

# **LX International Corp. and its Subsidiaries**

**Consolidated Financial Statements  
As of and For the Years Ended  
December 31, 2025 and 2024**

**(With the Independent Auditor's Report Thereon)**

**LX International Corp.**

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## Independent Auditor's Report

### English Translation of Independent Auditor's Report Originally Issued in Korean on March 17, 2026.

To the Shareholders and the Board of Directors of  
LX International Corp.:

### Report on the Audited Consolidated Financial Statements

#### Audit Opinion

We have audited the consolidated financial statements of LX International Corp. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows, all expressed in Korean won, for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

We have also audited, in accordance with the Korean Standards on Auditing ("KSAs"), the internal control over financial reporting of the Group as of December 31, 2025, based on the criteria established in the 'Conceptual Framework for Design and Operation of Internal Control Over Financial Reporting,' and our report dated March 17, 2026, expressed an unqualified opinion.

#### Basis for Audit Opinion

We conducted our audits in accordance with the KSAs. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits 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 audits 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 audit opinion.

#### Key Audit Matters

The 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.

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## Impairment Assessment of Goodwill and Related Intangible Assets

### Reason for determining as a key audit matter

As of December 31, 2025, the Group recognized a total of ₩1,179,733 million in intangible assets, comprising ₩464,642 million in overseas resource development assets, ₩421,131 in others, and ₩293,960 million in goodwill. The Group annually assesses whether there is any indication that overseas resource development assets and others may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets and recognizes impairment losses if necessary. For goodwill, impairment assessment is conducted annually and impairment losses are recognized, if necessary.

The Group performs impairment assessments considering the value in use, which is based on the discounted cash flow method for goodwill, and the indication that overseas resource development assets and others may be impaired. The value in use involves significant judgments and estimates by the Group's management, such as discount rates, growth rates and future cash flow forecasts. Hence, we determined the impairment assessment of goodwill, overseas resource development assets, and others as a key audit matter.

### How the key audit matter was addressed in the audit

The main audit procedures we performed in relation to this matter are as follows:

- Understanding and evaluating the Group's policies, processes and internal controls related to the review of impairment indicators and impairment assessment.
- Evaluating the qualifications and independence of external experts utilized by the Group for impairment assessment.
- Questionnaire and document inspection regarding the future expected cash flows used by the Group for impairment assessment.
  - Retrospective review of the accuracy of forecasts by comparing past forecasts with actual results.
  - Questioning the assumptions applied to future cash flow estimates and independent review of the feasibility of these assumptions.
- Use of the auditor's internal experts to verify the appropriateness of the discount rates and assumptions used in the valuation model.

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

Management is responsible for the preparation of the accompanying consolidated financial statements in accordance with K-IFRSs, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

# Deloitte.

## **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 KSAs 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 KSAs, 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 audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the 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 are solely responsible for our audit opinion.

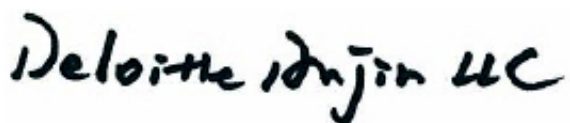
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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.

# Deloitte.

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 Ki Hyeon Kim.

A handwritten signature in black ink that reads "Deloitte idnjin LLC". The signature is written in a cursive, slightly slanted style.

March 17, 2026

## Notice to Readers

This report is effective as of March 17, 2026, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the auditor's report.

# **LX International Corp. and its Subsidiaries (the “Group”)**

Consolidated financial statements  
As of and for the years ended December 31, 2025 and 2024

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

**Chun-sung Yoon**  
**Chief Executive Officer (CEO)**  
**LX International Corp.**

**LX International Corp. and its Subsidiaries**  
**Consolidated statements of financial position**  
**As of December 31, 2025 and 2024**

(Korean won in millions)

	Notes	December 31, 2025	December 31, 2024
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4, 5, 6, 25, 29,31	₩ 1,423,479	₩ 1,217,957
Short-term financial instruments	4, 5, 6, 11, 25	49,262	30,499
Trade accounts receivable, net	4, 6, 11, 23, 25, 29, 31	1,669,465	1,581,199
Contract assets	16, 29	44,293	56,096
Other accounts receivable, net	4, 6, 11, 25, 29	195,197	152,298
Accrued income, net	4, 11, 23, 25, 29	24,255	17,934
Advance payments	29	112,466	136,216
Prepaid expenses	29, 31	118,161	154,791
Other current assets	4, 11, 23, 25, 27, 29	141,010	227,916
Inventories, net	7, 31	907,056	877,646
Non-current assets held for sale	31	-	124,413
<b>Total current assets</b>		<b>4,684,644</b>	<b>4,576,965</b>
<b>Non-current assets</b>			
Investment assets	4, 6, 8, 11, 23, 25, 29	410,226	319,591
Investments in associates	8, 21, 23, 24, 31	609,739	682,354
Property, plant and equipment, net	9, 21, 28, 29	2,053,229	1,745,475
Investment properties, net	9	58,392	3,736
Intangible assets, net	10, 21, 27, 29, 31	1,219,510	1,279,641
Deferred tax assets	22	31,225	48,068
Other non-current assets	4, 5, 11, 19, 25, 27, 29	261,337	275,036
<b>Total non-current assets</b>		<b>4,643,658</b>	<b>4,353,901</b>
<b>Total assets</b>		<b>₩ 9,328,302</b>	<b>₩ 8,930,866</b>

(Continued)

**LX International Corp. and its Subsidiaries**  
**Consolidated statements of financial position**  
**As of December 31, 2025 and 2024**

(Korean won in millions)

	Notes	December 31, 2025	December 31, 2024
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short-term borrowings	4, 6, 12, 25	₩ 75,609	₩ 323,577
Trade accounts payable	4, 6, 23, 25, 29, 31	1,565,879	1,390,792
Other accounts payable	4, 6, 23, 25, 29	336,242	380,837
Advance received	16, 29	115,434	142,432
Withholdings	4, 6, 25, 29	40,846	34,924
Current tax liabilities	22, 29	29,889	76,349
Accrued expenses	4, 6, 25, 29, 31	138,136	140,121
Current portion of bonds and long-term borrowings	4, 6, 12, 25	535,023	552,182
Unearned revenue	16, 29	134,080	129,359
Deposits received	4, 6, 25	10,925	6,136
Lease liabilities	4, 6, 25, 28, 29	176,599	146,087
Liabilities directly associated with assets held for sale	31	-	63,056
Other current liabilities	13, 29, 31	29,469	11,244
<b>Total current liabilities</b>		<b>3,188,131</b>	<b>3,397,096</b>
<b>Non-current liabilities</b>			
Bonds payable	4, 6, 12, 25	898,382	519,204
Long-term borrowings	4, 6, 12, 25	1,140,211	971,071
Defined benefit liabilities	19	14,750	14,031
Deferred tax liabilities	22, 29	198,296	285,478
Lease liabilities	4, 6, 25, 28, 29	239,569	305,863
Provisions	13	101,362	102,991
Other liabilities	4, 6, 25	11,894	15,520
<b>Total non-current liabilities</b>		<b>2,604,464</b>	<b>2,214,158</b>
<b>Total liabilities</b>		<b>5,792,595</b>	<b>5,611,254</b>
<b>Equity</b>			
Capital stocks	14	193,800	193,800
Capital surplus	14	172,306	174,076
Other components of equity	14	(41,611)	(41,300)
Accumulated other comprehensive loss	14	277,322	233,774
Retained earnings	14	2,170,181	2,099,916
Equity attributable to owners of the parent		2,771,998	2,660,266
Non-controlling interests		763,709	659,346
<b>Total equity</b>		<b>3,535,707</b>	<b>3,319,612</b>
<b>Total liabilities and equity</b>		<b>₩ 9,328,302</b>	<b>₩ 8,930,866</b>

(Concluded)

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

**LX International Corp. and its Subsidiaries**  
**Consolidated statements of profit or loss**  
**For the years ended December 31, 2025 and 2024**

(Korean won in millions)

	Notes	2025	2024
<b>Sales</b>	3, 16, 23	₩ 16,706,310	₩ 16,637,573
Cost of sales	18, 23	(15,328,741)	(15,130,526)
<b>Gross profit</b>		1,377,569	1,507,047
Selling and administrative expenses	17, 18, 23	(1,085,375)	(1,017,862)
<b>Operating profit</b>	3	292,194	489,185
Financial income	4, 6, 20, 23	318,604	435,050
Financial costs	4, 6, 20	(444,773)	(540,611)
Share of profit of associates	8, 20	133,207	180,640
Other non-operating expenses, net	4, 20, 23	(96,382)	(103,842)
<b>Profit before income tax expense</b>		202,850	460,422
Income tax expense	22	(44,588)	(190,930)
<b>Profit for the year</b>		₩ 158,262	₩ 269,492
<b>Attributable to:</b>			
Owners of the parent		₩ 141,810	₩ 175,695
Non-controlling interests		16,452	93,797
<b>Earnings per share attributable to owners of the parent (in Korean won):</b>			
Basic earnings per share	14	₩ 3,943	₩ 4,885
Diluted earnings per share	14	3,943	4,885

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

**LX International Corp. and its Subsidiaries**  
**Consolidated statements of comprehensive income**  
**For the years ended December 31, 2024 and 2023**

(Korean won in millions)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<b>Profit for the year</b>	₩	158,262	₩ 269,492
<b>Other comprehensive income (loss)</b>			
Items that may be reclassified subsequently to profit or loss:			
Profit(Loss) on valuation of cash flow hedge derivatives	4, 6	(2,394)	674
Equity adjustments in equity method	8	13,113	4,252
Change in retained earnings in equity method	8	-	(19)
Exchange differences on translation of foreign operations		(15,751)	243,440
		<u>(5,032)</u>	<u>248,347</u>
Items that will not be reclassified subsequently to profit or loss:			
Revaluations surplus		(36)	-
Gain (loss) on valuation of financial assets designated at fair value through other comprehensive income (“FVTOCI”)	4, 8	65,868	(12,559)
Remeasurement of net defined benefit liability	19	845	2,495
		<u>66,677</u>	<u>(10,064)</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>61,645</u>	<u>238,283</u>
<b>Total comprehensive income for the year, net of tax</b>	₩	<u>219,907</u>	₩ <u>507,775</u>
Total comprehensive income attributable to:			
Owners of the Parent Company	₩	185,752	₩ 356,839
Non-controlling interests		34,155	150,936

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

**LX International Corp. and its Subsidiaries**  
**Consolidated statements of changes in equity**  
**For the years ended December 31, 2024 and 2023**

(Korean won in millions)

	Attributable to the equity holders of the Parent Company							Non-controlling interests	Total
	Share capital	Capital surplus	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings (losses)	Subtotal			
<b>As of January 1, 2024</b>	₩ 193,800	₩ 99,651	₩ (41,300)	₩ 54,295	₩ 1,965,716	₩ 2,272,162	₩ 802,793	₩ 3,074,955	
<b>Comprehensive income (loss) for the period:</b>									
Profit for the year	-	-	-	-	175,695	175,695	93,797	269,492	
Gain on valuation of derivatives designated as cash flow hedges	-	-	-	640	-	640	34	674	
Equity adjustments in equity method	-	-	-	4,252	-	4,252	-	4,252	
Change in retained earnings in equity method	-	-	-	-	(19)	(19)	-	(19)	
Exchange differences on translation of foreign operations	-	-	-	190,970	-	190,970	52,470	243,440	
Gain on valuation of financial assets designated at FVTOCI	-	-	-	(16,383)	-	(16,383)	3,824	(12,559)	
Remeasurement loss on defined benefit plans	-	-	-	-	1,685	1,685	810	2,495	
<b>Total comprehensive income</b>	-	-	-	179,479	177,361	356,840	150,935	507,775	
<b>Transactions with owners of the Parent Company recognized directly in equity:</b>									
Dividends	-	-	-	-	(43,161)	(43,161)	(32,953)	(76,114)	
Change in the scope of consolidation	-	24	-	-	-	24	56,992	57,016	
Acquisition of non-controlling interests	-	74,401	-	-	-	74,401	(318,421)	(244,020)	
<b>Total transactions with owners of the Parent Company recognized</b>	-	74,425	-	-	(43,161)	31,264	(294,382)	(263,118)	
<b>As of December 31, 2024</b>	₩ 193,800	₩ 174,076	₩ (41,300)	₩ 233,774	₩ 2,099,916	₩ 2,660,266	₩ 659,346	₩ 3,319,612	
<b>As of January 1, 2025</b>	₩ 193,800	₩ 174,076	₩ (41,300)	₩ 233,774	₩ 2,099,916	₩ 2,660,266	₩ 659,346	₩ 3,319,612	
<b>Comprehensive income (loss) for the period:</b>									
Profit for the year	-	-	-	-	141,810	141,810	16,452	158,262	
Gain on valuation of derivatives designated as cash flow hedges	-	-	-	(2,247)	-	(2,247)	(147)	(2,394)	
Revaluations surplus	-	-	-	(25)	-	(25)	(11)	(36)	
Equity adjustments in equity method	-	-	-	13,113	-	13,113	-	13,113	
Exchange differences on translation of foreign operations	-	-	-	(10,163)	-	(10,163)	(5,588)	(15,751)	
Gain on valuation of financial assets designated at FVTOCI	-	-	-	42,871	-	42,871	22,997	65,868	
Remeasurement loss on defined benefit plans	-	-	-	-	393	393	452	845	
<b>Total comprehensive income</b>	-	-	-	43,549	142,203	185,752	34,155	219,907	
<b>Transactions with owners of the Parent Company recognized directly in equity:</b>									
Dividends	-	-	-	-	(71,936)	(71,936)	(43,152)	(115,088)	
Change in the scope of consolidation	-	(17)	-	-	-	(17)	121,346	121,329	
Acquisition of non-controlling interests	-	(1,753)	(311)	-	(2)	(2,066)	(7,986)	(10,052)	
<b>Total transactions with owners of the Parent Company recognized</b>	-	(1,770)	(311)	-	(71,938)	(74,019)	70,208	(3,810)	
<b>As of December 31, 2025</b>	₩ 193,800	₩ 172,306	₩ (41,611)	₩ 277,323	₩ 2,170,181	₩ 2,771,999	₩ 763,709	₩ 3,535,708	

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

**LX International Corp. and its Subsidiaries**  
**Consolidated statements of cash flows**  
**For the years ended December 31, 2024 and 2023**

(Korean won in millions)

	Notes	2025	2024
<b>Cash flows from operating activities:</b>			
Profit for the year		₩ 158,262	₩ 269,492
Non-cash adjustments to reconcile profit for the year to net cash provided by operating activities	26	575,633	650,218
Working capital adjustments	26	(254)	(122,488)
Interest received		31,360	35,671
Interest paid		(134,836)	(119,345)
Dividends received		196,308	113,022
Income taxes paid		(132,054)	(102,821)
<b>Net cash provided by operating activities</b>		<b>694,419</b>	<b>723,749</b>
<b>Cash flows from investing activities:</b>			
Decrease in financial instruments		117,866	86,220
Decrease in loans		944	15,239
Decrease in guarantee deposits		543	16,012
Proceeds from disposal of long-term equity instruments	8	3,194	-
Proceeds from disposal of investments in associates	8	-	6,447
Proceeds from disposal of assets held for sale	31	61,859	15,545
Proceeds from disposal of property, plant and equipment	9	32,380	8,325
Proceeds from disposal of intangible assets	10	6,592	3,138
Net cash flow from business combination	29	(41,127)	(125,662)
Increase in financial instruments		(86,719)	(106,952)
Increase in loans		(2,322)	(2,774)
Increase in guarantee deposits		(938)	(13,749)
Acquisition of investments in associates	8	(9,612)	-
Acquisition of property, plant and equipment	9	(583,942)	(106,577)
Acquisition of intangible assets	10	(31,925)	(28,525)
Settlement of derivatives		629	(19,454)
<b>Net cash used in investing activities</b>		<b>(532,578)</b>	<b>(252,767)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from finance liabilities	26	3,734,592	2,398,375
Repayment of finance liabilities	26	(3,437,842)	(2,290,415)
Payment of principal portion of lease liabilities	26, 28	(204,958)	(185,921)
Cash inflows from other financing activities		99,616	-
Cash outflows from other financing activities		(15,258)	(244,020)
Dividends paid		(113,003)	(76,114)
<b>Net cash provided by (used in) financing activities</b>		<b>63,147</b>	<b>(398,095)</b>
Net increase in cash and cash equivalents		224,988	72,887
Cash and cash equivalents at the beginning of year		1,217,957	1,138,908
Cash and cash equivalents included in the group of assets held for sale	31	-	(4,257)
Effects of exchange rate changes on cash and cash equivalents		(19,466)	10,419
<b>Cash and cash equivalents at the end of year</b>		<b>₩ 1,423,479</b>	<b>₩ 1,217,957</b>

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

**LX International Corp. and its Subsidiaries**  
**Notes to consolidated financial statements**  
**As of and for the years ended December 31, 2025 and 2024**

**1. GENERAL:**

LX International Corp. (LXI or the “Parent Company”) and its 100 subsidiaries, including LX International (America) Inc. (collectively, the “Group”), prepare the consolidated financial statements in accordance with Korean International Financial Reporting Standards (“K-IFRSs”) 1110, *Consolidated Financial Statements*, and general information of the Group is as follows:

**1.1 Corporate Information**

The Parent Company was established on November 26, 1953, to engage in the import and export business. It changed its name to Bando Corporation in June 1956, and to Lucky Industries Co., Ltd. in January 1984 and to LG International Corp. in March 1995. Its current name was adopted on July 1, 2021.

LXI listed its common stock on the Korea Exchange in January 1976 and was designated as a general trading company by the Korean Government on November 12, 1976.

LXI is currently engaged in the import and export of goods and other business activities. The LXI headquarter is located in Seoul and operates 17 overseas branch offices, 3 liaison offices and 101 subsidiaries (including 70 subsubsidiaries) as of December 31, 2025.

LX Holdings Corp. holds 27.83% of the Parent Company's common stock as of the end of the reporting period. The remaining equity shares are held by institutional investors, overseas investors, minority shareholders and so on.

**LX International Corp. and its Subsidiaries**  
**Notes to consolidated financial statements**  
**As of and for the years ended December 31, 2025 and 2024**

**1.2 Consolidated Subsidiaries**

Subsidiaries included in consolidation are as follows:

Subsidiary	Location	Equity ownership (%)		Reporting date	Principal activity	Basis of control
		2025	2024			
LX International (America), Inc.	USA	100.00	100.00	Dec. 31	Export and import	Ownership over 50%
LHC Solar, LLC.	USA	100.00	100.00	Dec. 31	Solar energy	Ownership over 50%
LX International Japan Ltd.	Japan	100.00	100.00	Dec. 31	Export and import	Ownership over 50%
LX International (HK) Ltd.	Hong Kong	100.00	100.00	Dec. 31	Export and import	Ownership over 50%
LX International (Singapore) Pte. Ltd.	Singapore	100.00	100.00	Dec. 31	Export and import	Ownership over 50%
LX International (Deutschland) GmbH	Deutschland	100.00	100.00	Dec. 31	Export and import	Ownership over 50%
LX International (Shanghai) Corp.	China	100.00	100.00	Dec. 31	Export and import	Ownership over 50%
Bowen Investment (Australia) Pty Ltd.	Australia	100.00	100.00	Dec. 31	Coal mining	Ownership over 50%
PT. Batubara Global Energy	Indonesia	100.00	100.00	Dec. 31	Coal mining	Ownership over 50%
PT. Megaprima Persada	Indonesia	75.00	75.00	Dec. 31	Coal mining	Ownership over 50%
PT. Mega Global Energy	Indonesia	100.00	100.00	Dec. 31	Coal mining	Ownership over 50%
PT. Ganda Alam Makmur	Indonesia	60.00	60.00	Dec. 31	Coal mining	Ownership over 50%
PT. Trans Global Terminal	Indonesia	100.00	100.00	Dec. 31	Coal mining	Ownership over 50%
LX International India Private Limited (*3)	India	100.00	100.00	Mar. 31	Export and import	Ownership over 50%
PT. Green Global Lestari	Indonesia	100.00	100.00	Dec. 31	Palm oil	Ownership over 50%
PT. Parna Agromas	Indonesia	100.00	100.00	Dec. 31	Palm oil	Ownership over 50%
PT. Grand Utama Mandiri	Indonesia	100.00	100.00	Dec. 31	Palm oil	Ownership over 50%
PT. Tintin Boyok Sawit Makmur	Indonesia	100.00	100.00	Dec. 31	Palm oil	Ownership over 50%
PT. Tintin Boyok Sawit Makmur Dua	Indonesia	100.00	100.00	Dec. 31	Palm oil	Ownership over 50%
PT. Green Global Utama	Indonesia	100.00	100.00	Dec. 31	Palm oil	Ownership over 50%
PT. LX International Indonesia	Indonesia	100.00	100.00	Dec. 31	Service	Ownership over 50%
PT. Binsar Natorang Energi	Indonesia	95.00	95.00	Dec. 31	Hydroelectric power	Ownership over 50%
PT. Energy Metal Indonesia	Indonesia	100.00	100.00	Dec. 31	Nickel	Ownership over 50%
PT. Global Investment Institusi	Indonesia	100.00	100.00	Dec. 31	Health care	Ownership over 50%
PT. SLX Global Healthcare (*7)	Indonesia	-	51.00	Dec. 31	Health care	Ownership over 50%
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	China	100.00	100.00	Dec. 31	Steel frames	Ownership over 50%
Philco Resources Limited	Malaysia	60.00	60.00	Dec. 31	Copper mining	Ownership over 50%
Resources Investment (H.K.) Limited	Hong Kong	100.00	100.00	Dec. 31	Coal mining	Ownership over 50%
LX International Yakutsk LLC.	Russia	100.00	100.00	Dec. 31	Real estate	Ownership over 50%
Korea Carbon International Co., Ltd.	Hong Kong	60.00	60.00	Dec. 31	Renewable plant	Ownership over 50%
Colmineral, S.A. de. C.V.	Mexico	100.00	100.00	Dec. 31	Iron ore	Ownership over 50%
Fertilizer Resources Investment Limited	Hong Kong	100.00	100.00	Dec. 31	Fertilizer	Ownership over 50%
PT. Kinarya Prima Utama	Indonesia	100.00	100.00	Dec. 31	Hydroelectric power	Ownership over 50%
PT. Energy Battery Indonesia	Indonesia	100.00	100.00	Dec. 31	Nickel	Ownership over 50%
PT. Adhi Kartiko Pratama (*9)	Indonesia	69.57	60.00	Dec. 31	Nickel	Ownership over 50%
PT. Terum Konawe Utara (*9)	Indonesia	99.50	99.00	Dec. 31	Rental business	Ownership over 50%
Dangjin Tank Terminal Co., Ltd.	Korea	100.00	100.00	Dec. 31	Storage	Ownership over 50%
Eco & logis Busan Co., Ltd.	Korea	100.00	100.00	Dec. 31	Logistics and Warehouse	Ownership over 50%
Haiphong Steel Flower Electrical & Machinery Company Limited	Vietnam	100.00	100.00	Dec. 31	Steel frames	Ownership over 50%
Poseung Green Power Co., Ltd. (*1)	Korea	100.00	100.00	Dec. 31	Renewable plant	Ownership over 50%

(Continued)

**LX International Corp. and its Subsidiaries**  
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Subsidiary	Location	Equity ownership (%)		Reporting date	Principal activity	Basis of control
		2025	2024			
BSG PARTNERS CO., LTD. (*10)	Korea	70.00	-	Dec. 31	Software consulting, development and supply	Ownership over 50%
BSG America (*10)	Korea	100.00	-	Dec. 31	Software consulting, development and supply	Ownership over 50%
Ordos Lezheng Trading Company Limited	China	100.00	100.00	Dec. 31	Coal mining	Ownership over 50%
Lx Glass Co., Ltd.	Korea	100.00	100.00	Dec. 31	Plate glass	Ownership over 50%
LX Pantos Logistics Co., Ltd.	Korea	75.90	75.90	Dec. 31	Logistics	Ownership over 50%
LX Pantos Busan Newport Logistics Center Co., Ltd. (*2)	Korea	100.00	100.00	Dec. 31	Warehouse	Ownership over 50%
Helistar Air Co., Ltd. (*2)	Korea	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
Hanultari Co., Ltd. (*2)	Korea	100.00	100.00	Dec. 31	Other food retail	Ownership over 50%
LX Pantos Newport Eco Logistics Center Co., Ltd (*2, 6)	Korea	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS LOGISTICS (*2)	China	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS LOGISTICS (*2)	China	100.00	100.00	Dec. 31	Warehouse	Ownership over 50%
LX PANTOS LOGISTICS (*2)	China	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS LOGISTICS (*2)	China	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS LOGISTICS (*2)	Hong Kong	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS LOGISTICS TAIWAN CO., LTD. (*2)	Taiwan	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
PANTOS BUSINESS SERVICES (TIANJIN) CO., LTD. (*2,4)	China	100.00	-	Dec. 31	Business support services	Ownership over 50%
SHANDONG FUTURELINKS CO., LTD. (*2,4)	China	60.00	-	Dec. 31	Logistics	Ownership over 50%
PT. LX PANTOS INDONESIA (*2)	Indonesia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
PT. LX PANTOS JAKARTA (*2)	Indonesia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS SINGAPORE PTE. LTD. (*2)	Singapore	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS (THAILAND) CO., LTD. (*2)	Thailand	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS MALAYSIA SDN. BHD. (*2)	Malaysia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS INDIA PVT. LTD. (*2, 3)	India	100.00	100.00	Mar. 31	Logistics	Ownership over 50%
LX PANTOS (CAMBODIA) CO., LTD. (*2)	Cambodia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS VIETNAM CO., LTD. (*2)	Vietnam	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS AUSTRALIA PTY LTD. (*2)	Australia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS PHILIPPINES, INC. (*2))	Philippines	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS HOLDINGS (THAILAND) CO., LTD. (*2, 11)	Thailand	48.50	48.50	Dec. 31	Logistics	De facto control
LX PANTOS U.K. LTD. (*2)	UK	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS NETHERLANDS B.V. (*2)	Netherlands	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS FRANCE S.A.R.L. (*2)	France	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS POLAND SP. Z O. O. (*2)	Poland	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS GERMANY GMBH (*2)	Deutschland	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS SPAIN, SLU (*2)	Spain	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS TURKEY LOJISTIK VE TICARET LTD. STI. (*2)	Turkey	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS SWEDEN AB (*2)	Sweden	100.00	100.00	Dec. 31	Logistics	Ownership over 50%

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**LX International Corp. and its Subsidiaries**  
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Subsidiary	Location	Equity ownership (%)		Reporting date	Principal activity	Basis of control
		2025	2024			
LX PANTOS MEXICO S.A. DE C.V. (*2)	Mexico	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS LOGISTICA DO BRASIL LTDA. (*2)	Brazil	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS COLOMBIA S.A.S (*2)	Colombia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS CHILE SPA (*2)	Chile	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS PANAMA, S.A. (*2)	Panama	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS ARGENTINA S.A. (*2)	Argentina	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS SOLUCOES LOGISTICAS DO BRASIL LTDA. (*2)	Brazil	100.00	100.00	Dec. 31	Warehouse	Ownership over 50%
STARLINKS LLC (*2,4)	USA	100.00	-	Dec. 31	Logistics	Ownership over 50%
NA INLAND VENTURES LLC (*2,4,6)	USA	100.00	-	Dec. 31	Logistics	Ownership over 50%
BLUELINKS LLC (*2,4,8)	USA	100.00	-	Dec. 31	Warehouse	Ownership over 50%
BLUELINKS 342 LLC (*2,4)	USA	100.00	-	Dec. 31	Warehouse	Ownership over 50%
BLUELINKS 128 LLC (*2,4)	USA	100.00	-	Dec. 31	Warehouse	Ownership over 50%
INSTALLX, INC. (*2,4)	USA	51.00	-	Dec. 31	Transportation-related services	Ownership over 50%
LX PANTOS RUS LLC (*2)	Russia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
PANTOS LOGISTICS KAZAKHSTAN LTD. (*2)	Kazakhstan	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
PANTOS LOGISTICS UKRAINE LTD. (*2)	Ukraine	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
PANTOS LOGISTICS L.L.C. (DUBAI) (*2,12)	Dubai	49.00	49.00	Dec. 31	Logistics	De facto control
LX PANTOS ARABIA CO., LTD. (*2)	Saudi Arabia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS JAPAN INC. (*2)	Japan	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS LOGISTICS (BEIJING) CO., LTD. (*3)	China	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS SOLUTIONS INDIA PVT., LTD. (*2, 3)	India	100.00	100.00	Mar. 31	Logistics	Ownership over 50%
LX PANTOS AMERICA, INC. (*2)	USA	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS EGYPT, S.A.E. (*2)	Egypt	99.63	99.63	Dec. 31	Logistics	Ownership over 50%
LX PANTOS HUNGARY KFT. (*2)	Hungary	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LPIC TN LLC (*2)	USA	100.00	100.00	Dec. 31	Warehouse	Ownership over 50%
BOXLINKS LLC (*2, 5)	USA	51.00	100.00	Dec. 31	Logistics	Ownership over 50%
PT PELAYARAN PUTRA LINTAS MANDIRITAMA (*2)	Indonesia	51.04	51.04	Dec. 31	Logistics	Ownership over 50%

(Concluded)

- (\*1) Poseung Green Power Co., Ltd. issued preferred stocks with voting rights in addition to common shares, and the parent's voting rights are 69.97% of the total number of voting shares.
- (\*2) As of December 31, 2025, the entities are subsidiaries of LX Pantos Logistics Co., Ltd., and the equity ownerships presented above are simple sums of equity interests held by LX Pantos Logistics Co., Ltd. and its subsidiaries.
- (\*3) The subsidiary has a reporting date of March 31, which differs from that of the Parent Company. However, financial statements as of December 31 were obtained and used for consolidation purposes.
- (\*4) During the current period, the Group established PANTOS BUSINESS SERVICES (TIANJIN) CO., LTD., STARLINKS LLC, NA INLAND VENTURES LLC, BLUELINKS LLC, BLUELINKS 342 LLC, BLUELINKS 128 LLC, SHANDONG FUTURELINKS CO., LTD. and INSTALLX, INC.
- (\*5) During the current period, the Group lost control over BOXLINKS LLC and reclassified it as an investment in a joint venture.
- (\*6) The subsidiary has issued 10% non-voting preferred shares.
- (\*7) Disposed of during the current period.
- (\*8) The subsidiary has issued 49% non-voting preferred shares.

**LX International Corp. and its Subsidiaries**  
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**1.2 Consolidated Subsidiaries (cont'd)**

- (\*9) Additional interest was acquired during the current period.
- (\*10) During the current period, an additional interest was acquired and the investee was classified as a subsidiary.
- (\*11) Although the ownership interest is less than a majority, the voting interest exceeds 50%; considering that the Group is able to exercise a majority of the voting rights in the decision-making process, it has been determined that control exists.
- (\*12) Although the ownership interest is less than a majority, it has been determined that control exists, taking into account that the Group is able to make key decisions in accordance with a shareholders' agreement.

**LX International Corp. and its Subsidiaries**  
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**1.3 Summarized Financial Information of Subsidiaries**

The summarized financial information of consolidated subsidiaries (before elimination of intragroup transactions) is as follows (Korean won in millions):

	2025									
	Assets		Liabilities		Equity	Revenue	Profit (loss) for the year			
LX International (America), Inc.	₩	296,656	₩	231,665	₩	64,991	₩	1,185,012	₩	5,449
LHC Solar, LLC.		3,432		402		3,030		371		(4)
LX International Japan Ltd.		33,498		27,751		5,747		111,351		(479)
LX International (HK) Ltd.		91,845		68,361		23,484		269,373		2,766
LX International (Singapore) Pte. Ltd.		482,690		432,466		50,224		2,528,918		6,820
LX International (Deutschland) GmbH		20,857		4,460		16,397		12,164		727
LX International (Shanghai) Corp.		14,316		1,434		12,882		5,200		517
Bowen Investment (Australia) Pty Ltd.		53,486		471		53,015		17,722		1,223
PT. Batubara Global Energy		295,439		149,480		145,959		1,317,023		31,760
PT. Megaprima Persada		15,967		14,816		1,151		-		110
PT. Mega Global Energy		126,732		14,840		111,892		287,643		46,236
PT. Ganda Alam Makmur		796,824		221,716		575,108		598,958		(12,937)
PT. Trans Global Terminal		5,943		6,147		(204)		-		(1,014)
LX International India Private Limited		4,124		880		3,244		5,415		494
PT. Green Global Lestari		131,987		11,488		120,499		482		(1,326)
PT. Parma Agromas		88,718		7,721		80,997		116,014		11,728
PT. Grand Utama Mandiri		94,123		40,301		53,822		57,931		7,465
PT. Tintin Boyok Sawit Makmur		57,509		6,856		50,653		87,827		10,994
PT. Tintin Boyok Sawit Makmur Dua		15,576		1,448		14,128		9,990		2,404
PT. Green Global Utama		187,416		164,123		23,293		1,384,638		4,151
PT. LX International Indonesia		2,848		3,791		(943)		11,987		121
PT. Binsar Natorang Energi		274,172		142,327		131,845		23,585		5,827
PT. Energy Metal Indonesia		32,982		29,327		3,655		210,362		5,750
PT. Global Investment Institusi		3,615		1,317		2,298		3,443		(2,891)
PT. SLX Global Healthcare		-		-		-		-		-
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.		39,399		11,096		28,303		104,510		3,046
Philco Resources Limited		1,795		1,970		(175)		-		(48)
Resources Investment (H.K.) Limited		56,542		-		56,542		-		(39,886)
LX International Yakutsk LLC.		10,584		20,703		(10,119)		1,352		1,056
Korea Carbon International Co., Ltd.		10,427		10,427		-		-		-
Colmineral, S.A. de. C.V.		5		-		5		-		-
Fertilizer Resources Investment Limited		162,255		-		162,255		-		10,229
PT. Kinarya Prima Utama		962		7		955		-		(15)
PT. Energy Battery Indonesia		151,447		15,913		135,534		-		(799)
PT. Adhi Kartiko Pratama		210,044		81,333		128,711		108,050		(7,414)
PT. Terum Konawe Utara		6		-		6		-		-
Dangjin Tank Terminal Co., Ltd.		97,820		9,135		88,685		-		(2,540)
Eco & logis Busan Co., Ltd.		43,149		530		42,619		-		(1,413)
Haiphong Steel Flower Electrical & Machinery Company Limited		43,447		27,275		16,172		111,147		4,082
Poseung Green Power Co., Ltd.		234,564		176,321		58,243		54,664		(14,319)
BSG PARTNERS CO., LTD.		113,843		28,768		85,075		21,024		(774)
BSG America		1,944		339		1,605		(3,524)		566

(Continued)

**LX International Corp. and its Subsidiaries**  
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	2025					
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the year	
Ordos Lezheng Trading Company Limited	¥ 268,865	¥ -	¥ 268,865	¥ -	¥ 104,162	
LX Glas Co., Ltd.	427,093	185,622	241,471	314,638	(101,002)	
LX Pantos Logistics Co., Ltd.	2,366,596	1,336,950	1,029,646	4,083,345	92,083	
LX Pantos Busan Newport Logistics Center Co., Ltd.	48,333	2,849	45,484	16,137	578	
Helistar Air Co., Ltd.	10,166	9,348	818	102,527	(1,668)	
Hanultari Co., Ltd.	734	256	478	1,700	235	
LX Pantos Newport Eco Logistics Center Co., Ltd	63,341	23,117	40,224	-	468	
LX PANTOS LOGISTICS (QINGDAO) CO., LTD.	177,560	100,187	77,373	620,921	10,184	
LX PANTOS LOGISTICS (SHANGHAI) CO., LTD.	94,009	65,562	28,447	226,923	2,025	
LX PANTOS LOGISTICS (NINGBO) CO., LTD.	2,320	40	2,280	642	(36)	
LX PANTOS LOGISTICS (SHENZHEN) CO., LTD.	51,063	17,864	33,199	142,734	4,239	
LX PANTOS LOGISTICS (HONG KONG) CO., LTD.	87,978	14,202	73,776	88,167	11,998	
LX PANTOS LOGISTICS TAIWAN CO., LTD.	36,160	29,630	6,530	52,134	1,384	
PANTOS BUSINESS SERVICES (TIANJIN) CO., LTD.	1,190	485	705	2,327	(12)	
SHANDONG FUTURELINKS CO., LTD.	8,648	-	8,648	-	-	
PT. LX PANTOS INDONESIA	83,706	28,682	55,024	210,423	6,098	
PT. LX PANTOS JAKARTA	17,817	7,790	10,027	20,046	649	
LX PANTOS SINGAPORE PTE. LTD.	22,713	10,937	11,776	46,094	427	
LX PANTOS (THAILAND) CO., LTD.	63,243	36,249	26,994	193,425	2,609	
LX PANTOS MALAYSIA SDN. BHD.	20,036	9,434	10,602	55,435	1,248	
LX PANTOS INDIA PVT. LTD.	19,205	22,095	(2,890)	68,959	298	
LX PANTOS (CAMBODIA) CO., LTD.	2,290	550	1,740	7,985	(568)	
LX PANTOS VIETNAM CO., LTD.	69,654	28,775	40,879	248,882	8,670	
LX PANTOS AUSTRALIA PTY LTD.	6,276	3,590	2,686	17,628	121	
LX PANTOS HOLDINGS (THAILAND) CO., LTD.	2,066	141	1,925	845	(9)	
LX PANTOS PHILIPPINES, INC.	6,847	6,329	518	18,731	(21)	
PT. Pelayaran Putra Lintas Mandiritama	23,266	12,083	11,183	7,557	3,565	
LX PANTOS U.K. LTD.	28,972	19,624	9,348	49,530	318	
LX PANTOS NETHERLANDS B.V.	83,313	61,069	22,244	137,978	538	
LX PANTOS FRANCE S.A.R.L.	23,813	17,423	6,390	42,733	615	
LX PANTOS POLAND SP. Z O. O.	134,737	89,626	45,111	359,950	(848)	
LX PANTOS GERMANY GMBH	23,530	13,270	10,260	67,907	(1,187)	
LX PANTOS SPAIN, SLU	20,290	11,647	8,643	53,604	1,103	
LX PANTOS TURKEY LOJISTIK VE TICARET LTD. STI.	11,265	5,396	5,869	50,219	2,763	
LX PANTOS SWEDEN AB	4,048	2,858	1,190	7,918	273	
LX PANTOS HUNGARY KFT	11,038	8,775	2,263	19,511	(3,138)	
LX PANTOS MEXICO S.A. DE C.V.	137,448	96,938	40,510	486,832	1,100	
LX PANTOS LOGISTICA DO BRASIL LTDA.	22,369	8,453	13,916	69,673	1,363	
LX PANTOS COLOMBIA S.A.S	9,572	3,784	5,788	18,708	961	
LX PANTOS CHILE SPA	7,448	7,487	(39)	12,386	(53)	
LX PANTOS PANAMA, S.A	9,973	4,089	5,884	20,991	1,027	
LX PANTOS ARGENTINA S.A.	2,188	2,720	(532)	3,899	(149)	
LX PANTOS SOLUCOES LOGISTICAS DO BRASIL LTDA.	3,059	6,119	(3,060)	12,519	(96)	
LPIC TN LLC	28,430	23,720	4,710	2,799	854	

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	2025				
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the year
STARLINKS LLC	₩ 2,460	₩ 825	₩ 1,635	₩ 2,207	₩ (1,223)
NA INLAND VENTURES LLC	3,785	-	3,785	-	125
BLUELINKS LLC	177,501	5,309	172,192	-	6,748
BLUELINKS 342 LLC	85,737	2,497	83,240	3,608	1,786
BLUELINKS 128 LLC	90,967	4,333	86,634	4,384	2,668
INSTALLX, INC.	37,631	25,344	12,287	-	-
LX PANTOS RUS LLC	32,622	6,027	26,595	23,898	(2,976)
PANTOS LOGISTICS KAZAKHSTAN LTD.	6,569	4,167	2,402	10,902	65
PANTOS LOGISTICS UKRAINE LTD.	-	-	-	-	-
PANTOS LOGISTICS L.L.C. (DUBAI)	12,415	3,673	8,742	31,644	804
LX PANTOS ARABIA CO., LTD.	22,609	18,462	4,147	27,177	964
LX PANTOS JAPAN INC.	32,408	19,557	12,851	80,995	(299)
LX PANTOS LOGISTICS (BEIJING) CO., LTD.	27,835	11,643	16,192	54,393	217
LX PANTOS SOLUTIONS INDIA PVT. LTD.	11,750	7,757	3,993	119,687	61
LX PANTOS AMERICA, INC.	379,351	201,843	177,508	831,426	(6,449)
LX PANTOS EGYPT, S.A.E.	7,825	2,048	5,777	18,467	702
	<u>₩ 9,783,121</u>	<u>₩ 4,616,655</u>	<u>₩ 5,166,466</u>	<u>₩ 17,816,782</u>	<u>₩ 234,024</u>

(Concluded)

**LX International Corp. and its Subsidiaries**  
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**1.3 Summarized Financial Information of Subsidiaries (cont'd)**

	2024				
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the year
LX International (America), Inc.	₩ 234,987	₩ 174,104	₩ 60,883	₩ 1,323,224	₩ 2,178
LHC Solar, LLC.	3,716	607	3,109	357	(25)
LX International Japan Ltd.	33,870	27,533	6,337	229,869	398
LX International (HK) Ltd.	98,782	77,582	21,200	367,752	3,412
LX International (Singapore) Pte. Ltd.	421,831	372,195	49,636	2,593,798	7,325
LX International (Deutschland) GmbH	17,842	3,663	14,179	8,380	834
LX International (Shanghai) Corp.	14,728	2,592	12,136	6,365	1,028
Bowen Investment (Australia) Pty Ltd.	172,002	66,169	105,833	101,295	(8,358)
PT. Batubara Global Energy	325,437	179,619	145,818	1,353,529	23,032
PT. Megaprima Persada	21,722	20,654	1,068	-	1,286
PT. Mega Global Energy	88,674	18,364	70,310	174,640	44,899
PT. Ganda Alam Makmur	925,184	256,929	668,255	622,753	51,092
PT. Trans Global Terminal	875	24	851	-	(56)
LX International India Private Limited	5,085	2,116	2,969	4,123	533
PT. Green Global Lestari	147,442	9,757	137,685	160	(2,913)
PT. Parma Agromas	92,502	15,879	76,623	113,736	10,064
PT. Grand Utama Mandiri	88,575	39,095	49,480	48,521	6,156
PT. Tintin Boyok Sawit Makmur	51,939	10,178	41,761	71,990	4,042
PT. Tintin Boyok Sawit Makmur Dua	14,333	1,877	12,456	8,322	1,370
PT. Green Global Utama	173,736	153,315	20,421	1,081,341	5,051
PT. LX International Indonesia	3,535	4,593	(1,058)	8,333	7,824
PT. Binsar Natorang Energi	293,941	158,941	135,000	25,392	7,302
PT. Energy Metal Indonesia	37,916	40,090	(2,174)	136,211	4,479
PT. Global Investment Institusi	9,036	3,739	5,297	6,240	1,120
PT. Satu Gen Indonesia	-	-	-	-	1
PT. SLX Global Healthcare	1,640	3,845	(2,205)	1,267	(2,408)
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	36,153	8,156	27,997	105,957	4,199
Philco Resources Limited	1,511	1,644	(133)	-	(51)
Resources Investment (H.K.) Limited	74,335	1	74,334	-	(1,837)
LX International Yakutsk LLC.	7,352	18,590	(11,238)	1,152	(802)
Korea Carbon International Co., Ltd.	10,682	10,682	-	-	-
Colmineral, S.A. de. C.V.	4	-	4	-	-
Fertilizer Resources Investment Limited	192,661	-	192,661	-	7,398
PT. Kinarya Prima Utama	1,035	2	1,033	-	(13)
PT. Energy Battery Indonesia	136,659	12	136,647	-	(29)
PT. Adhi Kartiko Pratama	203,447	58,635	144,812	61,863	500
PT. Terum Konawe Utara	7	-	7	-	(6)
Dangjin Tank Terminal Co., Ltd.	98,778	9,153	89,625	-	(2,261)
Eco & logis Busan Co., Ltd.	43,146	513	42,633	-	(1,370)
Haiphong Steel Flower Electrical & Machinery Company Limited	47,165	32,857	14,308	97,531	4,281
Poseung Green Power Co., Ltd.	252,730	180,273	72,457	65,042	1,270
Ordos Lezheng Trading Company Limited	302,089	1	302,088	19	167,649
LX Glas Co., Ltd.	571,999	229,803	342,196	383,794	(7,370)

(Continued)

**LX International Corp. and its Subsidiaries**  
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	2024				
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the year
LX Pantos Logistics Co., Ltd.	₩ 1,952,807	₩ 1,050,405	₩ 902,402	₩ 4,200,422	₩ 109,292
LX Pantos Busan Newport Logistics Center Co., Ltd.	15,988	6,001	9,987	18,625	543
Helistar Air Co., Ltd.	16,755	13,584	3,171	148,300	432
Haiphong Steel Flower Electrical & Machinery Company Limited	47,165	32,857	14,308	97,531	4,281
Poseung Green Power Co., Ltd.	252,730	180,273	72,457	65,042	1,270
Ordos Lezheng Trading Company Limited	302,089	1	302,088	19	167,649
LX Glas Co., Ltd	571,999	229,803	342,196	383,794	(7,370)
LX Pantos Logistics Co., Ltd.	1,952,807	1,050,405	902,402	4,200,422	109,292
LX Pantos Busan Newport Logistics Center Co., Ltd.	15,988	6,001	9,987	18,625	543
Helistar Air Co., Ltd.	16,755	13,584	3,171	148,300	432
Hanultari Co., Ltd.	645	390	255	1,472	(32)
LX Pantos Newport Eco Logistics Center Co., Ltd	11,965	8,026	3,939	-	(61)
LX PANTOS LOGISTICS (QINGDAO) CO., LTD.	194,599	120,993	73,606	667,665	12,128
LX PANTOS LOGISTICS (SHANGHAI) CO., LTD.	103,530	70,269	33,261	270,972	1,997
LX PANTOS LOGISTICS (NINGBO) CO., LTD.	2,343	65	2,278	683	71
LX PANTOS LOGISTICS (SHENZHEN) CO., LTD.	61,200	22,434	38,766	173,693	6,764
LX PANTOS LOGISTICS (HONG KONG) CO., LTD.	91,994	21,832	70,162	109,201	12,133
LX PANTOS LOGISTICS TAIWAN CO., LTD.	38,950	32,333	6,617	45,950	970
PT. LX PANTOS INDONESIA	77,437	25,244	52,193	168,828	17,118
PT. LX PANTOS JAKARTA	17,165	7,149	10,016	20,846	1,133
LX PANTOS SINGAPORE PTE. LTD.	23,105	12,138	10,967	35,136	177
LX PANTOS (THAILAND) CO., LTD.	55,617	32,765	22,852	168,129	2,328
LX PANTOS MALAYSIA SDN. BHD.	15,812	7,204	8,608	38,935	867
LX PANTOS INDIA PVT. LTD.	15,206	18,628	(3,422)	68,066	(325)
LX PANTOS (CAMBODIA) CO., LTD.	3,681	1,309	2,372	10,481	161
LX PANTOS VIETNAM CO., LTD.	79,244	45,189	34,055	237,680	7,795
LX PANTOS AUSTRALIA PTY LTD.	7,173	4,121	3,052	18,011	671
PT. PANTOS EXPRESS INDONESIA	-	-	-	-	18
LX PANTOS HOLDINGS (THAILAND) CO., LTD.	1,954	131	1,823	723	(19)
LX PANTOS PHILIPPINES, INC.	6,724	6,158	566	18,347	172
PT. Pelayaran Putra Lintas Mandiritama	17,715	9,552	8,163	919	280
LX PANTOS U.K. LTD.	26,919	18,313	8,606	44,567	415
LX PANTOS NETHERLANDS B.V.	78,923	58,293	20,630	123,663	1,375
LX PANTOS FRANCE S.A.R.L.	26,370	21,161	5,209	40,677	(235)
LX PANTOS POLAND SP. Z O. O.	155,099	90,614	64,485	403,332	6,173
LX PANTOS GERMANY GMBH	21,248	10,815	10,433	58,899	490
LX PANTOS SPAIN, SLU	16,644	8,908	7,736	46,065	1,386
LX PANTOS TURKEY LOJISTIK VE TICARET LTD. STI.	11,335	5,398	5,937	44,713	3,001
LX PANTOS SWEDEN AB	3,198	2,432	766	6,656	474
LX PANTOS HUNGARY KFT	12,769	7,961	4,808	14,150	(2,382)
LX PANTOS MEXICO S.A. DE C.V.	99,484	64,808	34,676	465,366	5,265

(Continued)

**LX International Corp. and its Subsidiaries**  
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	2024				
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the year
LX PANTOS LOGISTICA DO BRASIL LTDA.	W 32,970	W 21,603	W 11,367	W 89,896	W 1,328
LX PANTOS COLOMBIA S.A.S	7,267	3,146	4,121	15,761	906
LX PANTOS CHILE SPA	7,198	7,182	16	10,513	(189)
LX PANTOS PANAMA, S.A	10,651	5,685	4,966	15,857	721
LX PANTOS ARGENTINA S.A.	487	1,072	(585)	631	(524)
LX PANTOS SOLUCOES LOGISTICAS DO BRASIL LTDA.	2,687	5,377	(2,690)	11,065	(727)
LPIC TN LLC	30,192	26,249	3,943	2,684	845
BOXLINKS LLC	4,941	3,923	1,018	22,029	1,082
LX PANTOS RUS LLC	27,375	4,174	23,201	29,622	133
PANTOS LOGISTICS KAZAKHSTAN LTD.	11,496	9,211	2,285	14,594	(399)
PANTOS LOGISTICS UKRAINE LTD.	-	-	-	-	-
PANTOS LOGISTICS L.L.C. (DUBAI)	11,459	3,599	7,860	30,247	1,844
LX PANTOS ARABIA CO., LTD.	23,706	20,458	3,248	25,200	534
LX PANTOS JAPAN INC.	46,733	33,323	13,410	95,084	2,459
LX PANTOS LOGISTICS (BEIJING) CO., LTD.	29,029	13,335	15,694	59,259	569
LX PANTOS SOLUTIONS INDIA PVT. LTD.	12,574	8,343	4,231	109,261	120
LX PANTOS AMERICA, INC.	243,602	196,206	47,396	753,820	(10,315)
LX PANTOS EGYPT, S.A.E.	9,976	3,076	6,900	22,898	3,293
	<u>W 9,035,024</u>	<u>W 4,364,367</u>	<u>W 4,670,657</u>	<u>W 17,982,549</u>	<u>W 533,479</u>

(Concluded)

**LX International Corp. and its Subsidiaries**  
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**1.4 Summarized financial information of subsidiaries attributable to non-controlling interests**

The summarized financial information of subsidiaries attributable to non-controlling interests, which are material to the Group, are as follows (Korean won in millions):

	2025		
	Profit attributable to non-controlling interests	Non-controlling interests	Dividends distributed to non-controlling interests
PT. Ganda Alam Makmur	₩ (5,677)	₩ 229,582	₩ 25,365
PT. Binsar Natorang Energi	291	6,593	140
PT. Adhi Kartiko Pratama	(1,711)	39,168	-
BSG PARTNERS CO., LTD.	(167)	27,278	-
LX Pantos Logistics Co., Ltd. and its subsidiaries	24,179	457,939	14,773
	2024		
	Profit attributable to non-controlling interests	Non-controlling interests	Dividends distributed to non-controlling interests
PT. Ganda Alam Makmur	₩ 20,348	₩ 267,343	₩ 13,856
PT. Binsar Natorang Energi	365	6,750	281
PT. Adhi Kartiko Pratama	198	57,928	-
LX Pantos Logistics Co., Ltd. and its subsidiaries	73,764	325,227	18,816

**LX International Corp. and its Subsidiaries**  
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**2. BASIS OF CONSOLIDATION AND MATERIAL ACCOUNTING POLICIES:**

**2.1 Basis of preparation**

The Parent Company and its subsidiaries (the “Group”) have prepared the consolidated financial statements in accordance with the K-IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except for debt and equity financial assets and derivative financial instruments that are measured at fair value. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Korean won and all values are rounded to the nearest won, except when otherwise indicated.

**2.2 Basis of Consolidation**

The consolidated financial statements comprise the consolidated financial statements of the Group as of December 31, 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group:

- has the power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group’s voting rights and potential voting rights.

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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary 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 the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent Company 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 consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

**LX International Corp. and its Subsidiaries**  
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**2.3 Summary of significant accounting policies**

**2.3.1 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in selling and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of K-IFRS 1109, *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the consolidated statements of profit or loss in accordance with K-IFRS 1109. Other contingent consideration that is not within the scope of K-IFRS 1109 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially 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 reassesses 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 reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

**2.3.2 Current versus non-current classification**

The Group presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or
- cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

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**2.3.2 Current versus non-current classification (cont'd)**

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**2.3.3 Cash and cash equivalents**

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand and cash equivalents with an original maturity of three months or less.

**2.3.4 Inventories**

Inventories are measured at the lower of cost or net realizable value. Initial cost of inventories includes acquisition of inventories, production or conversion costs and other costs incurred in bringing each product to its present location and conditions. Initial cost of inventories is determined by using the method of specific identification, moving average and gross average.

**2.3.5 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.

**2.3.5.1 Financial assets**

**2.3.5.1.1 Initial recognition and measurement**

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. 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 K-IFRS 1115.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, 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 timeframe established by regulation or convention in the marketplace (regular-way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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**2.3.5.1.2 Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified into four categories:

- financial assets at amortized cost (debt instruments);
- financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- financial assets at fair value through profit or loss.

**Financial assets at amortized cost (debt instruments)**

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 SPPI on the principal amount outstanding.

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

**Financial assets at FVTOCI (debt instruments)**

The Group measures debt instruments at FVTOCI 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.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

For debt instruments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statements 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 other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

The Group's debt instruments at FVTOCI include investments in quoted debt instruments that are included under other non-current financial assets.

**Financial assets designated at FVTOCI (equity instruments)**

Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under K-IFRS 1032 *Financial Instruments: Presentation* and are not held for trading.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other non-operating income in the consolidated statements 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 other comprehensive income. Equity instruments designated at FVTOCI are not subject to impairment assessment.

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

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**2.3.5.1.2 Subsequent measurement (cont'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 SPPI 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 FVTOCI, 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 consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of profit or loss.

This category includes derivatives and equity instruments that do not have an irrevocable choice 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 a 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.

**2.3.5.1.3 Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized 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 asset is recognized to the extent of the Group's continuing involvement in the asset. 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.

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**2.3.5.2 Impairment of financial assets**

Further disclosures relating to impairment of financial assets are also provided in Note 11.

The Group recognized 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 EIR. 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; instead, recognized a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVTOCI, 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 FVTOCI comprise solely of quoted bonds that are graded in the top investment category 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 external independent 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 one year 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 any credit enhancements held by the Group into account. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**2.3.5.3 Financial liabilities**

**2.3.5.3.1 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, less directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and borrowings, including bonds and derivative financial liabilities.

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**2.3.5.3.2 Subsequent measurement**

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

**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 fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by K-IFRS 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 consolidated statements of profit or loss.

**Borrowings**

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.

**2.3.5.3.3 Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of profit or loss.

**2.3.5.4 Offsetting of financial instruments**

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

**2.3.6 Derivative financial instruments and hedge accounting**

**2.3.6.1 Initial recognition and subsequent measurement**

The Group uses derivative financial instruments, such as forward currency contracts, swap currency and interest rate swaps to hedge its foreign currency risks and interest rate risks. 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 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; and
- 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.

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**2.3.6.1 Initial recognition and subsequent measurement(cont'd)**

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; and
- 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 follows:

**Fair value hedges**

The change in the fair value of a hedging derivative is recognized in the consolidated statements of profit or loss in finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statements of profit or loss as finance costs.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through the consolidated statements of profit or loss over the remaining term of the hedge using the EIR method. The 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 the consolidated statements of 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 a liability with a corresponding gain (loss) recognized in the consolidated statements of profit or loss.

**Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income or loss in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statements 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 Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognized as other expense and the ineffective portion relating to commodity contracts is recognized in other operating income or expenses.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in other comprehensive income and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in other comprehensive income 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 is included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI 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.

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**Cash flow hedges(cont'd)**

For any other cash flow hedges, the amount accumulated in other comprehensive income 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 other comprehensive income must remain in accumulated other comprehensive income 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 other comprehensive income 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 other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the consolidated statements 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 consolidated statements of profit or loss.

**2.3.7 Investment in associates and joint venture**

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

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statements of profit or loss and other comprehensive income reflect the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statements of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Parent Company. When necessary, adjustments are made to bring the accounting policies in line with those of 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 each reporting date, the Group determines whether there is any objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'share of profit of an associate and a joint venture' in the consolidated statements of profit or loss.

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**2.3.7 Investment in associates and joint venture (cont'd)**

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

**2.3.8 Non-current assets held for sale (or distribution to equity holders) and discontinued operations**

The Group classifies non-current assets and disposal groups as held for sale or for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value, less costs to sell. Costs to sell are the incremental costs directly attributable to an asset (disposal group), excluding the finance costs and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the disposal is highly probable and the asset or disposal group is available for immediate disposal in its present condition. Actions required to complete the disposal should indicate that it is unlikely that significant changes to the disposal will be made or that the disposal will be withdrawn. Management must be committed to the disposal expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the consolidated statements of financial position.

A disposal group qualifies as discontinued operation if it is:

- a component of the group that is a CGU or a group of CGUs;
- classified as held for sale or distribution or already disposed in such a way; or
- a major line of business or major geographical area.

Discontinued operations are excluded from the results of continuing operations and are presented as single amount as profit or loss after tax from discontinued operations in the consolidated statements of profit or loss and other comprehensive income.

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**2.3.9 Property, plant and equipment**

Construction in progress is carried at acquisition cost, less accumulated impairment loss, and property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment is provided using the straight-line method over the estimated useful lives of the assets as follows:

	Useful lives	Depreciation method
Buildings	8 – 40	Straight-line method
Structures	8 – 50	Straight-line method
Machinery	3 – 30	Straight-line method
Vehicles	5 – 12	Straight-line method
Bearer plants	20	Straight-line method
Others	3 – 10	Straight-line method

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statements of profit or loss when the asset is derecognized.

The Group reviews the estimated residual values and expected useful lives of assets annually. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

**2.3.10 Leases**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessee**

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

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**2.3.10.1 Right-of-use assets**

The Group recognized 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows.

	Useful lives	Depreciation method
Land	30 – 48	Straight-line method
Buildings	1 – 30	Straight-line method
Vehicles	1 – 5	Straight-line method
Others	2 – 4	Straight-line method

**2.3.10.2 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 the lease if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) 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 its incremental borrowing rate (IBR) at the lease commencement date because 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 carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing loans and borrowings (see Note 26).

**2.3.10.3 Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and vehicle (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 to be of low value. 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.

**2.3.11 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**2.3.12 Investment properties**

Investment properties are measured initially at cost, including transaction costs and replacement costs, which satisfied asset recognition requirements when they are incurred. However, costs incurred during common maintenance activities are recognized as expenses when they occurred. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses.

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**2.3.12 Investment properties (cont'd)**

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statements of profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the carrying cost at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**2.3.13 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statements of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of profit or loss when the asset is derecognized.

A summary of the policies applied to the Group 's intangible assets is as follows:

	Useful lives	Amortization method
Goodwill and license	-	Test for impairment annually
Industrial property rights	5–15 years	Straight-line method
Overseas resources development (*)	Production period	Unit of production method
Others	Five years or production period	Straight-line method or unit of production method

(\*) Oil, natural gas and other natural resources' exploration and development expenditures are classified as overseas resource investments. When proved reserves of oil are determined and development is sanctioned, they are depreciated on a unit of production basis. Conversely, if there is any evidence or event that implies impairment of the asset, such as suspending the exploration or development before proposing its technical feasibility and possibility of commercialization, the Group commences tests on the assets for impairment. When the book value of the asset is greater than the estimated recoverable amounts for the residual period, the Group recognizes the difference as a loss on impairment.

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**2.3.14 Biological assets**

Biological assets (excluding bearer plants) are measured at initial recognition and at the end of each reporting period at its fair value, less costs to sell. Gain or loss arising on initial recognition of a biological asset at fair value, less costs to sell, and from a change in fair value of a biological asset shall be included in profit or loss for the period in which it arises. Agricultural products harvested from the Group's biological assets are measured at its fair value, less costs to sell at the point of harvest, which becomes the cost at that date. If an active market exists for a biological asset (excluding bearer plants) or agricultural products in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an entity has access to different active markets, the entity uses the most relevant one. If an active market does not exist, the most recent market price or market price of similar asset can be used to assess fair value.

**2.3.15 Pensions benefits and other postemployment benefits**

The Group operates a defined benefit pension plan and a defined contribution pension plan. The defined benefit pension plan in Korea requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses; the effect of the asset ceiling, excluding net interest; and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under selling and administrative expenses in the consolidated statements of profit or loss:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

**2.3.16 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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of profit or loss, net of any reimbursement.

**2.3.17 Onerous contracts**

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognized any impairment loss that has occurred on assets dedicated to that contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

**2.3.18 Treasury shares**

Own equity instruments, which are reacquired (treasury shares), are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of profit or loss on the purchase, sale, issue or cancelation of the Group's own equity instruments.

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**2.3.19 Revenue from contracts with customers**

The Group is in the business of sales of goods in the resource and infrastructure sectors, transportation brokerage and storage industry. The Group provides the supply of goods, export-import transactions, transportation arrangements and storage service through contracts with customers. Revenue from contracts with customers is recognized when control of the goods or services is 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.

**2.3.19.1 Sales of goods**

Revenue from sales of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The Group takes into consideration whether it is principal or agency in relation the performance obligations when determining the transaction price of sales of goods.

**2.3.19.2 Principal versus agent consideration**

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

**2.3.19.3 Contract balance**

**Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional. Refer to accounting policies of financial assets in the Note 2.3.5

**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.

**2.3.20 Foreign currency translation**

The Group's consolidated financial statements are presented in Korean won, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

**2.3.20.1 Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group 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 rate of exchange at the reporting date. All differences are taken into the consolidated statements of profit or loss with the exception of all monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed, at which time the cumulative amount is reclassified to the consolidated statements of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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**2.3.20.1 Transactions and balances (cont'd)**

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value is determined.

**2.3.20.2 Translation of foreign operations**

On consolidation, the assets and liabilities of foreign operations are translated into Korean won at the rate of exchange prevailing at the reporting date and their income statement at exchange rates prevailing at the dates of the transactions, and these exchange differences are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the consolidated statements of profit or loss.

Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operations and translated at the spot rate of exchange at the reporting date.

**2.3.21 Impairment of non-financial assets**

At each reporting date, the Group reviews non-financial assets to determine whether there is any indication that those assets suffered an impairment loss. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of the asset's or CGU's fair value, less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value, less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statements of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of profit or loss and other comprehensive income, unless the asset is carried at a revalued amount in which case, the reversal is treated as a revaluation increase.

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**2.3.21 Impairment of non-financial assets (cont'd)**

The following criteria are also applied in assessing impairment of specific assets:

**Goodwill**

Goodwill is tested for impairment annually (at certain time) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

**Intangible assets with indefinite useful lives, excluding goodwill**

For intangible assets with indefinite useful lives, the Group performs the impairment test for an individual asset or a CGU to which the asset has been allocated, annually or at any indication of impairment.

**2.3.22 Taxes**

**2.3.22.1 Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**2.3.22.2 Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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**2.3.22.2 Deferred tax (cont'd)**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

**2.3.22.3 Sales tax**

Expenses and assets are recognized net of the amount of sales tax, except:

- when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority; in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- when receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

**2.3.23 Cryptocurrency**

As there is no standard applicable to K-IFRS for cryptocurrency (e.g., “Kaia” formerly known as “klay”), the Group developed an accounting policy by applying *mutatis mutandis* to K-IFRS 1038 in accordance with the interpretation announced by the International Financial Reporting Interpretations Committee in June 2019.

**2.3.23.1 Initial recognition of cryptocurrency**

The Group recognizes cryptocurrency as an asset because it meets the definition of an asset in the *Conceptual Framework for Financial Reporting* (a resource controlled by an entity as a result of past events or transactions; and from which future economic benefits are expected to flow to the entity). The Group determines that cryptocurrency meets the definition of an intangible asset as an identifiable non-monetary asset without physical substance and records cryptocurrency as intangible asset.

**2.3.23.2 Subsequent measurement of cryptocurrency**

The Group applies the cost method to subsequent measurements of cryptocurrency by applying *mutatis mutandis* to K-IFRS 1038.

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**2.3.23.3 Derecognition of cryptocurrency**

As the Group is obligated to transfer rights to cryptocurrency or pays all cash flows received under pass-through contracts to third parties without significant delay, the Group derecognizes the cryptocurrency when it transfers most of the risks and rewards arising from ownership of the cryptocurrency to others, or otherwise, when it transfers control over the cryptocurrency to others although it does not either transfer or retain such assets.

When disposing of cryptocurrency, the difference between the cash flow received or the cash flow to be received and the book value of the assets disposed is recognized as profit or loss upon disposal, but if any obligation arising from the ownership of the cryptocurrency has not been fulfilled, it is recognized as profit or loss when the obligation is satisfied.

**2.4 New and amended standards and interpretations**

The Group applied certain standards and amendments for the first time, which are effective for annual periods beginning on or after January 1, 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued, but is not yet effective.

**2.4.1 K-IFRS 1021 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability (Amendment)**

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

**2.4.2 K-IFRS 1117 Insurance Contract - Disclosures relating to lapse rates for insurance contracts with no or low surrender values (Amendment)**

The amendments add a disclosure requirement for entities to disclose, where the techniques to estimate the inputs used for measuring insurance contracts differ from those prescribed under insurance-related laws or regulations and such differences are considered relevant and material to users of the financial statements, those differences and their effects on the financial statements. The amendments are effective from December 31, 2025, and applied for the first annual reporting period ending on or after the effective date. The amendments are effective from the annual reporting period ending December 31, 2029.

**2.5 Significant accounting judgments, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Financial instruments risk management and policies - Note 6
- Sensitivity analyses disclosures - Notes 6 and 19

**2.5.1 Judgments**

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

**Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Group determines the lease term as the non-cancelable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

In the case of a contract with an option to extend, the Group assesses the possibility of exercising the option on the commencement date of the lease and takes into account any significant change in circumstances regarding the change in the exercise of the option when reevaluating the lease term.

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**2.5.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond control of the Group. Such changes are reflected in the assumptions when they occur.

**2.5.2.1 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is any objective evidence that a non-financial asset is impaired. Goodwill and intangible assets with indefinite useful lives are tested when there are indications. Other non-financial asset is tested when there are indications that carrying amount is not to be collected. In assessing value in use, management estimates future cash flows from certain assets or CGUs and selects the appropriate discount rate to calculate the present value of future cash flow. Refer to Note 21 for information on the specific details of main assumptions.

**2.5.2.2 Defined benefit pension plan**

The cost of the defined benefit pension plan and the present value of the pension obligation is determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the postemployment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

**2.5.2.3 Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the Discounted Cash Flow("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs, such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

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**2.5.2.4 Provision for ECLs of trade receivables**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representatives of the customer's actual default in the future.

**2.5.2.5 Leases - Estimating the IBR**

The Group cannot readily determine the interest rate implicit in the lease; therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group 'would have to pay,' which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

**2.5.2.6 Deferred tax assets**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Group has ₩85,710 million (2024: ₩84,177 million) of tax credits carried forward, which can be used to offset future taxable income, but with time constraint. Among the total tax credits carried forward, the Group has determined not to recognize deferred tax assets on ₩61,895 million (2024: ₩55,618 million) of tax credits carried forward due to lack of probability of occurrence. Refer to Note 22 for details.

**2.5.2.7 Special tax provisions for promoting investment and collaborative cooperation**

In accordance with the *special tax provision for promoting investment and collaborative cooperation*, the Group shall pay an additional income tax calculated under the applicable tax law, if the use of corporate earnings on qualifying investments, wage increase and collaborative cooperation falls below certain portion of its taxable income. As the Group reflects the surtax imposed due to the special tax provisions for promoting investment and collaborative cooperation when computing its income tax, the Group's income tax may change from the changes in investment, wage increase or dividend payouts.

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**2.6 Standards issued but not yet effective**

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised K-IFRSs that have been issued, but are not yet effective:

**2.6.1 K-IFRS 1109 and K-IFRS 1107 Amendments to the Classification and Measurement of Financial Instruments**

**2.6.1.1 Derecognition of a financial liability settled through electronic transfer**

The amendments permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognized) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.

**2.6.1.2 Classification of financial assets**

**Contractual terms that are consistent with a basic lending arrangement.**

The amendments provide guidance on how an entity should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (“ESG”) concerns.

**Assets with non-recourse features.**

The amendments enhance the description of the term ‘non-recourse,’ in particular, to specify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

**Contractually linked instruments.**

The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Specifically, the amendments highlight that in such instruments a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) is established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of losses between the holders of different tranches. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

**2.6.1.3 Disclosures**

**Investments in equity instruments designated at FVTOCI.**

The requirements in K-IFRS 1107 are amended that require an entity to disclose the fair value gain or loss presented in OCI during that period, showing the fair value gain or loss separately that relates to investments derecognized in the period and the fair value gain or loss that relates to investments held at the end of the period.

**Contractual terms that could change the timing or amount of contractual cash flows.**

The amendments require an entity to disclose the contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortized cost or FVTOCI and each class of financial liability measured at amortized cost.

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**2.6.1.3 Disclosures (cont'd)**

The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. If an entity elects to apply these amendments for an earlier period, it is required to either:

- apply all the amendments at the same time and disclose that fact or
- apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

The amendments are required to be applied retrospectively, in accordance with K-IFRS 1008, with specific exceptions.

**2.6.2 K-IFRS 1101 First-time adoption of Korean International Financial Reporting Standards – Hedging accounting by a first-time adopter**

To be consistent with the requirements in K-IFRS 1109, K-IFRS 1101:B6 were amended to refer to the ‘qualifying criteria’ for hedge accounting (instead of the ‘conditions’) and to add cross-references to K-IFRS 1109:6.4.1 to improve the understandability of K-IFRS 1101.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

**2.6.3 K-IFRS 1107 Financial Instruments: Disclosures – Gain or loss on derecognition**

**Gain or loss on derecognition**

The amendments remove an obsolete cross-reference in K-IFRS 1107:B38 to a paragraph that had been deleted when K-IFRS 1113 was issued and aligned the wording of this paragraph with the terms used in K-IFRS 1113.

**Disclosure of deferred difference between fair value and transaction price**

The amendments update K-IFRS 1107:IG14 to make the wording of that paragraph be consistent with K-IFRS 1107:28 and improve the internal consistency of the wording in the example in K-IFRS 1107:IG14.

**Introduction and credit risk disclosures**

The amendments add a statement to K-IFRS 1107:IG1 clarifying that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of K-IFRS 1107. The amendments also simplify the explanation of the aspects of the requirements that are not illustrated in K-IFRS 1107:IG20B.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

**2.6.4 K-IFRS 1109 Financial Instruments – Derecognition of lease liabilities and Transaction price K-IFRS 1109 Financial Instruments – Derecognition of lease liabilities and Transaction price**

The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with K-IFRS 1109, the lessee is required to recognize any resulting gain or loss in profit or loss. Additionally, the amendments replace ‘their transaction price (as defined in K-IFRS 1115)’ in K-IFRS 1109:5.1.3 with ‘the amount determined by applying K-IFRS 1115.’

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

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**2.6.5 K-IFRS 1110 Consolidated Financial Statements – Determination of ‘de facto agent’**

The amendments update K-IFRS 1110:B74 to use less conclusive language and to clarify that the relationship described in K-IFRS 1110:B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

**2.6.6 K-IFRS 1007 Statement of Cash Flows: Cost method**

The amendment replaces the term ‘cost method’ with ‘at cost’ in K-IFRS 1007.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

**2.6.7 K-IFRS 1109 and K-IFRS 1107—Contracts Referencing Nature-dependent Electricity**

**2.6.7.1 Amendments to K-IFRS 1109 Financial Instruments**

The following requirements of K-IFRS 1109 are affected by the amendments:

- The own-use requirements in K-IFRS 1109 are amended to include the factors an entity is required to consider when applying K-IFRS 1109:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent.
- The hedge accounting requirements in K-IFRS 1109 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument:
  - to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and
  - to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

**2.6.7.2 Amendments to K-IFRS 1107 Financial Instruments: Disclosures**

K-IFRS 1107 was amended to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

The amendments are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted. The amendments to the own-use exemption are required to be applied retrospectively in accordance with K-IFRS 1008 using the facts and circumstances at the date of initial application. The amendments to the hedge accounting requirements are to be applied prospectively to new hedging relationships designated on or after the date of initial application.

**2.6.8 K-IFRS 1118 Presentation and Disclosures in Financial Statements**

K-IFRS 1118 replaces K-IFRS 1001, carrying forward many of the requirements in K-IFRS 1001 unchanged and complementing them with new requirements. In addition, some paragraphs from K-IFRS 1001 have been moved to K-IFRS 1008 and K-IFRS 1107. Furthermore, minor amendments have been made to K-IFRS 1007 and K-IFRS 1033 Earnings per Share.

K-IFRS 1118 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

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**2.6.8 K-IFRS 1118 Presentation and Disclosures in Financial Statements (cont'd)**

An entity is required to apply K-IFRS 1118 for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to K-IFRS 1007 and K-IFRS 1033, as well as the revised K-IFRS 1008 and K-IFRS 1107, become effective when an entity applies K-IFRS 1118. K-IFRS 1118 requires retrospective application with specific transition provisions.

**3. SEGMENT INFORMATION:**

For management purposes, the Group is organized into business units based on its products and services and has four reportable operating segments, which are as follows:

Segment	Principal business activity
Resource	Mineral business, palm business and petroleum assets task force team
Trading/New growth	Resource trading, material trading, health care, IT trading, green, new growth, glass business task force team, etc.
Logistics	Shipping, air transport, land transport, international courier, customs, warehousing, distribution consulting and others
Collectively grouped	Common group management

**3.1 Segment sales and operating income**

Segment sales and operating income of the Group are as follows (Korean won in millions):

Segment	December 31, 2025		December 31, 2024	
	Sales	Operating income	Sales	Operating income
Resource	₩ 1,217,632	₩ 61,858	₩ 1,157,472	₩ 109,734
Trading/New growth	7,616,808	80,272	7,532,066	158,758
Logistics	7,871,870	150,063	7,948,035	220,693
	₩ 16,706,310	₩ 292,193	₩ 16,637,573	₩ 489,185

**3.2 Segment assets and liabilities**

Segment assets and liabilities of the Group are as follows (Korean won in millions):

Segment	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Resource	₩ 1,814,591	₩ 377,277	₩ 2,003,236	₩ 500,920
Trading/New growth	3,026,588	2,284,550	2,968,347	2,210,199
Logistics	3,828,627	2,342,453	3,416,100	2,112,243
Collectively grouped (*1)	658,497	788,315	543,183	787,892
	₩ 9,328,303	₩ 5,792,595	₩ 8,930,866	₩ 5,611,254

(\*1) Assets and liabilities that individually do not have a material effect on a specific operating segment have been collectively grouped. These include cash and cash equivalents; investment assets; property, plant and equipment; and intangible assets.

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**3.3 Sales by geographic region**

Sales by geographic region of the Group are as follows (Korean won in millions):

Region	2025	2024
Korea	₩ 6,716,601	₩ 6,885,777
Americas	3,267,778	3,197,620
Europe	1,415,278	1,483,011
Asia	9,390,328	9,200,217
Others	169,748	347,523
Consolidation adjustments	(4,253,423)	(4,476,575)
	₩ 16,706,310	₩ 16,637,573

The Group has one major customer in the current trading/new growth sector, etc. (LG Electronics, ₩6,643,725 million) that accounts for more than 10% of the Group's total sales for the year ended December 31, 2025. and one major customer (LG Electronics, ₩6,811,298 million) for the year ended December 31, 2024.

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**4. CLASSIFICATION OF FINANCIAL INSTRUMENTS:**

**4.1 Financial instruments by category**

**4.1.1 Financial assets**

Financial assets by category as of December 31, 2025 and 2024, are as follows (Korean won in millions):

	December 31, 2025				
	Financial assets at fair value through profit or loss	Financial assets at FVTOCI	Financial assets measured at amortized cost	Hedge accounting- related assets	Total
Cash and cash equivalents	₩ -	₩ -	₩ 1,423,479	₩ -	₩ 1,423,479
Short-term financial instruments	-	-	49,262	-	49,262
Long-term equity instruments	24,819	383,712	-	-	408,531
Long-term bond instruments	-	-	840	-	840
Trade accounts receivable	-	119,133	1,550,332	-	1,669,465
Other accounts receivable	2,008	357	191,952	880	195,197
Long-term loans	-	-	855	-	855
Other financial assets	2,200	-	290,417	5,065	297,682
	<u>₩ 29,027</u>	<u>₩ 503,202</u>	<u>₩ 3,507,137</u>	<u>₩ 5,945</u>	<u>₩ 4,045,311</u>

	December 31, 2024				
	Financial assets at fair value through profit or loss	Financial assets at FVTOCI	Financial assets measured at amortized cost	Hedge accounting- related assets	Total
Cash and cash equivalents	₩ -	₩ -	₩ 1,217,957	₩ -	₩ 1,217,957
Short-term financial instruments	-	-	30,499	-	30,499
Long-term equity instruments	21,682	296,083	-	-	317,765
Long-term bond instruments	-	-	840	-	840
Trade accounts receivable	-	47,664	1,533,535	-	1,581,199
Other accounts receivable	5,494	2,454	144,350	-	152,298
Long-term loans	-	-	986	-	986
Other financial assets	1,700	-	323,592	9,044	334,336
	<u>₩ 28,876</u>	<u>₩ 346,201</u>	<u>₩ 3,251,759</u>	<u>₩ 9,044</u>	<u>₩ 3,635,880</u>

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**4.1.2 Financial liabilities**

Financial liabilities by category as of December 31, 2025 and 2024, are as follows (Korean won in millions):

	December 31, 2025		
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Total
Trade accounts payable	₩ -	₩ 1,565,879	₩ 1,565,879
Other accounts payable (*1)	108	336,134	336,242
Borrowings	-	1,215,820	1,215,820
Bonds payable	-	898,382	898,382
Current portion of bonds payable and long-term borrowings	-	535,023	535,023
Lease liabilities	-	416,168	416,168
Other financial liabilities (*1)	-	181,927	181,927
	<u>₩ 108</u>	<u>₩ 5,149,333</u>	<u>₩ 5,149,441</u>

(\*1) The above other accounts payable and other financial liabilities include amounts related to employee benefits that do not qualify as financial liabilities.

	December 31, 2024		
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Total
Trade accounts payable	₩ -	₩ 1,390,792	₩ 1,390,792
Other accounts payable (*1)	868	379,969	380,837
Borrowings	-	1,294,648	1,294,648
Bonds payable	-	519,204	519,204
Current portion of bonds payable and long-term borrowings	-	552,182	552,182
Lease liabilities	-	451,950	451,950
Other financial liabilities (*1)	-	180,303	180,303
	<u>₩ 868</u>	<u>₩ 4,769,048</u>	<u>₩ 4,769,916</u>

(\*1) The above other accounts payable and other financial liabilities include amounts related to employee benefits that do not qualify as financial liabilities.

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**4.2 Gains and losses on financial instruments**

**4.2.1 Gains and losses on financial assets**

Gains and losses on financial assets by category for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025				Total
	Financial assets at fair value through profit or loss	Financial assets at FVTOCI	Financial assets measured at amortized cost	Hedge accounting- related assets	
<b>Profit or loss:</b>					
Interest income	₩ -	₩ -	₩ 37,025	₩ -	₩ 37,025
Dividend income	8	6,549	-	-	6,557
Gain and loss on foreign currency transactions	-	-	(12,634)	-	(12,634)
Gain and loss on foreign currency translation	-	-	(13,197)	-	(13,197)
Gain on currency forwards	19,731	-	-	-	19,731
Gain on currency swaps	317	-	-	-	317
Bad debt expenses	-	-	(2,532)	-	(2,532)
Other bad debt expenses	-	-	(4,339)	-	(4,339)
Loss on disposal of trade receivables	-	(24,822)	-	-	(24,822)
Gain on valuation of equity options	2,814	-	-	-	2,814
Gain (loss) on financial asset valuation	2,995	-	-	-	2,995
	₩ 25,865	₩ (18,273)	₩ 4,323	₩ -	₩ 11,915
<b>Other Comprehensive Income (*1):</b>					
Gain on valuation of financial assets designated at FVTOCI	-	87,857	-	-	87,857
Gain on valuation of cash hedge derivatives	-	-	-	(3,229)	(3,229)
	₩ -	₩ 87,857	₩ -	₩ (3,229)	₩ 84,628

(\*1) Other Comprehensive Income is the amount before income tax effect.

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**4.2.1 Gains and losses on financial assets (cont'd)**

	2024					Total
	Financial assets at fair value through profit or loss	Financial assets at FVTOCI	Financial assets measured at amortized cost	Hedge accounting- related assets		
<b>Profit or loss:</b>						
Interest income	₩ -	₩ -	₩ 39,138	₩ -	₩ -	₩ 39,138
Dividend income	16	12,530	-	-	-	12,546
Gain and loss on foreign currency transactions	-	-	57,517	-	-	57,517
Gain and loss on foreign currency translation	-	-	23,545	-	-	23,545
Gain on currency forwards	19,970	-	-	-	-	19,970
Bad debt expenses	-	-	(5,962)	-	-	(5,962)
Other bad debt expenses	-	-	2,530	-	-	2,530
Loss on disposal of trade receivables	-	(34,864)	-	-	-	(34,864)
Loss on valuation of equity options	4,048	-	-	-	-	4,048
Gain (loss) on financial asset valuation	(1,960)	-	-	-	-	(1,960)
	₩ 22,074	₩ (22,334)	₩ 116,768	₩ -	₩ -	₩ 116,508
<b>Other Comprehensive Income (*1):</b>						
Gain on valuation of financial assets designated at FVTOCI	-	(17,448)	-	-	-	(17,449)
Gain on valuation of cash hedge derivatives	-	-	-	864	-	864
	₩ -	₩ (17,448)	₩ -	₩ 864	₩ -	₩ (16,584)

(\*1) Other Comprehensive Income is the amount before income tax effect.

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**4.2.2 Gains and losses on financial liabilities**

Gain and loss on financial liabilities by category for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at Amortized cost	Total
<b>Profit or loss:</b>			
Interest expenses	₩ -	₩ (127,033)	₩ (127,033)
Gain (loss) on foreign currency transactions	-	438	438
Gain (loss) on foreign currency translation	-	9,583	9,583
Loss on currency forwards	(22,146)	-	(22,146)
Gain on exemption from debt	-	4,707	4,707
	₩ (22,146)	₩ (112,305)	₩ (134,451)
	2024		
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at Amortized cost	Total
<b>Profit or loss:</b>			
Interest expenses	₩ -	₩ (124,299)	₩ (124,299)
Gain (loss) on foreign currency transactions	-	(38,843)	(38,843)
Gain (loss) on foreign currency translation	-	(25,813)	(25,813)
Loss on currency forwards	(34,458)	-	(34,458)
Gain on exemption from debt	-	3,356	3,356
	₩ (34,458)	₩ (185,599)	₩ (220,057)

**5. CASH AND CASH EQUIVALENTS:**

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

Cash and cash equivalents	December 31, 2025		December 31, 2024	
Cash on hand	₩	25,207	₩	6,618
Short-term deposits		1,398,272		1,211,339
	₩	1,423,479	₩	1,217,957

Outstanding balances on restricted deposits included in financial instruments as of December 31, 2025, amounted to ₩62,407 million (₩96,086 million in 2024), which consisted of mine restoration deposits and others.

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**6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES:**

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade receivables, loans and other receivables and cash and short-term deposits that derive directly from its operations. The Group also holds financial assets at fair value through profit or loss and financial assets at FVTOCI and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk.

The board of directors reviews and agrees policies for managing each of these risks, which are summarized below. It is the Group's policy that no trading in derivatives for speculative purposes is to be undertaken.

**6.1 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate, currency, and commodity price and other price, such as equity. Financial instruments affected by market risk include loans and borrowings, deposits, long-term equity instruments and derivatives.

The sensitivity analysis in the following sections relate to the financial position as of December 31, 2025 and 2024.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all held constant and on the basis of the hedge designations in place as of December 31, 2025 and 2024.

The analysis excludes the impact of movements in market variables on the carrying value of pension and other postretirement obligations, provisions and on the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

- The consolidated statements of financial position sensitivity relates to derivatives, financial assets at fair value through profit or loss and financial assets at FVTOCI.
- The sensitivity of the relevant consolidated statements of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as of December 31, 2025 and 2024, including the effect of hedge accounting.
- The sensitivity of equity is calculated by taking into account the effect of any associated cash flow hedges and hedges of a net investment in a foreign subsidiary as of December 31, 2025, associate with changes in underlying assets.

**6.1.1 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group is exposed to interest rate risk due to its long-term debt. The Group is exposed to cash flow interest rate risk due to its borrowings with floating interest rates and fair value interest rate risk due to its borrowings with fixed interest rates.

The Group's position with regard to interest rate risk exposure is mainly related to debt obligations, such as bonds, loans and interest-bearing deposits and investments. The Group has a risk management program in place to monitor and actively manage such risks.

The Group manages its interest rate risk by establishing regional and global working capital sharing systems, regularly monitoring market interest rates and preparing action plans.

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**6.1.1 Interest rate risk (cont'd)**

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows. The Group's exposure to interest rate risk is considered to have an immaterial impact on equity (Korean won in millions).

	2025		2024	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Interest income	₩ 512	₩ (512)	₩ 596	₩ (596)
Interest expense	(7,965)	7,965	(8,733)	8,733
Net effect	₩ (7,453)	₩ 7,453	₩ (8,137)	₩ 8,137

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

**Interest rate benchmark reform**

The following table demonstrates the nominal amount and weighted-average maturity of derivatives as of December 31, 2025 and 2024, with hedging relationships that will be affected by interest rate reform as financial instruments are converted to risk-free interest rates, which are analyzed by interest rate criteria. Derivatives as a hedging instrument provide a close approximation of the level of risk exposure that banks manage through a hedging relationship (Korean won in millions).

2025				
Sortation	Interest rate		Nominal amount	Average maturity (Year)
Interest rate swaps	SOFR+CAS(0.43%)	₩	5,065	8.7
Interest rate swaps	USD SOFR CMP +1.6%		880	2.8
2024				
Sortation	Interest rate		Nominal amount	Average maturity (Year)
Interest rate swaps	SOFR+CAS (0.43%)	₩	9,044	9.7

**6.1.2 Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group is exposed to foreign exchange risk arising from international operations and transactions with different foreign currencies. The most prevalent foreign currencies used are the US dollar, Euro, Japanese yen and others.

The Group manages its foreign currency risk for each subsidiary. Each subsidiary manages its foreign currency risk by entering into hedge agreements, such as a forward contract or foreign currency loans with the Group. Exposure to currency translation risk is largely dependent on the accounting standards of the local jurisdiction and the translation methods required by such jurisdiction.

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**6.1.2 Foreign currency risk (cont'd)**

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, on the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities, including non-designated foreign currency derivatives) (Korean won in millions):

	2025		2024	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Gain (loss) on foreign currency translation	₩ 10,064	₩ (10,064)	₩ 33,446	₩ (33,446)
Gain (loss) on valuation of derivative financial instruments	(6,432)	6,432	(3,767)	3,767
Net effect (*1)	₩ 3,632	₩ (3,632)	₩ 29,679	₩ (29,679)

(\*1) The Group manages its exchange rate risk arising from assets and liabilities denominated in foreign currencies through derivative contracts.

**6.2 Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group applies a simplified method of recognizing lifetime ECLs as a loss allowance to its accounts receivable.

The provision rate set for the accounts receivable as of December 31, 2025, is as follows (Korean won in millions):

	Accounts receivable accrual date					Total
	Less than 3 months	3 to 6 months	6 to 12 months	1 year to 3 years	More than 3 years	
Expected loss rate	0.35%	7.19%	10.98%	84.94%	56.05%	
Book value	₩ 1,657,198	₩ 14,613	₩ 1,348	₩ 6,675	₩ 5,313	₩ 1,685,147
Provision	5,835	1,051	148	5,670	2,978	15,682

The book value of financial assets represents maximum exposure to credit risk. The maximum exposures to credit risk as of December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025	2024
Cash equivalents (*1)	₩ 1,398,272	₩ 1,211,339
Short-term financial instruments	49,262	30,499
Securities	840	840
Trade accounts receivable	1,669,465	1,581,199
Other accounts receivable (*2)	192,309	146,804
Long-term loans	854	986
Other financial assets (*2)	290,416	323,591
	₩ 3,601,418	₩ 3,295,258

(\*1) Excludes cash on hand.

(\*2) Excludes other receivables in relation to derivatives.

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**6.3 Maturity profile of financial assets**

The table below summarizes the maturity profile of the Group's financial assets based on contractual undiscounted payments (Korean won in millions):

	2025				
	Less than 1 year	1 year to 3 years	3 to 5 years	More than 5 years	Total
Cash and cash equivalents	₩ 1,423,479	₩ -	₩ -	₩ -	₩ 1,423,479
Short-term financial instruments	49,262	-	-	-	49,262
Trade accounts receivable	1,664,063	3,444	1,958	-	1,669,465
Other accounts receivable	195,197	-	-	-	195,197
Long-term loans	-	582	272	-	854
Other financial assets	70,854	45,308	23,095	158,425	297,682
	<u>₩ 3,402,855</u>	<u>₩ 49,334</u>	<u>₩ 25,325</u>	<u>₩ 158,425</u>	<u>₩ 3,635,939</u>

	2024				
	Less than 1 year	1 year to 3 years	3 to 5 years	More than 5 years	Total
Cash and cash equivalents	₩ 1,217,957	₩ -	₩ -	₩ -	₩ 1,217,957
Short-term financial instruments	30,499	-	-	-	30,499
Trade accounts receivable	1,564,816	14,991	1,392	-	1,581,199
Other accounts receivable	152,298	-	-	-	152,298
Long-term loans	-	700	286	-	986
Other financial assets	71,312	44,945	47,898	170,181	334,336
	<u>₩ 3,036,882</u>	<u>₩ 60,636</u>	<u>₩ 49,576</u>	<u>₩ 170,181</u>	<u>₩ 3,317,275</u>

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**6.4 Liquidity risk**

Liquidity risk refers to the risk that the Group may default on the contractual obligations that become due. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (Korean won in millions):

	2025				
	Less than 1 year	1 year to 3 years	3 to 5 years	More than 5 years	Total
Trade accounts payable	₩ 1,565,879	₩ -	₩ -	₩ -	₩ 1,565,879
Other accounts payable	336,242	-	-	-	336,242
Borrowings	491,834	687,507	182,091	280,209	1,641,641
Bonds payable	120,000	700,000	170,000	30,000	1,020,000
Lease liabilities	215,321	194,947	52,255	46,448	508,971
Other financial liabilities (*1)	178,924	3,003	-	-	181,927
Financial guarantee contract (*2)	37,652	-	-	-	37,652
	₩ 2,945,852	₩ 1,585,457	₩ 404,346	₩ 356,657	₩ 5,292,312

	2024				
	Less than 1 year	1 year to 3 years	3 to 5 years	More than 5 years	Total
Trade accounts payable	₩ 1,390,792	₩ -	₩ -	₩ -	₩ 1,390,792
Other accounts payable	380,837	-	-	-	380,837
Borrowings	676,976	520,876	153,589	308,574	1,660,015
Bonds payable	200,000	290,000	150,000	80,000	720,000
Lease liabilities	178,497	218,138	70,548	56,740	523,923
Other financial liabilities (*1)	173,110	7,193	-	-	180,303
Financial guarantee contract (*2)	56,256	-	-	-	56,256
	₩ 3,056,468	₩ 1,036,207	₩ 374,137	₩ 445,314	₩ 4,912,126

(\*1) The above other financial liabilities include amounts related to employee benefits that do not qualify as financial liabilities.

(\*2) As of December 31, 2025, the total limit of financial guarantee contracts is ₩37,652 million (₩56,256 million in 2024), and this amount is fully utilized (see Note 24.1).

The table above represents the maturities of the financial liabilities at each reporting date.

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**6.5 Supplier financing agreements**

The consolidated entity has established supplier financing arrangements with several prominent domestic suppliers, wherein participation is contingent upon the suppliers' discretion. Suppliers opting into these arrangements are eligible to receive accelerated payment of their receivables from a financial institution. In instances where suppliers elect early payment, they remit a fee directly to the financial institution, rather than to the consolidated entity. To facilitate payment, the consolidated entity must first receive the goods or services and validate the invoice. The financial institution subsequently disburses payment to the supplier prior to the scheduled payment due date. In all scenarios, the consolidated entity fulfills its obligations by settling with the financial institution on the originally stipulated due date. The payment terms with suppliers remain unchanged as a result of these arrangements. Furthermore, the consolidated entity has not extended any collateral to the financial institution. All liabilities stemming from these supplier financing arrangements are consolidated within accounts payable in the consolidated financial statements. Consequently, there are no non-cash adjustments to the carrying amount of the disclosed financial liabilities (Korean won in millions):

	2025		2024	
Accounts payable book value as part of supplier financing agreement	₩	13,947	₩	15,493
Amount paid to supplier		1,780		2,746

The range of payment terms for trade payables subject to supplier finance arrangements and for comparable trade payables not subject to such arrangements is as follows:

	2025
Trade payables subject to supplier finance arrangements:	30 to 90 days from the invoice date
Comparable trade payables not subject to supplier finance arrangements:	0 to 85 days from the invoice date

**6.6 Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize its shareholders' value.

In order to maintain a solid capital structure, the Group monitors the financial ratio, such as debt ratio and net deposit ratio, every month and implements appropriate financial structure improvement measures, if necessary.

The Group's debt ratio is calculated by dividing total liabilities by total equity, and net borrowing is calculated by subtracting cash and cash equivalents from the sum of borrowings, lease liabilities and bonds. Details of gearing ratios as of December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
Total liabilities (A)	₩	5,792,595	₩	5,611,254
Total equity (B)		3,535,708		3,319,612
Cash and cash equivalents (C)		1,423,479		1,217,957
Total borrowings (D)		3,065,393		2,817,984
Debt ratio (A / B)		163.83%		169.03%
Net borrowing ratio ((D-C) / B)		46.44%		48.20%

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**6.7 Valuation of derivative financial instruments**

Valuation gains and losses arising from derivative financial instruments included in other accounts receivable and payable as of December 31, 2025 and 2024, are presented as follows (Korean won in millions):

	2025		
	Gain on valuation	Loss on valuation	Other comprehensive income (*1)
Currency forwards	₩ 1,972	₩ 108	₩ -
Currency and interest rate swaps	317	-	563
Interest rate swaps	36	-	(3,792)
Equity options (*2)	2,181	-	-
	<u>₩ 4,506</u>	<u>₩ 108</u>	<u>₩ (3,229)</u>
	2024		
	Gain on valuation	Loss on valuation	Other comprehensive income (*1)
Currency forwards	₩ 5,820	₩ 868	₩ -
Interest rate swaps	-	-	864
Equity options (*2)	1,700	-	-
	<u>₩ 7,520</u>	<u>₩ 868</u>	<u>₩ 864</u>

(\*1) Other comprehensive income is the amount before income tax effect.

(\*2) The contract for this fiscal year is a contract to purchase a call option on shares of BLUELINKS LLC. The previous fiscal year contract was a call option purchase agreement for BSG Partners Co., Ltd.

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**6.7.1 Currency forwards**

As of December 31, 2025 and 2024, gains and losses on unsettled currency forward contracts are as follows (Korean won in millions and other currencies in thousands):

December 31, 2025						
Currency buy	Buying amount	Currency sell	Selling amount	Contracted exchange rate	Gain on valuation	Loss on valuation
CNY	3,824	KRW	802	206.50–210.17	₩ -	₩ 18
KRW	74,471	USD	50,541	1,467.20–1,473.55	1,969	-
KRW	142	CNY	677	209.35–209.39	3	-
USD	5,301	KRW	7,634	1,431.20–1,467.30	-	90
					₩ 1,972	₩ 108

December 31, 2024						
Currency buy	Buying amount	Currency sell	Selling amount	Contracted exchange rate	Gain on valuation	Loss on valuation
CNY	5,036	KRW	977	193.78–201.45	₩ 36	₩ -
KRW	112,319	USD	77,029	1,338.60–1,464.70	-	857
USD	30,715	KRW	42,473	1,371.90–1,477.00	1,996	11
USD	20,000	KRW	25,808	1,294.40	3,788	-
					₩ 5,820	₩ 868

**6.7.2 Currency and Interest rate swaps**

2025								
Contracted party	Buying amount	Selling amount	Contracted exchange rate	Receivable interest rate	Payment interest rate	Contracted term	Valuation gain (loss)	Other comprehensive gain (loss)
Korea Development Bank	KRW 31,251	USD 22,000	1,420.5	USD SOFR CMP + 1.6%	3.69%	2025.10.16 – 2028.10.15	₩317	₩563

**6.7.3 Interest rate swaps**

2025						
Contracted party	Contractual principal	Receivable interest rate	Payment interest Rate	Contracted term	Valuation gain (loss)	Other comprehensive gain
Korea Development Bank and others	USD 71,880	SOFR+CAS(0.43%)	2.77%	2017.2.27 ~ 2034.9.25	₩ -	₩ (3,792)
Woori Bank	KRW 20,000	CD rate 91days+1.59%	4.48%	2025.10.30 ~ 2028.10.30	36	-

2024						
Contracted party	Contractual principal	Receivable interest rate	Payment interest rate	Contracted term	Valuation gain (loss)	Other comprehensive gain
Korea Development Bank	USD 85,957	SOFR+CAS (0.43%)	2.77%	2017.2.27 ~ 2034.9.25	₩	864

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**7. INVENTORIES:**

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

	December 31, 2025		
	Acquisition cost	Valuation allowance	Book value
Merchandise	₩ 423,001	₩ (4,249)	₩ 418,752
Finished goods	115,604	(2,618)	112,986
Raw materials (main)	80,361	(9)	80,352
Raw materials (subsidiary)	4,428	-	4,428
Work in process	137	-	137
Stored goods	13,889	-	13,889
Materials in transit	276,512	-	276,512
	₩ 913,932	₩ (6,876)	₩ 907,056

	December 31, 2024		
	Acquisition cost	Valuation allowance	Book value
Merchandise	₩ 474,818	₩ (4,446)	₩ 470,372
Finished goods	111,438	(2,539)	108,899
Raw materials (main)	68,435	(1)	68,434
Raw materials (subsidiary)	4,564	-	4,564
Work in process	224	-	224
Stored goods	13,677	-	13,677
Materials in transit	211,477	-	211,477
	₩ 884,633	₩ (6,986)	₩ 877,647

For the year ended December 31, 2025, the Group recognized ₩110 million (2024: loss of ₩3,605 million) as a reversal of loss on valuation of inventories carried at net realizable value. This is recognized in cost of sales.

**8. INVESTMENT ASSETS AND INVESTMENTS IN ASSOCIATES:**

**8.1 Investment assets**

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

	2025	2024
Long-term equity instruments:		
Financial assets at fair value through profit or loss	₩ 24,819	₩ 21,682
Financial assets at FVTOCI	383,712	296,083
Financial assets at amortized cost	840	840
Long-term loans receivable	855	986
	₩ 410,226	₩ 319,591

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**8.2 Long-term equity instruments**

As of December 31, 2025, details of long-term equity instruments are as follows (Korean won in millions):

	Number of shares	Equity ownership (%)	Acquisition cost		Book value	
<b>Financial assets at fair value through profit or loss</b>						
VL Future Environment Industry Fund	-	14.16	₩	5,000	₩	3,753
Pablo Air Co., Ltd.	2,407	3.48		2,499		5,825
Futureplay Inc.	314,600	2.62		3,000		3,003
Korea Finance for Construction	387	0.01		323		323
Hapdong High Tech Glass Co., Ltd.	44,492	6.77		85		85
Electrical Contractors Mutual Aid Association	-	-		38		38
Software Mutual Aid Cooperative	-	-		292		355
EIC Properties Pte. Ltd.	5,296,350	15.5		3589		11,437
			₩	14,826	₩	24,819
<b>Financial assets at FVTOCI (*1)</b>						
Korea Ras Laffan LNG Co., Ltd. (Qatar LNG project)	1,558,666	5.60	₩	₩2,410	₩	6,702
Vietnam Korea Exchange Ltd.	-	10.00		322		322
Oilhub Korea Yeosu Co., Ltd.	131,000	5.00		7,205		12,801
GS E&R Co., Ltd.	1,654,445	9.52		95,585		30,599
Tianjin LG Bohai Chemical Co., Ltd.	-	10.00		11,737		-
Cobalt blue holdings Ltd.	7,093,959	1.22		6,467		566
The Korea Economic Daily Co., Ltd.	81,544	0.44		920		75
KMA Consultants Inc.	27,585	3.45		138		138
PT Resources Alam Indonesia Tbk	250,000,000	5.00		9,497		7,438
Tangshan Caofeidian Steam Coal Storage & Blending Co., Ltd.	-	1.50		1,075		1,328
RedcapTour Co., Ltd.	500,000	2.99		428		5,741
iPort Co., Ltd.	4,523	5.26		500		500
Hanjinkal Co., Ltd.	2,560,000	3.83		160,080		317,440
Liveron Co., Ltd.	30	0.11		6		-
Woongjin Energy Co., Ltd.	754	0.01		8		-
FOSYS	41	0.18		-		-
CellTek. Co., Ltd.	1,652	-		1		1
Winia Aid Co., Ltd.	12,946	0.02		58		58
G&B Shipping Co., Ltd.	68	0.17		3		3
BSS Co., Ltd.	-	0.10		45		-
N3N Co., Ltd.	400,000	0.69		650		-
Cash Cow Co., Ltd.	133,333	4.87		1,000		-
Divers Korea Co., Ltd.	-	-		315		-
			₩	298,450	₩	383,712
			₩	313,276	₩	408,531

(\*1) Financial assets measured at FVTOCI include investments in shares of non-listed companies held as non-controlling interests. As the Group holds these investments for the purpose of business strategy, fair value changes are presented as OCI and the Group irrevocably elected to classify as financial asset at FVTOCI.

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**8.2 Long-term equity instruments (cont'd)**

Changes in the net book value of long-term equity instruments as of December 31, 2025 and 2024, are as follows (Korean won in millions):

	Equity ownership (%)	2025					
		Jan. 1	Acquisition (disposal)	Valuation	Business combination	Translation gain (loss)	Dec. 31
<b>Financial assets at fair value through profit or loss</b>							
VL Future Environment Industry Fund	14.16	₩ 5,000	₩ -	₩ (1,247)	₩ -	₩ -	₩ 3,753
Pablo Air Co., Ltd.	3.48	2,499	-	3,326	-	-	5,825
Futureplay Inc.	2.62	3,003	-	-	-	-	3,003
Korea Finance for Construction	0.01	323	-	-	-	-	323
Hapdong High Tech Glass Co., Ltd.	6.77	85	-	-	-	-	85
Electrical Contractors Mutual Aid Association	-	-	38	-	-	-	38
Software Mutual Aid Cooperative	-	-	-	-	355	-	355
EIC Properties Pte. Ltd.	15.50	10,772	-	916	-	(251)	11,437
		₩ 21,682	₩ 38	₩ 2,995	₩ 355	₩ (251)	₩ 24,819
<b>Financial assets at FVTOCI</b>							
Korea Ras Laffan LNG Co., Ltd. (Qatar LNG project)	5.60	18,485	-	(11,783)	-	-	6,702
Vietnam Korea Exchange Ltd.	10.00	322	-	-	-	-	322
Oilhub Korea Yeosu Co., Ltd.	5.00	9,091	-	3,710	-	-	12,801
GS E&R Co., Ltd.	9.52	45,520	-	(14,921)	-	-	30,599
Tianjin LG Bohai Chemical Co., Ltd.	10.00	10,026	-	(10,026)	-	-	-
Cobalt blue holdings Ltd.	1.22	441	-	125	-	-	566
The Korea Economic Daily Co., Ltd.	0.44	75	-	-	-	-	75
KMA Consultants Inc.	3.45	138	-	-	-	-	138
PT Resources Alam Indonesia Tbk.	5.00	12,853	-	(5,057)	-	(358)	7,438
Tangshan Caofeidian Steam Coal Storage & Blending Co., Ltd.	1.50	1,305	-	-	-	23	1,328
RedcapTour Co., Ltd.	2.99	4,294	-	1,446	-	-	5,741
iPort Co., Ltd.	5.26	500	-	-	-	-	500
Hanjinkal Co., Ltd.	3.83	193,024	-	124,416	-	-	317,440
Liveron Co., Ltd.	0.11	-	-	-	-	-	-
Woongjin Energy Co., Ltd.	0.01	8	-	(8)	-	-	-
FOSYS	0.18	-	-	-	-	-	-
CellTek. Co., Ltd.	-	1	-	-	-	-	1
Winia Aid Co., Ltd.	0.02	-	58	-	-	-	58
G&B Shipping Co., Ltd.	0.17	-	3	-	-	-	3
BSS Co., Ltd.	0.10	-	45	(45)	-	-	-
N3N Co., Ltd.	0.69	-	-	-	-	-	-
Cash Cow Co., Ltd.	4.87	-	-	-	-	-	-
Divers Korea Co., Ltd.	-	315	(315)	-	-	-	-
		₩ 296,399	₩ (209)	₩ 87,857	₩ -	₩ (335)	₩ 383,712

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**8.2 Long-term equity instruments (cont'd)**

	2024						
	Equity ownership (%)	Jan. 1	Acquisition (disposal)	Valuation	Business combination	Translation gain (loss)	Dec. 31
<b>Financial assets at fair value through profit or loss</b>							
VL Future Environment Industry Fund	14.16	₩ 5,000	₩ -	₩ -	₩ -	₩ -	₩ 5,000
Pablo Air Co., Ltd.	4.65	2,499	-	-	-	-	2,499
Futureplay Inc.	2.62	3,003	-	-	-	-	3,003
Korea Specialty Contractor Financial Cooperative	0.01	323	-	-	-	-	323
Hapdong High Tech Glass Co., Ltd.	6.77	85	-	-	-	-	85
EIC Properties Pte. Ltd.	15.50	9,201	-	261	-	1,310	10,772
PT. Pyridam Farma (*1)	0.00	2,817	(679)	(2,221)	-	83	-
		22,928	(679)	(1,960)	-	1,393	21,682
<b>Financial assets at FVTOCI</b>							
Korea Ras Laffan LNG Co., Ltd. (Qatar LNG project)	5.60	20,089	-	(1,604)	-	-	18,485
Vietnam Korea Exchange Ltd.	10.00	322	-	-	-	-	322
Oilhub Korea Yeosu Co., Ltd.	5.00	5,061	-	4,030	-	-	9,091
GS E&R Co., Ltd.	9.52	40,432	-	5,088	-	-	45,520
Tianjin LG Bohai Chemical Co., Ltd.	10.00	44,824	-	(34,798)	-	-	10,026
Cobalt blue holdings Ltd.	1.65	1,467	-	(1,026)	-	-	441
The Korea Economic Daily Co., Ltd.	0.44	75	-	-	-	-	75
KMA Consultants Inc.	3.45	138	-	-	-	-	138
PT Resources Alam Indonesia Tbk.	5.00	7,648	-	3,811	-	1,394	12,853
Tangshan Caofeidian Steam Coal Storage & Blending Co., Ltd.	1.50	1,173	-	-	-	132	1,305
RedcapTour Co., Ltd.	2.99	3,899	-	395	-	-	4,294
iPort Co., Ltd.	5.26	500	-	-	-	-	500
Hanjinkal Co., Ltd.	3.83	186,368	-	6,656	-	-	193,024
Liveron Co., Ltd.	0.11	-	-	-	-	-	-
Woongjin Energy Co., Ltd.	0.01	8	-	-	-	-	8
FOSYS	0.18	-	-	-	-	-	-
CellTek. Co., Ltd.	0.00	1	-	-	-	-	1
		312,005	-	(17,448)	-	1,526	296,083
		₩ 334,933	₩ (679)	₩ (19,408)	₩ -	₩ 2,919	₩ 317,765

(\*1) For the year ended December 31, 2024, a put option was exercised.

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**8.3 Investments in associates**

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

	Country of domicile	Equity ownership (%)		Reporting date	Principal business activity
		2025	2024		
Bio Friends INC. (*1)	Korea	10.43	10.44	12.31	Manufacturing and selling clean energy
Ateam ventures INC. (*1)	Korea	10.91	10.91	12.31	Software development
BSG PARTNERS CO., LTD.(*4)	Korea	-	25.28	12.31	Software development
LX Ventures New Technology Investment Fund 1	Korea	50.00	50.00	12.31	Financial investment
POSCO-IPPC (India Pune Processing Center))(*3)	India	-	35	3.31	Processing and selling steel
POSCO-PWPC (Poland Wroclaw Processing Center)	Poland	40.00	40.00	12.31	Processing and selling steel
GS HP Sunflower Village Int'l Corp.	Vietnam	30.00	30.00	12.31	Leasing real estate
Musandam Power Company SAOC (*1)	Oman	18.00	18.00	12.31	Thermal power plant
Gansu Wuwei Cogeneration Power Plant	China	30.00	30.00	12.31	Generating cogeneration
KM Resources Ltd. (Rapu-Rapu) (*2)	Malaysia	70.00	70.00	12.31	Mining and selling copper
Inner Mongolia Diamond Coal Industry Co., Ltd.	China	30.00	30.00	12.31	Coal development and sales
Shaanxi BBM Biomass Power Generation Co., Ltd.	China	30.00	30.00	12.31	Generating new and renewable energy
Inner Mongolia BDS Chemical Co., Ltd.	China	29.00	29.00	12.31	Manufacturing fertilizer
Cypress Tree FP N Core Fund	Korea	39.52	39.52	12.31	Financial investment
BOXLINKS LLC(*2)	USA	51.00	100.00	12.31	Logistics

(\*1) The entity is classified as an associate even though the Group holds less than 20% equity ownership. As the Group has rights to elect the directors of the entity and its executive participates in management as a director, it is considered that the Group has significant influence over the entities.

(\*2) As major decision making is decided unanimously, it is difficult to judge that control is held, so it has been classified as joint venture.

(\*3) Classified as assets held for sale in the prior period and disposed of during the current period.

(\*4) During the current period, an additional 44.72% interest was acquired, and accordingly, the investee was reclassified as a consolidated subsidiary of the Company.

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**8.3 Investments in associates (cont'd)**

Details of the investments in associates as of December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025			2024
	Acquisition cost	Net asset value	Net book value	Net book value
Bio Friends INC.	₩ 2,720	₩ (10,811)	₩ 780	₩ 1,413
Ateam ventures INC.	3,500	(2,236)	-	2,957
BSG PARTNERS CO., LTD.	-	-	-	31,403
LX Ventures New Technology Investment Fund I	10,500	19,779	9,890	5,760
POSCO-PWPC (Poland Wroclaw Processing Center)	5,244	35,003	14,025	13,259
GS HP Sunflower Village Int'l Corp.	2,911	19,452	5,897	6,165
Musandam Power Company SAOC	6,535	46,560	8,728	8,845
Gansu Wuwei Cogeneration Power Plant	55,932	267,423	80,677	69,037
KM Resources Ltd. (Rapu-Rapu)	40,493	3,666	-	-
Inner Mongolia Diamond Coal Industry Co., Ltd.	54,801	811,552	266,779	299,947
Shaanxi BBM Biomass Power Generation Co., Ltd.	8,255	34,667	10,400	10,654
Inner Mongolia BDS Chemical Co., Ltd.	97,837	519,261	162,043	192,439
Cypress Tree FP N Core Fund	31,100	130,956	46,735	40,475
BOXLINKS LLC	3,740	8,129	3,785	-
	₩ 323,568	₩ 1,883,401	₩ 609,739	₩ 682,354

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**8.3 Investments in associates (cont'd)**

The summarized financial information of associates, which were material to the Group, as of December 31, 2025 and 2024, is as follows (Korean won in millions):

	December 31, 2025						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Dividends paid by associates
POSCO-PWPC (Poland Wroclaw Processing Center)	₩ 89,384	₩ 7,675	₩ 62,053	₩ 2	₩128,219	₩ (1,852)	₩ -
Musandam Power Company SAOC	12,485	243,754	13,808	195,870	72,706	7,650	1,294
Gansu Wuwei Cogeneration Power Plant	135,937	385,811	73,601	180,724	245,604	39,516	1,694
Inner Mongolia Diamond Coal Industry Co., Ltd.	519,720	619,634	78,623	249,179	501,735	315,797	140,485
Inner Mongolia BDS Chemical Co., Ltd.	159,839	473,521	111,638	2,461	350,764	42,967	44,789
Cypress Tree FP N Core Fund	314	132,980	2,337	-	19,201	18,142	-

	December 31, 2024						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Dividends paid by associates
BSG PARTNERS CO., LTD.	₩ 42,052	₩ 42,432	₩ 5,635	₩ 5,834	₩ 50,606	₩ 3,797	₩ -
POSCO-PWPC (Poland Wroclaw Processing Center)	78,179	7,289	52,374	9	114,751	109	-
Musandam Power Company SAOC	23,694	244,859	9,667	211,676	72,034	8,924	1,210
Gansu Wuwei Cogeneration Power Plant	107,722	396,217	64,752	210,559	223,008	8,773	2,005
Inner Mongolia Diamond Coal Industry Co., Ltd.	610,814	612,299	99,416	208,109	959,773	565,413	24,264
Inner Mongolia BDS Chemical Co., Ltd.	173,739	539,825	72,479	17,977	332,669	29,647	22,059
Cypress Tree FP N Core Fund	450	113,779	1,414	-	1	(3,966)	-

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**8.3 Investments in associates (cont'd)**

Changes in the net book value of investments in associates for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025							
	Jan. 1	Acquisitions and transfers	Disposals	Dividends	Equity adjustments in equity method	Share of profit or loss	Others	Dec. 31
Bio Friends INC.	₩ 1,413	₩ -	₩ -	₩ -	₩ -	₩ (633)	₩ -	₩ 780
Ateam ventures INC.(*2)	2,957	-	-	-	-	(141)	(2,816)	-
BSG PARTNERS CO., LTD.(*3)	31,403	3,431	(36,748)	-	(102)	1,901	115	-
LX Ventures New Technology Investment Fund 1	5,760	4,500	-	-	-	(370)	-	9,890
POSCO-IPPC (India Pune Processing Center) (*1)	-	-	-	-	1,432	-	(1,432)	-
POSCO-PWPC (Poland Wroclaw Processing Center)	13,259	-	-	-	1,507	(741)	-	14,025
GS HP Sunflower Village Int'l Corp.	6,165	-	-	-	(328)	60	-	5,897
Musandam Power Company SAOC	8,845	-	-	(1,294)	(200)	1,377	-	8,728
Gansu Wuwei Cogeneration Power Plant	69,037	-	-	(1,694)	1,478	11,856	-	80,677
Inner Mongolia Diamond Coal Industry Co., Ltd.	299,947	-	-	(140,485)	-	104,480	2,837	266,779
Shaanxi BBM Biomass Power Generation Co., Ltd.	10,654	-	-	-	-	-	(254)	10,400
Inner Mongolia BDS D Chemical Co., Ltd.	192,439	-	-	(44,789)	7,742	12,461	(5,810)	162,043
Cypress Tree FP N Core Fund	40,475	-	-	-	-	6,260	-	46,735
BOXLINKS LLC	-	3,740	-	-	-	125	(80)	3,785
	<u>₩ 682,354</u>	<u>₩ 11,671</u>	<u>₩ (36,748)</u>	<u>₩(188,262)</u>	<u>₩ 11,529</u>	<u>₩ 136,635</u>	<u>₩ (7,440)</u>	<u>₩ 609,739</u>

(\*1) Classified as assets held for sale in the prior period and disposed of during the current period.

(\*2) During the current period, an impairment loss of ₩2,816 million was recognized due to a decline in business viability (see Note 21).

(\*3) Due to the reclassification from an investment in an associate to an investment in a subsidiary, a gain on disposal of the investment in an associate of ₩685 million was recognized.

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**8.3 Investments in associates (cont'd)**

	2024					
	Jan. 1	Dividends	Equity adjustments in equity method	Share of profit or loss	Others	Dec. 31
Bio Friends INC.	₩ 1,960	₩ -	₩ -	₩ (547)	₩ -	₩ 1,413
Ateam ventures INC.	3,131	-	-	(206)	32	2,957
BSG PARTNERS CO., LTD.	30,340	-	103	960	-	31,403
LX Ventures New Technology Investment Fund 1	5,956	-	-	(196)	-	5,760
POSCO-IPPC (India Pune Processing Center) (*1)	17,565	-	1,150	392	(19,107)	-
POSCO-PWPC (Poland Wroclaw Processing Center)	12,172	-	1,044	43	-	13,259
GS HP Sunflower Village Int'l Corp.	5,845	(69)	479	(71)	(19)	6,165
Musandam Power Company SAOC	7,450	(1,210)	999	1,606	-	8,845
Gansu Wuwei Cogeneration Power Plant	61,477	(2,005)	6,934	2,631	-	69,037
Inner Mongolia Diamond Coal Industry Co., Ltd.	132,747	(24,264)	-	167,815	23,649	299,947
Shaanxi BBM Biomass Power Generation Co., Ltd.	9,345	-	-	-	1,309	10,654
Inner Mongolia BDS D Chemical Co., Ltd.	185,431	(22,059)	(4,658)	8,597	25,128	192,439
Cypress Tree FP N Core Fund	41,238	-	-	(763)	-	40,475
	₩ 514,657	₩ (49,607)	₩ 6,051	₩ 180,261	₩ 30,992	₩ 682,354

(\*1) The entity was classified as asset held for sale as of December 31, 2024.

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**9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES:**

**9.1 Property, plant and equipment**

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

	December 31, 2025			
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value
Land	₩ 294,812	₩ -	₩ -	₩ 294,812
Buildings	727,627	(147,832)	-	579,795
Structures	326,575	(130,533)	(1,969)	194,073
Machinery and equipment	537,874	(234,026)	(50,912)	252,936
Vehicles	63,870	(29,633)	-	34,237
Ships	35,358	(8,130)	-	27,228
Mature biological assets	127,972	(67,642)	-	60,330
Non-mature biological assets	20,086	-	-	20,086
Others	166,495	(117,742)	(172)	48,581
Construction in progress	76,386	-	(6,854)	69,532
Right-of-use assets	954,564	(482,945)	-	471,619
	<u>₩ 3,331,619</u>	<u>₩ (1,218,483)</u>	<u>₩ (59,907)</u>	<u>₩ 2,053,229</u>

	December 31, 2024			
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value
Land	₩ 235,339	₩ -	₩ -	₩ 235,339
Buildings	405,131	(127,118)	(63)	277,950
Structures	304,516	(116,567)	-	187,949
Machinery and equipment	531,333	(214,127)	(49)	317,157
Vehicles	54,642	(28,060)	-	26,582
Ships	30,897	(5,112)	-	25,785
Mature biological assets	130,795	(65,069)	-	65,726
Non-mature biological assets	20,025	-	-	20,025
Others	153,347	(105,471)	(173)	47,703
Construction in progress	35,842	-	(5,547)	30,295
Right-of-use assets	909,465	(398,501)	-	510,964
	<u>₩ 2,811,332</u>	<u>₩ (1,060,025)</u>	<u>₩ (5,832)</u>	<u>₩ 1,745,475</u>

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**9.1 Property, plant and equipment (cont'd)**

Changes in the net book value of property, plant and equipment for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025									
	Jan. 1	Addition	Transfer (*1)	Disposals	Depreciation	Impairment loss(*2)	Change in the scope of consolidation (*3)	Others (*4)	Dec. 31	
Land	₩ 235,339	₩ 2,921	₩ 36,777	₩ (287)	₩ -	₩ -	₩ 20,955	₩ (893)	₩ 294,812	
Buildings	277,950	164,891	161,005	(1,448)	(21,870)	-	2,047	(2,780)	579,795	
Structures	187,949	4,789	9,118	(1)	(11,327)	(1,969)	(206)	5,720	194,073	
Machinery and equipment	317,157	27,875	19,834	(23,435)	(36,053)	(50,862)	-	(1,580)	252,936	
Vehicles	26,582	16,316	510	(1,336)	(6,445)	-	(130)	(1,260)	34,237	
Ships	25,785	4,149	1,164	-	(3,035)	-	-	(835)	27,228	
Mature biological assets	65,726	-	5,119	-	(6,702)	-	-	(3,813)	60,330	
Non-mature biological assets	20,025	6,177	(4,695)	(201)	-	-	-	(1,220)	20,086	
Others	47,703	25,628	8,496	(2,549)	(22,407)	-	156	(8,446)	48,581	
Construction in progress	30,295	333,180	(291,653)	(14)	-	(1,319)	-	(957)	69,532	
Right-of-use assets	510,964	210,677	(316)	(35,982)	(217,079)	-	(310)	3,665	471,619	
	<u>₩ 1,745,475</u>	<u>₩ 796,603</u>	<u>₩ (54,641)</u>	<u>₩ (65,253)</u>	<u>₩ (324,918)</u>	<u>₩ (54,150)</u>	<u>₩ 22,512</u>	<u>₩ (12,399)</u>	<u>₩ 2,053,229</u>	

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**9.1 Property, plant and equipment (cont'd)**

	2024									
	Jan. 1	Addition	Transfer	Disposals	Depreciation	Impairment loss	Change in the scope of consolidation	Others (*1)	Dec. 31	
Land	₩ 230,452	₩ 2,793	₩ 1,582	₩ (1,482)	₩ -	₩ -	₩ 111	₩ 1,883	₩ 235,339	
Buildings	268,914	4,573	6,332	(1,146)	(14,765)	-	280	13,762	277,950	
Structures	183,779	1,488	4,327	(4,234)	(11,366)	-	1,975	11,980	187,949	
Machinery and equipment	327,869	9,882	10,970	305	(38,288)	(49)	429	6,039	317,157	
Vehicles	22,884	6,960	(173)	(408)	(5,079)	-	387	2,011	26,582	
Ships	13,518	14,522	-	-	(2,247)	-	-	(8)	25,785	
Mature biological assets	62,308	-	4,251	-	(6,445)	-	-	5,612	65,726	
Non-mature biological assets	14,666	7,635	(3,810)	(5)	-	-	-	1,539	20,025	
Others	38,080	13,575	13,877	(823)	(19,840)	(169)	714	2,289	47,703	
Construction in progress	27,900	45,379	(39,018)	-	-	(5,547)	114	1,467	30,295	
Right-of-use assets	393,746	294,196	(244)	(7,501)	(191,273)	-	642	21,398	510,964	
	₩ 1,584,116	₩ 401,003	₩ (1,906)	₩ (15,294)	₩ (289,303)	₩ (5,765)	₩ 4,652	₩ 67,972	₩ 1,745,475	

(\*1) It consists of transfers to investment property, among others.

(\*2) See note 21.

(\*3) See note 29.

(\*4) Includes the effects of fluctuation in foreign currency exchange rates.

**9.2 Investment properties**

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

	December 31, 2025		December 31, 2024	
	Lands	Buildings	Lands	Buildings
Acquisition cost	₩ 10,935	₩ 50,815	₩ -	₩ 5,259
Accumulated depreciation	-	(3,358)	-	(1,523)
Net book value	₩ 10,935	₩ 47,457	-	₩ 3,736

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**9.2 Investment properties (cont'd)**

Changes in the net book value of investment properties for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
	Lands	Buildings	Lands	Buildings
Jan. 1	₩ -	₩ 3,736	₩ -	₩ 4,205
Transfers	10,935	43,686	-	-
Depreciation	-	(1,169)	-	(145)
Others	-	1,204	-	(324)
Dec. 31	₩ 10,935	₩ 47,457	₩ -	₩ 3,736

Gains and losses related to investment property recognized during the current and prior periods are as follows:

	2025		2024	
Rental income	₩	4,232	₩	1,152
Depreciation		(1,169)		(145)

**9.3 Assets provided as collateral**

The details of the assets provided as collateral as of December 31, 2025, are as follows (Korean won in millions):

	Net book value	Agreed debt limit	Security holder	Description
Land and buildings	₩ 323,093	₩ 250,400	Korea Development Bank	Mortgages payable
Land and buildings	7,032	5,474	Kashikorn Bank	Mortgages payable
Land and buildings	12,294	11,640	Shinhan Bank	Collateral for credit facilities
Plant and equipment, etc.	171,909	210,000	Woori Bank, etc.	Project Financing (PF) loan payable

**9.4 Insurance**

As of December 31, 2025, the assets covered by insurance policies are as follows (Korean won in millions):

As of the end of the current period, the Group maintains property all-risk insurance, including coverage from KB Insurance Co., Ltd. and others, in the amount of ₩1,936,498 million in relation to property, plant and equipment and inventories. In addition to the above insurance, the Group has also obtained cargo liability insurance, warehouse keeper's liability insurance and international freight forwarder's liability insurance.

Furthermore, as of the end of the current period, Shinhan Bank has established a pledge of ₩1,663 million over the Group's fire insurance policies.

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**10. INTANGIBLE ASSETS:**

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

	December 31, 2025		December 31, 2024	
Goodwill	₩	293,960	₩	264,452
Industrial property rights		551		651
License		29,536		27,991
Overseas resources development		464,642		503,575
Others		421,131		438,392
Intangible assets under development		9,690		44,580
	₩	1,219,510	₩	1,279,641

Changes in the net book value of intangible assets for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025							Total
	Goodwill	Industrial property rights	License	Overseas resources development	Others	Intangible assets under development		
Jan. 1	₩ 264,452	₩ 651	₩ 27,991	₩ 503,575	₩ 438,392	₩ 44,580	₩ 1,279,641	
Acquisitions	-	12	1,977	-	6,027	18,011	26,027	
Disposals	-	-	(565)	-	(438)	-	(1,003)	
Transfer (*1)	-	41	18	-	52,912	(52,900)	71	
Amortization	-	(243)	-	(20,812)	(57,855)	-	(78,910)	
Impairment (*3)	(5,408)	-	(60)	-	(36,690)	-	(42,158)	
Change in the scope of consolidation (*4)	36,796	-	167	-	23,012	-	59,975	
Others (*5)	(1,880)	90	8	(18,121)	(4,229)	(1)	(24,133)	
Dec. 31	₩ 293,960	₩ 551	₩ 29,536	₩ 464,642	₩ 421,131	₩ 9,690	₩ 1,219,510	

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**10. Intangible assets (cont'd)**

	2024					
	Goodwill	Industrial property rights	License	Overseas resources development	Others	Total
Jan. 1	₩ 315,889	₩ 804	₩ 23,207	₩ 374,850	₩ 520,832	₩ 1,235,582
Acquisitions	-	6	6,066	-	21,538	27,610
Disposals	-	(64)	(1,758)	-	(398)	(2,220)
Transfer (*1)	-	74	-	-	1,722	1,796
Held-for-sale classification(*2)	-	-	-	(50,001)	(35,835)	(85,836)
Amortization	-	(266)	-	(28,048)	(45,990)	(74,304)
Reversal of impairment (impairment) (*3)	(110,184)	-	277	(16,140)	-	(126,047)
Change in the scope of consolidation (*4)	55,713	-	-	157,274	2,606	215,593
Others (*5)	3,034	97	199	65,640	18,497	87,467
Dec. 31	₩ 264,452	₩ 651	₩ 27,991	₩ 503,575	₩ 482,972	₩ 1,279,641

(\*1) Represents amounts transferred from property, plant and equipment (i.e., construction in progress).

(\*2) See Note 31.

(\*3) See Note 21.

(\*4) See Note 29.

(\*5) Includes the effects of fluctuation in foreign currency exchange rates.

The Group participates as the Klaytn Blockchain Platform Operator (General Council Officer) and is acquiring the cryptocurrency, Kaia(formerly, Klay). Acquisition of the asset does not require significant acquisition costs; therefore, it is treated as a non-retained asset. As of December 31, 2025, the Group has 3,742,084 Kaia (2024: 3,742,072 Kaia).

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**11. TRADE AND OTHER RECEIVABLES:**

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

	December 31, 2025			December 31, 2024		
	Total amount	Allowance for doubtful accounts	Net value	Total amount	Allowance for doubtful accounts	Net value
<b>Current:</b>						
Trade accounts receivable	₩1,685,147	₩ (15,682)	₩ 1,669,465	₩ 1,630,653	₩ (49,455)	₩ 1,581,198
Short-term loans	7,391	(6,813)	578	7,861	(7,385)	476
Other accounts receivable (*1)	211,853	(19,544)	192,309	170,091	(23,287)	146,804
Accrued income	28,847	(4,592)	24,255	22,692	(4,759)	17,933
Short-term deposits	17,696	-	17,696	23,431	-	23,431
Current portion of long-term other accounts receivable	28,544	-	28,544	29,243	-	29,243
Finance lease receivable	327	-	327	705	-	705
	<u>₩1,979,805</u>	<u>₩ (46,631)</u>	<u>₩ 1,933,174</u>	<u>₩ 1,884,676</u>	<u>₩ (84,886)</u>	<u>₩ 1,799,790</u>
<b>Non-current:</b>						
Long-term receivables	₩ 155,709	₩ (161)	₩ 155,548	₩ 170,340	₩ (159)	₩ 170,181
Long-term loans	28,200	(27,345)	855	27,462	(26,476)	986
Long-term other accounts receivable (*1)	613	(520)	93	613	(520)	93
Long-term accrued income	3,671	(2,837)	834	2,100	(2,100)	-
Long-term bank deposits (*2)	23,013	-	23,013	47,879	-	47,879
Long-term deposits	38,642	-	38,642	33,715	(1,491)	32,224
Finance lease receivable	1,464	-	1,464	1,903	-	1,903
	<u>251,312</u>	<u>(30,863)</u>	<u>220,449</u>	<u>284,012</u>	<u>(30,746)</u>	<u>253,266</u>
	<u>₩2,231,117</u>	<u>₩ (77,494)</u>	<u>₩ 2,153,623</u>	<u>₩ 2,168,688</u>	<u>₩ (115,632)</u>	<u>₩ 2,053,056</u>

(\*1) As of December 31, 2025, short- and long-term other receivables related to derivatives of ₩7,953 million (₩14,538 million in 2024) and equity options of ₩2,200 million (₩1,700 million in 2024) were excluded (see Note 6).

(\*2) As of December 31, 2025, it presents the amount after excluding ₩13,181 million (₩12,012 million in 2024) of excessive amount of plan assets (see Note 19).

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**11. Trade and other receivables (cont'd)**

Changes in the net book value of allowance for doubtful accounts for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Jan. 1	₩ 49,455	₩ 66,177	₩ 46,415	₩ 62,537
Bad debt expenses (reversal)	2,532	4,339	5,962	(2,530)
Others (including foreign currency translation differences) (*1)	(36,305)	(8,704)	(2,922)	6,170
Dec. 31	₩ 15,682	₩ 61,812	₩ 49,455	₩ 66,177

Aging analyses of trade receivables as of December 31, 2025 and 2024, are as follows (Korean won in millions):

	December 31, 2025		December 31, 2024	
Less than 3 months	₩	1,657,198	₩	1,541,549
3 to 6 months		14,613		20,964
6 to 12 months		1,348		2,798
1 year to 3 years		6,675		20,766
More than 3 years		5,313		44,576
	₩	1,685,147	₩	1,630,653

**Derecognition of financial instruments**

As of December 31, 2025, there are no trade accounts receivable that were transferred or factored, but not derecognized because the requirements for financial instrument derecognition are not met.

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**12. BORROWINGS AND BONDS:**

**12.1 Short-term borrowings**

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

	Description	Annual interest rate as of Dec. 31,			
		2025	2025	2024	2024
Short-term operating loans	KDB Bank and others	3.11% and others	₩ 75,609	₩	320,699
Others			-		2,878
			₩ 75,609	₩	323,577

The Group has contracts of commercial paper discount with HSBC, SMBC, CA, etc. Amounts that have not reached maturity after discounts and do not meet the requirements of financial asset derecognition are accounted as short-term borrowings.

The Group has signed individual and comprehensive loan agreements (credit limit of ₩33,370 million) with Shinhan Bank and four other banks in relation to bank overdraft facilities as of December 31, 2025. In relation to the bank overdraft facilities above, long-term financial instruments are provided as collateral.

**12.2 Long-term borrowings**

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

	Financial institution	Annual interest rate as of Dec. 31, 2025	December 31,	
			2025	2024
Local currency	The Export-Import Bank of Korea	Export-Import Financial Debentures 3 months + 1.36%	₩ 1,286,823	₩ 1,066,179
PF loan	Woori Bank and others (*1)	4.82%	41,946	45,116
	Nonghyup and others (*2)	3.29%	86,836	93,397
Foreign currency	Korea Energy Agency and others	Representative loan interest rate - 2.25%	108,096	86,250
	Hana Bank (*3)	SOFR + 1.6%	31,568	-
	Mizuho Bank	SOFR + 3.4%	-	32,340
			1,555,269	1,323,282
Less: Current portion			(415,058)	(352,211)
			₩ 1,140,211	₩ 971,071

(\*1) The base rate of Tranche A loans is the implied yield curve consensus of six-month financial bonds I (bank bonds) (AAA), and the additional interest rate is 1.91%.

(\*2) Tranche B loan is a fixed rate.

(\*3) Due to the arrangement of the Group (see Note 24.1), it is classified as a liability in accordance with K-IFRS 1032.

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**12.3 Bonds**

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

Series	Issue date	Maturity date	Annual interest rate	December 31, 2025	December 31, 2024	Warranty
119-1st	May. 13, 2020	May. 13, 2030	3.10%	₩ 50,000	₩ 50,000	Non-warranty
120-2nd	May. 27, 2020	May. 27, 2025	2.07%	-	50,000	Non-warranty
121-1st	Aug. 6, 2021	Aug. 6, 2026	2.29%	20,000	20,000	Non-warranty
121-2nd	Aug. 6, 2021	Aug. 6, 2031	3.10%	30,000	30,000	Non-warranty
122-1st	Jan. 28, 2022	Jan. 27, 2025	2.96%	-	110,000	Non-warranty
122-2nd	Jan. 28, 2022	Jan. 28, 2027	3.14%	110,000	110,000	Non-warranty
122-3rd	Jan. 28, 2022	Jan. 26, 2029	3.33%	80,000	80,000	Non-warranty
123-1st	Apr. 24, 2023	Apr. 24, 2025	3.99%	-	30,000	Non-warranty
123-2nd	Apr. 24, 2023	Apr. 24, 2026	4.11%	100,000	100,000	Non-warranty
123-3rd	Apr. 24, 2023	Apr. 24, 2028	4.39%	70,000	70,000	Non-warranty
124-1rd	Apr. 16, 2025	Apr. 16, 2027	2.90%	120,000	-	Non-warranty
124-2nd	Apr. 16, 2025	Apr. 14, 2028	2.93%	180,000	-	Non-warranty
Pantos bond 2-1st	Apr. 18, 2022	Apr. 18, 2025	4.05%	-	10,000	Non-warranty
Pantos bond 2-2nd	Apr. 18, 2022	Apr. 16, 2027	4.23%	60,000	60,000	Non-warranty
Pantos bond 3-1st	Apr. 30, 2025	Apr. 30, 2027	2.82%	60,000	-	Non-warranty
Pantos bond 3-2nd	Apr. 30, 2025	Apr. 28, 2028	2.84%	100,000	-	Non-warranty
Pantos bond 3-3rd	Apr. 30, 2025	Apr. 30, 2030	2.89%	40,000	-	Non-warranty
Less: discount on bonds				(1,653)	(825)	
Less: current portion of bonds				(120,000)	(200,000)	
Less: current portion of discount on bonds				35	29	
				₩ 898,382	₩ 519,204	

The Group issued the 119-1st; 121-1st and 121-2nd; 122-2nd and 122-3rd; 123-2nd and 123-3rd; 124-1st 124-2nd; Pantos bond 2-2nd, 3-1st, 3-2nd, 3-3rd unsecured bonds at discounts; the bonds are to be repaid at the maturity date at once and the interest payment is the three-month redemption condition. Discounts on the bonds are amortized using the effective interest method over the repayment period of the bonds and added to finance costs.

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**13. PROVISIONS:**

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

	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Rehabilitation provisions	₩ 19,938	₩ 72,990	₩ 6,320	₩ 65
Provisions for litigation	-	19,853	-	20,939
Others	9,531	8,519	4,924	687
	₩ 29,469	₩ 101,362	₩ 11,244	₩ 102,991

Changes in provisions for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025					
	Jan. 1	Recognition (Reversal)	Used	Change in the scope of consolidation	Others(*1)	Dec. 31
Rehabilitation provisions	₩ 87,685	₩ 13,730	₩ (7,092)	₩ -	₩ (1,395)	₩ 92,928
Provisions for litigation	20,939	(548)	(538)	-	-	19,853
Others	5,611	18,108	(5,465)	-	(204)	18,050
	₩ 114,235	₩ 31,290	₩ (13,095)	₩ -	₩ (1,599)	₩ 130,831

	2024						
	Jan. 1	Recognition	Used	Change in the scope of consolidation	Others	Held-for-sale classification	Dec. 31
Rehabilitation provisions	₩ 21,937	₩ 13,240	₩ (12,601)	₩ 2,445	₩ 10,708	₩ (48,044)	₩ 87,685
Onerous contracts	7,292	(3,552)	(4,476)	-	736	-	-
Provisions for litigation	19,442	1,588	(132)	-	41	-	20,939
Others	6,757	3,657	(5,348)	-	545	-	5,611
	₩ 155,428	₩ 14,933	₩ (22,557)	₩ 2,445	₩ 12,030	₩ (48,044)	₩ 14,235

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**14. CAPITAL STOCKS AND OTHERS:**

**14.1 Capital stocks**

Details of capital stocks as of December 31, 2025 and 2024, are as follows (Korean won in millions, except per share amounts):

	December 31, 2025	December 31, 2024
Ordinary shares issued	38,760,000	38,760,000
Par value per share (in Korean won)	5,000	5,000
Capital stocks	₩ 193,800	₩ 193,800

**14.2 Capital surplus**

Details of capital surplus as of December 31, 2025 and 2024, are as follows (Korean won in millions):

	December 31, 2025	December 31, 2024
Paid-in capital in excess of par value	₩ 47,106	₩ 47,106
Asset revaluation reserves (*1)	37,286	37,286
Other capital surplus	87,914	89,684
	₩ 172,306	₩ 174,076

(\*1) The Parent Company revalued its property, plant and equipment on July 1, 1998, in accordance with the Assets Revaluation Act, and the revaluation difference amounted to ₩87,151 million. The revaluation reserve was calculated by deducting the revaluation tax and the exchange rate adjustment difference from the revaluation difference.

**14.3 Other components of equity**

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

	December 31, 2025	December 31, 2024
Treasury stock (*1)	₩ (40,689)	₩ (40,689)
Other capital adjustments	(922)	(611)
	₩ (41,611)	₩ (41,300)

(\*1) For the year ended December 31, 2025, the Group has 2,792,098 shares of treasury stock.

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**14.4 Accumulated other comprehensive income (loss)**

Details of accumulated other comprehensive loss as of December 31, 2025 and 2024, are as follows (Korean won in millions):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Gain (loss) on valuation of financial assets at FVTOCI	₩ 23,828	₩ (19,043)
Gain on valuation of cash hedge derivatives	4,184	6,431
Negative changes in equity arising from equity method investments (*1)	(20,280)	(33,393)
Exchange differences on translation of foreign operations (*2)	269,615	279,779
Revaluation surplus	(25)	-
	<u>₩ 277,322</u>	<u>₩ 233,774</u>

(\*1) This is the amount after the adjustment of ₩ (1,317) million, which was reclassified as net income due to the disposal of investments in associates during the current period.

(\*2) This is the amount after the adjustment of ₩ 2,650 million, which was reclassified as net income due to the disposal of shares in subsidiaries during the current period.

**14.5 Retained earnings**

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Legal reserve	₩ 113,062	₩ 95,142
Business rationalization reserve	1,511	1,511
Improvement of financial structure reserve	13,693	13,693
Other legal reserve	2,213	2,211
Retained earnings before appropriations	2,039,702	1,987,359
	<u>₩ 2,170,181</u>	<u>₩ 2,099,916</u>

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**14.6 Earnings per share**

Earnings per share attributable to the owners of the Parent Company for the years ended December 31, 2024 and 2023, are computed as follows (Korean won):

	2025		2024	
Profit for the year	₩	141,810,366,263	₩	175,694,960,423
Weighted-average number of ordinary shares outstanding (*1)		35,967,902		35,967,902
Basic earnings per share	₩	3,943	₩	4,885

(\*1) The weighted-average number of ordinary shares outstanding for the years ended December 31, 2025 and 2024, is as follows:

	2025		2024	
	Number of shares	Number of shares* Days of holding	Number of shares	Number of shares* Days of holding
Number of common shares issued	38,760,000	14,147,400,000	38,760,000	14,186,160,000
Treasury shares	(2,792,098)	(1,019,115,770)	(2,792,098)	(1,021,907,868)
Number of ordinary shares outstanding	35,967,902	13,128,284,230	35,967,902	13,164,252,132
Days of holding		365 days		366 days
Weighted-average number of ordinary shares outstanding (*1)		35,967,902		35,967,902

(\*1) The weighted-average number of ordinary shares in circulation for the year ended December 31, 2025 and 2024, are the same as the number of common treasury shares deducted from the total number of issued common shares because there is no change in the number of treasury shares.

**15. DIVIDENDS:**

For the years ended December 31, 2025 and 2024, dividends attributable to the owners of the Parent Company are as follows (Korean won in millions, except per share amounts):

	2025		2024	
Dividend per share (in Korean won)	₩	2,000	₩	1,200
Dividends paid		71,936		43,161

As of December 31, 2025 and 2024, proposed dividends to be approved at the general meeting of shareholders are as follows (Korean won in millions, except per share amounts):

	2025		2024	
Dividend per share (in Korean won)	₩	2,000	₩	2,000
Dividends paid		71,936		71,936

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**16. SALES:**

Revenue from contracts with customers for the years ended December 31, 2025 and 2024, is as follows (Korean won in millions):

	2025			
	Resource	Trading/new growth	Logistics	Total
<b>Revenue recognized at a point of time:</b>				
Sales of goods	₩ 957,484	₩ 7,548,741	₩ 28,922	₩ 8,535,147
Sales of services	3,039	3,841	-	6,880
	<u>960,523</u>	<u>7,552,582</u>	<u>28,922</u>	<u>8,542,027</u>
<b>Revenue recognized over period:</b>				
Sales of services	257,109	64,226	7,842,948	8,164,283
	<u>₩ 1,217,632</u>	<u>₩ 7,616,808</u>	<u>₩ 7,871,870</u>	<u>₩ 16,706,310</u>
	2024			
	Resource	Trading/new growth	Logistics	Total
<b>Revenue recognized at a point of time:</b>				
Sales of goods	₩ 1,000,232	₩ 7,442,875	₩ 25,691	₩ 8,468,798
Sales of services	2,954	24,135	-	27,089
	<u>1,003,186</u>	<u>7,467,010</u>	<u>25,691</u>	<u>8,495,887</u>
<b>Revenue recognized over period:</b>				
Sales of services	154,286	65,056	7,922,344	8,141,686
	<u>₩ 1,157,472</u>	<u>₩ 7,532,066</u>	<u>₩ 7,948,035</u>	<u>₩ 16,637,573</u>

Details of contract assets and liabilities arising from contracts with customers as of December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
<b>Contract assets:</b>				
Logistics	₩	31,526	₩	55,302
Trading/new growth		12,767		794
	<u>₩</u>	<u>44,293</u>	<u>₩</u>	<u>56,096</u>
<b>Contract liabilities:</b>				
Advance from customers				
Resource	₩	541	₩	1,527
Trading/new growth		108,836		136,357
		<u>109,377</u>		<u>137,884</u>
Unearned revenue				
Trading/new growth		4,567		4,909
Logistics		129,514		124,451
		<u>134,081</u>		<u>129,360</u>
	<u>₩</u>	<u>243,458</u>	<u>₩</u>	<u>267,244</u>

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**16. Sales (cont'd)**

Changes in the contract assets and contract liabilities for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

		2025			
		Jan. 1	Increase	Decrease	Dec. 31
<b>Contract assets:</b>					
Logistics	₩	55,302	₩ 31,526	₩ (55,302)	₩ 31,526
Trading/new growth		794	13,912	(1,939)	12,767
	₩	56,096	₩ 45,438	₩ (57,241)	₩ 44,293
<b>Contract liabilities:</b>					
Advance from customers					
Resource	₩	1,527	₩ 396	₩ (1,382)	₩ 541
Trading/new growth		136,357	115,223	(142,744)	108,836
		137,884	115,619	(144,126)	109,377
Unearned revenue					
Trading/new growth		4,909	6,086	(6,428)	4,567
Logistics		124,451	129,514	(124,451)	129,514
		129,360	135,600	(130,879)	134,081
	₩	267,244	₩ 251,219	₩ (275,005)	₩ 243,458
		2024			
		Jan. 1	Increase	Decrease	Dec. 31
<b>Contract assets:</b>					
Logistics	₩	25,856	₩ 55,302	₩ (25,856)	₩ 55,302
Trading/new growth		2,572	3,956	(5,734)	794
	₩	28,428	₩ 59,258	₩ (31,590)	₩ 56,096
<b>Contract liabilities:</b>					
Advance from customers					
Resource	₩	335	₩ 1,941	₩ (749)	₩ 1,527
Trading/new growth		117,888	138,476	(120,007)	136,357
		118,223	140,417	(120,756)	137,884
Unearned revenue					
Trading/new growth		3,788	18,677	(17,556)	4,909
Logistics		62,157	124,451	(62,157)	124,451
		65,945	143,128	(79,713)	129,360
	₩	184,168	₩ 283,545	₩ (200,469)	₩ 267,244

**LX International Corp. and its Subsidiaries**  
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**17. SELLING AND ADMINISTRATIVE EXPENSES:**

Details of selling and administrative expenses for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
Salaries	₩	391,770	₩	385,802
Retirement benefits		24,102		23,737
Employee welfare benefits		96,596		91,128
Travel		24,730		23,028
Taxes and dues		14,153		12,201
Rents		17,305		19,053
Depreciation		62,172		57,927
Amortization		69,974		58,663
Insurance		13,195		11,273
Custody		1,360		1,534
Freight		149,352		129,539
Loading and unloading		22		56
Professional services		194,358		177,171
Bad debt expenses		2,532		5,962
Expenses for overseas branch office		8,210		7,482
Others		15,544		13,306
	₩	1,085,375	₩	1,017,862

**18. EXPENSES CLASSIFIED BY NATURE:**

Expenses classified by nature for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
Cost of goods sales	₩	6,848,825	₩	6,691,447
Use of raw materials and supplies		1,148,055		1,047,987
Employee benefits (salaries and retirement benefits)		679,726		666,738
Distribution costs (custody charges, packaging costs and transportation expenses)		163,992		147,027
Cost of logistics sales		6,056,662		6,108,719
Depreciation and amortization		404,998		363,752
Others		1,111,858		1,122,717
	₩	16,414,116	₩	16,148,387

**LX International Corp. and its Subsidiaries**  
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**19. PENSION BENEFITS:**

The Group operates both defined contribution and defined benefit pension plans.

Details of employee benefit liabilities as of December 31, 2025 and 2024, are as follows (Korean won in millions):

	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	₩ 202,320	₩ 195,372
Fair value of plan assets (*1)	(200,751)	(193,352)
	<u>₩ 1,569</u>	<u>₩ 2,020</u>

(\*1) As of December 31, 2025, the Group classified ₩13,181 million (₩12,011 million in 2024) of excessive amount of plan assets as other non-current assets.

Expenses recognized in respect of the defined benefit plans for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025	2024
Current service costs	₩ 24,745	₩ 25,178
Net interest costs	(494)	(965)
Management cost of plan assets	231	248
Past service cost	295	12
	<u>₩ 24,777</u>	<u>₩ 24,473</u>

Changes in the present value of defined benefit obligation for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025	2024
As of January 1	₩ 195,372	₩ 184,275
Current service costs	24,745	25,178
Interest costs	6,430	7,246
Benefits paid	(23,498)	(20,773)
Transfer in (out)	1,024	(850)
Remeasurement loss (gain) on defined benefit plans	(1,806)	(871)
Past service cost	295	12
Others	(242)	1,155
As of December 31	<u>₩ 202,320</u>	<u>₩ 195,372</u>

**LX International Corp. and its Subsidiaries**  
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**19. Pension benefits (cont'd)**

Changes in the fair value of plan assets for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
As of January 1	₩	193,352	₩	194,221
Return on plan assets		6,924		8,212
Contribution payable		23,792		6,549
Benefits paid		(22,637)		(15,935)
Transfer in (out)		62		171
Remeasurement loss on defined benefit plans		(508)		382
Management costs of plan assets		(231)		(248)
Others		(3)		
As of December 31	₩	200,751	₩	193,352

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

	December 31, 2025	December 31, 2024
Salary increase rate	2.50%–4.59%	2.50%–4.91%
Discount rate	3.60%–4.26%	3.35%–3.94%

Sensitivity analyses on the principal assumptions used in actuarial calculation as of December 31, 2025, are as follows (Korean won in millions):

	Defined benefit obligation		
	Dec. 31	Increase by 1%	Decrease by 1%
Salary increase rate	₩ 202,320	₩ 217,723	₩ 188,544
Discount rate	202,320	189,153	217,276

Expenses by operating a defined contribution plan for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
Retirement benefits	₩	758	₩	1,147

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**20. OTHER NON-OPERATING INCOME AND COSTS:**

Details of finance income and cost for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
Interest income	₩	37,024	₩	39,138
Gain on foreign currency transactions		203,287		267,811
Gain on foreign currency translation		51,674		95,584
Gain on currency forwards		19,731		19,970
Gain on currency swaps		317		-
Dividend income		6,557		12,547
Guarantee fee income		14		-
	₩	318,604	₩	435,050
Interest expenses	₩	127,033	₩	124,299
Loss on foreign currency transactions		215,485		249,137
Loss on foreign currency translation		55,288		97,853
Loss on currency forwards		22,145		34,458
Loss on disposal of receivables		24,822		34,864
	₩	444,773	₩	540,611

Share of profit (loss) of subsidiaries and associates, and related gain and loss for the years ended December 31, 2025 and 2024, is as follows (Korean won in millions):

	2025		2024	
Share of profit of subsidiaries and associates	₩	138,520	₩	182,044
Share of loss of subsidiaries and associates		(1,885)		(1,783)
Gain on disposal of investments in subsidiaries and associates		800		2,012
Loss on disposal of investments in subsidiaries and associates		(1,412)		(26)
Impairment loss on investments in subsidiaries and associates		(2,816)		(1,607)
	₩	133,207	₩	180,640

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**20. OTHER NON-OPERATING INCOME AND COSTS (cont'd)**

Other non-operating income and expenses for the years ended December 31, 2025 and 2024, are as follows  
(Korean won in millions):

	2025		2024
Other bad debt expenses	₩ (4,339)	₩	2,530
Gain on disposal of property, plant and equipment	5,867		3,693
Gain on disposal of intangible assets	2,826		10,654
Impairment loss on intangible assets	(42,158)		(126,046)
Impairment loss on Property, plant and equipment	(54,150)		(5,765)
Gain on exemption from debt	4,707		3,356
Others	(9,135)		7,736
	₩ (96,382)	₩	(103,842)

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**21. IMPAIRMENT:**

Details of impairment loss and reversal of impairment loss recognized for the year ended December 31, 2025, are as follows (Korean won in millions):

2025									
	Tangible/ intangible assets	Intangible assets	Investments in associates	Property, plant and equipment	Property, plant and equipment	Intangible assets	Intangible assets	Intangible assets	Intangible assets
Segment	Trading/ New growth	New growth	Trading/ New growth	New growth	New growth	New growth	New growth	New growth	Collectively grouped
Cause of impairment	Decline of business performances	Decline of business performances	Decline of business performances	Decline of business performances	Physical damage	Under- performance	Decline of business performances	Decline of business performances	Decrease in the market price
Nature of asset	Glass manufacturing	Contract	Start-up	Construction in progress	Machine	Capitalized development costs	Software	Software	License
Related region	Asia	Asia	Asia	Asia	Asia	Asia	Asia	Asia	Asia
Impairment loss (reversal of impairment loss)	₩ 89,035	₩ 5,597	₩ 2,816	₩ 1,319	₩ 253	₩ 21	₩ 24	₩ 24	₩ 60
Measuring of recoverable amount	Value in use	Net fair value	Net fair value	Net fair value	Net fair value	Net fair value	Net fair value	Net fair value	Net fair value
Basis of estimates	Zero-Growth / DCF	-	-	-	-	-	-	-	-
Discount rate	7.87%	-	-	-	-	-	-	-	-

Details of impairment recognized for the year ended December 31, 2024, are as follows (Korean won in millions):

2024							
	Intangible assets	Investments in associates	Intangible assets	Intangible assets	Property, plant and equipment	Property, plant and equipment	Property, plant and equipment
Segment	Trading/new growth	Trading/new growth	Resource	Collectively grouped	New growth	New growth	New growth
Cause of impairment	Decline of business performances	Held-for-sale asset classification	Held-for-sale asset classification	Increase in the market price	Abandoned equipment	Contract termination	Contract termination
Nature of asset	Glass manufacturing	Steel processing	Coal mining	License	Equipment and supplies	LNG tank terminal	LNG tank terminal
Related region	Asia	Asia	Oceania	Asia	Asia	Asia	Asia
Impairment loss (reversal of impairment loss)	₩ 110,184	₩ 1,607	₩ 16,140	₩ (277)	₩ 218	₩ 5,547	₩ 5,547
Measuring of recoverable amount	Value in use	Net fair value	Net fair value	Fair value, less costs to sell	Fair value, less costs to sell	Fair value, less costs to sell	Fair value, less costs to sell
Basis of estimates	Zero-Growth / DCF	-	-	-	-	-	-
Discount rate	8.60%	-	-	-	-	-	-

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**22. INCOME TAX:**

The major components of income tax expenses for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025	2024
Current income tax	₩ 114,987	₩ 96,675
Changes in deferred tax	(70,339)	117,988
Deferred tax related to items recognized in other comprehensive loss	(60)	(23,733)
Income tax expenses reported in the consolidated statements of profit or loss	₩ 44,588	₩ 190,930

Reconciliations between income tax expense at the effective income tax rate and profit before tax at the Korea statutory tax rate for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025	2024
Profit before income tax	₩ 202,850	₩ 460,422
Statutory income tax (23.1% in 2025, 2024)	46,396	111,189
<b>Adjustments:</b>		
Effect of recognized deferred tax for temporary differences	23,676	76,336
Current-year adjustment related to the income tax on previous years	(20,555)	(634)
Effect of non-deductible expenses for tax purposes	(49,928)	(9,633)
Tax credit	(391)	(307)
Foreign income tax directly charged	11,513	3,515
Income tax on non-recirculation	-	(314)
Others	33,877	10,778
Income tax expenses	₩ 44,588	₩ 190,930
Effective tax rate (income tax expenses/profit before income tax)	21.98%	41.47%

The major components of deferred tax charged directly to equity for the years ended December 31, 2025 and 2024, are follows (Korean won in millions):

	2025	2024
Revaluation surplus	₩ (36)	₩ -
Loss (gain) on valuation of financial assets at FVTOCI	(22,041)	4,890
Equity adjustments in equity method	16,178	(846)
Exchange differences on translation of foreign operations	5,266	(27,464)
Gain (loss) on valuation of derivatives	834	(190)
Remeasurement loss (gain) on defined benefit plans	(261)	(123)
	₩ (60)	₩ (23,733)

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**22. Income tax (cont'd)**

Temporary differences and deferred taxes for the years ended December 31, 2025 and 2024, consist of the following (Korean won in millions):

	Accumulated temporary differences			Deferred tax assets (liabilities)	
	Jan. 1, 2025	Net changes	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025
<b>Deferred income tax due to temporary differences:</b>					
Investments in subsidiaries and associates	₩ (1,081,705)	₩ (74,954)	₩ (1,156,659)	₩ (168,223)	₩ (137,527)
Provisions	107,252	(44,910)	62,342	12,974	11,529
Accrued expenses	89,201	(13,081)	76,120	20,052	17,863
Others	(611,952)	84,436	(527,516)	(136,087)	(115,166)
	<u>(1,497,204)</u>	<u>(48,509)</u>	<u>(1,545,713)</u>	<u>(271,284)</u>	<u>(223,301)</u>
<b>Deferred income tax due to tax deduction:</b>					
Tax deduction carried forward amount				27,848	23,702
<b>Deferred income tax due to deficit carried forward:</b>					
Deficit carried forward	26,412	110,849	137,261	6,026	32,528
<b>Tax credits</b>					
Charged income tax due to non-recirculation				-	-
				<u>₩ (237,410)</u>	<u>₩ (167,071)</u>
<b>Reflected in the consolidated statements of financial position:</b>					
Deferred tax assets				₩ 48,068	₩ 31,225
Deferred tax liabilities				(285,478)	(198,296)
Deferred tax assets, net				<u>₩ (237,410)</u>	<u>₩ (167,071)</u>

Temporary differences for which the deferred tax assets (liabilities) have not been recognized for the years ended December 31, 2025 and 2024, consist of the following (Korean won in millions):

	2025	2024
Investments in subsidiaries, associates or joint ventures (*1)	₩ 415,105	₩ 356,642
Guarantee commission and others	42,365	82,453
	<u>₩ 457,470</u>	<u>₩ 439,095</u>

(\*1) The Group did not recognize deferred tax assets related to temporary differences due to accumulated other comprehensive loss and accumulated losses from investment in subsidiaries or associates in which the Group has no plan for disposal in the foreseeable future.

According to the Global Minimum Tax law, which takes effect from 2024, affiliated companies may be required to pay additional taxes on the difference between the effective tax rates in the jurisdiction of each constituent entity and the minimum tax rate of 15%.

In Panama and Russia, where certain entities within the Group operate, the effective tax rate for 2025 is expected to be below 15%. As a result, income tax expense of ₩181 million has been recognized in the current period.

The Group applies the temporary mandatory relief exception from recognizing and disclosing deferred tax assets and liabilities related to the global minimum tax law, and accordingly, no deferred tax assets or liabilities arising from the global minimum tax have been recognized, and no related information is disclosed.

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**23. RELATED-PARTY DISCLOSURES:**

As of December 31, 2025, LX Holdings Corp., the largest shareholder of the Parent Company, holds 27.83% of the Parent Company's common shares and has significant influence over the Parent Company.

Consolidated subsidiaries as of December 31, 2025, are as follows:

	Country of domicile	Equity ownership (%)	
		2025	2024
<b>Corporations that have significant influence on the Group at the end of the current year:</b>			
LX Holdings Corp. and its subsidiaries	Korea	-	-
<b>Associates:</b>			
Bio Friends INC. (*1)	Korea	10.43	10.44
ATEAM VENTURES Co., Ltd. (*1)	Korea	10.91	10.91
BSG Partners Co., Ltd. (*6)	Korea	70.00	25.28
LX Ventures New Technology Investment Fund 1	Korea	50.00	50.00
POSCO-IPPC (India Pune Processing Center)(*4)	India	-	35.00
POSCO-PWPC (Poland Wroclaw Processing Center)	Poland	40.00	40.00
GS HP Sunflower Village Int'l Corp.	Vietnam	30.00	30.00
Musandam Power Company SAOC (*1)	Oman	18.00	18.00
Gansu Wuwei Cogeneration Power Plant	China	30.00	30.00
KM Resources Ltd. (Rapu-Rapu) (*2)	Malaysia	70.00	70.00
Inner Mongolia Diamond Coal Industry Co., Ltd.	China	30.00	30.00
Shaanxi BBM Biomass Power Generation Co., Ltd.	China	30.00	30.00
Inner Mongolia BDS Chemical Co., Ltd.	China	29.00	29.00
Cypress Tree FP N Core Fund	Korea	39.52	39.52
BOXLINKS LLC(*2, 5)	USA	51.00	100.00
<b>Other related parties (*3):</b>			
LX Hausys Co., Ltd. and its subsidiaries	Korea and others	-	-
LX Semicon Co., Ltd. and its subsidiaries	Korea and others	-	-
LX MMA Co., Ltd.	Korea and others	-	-

(\*1) Companies with ownership stakes of less than 20%, but where affiliated entities hold the right to appoint executives and executives from the affiliated company participate substantially in the management of the investee company as directors, were classified as associates due to significant influence.

(\*2) It was classified as an associate company because it is difficult to determine that the consolidated company has control over it, given that significant decisions are being made unanimously.

(\*3) The companies are not related parties as defined in Paragraph 9 of K-IFRS 1024. However, they are classified as related parties because the Securities and Futures Commission has determined that companies within a large enterprise group are considered related parties according to the substantive relationship defined in Paragraph 10 of K-IFRS 1024.

(\*4) It was disposed of during the current period.

(\*5) The entity was reclassified from a subsidiary to a joint venture due to a change in the scope of consolidation.

(\*6) During the current period, an additional 44.72% interest was acquired, and accordingly, the investee was reclassified as a consolidated subsidiary of the Company.

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**23. Related-party disclosures (cont'd)**

Transactions with related parties for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025			2024		
	Sales	Purchase	Service	Sales	Purchase	Service
<b>Corporations that have significant influence on the Group at the end of the current year:</b>						
LX Holdings Corp. and its subsidiaries	₩ 37	₩ -	₩ 25,436	₩ 4	₩ -	₩ 23,769
<b>Associates:</b>						
Musandam Power Company SAOC	49	-	-	10	-	-
POSCO PWPC SP. Z O.O.	297	-	-	15	-	-
BSG Partners Co., Ltd. (*1)	-	-	5,373	-	-	2,421
Bio Friends INC.	2,227	-	-	1,528	-	-
	<u>2,573</u>	<u>-</u>	<u>5,373</u>	<u>1,553</u>	<u>-</u>	<u>2,421</u>
<b>Other related parties :</b>						
LX Hausys, Ltd. and its subsidiaries	160,820	64	8,507	181,552	-	13,922
LX Semicon and its subsidiaries	4,577	-	-	4,502	-	-
LX MMA Corp.	44,021	16,396	-	42,290	7,921	-
	<u>209,418</u>	<u>16,460</u>	<u>8,507</u>	<u>228,344</u>	<u>7,921</u>	<u>13,922</u>
	<u>₩ 212,028</u>	<u>₩ 16,460</u>	<u>₩ 39,316</u>	<u>₩ 229,901</u>	<u>₩ 7,921</u>	<u>₩ 40,112</u>

(\*1) The entity was included as a subsidiary during the current period, and the amounts represent transactions prior to its inclusion as a subsidiary. Transactions with related parties after its inclusion as a subsidiary amounted to sales of ₩2,295 million.

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**23. Related-party disclosures (cont'd)**

Receivables and payables from transactions with related parties as of December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025				
	Accounts receivable	Loans	Other receivables	Accounts payable	Other payables
<b>Corporations that have significant influence on the Group at the end of the current year:</b>					
LX Holdings Corp. and its subsidiaries	₩ 9	₩ -	₩ 8,238	₩ -	₩ 5,046
<b>Associates:</b>					
KM Resources Ltd. (Rapu-Rapu)	-	11,230	-	-	-
Bio Friends INC.	87	-	-	-	-
	<u>87</u>	<u>11,230</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other related parties:</b>					
LX Hausys, Ltd. and its subsidiaries	31,218	-	181	-	2,333
LX Semicon and its subsidiaries	685	-	-	-	-
LX MMA Corp.	3,592	-	-	4,281	-
	<u>35,495</u>	<u>-</u>	<u>181</u>	<u>4,281</u>	<u>2,333</u>
	<u>₩ 35,591</u>	<u>₩ 11,230</u>	<u>₩ 8,419</u>	<u>₩ 4,281</u>	<u>₩ 7,379</u>
	2024				
	Accounts receivable	Loans	Other receivables	Accounts payable	Other payables
<b>Corporations that have significant influence on the Group at the end of the current year:</b>					
LX Holdings Corp. and its subsidiaries	₩ 1	₩ -	₩ 2	₩ -	₩ 2,711
<b>Associates:</b>					
KM Resources Ltd. (Rapu-Rapu)	-	11,506	-	-	-
POSCO-IPPC (India Pune Processing Center)	-	-	-	-	1
GS HP Sunflower Village Int'l Corp.	-	-	74	-	-
BSG Partners Co., Ltd.	-	-	-	-	457
Bio Friends INC.	166	-	-	-	-
	<u>166</u>	<u>11,506</u>	<u>74</u>	<u>-</u>	<u>458</u>
<b>Other related parties:</b>					
LX MMA Corp.	4,493	-	-	3,488	-
LX Hausys, Ltd. and its subsidiaries	30,415	-	124	408	1,020
LX Semicon and its subsidiaries	634	-	-	-	-
	<u>35,542</u>	<u>-</u>	<u>124</u>	<u>3,896</u>	<u>1,020</u>
	<u>₩ 35,709</u>	<u>₩ 11,506</u>	<u>₩ 200</u>	<u>₩ 3,896</u>	<u>₩ 4,189</u>

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**23. Related-party disclosures (cont'd)**

The Company recognized an allowance for doubtful accounts of ₩13,265 million as of December 31, 2025 (2024: ₩13,212 million) for trade and other accounts receivable from related parties.

Transfers under finance arrangements with the related parties for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025				
	Dividend payment	Receipt of dividend	Contribution in kind	Loans	Collection
<b>Corporations that have significant influence on the Group at the end of the year:</b>					
LX Holdings Corp.	₩ 19,143	₩ -	₩ -	₩ -	₩ -
<b>Associates:</b>					
Musandam Power Company SAOC	-	1,294	-	-	-
Gansu Wuwei Cogeneration Power Plant	-	1,694	-	-	-
Inner Mongolia BDS Chemical Co., Ltd.	-	44,789	-	-	-
Inner Mongolia Diamond Coal Industry Co., Ltd.	-	140,485	-	-	-
LX Ventures New Technology Investment Fund 1	-	-	4,500	-	-
BOXLINKS LLC	-	-	3,718	-	-
	-	188,262	8,218	-	-
	₩ 19,143	₩ 188,262	₩ 8,218	₩ -	₩ -

(\*1) For the year ended December 31, 2023, the subsidiary was consolidated, and the amount represents transaction history up to the point of consolidation as a subsidiary.

	2024			
	Dividend payment	Receipt of dividend	Loans	Collection
<b>Corporations that have significant influence on the Group at the end of the year:</b>				
LX Holdings Corp.	₩ 11,486	₩ -	₩ -	₩ -
<b>Associates:</b>				
GS HP Sunflower Village Int'l Corp.	-	69	-	-
Musandam Power Company SAOC	-	1,210	-	-
Gansu Wuwei Cogeneration Power Plant	-	2,004	-	-
Inner Mongolia BDS Chemical Co., Ltd.	-	22,059	-	-
Inner Mongolia Diamond Coal Industry Co., Ltd.	-	24,264	-	-
	-	49,606	-	-
	₩ 11,486	₩ 49,606	₩ -	₩ -

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**23. Related-party disclosures (cont'd)**

Details of compensation for key management personnel are as follows (Korean won in millions):

	2025	2024
Short-term employee benefits	₩ 17,456	₩ 15,007
Retirement benefits	1,156	1,318
	<u>₩ 18,612</u>	<u>₩ 16,325</u>

**24. COMMITMENTS AND CONTINGENCIES:**

**24.1 Guarantees provided**

Guarantees provided by the Company as of December 31, 2025, are as follows (foreign currencies in thousands):

	<u>Financial institution</u>	<u>Object</u>	<u>Currency</u>	<u>Limit</u>	<u>Used</u>
<b>Subsidiaries:</b>					
PT. Ganda Alam Makmur (*1)	Korea Eximbank	Local finance	USD	24,000	24,000
<b>Associates:</b>					
Musandam Power Company S.A.O.C	Bank Muscat Oman	Local finance	OMR	863	863

(\*1) The Group is contingently liable for payment guarantees issued on behalf of a subsidiary, PT. Ganda Alam Makmur, and each stockholder of this subsidiary is jointly liable to provide additional capital related to guarantees.

Meanwhile, the Group issues L/C to provide Hana Bank with a debt guarantee equivalent to USD 23.3 million.

**LX International Corp. and its Subsidiaries**  
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**24.2 Major agreements such as opening letters of credit**

As of December 31, 2025, the agreements concluded for the establishment of letters of credit and other financial arrangements with financial institutions are as follows (Korean won in millions and foreign currencies in thousands):

Description	Financial institution	Currency	Contract amount
Bills bought	KDB Bank and others	USD	60,000
Letters of credit	Shinhan Bank and others	USD	94,209
Payment guarantee	KB Kookmin Bank and others	USD	94,392
		KRW	10,517
		KRW	16,400
		USD	12,000
Bank overdrafts	Hana Bank and others	JPY	700,000
		THB	20,000
		EUR	4,000
		INR	270,000
		USD	281,940
		EUR	5,000
		AUD	12,000
Line of credit	Hana Bank China and others	CNY	514,000
		THB	170,000
		JPY	1,000,000
		BRL	7,000
		IDR	2,218,300,000
		VND	616,452,000
Facility loans	KDB Bank	KRW	390,300
		KRW	55,000
B2B purchase loan	Shinhan Bank and others	KRW	17,000
		USD	1,214,002
		JPY	12,038,000
		HKD	1,500
		SGD	200
Trade financing	Hana Bank and others	CNY	55,000
		INR	10,000
		IDR	13,600,000
		KRW	116,300
Secured loan of credit sales	Shinhan Bank	KRW	8,000
Loan receivables securitization	KB Glass First LLC	KRW	20,000
IRS	Woori Bank	KRW	20,000

**LX International Corp. and its Subsidiaries**  
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**24.2 Major agreements such as opening letters of credit (cont'd)**

	Currency	Contract amount
	USD	1,756,543
	KRW	653,517
	HKD	1,500
	AUD	12,000
	THB	190,000
	SGD	200
Total	EUR	9,000
	BRL	7,000
	JPY	13,738,000
	CNY	569,000
	INR	280,000
	VND	616,452,000
	IDR	2,231,900,000

Meanwhile, on May 31, 2016, the Group signed a PF agreement with Woori Bank for the Poseung Biomass power generation project, and on February 26, 2021, it signed a PF loan refinancing contract to change some loan stocks, principal and interest rates.

	Financial institution	Limit	Used
PF loan (Tranche A)	Woori Bank and others	₩ 57,000	₩ 57,000
PF loan (Tranche B)	Nonghyup and others	118,000	118,000
PF loan (Tranche C)	Woori Bank	3,000	-

**24.3 Guarantees received**

Guarantees received by the Group as of December 31, 2025, are as follows (Korean won in millions and foreign currencies in thousands):

	Financial institution	Details	Guarantee amount	Description
Dec. 31, 2025	Hana Bank and others	Bond and others	117,951	KRW 63,114, USD 32,373, EUR 46, IDR 35,879,763, SAR 5,044, OMR 863, HKD 412
Dec. 31, 2024	Hana Bank and others	Bond and others	164,242	KRW 63,704, USD 39,439, AUD 41,108, EUR 38, HKD 412, IDR 16,790,763, OMR 874

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**24.4 Pledged notes and checks**

The Group has pledged securities worth ₩323 million to the Korea Finance for Construction.

Furthermore, the Group has a pledge on the account opened by its subsidiary, Poseung Green Power Co., Ltd., in Woori Bank and on the shares of Poseung Green Power Co., Ltd. held by its parent company according to the PF agreement (see Note 12.2). In addition, insurance underlying rights are established in the operating insurance subscribed during the project, and transfer security is established to transfer all rights (including contractual status) of the Group for collateral purposes for investment contracts, Renewable Energy Certificate (REC) sales contracts and liability fuel purchase agency contracts. In addition, the factory foundation (buildings, structures and machinery) has a mortgage. A total of ₩210,000 million is set as collateral in connection with the PF agreement.

The Group pledged 6 notes and 5 checks as collateral to its customers, creditors and guarantors related to various guarantees and borrowings as of December 31, 2025.

**24.5 License Agreement**

As of December 31, 2025, the affiliated company is currently engaged in a brand licensing agreement with LX Holdings Co., Ltd. for the "LX" brand.

**24.6 Joint and several liability on guarantees**

The Parent Company and LF Corp. are jointly and severally liable for the obligations of LXI existing prior to the spin-off.

Furthermore, the Group jointly guarantees totaling ₩4,178 million for the surety insurance issued by Seoul Guarantee Insurance related to forest restoration.

**24.7 Pending lawsuits**

The Group is a defendant in various lawsuits with claims aggregating to ₩28,187 million, and as of December 31, 2025, the outcomes of litigation are not reliably determinable. However, in some litigation cases, it was determined that there is a possibility of an outflow of resources and that the effect can be measured reliably. In this regard, the effect is already reflected in the consolidated financial statements (see Note 13).

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**24.8 Other commitments**

As of December 31, 2025, the commitments the Group has entered into with customers other than financial institutions are as follows:

Type of commitment	Counterparty	Description
Put option	Pablo Air Co., Ltd.	As of December 1, 2021, the Group signed two contracts for the acquisition of convertible preferred stocks of Pablo Air Co., Ltd. with Pablo Air Co., Ltd. and its stakeholder, Young-Jun Kim, and signed a put option contract for the new stocks to be acquired.
Put option	Bio Friends INC.	As of May 20, 2021, the Group signed a put option contract with Bio Friends INC. and its stakeholder, Won-Jun Jo, to acquire equity shares of Bio Friends INC.
Call option	Poseung Green Power Co., Ltd.	On October 13, 2025, the Group entered into an investment agreement with TGPP Pte. Ltd. (the "Investor") and Poseung Green Power Co., Ltd., which includes a call option to acquire all of the preferred shares of Poseung Green Power Co., Ltd. held by the Investor (representing 30.03% of the voting rights).
Subordinated Loan Agreement		On October 19, 2022, the Group entered into a responsible fuel procurement agency agreement with Poseung Green Power Co., Ltd. and, in connection therewith, also entered into a subordinated loan agreement to cover any shortfall (subject to certain conditions) in the fuel cost settlement account.
Call option	BLUELINKS LLC	The Group has a right of first refusal in relation to the shares of BLUELINKS LLC, which allows it to acquire all of the existing shareholders' equity during a specified period within 15 years from the date of establishment.

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**25. FAIR VALUE OF FINANCIAL INSTRUMENTS:**

**25.1 Fair value of financial instruments**

The book value and fair value of financial instruments as of December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
	Book value	Fair value	Book value	Fair value
<b>Financial assets:</b>				
Financial assets measured at amortized cost:				
Cash and cash equivalents	₩ 1,423,479	₩ 1,423,479	₩ 1,217,957	₩ 1,217,957
Short-term financial instruments	49,262	49,262	30,499	30,499
Trade accounts receivable	1,550,332	1,550,332	1,533,535	1,533,535
Long-term loans	855	855	986	986
Other accounts receivable	191,952	191,952	144,350	144,350
Long-term equity instruments	840	840	840	840
Other financial assets	290,417	290,417	323,592	323,592
	<u>3,507,137</u>	<u>3,507,137</u>	<u>3,251,759</u>	<u>3,251,759</u>
Financial assets recognized at fair value:				
Trade accounts receivable	119,133	119,133	47,664	47,664
Other accounts receivable	357	357	2,454	2,454
Other accounts receivable related to derivatives	2,888	2,888	5,494	5,494
Other accounts receivable related to equity options	2,200	2,200	1,700	1,700
Long-term equity instruments	408,531	408,531	317,765	317,765
Other financial assets	5,065	5,065	9,044	9,044
	<u>538,174</u>	<u>538,174</u>	<u>384,121</u>	<u>384,121</u>
	<u>₩ 4,045,311</u>	<u>₩ 4,045,311</u>	<u>₩ 3,635,880</u>	<u>₩ 3,635,880</u>

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**25.1 Fair value of financial instruments (cont'd)**

**Financial liabilities:**

Financial liabilities measured at  
amortized cost:

Trade accounts payable	₩	1,565,879	₩	1,565,879	₩	1,390,792	₩	1,390,792
Other accounts payable (*1)		336,134		336,134		379,970		379,970
Borrowings		1,215,820		1,215,820		1,294,648		1,294,648
Bonds payable		898,382		898,382		519,204		519,204
Current portion of bonds and long-term borrowings		535,023		535,023		552,182		552,182
Lease liabilities		416,168		416,168		451,950		451,950
Other financial liabilities (*1)		181,927		181,927		180,303		180,303
		<u>5,149,333</u>		<u>5,149,333</u>		<u>4,769,049</u>		<u>4,769,049</u>

Financial liabilities recognized at fair  
value:

Other accounts payable related to derivatives		108		108		868		868
		<u>108</u>		<u>108</u>		<u>868</u>		<u>868</u>
	₩	<u>5,149,441</u>	₩	<u>5,149,441</u>	₩	<u>4,769,917</u>	₩	<u>4,769,917</u>

(\*1) The amounts included in the aforementioned accounts payable and other financial liabilities include amounts related to employee benefits that are not classified as financial liabilities.

**25.2 Fair value measurement of assets and liabilities recorded in the consolidated statements of financial position**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs, which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques that use inputs that have a significant effect on the recorded fair value and that are not based on observable market data (unobservable inputs).

As of December 31, 2025 and 2024, the Company holds assets and liabilities measured at fair value in the consolidated statements of financial position, and assets and liabilities for which the fair values were disclosed, as follows (Korean won in millions):

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**25.2 Fair value measurement of assets and liabilities recorded in the consolidated statements of financial position (cont'd)**

	2025		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss:</b>			
Other accounts receivable related to derivatives	₩ -	₩ 2,008	₩ -
Other financial assets related to equity options	-	-	2,200
Equity instruments held for long term (*1)	-	-	24,819
<b>Financial assets at FVTOCI:</b>			
Equity instruments held for long term (*1)	331,184	-	50,877
<b>Financial liabilities at fair value through profit or loss:</b>			
Other accounts payable related to derivatives	-	108	-
<b>Derivatives related to hedge accounting:</b>			
Other accounts receivable related to derivatives	-	880	-
Other financial assets	-	5,065	-

(\*1) Equity securities whose fair value cannot be measured reliably were measured at cost after recognizing the impairment loss. Accordingly, they have been excluded from the above fair value hierarchy.

There were no movements between the levels of the fair value hierarchy for the year ended December 31, 2025.

	2024		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss:</b>			
Other accounts receivable related to derivatives	₩ -	₩ 5,494	₩ -
Other financial assets related to derivatives	-	-	1,700
Equity instruments held for long term (*1)	-	-	21,682
<b>Financial assets at FVTOCI:</b>			
Equity instruments held for long term (*1)	210,614	-	83,844
<b>Financial liabilities at fair value through profit or loss:</b>			
Other accounts payable related to derivatives	-	868	-
<b>Derivatives related to hedge accounting:</b>			
Other financial assets	-	9,044	-

(\*1) Equity securities whose fair value cannot be measured reliably were measured at cost after recognizing the impairment loss. Accordingly, they have been excluded from the above fair value hierarchy.

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**25.3 Valuation method and interest rate used to determine fair value**

Equity securities within Level 1 are traded in active markets (such as the Korea Exchange) for marketable equity securities, which were evaluated based on the closing price as of the end of the reporting period.

Derivative instruments within Level 2, after calculating the expected cash flow by using the current exchange rate at the end of the reporting period, were measured at present value, and the discount rate applied was 2.81% during the period (2024: 3.39%).

Equity securities within Level 3 were evaluated using the DCF model, as the active market does not exist for non-marketable equity securities. The discount rate applied was 5.96%–10.46% during the period (2024: 6.49%–14.24%).

**26. CONSOLIDATED STATEMENTS OF CASH FLOWS:**

Non-cash adjustments to reconcile profit for the year to net cash flows for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
Depreciation	₩	326,087	₩	289,448
Amortization		78,910		74,304
Retirement benefits		24,871		24,472
Bad debt expenses		6,871		3,432
Interest income		(37,024)		(39,138)
Gain on foreign currency translation		(51,674)		(95,584)
Interest expenses		127,033		124,299
Loss on foreign currency translation		55,288		97,853
Impairment loss on property, plant and equipment		54,150		5,765
Impairment loss on intangible assets		42,158		126,046
Share of profit of associates		(138,520)		(182,044)
Share of loss of associates		1,885		1,783
Gain on disposal of investments in associates		612		(1,986)
Income tax expenses		44,588		190,930
Gain on exemption from debt		(4,707)		(3,356)
Dividend income		(6,557)		(12,546)
Increase in provisions		31,290		14,153
Others		20,372		32,387
	₩	575,633	₩	650,218

**LX International Corp. and its Subsidiaries**  
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**26. Consolidated statements of cash flows (cont'd)**

Working capital adjustments for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
Increase in trade accounts receivable	₩	(89,536)	₩	(196,574)
(Increase) decrease in other accounts receivable		(68,639)		48,119
Decrease (increase) in advance payments		2,457		(514)
(Increase) decrease (increase) in inventories		(15,557)		104,366
Decrease (increase) in other operating assets		70,097		(58,381)
Decrease (increase) in trade payables		191,000		(45,672)
(Decrease) increase in other accounts payable		(38,240)		17,152
(Decrease) increase in advance received		(27,049)		17,904
Severance and retirement benefits paid		(22,474)		(21,623)
Increase in plan assets		285		9,214
Decrease in provisions		(13,095)		(19,005)
Increase in other operating liabilities		10,497		22,526
	₩	(254)	₩	(122,488)

Significant non-cash transactions for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
Other accounts receivable related to disposal of long-term equity investments	₩	3,194	₩	(3,292)
Other accounts receivable related to disposal of property, plant and equipment		588		338
Other accounts receivable related to disposal of intangible assets		5,776		(5,519)
Other accounts payable related to acquisition of property, plant and equipment		1,984		5,412
Other accounts payable related to disposal of intangible assets		(6,503)		(915)
Transfer construction in process (property, plant and equipment) to account		291,552		37,222
Acquisition of right-of-use assets		210,677		289,130

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**26. Consolidated statements of cash flows (cont'd)**

The adjustments of liabilities arising from financing activities for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025					
	Jan. 1	Cash flows in financing activities	Non-cash changes			Dec. 31
			Foreign currency translation	Change in the scope of consolidation	Others	
Short-term borrowings	₩ 323,577	₩ (246,518)	₩ (4,506)	₩ (1,944)	₩ 5,000	₩ 75,609
Long-term borrowings	1,323,282	244,862	(10,184)	-	(2,691)	1,555,269
Bonds	719,175	298,406	2	-	764	1,018,347
Lease liabilities	451,950	(204,958)	7,326	(288)	162,138	416,168
	<u>₩ 2,817,984</u>	<u>₩ 91,792</u>	<u>₩ (7,362)</u>	<u>₩ (2,232)</u>	<u>₩ 165,211</u>	<u>₩ 3,065,393</u>

	2024					
	Jan. 1	Cash flows in financing activities	Non-cash changes			Dec. 31
			Foreign currency translation	Change in the scope of consolidation	Others (*1)	
Short-term borrowings	₩ 130,852	₩ 186,208	₩ 8,722	₩ -	₩ (2,205)	₩ 323,577
Long-term borrowings	1,356,483	(78,248)	40,883	-	4,164	1,323,282
Bonds	718,640	-	-	-	535	719,175
Lease liabilities	341,130	(185,920)	17,653	646	278,441	451,950
	<u>₩ 2,547,105</u>	<u>₩ (77,960)</u>	<u>₩ 67,258</u>	<u>₩ 646</u>	<u>₩ 280,935</u>	<u>₩ 2,817,984</u>

(\*1) The amount of reduction due to exemption of debt is included.

**27. SERVICE CONCESSION ARRANGEMENTS:**

As of December 31, 2025, details of Service Concession Arrangements of the Group are as follows:

	Description
Content of contract	The Group entered into a contract to build a hydroelectric power plant in Sumatra, Indonesia, and to conduct electricity sales business, which is generated by the facility.
Project period	In accordance with this agreement, for 30 years from the commencement date of electricity sales (based on electricity sales contract).
Classification	BOO (Build-Own-Operate).
Accounting standard	K-IFRS 2112 <i>Service Concession Arrangements</i> .
Others	The Group has recognized the minimum guaranteed price and operating rights of the facility as financial assets and intangible assets, respectively, which are acquired in exchange for the construction services for the hydroelectric power plants.

**LX International Corp. and its Subsidiaries**  
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**28. LEASES:**

Details of and changes in right-of-use assets for the years ended December 31, 2025 and 2024, are as follows (Korean won in thousands):

	2025					
	Land	Buildings	Vehicles	Ship	Others	Total
Acquisition cost	₩ 100,178	₩ 783,052	₩ 29,762	₩ -	₩ 41,573	₩ 954,564
Accumulated depreciation	(34,879)	(400,706)	(17,183)	-	(30,178)	(482,945)
Net book value	₩ 65,299	₩ 382,346	₩ 12,579	₩ -	₩ 11,395	₩ 471,619

	2024					
	Land	Buildings	Vehicles	Ship	Others	Total
Acquisition cost	₩ 96,403	₩ 752,117	₩ 29,264	₩ 3,400	₩ 28,281	₩ 909,465
Accumulated depreciation	(24,415)	(334,930)	(16,937)	(3,400)	(18,819)	(398,501)
Net book value	₩ 71,988	₩ 417,187	₩ 12,327	₩ -	₩ 9,462	₩ 510,964

Details of and changes in right-of-use assets for the years ended December 31, 2025 and 2024, are as follows (Korean won in thousands):

	2025					
	Land	Buildings	Vehicles	Ship	Others	Total
Jan. 1	₩ 71,988	₩ 417,187	₩ 12,327	₩ -	₩ 9,462	₩ 510,964
Additions	5,993	172,266	5,141	4,121	23,155	210,677
Depreciation	(11,051)	(176,786)	(5,371)	(4,121)	(19,751)	(217,079)
Transfer	-	(316)	-	-	-	(316)
Disposals	(393)	(33,928)	(287)	-	(1,374)	(35,982)
Change in the scope of consolidation	-	(112)	(3)	-	(194)	(310)
Others	(1,238)	4,035	772	-	97	3,665
Dec. 31	₩ 65,299	₩ 382,346	₩ 12,579	₩ -	₩ 11,395	₩ 471,619

**LX International Corp. and its Subsidiaries**  
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**28. Leases (cont'd)**

	2024						Total
	Land	Buildings	Vehicles	Ship	Others		
Jan. 1	₩ 60,687	₩ 309,090	₩ 13,227	₩ -	₩ 10,742	₩ 393,746	
Additions	9,326	252,855	10,070	3,400	18,545	294,196	
Depreciation	(6,703)	(151,413)	(10,647)	(3,400)	(19,110)	(191,273)	
Transfer	-	(244)	-	-	-	(244)	
Disposals	-	(4,460)	(1,236)	-	(1,805)	(7,501)	
Change in the scope of consolidation	-	642	-	-	-	642	
Others	8,678	10,717	913	-	1,090	21,398	
Dec. 31	₩ 71,988	₩ 417,187	₩ 12,327	₩ -	₩ 9,462	₩ 510,964	

The details of changes in lease liabilities for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025	2024
Jan. 1	₩ 451,950	₩ 341,131
Addition	201,961	285,511
Interest expense	21,410	19,814
Payment	(226,368)	(205,734)
Termination	(39,822)	(7,070)
Change in the scope of consolidation	(287)	646
Others	7,324	17,653
Dec. 31	₩ 416,168	₩ 451,951

Details of expenses from short-term leases and leases of low-value assets for the years ended December 31, 2025 and 2024, are as follows (Korean won in millions):

	2025	2024
Short-term leases	₩ 38,329	₩ 45,073
Leases of low-value assets	5,095	4,040
	₩ 43,424	₩ 49,113

For the year ended December 31, 2025, the Group signed sublease contracts, and the amount of finance lease receivables thereof is ₩1,791 million (2024: ₩2,608 million).

Total cash outflows related to leases during the current period amounted to ₩269,792 million (prior period: ₩254,848 million).

**LX International Corp. and its Subsidiaries**  
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**29. BUSINESS COMBINATIONS:**

In order to enhance cost efficiency by internalizing its IT capabilities and to identify new business opportunities, the Group acquired an additional interest in BSG Partners Co., Ltd. through a step-by-step acquisition from an existing associate on November 12, 2025, resulting in a final ownership interest of 70%. Accordingly, BSG Partners Co., Ltd. was included as a consolidated subsidiary.

As of the acquisition date, the details of the fair values of the identifiable assets acquired and liabilities assumed of BSG Partners Co., Ltd. are as follows.

	BSG Partners Co., Ltd.	
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	₩	40,831
Trade accounts receivable, net		8,814
Contract assets		11,735
Other accounts receivable		420
Accrued income, net		518
Advance payments		8
Prepaid expenses		6,177
Other current assets		596
Total current assets		69,099
<b>NON-CURRENT ASSETS:</b>		
Investment assets		355
Property, plant and equipment, net		23,827
Intangible assets, net		23,618
Other non-current assets		17
Total non-current assets		47,817
<b>TOTAL ASSETS</b>		116,916
<b>CURRENT LIABILITIES:</b>		
Trade accounts payable		6,867
Other accounts payable		671
Advance received		51
Withholdings		302
Current tax liabilities		1,452
Accrued expenses		4,392
Contract liabilities		8,887
Lease liabilities		25
Other current liabilities		12
Total current liabilities		22,659
<b>NON-CURRENT LIABILITIES:</b>		
Deferred tax liabilities		7,360
Total non-current liabilities		7,360
<b>TOTAL LIABILITIES</b>	₩	30,019

**LX International Corp. and its Subsidiaries**  
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**29. Business Combinations (cont'd)**

Total identifiable net assets	₩	86,897
Amount of equity		59,449
Transfer price		96,245
Goodwill (*1)	₩	36,796

(\*1) Although the Group acquired 70% of the ordinary shares, the fair values of the assets acquired and liabilities assumed as of the acquisition date were measured based on an ownership interest of 68.4%, after considering the stock options held by employees and executives of BSG Partners Co., Ltd.

The fair value of the previously held interest in the business combination recognized during the current period is as follows:

	BSG Partners Co., Ltd.	
Cash	₩	56,479
Fair value of previously held equity interest in the acquiree		37,433
Contingent consideration arrangement (* 1)		2,333
Total consideration transferred	₩	96,245

(\*1) At the time of the initial acquisition on October 19, 2023, the Company, through agreements with the major shareholder(s) of BSG Partners Co., Ltd. and others, held call options to acquire additional equity interests. The amount represents the result of a fair value measurement performed at the time of the additional acquisition arising from the exercise of such options.

Sales and profit and loss of BSG Partners Co., Ltd. after the acquisition date reflected in the consolidated statements of profit and loss are as follows (Korean won in millions):

	BSG Partners Co., Ltd.	
Sales	₩	17,500
Profit (loss) for the years		133

If BSG Partners Co., Ltd. is included in the consolidated financial statements from the current base, the Group's sales and profit or loss will be ₩89,450 million and ₩9,447 million, respectively, on December 31, 2024.

**LX International Corp. and its Subsidiaries**  
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**30. GREENHOUSE GAS EMISSION RIGHTS AND EMISSION LIABILITIES:**

The amount of allocated greenhouse gas emission rights for the domestic third plan period (2021-2025) is as follows (ton (tCO<sub>2</sub>-eq)):

	2021	2022	2023	2024	2025
Allocated emission rights	318,454	318,451	324,292	321,789	321,709

Changes in the number of greenhouse gas emission rights and book value held for the purpose of fulfilling obligations for the years ended December 31, 2025 and 2024, are as follows (in tons and Korean won):

	2025			
	2024		2025	
	Ton	Amount	Ton	Amount
Jan. 1	25,584	₩ -	6,414	₩ -
Allocated	321,789	-	321,709	-
Purchase (sale)	3,800	26,857,880	-	-
Government submission	(344,759)	(37,960,000)	(282,403)	-
Borrowing (carried over)	(6,414)	-	-	-
Dec. 31	-	₩ -	45,720	₩ -

	2024			
	2023		2024	
	Ton	Amount	Ton	Amount
Jan. 1	49,471	₩ -	25,584	₩ -
Allocated	324,292	-	321,719	-
Purchase (sale)	(4,943)	(43,751,580)	(1,569)	-
Government submission	(343,236)	(31,806,500)	(299,694)	-
Borrowing (carried over)	(25,584)	-	(4,707)	-
Dec. 31	-	₩ -	41,333	₩ -

Meanwhile, there are no greenhouse gas emission rights provided as collateral as of December 31, 2025 and 2024.

Changes in emission liabilities for the years ended December 31, 2025 and 2024, are as follows (in Korean won):

	2025			
	Jan. 1	Increase (transference)	Decrease (reversal)	Dec. 31
	Emission liabilities	₩ 47,340,000	₩ 68,837,600	₩ (47,340,000)

	2024			
	Jan. 1	Increase (transference)	Decrease (reversal)	Dec. 31
	Emission liabilities	₩ 70,000,000	₩ 47,340,000	₩ (70,000,000)

For the years ended December 31, 2025 and 2024, there are no greenhouse gas emission rights held for the purpose of earning short-term trading profits rather than to fulfil government submission obligations.

**LX International Corp. and its Subsidiaries**  
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**31. NON-CURRENT ASSETS HELD FOR SALE:**

As of December 31, 2025, the Group has no non-current assets held for sale, liabilities directly associated with non-current assets held for sale, or related equity.

Meanwhile, as of December 31, 2024, liabilities directly related to non-current assets held for sale and non-current assets held for sale are as follows (Korean won in millions):

	POSCO-IPPC (India Pune Processing Center) (*1)		Ensham (*2)	
<b>Assets:</b>				
Cash and cash equivalents	₩	-	₩	4,257
Receivable		-		3,337
Prepaid expenses		-		790
Inventories, net		-		12,693
Associates		17,500		-
Intangible assets, net		-		85,836
<b>Total assets</b>		<b>17,500</b>		<b>106,913</b>
<b>Liabilities:</b>				
Payable		-		14,487
Accrued expenses		-		525
Provision		-		48,044
<b>Total liabilities</b>		<b>-</b>		<b>63,056</b>
<b>Net non-current assets held for sale</b>	<b>₩</b>	<b>17,500</b>	<b>₩</b>	<b>43,857</b>

(\*1) For the year ended December 31, 2024, the Group decided to sell its 35% equity interest in POSCO-IPPC, which had been classified as an investment in an associate. Accordingly, the related assets were reclassified as non-current assets held for sale, and the difference of ₩1,607 million between the carrying amount and the sale price was recognized as an impairment loss on investments in associates.

(\*2) For the year ended December 31, 2024, the Group decided to sell its 15% equity interest in the Ensham mine, which had been recognized as a joint venture. Accordingly, the related assets and liabilities were reclassified as non-current assets held for sale, and the difference of ₩16,140 million between the carrying amount and the sale price was recognized as other non-operating expenses.

## **Independent Auditor's Report on Internal control over financial reporting**

### **English Translation of Independent Auditor's Report on Internal Control over Financial Reporting Originally Issued in Korean on March 17, 2026.**

**To the Shareholders and the Board of Directors of LX International Corp.:**

#### **Audit Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of LX International Corp. and its subsidiaries (the "Group") as of December 31, 2025, based on 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting.'

In our opinion, the Group's internal control over financial reporting is designed and operated effectively as of December 31, 2025, in all material respects, in accordance with the 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting.'

We have also audited, in accordance with the Korean Standards on Auditing ("KSAs"), the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, and our report dated March 17, 2026, expressed an unqualified opinion.

#### **Basis for Audit Opinion**

We conducted our audits in accordance with the KSAs. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of internal control over financial reporting 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 the Internal Control over Financial Reporting**

Management is responsible for designing, operating and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Internal Control over Financial Reporting Operating Status Report by the Chief Executive Officer.

Those charged with governance are responsible for the oversight of internal control over financial reporting of the Group.

# Deloitte.

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

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

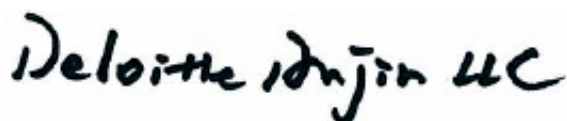
The audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. The audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risks.

## Definition and Limitations of Internal Control over Financial Reporting

The Group's internal control over financial reporting 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 Korean International Financial Reporting Standards ("K-IFRSs"). The Group's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (2) provide reasonable assurance that transactions are recorded, as necessary, to permit preparation of consolidated financial statements in accordance with K-IFRSs, and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Ki Hyeon Kim.



March 17, 2026

### Notice to Readers

This report is effective as of March 17, 2026, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the Group's internal control over financial reporting and may result in modifications to the auditor's report.

## Management's report on the operations of internal control over financial reporting

### Consolidated ICFR Operating Status Report

To the Shareholders, Board of Directors, and Audit Committee of LX International Corp.

We, as the Chief Executive Officer and the Internal Accounting Manager of LX International Corp. ("the Company"), assessed operating status of the Company's Consolidated Internal Control over Financial Reporting ("CICFR") for the year ending December 31, 2025.

Design and operation of CICFR is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Accounting Manager (collectively, "We", "Our" or "Us").

We evaluated whether the Company effectively designed and operated its CICFR to prevent and detect errors or frauds which may cause a misstatement in consolidated financial statements to ensure preparation and disclosure of reliable consolidated financial information.

We used the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee") as the criteria for design and operation of the Company's CICFR. And we conducted an evaluation of ICFR based on the 'Criteria for Evaluation and Reporting of Internal Control over Financial Reporting' under Appendix 6 to the Enforcement Rules of the Regulation on External Audit and Accounting.

Based on our assessment, we concluded that the Company's CICFR is designed and operated effectively as of December 31, 2025, in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting'.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein.

We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

January 30, 2026



**Chun-sung Yoon**  
Chief Executive Officer



**Byeong-Il Min**  
Internal Accounting Manager