414,525)
PT LOTTE Chemical Engineering Plastics Indonesia	65,203,557	3,486,496	366,693
LOTTE Fine Chemical Co., Ltd. and its subsidiaries	1,752,682,648	106,092,942	102,708,434
LOTTE Battery Materials USA Corp. and its subsidiaries	-	(16,167,033)	(26,489,920)
LOTTE Energy Materials Corporation and its subsidiaries	677,530,807	(167,150,052)	(108,280,928)

	2024		
	Sales	Profit (loss) for The year	Total comprehensive income (loss) for the year
LOTTE Chemical Titan Holding Berhad and its subsidiaries	₩ 2,216,427,688	₩ (397,283,947)	₩ 104,803,003
LOTTE Engineering Plastics Co., Ltd.	207,067,930	12,091,911	11,913,642
LOTTE Chemical Alabama Corp.	123,233,646	6,935,317	13,216,030
LOTTE Chemical Pakistan Limited	535,565,965	12,948,120	28,878,658
LOTTE Chemical USA Corp. and its subsidiaries	589,805,883	(147,877,897)	135,970,460
LOTTE Chemical California, Inc	401,396,656	9,672,891	16,761,051
LOTTE Chemical Hungary Ltd.	271,461,970	18,731,561	26,530,457
LOTTE Chemical Engineering Plastics (Dongguan) Co., Ltd.	135,840,464	4,638,124	9,914,575
LOTTE Chemical Vietnam Co., Ltd.	169,891,783	11,520,274	16,199,138
LOTTE Chemical Turkey Surface Designs Industry and Trade and its subsidiaries	97,197,001	(14,761,847)	4,443,428
LOTTE GS Chemical Corporation	306,504,041	30,112,728	29,589,087
PT LOTTE Chemical Engineering Plastics Indonesia	60,473,791	1,047,824	5,223,101
LOTTE Fine Chemical Co., Ltd. and its subsidiaries	1,670,545,190	36,380,502	36,421,024
LOTTE Battery Materials USA Corp. and its subsidiaries	-	(9,450,540)	35,526,268
LOTTE Energy Materials Corporation and its subsidiaries	902,252,020	28,798,408	187,197,897

(4) Details of non-controlling interests in subsidiaries as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025					
	LOTTE Chemical Titan Holding Berhad and its subsidiaries	LOTTE Chemical Pakistan Limited	LOTTE Chemical USA Corp. and its subsidiaries	LOTTE GS Chemical Corporation	LOTTE Fine Chemical Co., Ltd. and its subsidiaries	LOTTE Energy Materials Corporation and its subsidiaries (*1)
Equity interest (%)	24.14	24.99	9.66	49.00	55.94	53.06
Current assets	₩ 1,502,818,941	₩ -	₩ 241,183,133	₩ -	₩ 1,060,908,595	₩ 958,897,587
Non-current assets	6,260,457,100	-	2,618,256,848	-	1,685,259,820	1,249,783,000
Current liabilities	1,337,586,167	-	453,591,977	-	249,647,773	202,276,053
Non-current liabilities	3,196,186,283	-	40,711,667	-	60,783,535	212,939,607
Net assets	3,229,503,591	-	2,365,136,337	-	2,435,737,107	1,793,464,927
Non-controlling interests	915,950,659	-	810,995,556	-	1,776,888,792	1,425,361,703
Dividends paid to non-controlling interests	-	-	-	-	19,945,800	-
Sales	2,646,705,604	-	592,675,716	440,236,826	1,752,682,648	677,530,807
Net income (loss)	(930,020,959)	7,319,890	(107,536,767)	(25,513,766)	106,092,942	(167,150,052)
Total comprehensive income (loss)	(1,037,685,090)	(118,343,879)	(169,004,606)	(25,414,525)	102,708,434	(108,280,928)
Net income (loss) attributable to non-controlling interests	(284,550,304)	1,825,269	(65,792,852)	(12,352,623)	30,683,573	(104,763,564)
Total comprehensive income (loss) attributable to non-controlling interests	(328,099,373)	428,623	(87,841,465)	(12,303,996)	28,959,457	(70,359,818)
Cash flow from operating activities	(417,376,075)	(17,667,321)	64,773,359	(36,833,998)	257,903,304	(12,852,311)
Cash flow from investing activities	(496,254,215)	(28,935,036)	(109,664,872)	(111,508,805)	(308,431,903)	(365,862,603)
Cash flow from financing activities	1,000,934,181	(2,224,683)	45,731,140	107,283,753	(76,509,443)	40,992,458
Net foreign exchange differences	(4,348,148)	-	(2,322,462)	-	599,351	24,157,480
Net increase in cash and cash equivalents	82,955,743	(48,827,040)	(1,482,835)	(41,059,050)	(126,438,691)	(313,564,976)

1. Corporate information (cont'd)

(*1) Details of hybrid bond issued by LOTTE Energy Materials Corporation, a subsidiary of the Company, as of December 31, 2025, is as follows (Korean won in thousands):

Hybrid Bond	Description
Investor	STIC Special Situation Win Limited
Face value	150,000,000
Title	Bearer type non-guaranteed non-separable, capital-recognized perpetual private placement bonds with warrant
Maturity	February 25, 2055 (However, unless the bonds are redeemed, the maturity of the bonds will be automatically extended on the maturity date under the same issuance conditions, and each extension will be for 20 years)
Interest payment method	Every three months from the day following the date of issuance of the convertible bonds to the principal repayment date, calculated at 1/4 of the face interest rate. However, the company may, at its option, defer payment of all or part of the interest on the convertible bonds until the next interest payment date without limitation on the number of times.
Warrant ratio	100% of the face value of the bond
Warrant value (Korean won / share)	28,612
Event period	From February 25, 2026 to February 25, 2055
Warrant value adjustment	In the case of issuing stocks through paid-in capital increase, bonus issue, stock dividends, capital transfer of reserves, etc., or issuing convertible bonds or bonds with warrants at a conversion price or exercise price lower than the previous conversion price When necessary due to merger, capital reduction, stock split or merger In the event of an increase in the value of the stock, such as capital reduction or stock consolidation
Type of shares issued by event	LOTTE Energy Materials Corporation's common stock
The right to early redemption	Not granted
Issuer's exercise of redemption right	The issuer may redeem all or part of the bonds on the sixth anniversary of the day following the issue date or on any interest payment date thereafter. If the issuer exercises its early redemption option, the issuer shall redeem the principal of all or part of the bonds by paying the face value and all unpaid interest accrued on such face value, without any discount or premium. All unpaid interest must be paid in full upon such redemption.

	December 31, 2024					
	LOTTE Chemical Titan Holding Berhad and its subsidiaries	LOTTE Chemical Pakistan Limited	LOTTE Chemical USA Corp. and its subsidiaries	LOTTE GS Chemical Corporation	LOTTE Fine Chemical Co., Ltd. and its subsidiaries	LOTTE Energy Materials Corporation and its subsidiaries
Equity interest (%)	24.14	24.99	9.66	49.00	55.94	46.70
Current assets	₩ 1,045,777,172	₩ 174,088,335	₩ 233,551,334	₩ 93,968,938	₩ 1,045,870,951	₩ 1,031,452,428
Non-current assets	6,680,110,655	47,887,844	2,730,173,542	1,065,633,763	1,667,979,716	1,250,570,631
Current liabilities	621,172,431	100,872,813	386,660,692	203,547,996	177,757,082	117,640,879
Non-current liabilities	2,837,526,716	2,759,487	42,923,240	515,084,148	167,406,912	262,425,973
Net assets	4,267,188,680	118,343,879	2,534,140,944	440,970,557	2,368,686,673	1,901,956,207
Non-controlling interests	781,988,626	29,686,119	898,837,020	215,926,451	1,767,875,136	1,820,472,382
Dividends paid to non-controlling interests	-	2,821,107	-	-	28,494,000	4,306,465
Sales	2,216,427,688	535,565,965	589,805,883	306,504,041	1,670,545,190	902,252,020
Net income (loss)	(397,283,947)	12,948,120	(147,877,897)	30,112,728	36,380,502	28,798,408
Total comprehensive income (loss)	104,803,003	28,878,658	135,970,460	29,589,087	36,421,024	187,197,897
Net income (loss) attributable to non-controlling interests	(94,453,228)	3,230,970	(17,418,177)	14,659,078	(6,253,763)	(12,626,377)
Total comprehensive income (loss) attributable to non-controlling interests	108,370,059	7,251,876	730,104,782	14,402,493	(6,222,570)	110,221,776
Cash flow from operating activities	(160,163,472)	37,920,350	49,047,774	62,397,461	97,418,453	82,043,458
Cash flow from investing activities	(771,454,903)	(2,699,401)	(50,660,170)	(241,471,248)	(174,127,215)	117,522,955
Cash flow from financing activities	965,531,115	(18,163,445)	31,041,838	190,875,988	(86,590,131)	(360,716,630)
Net foreign exchange differences	(37,786,567)	5,416,987	10,379,128	5,752	887,997	27,785,262
Net increase in cash and cash equivalents	(3,873,827)	22,474,491	39,808,570	11,807,953	(162,410,896)	(133,364,955)

1. Corporate information (cont'd)

(5) Changes in equity ownership in subsidiaries for the year ended December 31, 2025 are as follows (Korean won in thousands):

		2025	
		Equity ownership	
		before change (%)	after change (%)
LOTTE Energy Materials Corporation and its subsidiaries	Changes in ownership interests	53.30	46.94

2. Basis of preparation and summary of material accounting policies

2.1 Basis of preparation

The Company and its subsidiaries (collectively, the "Group") have prepared statutory consolidated financial statements in accordance with Korean International Financial Reporting Standards (KIFRS) enacted by the Act on External Audit of Stock Companies. The accompanying consolidated financial statements have been 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 report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

Material accounting policies used for the preparation of the consolidated financial statements are stated below. Except for the new and amended standards and interpretations effective, these accounting policies have been applied consistently for the current and the comparative periods.

The consolidated financial statements have been prepared on a historical cost basis, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained below. Historical cost is generally measured at the fair value of the consideration given.

(1) The following new standards and amendments to KIFRS have been applied in the current year. The nature and the impact of each new standard or amendment are described below:

Amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates - Lack of exchangeability*

For annual reporting periods beginning on or after January 1, 2025, the amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments have no material impact on the Group's consolidated financial statements.

Amendments to KIFRS 1117 *Insurance Contracts - Disclosure of Methods for Estimating Inputs Used to Measure Insurance Contract*

The amendments to KIFRS 1117 *Insurance Contracts*, effective for annual reporting periods ending on or after December 31, 2025, specify disclosure requirements applied when the entity with insufficient historical data or experience available is required to use principle-based estimation techniques in accordance with insurance-related laws and regulations. If the entity uses the estimation techniques for inputs in measuring insurance contracts different from the principle-based estimation techniques as required by insurance-related laws and regulations and the information about such differences is judged to be relevant and material to users of financial statements, the entity is required to disclose the followings:

2. Basis of preparation and summary of material accounting policies (cont'd)

· the methods that the entity used for estimating inputs based on its significant judgment and the basis of such judgment, and the difference between the estimation technique used by the entity and the principle-based estimation techniques required by laws and regulations; and
· the impact of applying the principle-based estimation techniques required by laws and regulations on the estimates of future cash flows, insurance contract margins, insurance revenues and insurance service expenses.

However, the amendments will remain effective until the annual reporting period that includes December 31, 2029.

The amendments have no material impact on the Group's consolidated financial statements.

(2) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

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

The amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments* include the following:
· a clarification that a financial liability is derecognized on the "settlement date" and the introduction of an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date;
· additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;
· clarifications on what constitute "non-recourse features" and what are the characteristics of contractually linked instruments; and
· the introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments measured at fair value through other comprehensive income (OCI).

The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not plan to early adopt the amendments.

Annual Improvements to KIFRS – Volume 11

Annual Improvements to KIFRS - Volume 11 have been announced for the purpose of improving consistency of requirements set out in each standard, enhancing clarity, and providing better understanding of the amendments.
· Amendments to KIFRS 1101 *First-time adoption of KIFRS: Hedge accounting by a first-time adopter*
· Amendments to KIFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition, Guidance for application of amendments in practice*
· Amendments to KIFRS 1109 *Financial Instruments: Accounting for derecognition of lease liabilities and definition of transaction prices*
· Amendments to KIFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
· Amendments to KIFRS 1007 *Statement of Cash Flows: Cost Method*

The amendments will be effective for annual periods beginning on or after January 1, 2026. Earlier adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the consolidated financial statements.

2. Basis of preparation and summary of material accounting policies (cont'd)

Amendments to KIFRS 1109 and KIFRS 1107 - *Contracts Referencing Nature-dependent Electricity*

The amendments to KIFRS 1109 and KIFRS 1107 - *Contracts Referencing Nature-dependent Electricity* have been issued and include the followings:

· clarification of the application of the "own-use" requirements for in-scope contracts;
· amendments to the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts; and
· addition of new disclosure requirements to enable investors to understand the effect of these contracts on an entity's financial performance and cash flows.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted and must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the disclosure amendments to KIFRS 1107 must be implemented alongside the amendments to KIFRS 1109. If an entity does not restate comparative information, it cannot present comparative disclosures.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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*, which include changing the starting point for determining cash flows from operations under the indirect method, from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

KIFRS 1118, and the amendments to the other standards, are effective for annual reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. KIFRS 1118 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements. The initial expected material impacts on the Group's consolidated financial statements are as follows:

· rental income, change in fair value of investment properties and share of profit of an associate and a joint venture will be classified in the investing category within the statement of profit or loss;
· foreign exchange difference will be classified in the category where the related income and expense giving rise to the foreign exchange difference were classified;
· new disclosure will be added: (1) management-defined performance measures (MPMs); (2) specified expense by nature if expenses are presented by function in the operating category of the statement of profit or loss; and (3) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying KIFRS 1118 and the amounts previously presented applying KIFRS 1001; and
· interest received and interest paid will be classified in the investing activities and financing activities, respectively, on the statement of cash flows.

2. Basis of preparation and summary of material accounting policies (cont'd)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities including special purpose entities controlled by the Company and its subsidiaries. Control is achieved where the Group (i) has the power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee and (iii) has the ability to use its power over the investee to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Although the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

· the Group's relative holding of voting rights and dispersion of holdings of the other voting rights;
· potential voting rights held by the Group, other voting right holders or other parties;
· rights arising from other contractual arrangements; and
· any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Gains and losses on subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup transactions, related assets, liabilities, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the loss of control of the subsidiaries are accounted for as equity transactions. The book value of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous book value of the assets including goodwill, and liabilities of the subsidiary and any noncontrolling interests.

When assets of the subsidiary are carried at revalued amounts or fair value and the related cumulative gain or loss has been recognized in FVOCI and accumulated in equity, the amounts previously recognized in FVOCI and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets or liabilities (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under KIFRS 1039 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture. Residual investments in previous subsidiary are recognized at fair value.

2. Basis of preparation and summary of material accounting policies (cont'd)

2.3 Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the venture and the equity interests issued by the Group in exchange for control of the venture. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at acquisition date fair value, except that:

· deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with KIFRS 1012 and KIFRS 1019;

· liabilities or equity instruments related to share-based payment arrangements of the venture or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the venture are measured in accordance with KIFRS 1102 *Share-Based Payment*, at the acquisition date; and

· assets (or disposal groups) that are classified as held for sale in accordance with KIFRS 1105 *Non-Current Assets Held for Sale and Discontinued Operations*, are measured in accordance with that standard.

Goodwill is measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain on bargain purchase is recognized in profit or loss.

Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another KIFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement-period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement-period adjustments are adjustments that arise from additional information obtained during the 'measurement period' which cannot exceed one year from the acquisition date about facts and circumstances that existed at the acquisition date.

If the acquirer provides the contingent consideration to the acquiree, the consideration is included in the consideration transferred at the acquisition date's fair value and subsequent changes in the fair value of the contingent consideration classified as an asset or liability are recognized in profit or loss or other comprehensive income in accordance with KIFRS 1109. In addition, contingent consideration that is classified as equity is accounted for within the equity at the time of settlement without remeasurement. If the contingent consideration does not applicable to KIFRS 1109, it is measured in accordance with the appropriate KIFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date of the Group acquires control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the venture prior to the acquisition date that have previously been recognized in FVOCI are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

2. Basis of preparation and summary of material accounting policies (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

2.4 Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Profit or loss, assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements of the Group using the equity method. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income in the associate or joint venture. Goodwill relating to the associate or joint venture is included in the book value of the investment, is not depreciated and is not tested for impairment separately.

Consolidated share of the Group's interests in profits and losses from the operations of associates and joint ventures is directly reflected in the consolidated statement of income and changes in other comprehensive income are presented as part of the Group's other comprehensive income. If there is a change reflected directly in the capital of an associate or joint venture, the equity share of the Group is reflected in the equity statement. Unrealized gains and losses arising from transactions between the Group and associates and joint ventures are removed by the amount of equity interest in the Group.

Profits for associates and joint ventures are recorded in non-operating income and loss in the consolidated comprehensive income statement after the tax effect and the non-controlling interests of associates and joint ventures are subtracted.

The reporting period of associates and joint ventures is the same as that of the Company and financial statements are adjusted when necessary to apply the same accounting policies as the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At the end of each reporting period, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired.

If there is such evidence, the Group calculates the difference between the recoverable amount of the investment in the associate or joint venture and its book value, and then recognizes as impairment loss in the consolidated statement of comprehensive income.

Upon disposal of an associate or a joint venture that results in the Group losing significant influence over the associate or joint venture, any retained investment is measured at fair value at the date. The difference between book value of the associate or joint venture at the time of losing the power and fair value of the retained interest less cost of disposal is recognized in profit or loss.

2.5 Investments in joint operations

A joint operation is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2. Basis of preparation and summary of material accounting policies (cont'd)

When the Group undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

· its assets, including its share of any assets held jointly;
· its liabilities, including its share of any liabilities incurred jointly;
· its revenue from the sale of its share of the output arising from the joint operation;
· its share of the revenue from the sale of the output by the joint operation; and
· its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the KIFRS applicable to the particular assets, liabilities, revenues and expenses.

When the Group transacts with a joint operation in which the Group is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When the Group transacts with a joint operation in which the Group is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

2.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units or groups of cash generating units that is expected to benefit from the synergies of the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently, when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its book value, the impairment loss is allocated first to reduce the book value of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the book value of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described in Note 2.4.

2.7 Revenue from contracts with customers

The Group is in the business of manufacturing and selling petrochemicals. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

(1) Identifying performance obligation

The Group exports a variety of goods and products in accordance with incoterms. If the contract is made in consideration with inclusion of transportation service (insurance included), the service provided after transferring a good or service shall be separately identified in accordance with KIFRS 1115. Therefore, in case of export sales providing transportation service after goods being loaded, the consideration received from the customer is allocated to each performance obligation. Transaction price allocated to goods and services are recognized as revenue at the time of loading and providing service over time, respectively.

2. Basis of preparation and summary of material accounting policies (cont'd)

(2) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at the inception of contract and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(3) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in KIFRS 1115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(4) Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under KIFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*.

(5) Contract balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in the Note 2.16.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

2.8 Leases

At inception of a contract, the Group shall assess whether the contract is, or contains, a lease by taking into consideration that the contract conveys the right to control the use of an identified asset for a period in time in exchange for consideration.

(1) Group as a lessee

The Group applied a single recognition and measurement approach for all leases as a lessee, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities representing the obligation to pay lease payments and right of use assets representing the right to use underlying assets.

2. Basis of preparation and summary of material accounting policies (cont'd)

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term.

	Useful life (years)
Buildings	10–50
Structures	15–50
Machinery	6–30
Vehicles	3–5
Fixtures and furniture	4–5
Tools and equipment	4–5
Others	1–10

If the ownership of the underlying asset is transferred to the Group at the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise the purchase option, it shall be depreciated using the estimated useful life of the underlying asset of the asset.

Right-of-use assets are also subject to impairment and it is described in Notes 2.21 Accounting Policy for Impairment of Non-financial Assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate, unless they are incurred to produce inventories, are recognized as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the book value of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below USD 5,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2. Basis of preparation and summary of material accounting policies (cont'd)

(2) Group as a lessor

Leases in which the Group transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases and other than finance leases are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the book value of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.9 Foreign currency translation

The financial statements of each entity are presented in the currency (functional currency) of the main economic environment in which the company operates. For the purpose of preparing the consolidated financial statements, the business performance and financial position of each entity are expressed in Korean won (KRW), which is the functional currency of the Company and the reporting currency of the consolidated financial statements.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date. Meanwhile, non-monetary foreign currency items measured at fair value are retranslated at the exchange rate at the date the fair value is determined, but non-monetary foreign currency items measured in terms of historical cost are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise, except for:

· exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
· exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 2.23 for hedging accounting policies); and
· exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, forming part of the net investment in the foreign operation

These are recognized in FVOCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in KRW using the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in FVOCI and accumulated in equity attributed to non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the accumulated exchange differences in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognized, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e., no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests in equity and are not recognized in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. Basis of preparation and summary of material accounting policies (cont'd)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Such exchange differences are recognized in equity.

If the functional currency of a foreign operation is the currency of a hyperinflationary economy, all account items (assets, liabilities, equity, profit, loss) in the statements of financial position and statements of comprehensive income(loss) (excluding the statement of financial position and statement of comprehensive income(loss) presented for comparison) are converted at the closing rate at the end of the reporting period. However, the consolidated statements of financial position and consolidated statements of comprehensive income(loss) presented in comparison are presented as amounts reported in the previous year that do not reflect the effects of price level fluctuations or exchange rate fluctuations since the previous year.

LOTTE Chemical Turkey Surface Designs Industry and Trade and its subsidiaries were considered hyperinflationary economies under KIFRS 1029 as their functional currency was Turkish lira and its three-year cumulative inflation rate exceeded 100% as of March 2022. In accordance with this standard, the financial statements have been restated to reflect changes in the general purchasing power of the functional currency as of December 31, 2025, and are presented in the measuring unit as of the end of the reporting period.

Türkiye's current price index at the end of December 31, 2025 reflects Türkiye's consumer price index, and the conversion coefficients applied to the consumer price index and the restatement of the financial statements over the past five years are as follows:

	Consumer Price Index (CPI)	Conversion coefficients
December 31, 2025	3,513.87	1.00
December 31, 2024	2,684.55	1.31
December 31, 2023	1,859.38	1.89
December 31, 2022	1,128.45	3.11
December 31, 2021	686.95	5.12

Monetary assets and monetary liabilities have not been restated as they are already denominated in monetary units as of December 31, 2025.

Non-monetary assets and liabilities were restated by applying a conversion coefficient considering Türkiye's consumer price index. The effects of hyperinflation on monetary assets and monetary liabilities are included in the gains or losses resulting from the conversion effect of KIFRS 1029 *Financial Reporting in Hyperinflationary Economies* in the consolidated comprehensive income statement. During a period of hyperinflationary economy, holding excessive monetary assets over monetary liabilities leads to monetary losses due to the loss of purchasing power. Differences in monetary gains and losses arise from the restatement of monetary and non-monetary assets and liabilities, as well as from capital and items in the consolidated comprehensive income statement.

2.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on a qualifying asset is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.11 Government grants

A government grant is not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the subsidy will be received.
Government grants related to income shall be recognized in profit or loss over the periods in which the entity recognizes as expenses. Government grants related to asset shall be recognized in profit or loss by reducing depreciation expense the useful life of the asset.

2. Basis of preparation and summary of material accounting policies (cont'd)

In case the Group receives non-monetary government grants, both asset and grant shall be recorded at a nominal amount and recognized in profit or loss over the estimated useful life of the assets. The benefit of a government loan at a below-market rate of interest is treated as a government grant.

2.12 Employee Benefits

(1) Retirement benefits costs

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The Group operates defined benefit retirement plans and the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, if applicable, and the return on plan assets excluding interest, is reflected immediately in the statement of financial position with a charge or credit recognized in FVOCI in the period in which they occur. Remeasurement recognized in FVOCI is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are composed of service cost including current service cost, past service cost, as well as gains and losses on curtailments and settlements, net interest expense (income) and remeasurement.

The Group presents the service cost and net interest expense (income) components in profit or loss, and the remeasurement component in FVOCI. Curtailment gains and losses are accounted for as past service costs.

The net defined benefit liability (asset) on the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(2) Short-term employee benefits

Short-term employee benefits to be settled within 12 months from the end of the reporting period in which the employee provides the relevant services are recognized in profit or loss as the amount expected to be paid in exchange for the services. Short-term employee benefits are measured at the undiscounted amount of benefits.

(3) Other long-term employee benefits

Other long-term employee benefits that will not be paid within 12 months of the employee's provision of the relevant services are discounted to the present value of the future salary earned in return for the services provided in the current and past periods. Changes resulting from remeasurements are recognized in profit or loss during the period in which they occur.

(4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

2.13 Income tax

Income tax consists of current and deferred taxes.

2. Basis of preparation and summary of material accounting policies (cont’d)

(1) Current income tax

The income tax payable for the current period is based on taxable income for the year. Taxable income differs from income before income taxes as reported in the consolidated statements of comprehensive income because of income of expense item that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

(2) Deferred tax

Deferred tax is recognized on temporary differences between the book value of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition other than in a business combination of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable incomes against which those temporary differences can be utilized and they are expected to reverse in the foreseeable future.

The book value of deferred tax assets is reviewed at the end of each reporting period and reduced when it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted as at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would result from the manner in which the Group expects, at the end of the reporting period, to recover or settle the book value of its assets and liabilities.

Deferred tax assets and liabilities are offset if, and only if, the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(3) Recognition of current income tax and deferred tax

Current income tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current income tax and deferred tax are also recognized in FVOCI or directly in equity. Where current income tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2. Basis of preparation and summary of material accounting policies (cont'd)

(4) Global minimum tax

Various agreements have been made at the global level, such as the agreement to introduce a global minimum tax rate of 15% by more than 135 countries, to address concerns about the uneven distribution of profits and tax contributions by multinational corporations. The global minimum tax is applied when the effective tax rate of a subsidiary (included in the consolidated financial statements) of a multinational group with a consolidated revenue of 750 million euros or more in at least 2 out of the 4 immediately preceding years falls short of 15%. In such case, the amount equivalent to the difference is paid to the tax authority of the country where the parent company satisfying certain conditions is located.

The Republic of Korea has adopted the global minimum tax in 2022, which is applicable for fiscal years beginning on or after January 1, 2024. The Group has consolidated revenue of EUR 750 million or more for the years ended December 31, 2022 and 2021 and has assessed the impact of the enactment of the global minimum tax legislation in all jurisdictions in which the constituent entities of the Group operate. Based on the assessment, the Group expects that no additional top-up tax will arise as of December 31, 2025, and no current income tax expense has been recognized in relation to the global minimum tax for the year ended December 31, 2025. The Group has applied the exception to the recognition and disclosure of deferred tax assets and liabilities related to the global minimum tax and, accordingly, has not recognized or disclosed deferred tax assets or liabilities related to the global minimum tax.

2.14 Cash and cash equivalents

The Group classifies investments with a maturity date of less than three months as cash and cash equivalents. An equity instrument is excluded from cash equivalents but is included in cash equivalents if it is practically cash equivalents, such as a preferred stock with a fixed repayment date and a short term from the acquisition to the repayment date.

2.15 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories, except for those in transit, is measured under the weighted-average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price of inventories, less all estimated costs of completion and costs necessary for sale.

When inventories are sold, the book value of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories is recognized as an expense in the period write-down or loss occurs. The amount of any reversal of any write-down of the inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2.16 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

2. Basis of preparation and summary of material accounting policies (cont'd)

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under KIFRS 1115.

In order for a financial asset to be classified and measured at amortized cost or fair value through FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- financial assets at amortized cost (debt instruments);
- financial assets at fair value through FVOCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through FVOCI with no recycling of cumulative gains and losses upon (equity instruments); and
- financial assets at fair value through profit or loss.

a) Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:
- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

b) Financial assets at fair value through FVOCI (debt instruments)
The Group measures debt instruments at fair value through FVOCI if both of the following conditions are met:
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in FVOCI. Upon derecognition, the cumulative fair value change recognized in FVOCI is recycled to profit or loss.

c) Financial assets designated at fair value through FVOCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through FVOCI when they meet the definition of equity under KIFRS 1032 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in FVOCI. Equity instruments designated at fair value through FVOCI are not subject to impairment assessment.

2. Basis of preparation and summary of material accounting policies (cont'd)

The Group can elect to classify irrevocably its non-listed equity investments under this category.

d) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

This category includes derivatives and listed equity instruments that do not have an irrevocable election of dealing with changes in fair value in other comprehensive income. Dividends on listed equity instruments are recognized in profit or loss at the time the rights are established.

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. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:
- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original book value of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
Further disclosures relating to impairment of financial assets are also provided in the following notes:
- disclosures for significant assumptions;
- debt instruments at fair value through FVOCI; and
- trade receivables, including contract assets.

2. Basis of preparation and summary of material accounting policies (cont'd)

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For debt instruments at fair value through FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through FVOCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(2) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The Group classifies financial liabilities that arise from supplier finance arrangement within trade and other payables in the consolidated statement of financial position if they have a similar nature and function to trade payables. If the terms of liabilities arising from supplier finance arrangements are substantially different from those of trade payables not subject to such arrangements, the liabilities are classified as financial liabilities in the consolidated statement of financial position. Additionally, among liabilities arising from supplier finance arrangements, those not classified as borrowings relate to the purchase of inventories. Accordingly, the associated cash flows are presented as operating activities in the consolidated statement of cash flows.

2. Basis of preparation and summary of material accounting policies (cont'd)

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by KIFRS 1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in KIFRS 1109 are satisfied.

The Group has not designated any financial liability as of fair value through profit or loss.

b) Borrowings
Upon initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

c) Financial guarantee contracts
Upon initial recognition, the issuer of such a contract subsequently measures the contract at the greater of the following:
- Provision calculated based on the expected credit losses (ECLs)
- The initial recognition amount, with deduction of the accumulated profit recognized in accordance with KIFRS 1115 *Revenue from contracts with customers*

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective book value is recognized in the statement of profit or loss.

(3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.17 Property, plant and equipment

Property, plant and equipment is stated at cost, less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

2. Basis of preparation and summary of material accounting policies (cont'd)

Subsequent costs are recognized in the book value of an asset or as an asset if it is probable that future economic benefits associated with the assets will flow to the Group, and the cost of an asset can be measured reliably. Transferred parts are removed from the book value of an asset. Routine maintenance and repairs are expensed as incurred.

The Group does not depreciate land. Depreciation is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

	Useful life (years)
Buildings	10–50
Structures	15–50
Machinery	6–30
Vehicles	4–5
Fixtures and furniture	4–5
Tools and equipment	4–5
Others	1–8

If each part of an item of property, plant and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

The Group reviews the depreciation method and the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

Property, plant and equipment is derecognized upon disposal or when the property, plant and equipment is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property, calculated as the difference between the net disposal proceeds and the book value of the asset, is included in profit or loss in the period in which the property is derecognized.

2.18 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are reported at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized in book value of an asset as an asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Portion of the replaced components are removed from book value of an asset. Routine maintenance and repairs are expensed as incurred.

While land is not depreciated, all other investment property is depreciated based on the respective assets estimated useful lives ranging from 40 to 50 years using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property, calculated as the difference between the net disposal proceeds and the book value of the asset, is included in profit or loss in the period in which the property is derecognized.

2. Basis of preparation and summary of material accounting policies (cont'd)

2.19 Intangible assets

(1) Intangible assets acquired separately

Intangible assets with definite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost, less accumulated impairment losses.

(2) Internally generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development or from the development phase of an internal project is recognized if, and only if, the Group demonstrated the technical and commercial feasibility of the development projects and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses.

(3) Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date which is regarded as their cost. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(4) Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the book value of the asset and are recognized in profit or loss when the asset is derecognized.

(5) Estimated useful life of intangible assets

The Group does not amortize membership. Amortization is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

	Useful life (years)
Industrial property rights	5-10
Facility usage rights	10-25
Others	4-5
Customer relationship and others	10-22

2. Basis of preparation and summary of material accounting policies (cont'd)

2.20 Non-current Assets Held for Sale

An entity shall classify a non-current asset (or disposal group) as held for sale if its book value will be recovered principally through a sale transaction rather than through continuing use.

For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. Immediately before the initial classification of an asset as held for sale, the Group is measured at the lower of its book value and fair value less costs to sell.

An entity shall not depreciate (amortize) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

2.21 Impairment non-financial assets

At the end of each reporting period, the Group is reviewing whether there are any signs of asset impairment. If such indications exist, or if an annual impairment test is required for the asset, the Group estimates the recoverable amount of the asset. The recoverable amount of an asset is the larger of the fair value less costs to sell or use of an asset or a cash-generating unit and is determined by individual assets, but if the cash inflows of that individual asset are not generated very independently of the cash inflows of other assets or groups of assets. If the book value of the asset exceeds the recoverable amount, the asset is considered impaired and the book value of the asset is reduced to recoverable amount.

Value in use is the present value of the estimated future cash flows of the asset discounted at a pre-tax discount rate that reflects the time value of the currency and market assessment of the risks of the asset. The fair value less costs to sell is considering the latest transaction price. If such a transaction is not identified, the decision is made using the appropriate evaluation model. These calculations use multiple valuation, the market value of listed shares, or other fair value indicators.

The Group calculates the amount of impairment based on the specific financial budget/forecasts prepared for each cash flow unit distributed by individual assets. Financial budgets/forecasts typically cover a five-year period, and for longer periods, long-term growth rates are calculated and applied to periods after five years.

Impairment losses are reflected in profit or loss as a cost item consistent with the function of the impaired assets.

For assets other than goodwill, the Group assesses whether there are any indications that the impairment loss of previously recognized assets at the end of each reporting period is no longer present or decreased and estimates recoverable amount if there are any such indications. An impairment loss on an asset other than goodwill previously recognized increases the book value of the asset to its recoverable amount by the limit after amortization of the book value of the asset if the impairment loss has not been recognized, and such reversals of the impairment loss are reflected in profit or loss.

2.22 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive); as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its book value is the present value of those cash flows where the effect of the time value of money is material. The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the time passage is recognized in profit or loss as borrowing cost.

2. Basis of preparation and summary of material accounting policies (cont'd)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during that period.

The Group received the right to emit free allocations under the greenhouse gas emission trading system in Korea. The Group should submit the same quantity of emission rights in response to the actual emissions. The Group accounts for the emission right of free allocations in the net liability approach. Therefore, if the actual amount of greenhouse gas emissions exceeds the amount of emission rights held by the Group, the amount shall be counted as provisions. Emission costs are recognized as operating costs. If the emission rights are purchased from a third party, they will be counted at acquisition cost.

The Group recognizes a provision for expenses expected to incur for restoring leased asset to its original condition based on the lease contracts at inception date or over a period of time where the obligation is satisfied as a result of using the asset. The provision is measured at the best estimate of costs to be incurred to restore the asset, and the estimate is reviewed on a regular basis to reflect any new circumstances.

The Group recognizes a provision for the expected credit losses of the fund replenishment agreement amount and financial guarantee contracts. The provision is measured as the best estimate of the expenditure to be borne by the Group under the fund replenishment agreement amount and financial guarantee contracts, and the estimate is periodically reviewed and adjusted to suit new circumstances.

2.23 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

2. Basis of preparation and summary of material accounting policies (cont'd)

Fair value hedges
The change in the fair value of a hedging derivative is recognized in the statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the book value of the hedged item and is also recognized in the statement of profit or loss.

For fair value hedges relating to items carried at amortized cost, any adjustment to book value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit and loss.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in FVOCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in FVOCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other book value of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in FVOCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in FVOCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in FVOCI must remain in accumulated FVOCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated FVOCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment in a foreign operation
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as FVOCI while any gains or losses relating to the ineffective portion are recognized in the statement of profit or loss.

On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

2.24 Insurance revenue

The Group recognizes insurance revenue when an unconditional right has arisen to the extent that the insurance company has no objection to the claim and the amount can be reliably measured.

2.25 Discontinued operations

The Group has already classified units as a discontinued operation when units either has been disposed of or is classified as held for sale and meet one of the following criteria.

2. Basis of preparation and summary of material accounting policies (cont'd)

· represents a separate major line of business or geographical area of operations,
· is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
· is a subsidiary acquired exclusively with a view to resale.

If there is a discontinued operation, it is restated as if the operation was discontinued from the beginning of the period comparatively presented in the consolidated statement of comprehensive income.

2.26 Fair value

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes is determined on such a basis, except for leasing transactions that are within the scope of KIFRS 1017 *Leases*, and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in KIFRS 1002 *Inventories*, or value in use in KIFRS 1036.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly and
Level 3: Unobservable inputs for the asset or liability

2.27 Cash dividends

The Group recognizes the liability to pay a dividend when the dividend is appropriately authorized and is no longer at the discretion of the Group. Distribution to shareholders requires approval by shareholders. The corresponding amount is directly reflected in equity.

2.28 Material accounting judgments, estimates and assumptions

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the book value of assets and liabilities that is not readily identifiable from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

Estimates and basic assumptions are reviewed continuously. Amendments to accounting estimates are recognized in the period in which they are made if they affect only that period, and in the period in which they are made and in the future if they affect both the current and future periods.

On December 19, 2025, the Company submitted a business restructuring plan related to the Yeosu petrochemical industrial complex to the relevant government authorities. Subsequent procedures, including consultations with stakeholders and government review and approval, are in progress as of the reporting date. The items that may be affected include property, plant and equipment (see Note 13), among others. As of December 31, 2025, it is not practicable to make a reasonable estimate of the financial impact of the restructuring plan on the consolidated financial statements, and accordingly, no adjustments have been reflected in the consolidated financial statements.

3. Segment information

The types of products and services that generate revenue by business unit are as follows:

Segment	Goods or services
Basic Chemicals	Ethylene, Propylene, Benzene, Toluene, Xylene, Ethylene oxide(EO), Ethylene glycol(EG), Ethylene oxide adduct(EOA), Glycol ether(GE), Methyl Methacrylate (MMA), Styrene Monomer(SM), Butadiene(BD), Para-Xylene(PX), Ortho-Xylene(OX), Meta-Xylene(MX), Purified Isophthalic Acid(PIA), High-density Polyethylene(HDPE), Low-density Polyethylene(LDPE), Linear low-density Polyethylene (LLDPE), Polyethylene Terephthalate (PET), Polypropylene (PP), Property lease, Labor dispatch services, etc.
Advanced Materials	Acrylonitrile Butadiene Styrene(ABS), Polycarbonate(PC), Polypropylene(PP), Long-Fiber reinforced Thermoplastics(LFT), Thermoplastic Elastomer(TPE), Expanded Polypropylene(EPP), Membrio, Solid Surfaces, Estone, etc.
Fine Chemicals	ECH, MECELLOSE, Caustic Soda, AnyCoat, etc.
Battery Materials	Elecfoil, etc.

The classification of the Group’s sales by reporting segment for each of the two years in the period ended December 31, 2025 is as follows (Korean won in thousands):

	2025		
	External sales	Internal sales	Total
Basic Chemicals	₩ 12,026,678,316	₩ 453,384,419	₩ 12,480,062,735
Advanced Materials	4,066,897,035	1,019,815,836	5,086,712,871
Fine Chemicals	1,712,937,918	39,744,730	1,752,682,648
Battery Materials	676,492,046	1,038,761	677,530,807

	2024		
	External sales	Internal sales	Total
Basic Chemicals	₩ 13,016,753,669	₩ 289,582,662	₩ 13,306,336,331
Advanced Materials	4,345,092,351	1,126,182,254	5,471,274,605
Fine Chemicals	1,631,027,721	39,517,469	1,670,545,190
Battery Materials	901,935,859	316,161	902,252,020

The classification of operating results by reporting segment for each of the two years in the period ended December 31, 2025 is as follows (Korean won in thousands):

	2025					
	Basic Chemicals	Advanced Materials	Fine Chemicals	Battery Materials	Elimination upon consolidation	Total
Sales	₩ 12,480,062,735	₩ 5,086,712,871	₩ 1,752,682,648	₩ 677,530,807	₩ (1,513,983,746)	₩ 18,483,005,315
Depreciation & Amortization	703,120,991	164,819,124	164,367,374	94,344,584	106,147,790	1,232,799,863
Operating income (loss)	(857,663,872)	123,687,307	74,361,153	(158,486,289)	(125,014,029)	(943,115,730)
Finance income	112,239,366	146,466,685	33,203,062	25,589,281	(28,927,988)	288,570,406
Finance costs	582,557,012	420,074,625	7,864,821	79,065,375	(223,195,570)	866,366,263
Share of profits (loss) of equity-method investments	-	-	19,572,728	-	(124,293,595)	(104,720,867)
Other non-operating income	510,043,176	164,189,295	33,714,773	11,163,544	(393,799,046)	325,311,742
Other non-operating expenses	1,086,064,104	234,790,429	35,212,074	10,515,800	58,827,371	1,425,409,778
Effect of KIFRS 1029	-	15,690,200	-	-	-	15,690,200
Income (loss) before income tax	(1,904,002,446)	(204,831,567)	117,774,821	(211,314,639)	(507,666,459)	(2,710,040,290)

3. Segment information (cont'd)

	2024					
	Basic Chemicals	Advanced Materials	Fine Chemicals	Battery Materials	Elimination upon consolidation	Total
Sales	₩ 13,306,336,331	₩ 5,471,274,605	₩ 1,670,545,190	₩ 902,252,020	₩ (1,455,598,546)	₩ 19,894,809,600
Depreciation & Amortization	719,433,314	170,445,012	159,349,579	86,626,001	154,824,930	1,290,678,836
Operating income (loss)	(851,216,509)	135,887,627	50,372,566	(74,240,077)	(175,338,923)	(914,535,316)
Finance income	189,048,824	151,699,112	45,884,244	87,366,429	(34,263,157)	439,735,452
Finance costs	525,397,512	206,591,401	101,891,111	42,024,945	(75,474,566)	800,430,403
Share of profits (loss) of equity-method investments	-	-	18,808,647	-	(139,619,232)	(120,810,585)
Other non-operating income	439,465,128	141,407,167	46,382,100	24,357,315	(173,085,779)	478,525,931
Other non-operating expenses	1,172,336,388	90,644,707	33,504,176	20,956,173	58,367,998	1,375,809,442
Effect of KIFRS 1029	-	14,059,909	-	-	-	14,059,909
Income (loss) before income tax	(1,920,436,457)	145,817,707	26,052,270	(25,497,451)	(505,200,523)	(2,279,264,454)

The classification of assets and liabilities by reporting segment as of December 31, 2025 and 2024 is as follows (Korean won in thousands):

	December 31, 2025					
	Basic Chemicals	Advanced Materials	Fine Chemicals	Battery Materials	Elimination upon consolidation	Total
Total assets	₩ 24,048,826,644	₩ 5,799,635,464	₩ 2,746,168,415	₩ 2,841,473,799	₩ (4,318,771,272)	₩ 31,117,333,050
Total liabilities	10,601,438,257	1,995,959,235	310,431,308	687,274,588	(106,198,806)	13,488,904,582

	December 31, 2024					
	Basic Chemicals	Advanced Materials	Fine Chemicals	Battery Materials	Elimination upon consolidation	Total
Total assets	₩ 27,936,496,854	₩ 6,066,322,010	₩ 2,713,850,667	₩ 2,867,713,019	₩ (5,032,052,175)	₩ 34,552,330,375
Total liabilities	11,728,864,397	2,241,562,807	345,163,994	550,088,208	(301,293,794)	14,564,385,612

The Group conducts operations in the Republic of Korea (region in which the Company is located), Malaysia, the United States of America, China and other regions. The classification of operating income for each of the two years in the period ended December 31, 2025 and non-current assets as of December 31, 2025 and 2024 by geography is as follows (Korean won in thousands):

	Income from external customers (*1)		Non-current assets (*2)	
	2025	2024	Dec. 31, 2025	Dec. 31, 2024
Korea	₩ 14,598,594,083	₩ 16,257,578,852	₩ 5,594,460,587	₩ 6,713,796,781
China	528,376,398	525,963,574	36,704,339	40,461,946
Europe	460,233,592	456,234,186	146,862,657	156,152,073
USA	1,062,661,854	1,114,436,185	3,240,153,044	3,303,472,576
Asia	3,335,726,339	2,984,151,235	6,383,817,857	6,827,375,537
Other	11,396,795	12,044,114	11,903,022	12,003,220
Elimination upon consolidation	(1,513,983,746)	(1,455,598,546)	2,426,791,128	3,030,755,181
	₩ 18,483,005,315	₩ 19,894,809,600	₩ 17,840,692,634	₩ 20,084,017,314

(*1) Jurisdiction in which the Company and its subsidiaries are located.
(*2) Exclude financial instruments, investments in associates and joint ventures, deferred tax assets and pension plan assets.

Due to the nature of the Group's operations, there is no major customer that accounts for 10% or more of the Group's total sales.

3. Segment information (cont'd)

The relationship between the Group's revenue from contracts with its customers by reporting segment and the revenue information disclosed by the reporting sector for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

2025	Basic Chemicals	Advanced Materials	Fine Chemicals	Battery Materials	Elimination upon consolidation	Total
Market by geographical areas						
Korea	₩ 4,320,747,398	₩ 970,907,453	₩ 924,269,081	₩ 304,451,137	₩ (376,807,484)	₩ 6,143,567,585
China	2,275,407,102	738,852,700	58,091,684	77,348,470	(335,918,590)	2,813,781,366
Europe	968,818,259	974,344,679	177,118,003	112,116,753	(218,434,295)	2,013,963,399
USA	564,587,003	787,030,282	138,178,502	79,495,420	(324,882,427)	1,244,408,780
Asia	4,017,301,681	1,249,752,684	347,260,252	75,387,623	(246,525,832)	5,443,176,408
Other	333,201,292	365,825,073	107,765,126	28,731,404	(11,415,118)	824,107,777
	₩ 12,480,062,735	₩ 5,086,712,871	₩ 1,752,682,648	₩ 677,530,807	₩ (1,513,983,746)	₩ 18,483,005,315
Timing of revenue recognition						
Recognition at a point in time	₩ 12,261,203,765	₩ 4,972,235,590	₩ 1,694,686,074	₩ 516,093,367	₩ (1,426,503,822)	₩ 18,017,714,974
Recognition over a period of time (*1)	215,397,863	114,477,281	56,745,585	161,430,240	(87,479,924)	460,571,045
Rental income from investment properties						
Recognition over a period of time	3,461,107	-	1,250,989	7,200	-	4,719,296
	₩ 12,480,062,735	₩ 5,086,712,871	₩ 1,752,682,648	₩ 677,530,807	₩ (1,513,983,746)	₩ 18,483,005,315

2024	Basic Chemicals	Advanced Materials	Fine Chemicals	Battery Materials	Elimination upon consolidation	Total
Market by geographical areas						
Korea	₩ 5,454,901,046	₩ 1,000,583,039	₩ 825,712,091	₩ 362,982,095	₩ (242,440,483)	₩ 7,401,737,788
China	2,017,705,480	834,854,911	73,214,468	95,194,749	(341,724,752)	2,679,244,856
Europe	966,523,108	1,018,532,873	177,862,347	186,226,576	(205,153,361)	2,143,991,543
USA	629,976,413	841,695,807	148,203,836	159,653,542	(393,232,137)	1,386,297,461
Asia	3,779,290,535	1,299,225,699	330,821,818	76,238,067	(261,109,854)	5,224,466,265
Other	457,939,749	476,382,276	114,730,630	21,956,991	(11,937,959)	1,059,071,687
	₩ 13,306,336,331	₩ 5,471,274,605	₩ 1,670,545,190	₩ 902,252,020	₩ (1,455,598,546)	₩ 19,894,809,600
Timing of revenue recognition						
Recognition at a point in time	₩ 13,069,567,132	₩ 5,319,149,417	₩ 1,615,057,058	₩ 682,274,294	₩ (1,385,415,907)	₩ 19,300,631,994
Recognition over a period of time (*1)	233,087,532	152,125,188	54,293,133	219,977,726	(70,182,639)	589,300,940
Rental income from investment properties						
Recognition over a period of time	3,681,667	-	1,194,999	-	-	4,876,666
	₩ 13,306,336,331	₩ 5,471,274,605	₩ 1,670,545,190	₩ 902,252,020	₩ (1,455,598,546)	₩ 19,894,809,600

(*1) In case of export sales providing transportation service after goods being loaded, the consideration received from the customer is allocated to each performance obligation. Transaction prices allocated to goods and services are recognized as revenue at the time of loading and providing service over time, respectively.

4. Cash and cash equivalents

Details of cash and cash equivalents as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025	December 31, 2024
Cash on hand	₩ 6,400,039	₩ 499,979,621
Bank deposits	1,863,911,972	1,611,806,474
	₩ 1,870,312,011	₩ 2,111,786,095

5. Restricted financial instruments

Details of deposits restricted in use as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

Account	Bank	Dec. 31, 2025	Dec. 31, 2024	Details
Short-term financial instruments	The Korea Securities Finance Corporation	₩ 50,000,000	₩ 20,000,000	Deposits related to employee stock ownership association loans
	Woori Bank and others	15,815,573	7,397,563	Mutual benefit fund, etc.
	Santander bank	84,286,000	76,436,500	Government grants
	Woori Bank and others	-	28,487,622	Pledged as collateral
Long-term financial instruments	Hana Bank and others	6,147,549	38,500	Guarantee deposits for checking accounts
	Industrial Bank of Korea	57,500,000	67,500,000	Mutual benefit fund (Withdrawal restriction)
	Samsung securities	9,000,000	-	Mandatory retention of issued asset-backed securities
		₩ 222,749,122	₩ 199,860,185	

6. Financial instruments

6.1 Financial assets at FVPL

Details of financial assets at FVPL as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Financial assets at FVPL (*1,2,3)	₩ 17,547,902	₩ 109,509,013	₩ 39,805,336	₩ 102,763,160

(*1) The Group acquired redeemable convertible preferred shares (book value ₩69,684 million) of Standard Energy Co., Ltd., and has significant influence with the right to nominate one director. However, the entity is classified as the financial assets at FVPL in accordance with KIFRS 1109, because it has redemption rights and priority in the distribution of residual assets and is not exposed to risks similar to those who invested in common stocks. Meanwhile, the Group holds an additional 3.79% of Standard Energy Co., Ltd.'s common stock, and recognizes this as an investment in an associate (see Note 11).

(*2) The Group has elected to measure its investment in an associate, held through Skyscraper Long-term Strategic Private Equity Fund, which qualifies as a collective investment vehicle, at FVPL. Accordingly, it is presented as a financial asset at FVPL in the consolidated financial statements.

(*3) As of December 31, 2025, the Group has recognized derivative assets amounting to ₩5,324 million in relation to a total return swap contract based on the shares of LOTTE Chemical Louisiana LLC (see Note 36).

6. Financial instruments (cont'd)

Changes in financial assets at FVPL for each of the two years in the period ended 2025 are as follows (Korean won in thousands):

2025	January 1	Acquisition	Disposal	Valuation	Foreign exchange difference	December 31
<Current>						
Financial assets at FVPL	₩ 39,805,336	₩ 46,402,609	₩ -	₩ (68,895,758)	₩ 235,715	₩ 17,547,902
<Non-current>						
Financial assets at FVPL	102,763,160	1,628,539	(1,492,975)	6,603,621	6,668	109,509,013
	₩ 142,568,496	₩ 48,031,148	₩ (1,492,975)	₩ (62,292,137)	₩ 242,383	₩ 127,056,915

2024	January 1	Acquisition	Disposal	Valuation	Foreign exchange difference	December 31
<Current>						
Financial assets at FVTPL	₩ 111,509,886	₩ 16,639,840	₩ (113,320,435)	₩ 24,107,800	₩ 868,245	₩ 39,805,336
<Non-current>						
Financial assets at FVTPL	234,180,886	750,000	(8,665,810)	(123,501,916)	-	102,763,160
	₩ 345,690,772	₩ 17,389,840	₩ (121,986,245)	₩ (99,394,116)	₩ 868,245	₩ 142,568,496

6.2 Financial assets at FVOCI

Details of financial assets at FVOCI as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025	December 31, 2024
	Non-current	Non-current
Equity securities:		
Marketable equity securities	₩ -	₩ 340,653,028
Non-marketable equity securities	24,726,819	26,239,772

Details of equity securities as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

December 31, 2025	Number of shares (in shares)	Equity ownership (%)	Acquisition cost	Book value	Accumulated unrealized loss	Foreign exchange difference
Non-marketable equity securities:						
PPG SSC Co., Ltd.	101,749	19.99	₩ 35,981,929	₩ 13,680,256	₩ (22,301,673)	₩ -
FACTORIAL	264,603	0.83	10,680,262	10,680,262	-	-
Hanso Co., Ltd. and etc.	-	-	580,065	366,301	(294,176)	80,412

December 31, 2024	Number of shares (in shares)	Equity ownership (%)	Acquisition cost	Book value	Accumulated unrealized gain (loss)	Foreign exchange difference
Marketable equity securities (*1):						
Resonac Holdings Corporation	9,060,000	4.90	₩ 222,253,364	₩ 340,653,028	₩ 118,399,664	₩ -
Non-marketable equity securities:						
PPG SSC Co., Ltd.	101,749	19.99	35,981,929	15,217,756	(20,764,173)	-
FACTORIAL	264,603	0.83	10,680,262	10,680,262	-	-
Hanso Co., Ltd. and etc.	-	-	10,184,199	341,754	(9,905,961)	63,516

(*1) The fair values of marketable equity securities are measured at quoted market prices at the end of the reporting period (if unavailable, then on the last day before the end of the reporting period).

6. Financial instruments (cont'd)

Changes in equity securities for each of the two years in the period ended 2025 are as follows (Korean won in thousands):

	2025				
	January 1	Acquisition	Disposal	Valuation	December 31
Marketable equity securities					
Resonac Holdings Corporation	₩ 340,653,028	₩ -	₩ (273,477,577)	₩ (67,175,451)	₩ -
Non-marketable equity securities					
PPG SSC Co., Ltd.	15,217,756	-	-	(1,537,500)	13,680,256
FACTORIAL	10,680,262	-	-	-	10,680,262
Hanso Co., Ltd. and etc.	341,754	24,547	(655,044)	655,044	366,301

	2024			
	January 1	Valuation	Foreign exchange difference	December 31
Marketable equity securities				
Resonac Holdings Corporation	₩ 232,350,459	₩ 108,302,569	₩ -	₩ 340,653,028
Non-marketable equity securities				
PPG SSC Co., Ltd.	9,701,656	5,516,100	-	15,217,756
FACTORIAL	10,680,262	-	-	10,680,262
Hanso Co., Ltd. and etc.	584,342	(277,280)	34,692	341,754

6.3 Other financial assets

Details of other financial assets as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Accrued income	₩ 19,704,930	₩ -	₩ 20,705,915	₩ -
Loans receivable	60,362,588	200,418,724	26,573,468	201,330,321
Guarantee deposits	13,251,419	109,758,437	14,392,472	17,105,954
Derivative assets designated as a hedge	2,045,625	-	-	34,692,000
Long-term receivables	-	75,178,644	-	52,532,385
	₩ 95,364,562	₩ 385,355,805	₩ 61,671,855	₩ 305,660,660

6.4 Financial liabilities at FVPL

Details of financial liabilities at FVPL as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Derivative instruments held for trading (*1)	₩ 254,046,728	₩ -	₩ 2,458	₩ -

(*1) As of December 31, 2025, the Group has recognized derivative liabilities amounting to ₩254,046,728 thousand in relation to a total return swap contract based on the shares of LOTTE Chemical Louisiana LLC (see Note 36).

Changes in financial liabilities at FVTPL for each of the two years in the period ended 2025 are as follows (Korean won in thousands):

	2025				
	January 1	Disposal	Settlement	Valuation	December 31
<Current>					
Derivative instruments held for trading	₩ 2,458	₩ (2,458)	₩ (21,038,630)	₩ 275,085,358	₩ 254,046,728
	₩ 2,458	₩ (2,458)	₩ (21,038,630)	₩ 275,085,358	₩ 254,046,728

6. Financial instruments (cont'd)

	2024				
	January 1	Disposal	Settlement	Valuation	December 31
<Current>					
Derivative instruments held for trading	₩ 366,201	₩ -	₩ -	₩ (363,743)	₩ 2,458
	₩ 366,201	₩ -	₩ -	₩ (363,743)	₩ 2,458

6.5 Other financial liabilities

Details of other financial liabilities as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Accrued expenses	₩ 86,898,055	₩ -	₩ 200,035,551	₩ -
Other payables	-	10,198,959	398,471	3,971,133
Guarantee deposits received	6,830,662	32,600	7,163,656	48,672
Derivative liabilities designated as a hedge	336,182	-	10,327,617	2,581,259
Finance guarantee liabilities	9,463,780	-	424,667	-
Supplier finance arrangements (*1)	829,287,237	-	1,006,593,231	-
Non-controlling interests Liabilities (*2)	-	1,729,302	-	1,800,726
	₩ 932,815,916	₩ 11,960,861	₩ 1,224,943,193	₩ 8,401,790

(*1) The Group entered into supplier finance arrangements with financial institutions (see Note 32).
(*2) Non-controlling interests of LOTTE Chemical Innovation Fund No.1, LOTTE Chemical Innovation Fund No.2, LOTTE Chemical ESG Fund are classified within liabilities in accordance with KIFRS 1032 *Financial Instrument: Presentation*.

7. Trade and other receivables

Details of trade and other receivables as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 1,788,338,107	₩ -	₩ 2,094,096,955	₩ -
Less: allowance for doubtful accounts	(6,661,180)	-	(6,118,175)	-
Trade receivables, net	1,781,676,927	-	2,087,978,780	-
Other receivables	85,970,835	-	88,819,005	-
Less: allowance for doubtful accounts	(2,598,549)	-	(2,683,957)	-
Other receivables, net	83,372,286	-	86,135,048	-
	₩ 1,865,049,213	₩ -	₩ 2,174,113,828	₩ -

Relating to trade and other receivables, the Group holds payment guarantees, deposits and titles to real estate as collateral, and collateral levels are readjusted periodically by reviewing the credit limit and reassessing the customer's credit.

The Group recognizes allowances for doubtful accounts based on its past experience. The Group estimates a recoverable amount of a receivable of which a loss event has been identified on an individual basis through individual assessment and recognizes the difference between the estimated recoverable amount and the book value as an impairment loss. In determining the recoverability of the receivables, the Group considers the changes in credit ratings from the credit granting date until the end of the reporting period. The Group evaluates the concentration of risk with respect to trade receivables as low (limited), as its customers are diversified and unrelated to one another (located in several jurisdictions and industries and operate in largely independent markets).

7. Trade and other receivables (cont'd)

Changes in allowances for doubtful accounts for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025		2024	
	Trade accounts receivable	Other accounts receivable	Trade accounts receivable	Other accounts receivable
January 1	₩ (6,118,175)	₩ (2,683,957)	₩ (4,960,878)	₩ (2,002,906)
Bad debt expense (reversal)	(2,866,472)	191,479	(1,313,432)	(836,291)
Write-off	2,253,562	-	10,862	161,138
Collection of receivables	-	-	531,952	-
Others (change in consolidation scope, foreign exchange fluctuations and others)	69,905	(106,071)	(386,679)	(5,898)
December 31	₩ (6,661,180)	₩ (2,598,549)	₩ (6,118,175)	₩ (2,683,957)

As of December 31, 2025, accounts receivable amounting to ₩ 1,534 million (as of December 31, 2024: ₩1,462 million) have been transferred for payment settlements with customers and recognized as short-term borrowings. If the transferred accounts receivable is not collected at maturity, the Group bears full recourse for the uncollected amount. Since the Group has not transferred substantially all the risks and rewards associated with the transferred accounts receivable, the full carrying amount of these receivables continues to be recognized, and the cash received upon transfer has been recognized as secured borrowings (see Note 18).

8. Inventories

Details of inventories as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025		
	Acquisition cost	Valuation allowance	Book value
Merchandise	₩ 93,427,171	₩ (100,127)	₩ 93,327,044
Finished goods	756,783,520	(67,011,262)	689,772,258
Work-in-process	619,861,344	(9,837,190)	610,024,154
Raw materials	584,257,317	(38,045,762)	546,211,555
Sub materials	113,505,023	-	113,505,023
Supplies	484,653,138	(16,320,519)	468,332,619
Goods-in-transit	388,857,298	-	388,857,298
	₩ 3,041,344,811	₩ (131,314,860)	₩ 2,910,029,951

	December 31, 2024		
	Acquisition cost	Valuation allowance	Book value
Merchandise	₩ 100,126,433	₩ (62,509)	₩ 100,063,924
Finished goods	939,780,386	(73,288,612)	866,491,774
Work-in-process	614,319,331	(18,436,378)	595,882,953
Raw materials	478,844,979	(10,707,029)	468,137,950
Sub materials	106,696,129	-	106,696,129
Supplies	441,626,105	(14,657,077)	426,969,028
Goods-in-transit	254,162,555	-	254,162,555
	₩ 2,935,555,918	₩ (117,151,605)	₩ 2,818,404,313

The valuation loss on inventory amounting to ₩14,163 million, related to the valuation of inventory at net realizable value, was included in cost of sales for the year ended December 31, 2025 (₩15,989 million for the year ended December 31, 2024).

9. Finance leases receivable

The Group has entered into finance lease agreements for manufacturing facilities, auxiliary facilities, and piping facilities, with lease terms ranging from 5 to 30 years. Lease payments are presented in Korean won or Malaysian Ringgit.

Details of finance leases receivable as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025		December 31, 2024	
	Minimum lease payments	Present value	Minimum lease payments	Present value
Within a year	₩ 3,204,983	₩ 2,907,367	₩ 2,028,279	₩ 1,795,900
1 to 5 years	9,140,723	7,124,363	6,136,918	3,809,714
Over 5 years	6,756,133	5,424,372	5,047,633	3,815,987
	19,101,839	15,456,102	13,212,830	9,421,601
Less: unrealized interest income	(3,645,737)	-	(3,791,229)	-
Discounted unguaranteed residual value	3,370,720	3,370,720	557,447	557,447
	₩ 18,826,822	₩ 18,826,822	₩ 9,979,048	₩ 9,979,048

Implicit interest rates are determined at the date of the agreement. The average annual implicit interest rate is 8.29% and 10.42% as of December 31, 2025 and 2024.

Details of finance leases receivable classified as current and non-current portion as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	Dec. 31, 2025	Dec. 31, 2024
Current	₩ 2,907,367	₩ 1,795,900
Non-current	15,919,455	8,183,148
	₩ 18,826,822	₩ 9,979,048

10. Other assets

Details of other assets as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Contract assets	₩ 4,703,538	₩ -	₩ 4,988,945	₩ -
Advance payments	17,846,153	264,953	21,186,629	357,001
Prepaid expenses	83,748,557	169,478,204	75,916,506	164,444,017
Value-added tax receivables	222,608,024	-	247,081,659	-
Other current assets	14,200,276	-	9,913,861	-
Emission rights	169,514	-	124,378	-
Defined benefit asset, net (*1)	-	75,726,867	-	45,206,544
	₩ 343,276,062	₩ 245,470,024	₩ 359,211,978	₩ 210,007,562

(*1) As of December 31, 2025 and 2024, the fair value of plan assets exceeding the present value of defined benefit obligations was recognized as other assets (see Note 19).

11. Investments in associates, joint ventures and joint operation

11-1 Investments in associates

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

	Principal business activities	Country of domicile	Equity ownership (%)	
			Dec. 31, 2025	Dec. 31, 2024
LOTTE Engineering & Construction Co., Ltd.	Constructions	Korea	44.02	44.02
HD Hyundai Chemical Co., Ltd.	Chemical production	Korea	40.00	40.00
Yeosu Petro Corp.	Facility management	Korea	27.20	27.20
Clean H2 Infra Fund (*1)	Investments	France	5.10	5.10
Standard Energy Co., Ltd. (*2)	Secondary cell production	Korea	3.79	3.79
LOTTE Air Liquide Ener'Hy Co., Ltd.	Hydrogen distribution	Korea	40.00	40.00
Hanju Corp. (*1)	Utility supply	Korea	8.66	8.66

(*1) Although the Group owns less than 20% of shares, the Group classified it as an associate because of the expected significant influence it will have with the authority to appoint board of directors or those charged with governance.

(*2) Although the Group owns less than 20% of shares of Standard Energy Co., Ltd., the Group classified it as an associate because of the expected significant influence it will have with the authority to appoint board of directors or those charged with governance. Meanwhile, the Group holds redeemable convertible preferred shares (book value ₩69,684 million) issued by Standard Energy Co., Ltd. separately from the common stock, and it is classified as the financial assets at FVTPL (see Note 6).

Changes in the investments in associates for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

2025	January 1	Acquisition	Dividends received	Share of profits (losses)	Share of changes in net assets of equity-method investments	Others (*1)	December 31
LOTTE Engineering & Construction Co., Ltd.	₩ 1,062,141,676	₩ -	₩ -	₩ 2,743,553	₩ (12,864,517)	₩ (2,193,208)	₩ 1,049,827,504
HD Hyundai Chemical Co., Ltd.	634,254,704	-	-	(192,803,034)	1,649,151	1,498,676	444,599,497
Yeosu Petro Corp.	308,964	-	-	5,501	-	-	314,465
Clean H2 Infra Fund	44,744,921	12,152,047	-	4,054,234	1,371,223	-	62,322,425
Standard Energy Co., Ltd.	5,126,004	-	-	(930,520)	135,190	18,306	4,348,980
LOTTE Air Liquide Ener'Hy Co., Ltd.	8,041,688	-	-	(448,727)	-	-	7,592,961
Hanju Corp.	28,211,529	-	(979,200)	6,731,208	-	12,038	33,975,575
	₩ 1,782,829,486	₩ 12,152,047	₩ (979,200)	₩ (180,647,785)	₩ (9,708,953)	₩ (664,188)	₩ 1,602,981,407

2024	January 1	Acquisition	Dividends received	Share of profits (losses)	Share of changes in net assets of equity-method investments method	Others (*1)	December 31
LOTTE Engineering & Construction Co., Ltd.	₩ 1,020,436,717	₩ -	₩ -	₩ 24,326,146	₩ 7,471,604	₩ 9,907,209	₩ 1,062,141,676
HD Hyundai Chemical Co., Ltd.	749,548,135	-	-	(112,576,855)	(1,074,945)	(1,641,631)	634,254,704
Yeosu Petro Corp.	225,058	81,600	-	2,306	-	-	308,964
Clean H2 Infra Fund	17,124,772	23,880,831	-	5,083,947	(1,344,629)	-	44,744,921
Standard Energy Co., Ltd.	1,976,008	-	-	3,078,026	67,516	4,454	5,126,004
LOTTE Air Liquide Ener'Hy Co., Ltd.	8,554,548	-	-	(512,860)	-	-	8,041,688
Hanju Corp.	25,595,891	-	(489,600)	3,176,266	-	(71,028)	28,211,529
	₩ 1,823,461,129	₩ 23,962,431	₩ (489,600)	₩ (77,423,024)	₩ 5,119,546	₩ 8,199,004	₩ 1,782,829,486

(*1) Other changes in amounts represent the effect of share of changes in retained earnings of equity-method investments and changes in retained earnings arising from the remeasurement gain or loss on the defined benefit pension plans of associates.

11. Investments in associates, joint ventures and joint operation (cont'd)

The summarized financial position on associates as of December 31, 2025 and 2024 is as follows (Korean won in thousands):

	December 31, 2025				
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
LOTTE Engineering & Construction Co., Ltd.	₩ 5,323,430,064	₩ 3,633,417,449	₩ 4,429,448,808	₩ 1,473,128,118	₩ 3,054,270,587
HD Hyundai Chemical Co., Ltd.	986,537,222	5,149,304,705	1,903,416,433	3,003,362,495	1,229,062,999
Yeosu Petro Corp.	426,024	1,350,760	116,615	504,049	1,156,120
Clean H2 Infra Fund	90,187,897	1,152,461,764	-	-	1,242,649,661
Standard Energy Co., Ltd.	14,480,303	13,051,122	2,785,300	204,287,138	(179,541,013)
LOTTE Air Liquide Ener'Hy Co., Ltd.	4,015,364	44,956,225	4,110,455	25,878,731	18,982,403
Hanju Corp.	65,012,281	525,486,294	110,849,420	59,176,240	420,472,915

	December 31, 2024				
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
LOTTE Engineering & Construction Co., Ltd.	₩ 5,334,218,773	₩ 3,004,361,616	₩ 4,757,871,667	₩ 834,626,875	₩ 2,746,081,847
HD Hyundai Chemical Co., Ltd.	1,013,343,716	4,933,114,827	1,437,743,754	2,897,150,664	1,611,564,125
Yeosu Petro Corp.	350,053	2,164,721	272,094	1,106,782	1,135,898
Clean H2 Infra Fund	78,305,645	806,235,450	1,631,907	-	882,909,188
Standard Energy Co., Ltd.	15,492,293	8,801,638	1,473,334	181,874,754	(159,054,157)
LOTTE Air Liquide Ener'Hy Co., Ltd.	6,044,509	16,732,966	2,673,254	-	20,104,221
Hanju Corp.	61,805,918	520,674,231	143,825,622	84,745,981	353,908,546

The summarized financial performance on associates for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025			
	Sales	Operating profit (loss)	Profit (loss) for the period	Total comprehensive Income (loss)
LOTTE Engineering & Construction Co., Ltd.	₩ 7,909,900,572	₩ 105,431,629	₩ 11,429,370	₩ (27,407,110)
HD Hyundai Chemical Co., Ltd.	7,220,128,209	(430,250,760)	(483,125,461)	(382,501,125)
Yeosu Petro Corp.	1,760,394	25,388	20,222	20,222
Clean H2 Infra Fund	133,437,715	3,466,718	1,632,712	1,632,712
Standard Energy Co., Ltd.	162,031	(22,638,378)	(22,768,619)	(22,285,973)
LOTTE Air Liquide Ener'Hy Co., Ltd.	2,335,605	(3,055,570)	(1,132,723)	(1,132,723)
Hanju Corp.	850,777,246	104,038,284	77,733,357	77,872,371

	2024			
	Sales	Operating profit (loss)	Profit (loss) for the period	Total comprehensive Income (loss)
LOTTE Engineering & Construction Co., Ltd.	₩ 7,863,237,718	₩ 169,539,839	₩ 58,208,037	₩ 103,541,942
HD Hyundai Chemical Co., Ltd.	7,322,856,474	(150,214,178)	(283,748,605)	(290,540,043)
Yeosu Petro Corp.	1,514,767	(4,344)	8,477	8,477
Clean H2 Infra Fund	67,602,895	44,483,899	33,473,049	33,473,049
Standard Energy Co., Ltd.	57,117	(22,790,882)	81,190,922	81,308,357
LOTTE Air Liquide Ener'Hy Co., Ltd.	-	(2,584,555)	(1,218,974)	(1,218,974)
Hanju Corp.	816,997,946	44,767,951	36,680,163	35,859,917

11. Investments in associates, joint ventures and joint operation (cont'd)

Details of the reconciliation between net assets of associates and the book value of the investments in associates as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025					
	Net assets (*1)	Share of net assets	Differentials, etc.	Less: unrealized profit on transactions with the Group	Others (*2)	Book value
LOTTE Engineering & Construction Co., Ltd.	₩ 2,487,538,271	₩ 1,095,132,139	₩ 38,063,135	₩ (83,367,770)	₩ -	₩ 1,049,827,504
HD Hyundai Chemical Co., Ltd.	1,131,991,853	452,796,741	-	(8,197,244)	-	444,599,497
Yeosu Petro Corp.	1,156,120	314,465	-	-	-	314,465
Clean H2 Infra Fund	1,242,649,661	63,432,825	-	-	(1,110,400)	62,322,425
Standard Energy Co., Ltd.	(179,541,013)	(6,809,614)	11,158,594	-	-	4,348,980
LOTTE Air Liquide Ener'Hy Co., Ltd.	18,982,403	7,592,961	-	-	-	7,592,961
Hanju Corp.	383,140,494	33,177,500	798,075	-	-	33,975,575

	December 31, 2024					
	Net assets (*1)	Share of net assets	Differentials, etc.	Less: unrealized profit on transactions with the Group	Others (*2)	Book value
LOTTE Engineering & Construction Co., Ltd.	₩ 2,510,705,456	₩ 1,105,331,432	₩ 38,686,461	₩ (81,876,217)	₩ -	₩ 1,062,141,676
HD Hyundai Chemical Co., Ltd.	1,607,218,050	642,887,220	-	(8,632,516)	-	634,254,704
Yeosu Petro Corp.	1,135,898	308,964	-	-	-	308,964
Clean H2 Infra Fund	882,909,188	45,069,358	-	-	(324,437)	44,744,921
Standard Energy Co., Ltd.	(159,054,157)	(6,032,590)	11,158,594	-	-	5,126,004
LOTTE Air Liquide Ener'Hy Co., Ltd.	20,104,221	8,041,688	-	-	-	8,041,688
Hanju Corp.	316,576,123	27,413,454	798,075	-	-	28,211,529

(*1) It excludes non-controlling interests, land revaluation surplus, etc.
(*2) It is the effect of changes in equity interest resulting from a third-party capital increase.

11-2 Investments in joint ventures

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

	Principal business activities	Country of incorporation/ domicile	Equity ownership (%)	
			Dec. 31, 2025	Dec. 31, 2024
Seetec Co., Ltd.	Utility	Korea	50.00	50.00
LOTTE MCC Co., Ltd.	Chemical production	Korea	50.00	50.00
LOTTE Mitsui Chemical Co., Ltd.	Chemical production	Korea	50.00	50.00
LOTTE Ube Synthetic Rubber Sdn. Bhd. (*1)	Chemical production	Malaysia	50.00	50.00
LOTTE Versalis Elastomers Co., Ltd. (*2)	Chemical production	Korea	50.00+1 share	50.00+1 share
Weifang Lexing Chemical Co., Ltd. (*3)	Chemical production	China	25.00	25.00
Kor-UZ Gas Chemical Investment Ltd. (*4)	Natural resource development	Malaysia/ Uzbekistan	49.00	49.00
Hantok Chemical Co., Ltd.	Chemical production	Korea	50.00	50.00
LOTTE SK Eneroot Corporation (*5)	Hydrogen power generation	Korea	45.00	45.00
LOTTE Ineos Chemical Co., Ltd. (*6)	Chemical production	Korea	49.06	49.06
LOTTE GS Chemical Corporation (*7)	Chemical production	Korea	50.00	-

(*1) Liquidation is currently in progress as of December 31, 2025.
(*2) Although equity ownership in the entity exceeds 50%, the Group's investment in the entity was classified as a joint venture arising from a joint arrangement.
(*3) Despite the ownership interests being less than 50%, the Group identified it as a joint venture due to the unanimous resolution clause within the joint arrangement, which essentially gives the Group joint control.
(*4) Despite the ownership interests being less than 50%, the Group identified it as a joint venture due to its ability to jointly control it in accordance with the joint arrangement, considering the composition of board of directors based on the shareholders' agreements, and the quorum for resolutions at the general shareholders' meeting. Meanwhile, the shares were provided as collateral for borrowings of Uz-Kor Gas Chemical LLC in connection with the Uzbek Surgil joint project (see Note 37).
(*5) Based on common stocks with voting rights, the effective equity ratio of the Group is 50%. LOTTE SK Eneroot Corporation was classified as a joint venture because it was determined that joint control could be exercised according to the effective share ratio, the composition of the board of directors according to the shareholder agreement, and the quorum for a general resolution of the shareholders.

11. Investments in associates, joint ventures and joint operation (cont'd)

(*6) It represents the Group's investment in a joint venture held indirectly through LOTTE Fine Chemical Co., Ltd. Despite the ownership interests being less than 50%, the Group identified it as a joint venture due to its ability to jointly control it in accordance with the arrangement.

(*7) For the year ended December 31, 2025, considering the changes in the shareholders' agreement, including the composition of the board of directors and the quorum for shareholders' resolutions, the Group determined that it has joint control and accordingly reclassified the investee from a subsidiary to a joint venture.

Changes in investments in joint ventures for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025						
	January 1	Acquisition	Dividends received	Share of Profits (losses)	Share of changes in net assets of equity-method investments	Others (*1)	December 31
Seetec Co., Ltd.	₩ 146,086,241	₩ -	₩ (10,000,000)	₩ 8,112,337	₩ -	₩ 479,609	₩ 144,678,187
LOTTE MCC Co., Ltd.	161,701,114	-	(16,500,000)	(9,645,637)	-	282,736	135,838,213
LOTTE Mitsui Chemical Co., Ltd.	3,790,535	-	-	161,178	-	-	3,951,713
LOTTE Ube Synthetic Rubber Sdn. Bhd.	-	-	-	-	-	-	-
LOTTE Versalis Elastomers Co., Ltd.	29,977,856	45,000,000	-	(2,971,379)	(204,638)	359,332	72,161,171
Weifang Lexing Chemical Co., Ltd.	-	-	-	-	-	-	-
Kor-UZ Gas Chemical Investment Ltd.	977,628,442	-	(135,490,145)	60,512,761	(27,463,546)	-	875,187,512
Hantok Chemical Co., Ltd.	75,127,078	-	-	10,707,509	-	6,821	85,841,408
LOTTE SK Eneroot Corporation	46,700,320	-	-	366,458	(16,653)	(10,374)	47,039,751
LOTTE Ineos Chemical Co., Ltd.	630,381,371	-	(17,568,669)	8,683,691	(7,105)	(117,219)	621,372,069
LOTTE GS Chemical Corporation	-	190,000,000	-	-	-	-	190,000,000
	₩ 2,071,392,957	₩ 235,000,000	₩ (179,558,814)	₩ 75,926,918	₩ (27,691,942)	₩ 1,000,905	₩ 2,176,070,024

	2024						
	January 1	Acquisition / Disposal	Dividends received	Share of Profits (losses)	Share of changes in net assets of equity-method investments	Others (*1)	December 31
Seetec Co., Ltd.	₩ 142,374,554	₩ -	₩ (7,500,000)	₩ 11,618,050	₩ -	₩ (406,363)	₩ 146,086,241
LOTTE MCC Co., Ltd.	193,985,735	-	(50,000,000)	18,099,544	-	(384,165)	161,701,114
LOTTE Mitsui Chemical Co., Ltd.	6,551,916	(3,000,000)	-	238,619	-	-	3,790,535
LOTTE Ube Synthetic Rubber Sdn. Bhd.	-	93,605,250	-	(92,692,611)	(912,639)	-	-
LOTTE Versalis Elastomers Co., Ltd.	-	50,000,000	-	(19,085,317)	(250,766)	(686,061)	29,977,856
Weifang Lexing Chemical Co., Ltd.	-	-	-	-	-	-	-
Kor-UZ Gas Chemical Investment Ltd.	921,290,286	-	(50,220,100)	24,335,101	82,223,155	-	977,628,442
Hantok Chemical Co., Ltd.	70,540,442	-	(1,500,000)	6,087,392	-	(756)	75,127,078
LOTTE SK Eneroot Corporation	18,174,502	29,700,000	-	(741,727)	(432,455)	-	46,700,320
LOTTE Ineos Chemical Co., Ltd.	657,241,058	-	(35,256,738)	8,753,387	33,172	(389,508)	630,381,371
	₩ 2,010,158,493	₩ 170,305,250	₩ (144,476,838)	₩ (43,387,562)	₩ 80,660,467	₩ (1,866,853)	₩ 2,071,392,957

(*1) Other changes in amounts represent the effect of changes in retained earnings arising from the remeasurement gain or loss on the defined benefit pension plans of joint ventures.

11. Investments in associates, joint ventures and joint operation (cont'd)

The summarized financial position on joint ventures as of December 31, 2025 and 2024 is as follows (Korean won in thousands):

	December 31, 2025				
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
Seetec Co., Ltd.	₩ 96,778,748	₩ 253,820,060	₩ 47,143,699	₩ 15,960,964	₩ 287,494,145
LOTTE MCC Co., Ltd.	185,191,288	152,665,586	45,657,540	19,547,413	272,651,921
LOTTE Mitsui Chemical Co., Ltd.	6,977,626	3,493,259	970,332	1,593,578	7,906,975
LOTTE Ube Synthetic Rubber Sdn. Bhd.	17,983,810	-	5,692	-	17,978,118
LOTTE Versalis Elastomers Co., Ltd.	166,599,570	300,090,989	254,635,432	28,727,932	183,327,195
Kor-UZ Gas Chemical Investment Ltd.	1,917,231	1,841,207,777	-	40,265,342	1,802,859,666
Hantok Chemical Co., Ltd.	55,148,517	63,537,370	14,548,007	742,784	103,395,096
LOTTE SK Eneroot Corporation	37,387,463	239,477,169	12,890,706	159,441,147	104,532,779
LOTTE Ineos Chemical Co., Ltd.	346,279,488	473,928,733	187,286,379	77,875,234	555,046,608
LOTTE GS Chemical Corporation	121,359,671	1,122,234,908	113,563,946	714,474,601	415,556,032

	December 31, 2024				
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
Seetec Co., Ltd.	₩ 88,564,803	₩ 263,222,118	₩ 46,962,233	₩ 14,264,047	₩ 290,560,641
LOTTE MCC Co., Ltd.	260,845,537	134,416,062	49,953,364	18,744,232	326,564,003
LOTTE Mitsui Chemical Co., Ltd.	6,492,842	3,926,457	1,114,197	1,721,113	7,583,989
LOTTE Ube Synthetic Rubber Sdn. Bhd.	101,820,268	171,149,667	57,071,262	21,043,931	194,854,742
LOTTE Versalis Elastomers Co., Ltd.	140,177,904	327,587,816	355,068,810	14,165,803	98,531,107
Kor-UZ Gas Chemical Investment Ltd.	1,031,786	2,050,541,727	6,935	37,365,763	2,014,200,815
Hantok Chemical Co., Ltd.	36,250,207	56,131,398	13,173,912	747,905	78,459,788
LOTTE SK Eneroot Corporation	58,515,461	110,140,436	5,190,281	59,687,126	103,778,490
LOTTE Ineos Chemical Co., Ltd.	335,946,571	514,619,937	181,768,554	120,330,253	548,467,701

The summarized financial performance on joint ventures for each of the two years in the period ended December 31, 2025 is as follows (Korean won in thousands):

	2025			
	Sales	Operating profit (loss)	Profit (loss) for the period	Total comprehensive Income (loss)
Seetec Co., Ltd.	₩ 775,854,614	₩ 18,420,279	₩ 15,974,286	₩ 15,974,286
LOTTE MCC Co., Ltd.	445,055,199	(28,231,120)	(21,477,554)	(20,912,082)
LOTTE Mitsui Chemical Co., Ltd.	8,753,561	330,801	322,985	322,985
LOTTE Ube Synthetic Rubber Sdn. Bhd.	-	(1,532,672)	(4,026,241)	(4,026,241)
LOTTE Versalis Elastomers Co., Ltd.	350,065,226	2,512,871	(5,513,299)	(4,760,263)
Kor-UZ Gas Chemical Investment Ltd.	-	(299,346)	111,824,553	111,824,553
Hantok Chemical Co., Ltd.	130,380,521	25,505,005	24,921,667	24,921,667
LOTTE SK Eneroot Corporation	23,120,999	978,825	814,351	791,296
LOTTE Ineos Chemical Co., Ltd.	835,886,971	72,530,229	42,763,753	41,867,717

	2024			
	Sales	Operating profit (loss)	Profit (loss) for the period	Total comprehensive Income (loss)
Seetec Co., Ltd.	₩ 795,769,439	₩ 26,688,396	₩ 22,982,497	₩ 22,169,771
LOTTE MCC Co., Ltd.	561,374,838	43,818,359	36,955,090	36,186,762
LOTTE Mitsui Chemical Co., Ltd.	10,230,248	393,564	475,820	475,820
LOTTE Ube Synthetic Rubber Sdn. Bhd.	42,440,886	(28,016,081)	(21,420,398)	(21,420,398)
LOTTE Versalis Elastomers Co., Ltd.	293,384,715	(24,701,586)	(36,689,141)	(38,070,689)
Kor-UZ Gas Chemical Investment Ltd.	-	(108,562)	44,751,402	(44,408,561)
Hantok Chemical Co., Ltd.	106,736,676	15,088,871	15,313,599	15,313,599
LOTTE SK Eneroot Corporation	363,975	(2,132,422)	(1,648,280)	(1,648,280)
LOTTE Ineos Chemical Co., Ltd.	845,843,535	54,196,464	42,251,347	41,190,603

11. Investments in associates, joint ventures and joint operation (cont'd)

Details of the reconciliations between net assets of joint ventures and the book value of the investments in joint ventures as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025						
	Net assets (*1)	Share of net assets	Differentials, etc.	Less: unrealized profit on transactions with the Group	Unrecognized accumulated loss on valuation of investment under the equity method	Impairment loss	Book Value
Seetec Co., Ltd.	₩ 292,095,551	₩ 146,047,776	₩ (1,342,610)	₩ (26,979)	₩ -	₩ -	₩ 144,678,187
LOTTE MCC Co., Ltd.	272,651,921	136,325,961	-	(487,748)	-	-	135,838,213
LOTTE Mitsui Chemical Co., Ltd.	7,906,975	3,953,487	-	(1,774)	-	-	3,951,713
LOTTE Ube Synthetic Rubber Sdn. Bhd.	17,978,118	8,989,059	-	-	86,111,985	(95,101,044)	-
LOTTE Versalis Elastomers Co., Ltd.	183,327,195	91,663,597	-	(699,147)	-	(18,803,279)	72,161,171
Weifang Lexing Chemical Co., Ltd.	(70,905,629)	(17,726,407)	-	-	17,726,407	-	-
Kor-UZ Gas Chemical Investment Ltd.	1,802,859,666	883,401,237	237,685	(8,451,410)	-	-	875,187,512
Hantok Chemical Co., Ltd.	103,395,096	51,697,549	34,412,759	(268,900)	-	-	85,841,408
LOTTE SK Eneroot Corporation	104,532,779	47,039,751	-	-	-	-	47,039,751
LOTTE Ineos Chemical Co., Ltd.	555,046,608	272,287,829	349,249,954	(165,714)	-	-	621,372,069
LOTTE GS Chemical Corporation	415,556,032	207,778,016	(17,778,016)	-	-	-	190,000,000

	December 31, 2024						
	Net assets (*1)	Share of net assets	Differentials, etc.	Less: unrealized profit on transactions with the Group	Unrecognized accumulated loss on valuation of investment under the equity method	Impairment loss	Book Value
Seetec Co., Ltd.	₩ 295,162,045	₩ 147,581,023	₩ (1,469,255)	₩ (25,527)	₩ -	₩ -	₩ 146,086,241
LOTTE MCC Co., Ltd.	326,564,003	163,282,002	-	(1,580,888)	-	-	161,701,114
LOTTE Mitsui Chemical Co., Ltd.	7,583,989	3,791,995	-	(1,460)	-	-	3,790,535
LOTTE Ube Synthetic Rubber Sdn. Bhd.	194,854,742	97,427,371	-	-	(12,794,059)	(84,633,312)	-
LOTTE Versalis Elastomers Co., Ltd.	98,531,107	49,265,553	-	(484,418)	-	(18,803,279)	29,977,856
Weifang Lexing Chemical Co., Ltd.	(69,697,089)	(17,424,272)	-	-	17,424,272	-	-
Kor-UZ Gas Chemical Investment Ltd.	2,014,200,815	986,958,398	237,685	(9,567,641)	-	-	977,628,442
Hantok Chemical Co., Ltd.	78,459,787	39,229,893	36,183,361	(286,176)	-	-	75,127,078
LOTTE SK Eneroot Corporation	103,778,490	46,700,320	-	-	-	-	46,700,320
LOTTE Ineos Chemical Co., Ltd.	548,467,701	269,060,429	361,455,655	(134,713)	-	-	630,381,371

(*1) It excludes non-controlling interest, land revaluation and etc.

11-3 Joint operation

The main place of business of LACC, LLC., a joint operation of LOTTE Chemical USA Corp. and its subsidiaries, is located in Louisiana, USA. The Group, as a joint operator, recognizes its share of assets, liabilities, revenue and expenses of the joint operation, given that the primary objective of the joint operation is to provide its jointly controlling parties with outputs, such as ethylene.

12. Non-current assets held for sale and profit from discontinued operations

On February 19, 2025, the Group decided at its board of directors' meeting to sell all of its shares (75.01% stake) in LOTTE Chemical Pakistan Limited, a subsidiary, and entered into a sale agreement on the same date. For the year ended December 31, 2025, the Group obtained approval for the business combination and commenced a public tender offer, and classified the related assets and liabilities as a disposal group held for sale. The sale was completed on November 12, 2025. Furthermore, on May 19, 2025, the Group decided to sell its water treatment business unit with management approval, and the sale process was completed on July 31, 2025, after entering into a sale agreement on June 19, 2025.

12. Non-current assets held for sale and profit from discontinued operations (cont'd)

Details of non-current assets held for sale as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025	December 31, 2024
Land	₩ -	₩ 3,911,415

Details of profit from discontinued operations for each of the two years in the period s ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
Sales	₩ 337,619,391	₩ 535,565,965
Gross profit	13,147,366	25,321,674
Operating profit	8,954,554	20,454,312
Profit before income tax	10,308,213	21,115,108
Profit from discontinued operations	₩ 7,303,999	₩ 12,929,051
Basic and diluted earnings per share from discontinued operations (in Korean won)	₩ 130	₩ 230

Details of cash flows from discontinued operations for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
Net cash flows provided by (used in) operating activities	₩ (46,569,140)	₩ 37,920,350
Net cash flows used in investing activities	(33,217)	(2,699,401)
Net cash flows used in financing activities	(2,224,683)	(18,163,445)
Net foreign exchange differences and etc.	-	5,416,987
	₩ (48,827,040)	₩ 22,474,491

13. Property, plant and equipment

Details of property, plant and equipment as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025				
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Government subsidies	Book value
Land	₩ 1,475,602,090	₩ -	₩ -	₩ (5,000,000)	₩ 1,470,602,090
Buildings	1,739,757,600	(523,925,515)	(24,700,633)	(2,265,645)	1,188,865,807
Structures	3,389,156,340	(1,625,951,240)	(147,921,518)	-	1,615,283,582
Machinery	21,626,350,232	(11,947,545,560)	(1,037,961,741)	(5,869,145)	8,634,973,786
Vehicles	16,474,654	(12,732,227)	(638,051)	(6,042)	3,098,334
Tools and equipment	229,864,707	(183,789,413)	(5,006,317)	(212,006)	40,856,971
Fixtures and furniture	245,625,444	(200,595,923)	(3,183,295)	(949,781)	40,896,445
Others	860,540,528	(506,004,105)	(22,709,507)	-	331,826,916
Construction-in-progress	1,271,774,505	-	(13,100,248)	(2,362)	1,258,671,895
	₩ 30,855,146,100	₩ (15,000,543,983)	₩ (1,255,221,310)	₩ (14,304,981)	₩ 14,585,075,826

	December 31, 2024				
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Government subsidies	Book value
Land	₩ 1,510,276,008	₩ -	₩ -	₩ (3,500,000)	₩ 1,506,776,008
Buildings	1,527,316,013	(494,659,725)	(15,821,220)	(5,241,176)	1,011,593,892
Structures	3,080,937,613	(1,550,943,032)	(80,457,429)	-	1,449,537,152
Machinery	17,392,362,945	(11,648,135,794)	(666,553,681)	(6,834,806)	5,070,838,664
Vehicles	17,582,210	(12,897,751)	(341,005)	(8,542)	4,334,912
Tools and equipment	226,586,344	(178,628,413)	(3,982,028)	(274,837)	43,701,066
Fixtures and furniture	241,015,081	(187,158,302)	(2,258,915)	(1,290,544)	50,307,320
Others	854,129,255	(594,619,404)	(21,469,117)	-	238,040,734
Construction-in-progress	6,739,035,640	-	(29,470,187)	(182,932)	6,709,382,521
	₩ 31,589,241,109	₩ (14,667,042,421)	₩ (820,353,582)	₩ (17,332,837)	₩ 16,084,512,269

13. Property, plant and equipment (cont'd)

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

	2025								
	January 1	Acquisition	Disposal	Depreciation	Impairment	Transfer (*1)	Changes in consolidation scope (*2)	Others (*3)	December 31
Land	₩ 1,506,776,008	₩ -	₩ (9,628,963)	₩ -	₩ -	₩ (646,698)	₩ (25,003,563)	₩ (894,694)	₩ 1,470,602,090
Buildings	1,011,593,892	25,057,293	(1,645,933)	(41,456,152)	(9,479,216)	230,134,602	(21,888,830)	(3,449,849)	1,188,865,807
Structures	1,449,537,152	7,061,354	(1,229,836)	(100,251,612)	(68,509,843)	610,828,216	(262,697,256)	(19,454,593)	1,615,283,582
Machinery	5,070,838,664	49,611,001	(14,141,401)	(708,898,020)	(362,956,451)	5,362,263,909	(724,644,878)	(37,099,038)	8,634,973,786
Vehicles	4,334,912	204,890	(7,036)	(1,344,572)	(309,419)	315,685	(64,564)	(31,562)	3,098,334
Tools and equipment	43,701,066	1,524,041	(145,632)	(17,526,825)	(1,038,178)	18,551,346	(2,837,759)	(1,371,088)	40,856,971
Furniture	50,307,320	1,546,067	(393,768)	(19,394,825)	(927,540)	10,449,346	(675,063)	(15,092)	40,896,445
Others	238,040,734	260,460	(3,250,621)	(112,519,186)	(1,188,347)	234,877,109	(22,706,324)	(1,686,909)	331,826,916
Construction -in progress (*4)	6,709,382,521	1,483,855,147	(14,836,551)	-	(8,535,272)	(6,734,663,831)	(3,142,690)	(173,387,429)	1,258,671,895
	₩ 16,084,512,269	₩ 1,569,120,253	₩ (45,279,741)	₩ (1,001,391,192)	₩ (452,944,266)	₩ (267,890,316)	₩ (1,063,660,927)	₩ (237,390,254)	₩ 14,585,075,826

(*1) Transfers to right-of-use assets, investment properties and intangible assets.
(*2) Effect of the loss of control over LOTTE Chemical Pakistan Limited and LOTTE GS Chemical Corporation during the current year.
(*3) Effect of foreign exchange rate fluctuation and effect of KIFRS 1029, etc.
(*4) For the year ended December 31, 2025, the Group capitalized ₩200,835,267 thousand of borrowing costs incurred from borrowings related to the acquisition of property, plant and equipment. The interest rate on capitalization borrowing used to calculate borrowing costs is 4.37% to 7.02%.

	2024							
	January 1	Acquisition	Disposal	Depreciation	Impairment	Transfer (*1)	Others (*2)	December 31
Land	₩ 1,503,562,872	₩ 481,802	₩ (11,783,009)	₩ -	₩ -	₩ 13,910,065	₩ 604,278	₩ 1,506,776,008
Buildings	849,314,760	141,785	(461,443)	(38,979,198)	(4,356,059)	159,937,772	45,996,275	1,011,593,892
Structures	1,385,611,674	8,783,324	(142,248)	(99,924,312)	(75,448,364)	111,113,498	119,543,580	1,449,537,152
Machinery	4,564,927,950	7,003,356	(6,027,262)	(673,797,883)	(403,213,782)	1,213,799,961	368,146,324	5,070,838,664
Vehicles	3,027,208	386,829	(123,472)	(1,341,887)	(315,965)	2,506,261	195,938	4,334,912
Tools and equipment	51,537,567	1,387,018	(7,057)	(17,758,134)	(3,598,508)	10,153,036	1,987,144	43,701,066
Furniture	48,699,339	1,761,957	(11,476)	(20,178,721)	(2,085,169)	20,435,700	1,685,690	50,307,320
Others	265,344,970	301,229	(452,064)	(156,174,379)	(21,353,272)	137,034,045	13,340,205	238,040,734
Construction-in progress (*3)	5,600,572,730	2,197,172,461	(4,899,174)	-	(29,263,934)	(1,708,813,719)	654,614,157	6,709,382,521
	₩ 14,272,599,070	₩ 2,217,419,761	₩ (23,907,205)	₩ (1,008,154,514)	₩ (539,635,053)	₩ (39,923,381)	₩ 1,206,113,591	₩ 16,084,512,269

(*1) Transfers to intangible assets, finance lease receivables and non-current assets held for sale.
(*2) Effect of foreign exchange rate fluctuation and effect of KIFRS 1029, etc.
(*3) For the year ended December 31, 2024, the Group capitalized ₩210,601,013 thousands of borrowing costs incurred from borrowings related to the acquisition of property, plant and equipment. The interest rate on capitalization borrowing used to calculate borrowing costs is 3.47% to 6.29%.

The recognized impairment losses from the impairment test of the cash-generating unit (or group) for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
LOTTE Chemical Corporation (Olefin division (Daesan Plant and Yeosu Plant))	₩ -	₩ 117,354,000
LOTTE Chemical Corporation (Aromatic division)	-	146,541,996
LOTTE Chemical Titan Holding Berhad and its subsidiaries	463,874,120	286,435,800
LOTTE Chemical Engineering Plastics (Jiaxing) Co., Ltd.	-	5,304,965
	₩ 463,874,120	₩ 555,636,761

Impairment losses include those on property, plant and equipment and right-of-use assets.

The value in use of each cash-generating unit (or group) was determined by discounting the future cash flows expected to be generated from its continued use. The calculation of the value in use was based on the following key assumptions.

- Cash flows are estimated based on the past experiences, actual business results, and business plans for the next 5 years.

13. Property, plant and equipment (cont'd)

- The growth rate of profit was mainly calculated by analyzing the trend of the average growth rate in the past, the future business plan and market growth rate of each unit and the cash flow after 5 years was estimated by assuming a permanent growth rate of 0% to 1%.
- To determine the value in use of each cash-generating unit (or group), the weighted average cost of capital (WACC) of each cash-generating unit (or group) was applied as the discount rate. The weighted average cost of capital for major cash-generating units (or groups) as of December 31, 2025 and 2024 are as follows

	Dec. 31, 2025	Dec. 31, 2024
LOTTE Chemical Corporation (Olefin division (Daesan Plant and Yeosu Plant))	7.42%	8.00%
LOTTE Chemical Corporation (Aromatic division)	7.42%	8.10%
LOTTE Chemical Titan Holding Berhad and its subsidiaries	10.04% ~ 11.88%	8.92% ~ 13.38%
LOTTE Chemical Engineering Plastics (Jiaxing) Co., Ltd.	-	11.40%

14. Right-of-use asset and lease liability

Details of right-of-use asset as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

December 31, 2025	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 363,226,677	₩ (114,844,271)	₩ (33,977,901)	₩ 214,404,505
Buildings	162,747,375	(92,693,422)	(2,540,916)	67,513,037
Machinery	22,571,688	(13,000,350)	-	9,571,338
Vehicles	22,834,086	(14,851,666)	(453,775)	7,528,645
Others	181,894,173	(95,251,077)	(1,018,451)	85,624,645
	₩ 753,273,999	₩ (330,640,786)	₩ (37,991,043)	₩ 384,642,170

December 31, 2024	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 367,385,573	₩ (110,278,805)	₩ (15,510,188)	₩ 241,596,580
Buildings	168,382,796	(86,216,312)	(2,517,803)	79,648,681
Machinery	33,436,573	(16,054,733)	-	17,381,840
Vehicles	22,523,187	(14,622,944)	(289,217)	7,611,026
Others	200,063,541	(78,842,044)	(3,062,459)	118,159,038
	₩ 791,791,670	₩ (306,014,838)	₩ (21,379,667)	₩ 464,397,165

Changes in right-of-use assets for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

2025	January 1	Acquisition	Disposal	Change	Depreciation	Impairment	Transfer (*1)	Changes in consolidation scope (*2)	Others (*3)	December 31
Land	₩ 241,596,580	₩ 5,971,066	₩ -	₩ 2,028,230	₩ (10,672,788)	₩ (18,517,453)	₩ -	₩ -	₩ (6,001,130)	₩ 214,404,505
Buildings	79,648,681	15,137,258	(8,727,345)	1,395,362	(20,441,258)	(20,616)	329,222	(1,996,632)	2,188,365	67,513,037
Machinery	17,381,840	422,902	(844,443)	-	(4,888,613)	-	(1,208,769)	-	(1,291,579)	9,571,338
Vehicles	7,611,026	4,208,988	(1,067,910)	74,194	(6,080,801)	(189,511)	3,024,646	(52,770)	783	7,528,645
Others	118,159,038	2,619,152	(371,092)	3,092,779	(21,858,502)	(255,750)	-	(459,091)	(15,301,889)	85,624,645
	₩ 464,397,165	₩ 28,359,366	₩ (11,010,790)	₩ 6,590,565	₩ (63,941,962)	₩ (18,983,330)	₩ 2,145,099	₩ (2,508,493)	₩ (20,405,450)	₩ 384,642,170

(*1) Transfers from property, plant and equipment, net.
(*2) Effect of the loss of control over LOTTE Chemical Pakistan Limited and LOTTE GS Chemical Corporation during the current year.
(*3) Effect of foreign exchange rate fluctuation and changes in provision for restoration, etc.

2024	January 1	Acquisitions	Disposals	Change	Depreciation	Impairment	Others (*1)	December 31
Land	₩ 233,939,547	₩ 1,646,443	₩ -	₩ (61,482)	₩ (13,629,319)	₩ (11,016,141)	₩ 30,717,532	₩ 241,596,580
Buildings	85,288,696	19,184,690	(9,843,248)	95,988	(21,153,572)	(2,384,395)	8,460,522	79,648,681
Machinery	22,149,431	-	(255,326)	-	(6,634,101)	-	2,121,836	17,381,840
Vehicles	8,189,143	5,462,418	(448,323)	10,860	(5,675,980)	(289,217)	362,125	7,611,026
Others	89,221,704	90,216,844	(2,927,562)	-	(23,686,229)	(3,006,273)	(31,659,446)	118,159,038
	₩ 438,788,521	₩ 116,510,395	₩ (13,474,459)	₩ 45,366	₩ (70,779,201)	₩ (16,696,026)	₩ 10,002,569	₩ 464,397,165

(*1) Effect of foreign exchange rate fluctuation and changes in provision for restoration, etc.

14. Right-of-use asset and lease liability (cont'd)

Changes in lease liabilities for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025		2024	
January 1	₩	258,728,733	₩	186,380,299
Acquisition		33,650,976		121,354,206
Disposal		(2,814,124)		(13,701,480)
Change		(558,788)		45,366
Interest expenses		8,529,059		10,198,249
Lease payment		(66,644,417)		(63,170,672)
Transfer		(2,102,237)		-
Other (*1)		(13,720,708)		17,622,765
December 31 (*2)	₩	215,068,494	₩	258,728,733

(*1) Effects of foreign exchange rate fluctuations and others.
(*2) See Note 32 for maturity analysis on lease liabilities.

15. Investment properties

Details of investment properties as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025							
	Acquisition cost		Accumulated depreciation		Accumulated impairment loss		Book value	
Land	₩	46,387,522	₩	-	₩	-	₩	46,387,522
Buildings		22,458,583		(11,109,182)		(1,697,508)		9,651,893
	₩	68,846,105	₩	(11,109,182)	₩	(1,697,508)	₩	56,039,415

	December 31, 2024							
	Acquisition cost		Accumulated depreciation		Accumulated impairment loss		Book value	
Land	₩	47,240,543	₩	-	₩	(999,687)	₩	46,240,856
Buildings		22,352,492		(10,735,528)		(1,697,508)		9,919,456
	₩	69,593,035	₩	(10,735,528)	₩	(2,697,195)	₩	56,160,312

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

	2025							
	January 1		Depreciation		Transfer (*1)		December 31	
Land	₩	46,240,856	₩	-	₩	146,666	₩	46,387,522
Buildings		9,919,456		(355,480)		87,917		9,651,893
	₩	56,160,312	₩	(355,480)	₩	234,583	₩	56,039,415

(*1) Transfers from property, plant and equipment, net.

	2024							
	January 1		Depreciation		Transfer (*1)		December 31	
Land	₩	46,844,860	₩	-	₩	(604,004)	₩	46,240,856
Buildings		10,397,264		(369,437)		(108,371)		9,919,456
	₩	57,242,124	₩	(369,437)	₩	(712,375)	₩	56,160,312

(*1) Transfers to property, plant and equipment, net.

The officially assessed land prices ("OLAP") of the Company's investment properties as determined by the Government of the Republic of Korea for tax administrative purpose, as of December 31, 2025 and 2024, are as follows (Korean won in thousands):

15. Investment properties (cont'd)

	December 31, 2025		December 31, 2024	
	Book value	OLAP	Book value	OLAP
Land	₩ 46,387,522	₩ 65,856,945	₩ 46,240,856	₩ 61,737,014

Details of income and expenses associated with investment properties for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
Rental income	₩ 4,719,296	₩ 4,876,665
Operating expenses	(380,600)	(411,881)
	₩ 4,338,696	₩ 4,464,784

16. Intangible assets

Details of intangible assets as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025			
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book value
Industrial property rights	₩ 21,085,694	₩ (13,997,109)	₩ (214,157)	₩ 6,874,428
Membership	36,284,618	-	(222,716)	36,061,902
Customer relationship, etc.	2,398,567,047	(1,059,983,301)	-	1,338,583,746
Goodwill	2,573,277,329	-	(1,430,063,306)	1,143,214,023
Others	137,857,551	(16,152,047)	(1,247,537)	120,457,967
	₩ 5,167,072,239	₩ (1,090,132,457)	₩ (1,431,747,716)	₩ 2,645,192,066

	December 31, 2024			
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book value
Industrial property rights	₩ 20,796,952	₩ (12,962,287)	₩ (214,157)	₩ 7,620,508
Membership	36,351,620	-	(197,684)	36,153,936
Customer relationship, etc.	2,336,862,850	(880,940,349)	-	1,455,922,501
Goodwill	2,576,264,507	-	(936,054,161)	1,640,210,346
Others	235,968,352	(60,696,851)	(1,032,242)	174,239,259
	₩ 5,206,244,281	₩ (954,599,487)	₩ (937,498,244)	₩ 3,314,146,550

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

	2025								
	January 1	Acquisition	Disposal	Amortization	Impairment	Transfer (*1)	Changes in consolidation scope (*2)	Others (*3)	December 31
Industrial property rights	₩ 7,620,508	₩ 730,065	₩ (230,986)	₩ (1,495,856)	₩ -	₩ 250,697	₩ -	₩ -	₩ 6,874,428
Membership	36,153,936	347,481	(722,285)	-	282,770	-	-	-	36,061,902
Customer relationship, etc.	1,455,922,501	-	-	(121,421,033)	-	23,636,711	-	(19,554,433)	1,338,583,746
Goodwill	1,640,210,346	-	-	-	(494,009,144)	-	-	(2,987,179)	1,143,214,023
Others	174,239,259	12,237,985	(31,136)	(44,194,341)	-	(16,239,247)	(1,807,204)	(3,747,349)	120,457,967
	₩ 3,314,146,550	₩ 13,315,531	₩ (984,407)	₩ (167,111,230)	₩ (493,726,374)	₩ 7,648,161	₩ (1,807,204)	₩ (26,288,961)	₩ 2,645,192,066

(*1) Transfers from property, plant and equipment.
(*2) Effect of the loss of control over LOTTE Chemical Pakistan Limited and LOTTE GS Chemical Corporation during the current year.
(*3) Effect of foreign exchange rate fluctuation and effect of KIFRS 1029, etc.

16. Intangible assets (cont'd)

	2024							
	January 1	Acquisition	Disposals	Amortization	Impairment	Transfer (*1)	Others (*2)	December 31
Industrial property rights	₩ 8,353,575	₩ 889,129	₩ -	₩ (1,553,096)	₩ (214,157)	₩ 145,057	₩ -	₩ 7,620,508
Membership	36,215,985	722	(157,000)	-	(23,987)	118,216	-	36,153,936
Customer relationship, etc.	1,503,376,603	-	-	(146,851,882)	-	-	99,397,780	1,455,922,501
Goodwill	2,001,072,857	-	-	-	(484,479,024)	-	123,616,513	1,640,210,346
Others	183,309,481	16,137,423	(9)	(62,970,706)	(832,213)	11,469,622	27,125,661	174,239,259
	₩ 3,732,328,501	₩ 17,027,274	₩ (157,009)	₩ (211,375,684)	₩ (485,549,381)	₩ 11,732,895	₩ 250,139,954	₩ 3,314,146,550

(*1) Transfers from property, plant and equipment.
(*2) Effect of foreign exchange rate fluctuation and effect of KIFRS 1029, etc.

Details of goodwill allocated to each cash-generating unit (or group) as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	Dec. 31, 2025	Dec. 31, 2024
LOTTE Chemical Corporation (Advanced Materials)	₩ 284,525,508	₩ 284,525,508
LOTTE Energy Materials Corporation and its subsidiaries	801,012,257	1,292,537,176
LOTTE Chemical Turkey Surface Designs Industry and Trade and its subsidiaries	52,846,280	58,210,213
LOTTE Engineering Plastics Co., Ltd.	2,937,124	2,937,124
LOTTE Chemical Vietnam Co., Ltd.	1,892,854	2,000,324
	₩ 1,143,214,023	₩ 1,640,210,345

The value in use of each cash-generating unit (or group) was determined by discounting the future cash flows expected to be generated from its continued use. The calculation of the value in use was based on the following key assumptions.

- Cash flows are estimated based on the past experiences, actual business results, and business plans for the next 5 to 8 years.
- The growth rate of profit was mainly calculated by analyzing the trend of the average growth rate in the past, the future business plan and market growth rate of each unit and the cash flow after 5 to 8 years was estimated by assuming a permanent growth rate of 0% to 1%.
- To determine the value in use of each cash-generating unit (or group), the weighted average cost of capital (WACC) of each cash-generating unit (or group) was applied as the discount rate. The weighted average cost of capital for major cash-generating units (or groups) as of December 31, 2025 and 2024 are as follows

	Dec. 31, 2025	Dec. 31, 2024
LOTTE Chemical Corporation (Advanced Materials)	7.42%	8.00%
LOTTE Energy Materials Corporation and its subsidiaries	6.02% ~ 12.16%	6.77% ~ 11.25%
LOTTE Chemical Turkey Surface Designs Industry and Trade and its subsidiaries	19.37%	19.20%
LOTTE Chemical Engineering Plastics (Jiaxing) Co., Ltd.	-	11.36%

The recognized impairment losses from the impairment test of the cash-generating unit (or group) for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
LOTTE Energy Materials Corporation and its subsidiaries	₩ 485,613,605	₩ 470,330,815
LOTTE Chemical Turkey Surface Designs Industry and Trade and its subsidiaries	8,395,539	13,889,181
LOTTE Chemical Engineering Plastics (Jiaxing) Co., Ltd.	-	259,028
	₩ 494,009,144	₩ 484,479,024

17. Trade accounts payable and other accounts payable

Details of trade and other accounts payable as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	Dec. 31, 2025	Dec. 31, 2024
Trade accounts payable	₩ 1,365,807,108	₩ 1,275,892,338
Other accounts payable	327,885,934	367,720,345
	₩ 1,693,693,042	₩ 1,643,612,683

18. Borrowings and bonds

Details of borrowings and bonds as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	Dec. 31, 2025		Dec. 31, 2024	
	Current	Non-current	Current	Non-current
Short-term borrowings	₩ 3,060,564,470	₩ -	₩ 2,787,570,673	₩ -
Long-term borrowings	686,896,629	4,322,740,768	662,981,106	4,661,908,940
Bonds	694,870,728	634,315,067	1,823,623,007	469,340,923
	₩ 4,442,331,827	₩ 4,957,055,835	₩ 5,274,174,786	₩ 5,131,249,863

Details of short-term borrowings as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	Currency	Interest rate (%) as of December 31, 2025	Dec. 31, 2025	Dec. 31, 2024
Short-term borrowings (*1)	KRW	2.99 ~ 5.24	₩ 1,367,930,825	₩ 1,739,416,015
	Foreign currency	1.25 ~ 6.05	1,692,633,645	1,048,154,658
			₩ 3,060,564,470	₩ 2,787,570,673

(*1) Leveraged receivable are transferred to the client for payment, and the Group has a recourse obligation for non-expired factored receivables, so leveraged receivables were recognized as short-term borrowings of ₩1,534 million as of December 31, 2025 (₩1,462 million as of December 31, 2024).

Details of long-term borrowings as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

					December 31, 2025		December 31, 2024	
	Currency	Lender	Interest rate (%) As of December 31, 2025	The longest maturity	Current	Non-current	Current	Non-current
Long-term borrowings from bank	KRW	Korea Development Bank and etc. (*1)	2.73 ~ 5.14	November 10, 2031	₩ 445,022,148	₩ 973,092,435	₩ 655,132,908	₩ 1,531,971,078
	Foreign currency	KEXIM_Korea and etc. (*2)	0.00 ~ 7.85	December 31, 2034	241,874,481	3,349,648,333	7,848,198	3,129,937,862
					₩ 686,896,629	₩ 4,322,740,768	₩ 662,981,106	₩ 4,661,908,940

(*1) As of December 31, 2025, the Company is subject to financial covenants, which require the maintenance of a net financial debt-to-EBITDA ratio (“leverage ratio”) of 400% or less and an EBITDA-to-interest expense ratio (“interest coverage ratio”) of at least 5 times on a consolidated financial statements basis, the maintenance of the Company’s credit rating at A+ or higher, and restrictions on the creation of security interests, until the entire loan related to the acquisition financing of LOTTE Energy Materials Corporation (₩810,000 million as of December 31, 2025 and ₩950,000 million as of December 31, 2024) is fully repaid in accordance with the agreement. In November 2025, the Company requested consent from the lenders to avoid potential breaches of the above covenants and obtained a waiver of the financial ratio requirements (i.e., leverage ratio of 400% or less and interest coverage ratio of at least 5 times) through December 2027. However, based on the Company’s financial position as of December 31, 2025, the Company has not satisfied the required leverage ratio and interest coverage ratio.

18. Borrowings and bonds payable (cont'd)

(*2) The subsidiary, PT LOTTE Chemical Indonesia, entered into a financing agreement on March 21, 2023, with a syndicate of thirteen lenders, including the Export-Import Bank of Korea, for a total loan amount of USD 2,400 million. The loan is structured to be repaid in installments over nine years, starting in 2026. The main financial covenants that the Group must comply with during the loan period are as follows, and among them, the covenant to maintain a debt service coverage ratio (DSCR) of at least 1.0 applicable to the borrower will be first tested based on the financial information as of December 31, 2026, and therefore becomes effective after 2026.

		Financial Agreements
Borrower (PT LOTTE Chemical Indonesia)	DSCR (Debt Service Cover Ratio = {(EBITDA-Tax) + Non-operating cash flows} / (principal and interest)	>=1.0
Guarantor (The Company)	Gearing Ratio = (Borrowing - Cash) / Equity	<= 120%
	Leverage Ratio = (Borrowing - Cash) / EBITDA	<= 4.0
	EBITDA to Interest Coverage Ratio = EBITDA / Interest	>= 5 times
	Tangible NET Worth = Equity - (Goodwill + Intangible asset)	>= 4,500 billion

In November 2025, the Company obtained lenders' consent to avoid or mitigate potential breaches of the above covenants and received a waiver of the leverage ratio requirement (not more than 4.0) and the interest coverage ratio requirement (at least 5 times) through June 2027. However, based on the Company's financial position as of December 31, 2025, the Company did not meet the required leverage ratio and interest coverage ratio.

In addition, under the guarantee agreement, the Company is required to maintain a credit rating of A+ or higher. In the event of non-compliance with the credit rating requirement, the Company must, upon request by the lenders, provide either a first-ranking mortgage over its domestic plants as collateral or a bank guarantee.

Details of bonds as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	Interest rate (%) as of December 31, 2025	Maturity	December 31, 2025 Current	December 31, 2025 Non-current	December 31, 2024 Current	December 31, 2024 Non-current
52-4th unsecured	2.60	April 28, 2026	₩ 60,000,000	₩ -	₩ 60,000,000	₩ -
54-2nd unsecured	2.68	September 12, 2028	-	120,000,000	120,000,000	-
55-3rd unsecured	2.11	April 27, 2029	-	110,000,000	-	110,000,000
56-2nd unsecured	-	July 28, 2025	-	-	100,000,000	-
57-2nd unsecured	1.91	April 28, 2026	200,000,000	-	200,000,000	-
57-3rd unsecured	2.42	April 28, 2031	-	90,000,000	90,000,000	-
58-1st unsecured	-	February 28, 2025	-	-	310,000,000	-
58-2nd unsecured	3.18	February 26, 2027	-	110,000,000	-	110,000,000
58-3rd unsecured	3.33	February 27, 2032	-	80,000,000	-	80,000,000
59-2nd unsecured	-	August 29, 2025	-	-	275,000,000	-
59-3rd unsecured	4.85	August 30, 2027	-	90,000,000	-	90,000,000
60-1st unsecured	-	March 3, 2025	-	-	70,000,000	-
60-2nd unsecured	5.09	March 3, 2026	395,000,000	-	395,000,000	-
60-3rd unsecured	5.01	March 3, 2028	-	35,000,000	35,000,000	-
61-1st unsecured	-	September 5, 2025	-	-	170,000,000	-
61-2nd unsecured	4.83	September 4, 2026	40,000,000	-	-	80,000,000
Discount on bonds payable			(129,272)	(684,933)	(1,376,993)	(659,077)
			₩ 694,870,728	₩ 634,315,067	₩ 1,823,623,007	₩ 469,340,923

As of December 31, 2025, the Company is subject to certain covenants under the agreement, which require the maintenance of financial ratios (a debt-to-equity ratio of not more than 200% on a consolidated financial statements basis), restrictions on the provision of collateral, and restrictions on the disposal of assets until the principal and interest of the bonds are fully repaid. The Company entered into a payment guarantee agreement with Shinhan Bank, Kookmin Bank, Woori Bank and Hana Bank (collectively, the "four banks"), under which the Company receives payment guarantees for the bonds and pays guarantee fees.

In addition, LOTTE Property & Development, a major shareholder of the Company, entered into a mortgage agreement with the four banks to secure the obligations under the payment guarantee agreement by providing LOTTE World Tower and LOTTE World Mall as collateral (limit: ₩ 1,644,770 million as of December 31, 2025).

18. Borrowings and bonds payable (cont'd)

The Company also entered into an agreement with LOTTE Property & Development to pay fees related to the provision of such collateral (see Note 34).

19. Retirement benefits

19-1 Defined contribution pension plan

The Group operates a defined contribution pension plan. Under the defined contribution pension plan, contributions made by the Group are recognized as expenses. For the years ended December 31, 2025 and 2024, the defined contribution pension plan expenses amount to ₩16,902,017 thousand and ₩14,671,256 thousand, respectively.

19-2 Defined benefit pension plan

The Group also operates a defined benefit pension plan. Actuarial valuations of defined benefit obligation and plan assets are performed by LOTTE Non-Life Insurance Co., Ltd. and others. Current and past service costs related to the present value of defined benefit obligation are determined using the projected unit credit method. The Group operates a defined benefit plan for its employees, which requires upon the employee's retirement to pay an average salary for the final three months immediately before retirement multiplied by the payment rate.

Details of the net defined benefit liabilities (assets) as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025	December 31, 2024
Present values of defined benefit obligations	₩ 474,918,001	₩ 515,108,862
Fair values of plan assets	(524,737,590)	(522,052,837)
	₩ (49,819,589)	₩ (6,943,975)
Defined benefit assets (*1)	₩ 75,726,867	₩ 45,206,544
Defined benefit liabilities	₩ (25,907,278)	₩ (38,262,569)

(*1) As of December 31, 2025 and 2024, the surplus of the defined benefit asset of the Company and its subsidiaries of ₩75,726,867 thousand and ₩45,206,544 thousand were classified as other non-current assets (see Note 10).

Changes in the defined benefit liability (asset) for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025		
	Present values of defined benefit obligations	Fair values of plan assets	Total
January 1	₩ 515,108,862	₩ (522,052,837)	₩ (6,943,975)
Current service cost	55,050,568	-	55,050,568
Interest cost (expected return)	22,397,488	(23,055,904)	(658,416)
Remeasurement of net defined benefit plans due to changes in demographical assumptions	1,124,058	-	1,124,058
Remeasurement of net defined benefit plans due to changes in financial assumptions	(31,596,624)	-	(31,596,624)
Other remeasurement on net defined benefit plans	(8,981,987)	7,527,406	(1,454,581)
Management fee	-	1,244,190	1,244,190
Transfers from affiliates	(2,699,293)	2,159,617	(539,676)
Employer's contribution	-	(57,978,875)	(57,978,875)
Benefit paid	(30,526,813)	24,231,888	(6,294,925)
Settled liabilities	(34,921,045)	34,545,985	(375,060)
Classified as held for sale	(4,017,799)	2,807,996	(1,209,803)
Effects of foreign exchange difference	(718,044)	-	(718,044)
Effect of reclassification to a joint venture	(5,301,370)	5,832,944	531,574
December 31	₩ 474,918,001	₩ (524,737,590)	₩ (49,819,589)

19. Retirement benefits (cont'd)

	2024		
	Present values of defined benefit obligations	Fair values of plan assets	Total
January 1	₩ 465,668,997	₩ (518,330,790)	₩ (52,661,793)
Current service cost	61,209,557	-	61,209,557
Interest cost (expected return)	22,783,761	(25,215,823)	(2,432,062)
Remeasurement on net defined benefit plans due to changes in demographical assumptions	(215,487)	-	(215,487)
Remeasurement on net defined benefit plans due to changes in financial assumptions	13,228,224	-	13,228,224
Other remeasurement on net defined benefit plans	8,953,398	7,952,879	16,906,277
Management fee	-	1,034,431	1,034,431
Transfers from affiliates	1,365,825	(3,775,061)	(2,409,236)
Employer's contribution	-	(39,733,652)	(39,733,652)
Benefit paid	(32,728,269)	30,860,273	(1,867,996)
Settled liabilities	(26,736,856)	25,857,541	(879,315)
Effects of foreign exchange difference	1,579,712	(702,635)	877,077
December 31	₩ 515,108,862	₩ (522,052,837)	₩ (6,943,975)

On the other hand, the Group subscribes to LOTTE Non-Life Insurance Co., Ltd. and others and the above assets are mostly invested in interest-guaranteed products such as regular deposits.

The principal assumptions used for actuarial valuation as of December 31, 2025 and 2024 are as follows:

	Dec. 31, 2025 (%)	Dec. 31, 2024 (%)
Discount rate	2.80 ~ 5.97	3.24 ~ 5.39
Expected salary increase rate	1.50 ~ 6.23	1.33 ~ 6.83

Meanwhile, the weighted average maturity of the defined benefit obligation ranges from 7 years and 3 months to 22 years and 11 months.

The sensitivity of present value of the defined benefit obligation to changes in significant actuarial assumptions as of December 31, 2025 is as follows (Korean won in thousands):

	1%p increase	1%p decrease
Discount rate	₩ (42,114,243)	₩ 48,784,832
Expected salary increase rate	49,887,183	(43,832,238)

Because there are correlations among actuarial assumptions and changes in those assumptions do not occur independently, the changes in assumptions provided in the sensitivity analysis above are not necessarily reflective of those in the current market. The present value of the defined benefit obligation above is determined using the projected unit credit method. With the operation of the defined benefit plan, the Group is exposed to actuarial risks such as longevity risk and interest rate risk.

19-3 Long-term employee benefit system

The Group operates a long-term employee benefit system. As of December 31, 2025 and 2024, long-term employee benefit liabilities amount to ₩47,326,633 thousand and ₩36,922,717 thousand, respectively.

20. Other liabilities

Details of other liabilities as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Advances received	₩ 112,709,505	₩ -	₩ 103,465,340	₩ -
Unearned income	1,904,864	155,778,790	1,021,760	9,195,920
Withholdings	36,483,728	-	23,521,731	-
Value-added tax withholdings	16,455,737	-	13,565,101	-
Long-term employee benefits	-	47,326,633	-	36,922,717
Other liabilities	97,559,577	819,842	111,337,296	101,171,265
	₩ 265,113,411	₩ 203,925,265	₩ 252,911,228	₩ 147,289,902

21. Provisions

Details of provisions as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Provisions for restoration	₩ 473,982	₩ 104,729,356	₩ -	₩ 116,354,229
Others	14,383,362	13,562,442	8,449,923	12,790,312
	₩ 14,857,344	₩ 118,291,798	₩ 8,449,923	₩ 129,144,541

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

	2025				
	January 1	Additional provisions	Utilization (*1)	Others (*2)	December 31
Provisions for restoration	₩ 116,354,229	₩ 4,735,888	₩ (9,270,549)	₩ (6,616,230)	₩ 105,203,338
Others	21,240,235	11,473,874	(4,717,368)	(50,937)	27,945,804
	₩ 137,594,464	₩ 16,209,762	₩ (13,987,917)	₩ (6,667,167)	₩ 133,149,142

	2024				
	January 1	Additional provisions	Utilization (*1)	Others (*2)	December 31
Provisions for restoration	₩ 133,199,928	₩ 100,016	₩ (32,610,688)	₩ 15,664,973	₩ 116,354,229
Others	33,605,121	57,276,250	(69,662,899)	21,763	21,240,235
	₩ 166,805,049	₩ 57,376,266	₩ (102,273,587)	₩ 15,686,736	₩ 137,594,464

(*1) The effect of decreased restoration costs at maturity and changes in discount rate applied when estimating the provision for restoration is included.
(*2) Effects of foreign exchange fluctuations and others.

Greenhouse gas emissions

The Group records a provision for estimated costs for actual emissions in excess of emission rights granted.

As of December 31, 2025, free emission rights and emissions estimated for the compliance years ended December 31, 2021, 2022, 2023, 2024 and 2025 are as follows (tons):

	2021	2022	2023	2024	2025	Total
Free emission rights	7,840,692	7,976,932	8,375,771	8,680,505	8,210,048	41,083,948
Emissions estimated	7,133,754	6,739,164	6,748,160	6,472,139	5,909,553	33,002,770

21. Provisions (cont'd)

There are no emission rights that have been provided as collateral and changes in the emission rights of the Group for the compliance years ended December 31, 2021, 2022, 2023, 2024 and 2025 are as follows (tons):

		2021	2022	2023	2024	2025
Government allocation	Initial Allocation	7,707,524	7,707,524	7,714,336	7,642,118	7,642,060
	Additional allocation	-	-	2	54	2
	Cancellation of allocation	(2,400)	(5,158)	(3,779)	(3,817)	(1,069,093)
	Carryover	135,568	263,101	665,212	1,042,150	1,637,079
	Cancellation of emissions (*1)	-	11,465	-	-	-
	Total [①]	7,840,692	7,976,932	8,375,771	8,680,505	8,210,048
Korean Credit Units [②]		-	46,010	-	-	-
Sale amount [③]		6,684,445	6,355,215	6,281,035	6,001,822	5,470,874
Emissions [④]		869,751	969,174	1,066,291	1,017,940	996,340
Subtotal [⑤=①+②-③-④]		286,496	698,553	1,028,445	1,660,743	1,742,834

(*1) Quantities conserved by the Ministry of Environment from the previously submitted emission rights during the 2022 emission rights settlement

22. Equity

Details of the Company's issued capital as of December 31, 2025 and 2024 are as follows (Korean won in thousands except par value amounts):

December 31, 2025				
Category	Authorized	Issued	Par value (KRW)	Issued capital
Common stock	100,000,000 shares	42,775,419 shares	₩ 5,000	₩ 213,877,095

December 31, 2024				
Category	Authorized	Issued	Par value (KRW)	Issued capital
Common stock	100,000,000 shares	42,775,419 shares	₩ 5,000	₩ 213,877,095

There were no changes in the number of shares issued and outstanding for each of the two years in the period ended December 31, 2025.

Details of other paid-in capital as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025	December 31, 2024
Share premium	₩ 1,190,118,625	₩ 1,190,118,625
Others	895,788,684	540,235,392
	₩ 2,085,907,309	₩ 1,730,354,017

Changes in other paid-in capital for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
January 1	₩ 1,730,354,017	₩ 1,942,926,816
Equity transactions within the Group (*1)	355,554,042	(212,568,409)
Share issue cost of subsidiaries	(750)	(4,390)
December 31	₩ 2,085,907,309	₩ 1,730,354,017

22. Equity (cont'd)

(*1) For the year ended December 31, 2025, the amount increased by ₩122,051 million due to the third-party paid-in capital increase conducted by LOTTE Energy Materials Corporation, a subsidiary of the Company, and the Company sold its 25% stake in PT LOTTE Chemical Indonesia, a subsidiary, to a third party, resulting in an increase of ₩7,137 million (see Notes 1.2 and 36).In addition, ₩226,366 million increased due to the conversion of perpetual convertible bonds of STIC Special Situation Win Limited and changes in the ownership interest in LOTTE Energy Materials Corporation, among others.

Details of other components of equity as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31. 2025	December 31, 2024
Loss on valuation of derivative financial instruments	₩ (218,438)	₩ (8,096,786)
Gain on valuation of financial assets at FVOCI	3,441,763	89,348,191
Share of changes in net assets of equity-method investments	169,512,758	206,101,204
Exchange differences on translation of foreign operations	920,624,350	927,300,925
Effect of KIFRS 1029	147,825,547	131,003,073
	₩ 1,241,185,980	₩ 1,345,656,607

Changes in other components of equity for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
January 1	₩ 1,345,656,607	₩ 421,562,210
Valuation		
Gain on valuation of derivative financial instruments	8,412,648	6,180,138
Effects of Income tax	(534,301)	(185,514)
Gain (loss) on valuation of financial assets at FVOCI	(67,280,097)	110,568,311
Effects of Income tax	14,507,232	(26,418,839)
Share of changes in net assets of equity-method investments	(37,396,921)	85,761,456
Effects of Income tax	808,475	(786,948)
Exchange differences on translation of foreign operations	(6,676,575)	724,364,463
Transfer to retained earnings	(33,133,562)	-
Effect of KIFRS 1029	16,822,474	24,611,330
December 31	₩ 1,241,185,980	₩ 1,345,656,607

23. Retained earnings

Details of retained earnings as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025	December 31, 2024
Legal reserve:		
Earned surplus reserve (*1)	₩ 106,938,548	₩ 100,450,304
Voluntary reserve:		
Reserve for business expansion	9,105,449,793	10,183,449,793
Other voluntary reserve (*2)	1,400,000	1,400,000
Unappropriated retained earnings(deficit)	(169,881,806)	777,134,324
	₩ 9,043,906,535	₩ 11,062,434,421

(*1) In accordance with the *Commercial Act* of the Republic of Korea, more than 10% of the monetary profit dividend amount is accumulated as a profit reserve each settlement period until it reaches 50% of the paid-up capital. This legal reserve cannot be used as a source of cash dividends, earned surplus reserve may be used to reduce a deficit or may be transferred to capital.
(*2) Capital for registration of construction business (Industrial environment equipment construction, water and sewage equipment construction) license.

23. Retained earnings (cont'd)

Changes in retained earnings for each of the two years in the period ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025	2024
January 1	₩ 11,062,434,421	₩ 12,964,760,829
Net loss	(2,037,135,124)	(1,710,507,346)
Dividend paid	(63,250,721)	(189,784,712)
Remeasurement component of defined benefit plans	24,622,271	(19,635,387)
Changes in retained earnings in equity method	431,854	6,211,737
Effect of KIFRS 1029 (*1)	8,642,265	11,389,299
Transfer of accumulated other comprehensive income to unappropriated retained earnings (*2)	33,133,562	-
Exchange differences on translation of foreign operations	15,028,006	-
December 31	₩ 9,043,906,535	₩ 11,062,434,421

(*1) LOTTE Chemical Turkey Surface Designs Industry and Trade Inc. and its subsidiary were considered hyperinflationary economies under KIFRS 1029 as their functional currency was Turkish lira and their three-year cumulative inflation rate exceeded 100% as of March 2022. In accordance with this standard, the financial statements have been restated to reflect changes in the general purchasing power of the functional currency as of the reporting date.
(*2) The Company transferred accumulated gain or loss on valuation of financial assets at FVOCI to retained earnings upon its disposal of the equity securities.

24. Dividends

Details of dividends declared for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands except for dividends per share):

	2025			
	Number of shares issued	Number of shares on which dividend is paid	Dividends per share (KRW)	Total
Common stock – The Company (Regular Dividend)	42,775,419 shares	42,167,147 shares	₩ 1,000	₩42,167,147
Common stock – The Company (Interim Dividend)	42,775,419 shares	42,167,147 shares	500	21,083,574
				₩63,250,721

24. Dividends (cont'd)

	2024			
	Number of shares issued	Number of shares on which dividend is paid	Dividends per share (KRW)	Total
Common stock – The Company (Regular Dividend)	42,775,419 shares	42,176,447 shares	₩ 3,500	₩ 147,617,565
Common stock – The Company (Interim Dividend)	42,775,419 shares	42,167,147 shares	1,000	42,167,147
				₩ 189,784,712

25. Selling, general and administrative expenses

Details of selling, general and administrative expenses for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
Salaries	₩ 260,812,247	₩ 264,679,868
Retirement benefits	26,912,988	23,628,476
Employee welfare	58,676,464	57,034,098
Travel	11,751,873	12,202,501
Communications	3,988,135	3,986,826
Utilities	5,243,186	4,720,067
Taxes and dues	12,241,674	13,162,481
Supplies	15,469,263	17,706,584
Printing	1,264,348	1,107,881
Rents	18,202,005	17,569,416
Depreciation	38,516,016	38,468,543
Amortization	9,793,128	6,599,402
Repairs and maintenance	15,809,500	14,609,014
Vehicle maintenance	1,639,494	1,824,062
Insurance premium	14,223,307	14,070,811
Commissions and fees	165,494,176	136,753,181
Sales commission	23,045,429	24,185,637
Transportation and warehousing	314,794,536	343,596,502
Entertainment	3,058,489	3,790,501
Sales promotion	4,176,671	3,648,431
Advertisement	42,408,766	44,428,696
Training and education	5,353,441	7,280,615
Compensation for damages	1,519,527	395,133
Samples	10,804,018	10,826,855
Bad debt expenses	2,616,468	781,479
Others	2,247,927	3,592,246
Research and development	135,071,564	148,185,476
Addition to provisions	-	229,620
	₩ 1,205,134,640	₩ 1,219,064,402

26. Finance income and costs

Details of finance income for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
Interest income:		
Financial assets at amortized cost	₩ 124,605,792	₩ 174,685,660
	124,605,792	174,685,660
Gain on foreign currency transactions	104,378,840	102,074,412
Gain on foreign currency translation	27,127,046	66,903,466
Gain on valuation of derivative financial instruments	2,045,625	31,966,200
Gain on settlement of derivative financial instruments	7,373,765	16,394,884
Gain on valuation of financial assets at FVPL	21,220,698	33,116,379
Gain on disposal of financial assets at FVPL	1,399,046	1,221,135
Financial guarantee income	309,000	1,587,401
Reversals of other bad debt expenses	97,037	11,530,000
Gain on valuation of non-controlling interests	13,557	255,915
	₩ 288,570,406	₩ 439,735,452

Finance income classified by financial instruments for each of the two years in the period ended December 31, 2025 is as follows (Korean won in thousands):

	2025	2024
Financial assets at amortized cost	₩ 192,087,799	₩ 339,476,985
Derivative assets designated as a hedge	9,419,390	48,361,084
Financial assets at FVPL	22,633,300	34,593,430
Financial liabilities at amortized cost	64,120,917	15,716,552
Financial guarantee contracts	309,000	1,587,401
	₩ 288,570,406	₩ 439,735,452

Details of finance expenses for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
Interest expenses:		
Expenses on bonds	₩ 68,048,677	₩ 91,606,365
Other interest expenses	541,181,843	538,716,531
	609,230,520	630,322,896
Less: cost included in qualifying assets	(200,835,267)	(210,601,013)
	408,395,253	419,721,883
Loss on foreign currency transactions	104,814,333	125,322,102
Loss on foreign currency translation	76,755,490	83,455,254
Loss on valuation of derivative financial instruments	59,668	7,306,612
Loss on settlement of derivative financial instruments	37,676,493	31,452,528
Loss on valuation of financial assets at FVPL	213,886,989	129,381,364
Loss on disposal of financial liabilities at FVPL	112,653	3,685,512
Financial guarantee costs	24,489,119	105,148
Loss on valuation of non-controlling interests	176,265	-
	₩ 866,366,263	₩ 800,430,403

26. Finance income and costs (cont'd)

Finance costs classified by financial instruments for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
Financial assets at amortized cost	₩ 79,660,375	₩ 92,957,605
Financial liabilities at amortized cost	510,304,702	535,541,635
Derivative financial liabilities designated as a hedge	37,736,162	38,759,139
Financial assets at FVPL	2,482,584	125,480,345
Financial liabilities at FVPL	211,693,321	7,586,531
Financial guarantee contracts	24,489,119	105,148
	₩ 866,366,263	₩ 800,430,403

27. Other non-operating income and expenses

Details of other non-operating income for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
Gain on foreign currency transactions	₩ 212,836,237	₩ 276,034,402
Gain on foreign currency translation	41,761,145	89,382,759
Gain on disposal of property, plant and equipment	3,805,794	2,292,200
Gain on disposal of intangible assets	1,203,550	2,091
Gain on disposal of right-of-use assets	2,508,070	164,041
Dividend income	7,161,881	6,601,056
Insurance revenue	4,615,298	2,873,223
Reversal of bad debt expenses	371,876	64,281
Gain on redemption of bonds payable	-	43,551
Gain on lease modification	120,280	-
Others	50,927,611	101,068,327
	₩ 325,311,742	₩ 478,525,931

Details of other non-operating expenses for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
Loss on foreign currency transactions	₩ 210,835,802	₩ 239,121,178
Loss on foreign currency translation	64,713,452	62,921,392
Loss on disposal of property, plant and equipment	7,318,239	8,231,304
Impairment loss on property, plant and equipment	453,183,886	539,635,053
Loss on disposal of right-of-use assets	14,951	47,423
Impairment loss on right-of-use assets	18,983,329	16,696,026
Loss on disposal of intangible assets	152,597	9
Impairment loss on intangible assets	494,009,144	485,549,381
Donations and contributions	5,223,641	8,425,512
Other bad debt expenses	88,520	892,277
Other depreciation	4,671	4,671
Others	62,935,914	14,285,216
Loss on lease modification	348,158	-
Loss on disposal of investments in subsidiaries	107,597,474	-
	₩ 1,425,409,778	₩ 1,375,809,442

28. Income tax

The major components of income tax for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
Current income tax payables (refunds)	₩ (16,225,443)	₩ 77,482,378
Changes in deferred tax and others	(167,244,630)	(463,542,492)
Effect of changes in tax rates	(23,405,727)	-
Effect on deferred tax due to changes in foreign exchange rates	(19,684,165)	(54,719,537)
	₩ (226,559,965)	₩ (440,779,651)

A reconciliation of loss before income tax at the statutory tax rate of the Republic of Korea to income tax expenses at the effective income tax rate of the Group for each of the two years in the period ended December 31, 2025 is as follows (Korean won in thousands):

	2025	2024
Loss before income tax	₩ (2,710,040,290)	₩ (2,279,264,454)
Income tax benefits at the effective tax rates	(543,917,793)	(444,901,391)
Adjustments:		
Non-taxable income	(57,406,022)	(72,213,427)
Non-deductible expenses	128,868,537	56,108,993
Tax credit (special taxes for rural and fishing villages included)	(10,818,739)	(5,398,896)
Changes in unrecognized deferred tax	280,880,969	41,388,960
Refund of income taxes for prior years	(64,587,717)	(1,919,728)
Adjustments recognized in the current period due to deferred tax for previous periods	15,511,976	(6,362,563)
Surtax on undistributed earnings	-	(12,163,623)
Carryover of tax credits and carryover tax deduction	-	(6,627,556)
Effect of changes in tax rates	(23,405,727)	-
Others	48,314,551	11,309,580
Income tax benefits	₩ (226,559,965)	₩ (440,779,651)
Effective tax rate (income tax expense/income before income tax) (*1)	-	-

(*1) The average effective tax rates were not calculated due to the occurrence of losses before income tax for each of the two years in the period ended December 31, 2025.

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

	2025		
	January 1	Increase (decrease)	December 31
Deferred tax liabilities(assets) related to temporary differences			
Pension benefit obligation	₩ (91,950,753)	₩ 1,730,528	₩ (90,220,225)
Investments in subsidiaries, associates and joint ventures	332,062,897	(12,446,128)	319,616,769
Gain (loss) on foreign currency translation	916,632	(865,984)	50,648
Advanced depreciation provision	34,207,532	(564,941)	33,642,591
Property, plant and equipment	97,799,134	141,458,248	239,257,382
Valuation on derivative financial instruments	1,952,342	(6,720,102)	(4,767,760)
Valuation on financial assets at FVOCI	27,059,514	(22,723,331)	4,336,183
Plan assets	98,610,694	151,488	98,762,182
Investment tax allowance	(3,687,096)	(3,641,303)	(7,328,399)
Reserved income regarded as dividends	(44,946,662)	17,222,319	(27,724,343)
Fair value differences	(1,217,410)	1,223,620	6,210
Others	147,022,235	(119,027,313)	27,994,922
Deferred tax liabilities (assets) related to tax loss carryforwards	(707,203,551)	(188,660,016)	(895,863,567)
Deferred tax liabilities (assets) related to unused tax credits	(203,246,793)	29,881,754	(173,365,039)
	₩ (312,621,285)	₩ (162,981,161)	₩ (475,602,446)

28. Income tax (cont'd)

	2024		
	January 1	Increase (decrease)	December 31
Deferred tax liabilities(assets) related to temporary differences			
Pension benefit obligation	₩ (93,411,923)	₩ 1,461,170	₩ (91,950,753)
Investments in subsidiaries, associates and joint ventures	251,534,911	80,527,986	332,062,897
Gain (loss) on foreign currency translation	(193,388)	1,110,020	916,632
Advanced depreciation provision	38,929,734	(4,722,202)	34,207,532
Property, plant and equipment	546,976,575	(449,177,441)	97,799,134
Valuation on derivative financial instruments	(1,015,179)	2,967,521	1,952,342
Valuation on financial assets at FVOCI	15,472,551	11,586,963	27,059,514
Plan assets	7,816,727	90,793,967	98,610,694
Investment tax allowance	96,358,484	(100,045,580)	(3,687,096)
Reserved income regarded as dividends	(58,252,290)	13,305,628	(44,946,662)
Fair value differences	(61,872,363)	60,654,953	(1,217,410)
Others	110,573,385	36,448,850	147,022,235
Deferred tax liabilities (assets) related to tax loss carryforwards	(580,002,880)	(127,200,671)	(707,203,551)
Deferred tax liabilities (assets) related to unused tax credits	(132,201,127)	(71,045,666)	(203,246,793)
	₩ 140,713,217	₩ (453,334,502)	₩ (312,621,285)

Details of temporary differences, not recognized due to uncertainty of its realization, as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025	December 31, 2024
Investments in subsidiaries, associates and joint ventures	₩ 385,603,508	₩ (12,391,946)
Other temporary differences and tax loss carryforwards	(455,128,681)	510,598,912
	₩ (69,525,173)	₩ 498,206,966

The tax effects relating to the components of other comprehensive income and other equity changes recognized directly in equity for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
Loss (gain) on valuation of financial assets at FVOCI	₩ 14,776,967	₩ (27,067,222)
Gain on valuation of derivative financial instruments	(534,301)	(298,197)
Share of changes in net assets of equity-method investments	753,813	(754,644)
Share of changes in retained earnings of equity-method investments	(84,480)	(718,405)
Remeasurement of defined benefit plans	(6,778,780)	6,233,791
	₩ 8,133,219	₩ (22,604,677)

The impact of the introduction of a global minimum tax

The Organization for Economic Co-operation and Development (OECD)/G20 comprehensive implementation framework on Base Erosion and Profit Shifting (BEPS) aims to address tax challenges brought about by the digitalization of the global economy by establishing Model Rules under Pillar Two.

To address the uncertainties arising from the Pillar Two Model Rules, such as the additional occurrence of temporary differences, reassessment of deferred tax, determination of applicable tax rates upon reassessment, the IASB and AASB announced amendments to IAS 12 on May 23, 2023, and June 27, 2023, respectively, mandating the temporary exemption from applying IAS 12 regulations. According to these amendments, companies are not required to recognize deferred tax assets and liabilities related to Pillar Two Model Rules under OECD/G20 BEPS and are not obligated to disclose such information.

The Company applied the temporary exemption provisions in 2025.

28. Income tax (cont'd)

Pillar Two legislations were enacted or substantially enacted in certain countries where LOTTE group entities operate. LOTTE group assessed the potential exposure to Pillar Two corporate income tax for the financial year ended on December 31, 2025, as it is subject to the enacted or substantially enacted Pillar Two legislation.

The assessment of potential exposure to Pillar Two corporate income tax was based on recent tax filings, and the latest financial information for the year ended December 31, 2025. Evaluating potential exposure using data from only certain historical periods may influence the assessment due to the uniqueness of those periods.

As a result of the evaluation conducted, the entities in Thailand within the LOTTE group did not pass the safe harbor test. However, based on the additional tax calculation for these entities, it was assessed that no additional tax liability would arise for any of the combined units, including the Company's controlled entities. Aside from the evaluation performed, it is recognized that the low corporate tax rate of 9% in Hungary, where the Group's segment is located, and the tax credit received for the Company's investment in Indonesia may result in the potential for additional tax liabilities in the future.

Assessments of potential exposure based on the latest data will continue to be conducted in the future.

29. Expenses classified by nature

Expenses classified by nature for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

		2025		2024
Changes in inventories	₩	84,432,696	₩	(82,887,657)
Purchase of inventories		13,823,193,388		15,268,909,339
Salaries		816,501,453		804,318,901
Retirement benefits		71,294,169		73,126,981
Employee welfare		179,692,105		172,154,107
Depreciation		1,065,619,442		1,073,570,871
Amortization		167,111,230		211,212,486
Commissions and fees		370,962,186		377,119,138
Transportation and warehousing		626,702,486		768,154,754
Others		2,220,611,890		2,143,665,996
	₩	19,426,121,045	₩	20,809,344,916

30. Losses per share

Basic losses per share, which are computed by dividing net loss by the weighted-average number of shares outstanding (in shares) for each of the two years in the period ended December 31, 2025, are as follows (Korean won):

		2025		2024
Net losses attributable to owners of the Company (A)	₩	(2,037,135,124,082)	₩	(1,710,507,345,754)
Net losses from continuing operations attributable to owners of the Company (B)		(2,042,613,853,941)		(1,720,205,426,868)
Weighted-average number of shares outstanding (in shares) during the year (C) (*1)		42,167,147		42,167,147
Basic losses per share (D = A÷C)	₩	(48,311)	₩	(40,565)
Basic losses per share from continuing operations (E = B÷C)		(48,441)		(40,795)

(*1) Calculated excluding treasury stocks held by the Company.

30. Losses per share (cont'd)

Basic and diluted losses per share for each of the two years in the period ended December 31, 2025 are the same as there is no dilutive potential common stock.

31. Financial instruments by category

Details of financial assets by category as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025				
	Financial assets at amortized cost	Financial assets at FVOCI	Financial assets at FVPL	Derivative financial instruments designated as a hedge	Total
Cash and cash equivalents	₩ 1,870,312,011	₩ -	₩ -	₩ -	₩ 1,870,312,011
Short-term financial instruments	824,440,281	-	-	-	824,440,281
Long-term financial instruments	78,833,396	-	-	-	78,833,396
Trade and other accounts receivable	1,865,049,213	-	-	-	1,865,049,213
Financial assets at FVOCI	-	24,726,819	-	-	24,726,819
Financial assets at FVPL	-	-	127,056,915	-	127,056,915
Other financial assets	478,674,742	-	-	2,045,625	480,720,367
Lease receivables	18,826,822	-	-	-	18,826,822
	₩ 5,136,136,465	₩ 24,726,819	₩ 127,056,915	₩ 2,045,625	₩ 5,289,965,824

	December 31, 2024				
	Financial assets at amortized cost	Financial assets at FVOCI	Financial assets at FVPL	Derivative financial instruments designated as a hedge	Total
Cash and cash equivalents	₩ 2,111,786,095	₩ -	₩ -	₩ -	₩ 2,111,786,095
Short-term financial instruments	1,319,619,313	-	-	-	1,319,619,313
Long-term financial instruments	78,549,326	-	-	-	78,549,326
Trade and other accounts receivable	2,174,113,828	-	-	-	2,174,113,828
Financial assets at FVOCI	-	366,892,800	-	-	366,892,800
Financial assets at FVPL	-	-	142,568,496	-	142,568,496
Other financial assets	332,640,515	-	-	34,692,000	367,332,515
Lease receivables	9,979,048	-	-	-	9,979,048
	₩ 6,026,688,125	₩ 366,892,800	₩ 142,568,496	₩ 34,692,000	₩ 6,570,841,421

Details of financial liabilities by category as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025				
	Financial liabilities at amortized cost	Financial liabilities at FVPL	Derivative financial instruments designated as a hedge	Financial guarantee contract	Total
Trade accounts and other accounts payables	₩ 1,693,693,042	₩ -	₩ -	₩ -	₩ 1,693,693,042
Financial liabilities at FVPL	-	254,046,728	-	-	254,046,728
Borrowings and bond payable	9,399,387,662	-	-	-	9,399,387,662
Other financial liabilities	942,699,292	1,729,302	336,182	12,000	944,776,776
Lease liabilities	215,068,494	-	-	-	215,068,494
	₩ 12,250,848,490	₩ 255,776,030	₩ 336,182	₩ 12,000	₩ 12,506,972,702

31. Financial instruments by category (cont'd)

	December 31, 2024				
	Financial liabilities at amortized cost	Financial liabilities at FVTPL	Derivative financial instruments designated as a hedge	Financial guarantee contract	Total
Trade accounts and other accounts payables	₩ 1,643,612,683	₩ -	₩ -	₩ -	₩ 1,643,612,683
Financial liabilities at FVPL	-	2,458	-	-	2,458
Borrowings and bond payable	10,405,424,649	-	-	-	10,405,424,649
Other financial liabilities	1,218,210,714	1,800,726	12,908,876	424,667	1,233,344,983
Lease liabilities	258,728,733	-	-	-	258,728,733
	₩ 13,525,976,779	₩ 1,803,184	₩ 12,908,876	₩ 424,667	₩ 13,541,113,506

32. Objectives and policies of financial risk management

Details of assets and liabilities of derivative financial instruments held by the Group as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

		December 31, 2025			
		Assets		Liabilities	
Transaction purpose	Derivative type	Current	Non-current	Current	Non-current
Derivative held-for the purpose of hedging	Currency forward	₩ 2,045,625	₩ -	₩ 59,668	₩ -
	Currency swap and interest rate swap	-	-	276,514	-
Derivative held-for the purpose of trading	Currency forward	7,799,660	-	-	-
	Interest rate swap	154,666	-	-	-
		₩ 9,999,951	₩ -	₩ 336,182	₩ -

		December 31, 2024			
		Assets		Liabilities	
Transaction purpose	Derivative type	Current	Non-current	Current	Non-current
Derivative held-for the purpose of hedging	Currency forward	₩ -	₩ -	₩ 10,151,158	₩ -
	Currency swap and interest rate swap	-	34,692,000	176,460	2,581,259
Derivative held-for the purpose of trading	Currency forward	1,134,259	-	2,458	-
		₩ 1,134,259	₩ 34,692,000	₩ 10,330,076	₩ 2,581,259

32. Objectives and policies of financial risk management (cont'd)

Derivative of hedging account

The Group recognizes the risk of foreign currency exchange difference and the risk of interest rate as fair value hedges valuation amount and cash flow hedges valuation amount. The Group entered into currency and interest rate swap contracts for foreign trade accounts receivable and foreign long-term borrowings, as of December 31, 2025 and 2024, and the fair values of currency swap and Interest rate swap are based on the evaluation details provided by the counterparty banks.

Details of unsettled derivative contracts held for the purpose of hedging as of December 31, 2025 and 2024 are as follows (KRW, USD, EUR, CNY, INR, IDR in thousands):

(1) Details of currency forward

December 31, 2025

Counterparty	Initial contract date	The longest maturity	The sale of a currency		Contract exchange rate (Korean won)	The purchase of a currency		Fair value hedges valuation amount	Cash flow hedges valuation amount	Total
HSBC and others	November 14, 2025	February 13, 2026	EUR	80,000	₩ 1,731.3 and others	KRW	136,449,000	₩ 1,591,634	₩ -	₩ 1,591,634
			CNY	130,000	209.9 and others	KRW	27,018,900	394,323	-	394,323
								₩ 1,985,957	₩ -	₩ 1,985,957

December 31, 2024

Counterparty	Initial contract date	The longest maturity	The sale of a currency		Contract exchange rate (Korean won)	The purchase of a currency		Fair value hedges valuation amount	Cash flow hedges valuation amount	Total
ING Bank and others	November 8, 2024	March 07, 2025	EUR	80,000	₩ 1,509.1 and others	KRW	118,969,150	₩ (3,328,994)	₩ -	₩ (3,328,994)
			CNY	170,000	198.1 and others	KRW	33,238,100	(971,214)	-	(971,214)
			INR	225,264	16.9 and others	KRW	3,800,205	(28,440)	-	(28,440)
			USD	90,000	1,444.5 and others	KRW	129,281,000	(2,977,964)	-	(2,977,964)
Standard Chartered	February 11, 2022	September 25, 2025	USD	12,227	14,940.0	IDR	182,665,813	-	(1,425,950)	(1,425,950)
	April 25, 2022	September 25, 2025	USD	11,754	14,905.0	IDR	175,196,997	-	(1,418,596)	(1,418,596)
								₩ (7,306,612)	₩ (2,844,546)	₩ (10,151,158)

The above derivatives contract is a contract to purchase and sell a certain amount of money at the agreed exchange rate at maturity.

On the other hand, the expected maximum exposure to cash flow variability risk due to the above hedged forecast transaction is within 2 months from December 31, 2025.

(2) Details of currency and interest rate swap

December 31, 2025

Counter party	Contract date	Maturity date	Rate (%)	Swaps sold		Contract exchange rate	Swaps purchased		Fair value hedges valuation amount	Cash flow hedges valuation amount	Total
Kookmin Bank (*1)	August 29, 2024	August 2, 2026	4.82	KRW	100,000,000	-	KRW	100,000,000	₩ -	₩ (276,514)	₩ (276,514)

(*1) It is a derivatives contract that makes a payment of interest in a fixed amount against variable interest amount in Korean won.

December 31, 2024

Counter party	Contract date	Maturity date	Rate (%)	Swaps sold		Contract exchange rate	Swaps purchased		Fair value hedges valuation amount	Cash flow hedges valuation amount	Total
Mizuho Bank (*1)	June 16, 2023	June 22, 2026	4.86	KRW	225,498,000	₩ 1,274.0	USD	177,000	₩ 34,692,000	₩ (1,888,173)	₩ 32,803,827
Shinhan Bank (*2)	September 13, 2024	September 15, 2025	4.81	KRW	100,000,000	-	KRW	100,000,000	-	(176,460)	(176,460)
Kookmin Bank (*2)	August 29, 2024	August 2, 2026	4.82	KRW	100,000,000	-	KRW	100,000,000	-	(693,086)	(693,086)
									₩ 34,692,000	₩ (2,757,719)	₩ 31,934,281

(*1) The derivative contract for a foreign currency loan, under which the principal amount in the contract currency is settled at maturity, and a fixed interest rate in the contract currency is applied to the variable foreign currency interest.
(*2) It is a derivatives contract that makes a payment of interest in a fixed amount against variable interest amount in Korean won.

32. Objectives and policies of financial risk management (cont'd)

The above derivative contract for a foreign currency loan, under which the principal amount in the contract currency is settled at maturity, and a fixed interest rate in the contract currency is applied to the variable foreign currency interest.

The expected maximum exposure to cash flow variability risk due to the above hedged forecast transaction is within 8 months from December 31, 2025.

(3) Income and expenses of derivative instruments

Details of income and expenses associated with derivatives contract for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025					
	Recognized on FVPL (before tax)				Recognized on FVOCI (after tax)	
Derivative type	Gain on valuation	Loss on valuation	Gain on settlement	Loss on settlement	Gain on valuation	Loss on valuation
Currency forward	₩ 2,045,625	₩ 59,668	₩ 7,373,765	₩ 25,675,893	₩ 6,764,147	₩ -
Currency swap and interest rate swap	-	-	-	12,000,600	1,946,905	-
	₩ 2,045,625	₩ 59,668	₩ 7,373,765	₩ 37,676,493	₩ 8,711,052	₩ -

	2024					
	Recognized on FVPL (before tax)				Recognized on FVOCI (after tax)	
Derivative type	Gain on valuation	Loss on valuation	Gain on settlement	Loss on settlement	Gain on valuation	Loss on valuation
Currency forward	₩ -	₩ 7,306,612	₩ 16,394,884	₩ 31,452,528	₩ 6,062,851	₩ -
Currency swap and interest rate swap	31,966,200	-	-	-	678,145	-
	₩ 31,966,200	₩ 7,306,612	₩ 16,394,884	₩ 31,452,528	₩ 6,740,996	₩ -

For the year ended December 31, 2025, the transaction loss (net amount) reclassified from other comprehensive income to profit or loss in relation to cash flow hedging was KRW 3,549,573 thousand.

Derivative of Trading Account

The Group entered into currency swap contracts to hedge against the risks of exchange fluctuations for foreign trade accounts receivable, long-term borrowings as of December 31, 2025 and 2024. The Group entered into interest rate swap contracts to hedge against the risks of interest rate fluctuations by concluding a facility loan contract.

The fair values of currency swap and Interest rate swap are based on the evaluation details provided by the counterparty banks.

Details of the currency swap and interest rate swap contracts classified by the Group as derivatives held for the purpose of trading as of December 31, 2025 and 2024 are as follows (KRW, JPY, USD, EUR, MYR in thousands):

(1) Details of currency forward

December 31, 2025						
Counter party	Initial contract date	The longest maturity	Currency sold	Contract exchange rate (Korean won)	Currency purchased	Fair value
Sumitomo Mitsui Banking Corporation	April 1, 2025	September 1, 2026	JPY 71,670 and others	157.08 and others	USD 500 and others	₩ 531,049
Standard Chartered	February 24, 2025	February 25, 2026	KRW 62,484,000	1,509.60	EUR 41,392	7,262,834
Hana Bank	December 31, 2025	January 30, 2026	USD 700	1,441.90	KRW 1,009,351	5,777
						₩ 7,799,660

32. Objectives and policies of financial risk management (cont'd)

December 31, 2024						
Counter party	Initial contract date	The longest maturity	Currency sold	Contract exchange rate (Korean won)	Currency purchased	Fair value
Sumitomo Mitsui Banking Corporation	April 3, 2024	December 8, 2025	JPY 229,748 and others	156.8 and others	USD 1,620 and others	₩ 1,123,603
JPM	December 31, 2024	January 8, 2025	MYR 10,000	4.5	USD 2,236	5,001
UOB	December 31, 2024	January 3, 2025	MYR 10,000	4.5	USD 2,239	5,655
Hana Bank	December 27, 2024	January 31, 2025	USD 900	1,466.00	KRW 1,319,400	(2,458)
						₩ 1,131,801

(2) Details of currency/interest rate swap

December 31, 2025						
Counter party	Initial contract date	The longest maturity	Contract value	Variable rate	Fixed rate	Fair value
Hana Bank	April 7, 2025	April 7, 2027	KRW 15,000,000 and other	CD rate plus a spread	4.65% and other	₩ 78,261
Woori Bank	June 30, 2025	April 7, 2027	KRW 15,000,000 and other	CD rate plus a spread	4.65% and other	76,405
						₩ 154,666

There is no currency/interest rate swap as of December 31, 2024

(3) Income and expenses of derivative instruments

Details of income and expenses associated with derivatives contract for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025			
	Recognized on FVPL (Before Tax)			
Derivative type	Gain on valuation	Loss on valuation	Gain on settlement	Loss on settlement
Currency forward	₩ 7,086,098	₩ 600,843	₩ 665,810	₩ 112,653

	2024			
	Recognized on FVPL (Before Tax)			
Derivative type	Gain on valuation	Loss on valuation	Gain on settlement	Loss on settlement
Currency forward	₩ 1,452,354	₩ 2,458	₩ 1,001,793	₩ 363,050
Currency swap and interest rate swap	-	7,221,023	-	-
	₩ 1,452,354	₩ 7,223,481	₩ 1,001,793	₩ 363,050

Capital risk management

The primary objective of the Group's capital management is to maintain its ability to continuously provide return to its shareholders and stakeholders and to optimize its capital structure to reduce capital expenses. The overall strategy of the primary objective of the Group remains unchanged compared to December 31, 2024.

As of December 31, 2025 and 2024, debt-to-equity ratios are as follows (Korean won in thousands):

	December 31, 2025	December 31, 2024
Total liabilities	₩ 13,488,904,582	₩ 14,564,385,612
Total equity	17,628,428,467	19,987,944,763
Debt-to-equity ratio	76.52%	72.87%

Material accounting policies and methods adopted for each category of financial assets and liabilities and equity (including recognition criteria and measurement standards, and recognition criteria for revenue and expenses) are detailed in Note 2.

32. Objectives and policies of financial risk management (cont'd)

Supplier finance arrangement

The Group has entered into supplier finance arrangements with domestic and foreign financial institutions. Under these agreements, suppliers participating in the program can receive payment from the financing providers on the originally scheduled due date for their receivables from the Group.

The Group, in turn, pays the financing provider the agreed-upon amount, including fees, on the settlement date determined by mutual agreement. The financing provider disburses payments to suppliers upon notification from the Group, and once payment is made, it cannot be modified or canceled due to defects in goods or other reasons. If the Group cancels or if the transaction is otherwise terminated for any reason, the Group is liable for any damages incurred by the financing provider as a result.

Meanwhile, no collateral or guarantees have been provided in relation to these agreements, and the Group bears fees as mutually agreed with the financial institutions.

The book value of supplier finance arrangements and the amounts settled to suppliers by financial institutions as of December 31, 2025 are as follows (Korean won in thousands):

	Book value	Amounts settled to suppliers
Banker's Usance (*1)	₩ 349,888,321	₩ 349,888,321
Import loan and others (*1)	573,817,255	573,817,255
Securitization of purchase cards (*2)	829,287,237	829,287,237
	₩ 1,752,992,813	₩ 1,752,992,813

(*1) As the terms of the liability are considered to have been substantially modified, including a significant extension of the payment due date under the arrangements, the liability is classified as borrowings when the financial institution assumes the obligation. Related cash outflows are presented as financing activities upon settlement with the financial institution.
(*2) As the original payment due date is extended up to a maximum of 364 days under the arrangements and the terms of the liability are considered to have been substantially modified, the original liability is derecognized and classified as other financial liabilities when the financial institution assumes the obligation. Payments of such liabilities are considered to be in the nature of operating payments, and the related cash outflows are presented as operating activities when the amounts are settled.

As of December 31, 2025, the payment term range for supplier finance arrangements and the comparable payment term range for trade payables not subject to such agreements are as follows:

	Payment term range
Financial liabilities under supplier finance arrangements	5 days ~ 364 days
Comparable trade payables not subject to supplier finance arrangements	1 day ~ 173 days

Financial risk management

The Group is exposed to various risks related to its financial instruments, such as market risk, credit risk, currency risk, and interest rate risk.

(1) Market risk

The Group is mainly exposed to foreign exchange rate fluctuation risk and interest rate risk. To manage such risks, the Group uses a risk management system and derivative financial instruments.

a) Foreign currency risk

The Group is exposed to foreign exchange rate fluctuation relating to monetary assets and liabilities denominated in foreign currencies. The Group periodically evaluates and manages its exchange exposure risk using its financial management system.

32. Objectives and policies of financial risk management (cont'd)

The book values of the Group's foreign currency-denominated monetary assets and monetary liabilities by functional currency as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025					
	USD		EUR		MYR	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Functional currency:						
KRW	₩ 1,108,326,193	₩ 1,300,707,072	₩ 148,863,920	₩ 11,606,153	₩ 1,682,713	₩ 3,557,607
USD	-	-	41,032	2,811,052	90,888,080	93,895,086
CNY	7,531,358	831,936	-	-	-	-
TRY	17,703,976	32,202,624	1,789,225	41,574,044	-	-
	₩ 1,133,561,527	₩ 1,333,741,632	₩ 150,694,177	₩ 55,991,249	₩ 92,570,793	₩ 97,452,693

	December 31, 2024					
	USD		EUR		MYR	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Functional currency:						
KRW	₩ 1,331,197,574	₩ 1,340,889,082	₩ 168,139,105	₩ 13,556,859	₩ 676,187	₩ 314,174
PKR	-	50,807,030	-	128,076	-	-
USD	-	-	-	1,308,851	87,876,037	148,946,946
CNY	7,475,422	1,624,931	-	-	-	-
TRY	3,728,998	-	2,566,982	37,912,504	-	-
	₩ 1,342,401,994	₩ 1,393,321,043	₩ 170,706,087	₩ 52,906,290	₩ 88,552,224	₩ 149,261,120

A sensitivity analysis on the Group's net income before income tax for the period, assuming a 10% increase or decrease in currency exchange rates, as of December 31, 2025 and 2024 is presented in the table below (Korean won in thousands):

	December 31, 2025		
	USD	EUR	MYR
Functional currency:			
KRW	₩ (19,238,088)	₩ 13,725,777	₩ (187,489)
USD	-	(277,002)	(300,701)
CNY	669,943	-	-
TRY	(1,449,865)	(3,978,482)	-
	₩ (20,018,010)	₩ 9,470,293	₩ (488,190)

	December 31, 2024		
	USD	EUR	MYR
Functional currency:			
KRW	₩ (969,151)	₩ 15,458,225	₩ 36,201
PKR	(5,080,703)	(12,808)	-
USD	-	(130,885)	(6,107,091)
CNY	585,050	-	-
TRY	372,900	(3,534,552)	-
	₩ (5,091,904)	₩ 11,779,980	₩ (6,070,890)

b) Interest rate risk

The Group is exposed to interest rate risk relating to its borrowings with floating interest rates. To manage its interest rate risks, the Group maintains a balance between borrowings with variable interest rate and fixed-interest rate or enters into interest rate swap contract. Risk management is evaluated periodically to adjust risks to appropriate levels corresponding to floating interest rates, and to apply the optimized risk management strategies.

32. Objectives and policies of financial risk management (cont'd)

Interest Rate Benchmark Reform generally means that the Libor rate, which was usually used as the basis for the floating interest rate, is discontinued and replaced with a floating interest rate indicator that hardly reflects liquidity risk or credit risk. As the Group entered into interest rate swap contracts with USD Libor as the hedged risk, the uncertainty remains to exist as of December 31, 2025, as the settlement period is not clearly determined The Group is exposed to the legal risk of changing the contracts of such interest rate swap due to the interest rate benchmark reform, as well as the process and operational risks to deal with such changes. In addition, it is inevitable to review the effect on the hedging relationship by changing the new alternative index interest rate to the hedged risk, as well as having to minimize the ineffective portion of the hedging by matching the transition method and the timing of replacing the hedging item and the hedging instrument. For USD Libor-related financial instruments that have not yet been settled, the Group plans to directly change the Libor interest rate to another alternative indicator interest rate until the calculation is discontinued.

- Non-derivative financial liabilities

The main non-derivative liabilities in the Group's consolidated financial statements exposed to the Interest Rate Benchmark Reform as of December 31, 2024 were the USD Libor floating rate borrowings (see Note 18). The Group will be amending the agreement by inserting alternative phrases as well as benchmark interest rates for those USD Libor floating rate borrowings.

For Euribor floating rate borrowings, the calculation method was changed during 2019, and in July 2019, an approval was obtained from the Belgian Financial Services Market Authority to continue its use in accordance with the European Union's benchmark law. With this change, the Group has not converted Euribor to another alternative index and expects to continue to be able to use it in the future.

- Derivative financial liabilities

As part of the Interest Rate Benchmark Reform, ISDA has included in the ISDA standard contract an alternate phrase that determines which alternate indicator interest rate will be used when the calculation of the main IBOR is discontinued. These standard contracts are applied to all derivatives transactions occurred subsequent to January 25, 2021, and the parties are required to enroll themselves to the ISDA Protocol in order to amend the contracts existed prior to January 25, 2021. The Group plans to join the ISDA Protocol to convert the interest rate to an alternative indicator for derivatives.

The Group enters into derivative financial instruments to mitigate the risk of fluctuations in the fair value of fixed interest rate liabilities and the risk of cash flow fluctuations on floating interest rate liabilities due to changes in interest rates. Changes in interest rates could also have an impact on profit or loss since the Group has floating interest rate assets. The sensitivity analysis was performed based on the interest rate risk exposure of the non-derivative financial instruments at the reporting date and was also performed assuming that the balance at the reporting date is the same for the entire reporting period. As a result of the sensitivity analysis, with all other variables held constant, if the interest rate is 50bp higher or lower than the current level, the Group's net income before income tax for the period would decrease / increase by ₩34,236 million in 2025 (₩30,057 million in 2024) mainly due to the risk of fluctuations in the interest rate of floating interest rate liabilities.

c) Other price risk

The Group is exposed to the risk of market price changes for equity securities and financial instruments. The Group holds equity securities for strategic purposes, not for trading purposes, and the Group does not actively trade the equity securities. Financial instruments are exposed to risks from the trust company's operating profit and loss and are disclosed as financial assets at FVTPL. Investments in equity securities (excluding subsidiaries, associates and joint ventures) of the Group are unlisted, and equity securities subject to changes in price amounted to ₩130,607 million in 2025 (₩466,096 million in 2024). With all other variables held constant, if the price of equity securities subject to changes in price fluctuate by 10%, the Group's capital will increase / decrease (before deducting tax effect) by ₩13,061 million in 2025 (₩46,610 million in 2024).

32. Objectives and policies of financial risk management (cont'd)

(2) Credit risk

The Group makes transactions with reputable financial institutions to manage credit risk and has policies and procedures for credit enhancement of financial assets. The Group determines credit transaction limits based on the evaluation of clients' credit. The Group continually reviews clients' credit and credit limits and adjusts collateral as necessary. For delayed collection of financial assets, appropriate actions are taken in accordance with the reasons for such delays. Accounts receivable arise from a large number of customers and are distributed across a variety of industries and geographic regions. Credit ratings for trade accounts receivable are continuously evaluated, and, if necessary, the Group enters into guarantee insurance contracts. As the financial institutions with which the Group transacts are reputable, credit risk arising from liquid funds and derivatives is considered limited.

As of December 31, 2025 and 2024, the maximum exposed amounts of credit risk from financial assets maintained by the Group are as follows (USD, MYR, and Korean won in thousands):

Description	Currency	Dec. 31, 2025	Dec. 31, 2024
Payment guarantee contract (*1)	USD	-	27,500
	KRW	379,789,712	579,789,712
	MYR	15,000	15,000

(*1) The maximum exposure of the Group related to the guarantee contract is the maximum amount that the Group would have to pay if the guarantee were claimed. The amount denominated in KRW represents the acquisition cost of the shares provided for the guarantee (refer to Note 11). Based on current estimates at the end of the reporting period, the Group believes that it is more likely than not that it will not have to make any payments under the guarantee contract. However, the likelihood of the guarantor making a claim against the Group under the guarantee contract may vary due to the possibility of credit losses on the financial assets held by the guarantor. Therefore, the estimate above may be subject to change. As of December 31, 2024, the financial guarantee liability recognized under existing guarantee contracts amounts to ₩12,000 thousand.

The book value of financial assets exposed to credit risk, except for payment guarantee, performance guarantee contracts and loan commitments, best represents a limit of payment, so the book value is excluded from the disclosure above.

(3) Liquidity risk

The Group has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groups based on the remaining period as of December 31, 2025 and 2024. The table below is based on the earliest maturity date the Group is to pay for the undiscounted cash flows of financial liabilities. The contractual maturity is based on the earliest possible date the Group will be asked to pay back (Korean won in thousands):

	December 31, 2025			
	Within a year	1 - 5 years	Over 5 years	Total
Interest-free liabilities (*1)	₩ 2,622,027,396	₩ 11,960,861	₩ -	₩ 2,633,988,257
Borrowings	5,049,471,322	4,178,326,517	2,614,512,517	11,842,310,356
Lease liabilities	58,979,881	122,619,149	107,291,676	288,890,706
	₩ 7,730,478,599	₩ 4,312,906,527	₩ 2,721,804,193	₩ 14,765,189,319

32. Objectives and policies of financial risk management (cont'd)

	December 31, 2024			
	Within a year	1 - 5 years	Over 5 years	Total
Interest-free liabilities (*1)	₩ 2,096,573,811	₩ 5,820,532	₩ -	₩ 2,102,394,343
Borrowings	6,676,201,271	2,650,787,602	4,346,543,266	13,673,532,139
Lease liabilities	69,673,053	163,158,670	166,710,297	399,542,020
	₩ 8,842,448,135	₩ 2,819,766,804	₩ 4,513,253,563	₩ 16,175,468,502

(*1) It includes payment guarantee contract and others as of December 31, 2025 and 2024.

The following table shows the liquidity analysis of derivatives in detail. Derivatives in the following table were prepared based on undiscounted cash inflows and outflows (Korean won in thousands):

	December 31, 2025			
	Within a year	1 - 5 years	Over 5 years	Total
Cash inflows, net	₩ 244,387,275	₩ -	₩ -	₩ 244,387,275
Cash outflows, net	(331,629,591)	-	-	(331,629,591)
	₩ (87,242,316)	₩ -	₩ -	₩ (87,242,316)

	December 31, 2024			
	Within a year	1 - 5 years	Over 5 years	Total
Cash inflows, net	₩ 322,990,383	₩ 270,150,098	₩ -	₩ 593,140,481
Cash outflows, net	(329,444,414)	(533,667,315)	-	(863,111,729)
	₩ (6,454,031)	₩ (263,517,217)	₩ -	₩ (269,971,248)

33. Fair values of financial instruments

Details of the fair values of financial instruments, categorized by the fair value hierarchy level, as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVOCI	₩ -	₩ -	₩ 24,726,819	₩ 24,726,819
Financial assets at FVPL	4,135,156	12,223,586	110,698,173	127,056,915
Derivative financial assets designated as a hedge	-	2,045,625	-	2,045,625
	₩ 4,135,156	₩ 14,269,211	₩ 135,424,992	₩ 153,829,359
Financial liabilities:				
Financial liabilities at FVPL	₩ -	₩ -	₩ 254,046,728	₩ 254,046,728
Derivative financial liabilities designated as a hedge	-	336,182	-	336,182
	₩ -	₩ 336,182	₩ 254,046,728	₩ 254,382,910

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVOCI	₩ 340,653,028	₩ -	₩ 26,239,772	₩ 366,892,800
Financial assets at FVPL	5,008,771	5,333,092	132,226,633	142,568,496
Derivative financial assets designated as a hedge	-	34,692,000	-	34,692,000
	₩ 345,661,799	₩ 40,025,092	₩ 158,466,405	₩ 544,153,296
Financial liabilities:				
Financial liabilities at FVPL	₩ -	₩ 2,458	₩ -	₩ 2,458
Derivative financial liabilities designated as a hedge	-	12,908,876	-	12,908,876
	₩ -	₩ 12,911,334	₩ -	₩ 12,911,334

33. Fair value of financial instruments (cont'd)

The Group management considers that financial assets (liabilities) at amortized cost as of December 31, 2025 and 2024 approximates their respective fair value.

Changes in financial assets classified as Level 3 in the fair value hierarchy for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025					
	January 1	Acquisition	Disposal	Valuation	Foreign exchange difference	December 31
Financial assets at FVOCI	₩ 26,239,772	₩ 24,547	₩ (655,044)	₩ (882,456)	₩ -	₩ 24,726,819
Financial assets at FVPL	132,226,633	22,269,778	(539,325)	(43,265,581)	6,668	110,698,173

	2024						
	January 1	Acquisition	Disposal	Valuation	Transfer (*1)	Foreign exchange difference	December 31
Financial assets at FVOCI	₩ 20,966,260	₩ -	₩ -	₩ 5,238,820	₩ -	₩ 34,692	₩ 26,239,772
Financial assets at FVPL	133,433,721	9,024,682	(28,744)	4,261,917	(14,464,943)	-	132,226,633

(*1) Difference due to reclassification for the year ended December 31, 2024.

Details of valuation techniques and inputs applied on measurement of financial instruments categorized as level 2 and 3 are as follows:

- Currency forwards and interest rate swaps

Fair value of the Group's currency forward is based on quoted currency forward rates, and the terms of foreign currency forward contracts match the terms of the expected maturities as of the end of the reporting period. The Group estimates quoted currency forward rates, using interpolation on market currency forward rates, when there are no quoted currency forward rates for identical terms as of the end of the reporting period. The Group uses an appropriate discount rate in order to estimate fair value of currency forwards using yield curves calculated by market rates as at the end of the reporting period.

Discount rates and forward rates used to measure fair value of interest rate swaps are determined based on yield curves derived from quoted interest rates as oft the end of the reporting period. Fair values are determined by using the discounted cash flows method using an appropriate discount rate.

The Group categorizes currency forwards and interest rate swaps within level 2 as inputs to measure fair value of the Group's currency forward are market observable.

- Non-marketable equity securities

The Group measures non-marketable equity securities at fair value, using discounted cash flow models. The measurement utilizes assumptions, such as sales growth rate, pretax operating margin, weighted-average cost of capital and others, which are not observable. The weighted-average cost of capital used to discount future cash flow is calculated by using the capital asset pricing model. The Group categorizes non-marketable equity securities within level 3 as the assumptions are significant to the entire measurement.

- Financial bonds

The Group determines equity securities classified financial assets at FVTPL as Level 3 as one or more critical measurement components in the market are not observable information at the time of assessment. The Group classifies financial bonds classified financial assets at FVTPL as Level 2 because they can measure fair value using observable inputs in the market.

33. Fair value of financial instruments (cont'd)

- Price return swap (PRS)

The Group measures the fair value of the underlying company's stock in the equity return swap using discounted cash flow models and the fair value of the PRS option using the binomial model. The measurement incorporates assumptions such as revenue growth rate, pretax operating margin, and weighted average cost of capital, some of which are not based on observable market inputs. As these assumptions have a significant impact on the fair value of the PRS option, the Group classifies it within Level 3 of the fair value hierarchy.

The Group recognizes transfers between different levels of fair value hierarchy at the time the transfer event occurred or when circumstances have changed. There have been no changes in level 2 and 3 fair value hierarchy as of the end of the reporting period.

Significant unobservable inputs used in the fair value measurement categorized within level 2 and 3 of the fair value hierarchy with a quantitative sensitivity analysis as of December 31, 2025 and 2024 are as follows (Korean won in million, except for underlying asset price):

		December 31, 2025				
		Fair value (*1)	Valuation method	Non-observable input variable	Range (weighted average)	Sensitivity of the input to fair value
Level 2	Currency forward, currency and interest rate swap	₩ 9,664	Discounted cash flow	-	₩ -	-
Level 3	Non-marketable equity securities	₩ 69,684	Expected present value method	Underlying Asset Price (per share)	₩ 234,254	If the underlying asset price increases, the value of redeemable convertible preferred stock will also increase.
				The share price volatility	52.01%	If share price volatility increases, the value of redeemable convertible preferred stock will also increase.
				Discount rates	Forward interest rate	If the discount rate used for discounting cash flows decreases, the fair value of the assets will increase.
	Price return swap(PRS) – LOTTE Chemical Louisiana LLC	₩ 5,324	DCF, Binomial model	Underlying Asset Price	₩ 729,899 million	If the underlying asset price increases, the value of PRS will also increase.
				Underlying Asset volatility	46.40%	If the underlying asset volatility increases, the value of PRS will increase.
	Price return swap(PRS) – LOTTE Chemical Indonesia	₩ (254,047)	DCF, Binomial model	Underlying Asset Price	₩ 454,741 million	If the underlying asset price increases, the value of PRS will also increase.
				Underlying Asset volatility	57.44%	If the underlying asset volatility increases, the value of PRS will increase.
	Redeemable convertible preferred stock and convertible preferred stock	₩ 22,844	Binomial model	Discount rates	15.39% ~ 24.36%	If the discount rate increases, the fair value of the assets will decrease.
				The share price volatility	12.70% ~ 74.20%	If share price volatility increases, the value of redeemable preferred shares will increase.
	Non-marketable equity securities	₩ 13,680	Discounted cash flow method	Sales growth rate (upcoming 5 years)	1.40% ~ 2.11%	If the permanent growth rate and sales growth rate increases and WACC decreases, the fair value of non-marketable equity securities will increase.
				Permanent growth rate	0.00%	
				Weighted-average cost of capital	9.49%	

(*1) As of December 31, 2025, the book value of unlisted equity instruments not subject to valuation was ₩18,805 million.

33. Fair value of financial instruments (cont'd)

		December 31, 2024				
		Fair value (*1)	Valuation method	Non-observable input variable	Range (weighted average)	Sensitivity of the input to fair value
Level 2	Currency forward, currency and interest rate swap	₩ 22,915	Discounted cash flow	-	-	-
Level 3	Non-marketable equity securities	₩ 64,918	Expected present value method	Underlying Asset Price (per share)	₩ 228,131	If the underlying asset price increases, the value of redeemable convertible preferred stock will also increase.
				Discount rates	Forward interest rate	If the discount rate used for discounting cash flows decreases, the fair value of the assets will increase.
	Price return swap(PRS) – LOTTE Chemical Louisiana LLC	₩ 34,472	DCF, Binomial model	Underlying Asset Price	₩ 718,093 Million	If the underlying asset price increases, the value of PRS will also increase.
				Underlying Asset volatility	32.35%	If the underlying asset volatility increases, the value of PRS will increase.
	Redeemable convertible preferred stock and convertible preferred stock	₩ 22,328	Binomial model	Discount rates	15.39% ~ 24.36%	If the discount rate increases, the fair value of the assets will decrease.
				The share price volatility	12.7% ~ 34.10%	If share price volatility increases, the value of redeemable preferred shares will increase.
	Non-marketable equity securities	₩ 15,218	Discounted cash flow method	Sales growth rate (upcoming 5 years)	2.30% ~ 2.70%	If the permanent growth rate and sales growth rate increases and WACC decreases, the fair value of non-marketable equity securities will increase.
				Permanent growth rate	0.00%	
				Weighted-average cost of capital	9.17%	

(*1) As of December 31, 2024, the book value of unlisted equity instruments not subject to valuation was ₩590 million.

The Group's accounting and finance department performs fair value measurement of level 2 and level 3 for the purpose of financial reporting and uses the valuation results from independent valuers. The result of such fair value measurement is reported directly to the chief financial officer.

- The sales growth rate and pretax operating margin applied to the fair value measurement of non-marketable equity securities are estimated based on mid-term and long-term financial business plans performance, forecast on future market, and business environment.

- The weighted-average cost of capital used in the fair value measurement is estimated from the weighted average of the cost of equity derived from capital asset pricing model with beta (β) based on similar entities reflecting a target capital structure and the cost of debt after tax.

34. Related-party transactions

Details of the Group's related parties as of December 31, 2025 are as follows:

	Related parties
Companies that have a significant influence on the Group	LOTTE Corporation LOTTE Property & Development LOTTE Holdings Co., Ltd.
Associates	LOTTE Engineering & Construction Co., Ltd. and its subsidiaries, HD Hyundai Chemical Co., Ltd., Yeosu Petro Corp., Clean H2 Infra Fund, Standard Energy Co., Ltd., LOTTE Air Liquide Ener'Hy Co., Ltd., Skylake Long Term Strategic Investments Co., Ltd. (*1), Solus Advanced Materials Co. Ltd. (*1), HANJU CORPORTATION, Cambridge Medicine (*2,3), Enwires (*2,4)
Joint ventures	Seetec Co., Ltd., LOTTE MCC Co., Ltd., LOTTE Mitsui Chemical Co., Ltd., LOTTE Versalis Elastomers Co., Ltd., Weifang Lexing Chemical Co., Ltd., LOTTE Ineos Chemical Co., Ltd. (*1), LOTTE GS Chemical Corporation (*5), LOTTE Ube Synthetic Rubber Sdn. Bhd., Kor-Uz Gas Chemical Investment Ltd., Hantok Chemical Co., Ltd., LOTTE SK Eneroot Corporation and its subsidiaries
Others	LOTTE Corporation and others (*6)

(*1) These are associates of LOTTE Fine Chemical Co., Ltd. and its subsidiaries.
(*2) These are associates of LOTTE Energy Materials Corporation and its subsidiaries.
(*3) Although it has a significant influence with equity interest exceeding 20%, it is classified as financial assets at FVOCI because the change in equity interest is not material.
(*4) The Group acquired redeemable convertible preferred stocks and has a significant influence as it has the right to nominate one director. However, it is classified as financial assets at FVTPL in accordance with KIFRS 1109, as it has priority and redemption rights in the distribution of residual assets, and thus it is not exposed to risks similar to those of investors who have invested in common stock.
(*5) It was reclassified from a subsidiary to a joint venture for the year ended December 31, 2025.
(*6) The Group determined that the "LOTTE Business Group Affiliates, etc." designated by the Fair Trade Commission were related parties according to the substantive relationship prescribed in paragraph 10 of KIFRS 1024.

Transactions and outstanding balances between the Group and other related parties are eliminated in consolidation and are not presented in the accompanying notes. Details of the transaction between the Group and other related parties and the balance of assets and liabilities are as follows:

34. Related-party transactions (cont'd)

Significant transactions with the related parties for each of the two years in the period ended December 31, 2025 (financial transactions and equity transactions are disclosed separately) are as follows (Korean won in thousands):

		2025			
		Revenue transaction		Expense transaction	
	Related parties	Sales	Others	Purchases	Others
Companies that have a significant influence on the Group	LOTTE Corporation	₩ 31,301	₩ -	₩ 229,897	₩ 45,511,423
	LOTTE Property & Development	-	-	-	24,164,803
Associates	LOTTE Engineering & Construction Co., Ltd. and its subsidiaries	32,945,691	162,192	1,079	124,859,612
	HD Hyundai Chemical Co., Ltd.	10,441,379	1,052,961	1,876,505,739	25,462,693
	Yeosu Petro Corp.	401	-	-	402,176
	HANJU CORPORTATION	4,540,764	-	22,474,571	-
	LOTTE Air Liquide Ener'Hy Co., Ltd.	3,414,741	-	1,985,980	28,000
Joint ventures	Seetec Co., Ltd.	124,828,622	-	274,972,675	17,126,956
	LOTTE MCC Co., Ltd.	215,703,565	496	150,048,757	-
	LOTTE Mitsui Chemical Co., Ltd.	7,180,141	-	-	3,306,469
	LOTTE Ineos Chemical Co., Ltd.	5,721	661	30,359,179	2,415
	LOTTE Versalis Elastomers Co., Ltd.	212,139,701	294,483	4,664,506	17,543
	LOTTE Ube Synthetic Rubber Sdn. Bhd.	175,429	766,848	-	-
	Kor-Uz Gas Chemical Investment Ltd.	44,100	-	-	-
	LOTTE SK Eneroot Corporation and its subsidiaries	348,990	122,770	-	-
	Hantok Chemical Co., Ltd.	73,734,935	735,158	-	156,595
Other related parties	LOTTE Global Logistics Co., Ltd. and its subsidiaries	169,975	159,346	43,300,239	125,373,447
	LOTTE Aluminium Co., Ltd. and its subsidiaries	11,541,588	637,978	8,820,433	4,457,215
	Uz-Kor Gas Chemical LLC.	21,057,133	146,000	100,883,535	146,039
Others	LOTTE Corporation and others	77,534,039	7,017	9,116,864	95,583,909
		₩ 795,838,216	₩ 4,085,910	₩ 2,523,363,454	₩ 466,599,295

		2024			
		Revenue transaction		Cost transaction	
	Related parties	Sales	Others	Purchases	Others
Companies that have a significant influence on the Group	LOTTE Corporation	₩ 42,414	₩ -	₩ 328,712	₩ 48,732,005
	LOTTE Property & Development	-	-	-	9,484,621
Associates	LOTTE Engineering & Construction Co., Ltd. and its subsidiaries	48,772,136	1,441,950	-	294,539,838
	HD Hyundai Chemical Co., Ltd.	10,586,850	1,268,971	1,929,361,263	25,852,481
	Yeosu Petro Corp.	321	-	-	345,009
	HANJU CORPORTATION	3,290,208	-	27,623,133	54,747
	LOTTE Air Liquide Ener'Hy Co., Ltd.	130,940	6	-	-
Joint ventures	Seetec Co., Ltd.	175,211,278	-	335,791,476	18,307,193
	LOTTE MCC Co., Ltd.	259,989,019	-	170,687,841	321,382
	LOTTE Mitsui Chemical Co., Ltd.	8,612,600	-	-	4,004,331
	LOTTE Ineos Chemical Co., Ltd.	62,073	35,256,738	33,499,695	3,422
	LOTTE Versalis Elastomers Co., Ltd.	189,213,079	339,266	4,577,680	8,303
	LOTTE Ube Synthetic Rubber Sdn. Bhd.	21,029,432	13,534,034	-	-
	Kor-Uz Gas Chemical Investment Ltd.	44,100	4,877	-	-
	LOTTE SK Eneroot Corporation and its subsidiaries	392,028	-	-	-
	Hantok Chemical Co., Ltd.	64,239,067	712,388	-	153,128
Other related parties	LOTTE Global Logistics Co., Ltd. and its subsidiaries	133,821	67,821	34,387,104	189,173,809
	LOTTE Aluminium Co., Ltd. and its subsidiaries	573,008	586,433	7,899,952	4,061,882
	Uz-Kor Gas Chemical LLC.	9,510,317	74,000	124,524,350	74,000
Others	LOTTE Corporation and others	99,760,404	7,267	4,055,270	84,955,331
		₩ 891,593,095	₩ 53,293,751	₩ 2,672,736,476	₩ 680,071,482

34. Related-party transactions (cont'd)

Significant outstanding balances with the related parties as of December 31, 2025 and 2024, except borrowings and loans receivable that are disclosed separately, are as follows (Korean won in thousands):

		December 31, 2025			
		Receivables		Payables	
	Related parties	Trade receivables	Others accounts receivable	Trade payables	Others accounts payable
Companies that have a significant influence on the Group	LOTTE Corporation	₩ -	₩ -	₩ -	₩ 895,765
	LOTTE Property & Development	-	7,211,225	-	14,711,338
Associates	LOTTE Engineering & Construction Co., Ltd. and its subsidiaries	2,991,415	311,636	-	3,478,102
	HD Hyundai Chemical Co., Ltd.	-	3,930,351	148,699,028	3,548,421
	Yeosu Petro Corp.	-	7,081	-	36,962
	HANJU CORPORTATION	211,794	-	1,250,351	-
	LOTTE Air Liquide Ener'Hy Co., Ltd.	-	41,784	-	-
Joint ventures	Seetec Co., Ltd.	12,560,348	119,781	27,587,064	3,578,963
	LOTTE MCC Co., Ltd.	8,837,485	3,491,269	7,225,916	1,624,000
	LOTTE Mitsui Chemical Co., Ltd.	276,128	389,806	-	19,500
	LOTTE Ineos Chemical Co., Ltd.	-	524	5,090,900	221
	LOTTE Versalis Elastomers Co., Ltd.	49,112,597	36,884,538	675,197	9,431,929
	LOTTE Ube Synthetic Rubber Sdn. Bhd.	-	21,975	-	-
	Hantok Chemical Co., Ltd.	8,074,481	73,027	-	14,355
	LOTTE SK Eneroot Corporation and its subsidiaries	18	25,760	-	-
	LOTTE GS Chemical Corporation	4,632,094	53,808,956	27,945,626	40,625,290
Other related parties	LOTTE Global Logistics Co., Ltd. and its subsidiaries (*1)	10,395	44,611	2,207,120	12,646,816
	LOTTE Aluminium Co., Ltd. and its subsidiaries	113,302	11,496,580	1,330,790	67,124
	Uz-Kor Gas Chemical LLC	288,620	1,132,141	19,394,067	-
Others	LOTTE Corporation and others	5,729,382	12,829,508	18,225	13,373,939
		₩ 92,838,059	₩ 131,820,553	₩ 241,424,284	₩ 104,052,725

(*1) The Group has receivables that were transferred to the subsidiary of LOTTE Global Logistics Co., Ltd. in China for payment, which have not expired as of December 31, 2025 and the Group has recognized the receivables as a loan because the Group has recourse obligation for the receivables (See Notes 7,18).

		December 31, 2024			
		Receivables		Payables	
	Related parties	Trade receivables	Others account receivables	Trade payables	Others account payables
Companies that have a significant influence on the group	LOTTE Corporation	₩ -	₩ 13,224	₩ -	₩ 1,588,084
	LOTTE Property & Development	-	7,211,224	-	21,367,260
Associates	LOTTE Engineering & Construction Co., Ltd. and its subsidiaries	8,569,627	1,438,251	-	2,928,040
	HD Hyundai Chemical Co., Ltd.	712,183	4,545,569	92,783,500	3,950,799
	Yeosu Petro Corp.	-	7,073	-	37,439
	HANJU CORPORTATION	-	-	819,745	-
	LOTTE Air Liquide Ener'Hy Co., Ltd.	-	9,590	-	-
Joint ventures	Seetec Co., Ltd.	17,501,905	127,725	38,075,921	3,267,610
	LOTTE MCC Co., Ltd.	19,499,228	332,409	5,266,524	1,604,195
	LOTTE Mitsui Chemical Co., Ltd.	261,875	540,401	-	19,500
	LOTTE Ineos Chemical Co., Ltd.	-	524	4,669,490	90
	LOTTE Versalis Elastomers Co., Ltd. and its subsidiaries	56,077,536	34,694,808	134,903	10,445,263
	LOTTE Ube Synthetic Rubber Sdn. Bhd.	-	11,057,243	-	-
	Kor-Uz Gas Chemical Investment Ltd.	-	3,675	-	-
	Hantok Chemical Co., Ltd.	7,326,650	63,556	-	14,037
Other related parties	LOTTE Global Logistics Co., Ltd. and its subsidiaries (*1)	10,395	5,184	86,934	17,663,329
	LOTTE Aluminium Co., Ltd. and its subsidiaries	76,184	53,222	1,225,215	-
	Uz-Kor Gas Chemical LLC	3,526,461	1,452,188	27,829,531	-
Others	LOTTE Corporation and others	7,020,462	14,702,439	276,198	14,028,557
		₩ 120,582,506	₩ 76,258,305	₩ 171,167,961	₩ 76,914,203

34. Related-party transactions (cont'd)

(*1) The Group has receivables that were transferred to the subsidiary of LOTTE Global Logistics Co., Ltd. in China for payment, which have not expired as of December 31, 2024 and the Group has recognized the receivables as a loan because the Group has recourse obligation for the receivables (See Note 7,18).

Changes in loans to related parties for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025				
Related parties	January 1	Increase	Decrease	Foreign exchange difference	December 31
LOTTE Ube Synthetic Rubber Sdn. Bhd. (Joint ventures)	₩ 25,725,000	₩ -	₩ (25,383,750)	₩ (341,250)	₩ -

	2024				
Related parties	January 1	Decrease	Reversals of impairment	Foreign exchange difference	December 31
Kor-Uz Gas Chemical Investment Ltd. (Joint ventures)	₩ 300,000	₩ (300,000)	₩ -	₩ -	₩ -
LOTTE Ube Synthetic Rubber Sdn. Bhd. (Joint ventures)	11,034,500	-	11,530,000	3,160,500	25,725,000

Changes in borrowings from related parties for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025				
Related parties	January 1	Increase	Decrease	Foreign exchange difference	December 31
LOTTE Aluminium USA Corporation (other)	₩ -	₩ 28,666,000	₩ (28,770,000)	₩ 104,000	₩ -
PT LOTTE Capital Indonesia (other)	1,362,611	-	(191,554)	(82,265)	1,088,792

	2024			
Related parties	January 1	Decrease	Foreign exchange difference	December 31
LOTTE Aluminium USA Corporation (other)	₩ 12,894,000	₩ (13,892,000)	₩ 998,000	₩ -
PT LOTTE Capital Indonesia (other)	1,423,209	(48,390)	(12,208)	1,362,611

For the year ended December 31, 2024, the Group received a repayment of ₩300,000 million in loans from Charlotte 1st Co., Ltd. and Charlotte 2nd Co., Ltd., which are SPCs established for the purpose of purchasing short-term guaranteed bonds of Lotte Engineering & Construction Co., Ltd.

For the year ended December 31, 2024, the Group loaned a total of ₩200,000 million to Project Charlotte., Ltd., which is SPC established for the purpose of purchasing short-term bonds with guarantees of LOTTE Engineering & Construction Co., Ltd. In return, LOTTE Engineering & Construction Co., Ltd.'s real estate and beneficiary rights were provided as collateral.

Details of equity transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025		
Related parties	Additional investment	Dividend income	Dividends
LOTTE Corporation (Companies that have a significant influence on the group)	₩ -	₩ -	₩ 16,239,687
LOTTE Property & Development (Companies that have a significant influence on the group)	-	-	12,832,626
LOTTE Holdings Co. Ltd. (Companies that have a significant influence on the group)	-	-	5,898,771
Clean H2 Infra Fund (Associate)	12,152,047	-	-
HANJU CORPORTATION (Associate)	-	979,200	-
LOTTE Versalis Elastomers Co., Ltd. (Joint venture)	45,000,000	-	-
LOTTE MCC Co., Ltd. (Joint venture)	-	16,500,000	-
Seetec Co., Ltd. (Joint venture)	-	10,000,000	-
LOTTE Ineos Chemical Co., Ltd. (Joint venture)	-	17,568,669	-
Kor-Uz Gas Chemical Investment Ltd. (Joint venture)	-	135,490,145	-
	₩ 57,152,047	₩ 180,538,014	₩ 34,971,084

34. Related-party transactions (cont'd)

	2024			
Related parties	Additional investment	Return of investment	Dividend income	Dividends
LOTTE Corporation (Companies that have a significant influence on the group)	₩ -	₩ -	₩ -	₩ 48,719,061
LOTTE Property & Development (Companies that have a significant influence on the group)	-	-	-	38,497,878
LOTTE Holdings Co. Ltd. (Companies that have a significant influence on the group)	-	-	-	17,696,313
Clean H2 Infra Fund (Associate)	23,880,831	-	-	-
Yeosu Petro Corp. (Associate)	81,600	-	-	-
HANJU CORPORTATION (Associate)	-	-	489,600	-
LOTTE Ube Synthetic Rubber Sdn. Bhd. (Joint venture)	93,605,250	-	-	-
LOTTE Versalis Elastomers Co., Ltd. (Joint venture)	50,000,000	-	-	-
LOTTE SK Eneroot Corporation (Joint venture)	29,700,000	-	-	-
LOTTE Mitsui Chemical Co., Ltd. (Joint venture)	-	3,000,000	-	-
LOTTE MCC Co., Ltd. (Joint venture)	-	-	50,000,000	-
Seetec Co., Ltd. (Joint venture)	-	-	7,500,000	-
Hantok Chemicals (Joint venture)	-	-	1,500,000	-
LOTTE Ineos Chemical Co., Ltd. (Joint venture)	-	-	35,256,738	-
Kor-Uz Gas Chemical Investment Ltd. (Joint venture)	-	-	50,220,100	-
	₩ 197,267,681	₩ 3,000,000	₩ 144,966,438	₩ 104,913,252

Payment guarantees the Group provides for its related parties as of December 31, 2025 are as follows (MYR and KRW in thousands):

	December 31, 2025				
	Guarantee limit amount		Liabilities balance		
	Foreign currency	Korean won	Foreign currency	Korean won	Description
LOTTE Ube Synthetic Rubber Sdn. Bhd.	MYR 15,000	₩ 5,318,400	MYR 50	₩ 17,728	Guarantee for LC opening

In addition to the payment guarantee details listed above, Notes 36, 37 describe the obligation to provide collateral and supplement funds for the liabilities of the related parties.

As of December 31, 2025 and 2024, the Group recognized ₩12,000 thousand and ₩424,667 thousand of financial guarantee liabilities with regards to the payment guarantee contracts.

On January 10, 2025, the Company entered into a payment guarantee agreement with Shinhan Bank, Kookmin Bank, Woori Bank and Hana Bank (collectively, the "four banks"). In order to secure the underlying obligations of this agreement, LOTTE Property & Development entered into a mortgage agreement with the four banks on December 19, 2024, by providing LOTTE World Tower and LOTTE World Mall as collateral (limit : ₩1,644,770 million as of December 31, 2025). In addition, the Company also entered into an agreement with LOTTE Property & Development to pay fees related to the provision of such collateral (see Note 18).

Compensations for key management of the Group for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
Short-term salaries	₩ 30,453,861	₩ 42,017,047
Retirement benefits	5,497,302	6,183,587
	₩ 35,951,163	₩ 48,200,634

35. Statement of cash flows

35-1 Significant non-cash transactions

Significant non-cash transactions arising from investing and financing activities that are not included in the consolidated statements of cash flows for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025	2024
Changes in accounts payable related to acquisition of property, plant and equipment	₩ (52,174,783)	₩ (24,237,508)
Transfer of property, plant, and equipment to finance lease receivables	-	12,112,376
Changes in provisions for restoration related to right-of-use assets	(14,591,916)	(38,053,990)
Reclassification of current portion of long-term loans	-	23,093,000
Transfer of trade payables to other finance liabilities	(177,305,994)	1,006,593,231
Reclassification of long-term receivables arising from disposal of a subsidiary	(17,558,400)	-
Reclassification of non-current assets and liabilities held for sale	(2,730,169)	-
Issuance of new capital securities for acquisition of non-controlling interests	151,093,800	-
Investment in kind of subsidiary's common stock for acquisition of non-controlling interests	174,816,853	-

35. Statement of Cash Flows (cont'd)

35-2 Operating activities

Details of cash flow generated from operations for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

		2025		2024
Loss for the year	₩	(2,476,176,326)	₩	(1,825,555,752)
Adjustments				
Income tax revenue		(226,559,965)		(432,593,594)
Interest expenses		408,395,253		421,255,356
Interest income		(124,605,792)		(180,060,079)
Dividend income		(7,161,881)		(6,601,056)
Depreciation of property, plant and equipment		1,001,746,670		1,008,523,951
Amortization		167,111,230		211,375,684
Depreciation of right-of-use assets		63,941,962		70,779,201
Retirement benefits		55,636,342		59,811,927
Long-term employee benefits		10,233,808		10,843,937
Loss (Gain) on Financial guarantee expenses		24,180,119		(1,482,253)
Loss (Gain) on foreign exchange translation		72,580,751		(9,962,549)
Share of loss of equity-method investments		104,720,867		120,810,585
Gain on valuation of derivative financial instruments		(1,985,957)		(24,659,588)
Loss on settlement of derivative financial instruments		30,302,728		15,057,644
Loss on valuation of financial assets at FVPL		192,666,291		96,264,985
Loss (Gain) on disposal of financial assets at FVPL		(1,286,393)		2,464,376
Loss (Gain) on valuation of non-controlling interests		162,708		(255,915)
Loss on valuation of inventories		14,163,255		15,988,848
Loss on disposal of property, plant and equipment		3,512,445		5,939,104
Gain on disposal of intangible assets		(1,050,953)		(2,082)
Gain on disposal of right-of-use asset		(2,493,119)		(116,617)
Loss on changes in right-of-use assets		227,878		-
Impairment losses on property, plant and equipment		452,944,268		539,635,053
Impairment losses on intangible assets		493,726,374		485,549,381
Impairment losses on right-of-use asset		18,983,329		16,696,026
Loss on disposal of subsidiaries		107,597,474		-
Provisions for restoration (reversal)		16,813,761		(6,843,331)
Insurance revenue		-		(2,872,059)
Bad debt expenses		2,616,468		781,479
Reversal of other bad debt expenses		(380,393)		(10,702,004)
Effect of KIFRS 1029		(15,690,200)		(14,059,909)
Other non-cash income and expenses		17,465,550		-
Changes in working capital				
Inventories		(229,800,571)		104,820,514
Trade accounts receivable		194,297,795		303,572,484
Other accounts receivable		16,569,897		(69,812,359)
Other assets		(43,966,640)		(28,885,749)
Trade accounts payable		26,721,082		1,495,476,757
Other accounts payable		284,091,232		(172,857,670)
Other liabilities		(125,327,303)		(585,744,905)
Defined benefit liability, net		(49,443,560)		(17,529,113)
	₩	475,480,484	₩	1,595,050,708

35. Statement of Cash Flows (cont'd)

35-3 Financing activities

Changes in liabilities due to financing activities including changes in cash flows and non-cash transactions of the Group for each of the two years in the period ended December 31, 2025 are as follows (Korean won in thousands):

	2025									
	January 1		Financing activities		Changes in the scope of consolidation (*1)		Others (*2)		December 31	
Borrowings	₩	8,112,460,719	₩	736,143,117	₩	(719,675,521)	₩	(58,726,449)	₩	8,070,201,866
Bonds payable		2,292,963,931		(965,000,000)		-		1,221,865		1,329,185,796
Lease liabilities		258,728,733		(58,115,357)		(3,888,387)		18,343,505		215,068,494
	₩	10,664,153,383	₩	(286,972,240)	₩	(723,563,908)	₩	(39,161,079)	₩	9,614,456,156

(*1) Effect of the loss of control over LOTTE Chemical Pakistan Limited and LOTTE GS Chemical Corporation for the year ended December 31, 2025.
(*2) Including the effect of foreign exchange difference, acquisition of lease liabilities, amortization of discount on bonds and etc.

	2024							
	January 1		Financing activities		Others (*1)		December 31	
Borrowings	₩	7,151,365,216	₩	464,287,465	₩	496,808,038	₩	8,112,460,719
Bonds payable		2,676,399,449		(387,215,572)		3,780,054		2,292,963,931
Lease liabilities		186,380,299		(52,972,424)		125,320,858		258,728,733
	₩	10,014,144,964	₩	24,099,469	₩	625,908,950	₩	10,664,153,383

(*1) Including the effect of foreign exchange difference, acquisition of lease liabilities, amortization of discount on bonds and etc.

36. Commitments and contingencies

The Group has entered into various agreements with financial institutions and others as of December 31, 2025 and details are as follows (See Note 18 for borrowings) (KRW, USD, EUR and MYR in thousands):

	Description	Contract amount	
The Company	Usance	USD	570,000
	Import loan	USD	689,980
	Standby L/C (Naphtha)	USD	120,000
	Standby L/C (Non-Naphtha)	USD	30,020
	Other	USD	180,000
	Overdraft	KRW	40,000,000
	Purchase card	KRW	320,000,000
	Account receivable loan	KRW	140,000,000
		USD	1,590,000
		KRW	500,000,000

36. Commitments and contingencies (cont'd)

	Description	Contract amount	
Other subsidiaries	Standby L/C limit	USD	4,600
	Purchase loan, etc	KRW	115,000,000
		USD	45,000
	Overdraft limit	KRW	12,400,000
	Trade financing, etc	KRW	148,700,000
	Trade finance limit	USD	92,000
	Usance limit	USD	300
	Account receivable loan	KRW	2,140,000
	Loan limit	KRW	3,570,000
	Loan	EUR	500
		KRW	500,000
		USD	5,000
	Electronic receivables issuance	KRW	10,700,000
	Electronic receivables discounting	KRW	24,040,000
	Payment guarantee	KRW	148,010
	Derivative guarantee limit	USD	500
	Overall limit	MYR	1,524,944
		USD	10,000
	Credit limit loan	KRW	120,000,000
		KRW	437,198,010
		USD	157,400
		EUR	500
		MYR	1,524,944

Technical license agreements

The Company entered into technical license agreements with Exxon Mobil and Catalyst and other overseas entities to receive technical know-how used in the production of EVA. Licensing fees (including manufacturing costs) incurred for each of the two years in the period ended December 31, 2025 amounted to 0.

In accordance with the technical license agreement entered into on December 13, 2006 between KP Chemical Corp., a subsidiary acquired by the Company in 2012, and UOP Co., Ltd, a US entity, for the payment of royalties for the MEX plant, the Company is obligated to notify UOP Co., Ltd. of its total output for the year on every January 30 of the following year for the purpose of calculating fees on amounts in excess of the royalties paid.

Supply agreement

For the stable purchasing of Naphtha and M-X (Mixed Xylene), the Company entered into a contract with HD Hyundai Chemical Co., Ltd. for a guaranteed supply over 20 years from 2016 to 2036.

The subsidiary LOTTE Chemical USA Corp. signed a long-term raw material supply contract with Enterprise Inc. for a stable supply of Ethane for a period of 10 years from 2019 to 2029.

36. Commitments and contingencies (cont'd)

Pending litigations

As of December 31, 2025, the Group's pending litigations as defendant are as follows. As of December 31, 2025, the effect of the litigations on the financial statements of the Group cannot be reasonably estimated, so the resulting impact was not reflected in the Group's financial statements. (Korean won in millions and cases):

	Litigation costs	Number of litigations
The Company	₩ 4,019	4
LOTTE Energy Materials Corporation and its subsidiaries	3,165	4
LOTTE Fine Chemical Co., Ltd. and its subsidiaries	557	2
LOTTE Chemical California, Inc. and its subsidiaries (*1)	133,728	129
	₩ 141,469	139

(*1) In connection with silica exposure, product processing workers in the United States filed a total of 129 lawsuits (a total of 7,964 related defendants) against related companies, with a total litigation value of USD 5,437,735,000 (the defendant's litigation value per lawsuit in a simple arithmetic average is USD 682,789). LOTTE Chemical California, Inc., a subsidiary of the Company, is also included in the defendant companies in the lawsuit, but the impact of the outcome of the lawsuit on the Group's consolidated financial statements as of December 31, 2025 cannot be reasonably estimated, so the impact of this is not reflected in the Group's consolidated financial statements. Meanwhile, the litigation value listed in the table above is the sum of the litigation value of the defendant companies per case in which the Group is sued by the number of defendants.

Commitments and contingencies

The Company has a fund contribution agreement for borrowings from associates and joint ventures as of December 31, 2025. Details are as follows (KRW in thousands):

		Borrowings	Agreement amount	Ratio
Associates	HD Hyundai Chemical Co., Ltd.	₩ 1,911,250,000	₩ 764,500,000	Equivalent to 40% stake
	LOTTE Air Liquide Ener'Hy Co., Ltd.,	26,000,000	10,400,000	Equivalent to 40% stake
Joint ventures	LOTTE GS Chemical Corporation	725,000,000	362,500,000	Equivalent to 50% stake
	LOTTE Versalis Elastomers Co., Ltd.	92,500,000	46,250,000	Equivalent to 50% stake plus one additional share
Others	ULSAN Eneroot No.2 Corporation	156,000,000	78,000,000	Equivalent to 50% stake in LOTTE SK Eneroot Corporation

The Company has entered into agreements with the third parties to provide securities as collateral and impose restrictions on transfer of the securities as of December 31, 2025. Details are as follows (USD and KRW in thousands):

	Book value (*1)	Agreements	Related account	Related amount (limit)	Financial institution
LOTTE Energy Materials Corporation (Subsidiary)	₩ 1,761,953,885	All shares	Borrowings of the Company	KRW 810,000,000 (KRW 810,000,000)	Korea Development Bank and others
PT LOTTE Chemical Indonesia (Subsidiary)	436,551,198	All shares	Borrowings of PT LOTTE Chemical Indonesia	USD 2,400,000 (USD 2,400,000)	The Export-Import Bank of Korea and lenders

(*1) Book value of the investments in subsidiaries reflected in separate financial statements of the Company.

36. Commitments and contingencies (cont'd)

The Group has entered into a shareholder agreement which grants, if it acquires 72.5% stake in LOTTE Chemical Turkey Surface Designs Industry and Trade Inc.("LCTR"), a stock purchase option (call option) on to the 27.5% stake held by non-controlling shareholders and a share sale option (put option) on the 27.5% stake held by non-controlling shareholders (Peker Family and others). On January 25, 2023, a non-controlling shareholder of LCTR exercised the put option for a 27.5% stake, and the Group acquired additional shares of 7.86% on July 18, 2023, and 17.17% on August 29, 2023, bringing its shareholding to 97.53%. There is an ongoing ownership dispute between the non-controlling shareholder and a third party regarding the remaining 2.47% share, and the Group plans to acquire this share once the dispute is resolved.

The Company has entered into the following investment agreement with associates and joint ventures as of December 31, 2025 (EUR in thousands):

		Agreement amount		Agreement balance	
Associate	Clean H2 Infrastructure Fund	EUR	100,000	EUR	60,549

Price return swap (PRS)

For the year ended December 31, 2025, the Company recognized a loss on valuation of derivatives amounting to ₩205,931,359 thousand as finance costs in accordance with the valuation of the following contract, and as of December 31, 2025, the Company recognized derivatives assets amounting to ₩5,324,317 thousand and derivatives liabilities amounting to ₩254,046,728 thousand.

(1) LOTTE Chemical Louisiana LLC

LOTTE Chemical Louisiana LLC, a subsidiary of LOTTE Chemical USA Corp., a subsidiary of the Company, has conducted a third-party allocation of paid-in capital. Concurrently, the Company entered into a price return swap (PRS) agreement with the third-party investor, based on 40% of the equity interest as the underlying asset. The detailed terms of the transaction are as follows:

	Agreement
Contract date	November 8, 2025 (initial contract date: November 8, 2024)
Maturity date (*1)	November 7, 2029
Contract amount	KRW 663,793,000 thousand
Underlying asset	40% stake in LOTTE Chemical Louisiana LLC
Settlement method	If the disposal price of the underlying asset is higher than the settlement reference amount, the investor will pay the difference to the Company. If the disposal price of the underlying asset is lower than the settlement reference amount, the investor will receive the difference from the Company. The investor may dispose of the underlying asset at any time before or at maturity, and the Company has the right to designate the purchaser of the underlying asset upon the investor's disposal.

(*1) If the Company's effective credit rating of its corporate bonds or corporate credit rating as the beneficiary of the proceeds falls to A0 or below, early settlement may be triggered prior to the maturity date.

36. Commitments and contingencies (cont'd)

(2) PT LOTTE Chemical Indonesia

The Company sold a 25% stake in PT LOTTE Chemical Indonesia, a subsidiary, to a third party and simultaneously entered into a price return swap (PRS) agreement with the transferee counterparty using the 25% stake sold as the underlying asset. The details are as follows:

	Agreement
Contract date	March 18, 2025
Maturity date (*1)	March 19, 2028
Contract amount	KRW 650,000,000 thousand
Underlying asset	25% stake in PT LOTTE Chemical Indonesia
Settlement method	If the disposal price of the underlying asset is higher than the settlement reference amount, the investor will pay the difference to the Company. If the disposal price of the underlying asset is lower than the settlement reference amount, the investor will receive the difference from the Company. The investor may dispose of the underlying asset at any time before or at maturity, and the Company has the right to designate the purchaser of the underlying asset upon the investor's disposal.

(*1) If the Company's effective credit rating of its corporate bonds or corporate credit rating as the beneficiary of the proceeds falls below A+, early settlement may be triggered prior to the maturity date.

37. Assets provided as collateral

Assets provided as collateral for the Group as of December 31, 2025 are as follows (KRW in thousands):

Assets	Book value		Collateral Amount		Financial institution
Stocks (*1)	₩	2,578,294,795	₩	2,578,294,795	Korea Development Bank and others
Land, Buildings		138,167,959		144,000,000	Woori Bank and Hana Bank
Land, Buildings, Machinery, etc.		100,276,879		100,276,879	Korea Development Bank Shinhan Bank
Land, Buildings, Financial assets FVTPL		65,063,486		43,288,677	Korea Development Bank and others

(*1) The book value represents the equity investment in subsidiaries and joint ventures as reflected in the Company's separate financial statements.

38. Contract assets and liabilities

Details of contract assets and liabilities of the Group as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	December 31, 2025		December 31, 2024	
Contract assets				
Due from customers for contract works	₩	25,542,740	₩	11,969,172
Receivables		1,781,676,928		2,087,978,780
		1,807,219,668		2,099,947,952
Contract liabilities (*1)				
Due to customers for contract works		18,802,725		32,130,482
Advances		93,906,780		71,334,858
	₩	112,709,505	₩	103,465,340

(*1) Among contract liabilities as of December 31, 2024, the revenue recognized for the year ended December 31, 2025 is ₩67,074 million.

38. Contract assets and liabilities (cont'd)

Contract assets are included in trade and other accounts receivable, and contract liabilities are included in other current liabilities.

39. Events after the reporting period

On November 26, 2025, the Company submitted the application for approval of a business restructuring plan to the Ministry of Trade, Industry and Resources, jointly with HD Hyundai Oilbank Co., Ltd. and HD Hyundai Chemical Co., Ltd., in accordance with the Special Act on the Corporate Revitalization, in order to implement measures to enhance the competitiveness of the petrochemical industry and to participate in the restructuring of the domestic petrochemical industry. On February 23, 2026, the plan was approved by the relevant committee.

On February 4, 2026, the Company decided to invest ₩30,000 million in LOTTE Versalis Elastomers Co., Ltd. (a joint venture). The investment is scheduled to be made on April 15, 2026, and there will be no change in the equity ownership after the investment.

40. Approval date of the financial statements

The consolidated financial statements of the Group were authorized for issue by the Board of Directors on March 4, 2026, and are subject to amendment and approval at the annual general meeting of shareholders.

Audit opinion on internal control over financial reporting

The accompanying independent auditor’s report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of LOTTE Chemical Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”) and the consolidated financial statements of the Group for the year ended December 31, 2025 in accordance with the Article 8 of the *Act on External Audit of Stock Companies.*

Attachments:

1. Independent auditor’s report on internal control over financial reporting
2. Management’s Report on the effectiveness of Internal Control over Financial Reporting for Consolidation Purposes

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Independent auditor's report on internal control over financial reporting

(English translation of a report originally issued in Korean)

LOTTE Chemical Corporation
The Shareholders and Board of Directors

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting ("ICFR") of LOTTE Chemical Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2025.

In our opinion, the Group's ICFR has been designed and is operating effectively, in all material respects, as of December 31, 2025, in accordance with the Conceptual Framework for Design and Operation of ICFR.

We have also audited, in accordance with Korean Standards on Auditing ("KSA"), the consolidated statement of financial position as of December 31, 2025, and the consolidated statement of comprehensive income or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information, and our report dated March 12, 2026 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the ICFR section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of ICFR 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.

Responsibilities of management and those charged with governance for ICFR

Management is responsible for designing, implementing, and maintaining an effective ICFR, and for assessing the effectiveness of ICFR included in the accompanying Management's Report on the effectiveness of Internal Control over Financial Reporting for Consolidation Purposes.
Those charged with governance are responsible for overseeing the Group's ICFR.

Auditor's responsibilities for the audit of ICFR

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

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

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ICFR definition and inherent limitations

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

Because of its inherent limitations, the ICFR may not prevent or detect misstatements of the consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that the ICFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is In Jae Lee.

Ernst & Young Han Young

March 12, 2026

This audit report is effective as of March 12, 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 Group's ICFR and may result in modifications to this report.

Management's Report on the effectiveness of Internal Control over Financial Reporting for Consolidation Purposes

To the Shareholders, Board of Directors, and Audit Committee of LOTTE Chemical Corporation

We, as the President & Chief Executive Officer("CEO") and the Internal Accounting Manager of LOTTE Chemical Corporation("the Company"), assessed the effectiveness of the design and operation of Internal Control over Financial Reporting("ICFR") for consolidation purposes for the year ended December 31, 2025.

The design and operation of ICFR for consolidation purposes is the responsibility of the Company' s management, including the President & CEO and the Internal Accounting Manager.("We")-

We assessed whether the Company's ICFR for consolidation purposes has been effectively designed and operated in order to prevent and detect errors or fraud that may result in a misstatement of the consolidated financial statements to ensure preparation and disclosure of reliable financial statements.

We used as the basis for the design and operation of the Company's ICFR for consolidation purposes, the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR(the "ICFR Committee"). In assessing the design and operation of ICFR for consolidation purposes, we used, as the evaluation criteria, the Appendix 6 of the Implementation Guidelines for the Regulation on External Audit and Accounting, etc., the Standard for Evaluation and Reporting of ICFR.

Based on our evaluation, we concluded that the Company' s ICFR for consolidation purposes is effectively designed and operated as of December 31, 2025, in all material respects, in accordance with the Conceptual Framework for Design and Operation of ICFR.

We confirm that this report does not contain or present any false statement or omit to state a fact necessary to be presented herein. We also confirm that this report does not contain or present any statement which might cause material misunderstandings to the readers, and we have reviewed and verified this report with due care.

<Attachments>

[Internal control activities performed by the Company in response to treasury fraud risks such as embezzlements]

March. 3, 2026

Young Jun, Lee (Signature)
President & CEO

Sung Wook, Cho (Signature)
Internal Accounting Manager

(Attachments) Internal control activities performed by the Company in response to treasury fraud risks such as embezzlements

Classification	Control activities performed by the Company	Company	Design and operation effectiveness assessment result (Information on by whom and when the assessment was performed, etc.)
Entity-level Controls	**[Operation of Whistleblowing System]** Management operates a whistleblowing system via a dedicated website where non-compliance with the Code of Conduct and Code of Ethics can be reported anonymously. Management reviews the impact of such reports on the ICFR and takes appropriate measures.	LOTTE Chemical, LC Titan①, LC USA②, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 8 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 9 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)
	[Establishment and Operation of ICFR Policy] The President & CEO holds oversight responsibilities for the ICFR, while management bears direct responsibilities for the design and operation. These roles and responsibilities are established and operated under the 'ICFR Policy'.	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 8 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 9 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)
	[Establishment and Operation of Delegation of Authority and Segregation of Duties] Management establishes criteria for the segregation of duties to separate incompatible functions. These criteria are updated periodically to reflect changes in the Company's organization, personnel, processes, systems, etc.	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 8 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 9 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)

Classification	Control activities performed by the Company	Company	Design and operation effectiveness assessment result (Information on by whom and when the assessment was performed, etc.)
Entity-level Controls	[Fraud Risk Assessment] Management conducts comprehensive fraud risk assessments, including fraud risk scenarios and potential misconducts, utilizing ICFR Scoping documentation and the Group Anti-Fraud Program. Furthermore, management takes appropriate measures to address identified risks.	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 7 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 8 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)
	[Operation of Internal Audit System] Management assesses fraud risks considering the potential for employees to circumvent controls designed to prevent and detect fraud. These assessments are reflected in the internal audit planning process, and internal audits are conducted accordingly.	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 7 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 8 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)
Treasury Controls	[Management of Cash on Hand] Physical cash is stored in a locked safe. Periodic physical counts are performed to verify consistency between ledger records and actual cash on hand, and the results are approved by the Finance Team Leader.	LOTTE Chemical, LC Titan, LOTTE Fine Chemical	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LC Titan : ICFR Personnel, July, 2025, October, 2025, February, 2026)

Classification	Control activities performed by the Company	Company	Design and operation effectiveness assessment result (Information on by whom and when the assessment was performed, etc.)
Treasury Controls	**[Opening/Closing of Bank Accounts]** The Finance Team Leader reviews and approves requests for opening/closing bank accounts.	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 7 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 8 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)
	[Management of Bank Account Status] The Finance Team Leader periodically reconciles financial institution statements with bank account list to review for irregularities and grants approval. (For LOTTE Energy Materials, management reviews and approves)	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 7 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 8 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)
	[Review and Payment of Disbursements] The Finance Team Leader reviews and approves the consistency between the daily disbursement plan and the scheduled payments in the financial system. Payments are processed only for approved transactions.	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 8 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 9 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)

Classification	Control activities performed by the Company	Company	Design and operation effectiveness assessment result (Information on by whom and when the assessment was performed, etc.)
Treasury Controls	**[Segregation of Duties for Disbursement Voucher Approval]** The duties of the disbursement voucher preparer are segregated from those of the approver for vouchers and disbursements.	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 8 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 9 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)
	[Restrictions on Fund Disbursement] Once the disbursement list is approved in the financial system, the voucher amounts and vendor information such as bank account details derived from the Vendor Master) cannot be modified. The approved disbursements are executed exactly as is via firm banking.	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 8 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 9 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)
	[Controls over the Usage of OTP] OTP devices are stored in a locked safe or other secure storage under R&D Support Team Leader and Finance Team Leader of each subsidiary to restrict physical access. Usage is limited to authorized personnel only (restricted to R&D Center accounts and specific small-sum disbursements).	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Engineering Plastics and 6 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LC USA : ICFR Personnel & External Experts, LC Titan and 7 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)

Classification	Control activities performed by the Company	Company	Design and operation effectiveness assessment result (Information on by whom and when the assessment was performed, etc.)
Treasury Controls	[Management of Daily Treasury Transactions] The treasury staff prepares and submits a daily treasury report. The Finance Team Leader reviews the report to verify that the balances and transaction details are consistent with bank records.	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 3 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 4 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)
Treasury Controls	[Controls over the Usage of Corporate Seal] Managements reviews the appropriateness of the request for the use of the corporate seal and grants approval.	LOTTE Chemical, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 5 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LOTTE Engineering Plastics and 5 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)
Treasury Controls	[Review on the Creation and Modification of Vendor Master] The Purchasing Team Leader and Accounting Team Leader review requests for creating or modifying vendor master data by verifying that key information (business registration details, account numbers, etc.) matches the supporting documentation, and approve the requests.	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 3 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 4 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)

Classification	Control activities performed by the Company	Company	Design and operation effectiveness assessment result (Information on by whom and when the assessment was performed, etc.)
Other Process-level Controls	**[Physical Inventory Counting and Reporting]** The Head of the inventory management departments and the Accounting Team Leader review and approve the results of the physical inventory count via the Physical Inventory Count Report.	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 3 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 4 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)
	[Review on the Creation and Modification of Customer Master] The Marketing Team Leader reviews requests for creating or modifying customer master data by verifying that key information (business registration details, etc.) matches the supporting documentation, and approves the requests.	LOTTE Chemical, LC Titan, LC USA, LOTTE Fine Chemical, LOTTE Energy Materials, LOTTE Engineering Plastics and 2 others	As a result of the assessment, **no material weaknesses have been identified.** (LOTTE Chemical and 1 other : ICFR Department, LOTTE Energy Materials : ICFR Department & External Experts, LC USA : ICFR Personnel & External Experts, LC Titan and 3 others : ICFR Personnel, July, 2025, October, 2025, February, 2026)

① LC Titan : LOTTE Chemical Titan Holding Berhad and 4 other companies subject to the disclosure form for treasury fraud controls

② LC USA : LOTTE Chemical USA Corporation and 2 other companies subject to the disclosure form for treasury fraud controls