

LX International Corp.

**SEPARATE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023**

ATTACHMENT: INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

English Translation of Independent Auditor's Report Originally Issued in Korean on March 18, 2025.

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

Report on the Audited Separate Financial Statements

Audit Opinion

We have audited the separate financial statements of LX International Corp. (the "Company"), which comprise the separate statements of financial position as of December 31, 2024 and December 31, 2023, respectively, and the separate statements of profit or loss, the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows, all expressed in Korean won, for the years then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, 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 Company as of December 31, 2024, based on the criteria established in 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting', and our report dated March 18, 2025, expressed 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 Separate Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the separate financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

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

Impairment Assessment of Investment in Subsidiaries

Reason for determining as a key audit matter

As of December 31, 2024, the Company recognized ₩3,694,564 million in investment in subsidiaries. The Company annually assesses whether there is any indication that assets may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets, and recognizes impairment losses if necessary.

The Company performs impairment assessments considering the value in use, which is based on the discounted cash flow ("DCF") method for indication that asset may be impaired. The value in use involves significant judgments and estimates by the Company's management, such as discount rates, growth rates and future cash flow forecasts. Hence, we determined the impairment assessment of investment in subsidiaries 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 Company'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 Company for impairment assessment.
- Questionnaire and document inspection regarding the future expected cash flows used by the Company 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 Separate Financial Statements

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

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

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

Auditor's Responsibilities for the Audits of the Separate Financial Statements

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

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

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

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

March 18, 2025

Notice to Readers

This report is effective as of March 18, 2025, 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 separate financial statements and may result in modifications to the auditor's report.

LX International Corp.

(the “Company”)

Separate financial statements
as of and for the years ended December 31, 2024 and 2023

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

Chun-sung Yoon
Chief Executive Officer
LX International Corp.

LX International Corp.
Separate statements of financial position
As of December 31, 2024 and 2023

(Korean won in millions)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	4, 5, 26, 27	₩ 143,180	₩ 240,177
Short-term financial instruments	4, 5, 12, 26, 27	21,470	22,519
Trade accounts receivable, net	4, 12, 24, 26, 27	395,215	363,736
Other accounts receivable, net	4, 6, 12, 24, 26, 27	23,660	31,700
Accrued income, net	4, 12, 24, 26, 27	262	3,229
Advance payments		259	1,132
Prepaid expenses		1,546	1,813
Other current assets	4, 12, 24, 26, 27	3,114	11,179
Inventories, net	7	100,361	74,724
Assets held for sale	30	17,500	18,982
Total current assets		706,567	769,191
Non-current assets			
Investment assets	4, 8, 12, 24, 26, 27	104,676	158,524
Investments in subsidiaries	9, 24, 25	3,694,564	2,876,277
Investments in associates	9, 24	136,151	143,116
Property, plant and equipment, net	10, 29	10,374	7,398
Intangible assets, net	11	14,651	14,863
Other non-current assets	4, 5, 6, 12, 20, 26, 27	5,379	6,917
Total non-current assets		3,965,795	3,207,095
Total assets		₩ 4,672,362	₩ 3,976,286

(Continued)

LX International Corp.
Separate statements of financial position
As of December 31, 2024 and 2023

(Korean won in millions)

	Notes	2024	2023
Liabilities			
Current liabilities			
Short-term borrowings	4, 13, 26, 27	₩ 150,000	₩ -
Trade accounts payable	4, 24, 26, 27	316,884	319,531
Other accounts payable	4, 6, 24, 26, 27	89,684	70,276
Advance received	17	315	745
Withholdings	4, 26, 27	695	624
Current tax liabilities	23	3,816	-
Accrued expenses	4, 26, 27	21,138	12,630
Current portion of bonds and long-term borrowings	4, 13, 26, 27	307,537	108,648
Lease liabilities	4, 26, 27, 29	3,033	2,673
Liabilities directly associated with assets held for sale	30	-	5,655
Current portion of provisions	14	1,712	9,005
Total current liabilities		894,814	529,787
Non-current liabilities			
Bonds	4, 13, 26, 27	459,259	598,783
Long-term borrowings	4, 13, 26, 27	515,014	510,734
Lease liabilities	4, 26, 27, 29	2,715	1,675
Provisions	14	142	704
Deferred tax liabilities	23	92,619	10,858
Other non-current liabilities	4,26,27	1,281	5,548
Total non-current liabilities		1,071,030	1,128,303
Total liabilities		₩ 1,965,844	₩ 1,658,090
Equity			
Capital stocks	15	193,800	193,800
Capital surplus	15	102,125	102,125
Other components of equity	15	(40,690)	(40,690)
Accumulated other comprehensive loss	15	239,973	57,111
Retained earnings	15	2,211,310	2,005,851
Total equity		2,706,518	2,318,197
Total liabilities and equity		₩ 4,672,362	₩ 3,976,286

(Concluded)

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

LX International Corp.
Separate statements of profit or loss
For the years ended December 31, 2024 and 2023

(Korean won in millions)

	Notes	2024	2023
Sales	3, 17, 24	₩ 3,649,842	₩ 3,492,221
Cost of sales	7, 19, 24	(3,492,278)	(3,322,415)
Gross profit		157,564	169,806
Selling and administrative expenses	18, 19, 24	(175,553)	(162,712)
Operating profit		(17,989)	7,094
Financial income	4, 6, 21	180,682	218,432
Finance costs	4, 6, 21	(216,345)	(243,082)
Share of profit of associates	9, 21	368,011	171,881
Other non-operating expenses, net	4, 21	2,398	(395)
Profit before income tax		316,757	153,930
Income tax expense	23	(68,455)	(38,650)
Profit for the year		₩ 248,302	₩ 115,280
Earnings per share:			
Basic and diluted, earnings per share	15	₩ 6,903	₩ 3,205

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

LX International Corp.
Separate statements of comprehensive income
For the years ended December 31, 2024 and 2023

(Korean won in millions)

	Notes	2024	2023
Profit for the year		₩ 248,302	₩ 115,280
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss :			
Equity adjustments in equity method	9	200,726	17,615
Exchange differences on translation of foreign operations		(1,479)	499
		<u>199,247</u>	<u>18,114</u>
Items that will not be reclassified subsequently to profit or loss :			
Gain (loss) on valuation of financial assets designated at fair value through other comprehensive income (“OCI”)	4, 8	(21,792)	(42,085)
Remeasurement gain on defined benefit plans	20	(1,145)	(3,408)
Change in retained earnings in equity method	9	1,463	(5,699)
Equity adjustments in equity method	9	5,408	34,402
		<u>(16,066)</u>	<u>(16,790)</u>
Other comprehensive income for the year, net of tax		<u>183,181</u>	<u>1,323</u>
Total comprehensive income for the period, net of tax		<u>₩ 431,483</u>	<u>₩ 116,604</u>

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

LX International Corp.
Separate statements of changes in equity
For the years ended December 31, 2024 and 2023

(Korean won in millions)

	Capital stocks	Capital surplus	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Total
As of January 1, 2023	₩ 193,800	₩ 102,125	₩ (40,690)	₩ 46,680	₩ 2,007,581	₩ 2,309,496
Comprehensive income (loss) for the year:						
Profit for the year	-	-	-	-	115,280	115,280
Equity adjustments in equity method	-	-	-	52,017	-	52,017
Exchange differences on translation of foreign operations	-	-	-	499	-	499
Gain (loss) on valuation of financial assets designated at fair value through OCI	-	-	-	(42,085)	1	(42,084)
Remeasurement loss on defined benefit plans	-	-	-	-	(3,408)	(3,408)
Change in retained earnings in equity method	-	-	-	-	(5,699)	(5,699)
Total comprehensive income	-	-	-	10,431	106,174	116,605
Dividends	-	-	-	-	(107,904)	(107,904)
As of December 31, 2023	₩ 193,800	₩ 102,125	₩ (40,690)	₩ 57,111	₩ 2,005,851	₩ 2,318,197
As of January 1, 2024	₩ 193,800	₩ 102,125	₩ (40,690)	₩ 57,111	₩ 2,005,851	₩ 2,318,197
Comprehensive income (loss) for the year:						
Profit for the year	-	-	-	-	248,302	248,302
Equity adjustments in equity method	-	-	-	206,133	-	206,133
Exchange differences on translation of foreign operations	-	-	-	(1,479)	-	(1,479)
Gain (loss) on valuation of financial assets designated at fair value through OCI	-	-	-	(21,792)	-	(21,792)
Remeasurement loss on defined benefit plans	-	-	-	-	(1,145)	(1,145)
Change in retained earnings in equity method	-	-	-	-	1,463	1,463
Total comprehensive income	-	-	-	182,862	248,620	431,482
Dividends	-	-	-	-	(43,161)	(43,161)
As of December 31, 2024	₩ 193,800	₩ 102,125	₩ (40,690)	₩ 239,973	₩ 2,211,310	₩ 2,706,518

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

LX International Corp.
Separate statements of cash flows
For the years ended December 31, 2024 and 2023

(Korean won in millions)

	Notes	2024	2023
Cash flows from operating activities:			
Profit for the year		₩ 248,302	₩ 115,280
Non-cash adjustments to reconcile profit for the year to net cash flows provided by operating activities	28	(235,048)	(86,935)
Working capital adjustments	28	(41,530)	(10,516)
Interest received		14,574	23,015
Interest paid		(53,117)	(48,721)
Dividends received		161,080	151,413
Income taxes paid		(2,483)	(46,538)
Net cash flows provided by operating activities		91,778	96,998
Cash flows from investing activities:			
Decrease in loans		37,209	-
Decrease in guarantee deposits		329	124
Proceeds from disposal and capital reduction of investments in associates	9	6,447	6,537
Proceeds from disposal and capital reduction of investments in subsidiaries	9	-	1,641
Proceeds from disposal of long-term equity instruments		-	1
Proceeds from disposal of assets held for sale		15,545	-
Proceeds from disposal of property, plant and equipment	10	68	24
Proceeds from disposal of intangible assets	11	2,339	-
Settlement of derivatives		(20,019)	(6,671)
Increase in loans		(2,695)	(2,240)
Increase in guarantee deposits	8	(120)	(193)
Acquisition of investments in subsidiaries	9, 24	(383,942)	(596,949)
Acquisition of investments in associates	9, 24	-	(33,540)
Acquisition of property, plant and equipment	10	(3,527)	(1,964)
Acquisition of intangible assets	11	(1,084)	(2,885)
Net cash used in investing activities		(349,450)	(636,115)
Cash flows from financing activities:			
Proceeds from finance liabilities	28	270,000	782,058
Repayment of finance liabilities	28	(58,710)	(569,085)
Payment of principal portion of lease liabilities	28, 29	(7,514)	(7,296)
Dividends paid	16	(43,161)	(107,904)
Net cash provided by financing activities		160,615	97,773
Net decrease in cash and cash equivalents		(97,057)	(441,344)
Cash and cash equivalents at the beginning of the year		240,177	681,340
Effects of exchange rate changes on cash and cash equivalents		60	183
Cash and cash equivalents at the end of the year		₩ 143,180	₩ 240,177

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

1. CORPORATE INFORMATION:

LX International Corp. (the “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, to Lucky Industries Co., Ltd. in January 1984 and to LG International Corp. in March 1995. Its current name was adopted on July 1, 2022.

The Company 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.

The Company is currently engaged in the import and export of goods, and other business activities. The Company is located at Seoul and operates 16 overseas branch offices, 3 liaison offices and 93 subsidiaries (including 63 sub-subsidiaries) as of December 31, 2024.

LX Holdings Corp. holds 24.69% of the 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.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of preparation

The Company prepares statutory financial statements in the Korean language in accordance with Korean International Financial Reporting Standards (“K-IFRS”) enacted by the *Act on External Audit of Stock Companies*. The accompanying separate financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The separate 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 separate financial statements are presented in Korean won and all values are rounded to the nearest won except when otherwise indicated.

2.2 Summary of significant accounting policies

2.2.1 Current versus non-current classification

The Company presents assets and liabilities in the separate 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.

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 Company classifies all other liabilities as non-current.

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

2.2.2 Cash and cash equivalents

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

2.2.3 Inventories

Inventories are measured at the lower of cost and 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.

2.2.4 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.

2.2.4.1 Financial assets

2.2.4.1.1 Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company 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 fair value through other comprehensive income ("OCI"), 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 Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

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

Subsequent measurement

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

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

2.2.4.1.1 Initial recognition and measurement(cont'd)

Financial assets at amortized cost (debt instruments)

The Company 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 fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the separate 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 OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI 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 separate statements of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

2.2.4.1.2 Subsequent measurement

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 fair value through OCI, 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 separate statements of financial position at fair value with net changes in fair value recognized in the separate statements of profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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

2.2.4.1.3 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company's continuing involvement in the asset. In that case, the Company 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 Company has retained.

2.2.4.2 Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in Note 12.

The Company recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company 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 Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company 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 fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company 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 Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

2.2.4.3 Financial liabilities

2.2.4.3.1 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 Company's financial liabilities include trade and other payables, borrowings, including bonds and derivative financial liabilities.

2.2.4.3 Financial liabilities(cont'd)

2.2.4.3.2 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 includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at 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 Company 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 separate 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.

2.2.4.3.3 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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 separate statements of profit or loss.

2.2.4.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate 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.

2.2.5 Derivative financial instruments and hedge accounting

2.2.5.1 Initial recognition and subsequent measurement

The Company 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 Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company 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 Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges which 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 separate 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 separate 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 separate 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 hedge item is derecognized, the unamortized fair value is recognized immediately in the separate 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 liability with a corresponding gain (loss) recognized in the separate statements of profit or loss.

2.2.5.1 Initial recognition and subsequent measurement (cont'd)

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

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other 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.

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

2.2.6 Investment in subsidiaries and associates and joint ventures

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

A joint venture is a 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 Company's investments in its subsidiaries, associates and joint ventures are accounted for using the equity method.

2.2.6 Investment in subsidiaries and associates and joint ventures (cont'd)

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

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

The aggregate of the Company's share of profit or loss of a subsidiary, associate and a joint venture is shown on the face of the separate statements of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the subsidiary, associate or joint venture.

The financial statements of the subsidiary, associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its subsidiary, associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiary, associate or joint venture is impaired. If there is such evidence, the Company 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 a subsidiary, associate and a joint venture' in the separate statements of profit or loss.

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

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

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale or distribution 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 the disposal of an asset (disposal group), other than 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 or as held for distribution.

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

A disposal group qualifies as discontinued operation if it is:

- A component of the group that is a cash-generating unit (“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 a single amount as profit or loss after tax from discontinued operations in the separate statements of profit or loss and other comprehensive income.

2.2.8 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 Company 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 separate statements of profit or loss as incurred. The present value of the expected cost for the decommissioning of an 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 are provided using the straight-line method over the estimated useful lives of the assets as follows:

	Useful lives	Depreciation method
Buildings	40	Straight-line method
Structures	40	Straight-line method
Machinery	5	Straight-line method
Vehicles	5	Straight-line method
Others	1~5	Straight-line method

2.2.8 Property, plant and equipment (cont'd)

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 (loss) arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the separate statements of profit or loss when the asset is derecognized.

The Company reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Company 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 depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2.2.9 Leases

At inception of a contract, the Company 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.

Company as a lessee

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

2.2.9.1 Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. 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:

	<u>Useful lives (Years)</u>
Buildings	1–10
Structures	1–5

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.2.19 Impairment of non-financial assets.

2.2.9.2 Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company 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

2.2.9.2 Lease liabilities (cont'd)

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 Company's lease liabilities are included in interest-bearing loans and borrowings (refer to Note 26).

2.2.9.3 Short-term leases and leases of low-value assets

The Company 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 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.

2.2.10 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.

2.2.11 Investment properties

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

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 separate 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 amount at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.2.12 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, other than capitalized development costs, are not capitalized and expenditure is reflected in the separate 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 are 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 is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The

2.2.12 Intangible assets (cont'd)

amortization expense on intangible assets with finite lives is recognized in the separate statements of profit or loss in the expense category consistent with the function of the intangible asset.

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 separate statements of profit or loss when the asset is derecognized.

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

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

(*) 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 Company commences test on the assets for impairment. When the book value of the asset is greater than estimated recoverable amounts for the residual period, the Company recognizes it as impairment.

2.2.13 Pension benefits and other postemployment benefits

The Company operates a defined benefit pension plan and defined contribution pension plan. The defined benefit pension plan in Korea requires contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, other than net interest and the return on plan assets (other than net interest), are recognized immediately in the separate statements of financial position with a corresponding debit or credit to retained earnings through OCI 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 Company recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under selling and administrative expenses in the separate 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.

2.2.14 Provisions

Provisions are recognized when the Company 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 Company 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 separate statements of profit or loss, net of any reimbursement.

2.2.15 Onerous contracts

If the Company 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 Company recognizes 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 fulfill it.

2.2.16 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 separate statements of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.2.17 Revenue from contracts with customers

The Company is in the business of sales of goods in the resource and infrastructure sectors. The Company provides the supply of goods and export-import transactions through contracts with customers. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

2.2.17.1 Sales of goods

Revenue from sale 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 Company 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 Company takes into consideration whether it is principal or agency relating to the performance obligations when determining the transaction price of sales of goods.

2.2.17.2 Principal versus agent consideration

When another party is involved in providing goods or services to its customer, the Company determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Company 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 Company's role is only to arrange for another entity to provide the goods or services, then the Company is an agent and will need to record revenue at the net amount that it retains for its agency services.

2.2.17.3 Contract balance

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Refer to accounting policies of financial assets in Note 2.2.4.1.

2.2.17.3 Contract balance(cont'd)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

2.2.18 Foreign currency translation

The Company's separate financial statements are presented in Korean won, which is also the Company's functional currency.

2.2.18.1 Transactions and balances

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 to the separate statements of profit or loss with the exception of all monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to the separate statements of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was determined.

2.2.18.2 Translations of foreign operation

Assets and liabilities of foreign operation are translated into Korean won at the closing rate at the reporting date and income and expenses are translated at exchange rates prevailing at the dates of the transactions, and these exchange differences are recognized in OCI. On the disposal of a foreign operation, the cumulative amount of the exchange differences in OCI relating to that foreign operation is reclassified from equity to profit or loss.

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

2.2.19 Impairment of non-financial assets

At each reporting date, the Company 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 Company estimates the recoverable amount of the asset. The recoverable amount is the higher of the asset's or CGU's fair value, less costs to sell 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 Company's assets. When the carrying amount of the 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.

2.2.19 Impairment of non-financial assets (cont'd)

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company'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 separate 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 OCI. For such properties, the impairment is recognized in OCI 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 Company 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, nor 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 separate statements of profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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 company 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, other than goodwill

For intangible assets with indefinite useful lives, the Company 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.

2.2.20 Taxes

2.2.20.1 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 Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the separate 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.

2.2.20.2 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that 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 other comprehensive income 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 either 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.

2.2.20.3 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 separate statements of financial position.

2.2.21 Cryptocurrency

As there is no standard applicable to K-IFRS for cryptocurrency (e.g., “Klay”), the Company developed an accounting policy by applying *mutatis mutandis* to K-IFRS 38 in accordance with the interpretation announced by the International Financial Reporting Interpretations Committee in June 2019.

2.2.21.1 Initial recognition of cryptocurrency

The Company 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 Company determines that cryptocurrency meet the definition of an intangible asset as an identifiable non-monetary asset without physical substance and records cryptocurrency as intangible assets.

2.2.21.2 Subsequent measurement of cryptocurrency

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

2.2.21.3 Derecognition of cryptocurrency

As the Company is obligated to transfer rights to cryptocurrency or pays all cash flows received under pass-through contracts to third parties without significant delay, the Company 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.

2.3 New and amended standards and interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

2.3.1 K-IFRS 1001 *Presentation of Financial Statements* - Classification of Liabilities as Current or Non-current (Amendment)

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

2.3.2 K-IFRS 1001 *Presentation of Financial Statements* – Non-current Liabilities with Covenants (Amendment)

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least 12 months after the reporting date.

The amendments also specifies that the right to defer settlement of a liability for at least 12 months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within 12 months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within 12 months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

2.3.3 K-IFRS 1007 *Statement of Cash Flows* and K-IFRS 1107 *Financial Instruments: Disclosures* - Supplier Finance Arrangements (Amendment)

The amendments add a disclosure objective to K-IFRS 1007 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, K-IFRS 1117 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

2.3.4 K-IFRS 1116 *Leases* - Lease Liability in a Sale and Leaseback (Amendment)

The amendments to K-IFRS 1116 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in K-IFRS 1115 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

2.3.5 K-IFRS 1001 *Presentation of Financial Statements* – Disclosure of Virtual Assets (Amendment)

The amendments to K-IFRS 1001 add additional disclosure requirements required by other standards for transactions related to virtual assets, setting out disclosure requirement for each case of 1) holding virtual assets, 2) holding virtual assets on behalf of customer and 3) issuing virtual assets.

When holding a virtual asset, disclosure on the general information about virtual assets, the accounting policy applied and each virtual asset's acquisition method, cost and the fair value at the end of the reporting period is required. Also, when issuing a virtual asset, the entity's obligations and status of fulfilment of the obligation related to the issued virtual asset, the timing and amount of the recognized revenue of the sold virtual asset, the number of virtual assets held after issuance and important contract details shall be disclosed.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of the Company's separate 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 Company's exposure to risks and uncertainties includes:

- Financial instruments risk management and policies Note 26
- Sensitivity analysis disclosures Notes 20, 26

2.4.1 Judgments

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

Determining the lease term of contracts with renewal and termination options - Company as lessee

The Company 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.

For contracts with extension options, the Company evaluates the likelihood of exercising the extension option at the lease commencement, and considers significant changes in circumstances related to changes in the likelihood of exercising the option when remeasuring the lease term.

2.4.2 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 Company based its assumptions and estimates on parameters available when the separate 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 Company. Such changes are reflected in the assumptions when they occur.

2.4.2.1 Impairment of non-financial assets

The Company 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 22 for information on the specific details of main assumptions.

2.4.2.2 Defined benefit pension plan

The cost of the defined benefit pension plan and the present value of the pension obligation are 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.

2.4.2.3 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the separate statements of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the 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.

2.4.2.4 Provision for ECLs of trade receivables

The Company 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 Company's historical observed default rates. The Company 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 of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

2.4.2.5 Leases - Estimating the IBR

The Company 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 Company 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 Company ‘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 Company 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).

2.4.2.6 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 Company has ₩81,238 million (2023: ₩77,150 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 Company has determined not to recognize deferred tax assets on ₩53,212 million (2023: ₩51,008 million) of tax credits carried forward, due to lack of probability of occurrence. Refer to Note 23 for details.

2.4.2.7 Special tax provisions for promoting investment and collaborative cooperation

In accordance with the *special tax provision for promoting investment and collaborative cooperation*, The Company 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 a certain portion of its taxable income. As the Company reflects the surtax imposed due to the special tax provisions for promoting investment and collaborative cooperation when computing its income tax, the Company's income tax may change arising from changes in investment, wage increase or dividend payouts.

2.5 Standards issued but not yet effective

Up to the date of issuance of the Company's separate financial statements, the Company has not applied the following new and revised K-IFRSs that have been issued but are not yet effective:

2.5.1 K-IFRS 1021 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

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

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

2.5.2 K-IFRS 1109 Financial Instruments and K-IFRS 1107 Financial Instruments: Disclosures – Classification and measurement requirements of financial instruments

The amendments clarify the conditions related to the discharge of a financial liability before the settlement date when settling such financial liabilities using an electronic payment system. They further specify an interest feature, a contingent feature, financial assets with non-recourse features and contractually linked instruments, which should be considered in assessing whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. Furthermore, the amendments include additional disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and contractual terms that could change the timing or amount of contractual cash flows. The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

2.5.3 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 have replaced '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' to remove an inconsistency between K-IFRS 1109 and the requirements in K-IFRS 1115.

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

2.5.4 K-IFRS 1110 Consolidated Financial Statements – Determination of 'de facto agent'

The amendments have amended IFRS 10:B74 to use less conclusive language and to clarify that the relationship described in IFRS 10: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.

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

The amendments have improved the consistency of the wording of K-IFRS 1101:B6 with the requirements for hedge accounting in K-IFRS 1109 and added 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.

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

The amendments have updated the obsolete cross-reference in K-IFRS 1107:B38 and aligned the wording of this paragraph with the terms used in K-IFRS.

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

2.5.7 K-IFRS 1007 Statement of Cash Flows: Cost method

The amendments have replaced the term ‘cost method’ with ‘at cost’ in K-IFRS 1007:37.

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

The company are currently reviewing the impact of the amendments listed above on our financial statements.

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3. SEGMENT INFORMATION:

For management purposes, the Company is organized into business units based on its products and services and has three reportable segments as follows:

Segment	Principal activity
Resource	Mineral business, Palm business, Petroleum assets task force team
Trading/new growth	Resource Trading, Material Trading, Health Care, IT Trading, Green, New growth
Collectively grouped	Common group management

3.1 Segment sales and operating income

Details of segment results for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Sales	Operating income (loss)	Sales	Operating income (loss)
Resource	₩ 2,036	₩ (13,495)	₩ 3,089	₩ (14,632)
Trading/new growth	3,647,806	(4,495)	3,489,132	(21,725)
	₩ 3,649,842	₩ (17,990)	₩ 3,492,221	₩ (7,094)

3.2 Segment assets and liabilities

Details of assets and liabilities of operating segments as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Assets	Assets	Assets	Liabilities
Resource	₩ 1,315,711	₩ 162,519	₩ 986,594	₩ 106,679
Trading/new growth	1,722,816	884,580	1,749,613	879,447
Collectively grouped(*1)	1,633,836	918,746	1,240,079	671,964
	₩ 4,672,363	₩ 1,965,845	₩ 3,976,286	₩ 1,658,090

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

3.3 Sales by geographic region

	2024	2023
Korea	₩ 945,901	₩ 895,960
America	397,839	521,092
Europe	-	29,626
Asia	2,252,928	1,995,078
Others	53,173	50,465
	₩ 3,649,841	₩ 3,492,221

4. CLASSIFICATION OF FINANCIAL INSTRUMENTS:

4.1 Financial instruments by category

4.1.1 Financial assets

Financial assets by category as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	December 31, 2024				
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Financial assets measured at amortized cost	Hedge accounting- related assets	Total
Cash and cash equivalents	₩ -	₩ -	₩ 143,180	₩ -	₩ 143,180
Short-term financial instruments	-	-	21,470	-	21,470
Long-term equity instruments	10,502	83,885	-	-	94,387
Trade accounts receivable	-	9,763	385,453	-	395,216
Other accounts receivable	2,031	-	21,629	-	23,660
Long-term loans	-	-	10,290	-	10,290
Other financial assets	1,700	-	5,629	-	7,329
	<u>₩ 14,233</u>	<u>₩ 93,648</u>	<u>₩ 587,651</u>	<u>₩ -</u>	<u>₩ 695,532</u>

	December 31, 2023				
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Financial assets measured at amortized cost	Hedge accounting- related assets	Total
Cash and cash equivalents	₩ -	₩ -	₩ 240,177	₩ -	₩ 240,177
Short-term financial instruments	-	-	22,519	-	22,519
Long-term equity instruments	10,502	112,195	-	-	122,697
Trade accounts receivable	-	31,809	331,927	-	363,736
Other accounts receivable	181	-	31,519	-	31,700
Long-term loans	-	-	35,827	-	35,827
Other financial assets	-	-	17,517	-	17,517
	<u>₩ 10,683</u>	<u>₩ 144,004</u>	<u>₩ 679,486</u>	<u>₩ -</u>	<u>₩ 834,173</u>

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4.1.2 Financial liabilities

Financial liabilities by category as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	December 31, 2024		
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Total
Trade accounts payable	₩ -	₩ 316,884	₩ 316,884
Other accounts payable (*1)	868	88,816	89,684
Borrowings	-	665,014	665,014
Bonds payable	-	459,259	459,259
Current portion of bonds payable and long-term borrowings	-	307,537	307,537
Lease liabilities	-	5,748	5,748
Other financial liabilities	-	21,833	21,833
	₩ 868	₩ 1,865,091	₩ 1,865,959

(*1) Other accounts payable includes amounts related to employee compensation that is not classified as financial liabilities.

	December 31, 2023		
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Total
Trade accounts payable	₩ -	₩ 319,531	₩ 319,531
Other accounts payable (*1)	196	70,080	70,276
Borrowings	-	510,734	510,734
Bonds payable	-	598,783	598,783
Current portion of bonds payable and long-term borrowings	-	108,648	108,648
Lease liabilities	-	4,348	4,348
Other financial liabilities	-	17,683	17,683
	₩ 196	₩ 1,629,807	₩ 1,630,003

(*1) Other accounts payable includes amounts related to employee compensation that is not classified as financial liabilities.

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, 2024 and 2023, are as follows (Korean won in millions):

	2024				
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Financial assets measured at amortized cost	Hedge accounting- related assets	Total
Profit or loss:					
Interest income	₩ -	₩ -	₩ 14,898	₩ -	₩ 14,898
Dividend income	-	10,076	-	-	10,076
Gain (loss) on foreign currency transactions	-	-	50,300	-	50,300
Gain (loss) on foreign currency translation	-	-	20,102	-	20,102
Gain (loss) on currency forwards	15,533	-	-	-	15,533
Gain (loss) on share option	1,700	-	-	-	1,700
Bad debt expenses	-	-	(660)	-	(660)
Other bad debt expenses	-	-	(11,763)	-	(11,763)
Gain (loss) on disposal of receivables	-	(1,235)	-	-	(1,235)
Other comprehensive income (*1):					
Loss on valuation of financial assets designated at fair value through OCI	-	(28,310)	-	-	(28,310)
	₩ 17,233	₩ (19,469)	₩ 72,877	₩ -	₩ 70,641

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

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

	2023				
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Financial assets measured at amortized cost	Hedge accounting- related assets	Total
Profit or loss:					
Interest income	₩ 4,909	₩ -	₩ 16,880	₩ -	₩ 21,789
Dividend income	-	12,011	-	-	12,011
Gain (loss) on foreign currency transactions	-	-	11,160	-	11,160
Gain (loss) on foreign currency translation	-	-	(2,016)	-	(2,016)
Gain (loss) on currency forwards	28,184	-	-	-	28,184
Bad debt expenses	-	-	767	-	767
Other bad debt expenses	-	-	(2,458)	-	(2,458)
Gain (loss) on disposal of receivables	-	(1,776)	-	-	(1,776)
Other comprehensive income (*1):					
Gain on valuation of financial assets designated at fair value through OCI	-	(54,727)	-	-	(54,727)
	₩ 33,093	₩ (44,492)	₩ 24,333	₩ -	₩ 12,934

(*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, 2024 and 2023, are as follows (Korean won in millions):

		2024			
		Financial liabilities at fair value through profit or loss	Financial liabilities measured at Amortized cost	Total	
Profit or loss:					
Interest expenses	₩	-	₩ (59,516)	₩	(59,516)
Gain (loss) on foreign currency transactions		-	(34,763)		(34,763)
Gain (loss) on foreign currency translation		-	(17,534)		(17,534)
Gain on exemption from debt		(34,374)	-		(34,374)
	₩	(34,374)	₩ (111,813)	₩	(146,187)
		2023			
		Financial liabilities at fair value through profit or loss	Financial liabilities measured at Amortized cost	Total	
Profit or loss:					
Interest expenses	₩	-	₩ (57,993)	₩	(57,993)
Gain (loss) on foreign currency transactions		-	(6,403)		(6,403)
Gain (loss) on foreign currency translation		-	3,098		3,098
Loss on currency forwards		(33,646)	-		(33,646)
	₩	(33,646)	₩ (61,298)	₩	(94,944)

5. CASH AND CASH EQUIVALENTS:

Details of cash and cash equivalents as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Cash on hand	₩ 20	₩ 36
Short-term deposits	143,160	240,141
	₩ 143,180	₩ 240,177

Outstanding balances on restricted deposits included in financial instruments as of December 31, 2024, amounted to ₩20,010 million (₩20,010 million in 2023).

6. DERIVATIVE FINANCIAL INSTRUMENTS:

6.1 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, 2024 and 2023, are presented as follows (Korean won in millions):

	2024		
	Gain on valuation	Loss on valuation	Other comprehensive Income
Currency forwards	₩ 2,032	₩ 868	₩ -
Equity options (*1)	1,700	-	-
	₩ 3,732	₩ 868	₩ -

	2023		
	Gain on valuation	Loss on valuation	Other comprehensive income
Currency forwards	₩ 181	₩ 196	₩ -
Equity options (*1)	-	-	-
	₩ 181	₩ 196	₩ -

(*1) This is a call option purchase contract for shares of BSG Partners Co., Ltd.

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6.2 Currency forwards

As of December 31, 2024 and 2023, gains and losses on valuation of unsettled currency forward contracts are as follows (Korean won in millions and other currencies in thousands):

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
					₩ 2,032	₩ 868

December 31, 2023						
Currency-Buy	Buying amount	Currency-sell	Selling amount	Contracted exchange rate	Gain on valuation	Loss on valuation
AED	1,602	KRW	561	350.13	₩ -	₩ 8
KRW	122,476	USD	95,065	1,267.95–1,291.00	181	-
USD	37,557	KRW	47,671	1,267.95–1,292.10	-	37
USD	30,969	CNY	218,951	7.07	-	151
					₩ 181	₩ 196

7. INVENTORIES:

Details of inventories as of December 31, 2024 and 2023, are as follows (Korean won in millions):

December 31, 2024					
	Valuation allowance		Valuation allowance		Valuation allowance
Merchandise	₩ 82,503	₩ (2,118)	₩ 80,385		
Materials in transit	19,976	-	19,976		
	₩ 102,479	₩ (2,118)	₩ 100,361		

December 31, 2023					
	Acquisition cost	Valuation allowance		Book value	
Merchandise	₩ 52,890	₩ -	₩ 52,890		
Materials in transit	21,834	-	21,834		
	₩ 74,724	₩ -	₩ 74,724		

For the year ended December 31, 2024, the Company recognized ₩2,118 million as a loss on valuation of inventories carried at net realizable value. This was recognized in cost of sales.

8. INVESTMENT ASSETS AND INVESTMENTS IN ASSOCIATES:

8.1 Investment assets

Details of investment assets as of December 31, 2024 and 2023, are as follows (Korean won in millions):

Investment assets	2024	2023
Long-term equity instruments:		
Financial assets designated at fair value through profit or loss	₩ 10,502	₩ 10,502
Financial assets designated at fair value through OCI	83,885	112,195
Long-term loans receivable	10,290	35,827
	₩ 104,677	₩ 158,524

8.2 Long-term equity instruments

As of December 31, 2024, details of long-term equity instruments are as follows (Korean won in millions):

	Number of shares	Equity ownership (%)	Acquisition cost	Book value
Financial assets designated at fair value through profit or loss				
VL Future Environment Industry Fund	-	14.16	₩ 5,000	₩ 5,000
Pablo Air Co., Ltd.	2,407	4.65	2,499	2,499
Futureplay Co	314,600	2.62	3,000	3,003
			10,499	10,502
Financial assets designated at fair value through OCI (*1)				
Korea Ras Laffan LNG Co., Ltd. (Qatar LNG project)	1,558,666	5.60	2,410	18,485
Vietnam Korea Exchange Ltd	-	10.00	322	322
Oilhub Korea Yeosu Co., Ltd	131,000	5.00	7,205	9,091
GS E&R Co., Ltd	1,654,445	9.52	95,585	45,520
Tianjin LG Bohai Chemical Co., Ltd.	-	10.00	11,737	10,026
Cobalt blue holdings Ltd.	7,093,959	1.65	6,467	441
			123,726	83,885
			₩ 134,225	₩ 94,387

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

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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, 2024 and 2023, are as follows (Korean won in millions):

			2024						
	Equity ownership (%)		January 1	Acquisition (disposal)		Valuation		December 31	
Financial assets designated at fair value through profit or loss									
VL Future Environment Industry Fund	14.16	₩	5,000	₩	-	₩	-	₩	5,000
Pablo Air Co., Ltd.	4.65		2,499		-		-		2,499
Futureplay Co	2.62		3,003		-		-		3,003
			10,502		-		-		10,502
Financial assets designated at fair value through OCI(*1)									
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
			112,195		-		(28,310)		83,885
		₩	122,697	₩	-	₩	(28,310)	₩	94,387

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8.2 Long-term equity instruments (cont'd)

	Equity ownership (%)	2023		Valuation	December 31
		January 1	Acquisition (disposal)		
Financial assets at fair value through profit or loss					
VL Future Environment Industry Fund	14.16	₩ 5,000	₩ -	₩ -	₩ 5,000
Pablo Air Co., Ltd.	4.65	2,499	-	-	2,499
Futureplay Co	2.62	3,003	-	-	3,003
		10,502	-	-	10,502
Financial assets at fair value through OCI(*1)					
Korea Ras Laffan LNG Co., Ltd. (Qatar LNG project)	5.60	28,896	-	(8,807)	20,089
Vietnam Korea Exchange Ltd	10.00	322	-	-	322
LG int'l (Saudi) LLC (*1)	5.00	6,141	-	(1,080)	5,061
Oilhub Korea Yeosu Co., Ltd	9.52	87,294	-	(46,862)	40,432
GS E&R Co., Ltd	10.00	40,737	-	4,087	44,824
Tianjin LG Bohai Chemical Co., Ltd.	1.89	3,532	-	(2,065)	1,467
Cobalt blue holdings Ltd.		166,922	-	(54,727)	112,195
		₩ 177,424	₩ -	₩ (54,727)	₩ 122,697

(*1) For the year ended December 31, 2023, the Company liquidated it.

9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES:

9.1 Investments in subsidiaries

As of December 31, 2024 and 2023, investments in subsidiaries are as follows:

	Location	Equity Ownership(%)		Reporting date	Principal operation
		2024	2023		
LX International (America), Inc.	USA	100.00	100.00	Dec.31	Export and import
LX International Japan Ltd.	Japan	100.00	100.00	Dec.31	-
LX International (HK) Ltd.	Hong Kong	100.00	100.00	Dec.31	-
LX International (Singapore) Pte. Ltd.	Singapore	100.00	100.00	Dec.31	-

(Continued)

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9.1 Investments in subsidiaries (cont'd)

	Location	Equity Ownership(%)		Reporting date	Principal operation
		2024	2023		
LX International (Deutschland) GmbH	Deutschland	100.00	100.00	Dec.31	-
LX International (Shanghai) Corp.	China	100.00	100.00	Dec.31	-
Bowen Investment (Australia) Pty. Ltd.	Australia	100.00	100.00	Dec.31	Coal mining
PT. Batubara Global Energy	Indonesia	100.00	100.00	Dec.31	-
PT. Ganda Alam Makmur	Indonesia	60.00	60.00	Dec.31	-
PT. Trans Global Terminal (*1)	Indonesia	99.99	-	Dec.31	Coal mining Export and import
LX International India Private Limited	India	100.00	100.00	Mar.31	
PT. Green Global Lestari	Indonesia	100.00	100.00	Dec.31	Palm oil Industrial planting
PT. LX International Indonesia	Indonesia	100.00	100.00	Dec.31	Hydroelectric power
PT. Binsar Natorang Energi	Indonesia	95.00	95.00	Dec.31	
PT. Global Investment Institusi	Indonesia	99.99	99.99	Dec.31	Health care
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	China	100.00	100.00	Dec.31	Steel frames
Philco Resources Limited	Malaysia	60.00	60.00	Dec.31	Copper mining
Resources Investment (H.K.) Limited	Hong Kong	100.00	100.00	Dec.31	Coal mining
LX International Yakutsk LLC.	Russia	100.00	100.00	Dec.31	Real estate Renewable plant
Korea Carbon International Co., Ltd.	Hong Kong	60.00	60.00	Dec.31	
Colmineral, S.A. de.C.V.	Mexico	100.00	100.00	Dec.31	Iron ore
Fertilizer Resources Investment Limited	Hong Kong	100.00	100.00	Dec.31	Fertilizer Hydro power plant
PT. Kinarya Prima Utama	Indonesia	99.92	100.00	Dec.31	
PT. Energy Battery Indonesia	Indonesia	99.99	99.99	Dec.31	Nickel
Dangjin Tank Terminal Co., Ltd.	Korea	100.00	100.00	Dec.31	Storage
Haiphong Steel Flower Electrical & Machinery Company Limited	Vietnam	100.00	100.00	Dec.31	Steel frames Logistics and storage
Eco & Logis Busan Co., Ltd.	Korea	100.00	100.00	Dec.31	Renewable plant
Poseung Green Power Co., Ltd. (*2)	Korea	100.00	100.00	Dec.31	
Lx Glas Co., Ltd.F	Korea	100.00	100.00	Dec.31	Plate glass
LX Pantos Logistics Co., Ltd.	Korea	75.90	51.00	Dec.31	Logistics

(*1) Acquired in 2024

(*2) Poseung Green Power Co., Ltd. issued preferred stocks with voting rights in addition to common shares, so the Company's share of common shares is 100%, and the Company's voting rights are 69.97% in the total number of voting shares, including preferred shares.

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9.1 Investments in subsidiaries (cont'd)

Details of the investments in subsidiaries as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Acquisition	Net asset value	Net book value	Net book value
LX International (America), Inc.	₩ 21,156	₩ 61,292	₩ 61,233	₩ 51,279
LX International Japan Ltd.	401	6,337	6,012	5,228
LX International (HK) Ltd.	17,663	21,200	21,192	15,370
LX International (Singapore) Pte.Ltd.	3,288	49,636	49,454	32,746
LX International (Deutschland) GmbH	12,314	14,179	14,179	12,425
LX International (Shanghai) Corp.	6,129	12,147	12,147	9,931
Bowen Investment (Australia) Pty. Ltd.	26,707	105,833	105,833	110,117
PT. Batubara Global Energy	11,753	203,870	203,870	108,659
PT. Ganda Alam Makmur	241,090	668,255	450,565	391,826
PT. Trans Global Terminal (TGT)	859	851	851	-
LX International India Private Limited	943	2,969	2,969	2,170
PT. Green Global Lestari	175,502	257,492	253,366	207,757
PT. LX International Indonesia	98,231	(1,043)	-	-
PT. Binsar Natorang Energi	59,071	135,000	129,826	111,894
PT. Global Investment Institusi	9,204	2,167	2,167	2,021
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	7,419	27,997	28,229	23,381
Philco Resources Limited	4,310	(133)	-	-
Resources Investment (H.K.) Limited	53,176	319,677	319,677	206,869
LX International Yakutsk LLC.	5,325	(11,238)	-	-
Korea Carbon International Co., Ltd.	839	-	-	-
Colmineral, S.A. de.C.V.	5	3	4	4
Fertilizer Resources Investment Limited	97,580	192,661	192,661	185,609
PT. Kinarya Prima Utama	2,682	1,033	2,753	2,571
PT. Energy Battery Indonesia	136,587	143,423	143,410	836
Dangjin Tank Terminal Co., Ltd.	114,420	89,625	90,380	90,641
Haiphong Steel Flower Electrical & Machinery Company Limited	7,773	14,308	14,308	9,006
Eco & Logis Busan Co., Ltd.	46,200	42,633	42,633	42,803
Poseung Green Power Co., Ltd.	94,950	71,342	71,342	71,368
Lx Glas Co., Ltd.	590,446	342,151	347,277	465,515
LX Pantos Logistics Co., Ltd.	558,741	1,314,571	1,128,226	716,251
	₩ 2,404,764	₩ 4,088,238	₩ 3,694,564	₩ 2,876,277

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9.1 Investments in subsidiaries (cont'd)

The summarized financial information of major subsidiaries as of December 31, 2024 and 2023, and operation results for the years ended by December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024				Revenue	Profit (loss) for the year	Dividends paid by subsidiaries
	Current assets	Non- Current assets	Current liabilities	Non- current liabilities			
LX International (America), Inc.	₩229,132	₩ 3,838	₩171,673	₩ 16	₩1,323,078	₩ 2,153	₩ -
LX International Japan Ltd.	30,297	3,573	26,073	1,460	229,869	398	-
LX International (HK) Ltd.	96,604	2,181	77,524	61	367,751	3,412	-
LX International (Singapore) Pte. Ltd.	392,093	29,738	372,122	73	2,593,798	7,325	-
Bowen Investment (Australia) Pty. Ltd.	143,931	31,312	66,074	3,336	102,855	(8,358)	-
PT. Batubara Global Energy	303,080	79,545	178,615	140	1,353,529	73,374	-
PT. Ganda Alam Makmur	255,796	669,388	131,819	125,109	622,753	51,092	20,784
PT. Green Global Lestari	13,060	257,059	1,578	11,049	160	23,760	-
PT. Binsar Natorang Energi	58,997	234,944	17,123	141,818	25,392	7,302	5,333
Resources Investment (H.K.) Limited	300	319,377	-	-	-	165,814	80,446
Fertilizer Resources Investment Limited	221	192,440	-	-	-	7,398	20,756
PT. Energy Battery Indonesia	915	142,520	12	-	-	268	-
Dangjin Tank Terminal Co., Ltd.	1,456	97,321	4,737	4,415	-	(2,261)	-
Eco & Logis Busan Co., Ltd.	873	42,273	513	-	-	(1,370)	-
Poseung Green Power Co., Ltd.	37,290	215,594	15,449	166,093	65,039	154	-
Lx Glas Co., Ltd.	212,206	356,162	104,584	121,633	383,794	(7,415)	-
LX Pantos Logistics Co., Ltd.	2,043,609	1,242,017	1,459,849	511,206	8,063,339	152,711	19,584

LX International Corp.
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9.1 Investments in subsidiaries (cont'd)

	2023						
	Current assets	Non-Current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Dividends paid by subsidiaries
LX International (America), Inc.	₩ 290,964	₩ 3,207	₩ 242,265	₩ 179	₩1,296,757	₩ 2,074	₩ -
LX International Japan Ltd.	58,370	4,606	54,717	2,486	317,252	659	-
LX International (HK) Ltd.	71,435	2,865	58,211	719	301,863	1,618	-
LX International (Singapore) Pte. Ltd.	436,238	23,291	426,443	99	2,412,240	5,438	-
Bowen Investment (Australia) Pty. Ltd.	81,869	107,100	30,821	48,031	105,170	16,963	-
PT. Batubara Global Energy	242,920	23,862	157,769	354	1,201,607	36,859	-
PT. Ganda Alam Makmur	184,911	612,397	45,980	181,325	686,570	65,885	64,613
PT. Green Global Lestari	26,085	220,972	1,423	35,625	-	8,997	-
PT. Binsar Natorang Energi Resources Investment (H.K.) Limited	50,004	214,165	14,287	133,759	24,563	5,960	4,952
Fertilizer Resources Investment Limited	37,243	169,683	57	-	-	102,991	1,645
Dangjin Tank Terminal Co., Ltd.	204	185,430	25	-	-	22,647	10,538
Eco & Logis Busan Co., Ltd.	914	99,164	10,192	-	-	(2,777)	-
Poseung Green Power Co., Ltd.	1,063	42,245	506	-	-	(1,981)	-
Lx Glas Co., Ltd.	36,865	226,440	16,798	175,138	55,008	(5,244)	-
LX Pantos Logistics Co., Ltd.	202,442	364,084	85,288	130,937	354,864	12,685	-
	1,573,041	1,132,489	1,083,946	473,869	6,879,347	95,600	44,064

LX International Corp.
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9.1 Investments in subsidiaries (cont'd)

Changes in the net book value of investments in subsidiaries by equity method for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024						
	January 1	Acquisition (disposal) and transfer	Dividends	Equity adjustments in equity method	Share of profit or loss	Others	December 31
LX International (America), Inc.	₩ 51,729	₩ -	₩ -	₩ 7,412	₩ 2,542	₩ -	₩ 61,233
LX International Japan Ltd.	5,228	-	-	166	618	-	6,012
LX International (HK) Ltd.	15,370	-	-	2,418	3,404	-	21,192
LX International (Singapore) Pte. Ltd.	32,746	-	-	9,324	7,384	-	49,454
LX International (Deutschland) GmbH	12,425	-	-	920	834	-	14,179
LX International (Shanghai) Corp.	9,931	-	-	1,188	1,028	-	12,147
Bowen Investment (Australia) Pty. Ltd.	110,117	-	-	4,074	(8,358)	-	105,833
PT. Batubara Global Energy	108,659	-	-	21,837	73,374	-	203,870
PT. Ganda Alam Makmur	391,826	-	(20,784)	49,002	30,521	-	450,565
PT. Trans Global Terminal	-	859	-	48	(56)	-	851
LX International India Private Limited	2,170	-	-	266	533	-	2,969
PT. Green Global Lestari	207,757	-	-	23,724	21,885	-	253,366
PT. LX International Indonesia	-	-	-	(241)	8,147	(7,906)	-
PT. Binsar Natorang Energi	111,894	-	(5,333)	16,328	6,937	-	129,826
PT. Global Investment Institusi	2,021	-	-	(1,051)	995	202	2,167
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	23,381	-	(2,107)	2,756	4,199	-	28,229
Resources Investment (H.K.) Limited	206,869	-	(80,446)	27,440	165,814	-	319,677
LX International Yakutsk LLC.	-	-	-	(591)	(1,470)	2,061	-
Colmineral, S.A. de.C.V.	4	-	-	-	-	-	4
Fertilizer Resources Investment Limited	185,609	-	(20,756)	20,410	7,398	-	192,661
PT. Kinarya Prima Utama	2,571	112	-	83	(13)	-	2,753
PT. Energy Battery Indonesia	836	135,751	-	6,555	268	-	143,410
Dangjin Tank Terminal Co., Ltd.	90,641	2,000	-	-	(2,261)	-	90,380
Haiphong Steel Flower Electrical & Machinery Company Limited	9,006	-	-	1,020	4,282	-	14,308
Eco & Logis Busan Co., Ltd.	42,803	1,200	-	-	(1,370)	-	42,633
Poseung Green Power Co., Ltd.	71,368	-	-	-	155	(181)	71,342
Lx Glas Co., Ltd.	465,515	-	-	-	(7,319)	(110,919)	347,277
LX Pantos Logistics Co., Ltd.	716,251	244,020	(19,584)	32,043	154,050	1,446	1,128,226
	<u>₩2,876,727</u>	<u>₩ 383,942</u>	<u>₩(149,010)</u>	<u>₩ 225,131</u>	<u>₩ 473,521</u>	<u>₩(115,297)</u>	<u>₩3,694,564</u>

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9.1 Investments in subsidiaries (cont'd)

	2023						
	January 1	Acquisition (disposal) and transfer	Dividends	Equity adjustments in equity method	Share of profit or loss	Others (*1)	December 31
LX International (America), Inc.	₩ 48,401	₩ -	₩ -	₩ 826	₩ 2,052	₩ -	₩ 51,279
LX International Japan Ltd.	5,059	-	-	(241)	410	-	5,228
LX International (HK) Ltd.	13,533	-	-	216	1,621	-	15,370
LX International (Singapore) Pte. Ltd.	27,252	-	-	(198)	5,692	-	32,746
LX International (Deutschland) GmbH	11,025	-	-	624	776	-	12,425
LX International (Shanghai) Corp.	9,292	-	-	(44)	683	-	9,931
Yantai LX international VMI Co., LTD.	2,330	-	(2,375)	(468)	(19)	532	-
Bowen Investment (Australia) Pty. Ltd.	90,617	-	-	2,537	16,963	-	110,117
PT. Batubara Global Energy	71,245	-	-	555	36,859	-	108,659
PT. Ganda Alam Makmur	410,393	-	(64,613)	5,026	41,020	-	391,826
LX International India Private Limited	1,889	-	-	18	263	-	2,170
PT. Green Global Lestari	194,199	-	-	3,266	10,292	-	207,757
PT. LX International Indonesia	-	-	-	(369)	530	(161)	-
PT. Binsar Natorang Energi	110,036	-	(4,952)	1,148	5,662	-	111,894
PT. Global Investment Institusi	4,671	-	-	248	(2,898)	-	2,021
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	29,267	-	(10,570)	339	4,345	-	23,381
Resources Investment (H.K.) Limited	106,576	-	(1,645)	(1,052)	102,990	-	206,869
LX International Yakutsk LLC.	-	-	-	(1,619)	(762)	2,381	-
Colmineral, S.A. de.C.V.	4	-	-	-	-	-	4
Fertilizer Resources Investment Limited	173,669	-	(10,538)	(169)	22,647	-	185,609
PT. Kinarya Prima Utama	-	2,571	-	-	-	-	2,571
PT. Energy Battery Indonesia	-	836	-	-	-	-	836
Dangjin Tank Terminal Co., Ltd.	90,718	2,700	-	-	(2,777)	-	90,641
Haiphong Steel Flower Electrical & Machinery Company Limited	6,304	-	-	(141)	2,843	-	9,006
Eco & Logis Busan Co., Ltd.	42,784	2,000	-	-	(1,981)	-	42,803
Poseung Green Power Co., Ltd.	76,801	-	-	-	(5,244)	(189)	71,368
Lx Glas Co., Ltd.	-	590,446	-	-	12,307	(137,238)	465,515
LX Pantos Logistics Co., Ltd.	672,838	-	(44,064)	42,004	49,087	(3,614)	716,251
	<u>₩2,198,903</u>	<u>₩ 598,553</u>	<u>₩(138,757)</u>	<u>₩ 52,506</u>	<u>₩ 303,361</u>	<u>₩(138,289)</u>	<u>₩2,876,277</u>

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9.2 Investments in associates

As of December 31, 2024 and 2023, investments in associates are as follows:

	Location	Equity ownership(%)		Reporting date	Principal operation
		2024	2023		
Biofriends INC. (*1)	Korea	10.44	10.44	Dec.31	Manufacturing and selling clean energy
ATEAM VENTURES Co., Ltd. (*1)	Korea	10.91	11.79	Dec.31	Software development
BSG Partners Co., Ltd.	Korea	25.28	25.28	Dec.31	Software development
LX Ventures New Technology Investment Fund 1	Korea	26.67	26.67	Dec.31	Financial investment
POSCO-IPPC (India Pune Processing Center) (*2)	India	35.00	35.00	Mar.31	Processing and selling steel
POSCO-PWPC (Poland Wroclaw Processing Center)	Poland	40.00	40.00	Dec.31	Processing and selling steel
GS HP Sunflower Village Int'l Corp.	Vietnam	30.00	30.00	Dec.31	Leasing real estate
Musandam Power Company SAOC (*1)	Oman	18.00	18.00	Dec.31	Thermal power plant
Gansu Wuwei Cogeneration Power Plant	China	30.00	30.00	Dec.31	Generating cogeneration

(*1) The entities were classified as associates even though the Company holds less than 20% equity ownership. As the Company has rights to elect the directors of the entities and its executives participate in their management as directors, the Company considered that it has significant influence over these entities.

(*2) For the year ended December 31, 2024, the Company classified it as non-current assets held for sale.

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9.2 Investments in associates (cont'd)

Details of the investments in associates as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Acquisition	Net asset value	Net book value	Net book value
Biofriends INC.	₩ 2,720	₩ (3,772)	₩ 1,413	₩ 1,960
ATEAM VENTURES Co., Ltd.	3,500	(947)	2,957	3,131
BSG Partners Co., Ltd.	30,340	73,015	31,403	30,340
LX Ventures New Technology Investment Fund 1	3,200	11,520	3,072	3,176
POSCO-IPPC (India Pune Processing Center) (*1)	9,184	-	-	17,565
POSCO-PWPC (Poland Wroclaw Processing Center)	5,244	33,085	13,259	12,172
GS HP Sunflower Village Int'l Corp.	2,911	20,551	6,165	5,845
Musandam Power Company SAOC	6,535	47,210	8,845	7,450
Gansu Wuwei Cogeneration Power Plant	55,932	228,628	69,037	61,477
	₩ 119,566	₩ 409,290	₩ 136,151	₩ 143,116

(*1) The entity was classified as asset held for sale as of December 31, 2023.

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9.2 Investments in associates (cont'd)

The condensed financial information of major associates as of December 31, 2023 and 2022, is as follows (Korean won in millions):

	2024						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Dividends paid by subsidiaries
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

	2023						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Dividends paid by subsidiaries
Ecovance Co., Ltd. (*1)	₩ 38,105	₩ 94,256	₩ 1,266	₩ 99	₩ -	₩ (7,361)	₩ -
BSG Partners Co., Ltd.	35,233	15,641	5,146	12	45,697	6,838	-
POSCO-IPPC (India Pune Processing Center)	197,085	29,669	162,579	13,989	441,463	1,620	-
POSCO-PWPC (Poland Wroclaw Processing Center)	62,109	7,028	38,768	2	117,781	(1,081)	-
Musandam Power Company SAOC	24,787	222,571	12,074	195,800	68,532	7,150	1,198
Gansu Wuwei Cogeneration Power Plant	121,553	378,155	61,832	234,454	251,440	7,775	877

(*1) The entity was classified as asset held for sale as of December 31, 2023.

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9.2 Investments in associates (cont'd)

Changes in the net book value of investments in associates for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024						
	January 1	Acquisition (disposal) and transfer	Dividends	Equity adjustments in equity method	Share of profit or loss	Others (*1)	December 31
Biofriends INC.	₩ 1,960	₩ -	₩ -	₩ -	₩ (547)	₩ -	₩ 1,413
ATEAM VENTURES Co., Ltd.	3,131	-	-	-	(206)	32	2,957
BSG Partners Co., Ltd.	30,340	-	-	103	960	-	31,403
LX Ventures New Technology Investment Fund 1	3,176	-	-	-	(104)	-	3,072
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
	<u>₩ 143,116</u>	<u>₩ -</u>	<u>₩ (3,284)</u>	<u>₩ 10,709</u>	<u>₩ 4,704</u>	<u>₩ (19,094)</u>	<u>₩ 136,151</u>

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

	2023						
	January 1	Acquisition (disposal) and transfer	Dividends	Equity adjustments in equity method	Share of profit or loss	Others (*1)	December 31
Biofriends INC.	₩ 2,193	₩ -	₩ -	₩ (7)	₩ (226)	₩ -	₩ 1,960
Ecovance Co., Ltd. (*1)	14,896	-	-	-	(897)	(13,999)	-
ATEAM VENTURES Co., Ltd.	3,500	-	-	-	(370)	1	3,131
BSG Partners Co., Ltd.	-	30,340	-	-	-	-	30,340
LX Ventures New Technology Investment Fund 1	-	3,200	-	-	(24)	-	3,176
POSCO-IPPC (India Pune Processing Center)	16,801	-	-	197	567	-	17,565
POSCO-PWPC (Poland Wroclaw Processing Center)	11,080	-	-	1,524	(432)	-	12,172
GS HP Sunflower Village Int'l Corp.	5,840	-	(143)	(51)	237	(38)	5,845
Oman International Petrochemical Industry Company L.L.C	-	-	-	(751)	-	751	-
Musandam Power Company SAOC	7,229	-	(1,198)	132	1,287	-	7,450
Gansu Wuwei Cogeneration Power Plant	60,246	-	(877)	(224)	2,332	-	61,477
	<u>₩ 121,785</u>	<u>₩ 33,540</u>	<u>₩ (2,218)</u>	<u>₩ 820</u>	<u>₩ 2,474</u>	<u>₩ (13,285)</u>	<u>₩ 143,116</u>

(*1) The entity was classified as asset held for sale as of December 31, 2023, and completed the sale during the current term.

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10. PROPERTY, PLANT AND EQUIPMENT:

Details of property, plant and equipment as of December 31, 2024 and 2023, are as follows (Korean won in millions):

2024					
	Acquisition cost		Accumulated depreciation		Net book value
Land	₩	1,669	₩	-	₩ 1,669
Buildings		1,990		(180)	1,810
Structures		1,275		(1,022)	253
Machinery and equipment		453		(305)	148
Vehicles		251		(120)	131
Others		9,060		(8,397)	663
Construction in progress		-		-	-
Right-of-use assets		15,615		(9,915)	5,700
	₩	30,313	₩	(19,939)	₩ 10,374

2023					
	Acquisition cost		Accumulated depreciation		Net book value
Land	₩	298	₩	-	₩ 298
Buildings		806		(155)	651
Structures		1,275		(974)	301
Machinery and equipment		358		(264)	94
Vehicles		283		(192)	91
Others		8,591		(8,046)	545
Construction in progress		891		-	891
Right-of-use assets		13,266		(8,739)	4,527
	₩	25,768	₩	(18,370)	₩ 7,398

Changes in the net book value of property, plant and equipment for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

2024							
	January 1	Additions	Transfer	Disposal	Depreciation	December 31	
Land	₩ 298	₩ -	₩ 1,371	₩ -	₩ -	₩ 1,669	
Buildings	651	-	1,184	-	(25)	1,810	
Structures	301	-	-	-	(48)	253	
Machinery and equipment	94	95	-	-	(41)	148	
Vehicles	91	73	-	-	(33)	131	
Others	545	570	-	(19)	(433)	663	
Construction -in - progress	891	3,524	(4,331)	(84)	-	-	
Right-of-use assets	4,527	9,818	-	(963)	(7,682)	5,700	
	₩ 7,398	₩ 14,080	₩ (1,776)	₩ (1,066)	₩ (8,262)	₩ 10,374	

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

		2023					
	January 1	Additions	Transfer	Disposal	Depreciation	December 31	
Land	₩ 12	₩ -	₩ 286	₩ -	₩ -	₩ 298	
Buildings	421	-	246	-	(16)	651	
Structures	355	-	-	-	(54)	301	
Machinery and equipment	138	-	-	-	(44)	94	
Vehicles	35	73	-	-	(17)	91	
Others	629	511	-	(1)	(594)	545	
Construction in progress	-	4,191	(3,300)	-	-	891	
Right-of-use assets	2,316	11,208	-	(1,666)	(7,331)	4,527	
	₩ 3,906	₩ 15,983	₩ (2,768)	₩ (1,667)	₩ (8,056)	₩ 7,398	

Details of insurance for properties are as follows (Korean won in millions):

			Insured amount	
	Insured assets	Insurance institution	2024	2023
Property insurance	Plant & equipment, etc.	KB insurance Co, LTD. and others	₩ 33,303	₩ 34,785

11. INTANGIBLE ASSETS:

Details of intangible assets as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Industrial property rights	₩ 1	₩ -
License	11,163	12,185
Others	3,487	2,679
	₩ 14,651	₩ 14,864

Changes in the net book value of intangible assets for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

		2024					
	January 1	Additions	Disposals	Reclassification	Amortization	December 31	
Industrial property rights	₩ -	₩ 1	₩ -	₩ -	₩ -	₩ 1	
Land	12,185	-	(1,022)	-	-	11,163	
Buildings	2,679	319	-	1,776	(1,287)	3,487	
	₩ 14,864	₩ 320	₩ (1,022)	₩ 1,776	₩ (1,287)	₩ 14,651	

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11. Intangible assets (cont'd)

	2023					
	January 1	Additions	Disposals	Reclassification	Amortization	December 31
Industrial property rights	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Land	10,093	-	-	2,092	-	12,185
Buildings	2,862	117	-	676	(976)	2,679
	₩ 12,955	₩ 117	₩ -	₩ 2,768	₩ (976)	₩ 14,864

The Company participates as the Klaytn Blockchain Platform Operator (General Council Officer) and is acquiring the cryptocurrency, Klay. Acquisition of the asset does not require significant acquisition costs; therefore, it is treated as a non-retained asset. As of December 31, 2024, the Company has 3,742,072 Klay (2023: 7,484,146 Klay).

12. TRADE AND OTHER RECEIVABLES:

Details of trade and other receivables as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024			2023		
	Total amount	Allowance for doubtful accounts	Net value	Total amount	Allowance for doubtful accounts	Net value
Current:						
Trade receivables	₩ 435,287	₩ (40,072)	₩ 395,215	₩ 403,148	₩ (39,412)	₩ 363,736
Short-term loans	2,205	(735)	1,470	11,161	(8,641)	2,520
Other receivables (*1)	26,477	(4,849)	21,628	36,389	(4,871)	31,518
Current portion of long-term other accounts receivable	-	-	-	6,219	-	6,219
Accrued income	3,838	(3,576)	262	6,381	(3,152)	3,229
Short-term deposits	2,641	-	2,641	2,596	-	2,596
	470,448	(49,232)	421,216	465,894	(56,076)	409,818
Non-current:						
Long-term loans	47,980	(37,690)	10,290	64,810	(28,983)	35,827
Long-term uncollected income	8,956	(6,890)	2,066	6,113	(1,513)	4,600
Long-term bank deposits (*2)	10	-	10	10	-	10
Long-term deposits	2,143	(1,492)	651	2,355	(1,492)	863
	59,089	(46,072)	13,017	73,288	(31,988)	41,300
	₩ 529,537	₩ (95,304)	₩ 434,233	₩ 539,182	₩ (88,064)	₩ 451,118

(*1) As of December 31, 2024, other receivables related to derivatives of ₩2,032 million (2023: ₩181 million) were excluded.

(*2) As of December 31, 2024, it presents the amount after excluding ₩952 million (2023: ₩1,444 million) of excessive amount of plan assets (see Note 20).

12. Trade and other receivables (cont'd)

Changes in the net book value of allowance for doubtful accounts for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Trade receivables	Other receivables	Trade receivables	Other receivables
January 1	₩ 39,412	₩ 48,652	₩ 40,179	₩ 115,825
Bad debt expenses	660	11,763	-	2,458
Bad debt recoveries	-	-	(767)	(755)
Others (*1)	-	(5,183)	-	(68,876)
December 31	₩ 40,072	₩ 55,232	₩ 39,412	₩ 48,652

(*1) For the year ended December 31, 2023, the reduction from the settlement of long-term loans to KC KAZKH B.V, which amounts to ₩63,432 million, is included.

Aging analysis of trade receivables as of December 31, 2024 and 2023, is as follows (Korean won in millions):

	Less than 3 months		3 to 6 months	6 to 12 months	1 year to 3 years	More than 3 years		Total
	₩					₩		
Dec. 31, 2024	₩ 391,228	₩	-	₩ -	₩ 874	₩ 43,185	₩	₩ 435,287
Dec. 31, 2023	₩ 359,855	₩	146	₩ 3	₩ 14	₩ 43,130	₩	₩ 403,148

As of the December 31, 2024, there are no trade accounts receivable that were transferred or factored, but not derecognized because the requirements for financial instrument derecognition are not met.

13. BORROWINGS AND BONDS:

13.1 Short-term borrowings

Description	Financial institution	Annual interest rate as of Dec. 31, 2024	2024	2023
General borrowings	Bank of China and others	CD91 rate + 0.9 % and others	₩ 150,000	₩ -
			₩ 150,000	₩ -

The Company has contracts of commercial paper discount with HSBC, SMBC, CA and others. 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 Company has signed individual and comprehensive loan agreements (credit limit of ₩18,000 million) with Shinhan Bank and two other banks in relation to bank overdraft facilities as of December 31, 2024. In relation to the bank overdraft facilities above, long-term financial instruments are provided as collateral.

13.2 Long-term borrowings

Details of long-term borrowings as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	Financial institution	Annual interest rate as of Dec. 31, 2023	2024	2023
Local currency	Korea Energy Agency	Special Energy Fund Rate – 2.25%	₩ -	₩ 659
	Forestry Cooperative in Korea	1.5%	814	1,935
	The Export-Import Bank of Korea	Export-Import Financial Debentures 3 month + 1.36%	36,750	73,500
	KDB Bank	CD91 rate +(1.33%–1.55%)	280,000	180,000
	China Construction Bank Corporation	CD91 rate +1.25%	20,000	20,000
	Agricultural Bank of China	CD91 rate +1.20%	30,000	30,000
	Mizuho Bank	CD91 rate +1.25%	50,000	50,000
	KEB Hana Bank	CD91 rate +1.47%	50,000	50,000
	HSBC Bank	CD91 rate +1.33%	50,000	50,000
	Shinhan Bank	CD91 rate +1.41%	100,000	100,000
			617,564	556,094
		Less current portion	(117,564)	(58,530)
			500,000	497,564
Foreign currency	Korea Energy Agency	Special Energy Fund Rate – 2.25%	15,014	13,343
			15,014	13,343
		Less current portion	-	(173)
			15,014	13,170
			₩ 515,014	₩ 510,734

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13.3 Bonds

Details of bonds as of December 31, 2024 and 2023, are as follows (Korean won in millions):

Series	Issue date	Maturity date	Rate	2024	2023	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	50,000	Non-warranty
121-1st	Aug. 06. 2021	Aug. 06. 2026	2.29%	20,000	20,000	Non-warranty
121-2nd	Aug. 06. 2021	Aug. 06. 2031	3.10%	30,000	30,000	Non-warranty
122-1st	Jan. 28. 2022	Jan. 27. 2025	2.96%	110,000	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	April. 24. 2023	April. 24. 2025	3.99%	30,000	30,000	Non-warranty
123-2nd	April. 24. 2023	April. 24. 2026	4.11%	100,000	100,000	Non-warranty
123-3rd	April. 24. 2023	April. 24. 2028	4.39%	70,000	70,000	Non-warranty
Less discount on bonds				(768)	(1,272)	
Less current portion of bonds				(190,000)	(50,000)	
Less current portion of discount on bonds				27	55	
				<u>₩ 459,259</u>	<u>₩ 598,783</u>	

The Company issued the 119-1st, 120-2nd, 121-1st and 121-2nd, 122-1st, 122-2nd, 122-3rd, 123-1st, 123-2nd and 123-3rd unsecured bonds at discounts, and 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.

14. PROVISIONS:

Details of provisions as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Current	Non-current	Current	Non-current
Rehabilitation provisions	₩ 1,712	₩ 142	₩ 1,712	₩ 142
Onerous contracts	-	-	7,292	-
Provisions for litigation	-	-	-	562
	<u>₩ 1,712</u>	<u>₩ 142</u>	<u>₩ 9,004</u>	<u>₩ 704</u>

Changes in provisions for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024				
	January 1	Recognition (reversal)	Used	Others (*1)	December 31
Rehabilitation provisions	₩ 1,854	₩ -	₩ -	₩ -	₩ 1,854
Onerous contracts	7,292	(3,552)	(4,476)	736	-
Provisions for litigation	562	(603)	-	41	-
	<u>₩ 9,708</u>	<u>₩ (4,155)</u>	<u>₩ (4,476)</u>	<u>₩ 777</u>	<u>₩ 1,854</u>

14. Provisions (cont'd)

	2023					
	January 1	Recognition (reversal)	Used	Others (*1)	December 31	
Rehabilitation provisions	₩ 1,884	₩ -	₩ (30)	₩ -	₩ 1,854	
Onerous contracts	13,886	(8)	(7,566)	980	7,292	
Provisions for litigation	553	-	-	9	562	
	₩ 16,323	₩ (8)	₩ (7,596)	₩ 989	₩ 9,708	

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

15. CAPITAL STOCKS AND OTHERS:

15.1 Capital stocks

Details of capital stocks as of December 31, 2024 and 2023, are as follows (Korean won in millions, except per share amounts):

	2024	2023
Number of ordinary shares issued	38,760,000	38,760,000
Par value per share	₩ 5,000	₩ 5,000
	₩ 193,800	₩ 193,800

15.2 Capital surplus

	2024	2023
Paid-in capital in excess of par value	₩ 47,106	₩ 47,106
Asset revaluation surplus (*1)	37,286	37,286
Other capital surplus	17,732	17,732
	₩ 102,124	₩ 102,124

(*1) The 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.

15.3 Other components of equity

Details of other components of equity as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Treasury stock (*1)	₩ (40,690)	₩ (40,690)

(*1) As of December 31, 2024, the Company has 2,792,098 shares of treasury stocks.

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15.4 Accumulated other comprehensive loss

Details of accumulated other comprehensive loss as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023
Loss on valuation of financial instrument at fair value through OCI	₩ (30,687)	₩	(8,895)
Positive changes in equity arising from equity method investments (*1)	267,599		61,467
Exchange differences on translation of foreign operation	3,061		4,539
	<u>₩ 239,973</u>	₩	<u>57,111</u>

(*1) The amount includes ₩1,283 million reclassified to net income due to the disposal of shares in subsidiaries and associates during FY2023.

15.5 Retained earnings

Details of retained earnings as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023
Legal reserve	₩ 62,085	₩	57,768
Business rationalization reserve	1,511		1,511
Improvement of financial structure reserve	13,693		13,693
Voluntary reserves and retained earnings before appropriations	2,134,021		1,932,878
	<u>₩ 2,211,310</u>	₩	<u>2,005,850</u>

15.6 Earnings per share

The Company's per share for the years ended December 31, 2024 and 2023, is computed as follows (number of shares, Korean won):

	2024		2023
Profit for the year	₩ 248,302,129,978	₩	115,280,273,450
Weighted-average number of ordinary shares outstanding (*1)	35,967,902		35,967,902
Basic earnings per share	<u>₩ 6,903</u>	₩	<u>3,205</u>

(*1) The Company's weighted-average number of ordinary shares for the years ended December 31, 2024 and 2023, are computed as follows:

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15.6 Earnings per share (cont'd)

	2024		2023	
	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	14,186,160,000	38,760,000	14,147,400,000
Treasury shares	(2,792,098)	(1,021,907,868)	(2,792,098)	(1,019,115,770)
Number of ordinary shares outstanding	35,967,902	13,164,252,132	35,967,902	13,128,284,230
Days of holding		366 days		365 days
Weighted-average number of ordinary shares outstanding (*2)		35,967,902		35,967,902

(*2) The weighted-average number of ordinary shares in circulation for the current term is the same as the number of shares deducted from the total number of issued shares because there is no change in the number of treasury shares.

15.7 Statements of appropriation of retained earnings

The statements of appropriation of retained earnings for the years ended December 31, 2024 and 2023, are as follows (Korean won):

	2024	2023
Retained earnings before appropriations:		
Unappropriated retained earnings carried forward from the prior year	₩ -	₩ -
Remeasurement loss on defined benefit plans	(1,145,173,618)	(3,408,451,485)
Change in retained earnings in equity method	1,463,494,017	(5,699,278,528)
Disposal of financial assets at fair value through OCI	-	812,114
Profit for the year	248,302,129,978	115,280,273,450
	248,620,450,377	106,173,355,551
Reversal of voluntary reserves:	-	-
	-	-
Appropriation:		
Legal reserve	7,193,580,400	4,316,148,240
Cash dividends (Note 16)	71,935,804,000	43,161,482,400
Voluntary reserve	169,491,065,977	58,695,724,911
	(248,620,450,377)	(106,173,355,551)
Unappropriated retained earnings to be carried forward to the next year	-	-

The statement of retained earnings before disposition for the year ended December 31, 2024, is scheduled to be approved at the annual shareholders' meeting to be held on March 28, 2025. The statement of retained earnings before disposition for the year ended December 31, 2023, was approved at the annual shareholders' meeting on March 21, 2024.

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16. DIVIDENDS:

For the years ended December 31, 2024 and 2023, dividends paid are as follows (Korean won in millions, except per share amounts):

	2024		2023	
Dividend per share	₩	1,200	₩	3,000
Dividends paid	₩	43,161	₩	107,904

As of December 31, 2024 and 2023, proposed dividends to be approved at the general meeting of shareholders consist of the following (Korean won in millions, except per share amounts):

	2024		2023	
Dividend per share	₩	2,000	₩	1,200
Dividends paid	₩	71,936	₩	43,161

17. SALES:

Revenue from contracts with customers for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024			2023		
	Resource	Trading / New growth	Total	Resource	Trading / New growth	Total
Revenue recognized at a point of time						
Sales of goods	₩ 2,036	₩ 3,620,446	₩ 3,622,482	₩ 3,089	₩ 3,464,781	₩ 3,467,870
Sales of services	-	25,971	25,971	-	21,996	21,996
	2,036	3,646,417	3,648,453	3,089	3,486,777	3,489,866
Revenue recognized over period						
Sales of services	-	1,390	1,390	-	2,355	2,355
	₩ 2,036	₩ 3,647,807	₩ 3,649,843	₩ 3,089	₩ 3,489,132	₩ 3,492,221

Contract liabilities from contracts with customers for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
Trading/new growth	₩	315	₩	745
	₩	315	₩	745

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17. Sales (cont'd)

Details of changes in contract liabilities arising from contracts with customers during December 31, 2024 and 2023, are as follows (Korean won in millions):

		2024			
	January 1	Increase	Decrease	December 31	
Resource	-	₩ 3	₩ (3)	₩	-
Trading/new growth	745	17,138	(17,568)		315
	₩ 745	₩ 17,141	₩ (17,571)	₩	315

		2023			
	January 1	Increase	Decrease	December 31	
Trading/new growth	₩ 2,023	₩ 43,390	₩ (44,668)	₩	745
	₩ 2,023	₩ 43,390	₩ (44,668)	₩	745

18. SELLING AND ADMINISTRATIVE EXPENSES:

Details of selling and administrative expenses for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Salaries	₩ 50,977	₩ 41,438
Retirement benefits	4,690	4,479
Employee welfare benefits	11,271	10,693
Travel	5,141	4,056
Rents	870	951
Depreciation	6,570	6,417
Insurance	1,034	950
Freight	38,033	35,648
Service	39,195	42,347
Loading and unloading	56	412
Amortization	1,287	976
Bad debt expenses	660	(767)
Sales commissions	763	155
Expenses for overseas branch office	6,603	6,797
Others	8,403	8,160
	₩ 175,553	₩ 162,712

19. EXPENSES CLASSIFIED BY NATURE:

Expenses classified by nature for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Cost of goods sales	₩ 3,490,584	₩ 3,320,776
Employee benefits (salaries and retirement benefits)	55,667	45,916
Distribution costs (custody charges, packaging costs and transportation expenses)	39,168	36,536
Depreciation and amortization	9,550	9,032
Others	72,862	72,867
	₩ 3,667,831	₩ 3,485,127

20. PENSION BENEFITS:

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

Details of employee benefit liabilities as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Present value of defined benefit obligation	₩ 37,031	₩ 33,811
Fair value of plan assets (*1)	(37,983)	(35,255)
	₩ (952)	₩ (1,444)

(*1) The Company classified fair value of plan assets exceeding present value of defined benefit obligation as other non-current assets.

Expenses recognized in respect of the defined benefit plans for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Current service costs	₩ 3,876	₩ 3,630
Net interest costs	(57)	(315)
Management costs of plan assets	76	74
	₩ 3,895	₩ 3,389

20. Pension benefits (cont'd)

Changes in the present value of defined benefit obligation for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
As of January 1	₩ 33,811	₩ 28,915
Current service costs	3,876	3,630
Interest costs	1,260	1,397
Benefits paid	(3,080)	(3,550)
Transfer in (out)	(1,196)	(341)
Remeasurement loss on defined benefit plans	2,360	3,760
As of December 31	₩ 37,031	₩ 33,811

Changes in the fair value of plan assets for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
As of January 1	₩ 35,255	₩ 34,959
Return on plan assets	1,318	1,712
Contribution payable	3,120	3,001
Benefits paid	(2,449)	(3,671)
Remeasurement loss on defined benefit plans	815	(672)
Management costs of plan assets	(76)	(74)
As of December 31	₩ 37,983	₩ 35,255

The key components of plan assets account for total fair value of plan assets as of December 31, 2024 and 2023, are as follows:

	2024	2023
Debt securities	77.60%	81.77%
Deposits	22.37%	18.22%
Others	0.03%	0.01%
	100.00%	100.00%

The principal assumptions used in actuarial calculation as of December 31, 2024 and 2023, are as follows:

	2024	2023
Salary increase rate	4.59%	4.66%
Discount rate	3.35%	3.96%

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20. Pension benefits (cont'd)

Sensitivity analyses on the principal assumptions used in actuarial calculation as of December 31, 2024, are as follows (Korean won in millions):

	Defined benefit obligation					
	Dec. 31		Increase by 1%		Decrease by 1%	
Salary increase rate	₩	37,031	₩	38,965	₩	35,241
Discount rate		37,031		35,240		39,005

Expenses by operating a defined contribution plan for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
Retirement benefits	₩	525	₩	237

21. FINANCE INCOME AND COSTS:

21.1 Finance income

Details of finance income for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
Interest income	₩	14,898	₩	21,790
Gain on foreign currency transactions		118,704		148,512
Gain on foreign currency translation		20,622		6,993
Gain on currency forwards		15,533		28,184
Dividend income		10,076		12,011
Commission revenue from guarantees		849		942
	₩	180,682	₩	218,432

21.2 Finance costs

Details of finance costs for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
Interest expenses	₩	59,516	₩	57,993
Loss on foreign currency transactions		103,167		143,756
Loss on foreign currency translation		18,053		5,911
Loss on currency forwards		34,374		33,646
Loss on disposal of receivables		1,235		1,776
	₩	216,345	₩	243,082

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21.3 Share of profit (loss) of subsidiaries and associates, and related gain and loss

Share of profit (loss) of subsidiaries and associates, and related gain and loss for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Share of profit of subsidiaries and associates	₩ 500,003	₩ 321,465
Share of loss of subsidiaries and associates	(21,777)	(15,630)
Gain on disposal of investments in subsidiaries and associates	1,577	1,488
Loss on disposal of investments in subsidiaries and associates	-	-
Impairment loss on investments in subsidiaries and associates	(111,791)	(135,442)
Reversal of impairment loss on investments in subsidiaries and associates	-	-
	₩ 368,012	₩ 171,881

21.4 Other non-operating income and expenses

Other non-operating income and expenses for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions). Gain on disposal of property, plant and equipment gain on disposal of intangible assets.

	2024	2023
Other bad debt expenses	₩ (11,763)	₩ (2,458)
Gain on disposal of property, plant and equipment	119	50
Gain on disposal of intangible assets	10,632	-
Others	3,410	2,013
	₩ 2,398	₩ (395)

22. IMPAIRMENT LOSS ON ASSETS:

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

	2024	
	Investments in subsidiaries	Investments in associates
Segment	Trading/new growth	Trading/New growth
Cause of impairment	Decline of business performances	Held-for-Sale asset classification
Nature of asset	Glass manufacturing	Steel processing
Related region	Asia	Asia
Impairment loss (reversal of impairment loss)	₩110,184	₩1,607
Measuring of recoverable amount	Value in use	Net fair value
Basis of estimates	Zero-Growth / DCF	-
Discount rate	8.60%	-

22. Impairment loss on assets (Cont'd)

Details of impairment loss and reversal of impairment loss recognized for the year ended December 31, 2023, are as follows (Korean won in millions):

	2023
	Investments in subsidiaries
Segment	Trading/new growth
Cause of impairment	Decline of business performances
Nature of asset	Glass manufacturing
Related region	Asia
Impairment loss (reversal of impairment loss)	₩135,442
Measuring of recoverable amount	Value in use
Basis of estimates	Zero-Growth / DCF
Discount rate	8.95%

23. INCOME TAX:

The major components of income tax expenses for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Current income tax	₩ 8,121	₩ 10,515
Changes in deferred tax	81,761	15,992
Deferred tax related to items recognized in other comprehensive income (loss)	(21,427)	12,143
Income tax expenses reported in the separate statements of profit or loss	₩ 68,455	₩ 38,650

Reconciliations between income tax expenses at the effective income tax rate and profit before tax at the Korea statutory tax rate for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Profit before income tax	₩ 316,757	₩ 153,930
Statutory income tax (23.1% in 2024)	73,262	35,096
Adjustments:		
Effect of recognized deferred tax for temporary differences	41,838	23,865
Current-year adjustment related to the income tax on previous years	(482)	969
Effect of non-deductible expenses for tax purposes	(9,772)	(28,949)
Foreign income tax directly charged	3,515	8,790
Income tax on non-recirculation	(314)	-
Others	(39,592)	(1,120)
Income tax expenses	68,455	38,650
Effective tax rate (income tax expenses/profit before income tax)	21.61%	25.11%

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23. Income tax (Cont'd)

The major components of deferred income tax charged directly to equity for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Loss on valuation of FVOCI	₩ 6,518	₩ 12,642
Equity adjustments in equity method	(28,754)	(1,373)
Exchange differences on translation of foreign	444	(150)
Loss on valuation of derivatives	365	1,024
	<u>₩ (21,427)</u>	<u>₩ 12,143</u>

Temporary differences and deferred taxes for the years ended December 31, 2024 and 2023, consist of the following (Korean won in millions):

	Accumulated temporary differences			Deferred tax assets (liabilities)	
	Jan. 1, 2024	Net changes	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Deferred income tax due to temporary differences:					
Investments in subsidiaries and associates	₩ (635,412)	₩ (449,519)	₩ (1,084,931)	₩ (69,965)	₩ (142,921)
Provisions	92,506	7,514	100,020	17,200	11,487
Accrued expenses	12,850	8,106	20,956	2,968	4,841
Others	8,497	801	9,298	1,963	1,341
	<u>(521,559)</u>	<u>(433,098)</u>	<u>(954,657)</u>	<u>(47,834)</u>	<u>(125,252)</u>
Tax credits				26,142	27,218
Charged income tax due to carryforward of losses	70,482	(47,040)	23,442	16,282	5,415
Charged income tax due to non-recirculation				(5,448)	-
				<u>₩ (10,858)</u>	<u>₩ (92,619)</u>

Temporary differences for which the deferred tax assets (liabilities) have not been recognized for the years ended December 31, 2024 and 2023, consist of the following (Korean won in millions):

	2024	2023
Investments in subsidiaries, associates or joint ventures (*1)	₩ 362,939	₩ 161,457
Guarantee commission and others	53,782	169,965
	<u>₩ 416,721</u>	<u>₩ 331,422</u>

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

Under the Global Minimum Tax law, which will be applied from 2024, the consolidated company may be required to pay an additional tax on the difference between the effective tax rate of subsidiaries in each jurisdiction and the minimum tax rate of 15%.

The consolidated company is currently reviewing the impact of the Global Minimum Tax law on its financial statements.

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23. Income tax (cont'd)

The application of the Global Minimum Tax law is complicated, making it difficult to reasonably estimate its impact on the separate financial statements. Subsidiaries of the consolidated company made contracts with tax professionals to conduct the review for the estimate.

24. RELATED-PARTY DISCLOSURES:

As of December 31, 2024, LX Holdings Corp., the largest shareholder of the Company, holds 24.69% of the Company's common shares and has significant influence over the Company.

Consolidated subsidiaries as of December 31, 2024, are as follows:

	Country of domicile	Equity ownership (%)	
		2024	2023
Corporations that have significant influence on the Company at the end of current year			
LX Holdings Corp., and its subsidiaries			
Subsidiaries			
LX International (America), Inc.	USA	100.00	100.00
LHC Solar, LLC.	USA	100.00	100.00
LX International Japan Ltd.	Japan	100.00	100.00
LX International (HK) Ltd.	Hong Kong	100.00	100.00
LX International (Singapore) Pte. Ltd.	Singapore	100.00	100.00
LX International (Deutschland) GmbH	Germany	100.00	100.00
LX International (Shanghai) Corp.	China	100.00	100.00
Bowen Investment (Australia) Pty Ltd.	Australia	100.00	100.00
PT. Batubara Global Energy	Indonesia	100.00	100.00
PT. Megaprima Persada	Indonesia	75.00	75.00
PT. Mega Global Energy	Indonesia	100.00	100.00
PT. Ganda Alam Makmur	Indonesia	60.00	60.00
LX International India Private Limited	India	100.00	100.00
PT. Green Global Lestari	Indonesia	100.00	100.00
PT. Parna Agromas	Indonesia	100.00	100.00
PT. Grand Utama Mandiri	Indonesia	100.00	100.00
PT. Tintin Boyok Sawit Makmur	Indonesia	100.00	100.00
PT. Tintin Boyok Sawit Makmur Dua	Indonesia	100.00	100.00
PT. Green Global Utama	Indonesia	100.00	100.00
PT. LX International Indonesia	Indonesia	100.00	100.00
PT. Binsar Natorang Energi	Indonesia	95.00	95.00
PT. Energy Metal Indonesia	Indonesia	100.00	100.00
PT. Global Investment Institusi	Indonesia	100.00	100.00
PT. Satu Gen Indonesia (*9)	Indonesia	-	51.00
PT. SLX Global Healthcare	Indonesia	51.00	51.00
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	China	100.00	100.00
Philco Resources Limited	Malaysia	60.00	60.00
Resources Investment (H.K.) Limited	Hong Kong	100.00	100.00
LX International Yakutsk LLC.	Russia	100.00	100.00
Korea Carbon International Co., Ltd.	Hong Kong	60.00	60.00
Colmineral, S.A. de.C.V.	Mexico	100.00	100.00
Fertilizer Resources Investment Limited	Hong Kong	100.00	100.00
PT. Kinarya Prima Utama	Indonesia	99.92	100.00

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Subsidiaries (cont'd) :	Country of domicile	Equity ownership (%)	
		2024	2023
PT. Energy Battery Indonesia	Indonesia	99.99	99.99
PT. Adhi Kartiko Pratama (*1)	Indonesia	60.00	-
PT. Terum Konawe Utara (*1)	Indonesia	99.00	-
Dangjin Tank Terminal Co., Ltd.	Korea	100.00	100.00
Eco & Logis Busan Co., Ltd.	Korea	100.00	100.00
Haiphong Steel Flower Electrical & Machinery Company Limited	Vietnam	100.00	100.00
Poseung Green Power Co., Ltd. (*2)	Korea	100.00	100.00
Ordos Lezheng Trading Company Limited	China	100.00	100.00
Lx Glas Co., Ltd. (formerly, Hanglas)	Korea	100.00	100.00
LX Pantos Logistics Co., Ltd.	Korea	75.90	51.00
LX Pantos Busan Newport Logistics Center (*3)	Korea	100.00	100.00
Helistar Air (*3)	Korea	100.00	100.00
Hanultari Co., Ltd. (*3)	Korea	100.00	100.00
LX Pantos Newport Eco Logistics Center CO., Ltd. (*3, 4)	Korea	90.00	-
LX PANTOS LOGISTICS (SHANGHAI) CO., LTD. (*3)	China	100.00	100.00
LX PANTOS LOGISTICS (NINGBO) CO., LTD. (*3)	China	100.00	100.00
LX PANTOS LOGISTICS (SHENZHEN) CO., LTD. (*3)	China	100.00	100.00
LX PANTOS LOGISTICS (HONGKONG) CO., LTD. (*3)	Hong Kong	100.00	100.00
LX PANTOS LOGISTICS TAIWAN CO., LTD. (*3)	Taiwan	100.00	100.00
PT. LX PANTOS INDONESIA (*3)	Indonesia	100.00	100.00
PT. LX PANTOS JAKARTA (*3)	Indonesia	100.00	100.00
LX PANTOS SINGAPORE PTE. LTD. (*3)	Singapore	100.00	100.00
LX PANTOS (THAILAND) CO., LTD. (*3)	Thailand	100.00	100.00
LX PANTOS MALAYSIA SDN. BHD. (*3)	Malaysia	100.00	100.00
LX PANTOS INDIA PVT. LTD. (*3)	India	100.00	100.00
LX PANTOS (CAMBODIA) CO., LTD. (*3)	Cambodia	100.00	100.00
LX PANTOS VIETNAM CO., LTD. (*3)	Vietnam	100.00	100.00
LX PANTOS AUSTRALIA PTY LTD. (*3)	Australia	100.00	100.00
LX PANTOS PHILIPPINES, INC. (*3)	Philippines	100.00	100.00
LX PANTOS HOLDINGS (THAILAND) CO., LTD. (*3)	Thailand	48.50	48.50
LX PANTOS U.K. LTD. (*3)	United Kingdom	100.00	100.00
LX PANTOS NETHERLANDS B.V. (*3)	Netherlands	100.00	100.00
LX PANTOS FRANCE S.A.R.L. (*3)	France	100.00	100.00
LX PANTOS POLAND SP. Z O. O. (*3)	Poland	100.00	100.00
LX PANTOS GERMANY GMBH (*3)	Germany	100.00	100.00
LX PANTOS SPAIN, SLU (*3)	Spain	100.00	100.00
LX PANTOS TURKEY LOJISTIK VE TICARET LTD. STL. (*3)	Turkey	100.00	100.00
LX PANTOS SWEDEN AB. (*3)	Sweden	100.00	100.00
LX PANTOS MEXICO S.A. DE C.V. (*3)	Mexico	100.00	100.00
LX PANTOS LOGISTICA DO BRASIL LTDA. (*3)	Brazil	100.00	100.00
LX PANTOS COLOMBIA S.A.S (*3)	Columbia	100.00	100.00
LX PANTOS CHILE SPA (*3)	Chile	100.00	100.00
LX PANTOS PANAMA, S.A (*3)	Panama	100.00	100.00
LX PANTOS ARGENTINA S.A. (formerly, Pantos Logistics AR S.A.) (*3)	Argentina	100.00	100.00
LX PANTOS SOLUCOES LOGISTICAS DO BRASIL LTDA. (*3)	Brazil	100.00	100.00
LX PANTOS RUS LLC (formerly, FNS CIS LLC) (*3, 6)	Russia	100.00	100.00
PANTOS LOGISTICS KAZAKHSTAN LTD. (*3)	Kazakhstan	100.00	100.00

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		Equity ownership (%)	
	Country of domicile	2024	2023
Subsidiaries (cont'd) :			
PANTOS LOGISTICS UKRAINE LTD. (*3)	Ukraine	100.00	100.00
PANTOS LOGISTICS L.L.C. (DUBAI) (*3)	Dubai	49.00	49.00
LX PANTOS ARABIA CO., LTD. (*3)	Saudi Arabia	100.00	100.00
LX PANTOS JAPAN INC. (*3)	Japan	100.00	100.00
LX PANTOS LOGISTICS (BEIJING) CO., LTD. (*3)	China	100.00	100.00
LX PANTOS SOLUTIONS INDIA PVT. LTD. (*3)	India	100.00	100.00
LX PANTOS AMERICA, INC. (*3)	USA	100.00	100.00
LX PANTOS EGYPT, S.A.E. (formerly, Hi Logistics Egypt S.A.E) (*3)	Egypt	99.63	99.63
LX PANTOS HUNGARY KFT. (*3)	Hungary	100.00	100.00
PT. PANTOS EXPRESS INDONESIA (*3, 9)	Indonesia	-	49.00
LX PANTOS USA, INC. (*3, 5)	USA	-	100.00
LPIC TN LLC (*3)	USA	100.00	100.00
BOXLINKS LLC (*3)	USA	100.00	100.00
PT Pelayaran Putra Lintas Mandiritama (*3, 4)	Indonesia	51.04	-
PT Trans Global Terminal (*10)	Indonesia	99.99	-
Associates:			
Biofriends INC. (*6)	Korea	10.44	10.44
ATEAM VENTURES Co., Ltd. (*6, 11)	Korea	10.91	11.79
BSG Partners Co., Ltd.	Korea	25.28	25.28
LX Ventures New Technology Business Venture Capital Fund	Korea	26.67	26.67
POSCO-IPPC (India Pune Processing Center)	India	35.00	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 (*6)	Oman	18.00	18.00
Gansu Wuwei Cogeneration Power Plant	China	30.00	30.00
KM Resources Ltd.(Rapu-Rapu) (*7)	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 BDSD Chemical Co., Ltd.	China	29.00	29.00
Cypress Tree FP N Core Fund	Korea	39.52	39.52
Other related Parties (*8):			
LX Hausys Co., Ltd. and its subsidiaries	Countries outside of Korea	-	-
LX Semicon Co., Ltd. and its subsidiaries	Countries outside of Korea	-	-
LX MMA Co., Ltd.	Countries outside of Korea	-	-

(Concluded)

(*1) For the year ended December 31, 2024, PT. Energy Battery Indonesia, a subsidiary of LX International, acquired a 60% equity interest in PT. Adhi Kartiko Pratama and a 99% equity interest in its subsidiary, PT. Terum Konawe Utara. As a result, these two entities have been added to our consolidated subsidiaries. The companies were liquidated.

(*2) Poseung Green Power Co., Ltd. issued preferred stocks with voting rights in addition to common shares, and the Company's voting rights are 69.97% of the total number of voting shares.

(*3) As of December 31, 2024, 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.

(*4) For the year ended December 31, 2024, LX Pantos Co., Ltd. newly established and acquired LX Pantos Newport Eco Logistics Center CO., Ltd. and acquired a 51.04% equity interest in PT Pelayaran Putra Lintas Mandiritama.

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24. Related-party disclosures (cont'd)

(*5) For the year ended December 31, 2024, it was merged into LX PANTOS AMERICA, INC.

(*6) The entities were classified as associates even though the Company holds less than 20% equity ownership. As the Company has rights to elect the directors of the entities and its executives participate in their management as directors, the Company considered that it has significant influence over these entities.

(*7) 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.

(*8) The companies are not related parties as defined in Paragraph 9 of K-IFRS 1024 (Related-party disclosures). 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.

(*9) For the year ended December 31, 2024, the companies were liquidated.

(*10) For the year ended December 31, 2024, LX International established and acquired PT Trans Global Terminal.

(*11) For the year ended December 31, 2024, due to a third-party paid-in capital increase, the effective ownership interest decreased to 10.91%.

Transactions with the related parties for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024			2023		
	Sales	Purchase	Service	Sales	Purchase	Service
Corporations that have significant influence on the group at the end of current year:						
LX Holdings Corp. and its subsidiaries	₩ -	₩ -	₩ 5,105	₩ -	₩ -	₩ 4,550
Subsidiaries:						
LX International (America), Inc.	397,893	541	-	521,192	-	589
LX International Japan Ltd.	3	(373)	2	161	830	3
LX International (HK) Ltd.	2	2,143	(1)	4	-	-
LX International (Singapore) Pte. Ltd.	1,075,676	16,505	72	920,076	47,122	76
LX International (Deutschland) GmbH	-	-	681	3	-	(1)
LX International (Shanghai) Corp.	-	3	2,590	-	3,431	1,258
Bowen Investment (Australia) Pty Ltd.	57	-	-	30	-	(34)
PT. Batubara Global Energy	162	850,371	(1,296)	106	761,779	(203)
PT. Ganda Alam Makmur	400	-	20	381	-	12
LX International India Private Limited	-	-	3,948	-	-	1,248
PT. Green Global Lestari	2,280	-	-	3,025	-	-
PT. Parna Agromas	-	-	-	-	-	(1)
PT. Tintin Boyok Sawit Makmur	-	-	-	4	-	-
PT. Green Global Utama	34	-	-	30	-	-
PT. LX International Indonesia	753	-	-	781	-	-
PT. Energy Metal Indonesia	26	-	-	49	-	1
PT. Grand Utama Mandiri	-	-	-	4	-	-
PT. Global Investment Institusi	2	-	5,797	2	-	4,913
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	32	-	-	138	-	1
LX International Yakutsk LLC.	1,930	-	-	1,080	-	-
Dangjin Tank Terminal Co., Ltd.	160	-	-	188	-	-

(Continued)

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	2024			2023		
	Sales	Purchase	Service	Sales	Purchase	Service
Haiphong Steel Flower Electrical & Machinery Company Limited	7,246	-	83	7,221	-	126
Philco Resources Limited	272	-	-	201	-	-
LX Pantos Logistics Co., Ltd.	82	26,390	28,580	130	33,365	20,538
LX Pantos Busan Newport Logistics Center	-	-	-	-	29	-
PT. Mega Global Energy	-	-	89	2	-	720
Poseung Green Power Co., Ltd.	1,532	-	-	1,010	-	-
Eco & Logis Busan Co., Ltd.	17,975	-	323	12,487	-	19
Lx Glas Co., Ltd.	129	-	-	819	-	57
PT. SLX Global Healthcare	3	-	-	2	-	133
Yantai LX international VMI Co., LTD.	21	-	-	-	-	-
PT. Adhi Kartiko Pratama	-	-	-	-	-	-
	<u>1,506,670</u>	<u>895,580</u>	<u>40,888</u>	<u>1,469,126</u>	<u>846,556</u>	<u>29,455</u>
Associates:						
Biofriends INC.	1,528	-	-	1,894	-	-
Musandam Power Company SAOC	10	-	-	93	-	-
POSCO-PWPC(Poland Wroclaw Processing Center)	-	-	-	-	-	10
BSG Partners Co., Ltd.	-	-	905	-	-	288
	<u>1,538</u>	<u>-</u>	<u>905</u>	<u>1,987</u>	<u>-</u>	<u>298</u>
Other related Parties:						
LX Semicon Co., Ltd. and its subsidiaries	4	-	-	31	-	-
LX Hausys Co., Ltd. and its subsidiaries	1,508	-	144	27	-	468
LX MMA Co., Ltd.	7,109	-	-	3,249	-	-
	<u>8,621</u>	<u>-</u>	<u>144</u>	<u>3,307</u>	<u>-</u>	<u>468</u>
	<u>₩1,516,829</u>	<u>₩895,580</u>	<u>₩ 47,042</u>	<u>₩1,474,420</u>	<u>₩ 846,556</u>	<u>₩ 34,771</u>

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24. Related-party disclosures (cont'd)

Receivables and payables from transactions with the related parties as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024									
	Accounts receivable		Loans		Other receivables		Accounts payable		Other payables	
Corporations that have significant influence on the group at the end of current year:										
LX Holdings Corp. and its subsidiaries	₩	-	₩	-	₩	-	₩	-	₩	296
Subsidiaries:										
LX International (America), Inc.		71,437		-		36		-		151
LX International Japan Ltd.		-		-		101		-		-
LX International (HK) Ltd.		-		-		71		911		-
LX International (Singapore) Pte. Ltd.		158,839		-		84		17		338
LX International (Deutschland) GmbH		-		-		20		-		-
LX International (Shanghai) Corp.		-		-		28		-		-
Yantai LX international VMI Co., LTD.		-		-		-		-		-
Haiphong Steel Flower Electrical & Machinery Company Limited		1,550		-		29		-		5
Bowen Investment (Australia) Pty Ltd.		-		-		26		-		-
PT. Batubara Global Energy		-		-		1,764		69,606		871
PT. Mega Global Energy		-		-		38		-		-
PT. Megaprima Persada		-		-		8		-		-
PT. Ganda Alam Makmur		-		-		311		-		-
LX International India Private Limited		-		-		130		-		-
PT. Global Investment Institusi		-		-		49		-		1,335
PT. SLX Global Healthcare		-		-		8		-		-
PT. Green Global Lestari		-		8,085		850		-		-
PT. Parna Agromas		-		-		38		-		4
PT. Grand Utama Mandiri		-		-		11		-		-
PT. Tintin Boyok Sawit Makmur		-		-		41		-		1
PT. Tintin Boyok Sawit Makmur Dua		-		-		9		-		-
PT. Green Global Utama		-		-		41		-		1
PT. LX International Indonesia		-		735		96		-		-
PT. Energy Metal Indonesia		-		-		28		-		-
PT. Binsar Natorang Energi		-		-		35		-		-
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.		-		-		29		-		-
LX International Yakutsk LLC.		-		13,950		6,131		-		4
Dangjin Tank Terminal Co., Ltd.		-		2,205		2,043		-		20
Eco & Logis Busan Co., Ltd.		-		-		-		-		-
LX Pantos Logistics Co., Ltd.		-		-		54		-		2,402
LX Pantos Busan Newport Logistics Center		-		-		-		-		-
LX PANTOS LOGISTICS (SHENZHEN) CO., LTD.		-		-		-		-		-
Lx Glas Co., Ltd.		1,785		-		68		-		-
Poseung Green Power Co., Ltd.		628		-		201		-		-
Philco Resources Limited		-		5,317		469		-		-
PT. Adhi Kartiko Pratama		-		1,470		61		-		-
		234,239		31,762		12,908		70,534		5,132

(Continued)

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	2024				
	Accounts receivable	Loans	Other receivables	Accounts payable	Other payables
Associates:					
POSCO-IPPC (India Pune Processing Center)	-	-	-	-	2
POSCO-PWPC (Poland Wroclaw Processing Center)	-	-	-	-	-
KM Resources Ltd. (Rapu-Rapu)	-	3,452	-	-	-
Gansu Wuwei Cogeneration Power Plant	-	-	-	-	-
GS HP Sunflower Village Int'l Corp.	-	-	74	-	-
Biofriends INC.	166	-	-	-	-
BSG Partners Co., Ltd.	-	-	-	-	204
Musandam Power Company SAOC	-	-	-	-	-
	<u>166</u>	<u>3,452</u>	<u>74</u>	<u>-</u>	<u>206</u>
Other related Parties:	-	-	-	-	-
LX Hausys Co., Ltd. and its subsidiaries	-	-	-	-	6
LX Semicon Co., Ltd. and its subsidiaries	-	-	-	-	-
LX MMA Co., Ltd.	1,883	-	-	-	-
	<u>1,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>
	<u>₩ 236,288</u>	<u>₩ 35,214</u>	<u>₩ 12,982</u>	<u>₩ 70,534</u>	<u>₩ 5,640</u>

(Concluded)

	2023				
	Accounts receivable	Loans	Other receivables	Accounts payable	Other payables
Corporations that have significant influence on the group at the end of current year:					
LX Holdings Corp. and its subsidiaries	₩ -	₩ -	₩ 1,578	₩ -	₩ 13
Subsidiaries:					
LX International (America), Inc.	74,254	-	24	-	1,627
LX International Japan Ltd.	-	-	137	-	-
LX International (Singapore) Pte. Ltd.	167,013	-	27	1,093	3,130
LX International (Deutschland) GmbH	-	-	1	-	-
LX International (Shanghai) Corp.	-	-	9	-	-
Yantai LX international VMI Co., LTD.	-	-	2	-	-
Haiphong Steel Flower Electrical & Machinery Company Limited	3,077	-	20	-	-
Bowen Investment (Australia) Pty Ltd.	-	-	6	-	-
PT. Batubara Global Energy	-	-	409	40,962	4
PT. Mega Global Energy	-	-	-	-	8
PT. Ganda Alam Makmur	-	-	156	-	-
PT. Global Investment Institusi	-	-	51	-	-
PT. Green Global Lestari	-	32,712	798	-	-
PT. Parna Agromas	-	-	21	-	-
PT. Grand Utama Mandiri	-	-	2	-	-
PT. Tintin Boyok Sawit Makmur	-	-	1	-	-
PT. Green Global Utama	-	-	53	-	-
PT. LX International Indonesia	-	8,956	2,772	-	0
PT. Energy Metal Indonesia	-	-	28	-	1
PT. Binsar Natorang Energi	-	-	2	-	-
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	-	-	19	-	8
LX International Yakutsk LLC.	-	12,236	4,146	-	4

(Continued)

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	2023				
	Accounts receivable	Loans	Other receivables	Accounts payable	Other payables
Dangjin Tank Terminal Co., Ltd.	-	2,205	24	-	-
LX Pantos Logistics Co., Ltd.	-	-	8	-	1,731
Lx Glas Co., Ltd.	-	-	68	-	19
Poseung Green Power Co., Ltd.	143	-	-	-	-
Philco Resources Limited	-	4,664	197	-	-
	<u>244,487</u>	<u>60,773</u>	<u>8,981</u>	<u>42,055</u>	<u>6,532</u>
Associates:					
POSCO-IPPC (India Pune Processing Center)	-	-	-	-	1
KM Resources Ltd.(Rapu-Rapu)	-	3,028	-	-	-
Biofriends INC.	92	-	-	-	-
BSG Partners Co., Ltd.	-	-	-	-	271
	<u>92</u>	<u>3,028</u>	<u>-</u>	<u>-</u>	<u>272</u>
Other related Parties:					
LX Hausys Co., Ltd.	28	-	-	-	-
LX MMA Co., Ltd.	105	-	-	-	-
	<u>133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>₩ 244,712</u>	<u>₩ 63,801</u>	<u>₩ 10,559</u>	<u>₩ 42,055</u>	<u>₩ 6,817</u>

(Concluded)

The Company recognized allowance for doubtful accounts of ₩24,370 million as of December 31, 2024 (2023: ₩26,228 million) for the trade and other accounts receivable from the related parties.

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24. Related-party disclosures (cont'd)

Transfers under finance arrangements with the related parties for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024					
	Dividend payment	Receipt of dividend	Investments in cash (capital reduction)	Collection of an investment	Loans	Collection
Corporations that have significant influence on the group at the end of current year:						
LX Holdings Corp.	₩ 11,486	₩ -	₩ -	₩ -	₩ -	₩ -
Subsidiaries:						
PT. Binsar Natorang Energi	-	5,333	-	-	-	-
PT. LX International Indonesia	-	-	-	-	-	8,938
PT. Green Global Lestari	-	-	-	-	-	27,504
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	-	2,107	-	-	-	-
PT. Ganda Alam Makmur	-	20,784	-	-	-	-
Dangjin Tank Terminal Co., Ltd.	-	-	2,000	-	-	-
LX Pantos Logistics Co., Ltd.	-	19,584	-	-	-	-
Resources Investment (H.K.) Limited	-	80,446	-	-	-	-
Fertilizer Resources Investment Limited	-	20,756	-	-	-	-
Eco & Logis Busan Co., Ltd.	-	-	1,200	-	-	-
PT. Kinarya Prima Utama	-	-	112	-	-	-
PT. Energy Battery Indonesia	-	-	135,751	-	-	-
PT. Trans Global Terminal	-	-	859	-	-	-
PT. Adhi Kartiko Pratama	-	-	-	-	1,347	-
	-	149,010	139,922	-	1,347	36,442
Associates:						
GS HP Sunflower Village Int'l Corp.	-	69	-	-	-	-
Musandam Power Company SAOC	-	1,210	-	-	-	-
Gansu Wuwei Cogeneration Power Plant	-	2,004	-	-	-	-
	-	3,283	-	-	-	-
	₩ 11,486	₩ 152,293	₩ 139,922	₩ -	₩ 1,347	₩ 36,442

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24. Related-party disclosures (cont'd)

	2023					
	Dividend payment	Receipt of dividend	Investments in cash (capital reduction)	Collection of an investment	Loans	Collection
Corporations that have significant influence on the group at the end of current year:						
LX Holdings Corp.	₩ 28,714	₩ -	₩ -	₩ -	₩ -	₩ -
Subsidiaries:						
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	-	10,570	-	-	-	-
PT. Ganda Alam Makmur	-	64,613	-	-	-	-
Dangjin Tank Terminal Co., Ltd.	-	-	2,700	-	-	-
LX Pantos Logistics Co., Ltd.	-	44,064	-	-	-	-
Resources Investment (H.K.) Limited	-	1,645	-	-	-	-
Fertilizer Resources Investment Limited	-	10,538	-	-	-	-
PT. Binsar Natorang Energi	-	4,952	-	-	-	-
Yantai LX international VMI Co., LTD.	-	734	-	1,641	-	-
Lx Glas Co., Ltd. (formerly, Hanglas)	-	-	590,446	-	-	-
PT. KINARYA PRIMA UTAMA	-	-	2,571	-	-	-
PT. Energy Battery Indonesia	-	-	836	-	-	-
Eco & Logis Busan Co., Ltd.	-	-	2,000	-	-	-
	-	137,116	598,553	1,641	-	-
Associates:						
GS HP Sunflower Village Int'l Corp.	-	143	-	-	-	-
Musandam Power Company SAOC	-	1,198	-	-	-	-
Gansu Wuwei Cogeneration Power Plant	-	877	-	-	-	-
LX Ventures New Technology Investment Fund I	-	-	3,200	-	-	-
BSG Partners Co., Ltd.	-	-	30,340	-	-	-
	-	2,218	33,540	-	-	-
	₩ 28,714	₩ 139,334	₩ 632,093	₩ 1,641	₩ -	₩ -

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

	2024	2023
Short-term employee benefits	₩ 8,328	₩ 8,560
Retirement benefits	733	1,645
	₩ 9,061	₩ 10,205

25. COMMITMENTS AND CONTINGENCIES:

25.1 Guarantees provided

Guarantees provided by the Company as of December 31, 2024, are as follows (foreign currencies in thousands):

	Financial institution	Object	Currency	Limit	Outstanding
Subsidiaries:					
LX International (America) Inc.	Mizuho and others	Local finance	USD	153,000	-
LX International (Japan) Ltd.	MUFG and others	Local finance	USD	4,000	-
		Local finance	JPY	12,038,000	38,000
LX International (HK) Ltd.	BOC Hongkong and others	Local finance	USD	194,000	-
		Local finance	HKD	1,500	75
LX International (Singapore) Pte. Ltd.	SMBC and others	Local finance	USD	372,920	3,062
		Local finance	SGD	200	16
LX International (Deutschland) GmbH	Mizuho and others	Local finance	USD	10,000	-
		Local finance	EUR	5,000	-
Bowen Investment (Australia) Pty Ltd.	HSBC and others	Local finance	AUD	42,500	23,500
LX International (Shanghai) Corp.	Hana Bank and others	Local finance	CNY	50,000	-
LX International India Private Limited	Citi	Local finance	INR	7,000	254
PT. Batubara Global Energy	BTPN and others	Local finance	USD	70,000	25,280
		Local finance	IDR	2,300,000	584,256
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	HSBC and others	Local finance	CNY	292,000	-
PT. Parna Agromas	BTPN and others	Local finance	USD	5,000	-
		Local finance	IDR	21,300,000	66,933
PT. Ganda Alam Makmur (*1)	Export-Import Bank of Korea and others	Local finance	USD	36,000	36,000
		Local finance	IDR	2,200,000	681,767
PT. Binsar Natorang Energi	SG	Local finance	USD	4,679	4,679
Haipong Steel Flower Electrical & Machinery Co., Ltd.	HSBC and others	Local finance	USD	26,200	4,896
		Local finance	VND	616,452,000	137,973,731
PT. Grand Utama Mandiri	Hana Bank and others	Local finance	IDR	88,700,000	26,544
PT. Tintin Boyok Sawit Makmur	Shinhan Bank and others	Local finance	IDR	44,700,000	66,561
PT. Mega Global Energy	Woori Bank	Local finance	IDR	270,000,000	-
PT. Energy Metal Indonesia	Woori Bank	Local finance	IDR	10,000	-
		Local finance	USD	226,900,000	202,153,051
PT. Adhi Kartiko Pratama	Hana Bank and others	Local finance	IDR	94,200,000	30,606,476
PT. Global Investment Institusi	Hana Bank and others	Local finance	USD	7,100	-
		Local finance	IDR	21,700,000	6,955,264

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	Financial institution	Object	Currency	Limit	Outstanding
PT. SLX Global Healthcare	Hana Bank and others	Local finance	USD	2,500	1,051
		Local finance	IDR	1,500,000	49,990
PT. LX International Indonesia)	Hana Bank and others	Local finance	USD	3,100	-
		Local finance	IDR	62,400,000	2,096,568
PT. Green Global Utama	BTPN and others	Local finance	USD	21,500	-
		Local finance	IDR	666,000,000	320,544
Associates:					
Musandam Power Company S.A.O.C	Bank Muscat	Local finance	OMR	874	874
(Concluded)					

(*1) The amount represents 60% of total contracted guarantees, which is the same percentage as the Company's equity ownership in the subsidiary. Furthermore, the Company is jointly and severally liable for outstanding balances.

The Company issues Letter of Credit(L/C) to provide Mizuho Bank with a debt guarantee equivalent to \$30 million.

25.2 Major agreements, such as opening letters of credit

As of December 31, 2024, the agreements concluded for the establishment of letter of credits and other financial arrangement with financial institutions are as follows (Korean won in millions and foreign currencies in thousands):

Description	Financial institution	Currency	Contract amount
Bills bought	Shinhan Bank and others	USD	60,000
Letter of credits	Hana Bank and others	USD	93,530
Payment guarantee	Hana Bank and others	USD	23,647
Bank overdrafts	Hana Bank and others	KRW	13,000
Line of credit	HSBC and others	USD	20,000
		KRW	160,000
Trade financing	Woori Bank and others	USD	544,000
		KRW	30,000
Total		USD	741,177
		KRW	203,000

25.3 Guarantees received

Details of guarantees received as of December 31, 2024 and 2023, are as follows (Korean won in millions and foreign currencies in thousands):

	Financial institution	Details	Guarantee amount
2024	Hana Bank	Bonds and others	KRW 963, USD 37,078
2023	Hana Bank	Bonds and others	AUD 8, OMR 874
			KRW 2,146, USD 2,970

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25.4 Collateralized assets

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

Mortgagee	Subject to collateral	Book amount	Collateral setting amount
Woori Bank and others	8,994,800 shares of Poseung Green Power Co., Ltd.	₩ 71,342	₩ 210,000

The Company pledged 15 notes and 1 checks as collateral to its customers, creditors and guarantors related to various guarantees and borrowings as of December 31, 2024.

25.5 License contract

The Company has entered into a brand license agreement with LX Holdings Co. for the use of “LX” brand as of December 31, 2024.

25.6 Joint liability on guarantee

The Company and LF Corp. are jointly and severally liable for the obligations of LGI existing before the spin-off.

25.7 Pending lawsuits

The Company is a defendant in various lawsuits with claims aggregating to ₩4,058 million, and as of December 31, 2024, the outcomes of litigation are not reliably determinable.

25.8 Other commitments

As of December 31, 2024, the commitments the Company 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 Company signed two contracts for the acquisition of convertible preferred stocks of Pablo Air Co., Ltd. with E 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 Co., Ltd.	As of the May 20, 2021, the Company signed a put option contract with Bio Friends Co., Ltd. and its stakeholder, Won-Jun Jo, to acquire equity shares of Bio Friends Co., Ltd.
Put and Call option	BSG Partners Co., Ltd.	As of October 19, 2023, the Company signed contract with major shareholders and others to sign a put option on the stake the Company holds and call option on the stake held by these major shareholders and others.
Call option	Poseung Green Power Co., Ltd.	As of December 19, 2022, the Company signed contracts with Lani Finance Limited with a call option to acquire a full stake in Poseung Green Power Co., Ltd.
Subordinated loan agreement	Poseung Green Power Co., Ltd.	As of October 19, 2022, the Company signed a liability fuel purchase agency contract with Poseung Green Power Co., Ltd. and signed a subordinated loan agreement for the shortfall (meeting certain conditions) in the fuel non-settlement account.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:

The Company'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 Company's operations. The Company has trade receivables, loans and other receivables, and cash and short-term deposits that derive directly from its operations. The Company also holds financial assets at fair value through profit or loss and financial assets at fair value through OCI and enters into derivative transactions.

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

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

26.1 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; commodity price; and other price risk, 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, 2024 and 2023.

Sensitivity analysis was conducted on the assumption that the net amount of liabilities, the composition ratio of fixed and variable liabilities and the composition of foreign currency financial instruments were all identical and designated as hedging.

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.

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 separate statements of financial position sensitivity relates to derivatives, financial assets at fair value through profit or loss and financial assets at fair value through OCI;
- the sensitivity of the relevant separate 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 at December 31, 2022 and 2021, including the effect of hedge accounting; and
- 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 at December 31, 2022, associated with changes in underlying assets.

26.1.1 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company is exposed to interest rate risk due to its long-term debt. The Company 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 Company'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 Company has a risk management program in place to monitor and actively manage such risks.

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

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 Company's profit before tax is affected through the impact on floating rate borrowings as follows. There is only an immaterial impact on the Company's equity (Korean won in millions):

	2024		2023	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Interest income	₩ 304	₩ (304)	₩ 750	₩ (750)
Interest expense	(6,162)	6,162	(5,496)	5,496
Net effect	₩ (5,858)	₩ 5,858	₩ (4,746)	₩ 4,746

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

Interest rate benchmark reform

The Company does not have derivative instruments in hedge relationships that will be affected by interest rate reform as financial instruments are converted to risk-free interest rates.

26.1.2 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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign operations.

The Company is exposed to foreign exchange risk arising from international operations and transactions with different foreign currencies. Most widely used foreign currencies are the USD, EUR, JPY and others.

The Company manages its foreign currency risk by entering into currency forward contracts. Exposure to currency translation risk is largely dependent on the accounting standards of the local jurisdiction and the translation methods required by such jurisdiction.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate. With all other variables held constant, the Company's profit before tax is affected as follows (due to changes in the fair value of monetary assets and liabilities, including undesignated foreign currency derivatives) (Korean won in millions):

	2024		2023	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Gain (loss) on foreign currency translation	₩ 9,106	₩ (9,106)	₩ 13,562	₩ (13,562)
Gaon (loss) on valuation of derivative financial instruments	(6,707)	6,707	(7,282)	7,282
Net effect (*1)	₩ 2,399	₩ (2,399)	₩ 6,280	₩ (6,280)

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

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26.2 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 Company 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 Company applies a simplified method of recognizing lifetime ECLs as loss provisions for trade receivables. The provision setting rate table set for accounts receivable as of the end of the current term is as follows (Korean won in millions):

	Account receivable accrual date					
	Less than 3 months	3 to 6 months	6 to 12 months	1 year to 3 years	More than 3 years	Total
Expected loss rate	0.40%	-	-	95.07%	87.28%	-
Book value	₩ 391,228	₩ -	₩ -	₩ 873	₩ 43,186	₩ 435,287
Provision	1,549	-	-	830	37,693	40,072

The book value of financial assets represents maximum exposure to credit risk. The maximum exposures to credit risk as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Cash equivalents (*1)	₩ 143,160	₩ 240,141
Short-term financial instruments	21,470	22,519
Trade accounts receivable	395,215	363,736
Other accounts receivable (*2)	21,629	31,519
Long-term loans	10,290	35,827
Other financial assets	5,629	17,517
	₩ 597,393	₩ 711,259

(*1) Excludes cash on hand

(*2) Excludes other receivables in relation to derivatives

26.3 Maturity profile of financial assets

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

	2024					Total
	Less than 1 year	1 year to 3 years	3 to 5 years	More than 5 years		
Cash and cash equivalents	₩ 143,180	₩ -	₩ -	₩ -	₩ -	₩ 143,180
Short-term financial instruments	21,470	-	-	-	-	21,470
Trade accounts receivable	395,215	-	-	-	-	395,215
Other accounts receivable	23,660	-	-	-	-	23,660
Long-term loans	-	4,655	2,450	3,185	-	10,290
Other financial assets	2,901	2,558	222	1,648	-	7,329
	₩ 586,426	₩ 7,213	₩ 2,672	₩ 4,833	₩ -	₩ 601,144

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26.3 Maturity profile of financial assets(cont'd)

	2023					Total
	Less than 1 year	1 year to 3 years	3 to 5 years	More than 5 years		
Cash and cash equivalents	₩ 240,177	₩ -	₩ -	₩ -	₩	240,177
Short-term financial instruments	22,519	-	-	-		22,519
Trade accounts receivable	363,736	-	-	-		363,736
Other accounts receivable	31,700	-	-	-		31,700
Long-term loans	-	26,550	1,289	7,988		35,827
Other financial assets	12,042	1,302	13	4,160		17,517
	₩ 670,174	₩ 27,852	₩ 1,302	₩ 12,148	₩	711,476

26.4 Liquidity risk

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

	2024					Total
	Less than 1 year	1 year to 3 years	3 to 5 years	More than 5 years		
Trade accounts payable	₩ 316,884	₩ -	₩ -	₩ -	₩	316,884
Other accounts payable	89,684	-	-	-		89,684
Borrowings	267,564	315,014	126,250	73,750		782,578
Bonds payable	190,000	230,000	150,000	80,000		650,000
Lease liabilities	3,199	2,758	39	-		5,996
Other financial liabilities	21,833	-	-	-		21,833
Financial guarantee contract (*1)	165,557	-	-	-		165,557
	₩ 1,054,721	₩ 547,772	₩ 276,289	₩ 153,750	₩	2,032,532

	2023					Total
	Less than 1 year	1 year to 3 years	3 to 5 years	More than 5 years		
Trade accounts payable	₩ 319,531	₩ -	₩ -	₩ -	₩	319,531
Other accounts payable	70,276	-	-	-		70,276
Borrowings	58,703	297,564	200,001	13,170		569,438
Bonds payable	50,000	260,000	180,000	160,000		650,000
Lease liabilities	2,673	1,539	136	-		4,348
Other financial liabilities	17,683	-	-	-		17,683
Financial guarantee contract (*1)	200,828	-	-	-		200,828
	₩ 719,694	₩ 559,103	₩ 380,137	₩ 173,170	₩	1,832,104

(*1) As of December 31, 2024, the total limit of the current financial guarantee contracts is ₩1,769,854 million (2023: ₩1,534,858 million) (see Note 25).

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

26.5 Capital management

The primary objective of the Company'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.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend distributions, return capital or issue new shares.

The Company'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 debentures. Details of gearing ratios as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	₩		₩	
Total liabilities (A)		1,965,844		1,658,090
Total equity (B)		2,706,518		2,318,196
Cash and cash equivalents (C)		143,180		240,177
Total borrowings (D)		1,437,558		1,222,513
Debt ratio (A / B)		72.63%		71.53%
Net borrowing ratio ((D-C) / B)		47.82%		42.38%

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27. FAIR VALUE:

27.1 Fair value of financial instruments

The book value and fair value of financial instruments as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Financial assets measured at amortized cost (*1)				
Cash and cash equivalents	₩ 143,180	₩ 143,180	₩ 240,177	₩ 240,177
Short-term financial instruments	21,470	21,470	22,519	22,519
Trade accounts receivable	385,453	385,453	331,927	331,927
Long-term loans	10,290	10,290	35,827	35,827
Other accounts receivable	21,628	21,628	31,519	31,519
Other financial assets	5,630	5,630	17,517	17,517
	<u>587,651</u>	<u>587,651</u>	<u>679,486</u>	<u>679,486</u>
Financial assets recognized at fair value:				
Trade accounts receivable	9,763	9,763	31,809	31,809
Other accounts receivable related derivatives	2,031	2,031	181	181
Other accounts receivable related share option	1,700	1,700	-	-
Long-term equity instruments	94,387	94,387	122,697	122,697
	<u>107,881</u>	<u>107,881</u>	<u>154,687</u>	<u>154,687</u>
	<u>₩ 695,532</u>	<u>₩ 695,532</u>	<u>₩ 834,173</u>	<u>₩ 834,173</u>
	2024		2023	
	Book value	Fair value	Book value	Fair value
Financial liabilities:				
Financial liabilities measured at amortized cost (*1)				
Trade accounts payable	₩ 316,884	₩ 316,884	₩ 319,531	₩ 319,531
Other accounts payable	88,816	88,816	70,080	70,080
Borrowings	665,014	665,014	510,734	510,734
Bonds payable	459,259	459,259	598,783	598,783
Current portion of bonds and long-term borrowings	307,537	307,537	108,648	108,648
Lease liabilities	5,748	5,748	4,348	4,348
Other financial liabilities (*2)	21,833	21,833	17,683	17,683
	<u>1,865,091</u>	<u>1,865,091</u>	<u>1,629,807</u>	<u>1,629,807</u>
Financial liabilities recognized at fair value:				
Other accounts payable related derivatives	868	868	196	196
	<u>868</u>	<u>868</u>	<u>196</u>	<u>196</u>
	<u>₩ 1,865,959</u>	<u>₩ 1,865,959</u>	<u>₩ 1,630,003</u>	<u>₩ 1,630,003</u>

(*1) As the carrying amounts are considered to be a reasonable approximation of the fair values, the carrying amounts have been stated as the fair values.

(*2) Other financial liabilities include amounts related to employee compensation that is not classified as financial liabilities.

27.2 Fair value measurement of assets and liabilities recorded in the separate statements of financial position

The Company uses the following hierarchy in 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 that 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 that are not based on observable market data

As of December 31, 2024 and 2023, the Company holds the assets and liabilities measured at fair value in the separate statements of financial position, and assets and liabilities for which the fair values were disclosed as follows (Korean won in millions):

	2024					
	Level 1		Level 2		Level 3	
Financial assets at fair value through profit or loss:						
Other accounts receivable related to derivatives	₩	-	₩	2,032	₩	-
Equity instruments held for long term (*1)		-		-		10,501
Other accounts receivable related to share option		-		-		1,700
Financial assets designated at fair value through OCI:						
Equity instruments held for long term (*1)		441		-		83,122
Financial liabilities at fair value through profit or loss:						
Other accounts payable related to derivatives		-		868		-

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

There was no movement between the levels of the fair value hierarchy for the year ended December 31, 2024.

	2023					
	Level 1		Level 2		Level 3	
Financial assets at fair value through profit or loss:						
Other accounts receivable related to derivatives	₩	-	₩	181	₩	-
Equity instruments held for long term (*1)		-		-		10,502
Financial assets designated at fair value through OCI:						
Equity instruments held for long term (*1)		1,467		-		110,406
Financial liabilities at fair value through profit or loss:						
Other accounts payable related to derivatives		-		196		-

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

27.3 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 3.39% during the period (2023: 3.83%).

Equity securities within Level 3 were evaluated using the DCF as an active market does not exist for nonmarketable equity securities. The discount rate applied was 6.49%–14.78% during the period.

28. SEPARATE STATEMENTS OF CASH FLOWS:

Non-cash adjustments to reconcile profit for the year to net cash flows for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Depreciation	₩ 8,263	₩ 8,056
Amortization	1,287	976
Retirement benefits	3,894	3,389
Bad debt expenses	12,423	1,692
Interest income	(14,898)	(21,790)
Gain on foreign currency translation	(20,622)	(6,993)
Interest expenses	59,516	57,993
Loss on foreign currency translation	18,053	5,911
Loss on disposal of investments in subsidiaries and associates	(1,577)	(1,488)
Impairment loss on investments in subsidiaries and associates	110,184	135,442
Reversal of impairment loss on investments in subsidiaries and associates	-	-
Share of profit of subsidiaries and associates	(500,003)	(321,465)
Share of loss of subsidiaries and associates	21,777	15,630
Gains on disposal of other investments	(876)	-
Income tax expenses	68,455	38,650
Gain on exemption from debt	-	-
Dividend income	(10,076)	(12,011)
Provision reversal	(516)	(8)
Gain related to derivatives	18,840	5,462
Others	(9,172)	3,619
	₩ (235,048)	₩ (86,935)

28. Separate Statements of cash flows (cont'd)

Working capital adjustments for the years ended December 31, , 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Increase in trade accounts receivable	₩ (21,108)	₩ (28,739)
Decrease (increase) in other accounts receivable	15,363	(4,437)
Decrease in advance payments	873	770
Increase in inventories	(27,755)	34,952
Decrease in other operating assets	2,158	1,423
Increase in trade payables	(14,054)	25,592
Increase (decrease) in other accounts payable	15,429	(27,643)
Decrease in advance received	(430)	(1,279)
Severance and retirement benefits paid	(4,243)	(3,890)
Decrease (increase) in plan assets	(671)	669
Decrease in provisions	(8,160)	(7,596)
Decrease in other operating liabilities	1,069	(338)
	₩ (41,529)	₩ (10,516)

Significant non-cash transactions for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Acquisition of right-of-use assets	₩ 9,818	₩ 11,208
Unpaid dividend	1,290	(67)
Non-receipt of dividend	27	(45)
Other payables related to acquisition of subsidiaries	-	(1,603)

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28. Separate Statements of cash flows (cont'd)

The adjustment of liabilities arising from financing activities for the years ended December 31, 2024 and 2023, is as follows (Korean won in millions):

			2024		
			Non-cash changes		
		Cash flows in financing activities	Foreign currency translation	Others (*1)	December 31
	January 1				
Short-term borrowings	₩ -	₩ 150,000	₩ -	₩ -	₩ 150,000
Long-term borrowings	569,437	61,290	1,852	-	632,579
Bonds	648,728	-	-	504	649,232
Lease liabilities	4,348	(7,514)	17	8,896	5,747
	₩ 1,222,513	₩ 203,776	₩ 1,869	₩ 9,400	₩ 1,437,558
			2023		
			Non-cash changes		
		Cash flows in financing activities	Foreign currency translation	Others	December 31
	January 1				
Short-term borrowings	₩ 165,346	₩ (168,370)	₩ -	₩ 3,024	₩ -
Long-term borrowings	267,148	302,013	227	49	569,437
Bonds	568,986	79,330	-	412	648,728
Lease liabilities	2,119	(7,296)	-	9,525	4,348
	₩ 1,003,599	₩ 205,677	₩ 227	₩ 13,010	₩ 1,222,513

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29. LEASES:

Details of and changes in right-of-use asset for the years ended December 31, 2024 and 2023, are as follows (Korean won in thousands):

	2024		
	Buildings	Vehicles	Total
Acquisition cost	₩ 13,140	₩ 2,474	₩ 15,614
Accumulated depreciation	(8,949)	(966)	(9,915)
Net book value	₩ 4,191	₩ 1,508	₩ 5,699

	2023		
	Buildings	Vehicles	Total
Acquisition cost	₩ 10,869	₩ 2,397	₩ 13,266
Accumulated depreciation	(7,893)	(846)	(8,739)
Net book value	₩ 2,976	₩ 1,551	₩ 4,527

Details of and changes in right-of-use asset for the years ended December 31, 2024 and 2023, are as follows (Korean won in thousands):

	2024		
	Buildings	Vehicles	Total
January 1	₩ 2,976	₩ 1,551	₩ 4,527
Additions	9,117	700	9,817
Depreciation	(6,993)	(689)	(7,682)
Disposals	(909)	(54)	(963)
December 31	₩ 4,191	₩ 1,508	₩ 5,699

	2023		
	Buildings	Vehicles	Total
January 1	₩ 1,367	₩ 949	₩ 2,316
Additions	9,821	1,387	11,208
Depreciation	(6,658)	(673)	(7,331)
Disposals	(1,554)	(112)	(1,666)
December 31	₩ 2,976	₩ 1,551	₩ 4,527

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29. Leases (cont'd)

Details of changes in lease liabilities for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
January 1	₩ 4,348	₩ 2,119
Addition	9,818	11,208
Interest expense	308	332
Payment	(7,804)	(7,629)
Termination	(922)	(1,682)
December 31	₩ 5,748	₩ 4,438

Details of expenses that came from short-term leases and leases of low-value assets are as follows (Korean won in millions):

	2024	2023
Short-term leases	₩ 676	₩ 732
Leases of low-value assets	194	219
	₩ 870	₩ 951

30. NON-CURRENT ASSETS AS HELD FOR SALE:

As of December 31, 2024 and 2023, the capital directly related to non-current assets held for sale is as follows (Korean won in millions):

	2024		
	Assets	Liabilities	Equity
Associate			
POSCO-IPPC (India Pune Processing Center)(*1)	₩ 17,500	₩ -	₩ (1,432)
	₩ 17,500	₩ -	₩ (1,432)
	2023		
	Assets	Liabilities	Equity
Long-term equity instruments			
Ecovance Co., Ltd (*2)	₩ 14,203	₩ -	₩ -
Associate			
QQ Aromatics LLC (*3)	4,779	5,655	-
	₩ 18,982	₩ 5,655	₩ -

(*1) For the year ended December 31, 2024, the Company decided to dispose its stake in POSCO-IPPC (India Pune Processing Center), which had been classified as investment in associates, and reclassified the related assets with non-current assets held for sale.

(*2) For the year ended December 31, 2023, the Company decided to dispose 10.84% of its stake in Ecovance Co., Ltd., which had been classified as investment in associates, and reclassified the related assets with non-current assets held for sale. And the year ended December 31, 2024, the relevant equity interest was fully disposed of, and a disposal gain of ₩1,343 million was recognized as share of profit or loss from equity-accounted investments

(*3) For the year ended December 31, 2024, the equity interest in OQ AROMATICS LLC was fully disposed of, and a disposal gain of ₩876 million was recognized as other non-operating income.

31. APPROVAL OF SEPARATE FINANCIAL STATEMENTS:

The separate financial statements of the Company for the year ended December 31, 2024, were approved and authorized for issue by the Company's board of directors on February 07, 2025, for their submission to the shareholders' general meeting.

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 18, 2025

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. (the "Company") as of December 31, 2024, based on 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting.'

In our opinion, the Company's internal control over financial reporting is designed and operated effectively as of December 31, 2024, 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 separate financial statements of the Company, which comprise the separate statement of financial position as of December 31, 2024, and the separate statement of profit or loss, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the years then ended, and notes to the separate financial statements, including material accounting policy information, and our report dated March 18, 2025, 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 Company in accordance with the ethical requirements that are relevant to our audits of the 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 Chief Executive Officer.

Those charged with governance is responsible for the oversight of internal control over financial reporting of the Company.

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

Our responsibility is to express an opinion on the Company'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

A Company's internal control over financial reporting is a process implemented by those charged with governance, management and other personnel, and designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS"). A Company'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 Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of separate financial statements in accordance with K-IFRS and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the separate financial statements.

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

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

March 18, 2025

Notice to Readers

This report is effective as of March 18, 2025, 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

별도 내부회계관리제도 운영실태 보고서

주식회사 LX인터내셔널 주주, 이사회 및 감사위원회 귀중

본 대표이사 및 내부회계관리자는 2024년 12월 31일 현재 동일자로 종료하는 회계연도에 대한 당사의 내부회계관리제도의 설계 및 운영실태를 평가하였습니다.

내부회계관리제도의 설계 및 운영에 대한 책임은 본 대표이사 및 내부회계관리자를 포함한 회사의 경영진에 있습니다.

본 대표이사 및 내부회계관리자는 회사의 내부회계관리제도가 신뢰할 수 있는 재무제표의 작성 및 공시를 위하여 재무제표의 왜곡을 초래할 수 있는 오류나 부정행위를 예방하고 적발할 수 있도록 효과적으로 설계 및 운영되고 있는지의 여부에 대하여 평가하였습니다.

본 대표이사 및 내부회계관리자는 내부회계관리제도의 설계 및 운영을 위해 내부회계관리제도 운영위원회에서 발표한 '내부회계관리제도 설계 및 운영 개념체계'를 준거기준으로 사용하였습니다. 또한 내부회계관리제도의 설계 및 운영실태를 평가함에 있어 내부회계관리제도 운영위원회에서 발표한 '내부회계관리제도 평가 및 보고 모범기준'을 평가기준으로 사용하였습니다.

본 대표이사 및 내부회계관리자의 내부회계관리제도 운영실태 평가결과, 2024년 12월 31일 현재 당사의 내부회계관리제도는 '내부회계관리제도 설계 및 운영 개념체계'에 근거하여 볼 때, 중요성의 관점에서 효과적으로 설계되어 운영되고 있다고 판단됩니다.

본 대표이사 및 내부회계관리자는 보고내용이 거짓으로 기재되거나 표시되지 아니하였고, 기재하거나 표시하여야 할 사항을 빠뜨리고 있지 아니함을 확인하였습니다.

또한 본 대표이사 및 내부회계관리자는 보고내용에 중대한 오해를 일으키는 내용이 기재되거나 표시되지 아니하였다는 사실을 확인하였으며, 충분한 주의를 다하여 직접 확인·검토하였습니다.

2025년 2월 7일

주식회사 LX인터내셔널

대 표 이 사 윤춘성 (sign)

내부회계관리자 권병일 (sign)