HDC LABS Co., Ltd.
and subsidiaries

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

HDC LABS Co., Ltd.

HDC LABS Co., Ltd. and Subsidiaries
Index
As of and for the Years Ended December 31, 2025 and 2024

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Independent Auditor's Report

English Translation of Independent Auditor's Report Originally Issued in Korean on March 13, 2026.

The Shareholders and the Board of Directors
HDC Labs Co., Ltd.:

Report on the Audited Financial Statements

Audit Opinion

We have audited the consolidated financial statements of HDC Labs Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2025, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows, all expressed in Korean won, for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Audit Opinion

We conducted our audit in accordance with Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter Related to the Construction Industry

Key audit matters related to the construction industry are those matters that, in accordance with Audit Practice Statement 2016-1 (revised in 2018), were of most significance in our audit of the consolidated financial statements of the current period based on the auditor's professional judgment and communication with those charged with governance. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Accounting Treatment Related to Uncertainty in Estimating Total Contract Costs

As described in Note 3 to the consolidated financial statements, the estimated total contract costs are determined by management of the Group based on estimates for each project and are continuously updated over the contract period. Such cost estimates include material costs, labor costs, subcontracting costs and construction periods and may be affected by factors, such as fluctuations in raw material prices, design changes and environmental factors.

In particular, during the current period, increased uncertainty in the construction industry, changes in the construction environment, fluctuations in major subcontracting costs and labor costs and unexpected variables arising in the course of project execution have made the reliability and variability of estimated total contract costs a significant issue. Accordingly, we determined the uncertainty in estimating total contract costs to be a key audit matter.

Audit Procedures

The primary audit procedures we performed in relation to the above key audit matter are as follows:

- We obtained an understanding of the Group's internal controls related to the estimation and changes in total contract costs and evaluated the design and operating effectiveness of those controls.
- We identified the causes of significant changes in estimated total contract costs and inspected supporting documentation.
- We analyzed the components of estimated total contract costs for major projects and reviewed the assumptions applied by management.
- We assessed the reasonableness of estimated total contract costs by reviewing actual costs incurred at major project sites after the reporting period.

Other Matter

The consolidated statements of financial position as of December 31, 2024, and the related consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended were audited by another auditor in accordance with Korean Standards on Auditing, who expressed an unmodified opinion on March 18, 2025.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit and remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or, 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 Jihoon Choi.

March 13, 2026

Deloitte Anjin LLC

This audit report is effective as of March 13, 2026, the auditor's report date. Certain material subsequent events or circumstances may have occurred during the period from the auditor's report date to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

HDC LABS Co., Ltd. and Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2025 and 2024

(In thousands of Korean won)	**Notes**		**2025**		**2024**
Assets					
Current assets					
Cash and cash equivalents	6,7	₩	43,955,056	₩	40,865,076
Financial assets at fair value through profit or loss	4,5,6,8,14,37		-		2,502,225
Financial assets at fair value through other comprehensive income	4,5,6,9		-		2,654,000
Short-term financial instruments	6,7,14		101,827,602		69,153,463
Trade receivables	4,6,10,37		97,026,982		122,572,048
Contract assets	4,11,37,39		16,730,972		32,456,200
Inventories	13		7,086,586		8,284,612
Other current receivables	4,6,10,16,37		7,004,962		10,319,944
Other current assets	12		5,647,065		4,483,255
Current tax assets			-		3,391
			279,279,225		293,294,214
Non-current assets					
Long-term financial instruments	6,7		8,000		8,000
Financial assets at fair value through profit or loss	4,5,6,8,14		21,875,434		8,629,745
Financial assets at fair value through other comprehensive income	4,5,6,9		9,484,299		4,182,379
Other non-current receivables	4,6,10,16		4,003,970		3,796,760
Contract assets	4,11,39		1,888,947		1,919,875
Property, plant and equipment	15		93,314,560		94,217,085
Right-of-use assets	16,37		1,713,096		1,539,120
Intangible assets	17		21,170,494		20,179,725
Investment property	14,18,37		5,031,494		5,126,192
Net defined benefit assets	22		3,643,239		5,268,158
			162,133,533		144,867,039
Total assets		₩	441,412,758	₩	438,161,253
Liabilities					
Current liabilities					
Trade payables	4,6,20,37	₩	42,918,803	₩	52,656,317
Current portion of long-term borrowings	4,6,21,35,36		50,000,000		50,041,692
Lease liabilities	4,6,16,35,37		548,775		662,075
Other payables	4,6,20,37		34,430,060		31,330,664
Contract liabilities	11,37,39		25,574,326		15,588,325
Other current liabilities	20		10,230,196		9,913,214
Provision for construction warranties	24		3,123,714		2,204,445
Provision for construction loss	25,39		192,280		170,158
Current income tax liabilities			1,561,147		1,267,761
			168,579,301		163,834,651
Non-current liabilities					
Lease liabilities	4,6,16,35,37		1,213,835		729,754
Provision for construction warranties	24		2,438,561		4,568,147
Other payables	4,5,6,20		2,240,788		1,163,867
Deferred tax liabilities	23		73,020		359,706
			5,966,204		6,821,474
Total liabilities			174,545,505		170,656,125
Equity attributable to owners of the parent company					
Issued capital	26		12,978,801		12,978,801
Share premium	26		183,195,726		183,195,726
Other components of equity	27		(28,004,091)		(28,004,091)
Accumulated other comprehensive income	27		2,447,706		399,792
Retained earnings	28		96,249,111		97,613,047
			266,867,253		266,183,275
Non-controlling interest			-		1,321,854
Total equity			266,867,253		267,505,129
Total liabilities and equity		₩	441,412,758	₩	438,161,254

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

HDC LABS Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

(In thousands of Korean won)	Notes		2025		2024
Revenue	11,37,38,39	₩	645,728,086	₩	628,807,777
Cost of sales	30,37		587,758,814		573,410,340
Gross profit			57,969,272		55,397,437
Selling and administrative expenses	29,30		47,545,790		46,157,715
Bad debt expense (reversal)	4,6		(213,637)		2,838,001
Operating income			10,637,119		6,401,721
Other income	6,31		5,379,980		15,510,034
Other expenses	6,31		1,728,896		2,598,664
Finance income	6,32		5,131,074		6,152,300
Finance costs	6,32		2,196,704		361,508
Losses of associates	19		-		(411,077)
Profit before income tax			17,222,573		24,692,806
Income tax expense	23		4,959,643		5,717,271
Profit		₩	**12,262,930**	₩	**18,975,535**
Profit attributable to:					
Owners of the parent company		₩	12,262,930	₩	18,975,535
Non-controlling interests			-		-
		₩	**12,262,930**	₩	**18,975,535**
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Remeasurements of the net defined benefit liability	22	₩	(4,288,492)	₩	(730,227)
Loss on valuation of financial assets at fair value through other comprehensive income	27		2,647,919		(502,416)
Income tax relating to items that will not be reclassified			400,304		257,622
Items that may be subsequently reclassified to profit or loss:					
Exchange differences			(199)		1,347
Income tax relating to items that will not be reclassified			(25)		(281)
			(1,240,493)		(973,955)
Total comprehensive income for the year		₩	**11,022,437**	₩	**18,001,580**
Total comprehensive income attributable to:					
Owners of the parent company		₩	11,022,437	₩	18,001,580
Non-controlling interests			-		-
		₩	**11,022,437**	₩	**18,001,580**
Earnings per share (in Korean won)					
Basic earnings per share	33	₩	534	₩	826
Diluted earnings per share	33		534		826

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes

HDC LABS Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2025 and 2024

(In thousands of Korean won)	Notes	Attributable to owners of the parent company Issued capital	Share premium	Accumulated other comprehensive income	Other components of equity	Retained earnings	Total	Non-controlling interest	Total
Balance at January 1, 2024		**₩ 12,978,801**	**₩ 183,195,726**	**₩ 796,138**	**₩ (28,003,179)**	**₩ 89,553,617**	**₩ 258,521,103**	**₩ -**	**₩ 258,521,103**
Profit		-	-	-	-	18,975,535	18,975,535	-	18,975,535
Loss on valuation of financial assets at fair value through other comprehensive income	6	-	-	(397,411)	-	-	(397,411)	-	(397,411)
Exchange differences		-	-	1,066	-	-	1,066	-	1,066
Remeasurements of the net defined benefit liability	22	-	-	-	-	(577,610)	(577,610)	-	(577,610)
Total comprehensive income for the year		-	-	(396,345)	-	18,397,925	18,001,580	-	18,001,580
Transactions with owners									
Dividends paid	34,37	-	-	-	-	(10,338,496)	(10,338,496)	-	(10,338,496)
Acquisition of treasury shares	27	-	-	-	(912)	-	(912)	-	(912)
Transactions with non-controlling interest									
Changes in scope of consolidation		-	-	-	-	-	-	1,321,854	1,321,854
Balance at December 31, 2024		**₩ 12,978,801**	**₩ 183,195,726**	**₩ 399,793**	**₩ (28,004,091)**	**₩ 97,613,046**	**₩ 266,183,275**	**₩ 1,321,854**	**₩ 267,505,129**
Balance at January 1, 2025		**₩ 12,978,801**	**₩ 183,195,726**	**₩ 399,793**	**₩ (28,004,091)**	**₩ 97,613,046**	**₩ 266,183,275**	**₩ 1,321,854**	**₩ 267,505,129**
Profit		-	-	-	-	12,262,930	12,262,930	-	12,262,930
Loss on valuation of financial assets at fair value through other comprehensive income	6	-	-	2,048,138	-	-	2,048,138	-	2,048,138
Exchange differences		-	-	(224)	-	-	(224)	-	(224)
Remeasurements of the net defined benefit liability	22	-	-	-	-	(3,288,407)	(3,288,407)	-	(3,288,407)
Total comprehensive income for the year		-	-	2,047,914	-	8,974,523	11,022,437	-	11,022,437
Transactions with owners							-		-
Dividends paid	34,37	-	-	-	-	(10,338,459)	(10,338,459)	-	(10,338,459)
Acquisition of treasury shares		-	-	-	-	-	-	-	-
Transactions with non-controlling interest									
Changes in scope of consolidation		-	-	-	-	-	-	(1,321,854)	(1,321,854)
Balance at December 31, 2025		**₩ 12,978,801**	**₩ 183,195,726**	**₩ 2,447,707**	**₩ (28,004,091)**	**₩ 96,249,110**	**₩ 266,867,253**	**₩ -**	**₩ 266,867,253**

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

HDC LABS Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

(In thousands of Korean won)	Notes		2025		2024
Cash flows from operating activities:					
Cash generated from operations	35	₩	54,850,270	₩	3,641,964
Interest received			5,047,731		5,757,889
Interest paid			(2,146,474)		(267,681)
Dividends received			3,353,380		2,805,359
Income tax paid			(4,552,663)		(5,337,374)
Cash flows provided by operating activities			56,552,244		6,600,157
Cash flows from investing activities:					
Proceeds from sale of financial assets at fair value through profit or loss			290,675		145,232
Proceeds from sale of short-term financial instruments			294,889,448		390,464,844
Decrease in deposits provided			4,725,356		2,552,179
Proceeds from sale of property, plant and equipment			26,640		13,773
Proceeds from sale of intangible assets			13,679		59,000
Decrease in lease receivables			172,981		351,776
Decrease in short-term loans			36,500		15,000
Payments for acquisition of financial assets at fair value through profit or loss			(10,000,000)		(1,000,000)
Payments for acquisition of short-term financial instruments			(327,563,587)		(351,669,931)
Payments for acquisition of property, plant and equipment			(1,456,278)		(959,400)
Payments for acquisition of intangible assets			(803,864)		(1,143,779)
Increase in deposits provided			(1,953,356)		(2,652,000)
Changes in scope of consolidation			-		(13,261,929)
Increase in long-term loan			-		(55,000)
Payments for business transfer			(691,089)		-
Cash flows used in investing activities			(42,312,895)		22,859,765
Cash flows used in financing activities:					
Increase in deposits provided			-		90,000
Dividends paid			(10,228,346)		(10,200,217)
Repayments of lease liabilities			(879,240)		(3,512,776)
Repayments of current portion of long-term borrowings			(41,692)		(58,967)
Acquisition of treasury shares			-		(912)
Decrease in deposits provided			-		(200,000)
Cash flows used in financing activities			(11,149,278)		(13,882,872)
Net increase in cash and cash equivalents			3,090,071		15,577,050
Cash and cash equivalents at the beginning of year			40,865,076		25,287,355
Effects of exchange rate changes on cash and cash equivalents			(91)		671
Cash and cash equivalents at the end of year		₩	43,955,056	₩	40,865,076

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

1. GENERAL INFORMATION:

The following is the general information of HDC LABS Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") (see Note 1.2) in accordance with International Financial Reporting Standard as adopted by the Republic of Korea ("K-IFRS") 1110 Consolidated Financial Statements.

1.1Overview of the Company

The Company was incorporated on September 17, 1999, for the purpose of designing, manufacturing, installing, and repairing systems for building control, industrial process control, and information processing. Since then, the Company has launched home network business and intelligent transportation system (ITS) business. As of the end of the reporting period, the Company's head office is located at Seocho-gu, Seoul, Republic of Korea, and the Company was listed on the Korea Exchange on September 24, 2015. The Company entered into a merger agreement on June 4, 2021, and absorbed and merged with HDC I-Service Co., Ltd., with December 1, 2021, as the merger date. During 2021, the Company became a subsidiary of HDC Co., Ltd. through this business combination. Meanwhile, pursuant to a resolution of the shareholders' meeting, the Company changed its name from HDC I-Controls Co., Ltd. to HDC Labs Co., Ltd. on December 2, 2021.

	Number of shares	Percentage of ownership (%)
HDC Holdings Co., Ltd.	10,381,521	39.99%
Mong-gyu Jung	4,755,400	18.32%
Joon-son Chung	130,000	0.50%
MNQ Investment Partners Co., Ltd.	1,007,524	3.88%
Yoido Full Gospel Church	1,847,129	7.12%
General shareholders	4,693,336	18.08%
Employee's share ownership association	159,443	0.61%
Treasury shares(*)	2,983,248	11.50%
	25,957,601	100.00%

(*) The Group acquired 967,460 treasury shares through direct acquisition through the stock market to stabilize share prices and enhance the value of shareholders in accordance with the resolution of the Board of Directors on January 19, 2022. The Group acquired 640,281 shares and 12 odd shares as treasury shares, which the shareholders exercised their share options for the merger for the year ended December 31, 2021. Also, the Group acquired 1,375,412 treasury shares through a direct acquisition from the stock market to stabilize share prices and enhance the value of shareholders in accordance with the resolution of the Board of Directors on March 16, 2020.

The Company acquired an additional 83 shares in 2024 through the exercise of shareholders' appraisal rights.

1.2 Consolidated Subsidiaries

Details of the consolidated subsidiaries as at December 31, 2025 and 2024, are as follows:

		Ownership interest held by the Group(%)			
	Location	**2025**	**2024**	**Closing month**	**Main business**
ICONTROLS VIETNAM Co., Ltd.	Vietnam	100	100	December	Internal electric wiring construction
HDC VALUE ADD REF 2nd Co., LTD.(*)	Korea	96.04	96.04	December	Real estate investment

(*)The Group classified HDC VALUE ADD REF 2nd Co., Ltd. as associate by acquiring Class 2 beneficiary certificates (10,048,994,703 shares) at ₩10,050 million before the year ended December 31, 2023. During the year ended December 31, 2024, the Group acquired 13,528,655,000 units of Class 1 beneficiary certificates for ₩ 13,928 million and reclassified the investee from an associate to a subsidiary.

1.3 Summarized Financial Information

Summarized financial information for major consolidated subsidiaries as at and for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025					
						Total comprehensive
ICONTROLS VIETNAM Co., Ltd	₩ 1,298	₩ -	₩ 1,298	₩ -	₩ (2,281)	₩ (2,281)
HDC VALUE ADD REF 2nd Co., Ltd	73,875,371	52,834,014	32,675,931	3,574,261	318,323	318,323

(In thousands of Korean won)

	2024					
	Assets	**Liabilities**	**Equity**	**Sales**	**Profit**	**Total comprehensive loss**
ICONTROLS VIETNAM Co., Ltd	₩ 11,561	₩ 7,784	₩ 3,777	₩ -	₩ (47,712)	₩ (47,712)
HDC VALUE ADD REF 2nd Co., Ltd	85,882,162	52,501,998	33,380,164	3,136,182	364,572	364,572

2. MATERIAL ACCOUNTING POLICIES:

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

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with K-IFRS. The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with K-IFRS. The significant accounting policies applied in the preparation of these consolidated financial statements are described below and, except for the effects of the adoption of new or amended standards and interpretations described below, are consistent with those applied to the preparation of the consolidated financial statements for the prior period.

Management has assessed the Group’s ability to continue as a going concern at the time of approval of the financial statements and has a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing on January 1, 2025.

Amendments to K-IFRS 1021, 'The Effects of Changes in Foreign Exchange Rates' and K-IFRS 1101, 'First-Time Adoption of Korean International Financial Reporting Standards' – Lack of Exchangeability

These amendments define the circumstances in which a currency is considered exchangeable into another currency for accounting purposes, and clarify the requirements for assessing exchangeability with another currency, estimating the spot exchange rate to be used when exchangeability is lacking and related disclosures.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date by using an observable exchange rate without adjustment or by using another estimation technique.

2.2.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2025, reporting periods and have not been early adopted by the Group.

(1) Amendments to K-IFRS 1109 'Financial Instruments' and K-IFRS 1107 'Financial Instruments: Disclosures' – Classification and Measurement of Financial Instruments

1) Derecognition of financial liabilities settled through electronic transfer

The amendments permit an entity to deem a financial liability (or part of it) settled through an electronic payment system as extinguished (and thus derecognized) before the settlement date, provided specific criteria are met. If this accounting policy is elected, it must be applied consistently to all settlements made through the same electronic payment system.

2) Classification of financial assets

Contractual terms consistent with a basic lending arrangement: The amendments provide guidance on assessing whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist entities in applying the contractual cash flow characteristics assessment requirements to financial assets with features linked to environmental, social and governance ("ESG") factors.

Non-recourse financial assets: The amendments clarify the description of 'non-recourse' financial assets, specifying that a financial asset has non-recourse features if the entity's

ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

Contractually linked instruments ("CLIs"): The amendments clarify the characteristics that distinguish CLIs from other transactions. In particular, they emphasize that, in such instruments, the prioritization of payments to holders of multiple contractually linked instruments (tranches) is established through a waterfall payment structure, creating concentrations of credit risk and disproportionate allocation of losses among holders of different tranches. The amendments also clarify that not all transactions involving multiple debt instruments meet the requirements for CLIs, and that the underlying pool may include financial assets that are outside the scope of the classification requirements of the standard.

3) Disclosures

Investments in equity instruments designated at fair value through other comprehensive income: K-IFRS 1107 has been amended to require disclosure of fair value gains or losses presented in other comprehensive income during the reporting period, distinguishing between gains or losses related to investments derecognized during the period and those related to investments held at the end of the reporting period.

Contractual terms that could change the timing or amount of contractual cash flows: The amendments require disclosure of contractual terms that could change the timing or amount of contractual cash flows based on the occurrence (or non-occurrence) of contingent events not directly related to changes in basic lending risks and costs. These requirements apply to each class of financial assets measured at amortized cost or at fair value through other comprehensive income, and to each class of financial liabilities measured at amortized cost.

These amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. If an entity elects early adoption, it is required to apply either:

- all of the amendments at the same time and disclose that fact; or
- only the amendments relating to the classification of financial assets and disclose that fact.

The amendments must be applied retrospectively in accordance with K-IFRS 1008, except for specified exceptions.

(2) Amendments to K-IFRS 1101 'First-Time Adoption of K-IFRSs' – Hedge Accounting

The amendments specify the conditions for applying hedge accounting by referencing specific paragraphs in K-IFRS 1109 and aligning relevant terminology. These are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted.

(3) Amendments to K-IFRS 1107 'Financial Instruments: Disclosures'

Gains and losses on derecognition: References have been updated to K-IFRS 1113 'Fair Value Measurement' with aligned terminology.

Initial recognition of difference between fair value and transaction price: Consistency has been improved by aligning terms in the Implementation Guidance (IG14) with those in paragraph 28.

Credit risk disclosures: Clarified that implementation guidance does not illustrate all requirements and simplified paragraph IG20B regarding credit risk disclosures.

(4) Amendments to K-IFRS 1109 'Financial Instruments' – Derecognition of Lease Liabilities and Definition of Transaction Price

The amendments clarify that any gain or loss arising from the derecognition of a lease liability should be recognized in profit or loss. They also align the definition of 'transaction price' with K-IFRS 1115, effective from January 1, 2026.

(5) Amendments to K-IFRS 1110 'Consolidated Financial Statements' – Determination of De Facto Agents

The amendments resolve inconsistencies between paragraphs B73 and B74 regarding de facto agents and clarify that the relationships listed in B74 are examples where judgment is required, effective from January 1, 2026.

(6) Amendments to K-IFRS 1007 'Statement of Cash Flows' – Cost Method

The term 'cost method' has been deleted and replaced with 'cost,' effective from January 1, 2026.

(7) Amendments to K-IFRS 1109 and K-IFRS 1107 – Contracts for Renewable Electricity with Nature-Dependent Characteristics

1) Amendments to K-IFRS 1109 'Financial Instruments'

- The own-use requirements in K-IFRS 1109 have been amended to include factors to consider when applying paragraph 2.4 to contracts for the purchase and delivery of renewable electricity generated from nature-dependent sources.
- The hedge accounting requirements in K-IFRS 1109 have also been amended to permit, for contracts for renewable electricity generated from nature-dependent sources that meet specified characteristics:
- the designation of a variable nominal amount of forecast electricity transactions as the hedged item, provided specified conditions are met and
- measurement of the hedged item using the same volume assumptions used for the hedging instrument.

2) Amendments to K-IFRS 1107 'Financial Instruments: Disclosures'

K-IFRS 1107 has been amended to introduce disclosure requirements for contracts referencing nature-dependent electricity that meet specified characteristics.

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

(8) K-IFRS 1118 'Presentation and Disclosure in Financial Statements' (Enactment)

K-IFRS 1118 replaces K-IFRS 1001. K-IFRS 1118 carries forward many of the requirements of K-IFRS 1001 without change and introduces new requirements. Certain paragraphs of K-IFRS 1001 have been moved to K-IFRS 1008 and K-IFRS 1107, and K-IFRS 1007 and K-IFRS 1033 have been partially amended.

K-IFRS 1118 introduces the following new requirements:

- presentation of specified categories and defined subtotals in the statement of profit or loss;
- disclosure of management-defined performance measures ("MPMs") in the notes to the financial statements; and
- improvements in aggregation and disaggregation.

The new standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted. The amendments to K-IFRS 1007 and K-IFRS 1033, and the amended K-IFRS 1008 and K-IFRS 1107, become effective when K-IFRS 1118 is applied. K-IFRS 1118 is required to be applied retrospectively and includes specific transition provisions.

The Group is currently assessing the impact of the above new and amended standards and interpretations on its consolidated financial statements.

2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with K-IFRS 1110 Consolidated Financial Statements.

(a) Subsidiaries

Subsidiaries are all entities over which the parent company has control. The Company controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to

direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

lntercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an

adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the parent company.

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

(b)Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the parent company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges.

Foreign exchange gains and losses are presented in the consolidated statements of comprehensive income, within 'finance income' or 'finance costs'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

2.5 Financial Assets

(a) *Classification*

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

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

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

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

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

(b) Measurement

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

A. Debt instruments

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

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

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

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

B. Equity instruments

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

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

(c) *Impairment*

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

(d)Recognition and derecognition

Regular-way purchases and sales of financial assets are recognized or derecognized on trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have

expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

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

(e) Offsetting of financial instruments

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

2.6 Derivative Instruments

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.
Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss within 'other income' or 'other expenses' based on the nature of transactions.

2.7 Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. See Note 4.1.2 for a description of the Group's impairment policies.

2.8 Inventories

Inventories are stated at the lower of cost or net realizable value. The cost is determined using the weighted average method.

2.9 Property, Plant and Equipment

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

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

	Useful life
Buildings	40 years
Vehicles	4 years
Tools and equipment	4 years
Equipment	4 years

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.10 Borrowing Costs

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

2.11 Government Grants

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

2.12 Intangible Assets

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets, except for goodwill, are initially recognized at its historical cost, and carried at its cost less accumulated amortization and accumulated impairment losses.

Development costs that are directly attributable to internally generated by the Group are recognized when the criteria, such as technically feasible, generate probable future economic benefits and other, are met. Customer contracts acquired in a business combination are recognized at fair value at the acquisition date. Membership right and contract operation rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	Useful life
Software	4 years
Industrial property rights	5 - 10 years
Customer contracts	3 - 10 years

2.13 Investment Property

Investment property is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. An investment property is measured after initial measurement at depreciated cost (less any accumulated impairment losses). After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Group depreciates investment properties, except for land, using the straight-line method over their useful lives of 40 years.

2.14 Impairment of Non-Financial Assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.15 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 - 90 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Financial Liabilities

(a) Classification and measurement

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

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and are presented as 'trade payables', 'borrowings' and 'other payables' in the consolidated statements of financial position.

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Preferred shares that require mandatory redemption on a specific date are classified as liabilities. Interest expenses on these preferred shares using the effective interest method are recognized in the consolidated statements of comprehensive income as 'finance costs', together with interest expenses recognized from other financial liabilities.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(b) Derecognition

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

2.17 Provisions

Provisions for construction warranties and others are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

2.18 Current and Deferred Taxes

The tax expense for the period consists of current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except to the extent that they relate to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, the Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

2.19 Employee Benefits

(a) Post-employment benefits

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

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The contribution is recognized as employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, postemployment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the consolidated statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

(b) Share-based payments

Equity-settled share-based payment is recognized at fair value of equity instruments granted, and employee benefit expense is recognized over the vesting period. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Group issues new shares. The proceeds received, net of any directly attributable transaction costs, are recognized as share capital (nominal value) and share premium.

2.20 Revenue Recognition

The Group engages in design, manufacturing, installation and repair of building control, industrial process control and information processing systems, interior and landscaping, and comprehensive real estate management.

(a) Combination of contracts

In the case of construction services in which multiple projects at a single site are concluded under separate contracts, it is common for each project to be organically linked being performed by a series of processes or with interrelationships.

Under K-IFRS 1115, the Group is requested to combine two or more contracts entered into and account for the contracts as a single contract if one or more of the following criteria are met:

The contracts are negotiated as a package with a single commercial objective; the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or the goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

(b) Obligation performed over a period of time

The Group performs construction, including purchase and installation of equipment, interior decoration, community and model house construction, landscaping, planting and facility construction, and generally carries out construction over a long period of more than one year. The supply of equipment and the provision of construction services are indistinguishable performance obligations.

Revenue is recognized over the period in accordance with the progress of a performance obligation calculated based on the input costs as the control of goods or services is transferred over time. If it is not possible to reasonably measure the progress of a performance obligation, revenue is recognized only within the scope of the costs until the result of the performance obligation can be measured reasonably.

Meanwhile, in accordance with K-IFRS 1115, the Group recognizes revenue at an amount equal to the cost of a good used to satisfy a performance obligation if the Group expects at contract inception that all of the following conditions would be met: The good is not distinct; the customer is expected to obtain control of the good significantly before receiving services related to the good; the cost of the transferred good is significant relative to the total expected costs to completely satisfy the performance obligation; and the Group procures the good from a third party and is not significantly involved in designing and manufacturing the good.

(c) Variable consideration

Some of the Group's repair service contracts include incentive clauses for achieving goals, so the amount of consideration to be received from customers may change. With implementation of K-IFRS 1115, the Group estimates an amount of variable consideration by using the expected value, which the Group expects to better predict the amount of consideration. The Group recognizes revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

(d) The existence of a significant financing component in the contract

According to K-IFRS 1115, in determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer.

According to K-IFRS 1115, the consideration is recognized as revenue when there is significant financing component in a contract. The Group adjusted the promised amount of consideration for the effects of a significant financing component.

2.21 Leases

(a) Lessee

The Group leases various offices, accommodations, equipment, vehicles and others. Lease contracts are typically made for fixed periods of 1 year to 10 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of vehicles for which the Group is lessee, the Group applies the practical expedient, which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group determines the lease term as the non-cancelable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Group (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, a subsidiary of the Group, which does not have recent third-party financing, and

- makes specific adjustment to the lease, for example term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group uses that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

- The amount of the initial measurement of lease liability

- Any lease payments made at or before the commencement date less any lease incentives received

- Any initial direct costs

- Estimate of restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of accommodations and others and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise small items of office supplies and equipment.

(b) Extension and termination options

Extension and termination options are included in a number of property, plant and equipment leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(c) Residual value guarantees

To optimize lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases.

2.22 Segment Reporting

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (Note 38). The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

2.23 Approval of Issuance of the Financial Statements

The 2025 consolidated financial statements were approved for issuance by the Board of Directors on February 9, 2026 and are subject to change with the approval of shareholders at their annual general meeting.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The preparation of consolidated financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions 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. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

As at December 31, 2025, the administrative measures by the relevant local government are in progress, in relation to an accident that occurred at the construction site of HDC Hyundai Development Company, a key customer of the Group, before the year ended December 31, 2024.

Since the Group's sales to HDC Hyundai Development Company for the year ended December 31, 2025 is ₩186,150 million (28.83% of total sales), accounts receivable and contract assets as at December 31, 2025, is ₩35,289 million, and the balance of construction contracts in which construction revenues have not been recognized is ₩63,884 million as at December 31, 2025, the Group's operations are heavily dependent on the business relationship with HDC Hyundai Development Company.

Accordingly, the outcome of the administrative lawsuit involving HDC Hyundai Development Company may adversely affect the Group's future order intake and overall operations. The significant accounting estimates and assumptions used in the preparation of the consolidated financial statements may be subject to adjustments depending on changes in the likelihood of a business suspension for HDC Hyundai Development Company. The ultimate impact of these uncertainties on the Group's business, financial position, and financial performance cannot be reasonably estimated as at the reporting date.

(a) Estimated goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash-generating unit (CGU) is determined based on value-in-use calculations.

(b) Estimated total contract costs

Construction revenue is recognized according to the percentage of completion, which is measured on the basis of the gross amount incurred to date. Total contract costs are estimated based on future estimates of material costs, labor costs, construction period and others. When the estimated remaining contract costs related with the construction in progress as at December 31, 2025, increase by 5%, profit before income tax and net assets before income tax effects would decrease by ₩2,830,802 thousand.

(c) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (see Note 5).

(d) Impairment of financial assets

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period (see Note 4.1.2).

(e) Net defined benefit liabilities

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (see Note 22).

(f) Provisions for construction warranties

The Group records a provision for estimated warranty costs relating to construction defects. The estimated warranty cost is computed by multiplying a certain percentage of defects to related constructions. The estimated warranties cost is recognized as cost of construction based on the percentage-of-completion of construction, and are presented in the consolidated statements of financial position as provisions for construction warranty. The recognized provisions offset when the actual warranty cost incurs, and reversed if any residual balance exist at the end of the warranty period. If there is any additional warranty cost incurred exceeding the provision, it will be recognized as expense in the year incurred. The provision is estimated based on historical data (see Note 24).

(g) Provisions for loss on construction contracts

When a loss on construction is expected based on cost estimates, the expected loss is charged to current operations when first identified, and is included in the consolidated statements of financial position as a provision for foreseeable losses from construction contracts. The recognized provision is offset when the actual loss occurs and reversed if any residual balance exists at the end of fiscal year in which the related construction is completed or no more loss is expected to be occur. Any additional warrant cost incurred exceeding the provision will be recognized as expense in the year incurred. The provision is

estimated based on historical data. The provision is presented as a deduction of billed construction and reversal on provision is presented as a deduction of cost of construction.

The provision is estimated based on total expected loss to be incurred in future (see Note 25).

(h)Leases

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

For leases of property and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

4. FINANCIAL RISK MANAGEMENT:

4.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programmed focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's financial department in accordance with the policy approved by the Board of Directors. The Group's financial department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

4.1.1 Market Risk

(a) Foreign currency risk

The operation of the Group mainly focuses on domestic market, so the Group is mostly not exposed to foreign currency risk.

(b) Price risk

The Group is exposed to price risk of equity securities held by the Group, which are classified on the consolidated statement of financial position as financial assets at fair value through other comprehensive income. As at December 31, 2025, market value of marketable equity securities from equity investment (except for investments in subsidiaries and associates) is ₩40,751 thousand (2024: ₩23,419 thousand).

The Group's investments in equity of other entities that are publicly traded are in Korea Composite Stock Price Index equity index. At December 31, 2025, if the price of listed stock had increased/decreased by 10%, other comprehensive income, net of tax for the year would have increased/decreased by ₩3,179 thousand (2024: ₩1,852 thousand).

(c) Interest rate risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings may fluctuate because of changes in future market interest rates. The interest rate risk mainly arises through floating rate deposits and borrowings. The Group holds no financial assets or liabilities that are issued with variable interest rate as at December 31, 2025 and 2024. As a result, the Group is not exposed to interest rate risk arising from fluctuations in interest rates.

4.1.2 Credit Risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments, favorable derivative financial instruments and deposits with bank and financial institutions, as well as credit exposures to major customers, including outstanding receivables and committed transactions.

(a) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A–BBB+' are accepted.

If corporate customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The credit risks are regularly monitored by line management.

The Group's investments in debt instruments are all low-risk investments. The credit ratings of investments are monitored for credit deterioration.

(b) Security

For some trade receivables, the Group may obtain security in the form of guarantees or letters of credit, etc. which can be called upon if the counterparty is in default under the terms of the agreement.

(c) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables for sales of goods and provision of services
- Contract assets relating to provision of services
- Other financial assets carried at amortized cost

While cash equivalents are also subject to the impairment requirement, the identified impairment loss was immaterial.

A. Trade receivables and contract assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected allowance for credit losses for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has, therefore, concluded

that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before December 31, 2025, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the allowance for credit losses as at December 31, 2025 and 2024 was determined as follows for both trade receivables and contract assets:

(In thousands of Korean won)

	2025							
		Current		More than 90 days past due		More than 360 days past due		Total
Expected loss rate		0.35%		16.74%		100.00%		
Gross carrying amount								
- trade receivables	₩	92,423,569	₩	5,736,746	₩	1,652,695	₩	99,813,010
Gross carrying amount								
- contract assets		18,837,410		-		-		18,837,410
Allowance for credit losses		(390,273)		(960,551)		(1,652,695)		(3,003,519)

(In thousands of Korean won)

	2024							
		Current		More than 90 days past due		More than 360 days past due		Total
Expected loss rate		0.33%		34.37%		100.00%		
Gross carrying amount								
- trade receivables (*)	₩	120,753,347	₩	3,650,959	₩	1,408,210	₩	125,812,516
Gross carrying amount								
- contract assets		34,753,572		-		-		34,753,572
Allowance for credit losses		(507,860)		(1,254,825)		(1,408,210)		(3,170,895)

(*) Before deducting present value discounts

Movements in the allowance for credit losses for trade receivables and contract assets for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	Contract assets				Trade Receivables			
		2025		2024		2025		2024
Beginning balance	₩	377,497	₩	47,669	₩	2,793,398	₩	320,899
Increase in the allowance for credit losses recognized in profit or loss during the year		(160,007)		329,828		(53,630)		2,491,499
Written off		-		-		(66,660)		(19,000)
Changes due to business transfer		-		-		112,921		-
Ending balance	₩	217,490	₩	377,497	₩	2,786,029	₩	2,793,398

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and others.

Impairment losses on trade receivables and contract assets are presented as bad debt expenses on a net basis in the consolidated statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

B. Other financial assets amortized cost

Other financial assets at amortized cost include cash and cash equivalents, long-term and short-term financial instruments, and other receivables such as loans, deposits and others. Movements in allowance for doubtful accounts for other financial assets at amortized cost for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	Other current receivables		**Other non-current receivables**	
	2025	**2024**	**2025**	**2024**
Beginning balance	₩ -	₩ -	₩ -	₩ 600,000
Written off	-	-	-	(600,000)
Ending balance	₩ -	₩ -	₩ -	₩ -

(d) Bad debt expenses

Bad debt expenses recognized in profit or loss in relation to impaired financial assets for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025	**2024**
Trade receivables and contract assets		
Bad debt expenses	₩ (213,637)	₩ 2,821,328
Other receivable		
Other bad debt expenses	60,000	-

(e) Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

4.1.3 Liquidity Risk

The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (see Note 36) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal financial ratio targets and, if applicable external regulatory or legal requirements.

(a) Financing arrangements

The Group has entered into borrowing facilities as at December 31, 2025 and 2024, as follows:

(In thousands of Korean won)

	2025	2024
Floating rate		
- expiring beyond one year (collateral loans)	₩ 2,048,716	₩ 2,048,716
Fixed rate		
- expiring within one year (bank borrowings)	50,000,000	422,000

(b) Maturities of financial liabilities

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Undiscounted cash flows are presented as follows:

(In thousands of Korean won)

	2025				
	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Trade payables	₩ 42,918,802	₩ -	₩ -	₩ -	₩ 42,918,802
Other payables(*)	10,388,410	600,000	-	1,332,854	12,321,264
Borrowings	51,830,137	-	-	-	51,830,137
Lease liabilities	616,959	766,197	320,337	166,661	1,870,154
	₩ 105,754,308	₩ 1,366,197	₩ 320,337	₩ 1,499,515	₩ 108,940,357

(*) Liabilities related to employee benefits that do not fall under financial liabilities are excluded.

(In thousand Korean won)

	2024									
		Less than 1 year		**Between 1 year to 2 years**		**Between 2 to 5 years**		**Over 5 years**		**Total**
Trade payables	₩	52,656,317	₩	-	₩	-	₩	-	₩	52,656,317
Other payables (*)		8,049,985		320,100		843,767		-		9,213,852
Borrowings		51,950,055		-		-		-		51,950,055
Lease liabilities		805,200		418,445		436,819		-		1,660,464
	₩	113,461,556	₩	738,545	₩	1,280,586	₩	-	₩	115,480,687

(*) Liabilities related to employee benefits that do not fall under financial liabilities are excluded.

4.1.4 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders. The Group uses debt-ratio as an indicator of major capital management. The debt ratio is calculated as total debt divided by total capital.

The debt- to- equity ratio as at December 31, 2025 and 2024, is as follows:

(In thousands of Korean won)

		2025		**2024**
Total liabilities (A)	₩	174,545,506	₩	170,656,124
Total equity (B)		266,867,252		267,505,129
Debt–to-equity ratio (A/B)		65.41%		63.80%

5. FAIR VALUE OF FINANCIAL INSTRUMENTS:

5.1 Fair Value of Financial Instruments by Category

Carrying amount of financial instruments approximates to their fair value.

5.2 Fair Value Hierarchy

Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date. The quoted market price incorporates the market's assumptions with respect to changes in economic climate, such as rising interest rates and inflation, as well as changes due to ESG risk (Level 1).
- All inputs other than quoted prices included in Level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment (Level 3).

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

(In thousands of Korean won)

	2025			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets				
-Financial assets at fair value through profit or loss	₩ -	₩ 5,953,777	₩ 15,921,657	₩ 21,875,434
-Equity instruments at fair value through other comprehensive income	40,751	-	9,443,548	9,484,299

(In thousands of Korean won)

	2024			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets				
-Financial assets at fair value through profit or loss	₩ -	₩ 5,801,473	₩ 5,330,497	₩ 11,131,970
-Equity instruments at fair value through other comprehensive income	23,419	-	6,812,961	6,836,380

5.3 Transfers Between Fair Value Hierarchy Levels of Recurring Fair Value Measurements

The Group's policy is to recognize transfers between levels of the fair value at the date of the event or change in circumstances that caused the transfer. There were no transfers among Levels 1, 2 or 3 for fair value measurements for the years ended December 31, 2025 and 2024.

Changes in level 3 for recurring fair value measurements for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025	
	Financial assets fair value through profit or loss	Financial assets at fair value through other comprehensive income
Beginning balance	₩ 5,330,497	₩ 6,812,961
Acquisitions	10,000,000	-
Total profit or loss		
Amount recognized in profit or loss	591,160	-
Amount recognized in other comprehensive income	-	2,630,587
Ending balance	₩ 15,921,657	₩ 9,443,548
Unrealized gains or losses	₩ -	₩ 3,170,056

(In thousands of Korean won)

	2024	
	Financial assets fair value through profit or loss	Financial assets at fair value through other comprehensive income
Beginning balance	₩ 5,023,821	₩ 7,302,972
Total profit or loss		
Amount recognized in profit or loss	306,676	-
Amount recognized in other comprehensive income	-	(490,011)
Ending balance	₩ 5,330,497	₩ 6,812,961
Unrealized gains or losses	₩ -	₩ 539,469

5.4 Valuation Techniques and the Inputs

The fair value of contribution and debt instruments such as beneficiary certificates categorized within Level 2 of the fair value hierarchy amounting to ₩5,953,777 thousand (2024: ₩5,801,473 thousand) is determined at fair value using redemption price of issuing institution.

Valuation techniques and inputs used in the recurring fair value measurements categorized within Level 3 of the fair value hierarchy as at December 31, 2025 and 2024, are as follows:

(in thousand korean won)

	2025				
		Fair value	Valuation techniques	Inputs	Range of inputs
Financial instruments at fair value through profit or loss					
Mirae Asset Seoul-Chuncheon Highway Co., Ltd. REF 1st Co., Ltd.	₩	5,921,657	Adjusted net asset Method	Discount rate	7.97% ~ 9.90%
Equity instruments at fair value through other comprehensive income					
Hyundai Oilbank Co., Ltd.		2,878,001	Cash flow discount	Discount rate	5.51%
				Perpetual growth rate	-
NEXT SECURITIES CORPORATION		3,809,600	Cash flow discount	Discount rate	12.20%
				Perpetual growth rate	-
KL norma Securitization Speciality Co., Ltd.		2,449,287	Cash flow discount	Recent Transaction Method	-

	2024				
		Fair value	Valuation techniques	Inputs	Range of inputs
Financial instruments at fair value through profit or loss					
Mirae Asset Seoul-Chuncheon Highway Co., Ltd. REF 1st Co., Ltd.	₩	5,330,497	Adjusted net asset Method	Discount rate	8.72% ~ 11.69%
Equity instruments at fair value through other comprehensive income					
Hyundai Oilbank Co., Ltd.		2,847,394	Cash flow discount	Discount rate	7.08% ~ 9.08%
				Perpetual growth rate	0.00% ~ 1.00%
NEXT SECURITIES CORPORATION		2,654,000	Cash flow discount	Discount rate	13.66% ~ 15.66%
				Perpetual growth rate	0.00% ~ 2.00%
KL norma Securitization Speciality Co., Ltd.		1,004,907	Cash flow discount	Discount rate	13.17% ~ 15.17%
				Perpetual growth rate	0.00% ~ 2.00%

(*) The Company has changed its name from SI Securities to NEXT SECURITIES CORPORATION for the year ended December 31, 2024.

Among the financial assets measured at fair value through other comprehensive income classified as Level 3 above, the Group determined that the carrying amount of financial assets equivalent to ₩306,660 thousand (2024: ₩306,660 thousand) is close to the fair value.

5.5 Valuation Processes for Fair Value Measurements Categorized as Level 3

The Group's finance department performs the fair value measurements required for financial reporting purposes, including Level 3 fair values. The team in charge of the measurement reports to the chief financial officer (CFO). Discussions of valuation process and result are held between the CFO and the valuation team periodically in line with the Group's reporting periods.

5.6 Sensitivity Analysis for Recurring Fair Value Measurements Categorized as Level 3

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments that are affected by the unobservable parameters, using a statistical technique. When the fair value is affected by more than two input parameters, the most favorable or most unfavorable amounts are presented. Financial instruments categorized within Level 3 for sensitivity analysis are unlisted equity securities and beneficiary certificates whose fair value changes are recognized as profit or loss or other comprehensive income.

The results of the sensitivity analysis for the effect on profit or loss from changes in inputs for each financial instrument for the year ended December 31, 2025, are as follows:

(In thousands of Korean won)

	2025	
	Favorable changes	**Unfavorable changes**
Financial assets		
Unlisted equity securities(*1)	₩ 6,035,080	₩ (1,249,708)
Beneficiary certificates(*1)	855,965	(784,819)

(*1) Changes in the fair value are calculated by increasing or decreasing the discount rate and others, which are the significant unobservable inputs.

6. FINANCIAL INSTRUMENTS BY CATEGORY:

Categorizations of financial assets as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Financial assets at fair value through profit or loss	₩	21,875,434	₩	11,131,970
Financial assets at fair value through other comprehensive income		9,484,299		6,836,380
Financial assets at amortized cost				
Cash and cash equivalents		43,955,056		40,865,076
Short-term financial instruments		101,827,602		69,153,463
Trade receivables (*)		97,026,981		123,006,328
Other financial assets		7,004,962		10,319,944
Long-term financial assets		8,000		8,000
Other non-current receivables		4,003,970		3,362,481
	₩	285,186,304	₩	264,683,642

(*) In the consolidated statement of financial position, long-term trade receivables amounting to ₩434,278 thousand were included in other non-current receivables as of the end of the prior period.

Categorizations of financial liabilities as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Financial liabilities at amortized cost				
Trade payables	₩	42,918,802	₩	52,656,317
Other payables (*)		12,009,097		9,213,852
Borrowings		50,000,000		50,041,692
Lease liabilities		1,762,610		1,391,829
	₩	106,690,509	₩	113,303,690

(*) Liabilities related to employee benefits that do not fall under financial liabilities are excluded.

Net gains or losses on each category of financial instruments for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

			2025		2024
Financial assets at fair value through other comprehensive income	- Gain (loss) on valuation (other comprehensive income (loss))	₩	2,048,137	₩	(397,411)
	- Dividend income		976		317,059
Financial assets at fair value through profit or loss	- Gain(loss) on valuation		1,034,139		386,077
	- Dividend income		3,152,933		2,270,148
Financial assets at amortized costs	- Interest income		5,005,885		6,059,268
	- Bad debt expenses		(153,637)		2,821,328
	- Gain on foreign exchange differences		44,327		55,261
Financial liabilities at amortized costs	- Interest expenses		2,081,349		1,957
	- Gain (loss) on foreign exchange differences		32,805		(55,980)
Lease liabilities	- Interest expenses		67,299		265,800

7. CASH AND CASH EQUIVALENTS, SHORT-TERM AND LONG-TERM FINANCIAL INSTRUMENTS:

Cash and cash equivalents and short-term and long-term financial instruments as at December 31, 2025 and 2024, consist of:

(In thousands of Korean won)

		2025		2024
Cash and cash equivalents				
Cash on hand	₩	6,916	₩	5,321
Deposits		43,948,140		40,859,755
		43,955,056		40,865,076
Short-term financial instruments				
Asset-Backed Short-Term Bond and others(*1)		101,827,602		69,153,463
Long-term financial instruments				
Bank overdraft deposits(*2)		8,000		8,000
	₩	145,790,658	₩	110,026,539

(*1) Among short-term financial instruments, ₩900 million is provided as collateral for employees' share ownership loans (see Note 14).

(*2) All amount of long-term financial instruments is restricted for use.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:

Details of financial assets at fair value through profit or loss as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025	2024
Current		
Beneficiary certificates	₩ -	₩ 2,502,225
Non-current		
Beneficiary certificates	19,500,012	6,307,247
Investments	2,375,422	2,322,498
	21,875,434	8,629,745
	₩ 21,875,434	₩ 11,131,970

(*) Some of investments is provided as collateral in relation with construction performance guarantees (see Notes 14 and 36).

Amounts recognized in profit or loss for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025	2024
Loss from valuation of debt instruments at fair value through profit or loss	₩ 1,034,139	₩ 386,077
Dividend income from debt instruments at fair value through profit or loss	3,152,933	2,270,148
	₩ 4,187,072	₩ 2,656,225

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:

Details of financial assets at fair value through other comprehensive income as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025	2024
Current		
Unlisted equity securities	₩ -	₩ 2,654,000
	-	2,654,000
Non-current		
Listed equity securities	40,751	23,419
Unlisted equity securities	9,443,548	4,158,961
	9,484,299	4,182,380
	₩ 9,484,299	₩ 6,836,380

Upon disposal of these equity investments, any balance within the accumulated other comprehensive income for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

10. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS AT AMORTIZED COSTS:

Trade receivables and its allowance for credit losses as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Trade receivables	₩	99,813,010	₩	125,812,517
Allowance for credit losses		(2,786,029)		(2,793,398)
Present value discounts		-		(12,791)
Trade receivables – net (*)	₩	97,026,981	₩	123,006,328

(*) In the consolidated statement of financial position, long-term trade receivables amounting to ₩434,278 thousand were included in other non-current receivables as of the end of the prior period.

Other receivables as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Current				
Accrued income	₩	708,909	₩	763,189
Non-trade receivables		1,288,689		443,889
Loans		1,013,500		3,018,000
Deposits		3,993,865		6,094,865
		7,004,963		10,319,943
Non-current				
Loans		2,009,000		23,511
Deposits		1,994,970		3,338,970
		4,003,970		3,362,481
	₩	11,008,933	₩	13,682,424

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year, and therefore, are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and, therefore, measures them subsequently at amortized cost using the effective interest method. Details about the Group's impairment policies and the calculation of the allowance for credit losses are provided in Note 4.1.2.

11. REVENUE FROM CONTRACTS WITH CUSTOMERS AND RELEVANT CONTRACT ASSETS AND LIABILITIES:

Revenue recognized for the years ended December 31, 2025 and 2024, is as follows:

(In thousands of Korean won)

		2025		2024
Revenue from contracts with customers	₩	644,958,171	₩	628,082,734
Revenue from other sources: Rental income		769,915		725,043
	₩	645,728,086	₩	628,807,777

Revenues from contracts with customers for the years ended December 31, 2025 and 2024, disaggregated by the timing of revenue recognition, are as follows:

(In thousands of Korean won)

		2025		2024
Timing of revenue recognition				
At a point in time	₩	9,491,628	₩	5,017,237
Overtime		635,466,543		623,065,497
	₩	644,958,171	₩	628,082,734

The Group has recognized the following assets and liabilities related to contracts with customers:

(In thousands of Korean won)

		2025		2024
Contract assets				
Contract assets for construction contracts (due from customers)	₩	18,619,919	₩	33,534,938
Costs to fulfil contracts recognized as assets (*)		-		841,137
	₩	18,619,919	₩	34,376,075
Contract liabilities				
Contract liabilities (due to customers)	₩	25,574,326	₩	15,588,325

(*) During the current period, the Company reclassified costs to fulfil a contract, previously recognized as contract assets, to other current assets for a more appropriate presentation considering their nature. Accordingly, costs to fulfil a contract amounting to ₩3,217,488 thousand, recognized as an asset as of the end of the current reporting period, are presented as other current assets.

The following table shows the revenue recognized in the current reporting period that relates to the contract liabilities carried forward from the previous year:

(In thousands of Korean won)

		2025		2024
Revenue from beginning outstanding balance of contract liabilities recognized during the year	₩	15,072,811	₩	9,958,399

12. OTHER CURRENT ASSETS:

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

(In thousands of Korean won)

		2025		2024
Current assets				
Advance payments	₩	5,158,785	₩	3,899,359
Prepaid expenses		488,280		580,711
Prepaid value added tax		-		3,185
	₩	5,647,065	₩	4,483,255

13. INVENTORIES:

Inventories as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025						2024					
		Acquisition cost		Allowance for valuation		Book amount		Acquisition cost		Allowance for valuation		Book amount
Raw materials	₩	6,285,362	₩	(159,913)	₩	6,125,449	₩	7,029,201	₩	(174,075)	₩	6,855,126
Products		961,136		-		961,136		1,429,486		-		1,429,486
	₩	7,246,498	₩	(159,913)	₩	7,086,585	₩	8,458,687	₩	(174,075)	₩	8,284,612

Losses on valuation of inventories for the year ended December 31, 2025, amounted to ₩77,082 thousand (2024: ₩82,822).

Inventories expensed as 'cost of sales' during the year ended December 31, 2025, amounted to ₩150,279,322 thousand (2024: ₩169,702,924 thousand).

14. ASSETS PROVIDED AS COLLATERALS:

Details of assets provided as collaterals for a guarantee related with construction contracts of the Group as at December 31, 2025, are as follows:

(In thousands of Korean won)

	Assets provided as collaterals		Related liabilities		
	Carrying amount	**Secured amount**	**Amount**	**Secured party**	**Remark**
Short-term financial instruments	₩ 100,000	₩ 100,000	₩ -	The Korea Securities Finance Corporation	Share ownership loan as collateral (1 year, 25/09/29 ~ 26/09/29)
Short-term financial instruments	400,000	400,000	-	The Korea Securities Finance Corporation	Share ownership loan as collateral (1 year, 25/10/30 ~ 26/10/30)
Short-term financial instruments	400,000	400,000	-	The Korea Securities Finance Corporation	Share ownership loan as collateral (1 year, 25/09/12 ~ 26/09/12)
Investment property	1,756,073	1,756,073	-	KB Kookmin Bank	Collateral provided for borrowings of HDC Hyundai Development Company
Land	57,936,000	60,000,000	50,000,000	The Korea Development Bank	Borrowings as collateral
Building	26,582,400				

Other than the above assets, the contributions to Korea Software Financial Cooperative, Korea Specialty Contractor Financial Cooperative, Electric Contractors' Financial Cooperative, Engineering Guarantee Insurance and Fire Guarantee amounting to ₩495,222 thousand, ₩668,760 thousand, ₩73,530 thousand, ₩535,971 thousand and ₩21,080 thousand, respectively, are provided as collateral related to the performance guarantees provided to the Group (see Notes 8 and 36).

15. PROPERTY, PLANT AND EQUIPMENT:

Changes in property, plant and equipment for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025						
	Beginning balance	Acquisition (*1)	Changes in scope of consolidation	Transfer	Disposal	Depreciation (*2)	Ending balance
Land	₩ 62,035,403	₩ 1,929	₩ -	₩ -	₩ -	₩ -	₩ 62,037,332
Buildings	29,014,398	102,854	-	-	-	(758,702)	28,358,550
Vehicles	55,473	48,199	-	-	-	(32,857)	70,815
Tools and equipment	2,906,751	1,117,766	498,790	205,061	(79)	(1,892,426)	2,835,863
Facilities and equipment	-	-	-	-	-	-	
Construction-in-progress	205,061	12,000	-	(205,061)	-	-	12,000
	₩ 94,217,086	₩ 1,282,748	₩ 498,790	₩ -	₩ (79)	₩ (2,683,985)	₩ 93,314,560

(In thousands of Korean won)

	December 31, 2025		
	Acquisition cost	Accumulated government grants	Accumulated depreciation
Land	₩ 62,037,332	₩ -	₩ -
Buildings	30,442,361	-	(2,083,811)
Vehicles	176,474	-	(105,659)
Tools and equipment	12,043,079	-	(9,207,216)
Facilities and equipment	13,200	-	(13,200)
Construction in progress	12,000	-	-
	₩ 104,724,446	₩ -	₩ (11,409,886)

(In thousands of Korean won)

	2024						
	Beginning balance	**Acquisition (*1)**	**Changes in scope of consolidation**	**Transfer**	**Disposal**	**Depreciation (*2)**	**Ending balance**
Land	₩ 4,098,938	₩ 465	₩ 57,936,000	₩ -	₩ -	₩ -	₩ 62,035,403
Buildings	1,633,374	190,343	27,264,000	-	-	(73,319)	29,014,398
Vehicles	68,288	10,000	-	-	-	(22,815)	55,473
Tools and equipment	3,811,435	846,245	-	-	(7,642)	(1,743,287)	2,906,751
Facilities and equipment	-	-	-	-	-	-	-
Construction-in-progress	-	205,061	-	-	-	-	205,061
	₩ 9,612,035	₩ 1,252,114	₩ 85,200,000	₩ -	₩ (7,642)	₩ (1,839,421)	₩ 94,217,086

(In thousands of Korean won)

	December 31, 2024		
	Acquisition cost	**Accumulated government grants**	**Accumulated depreciation**
Land	₩ 62,035,403	₩ -	₩ -
Buildings	30,339,507	-	(1,325,109)
Vehicles	201,772	-	(146,299)
Tools and equipment	10,233,412	(10,459)	(7,316,202)
Facilities and equipment	13,200	-	(13,200)
Construction in progress	205,061	-	-
	₩ 103,028,355	₩ (10,459)	₩ (8,800,810)

(*1) Other payables related to the acquisition of property, plant and equipment during the year ended December 31, 2025 decrease by ₩278,313 thousand (2024: increase by ₩292,713).

(*2) Included in this amount is the amortization of government grants of ₩10,459 thousand for the current period (2024: ₩12,551 thousand)

Line items including depreciation in the consolidated statements of comprehensive income for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025	**2024**
Cost of sales	₩ 317,096	₩ 286,011
Selling and administrative expenses	2,366,889	1,553,410
	₩ 2,683,985	₩ 1,839,421

16. LEASES:

16.1 Lessee

(a) Amounts recognized in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases as at December 31, 2025 and 2024:

(In thousands of Korean won)

	2025	2024
Right-of-use assets		
Properties	₩ 473,233	₩ 685,768
Vehicles	1,239,863	833,014
Equipment	-	20,338
	₩ 1,713,096	₩ 1,539,120

(In thousands of Korean won)

	2025	2024
Lease liabilities		
Current	₩ 548,775	₩ 662,075
Non-current	1,213,835	729,754
	₩ 1,762,610	₩ 1,391,829

Additions to the right-of-use assets during the 2025 financial year were ₩1,250,021 thousand (2024: ₩1,071,594 thousand).

(b) Amounts recognized in the consolidated statement of comprehensive income

(In thousands of Korean won)

	2025	2024
Depreciation of right-of-use assets		
Properties	₩ 446,293	₩ 2,632,291
Vehicles	420,709	331,903
Equipment	20,338	33,920
	₩ 887,340	₩ 2,998,114
Interest expense relating to lease liabilities (included in finance cost)	₩ 67,299	₩ 265,800
Expense relating to short-term leases (included in cost of sales and selling and administrative expenses)	253,322	479,207
Expense relating to leases of low-value assets that are not short-term leases (included in selling and administrative expenses)	2,600,957	1,825,294

The total cash outflow for leases in 2025 was ₩3,880,818 thousand (2024: ₩6,083,077 thousand).

16.2 Lessor

As of the end of the reporting period, the future operating lease payments to be received by year are as follows:

(In thousands of Korean won)

		Amount
Future operating lease payments receivable		
Within 1 year	₩	63,068
1 year to 2 years		41,305
Total undiscounted lease payments		104,373

17. INTANGIBLE ASSETS:

Changes in intangible assets for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025						
	Beginning balance	Acquisition (*)	Transfers	Disposal	Business combination	Amortization	Ending balance
Software	₩ 3,842,669	₩ 251,963	₩ -	₩ -	₩ 2,366,575	₩ (1,777,923)	₩ 4,683,284
Industrial property rights	87,264	40,567	9,382	-	26,853	(26,698)	137,368
Others	2,255,846	2,993	-	(31,171)	61,647	-	2,289,315
Goodwill	7,976,016	-	-	-	-	-	7,976,016
Usage rights	-	-	-	-	-	-	-
Customer value	6,006,732	-	-	-	-	(868,443)	5,138,289
Contract value	-	-	-	-	-	-	-
Construction-in-progress	11,199	944,405	(9,382)	-	-	-	946,222
	₩ 20,179,726	₩ 1,239,928	₩ -	₩ (31,171)	₩ 2,455,075	₩ (2,673,064)	₩ 21,170,494

(In thousands of Korean won)

	December 31, 2025		
	Acquisition cost	**Accumulated amortization**	**Accumulated impairment loss**
Software	₩ 9,067,871	₩ (4,384,587)	₩ -
Industrial property rights	238,235	(100,867)	-
Others	2,325,315	-	(36,000)
Goodwill	9,264,082	-	(1,288,066)
Usage rights	-	-	-
Customer value	8,684,432	(3,546,143)	-
Contract value	3,100,738	(3,100,738)	-
Construction-in-progress	946,222	-	-
	₩ 33,626,895	₩ (11,132,335)	₩ (1,324,066)

(*) Other payables in relation to acquisition of intangible assets has increased by ₩436,064 thousand for the year ended December 31, 2025 (2024: decreased by ₩345,208 thousand).

(In thousands of Korean won)

	2024							
	Beginning balance	**Acquisition (*)**	**Transfers**	**Disposal**	**Impairment loss**	**Others**	**Amortization**	**Ending balance**
Software	₩ 3,336,265	₩ 768,335	₩ 874,325	₩ -	₩ -	₩ -	₩ (1,136,256)	₩ 3,842,669
Industrial property rights	74,967	18,932	14,287	-	-	-	(20,922)	87,264
Others	2,255,846	-	-	-	-	-	-	2,255,846
Goodwill	9,264,082	-	-	-	(1,288,066)	-	-	7,976,016
Usage rights	57,500	-	-	(57,500)	-	-	-	-
Customer value	6,875,175	-	-	-	-	-	(868,443)	6,006,732
Contract value	947,448	-	-	-	-	-	(947,448)	-
Construction in progress	900,324	11,304	(888,612)	-	-	(11,817)	-	11,199
	₩ 23,711,607	₩ 798,571	₩ -	₩ (57,500)	₩ (1,288,066)	₩ (11,817)	₩ (2,973,069)	₩ 20,179,726

(In thousands of Korean won)

	December 31, 2024		
	Acquisition cost	**Accumulated amortization**	**Accumulated impairment loss**
Software	₩ 6,449,333	₩ (2,606,664)	₩ -
Industrial property rights	161,433	(74,169)	-
Others	2,291,846	-	(36,000)
Goodwill	9,264,082	-	(1,288,066)
Usage rights	-	-	-
Customer value	8,684,432	(2,677,700)	-
Contract value	3,100,738	(3,100,738)	-
Construction in progress	11,199	-	-
	₩ 29,963,063	₩ (8,459,271)	₩ (1,324,066)

Amortization of intangible assets for the current and prior periods is included in the following line items:

(In thousands of Korean won)

		2025		2024
Cost of sales	₩	218,615	₩	-
Selling and administrative expenses		2,454,449		2,973,069
	₩	2,673,064	₩	2,973,069

Goodwill is allocated to each cash-generating unit identified by operating segment. As at December 31, 2025, the Group's goodwill is allocated as follows:

(In thousands of Korean won)

		Comprehensive real estate management		Landscape interior		Smart home		Total
Acquisition cost	₩	4,542,723	₩	3,606,497	₩	1,114,863	₩	9,264,083
Accumulated impairment loss		-		(1,288,066)		-		(1,288,066)
Carrying amount	₩	4,542,723	₩	2,318,431	₩	1,114,863	₩	7,976,017

In order to evaluate the impairment of goodwill, the recoverable amount is calculated based on cash-generating units. The recoverable amount of the cash-generating units is determined based on the calculation of its value in use, using the pre-tax cash flows derived from a business plan approved by management for a period of five years. Cash flows beyond the five-year period are estimated within the limits that do not exceed the long-term average growth rate of the respective industry.

As a result of the impairment test performed for the current period, no impairment loss was recognized as the recoverable amounts of all segments exceeded the carrying amounts of the cash-generating units including goodwill.

Value in use is highly sensitive to key assumptions such as the long-term growth rate and discount rate used in the discounted cash flow model. For the current period, the terminal growth rate and discount rate used in estimating the value in use are 0.00% and 11.64%, respectively. The Company estimates that the recoverable amount of the cash-generating unit would still exceed its carrying amount even if the terminal growth rate decreases by 1.00% and the discount rate increases by 1.00%

The Group recognized total research and development costs for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Selling and administrative expenses	₩	5,821,686	₩	4,444,833

18. INVESTMENT PROPERTY:

Investment property consist of land and buildings, and changes in investment property for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025					
	Beginning balance		Depreciation		Ending balance	
Land(*)	₩	3,279,644	₩	-	₩	3,279,644
Buildings		1,846,548		(94,698)		1,751,850
	₩	5,126,192	₩	(94,698)	₩	5,031,494

(In thousands of Korean won)

	2024					
	Beginning balance		Depreciation		Ending balance	
Land(*)	₩	3,279,644	₩	-	₩	3,279,644
Buildings		1,941,246		(94,698)		1,846,548
	₩	5,220,890	₩	(94,698)	₩	5,126,192

(In thousands of Korean won)

	December 31, 2025				December 31, 2024			
	Acquisition cost		Accumulated depreciation		Acquisition cost		Accumulated depreciation	
Land(*)	₩	3,279,644	₩	-	₩	3,279,644	₩	-
Buildings		3,787,936		(2,036,086)		3,787,936		(1,941,388)
	₩	7,067,580	₩	(2,036,086)	₩	7,067,580	₩	(1,941,388)

(*) Land amounting to ₩1,756 million is provided as collateral for borrowings of HDC Hyundai Development Company, a related party (see Notes 14 and 37).

Fair value of investment properties as at December 31, 2025, is ₩11,131,042 thousand (2024: ₩11,023,854 thousand).

Following amounts are recognized in the profit or loss in relation to investment property for the years ended December 31, 2025 and 2024:

(In thousands of Korean won)

	2025		2024	
Rental income	₩	769,915	₩	725,043
Operating expenses from investment property that generated rental income		(97,860)		(125,018)
	₩	672,055	₩	600,025

19. INVESTMENTS IN ASSOCIATES:

Investments in associates as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	Location	2025	2024
HDC VALUE ADD REF 2nd Co., Ltd.	Korea	₩ -	₩ -

The Group acquired Class 1 beneficiary certificate of HDC VALUE ADD REF 2nd Co., Ltd. and reclassified from an associate to a subsidiary during the year ended December 31, 2024.

Changes in investments in associates for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025	2024
Beginning balance	₩ -	₩ 8,149,493
Losses of associates	-	(411,077)
Dividends	-	(218,152)
Reclassification	-	(7,520,264)
Ending balance	₩ -	₩ -

20. TRADE AND OTHER PAYABLES AND OTHER LIABILITIES:

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

(In thousands of Korean won)

	2025	2024
Current		
Trade payables	₩ 42,918,802	₩ 52,656,317
Other payables		
Other payables	6,603,762	6,396,692
Accrued expenses	27,178,617	24,433,973
Dividend payable	47,681	-
Leasehold deposits received	600,000	500,000
	34,430,060	31,330,665
Other current liabilities		
Withholdings	8,458,742	9,387,407
Advances from customers	1,771,454	525,807
	10,230,196	9,913,214
Non-current other payables		
Long-term other payables	1,620,688	243,767
Leasehold deposits received	620,100	920,100
	2,240,788	1,163,867
	₩ 89,819,846	₩ 95,064,063

The Group has entered into the following supplier finance arrangements to facilitate access to credit and enable early settlement for suppliers providing goods or services to the Group.

A. The Group has entered into supplier finance arrangements under which suppliers can receive payments from financial institutions at a discounted amount up to 100% of the invoiced amount, up to one business day prior to the invoice due date. Currently, the Group has entered into trade receivable-backed loan arrangements with a limit of ₩19,500,000 thousand (2024: ₩19,500,000 thousand) with Hana Bank and others, allowing suppliers to borrow funds using their trade receivables due from the Group as collateral. Furthermore, these supplier finance arrangements require the Group to pay the full invoiced amount to the financial institutions on the payment date specified in the supplier's invoice and do not permit any payment extensions beyond the invoice date. Accordingly, the Group presents financial liabilities arising from these supplier finance arrangements as trade payables.

B. As of each reporting date, the carrying amounts of financial liabilities that are part of supplier finance arrangements, the line items in which they are presented in the consolidated statements of financial position, and the carrying amounts of the financial liabilities for which suppliers have already received payment from the finance providers, are as follows:

(In thousands of Korean won)

	2025	2024
Carrying amount of trade payables under supplier finance arrangements	₩ 15,603,004	₩ 22,004,171
Carrying amount of trade payables for which suppliers have already received payment from the finance providers	2,957,285	4,790,465

C. The range of payment due dates for financial liabilities that are part of supplier finance arrangements and the range of payment due dates for comparable trade payables that are not part of such arrangements are as follows:

	2025
Range of payment due dates for trade payables under supplier finance arrangements Range of payment due dates for comparable trade payables not under supplier finance arrangements	Up to 90 days from the invoice date

D. Changes in liabilities that are part of supplier finance arrangements during the current period are primarily attributable to increases from the purchase of goods and services and subsequent cash settlements, and there are no other significant non-cash changes. Furthermore, the amounts paid under these supplier finance arrangements retain their original nature of purchasing goods or services in the ordinary course of business without a change in purpose. As the settlement periods with financial institutions fall within the normal operating cycle and no collateral is provided in connection with these arrangements, the Group classifies them as trade and other payables in the consolidated statements of financial position and presents them as cash flows from operating activities in the consolidated statements of cash flows.

21. BORROWINGS:

Details of long-term borrowings as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	Creditor	Maturity	Annual interest rate (%) December 31, 2025	2025	2024
Loans	Hana Bank	2025-09-24	2.75	₩ -	₩ 41,692
Loans	The Korea Development Bank (*)	2026-11-30	4.00	50,000,000	50,000,000
				50,000,000	50,041,692
Less: current portion				(50,000,000)	(50,041,692)
				₩ -	₩ -

(*) As of the end of the current reporting period, the land and buildings of HDC Labs Tower, located at Hyoryeong-ro, Seocho-gu, Seoul, have been pledged as collateral for the borrowings (see Note 14).

22. Post-Employment Benefits

22.1 Defined Benefit Plan

(a) Defined Benefit Assets

The Group operates defined benefit plans. Present value of a defined benefit obligation and plan assets are measured by independent actuary qualified. The level of benefits provided depends on employees' length of service and their salary in the final years leading up to retirement. The majority of benefit payments are from trustee administered funds.

Details of net defined benefit assets recognized in the consolidated statements of financial position as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025	2024
Present value of funded defined benefit obligations	₩ 54,973,651	₩ 51,076,416
Plan assets	(58,616,889)	(56,344,574)
Net defined benefit assets in the consolidated statements of financial position	₩ (3,643,238)	₩ (5,268,158)

Changes in the defined benefit obligations for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025	2024
Beginning balance	₩ 51,076,416	₩ 47,174,571
Current service cost	12,689,376	13,622,622
Interest expenses	1,527,362	1,914,297
Benefit payment	(14,803,031)	(11,598,350)
Others	176,595	(593,691)
Remeasurements:		
Actuarial losses arising from changes in demographic assumptions	146,696	-
Actuarial (gains) losses arising from changes in financial assumptions	(267,826)	997,150
Actuarial losses (gains) arising from experience adjustments	4,428,063	(440,183)
Ending balance	₩ 54,973,651	₩ 51,076,416

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

(In thousands of Korean won)

	2025	2024
Beginning balance	₩ 56,344,574	₩ 52,151,874
Interest income	1,456,651	1,900,462
Remeasurements:		
-Return on plan assets (excluding amounts included in interest income)	18,440	(173,261)
Contributions of employers	18,000,000	14,000,000
Benefit payment	(17,356,213)	(10,940,810)
Others	153,437	(593,691)
Ending balance	₩ 58,616,889	₩ 56,344,574

Plan assets consist of deposits and installment savings as at December 31, 2025 and 2024. The management of the Group estimates that there will be no amount expected to be transferred to plan assets in the fiscal year commencing after the reporting period.

Line items and amounts including defined benefits for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Cost of sales	₩	10,516,709	₩	11,257,644
Selling and administrative expenses		2,243,378		2,378,814
	₩	12,760,087	₩	13,636,458

The principal actuarial assumptions as at December 31, 2025 and 2024, are as follows:

	2025	2024
Discount rate	3.83%	3.70%
Salary growth rate	2.24%	2.19%

The sensitivity analysis of the defined benefit obligations as at December 31, 2025, to changes in the weighted principal assumptions is as follows:

(In thousands of Korean won)

	Changes in discount rate				Changes in salary growth rate			
	1% increase		1% decrease		1% increase		1% decrease	
Defined benefit obligations	₩	(1,346,691)	₩	1,458,250	₩	1,472,088	₩	(1,383,649)

Expected maturity analysis of undiscounted pension benefits as at December 31, 2025, is as follows:

(In thousands of Korean won)

	Less than 1 year		Between 1 year and 2 years		Between 2 and 5 years		Over 5 years		Total	
Pension benefits	₩	18,554,176	₩	18,652,318	₩	11,069,755	₩	13,025,670	₩	61,301,919

The weighted-average duration of the defined benefit obligations is 2.64 years (2024: 3.52 years).

22.2 Defined Contribution Plan

The expense recognized in the current period in relation to defined contribution plan was ₩549 million (2024: ₩360 million).

23. INCOME TAX EXPENSE AND DEFERRED TAX:

Income tax expense for the years ended December 31, 2025 and 2024, consists of:

(In thousands of Korean won)

		2025		2024
Current tax				
Current tax on profit for the year	₩	4,722,738	₩	3,209,625
Prior period adjustments		123,286		1,016,189
Total current tax		4,846,024		4,225,814
Deferred tax				
Origination and reversal of temporary differences		113,619		1,491,457
Income tax expense	₩	4,959,643	₩	5,717,271

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the Group as follows

(In thousands of Korean won)

		2025		2024
Profit before tax	₩	17,222,573	₩	24,692,806
Tax calculated at domestic tax rates applicable to profits in the respective countries		3,577,518		5,242,038
Tax effects of:				
Non-taxable income		(276,221)		(247,261)
Expenses not deductible for tax purposes		564,422		605,767
Adjustments in respect of prior years		123,286		1,016,189
Temporary differences for which no deferred tax asset was recognized		-		43,486
Tax credit		(10)		(549,020)
Under-provision of income tax in prior years		300,989		-
Effect of changes in tax rates		71,726		-
Others		597,933		(393,928)
Income tax expense	₩	4,959,643	₩	5,717,271
Weighted average applicable tax rate		29.00%		23.00%

The analysis of deferred tax assets and liabilities as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Deferred tax assets				
Deferred tax asset to be recovered after more than 12 months	₩	15,617,402	₩	14,480,378
Deferred tax asset to be recovered within 12 months		2,197,792		1,930,533
		17,815,194		16,410,911
Deferred tax liabilities				
Deferred tax liability to be recovered after more than 12 months		(17,679,405)		(16,605,775)
Deferred tax liability to be recovered within 12 months		(208,809)		(164,839)
		(17,888,214)		(16,770,614)
Deferred tax assets (liabilities), net	₩	(73,020)	₩	(359,703)

The movements in deferred tax assets and liabilities during the years ended December 31, 2025 and 2024, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(In thousands of Korean won)

	2025			
	Beginning balance	Profit or loss	Other comprehensive income (loss)	Ending balance
Deferred tax assets				
Trade receivables	₩ 356,618	₩ 56,459	₩ -	₩ 413,076
Financial assets at fair value through profit or loss	889,992	(69,879)	-	820,113
Intangible assets	63,009	7,738	-	70,748
Other payables	514,885	395,808	-	910,693
Provision for construction warranty	1,415,472	(117,273)	-	1,298,199
Defined benefit obligations	10,674,971	938,079	1,004,142	12,617,193
Other financial liabilities	43,840	22,165	-	66,005
Lease liabilities	1,401,945	(940,384)	-	461,561
Valuation allowance of inventories	36,382	714	-	37,096
Investment properties	1,013,795	106,715	-	1,120,510
	16,410,909	400,142	1,004,142	17,815,194
Deferred tax liabilities				
Financial assets at fair value through other comprehensive income	(327,553)	-	(599,782)	(927,335)
Property, plant and equipment	(695,782)	(72,940)	-	(768,723)
Customer value	(1,255,407)	58,909	-	(1,196,498)
Contract value	-	-	-	-
Plan assets	(11,567,342)	(756,876)	(4,057)	(12,328,275)
Other receivables	(159,322)	(4,830)	-	(164,151)
Right-of-use assets	(1,191,918)	752,304	-	(439,614)
Lease receivables	(140,787)	140,787	-	-
Consolidated deferred tax	(1,432,504)	(631,115)	-	(2,063,618)
	(16,770,614)	(513,761)	(603,839)	(17,888,214)
	₩ (359,705)	₩ (113,619)	₩ 400,303	₩ (73,020)

(In thousands of Korean won)

	2024			
	Beginning balance	Profit or loss	Other comprehensive Income (loss)	Ending balance
Deferred tax assets				
Trade receivables	₩ 8,273	₩ 348,345	₩ -	₩ 356,618
Financial assets at fair value through profit or loss	940,329	(50,337)	-	889,992
Intangible assets	63,010	-	-	63,010
Other payables	464,432	50,453	-	514,885
Provision for construction warranty	1,464,842	(49,370)	-	1,415,472
Defined benefit obligations	9,859,485	699,080	116,406	10,674,971
Other financial liabilities	47,394	(3,554)	-	43,840
Lease liabilities	1,912,153	(510,207)	-	1,401,946
Valuation allowance of inventories	19,072	17,310	-	36,382
Investment properties	1,013,795	-	-	1,013,795
Investments in subsidiaries and associates	507,820	(507,538)	(282)	-
	16,300,605	(5,818)	116,124	16,410,911
Deferred tax liabilities				
Financial assets at fair value through other comprehensive income	(432,558)	-	105,005	(327,553)
Property, plant and equipment	(695,988)	206	-	(695,782)
Customer value	(1,436,912)	181,505	-	(1,255,407)
Contract value	(198,017)	198,017	-	-
Plan assets	(10,714,816)	(888,738)	36,212	(11,567,342)
Other receivables	(108,074)	(51,248)	-	(159,322)
Right-of-use assets	(1,511,747)	319,829	-	(1,191,918)
Lease receivables	(328,080)	187,293	-	(140,787)
Consolidated deferred tax	-	(1,432,503)	-	(1,432,503)
	(15,426,192)	(1,485,639)	141,217	(16,770,614)
	₩ 874,413	₩ (1,491,457)	₩ 257,341	₩ (359,703)

As at December 31, 2025, deferred tax expected to reverse has been measured using the effective rate that will apply for future periods. The 22% tax rate was used for temporary difference expected to reverse in 2025 and thereafter.

The Group did not recognize deferred tax assets (liabilities) if it is not probable that the temporary difference will reverse in the foreseeable future, and there are no deferred tax assets (liabilities) unrecognized as at December 31, 2025.

Deferred tax assets recognized in the judgment of feasibility and basis of the judgment

Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Group's ability to generate taxable profit within the period during which the temporary differences and tax loss carry-forwards reverse, the outlook of the economic environment and the overall future industry outlook. Management periodically considers these factors and recognized deferred tax assets for all deductible temporary differences, excluding unrecognized deductible temporary differences, as deferred tax assets since they are determined to be realizable as at December 31, 2025.

The aggregate current and deferred taxes relating to items that are charged or credited directly to equity for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025			2024		
	Before tax	**Tax effect**	**After tax**	**Before tax**	**Tax effect**	**After tax**
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ 2,647,919	₩ (599,782)	₩ 2,048,137	₩ (502,416)	₩ 105,005	₩ (397,411)
Remeasurements of net defined benefit liability	(4,288,492)	1,000,086	(3,288,406)	(730,227)	152,618	(577,609)
Exchange differences	(199)	(25)	(224)	1,347	(282)	1,065
	₩ (1,640,772)	₩ 400,279	₩ (1,240,493)	₩ (1,231,296)	₩ 257,341	₩ (973,955)

24. PROVISION FOR CONSTRUCTION WARRANTIES:

Details and changes in provision for construction warranties for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025	2024
Beginning balance	₩ 6,772,592	₩ 7,008,814
Additional provisions	2,483,519	2,841,826
Used and reversed	(3,693,835)	(3,078,048)
Ending balance	₩ 5,562,276	₩ 6,772,592

25. PROVISION FOR CONSTRUCTION LOSSES:

Details and changes in provision for construction losses for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Beginning balance	₩	170,158	₩	67,842
Additional provisions		125,808		104,738
Used and reversed		(103,685)		(2,423)
Ending balance	₩	192,281	₩	170,157

26. ISSUED CAPITAL AND SHARE PREMIUM:

Issued capital as at December 31, 2025, consists of the following:

Number of authorized shares (in shares)	Number of issued shares (in shares)		Par value (in Korean won)		Issued capital (In thousands of Korean won)
100,000,000	25,957,601	₩	500	₩	12,978,801

As at December 31, 2025, the restricted voting ordinary shares under the Commercial Law is 2,983,248 shares of treasury stock (2024: 2,983,248 shares).

There are no changes in issued capital and share premium for the years ended December 31, 2025 and 2024.

27. Accumulated Other Comprehensive Income and Other Components of Equity

Changes in accumulated other comprehensive income after tax for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025					
		Beginning balance		Increase (decrease)		Ending balance
Gain on valuation of financial assets at fair value through other comprehensive income	₩	394,848	₩	2,048,138	₩	2,442,986
Exchange differences		4,944		(224)		4,720
	₩	399,792	₩	2,047,914	₩	2,447,706

(In thousands of Korean won)

	2024		
	Beginning balance	**Increase (decrease)**	**Ending balance**
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ 792,259	₩ (397,411)	₩ 394,848
Exchange differences	3,878	1,066	4,944
	₩ 796,137	₩ (396,345)	₩ 399,792

Details of other components of equity as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025	**2024**
Treasury shares	₩ 28,004,091	₩ 28,004,091

28. RETAINED EARNINGS:

Retained earnings as at December 31, 2025 and 2024, consist of:

(In thousands of Korean won)

	2025	**2024**
Legal reserves (*1)	₩ 6,489,400	₩ 6,489,400
Discretionary reserves (*2)	110,000	110,000
Retained earnings before appropriation	89,649,711	91,013,647
	₩ 96,249,111	₩ 97,613,047

(*1) The Commercial Code of the Republic of Korea requires the Group to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for cash dividends payment, but may be transferred to share capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed (in accordance with a resolution of the shareholders' meeting).

(*2) The Group appropriates a certain portion of its retained earnings as reserves for research and development which are provided in order to obtain tax benefits under the Special Tax Treatment Control Law. Among these reserves, the reversed amount according to the terms of related tax laws may be distributed.

29. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Salaries	₩	20,633,821	₩	19,909,025
Postemployment benefits		2,648,075		2,738,656
Employee benefits		2,022,065		1,843,806
Travel expenses		574,326		534,813
Taxes and dues		1,355,470		1,297,554
Utilities expense		209,715		182,013
Rental expenses		251,930		521,557
Depreciation		2,417,762		3,646,310
Amortization		2,454,449		2,973,070
Commission expenses		5,223,010		3,520,163
Advertising expenses		1,889,956		2,155,015
Development expenses		5,821,686		4,444,833
Entertainment expenses		489,547		622,622
Bad debt expenses (reversal)		(213,637)		2,838,001
Others		1,553,978		1,808,027
	₩	47,332,153	₩	49,035,465

30. BREAKDOWN OF EXPENSES BY NATURE:

Expenses by nature for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Merchandise, raw materials and submaterials used	₩	150,279,322	₩	169,702,924
Short-term employment benefits		251,602,664		236,003,315
Post-employment benefits		15,095,440		14,880,963
Depreciation		6,339,087		7,905,302
Commission expenses		18,479,743		22,116,071
Provision for construction warranties		1,969,960		2,841,826
Vehicles maintenance expenses		699,506		836,475
Outsourcing expenses		126,160,969		101,928,859
Others		64,464,277		66,190,322
Total cost of sales and selling and administrative expense	₩	635,090,968	₩	622,406,057

31. OTHER INCOME AND EXPENSES:

Details of other income and expenses for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Other income				
Dividend income	₩	3,153,909	₩	2,805,359
Gain on disposal of property, plant and equipment		26,640		7,831
Gain on disposal of intangible assets		13,679		1,500
Gain on disposal of investments in associates		-		10,392,143
Gain on valuation of financial assets at fair value through profit or loss		1,034,139		424,520
Miscellaneous income		1,151,613		1,878,681
	₩	5,379,980	₩	15,510,034
Other expenses				
Loss on disposal of property, plant and equipment	₩	(1)	₩	(1,701)
Donations		(564,362)		(1,044,169)
Loss on valuation of financial assets at fair value through profit or loss		-		(38,443)
Impairment loss on intangible assets		-		(1,288,066)
Financial fees		-		(11,786)
Other bad debt expense		(60,000)		-
Miscellaneous loss		(1,104,533)		(214,500)
	₩	(1,728,896)	₩	(2,598,665)

32. FINANCE INCOME AND COSTS:

Details of finance income and costs for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Finance income				
Gain on foreign currency transactions	₩	125,189	₩	93,032
Interest income		5,005,885		6,059,268
		5,131,074		6,152,300
Finance costs				
Interest expense for financial liabilities at amortized costs (calculated using the effective interest method)		(2,081,349)		(1,957)
Interest expense for lease liabilities		(67,299)		(265,800)
Loss on foreign currency transactions		(48,056)		(93,750)
		(2,196,704)		(361,507)
Net finance income	₩	2,934,370	₩	5,790,793

33. EARNINGS PER SHARE:

Basic earnings per share is calculated by dividing the profit attributable to owners of the Group by the weighted average number of ordinary shares outstanding during the financial year excluding ordinary shares purchased by the Group and held as treasury shares (see Note 27).

Basic earnings per ordinary share for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025	2024
Profit attributable to the ordinary equity holder of the Group	₩ 12,262,930,001	₩ 18,975,535,063
Weighted average number of ordinary shares outstanding	22,974,353 shares	22,974,387 shares
Basic earnings per share	₩ 534	₩ 826

Details of calculation of number of weighted average ordinary share outstanding for the year ended December 31, 2025, are as follows:

(In shares)

Classification	Number of shares issued	Number of treasury shares	Number of ordinary shares outstanding	Days	Number	Number of weighted average ordinary shares outstanding
2025.12.31	25,957,601	(2,983,248)	22,974,353	365	8,385,638,845	22,974,353

The Group did not issue potential ordinary shares. Therefore, basic earnings per share are identical to diluted earnings per share.

34. DIVIDENDS:

The dividends paid in 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025	2024
Number of shares	22,974,353 shares	22,974,353 shares
Par value *(in Korean won)*	₩ 500	₩ 500
Dividend rate (%)	90	90
Dividends	₩ 10,338,459	₩ 10,338,459

A dividend in respect of the year ended December 31, 2025, of ₩450 per share, amounting to a total dividend of ₩10,338,459 thousand, is to be proposed to shareholders at the annual general meeting on March 26, 2026. These consolidated financial statements do not reflect this dividend payable.

34. CASH GENERATED FROM OPERATIONS:

Details of cash generated from operating activities for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Profit before income tax	₩	17,222,573	₩	24,692,806
Adjustments		-		-
Interest expenses		2,148,648		267,757
Loss on valuation of raw materials		77,082		82,822
Depreciation		2,778,683		1,934,119
Depreciation of right-of-use assets		887,340		2,998,114
Amortization		2,673,064		2,973,070
Loss on valuation of financial assets at fair value through profit or loss		-		38,443
Provision for construction warranties		2,483,519		2,841,826
Provision for loss on construction contracts		125,808		104,738
Post-employment benefits		12,760,087		13,636,458
Bad debt expenses (reversal)		(213,637)		2,838,001
Other bad debt expense		60,000		-
Impairment loss on intangible assets		-		1,288,066
Loss on disposal of property, plant and equipment		1		1,701
Gain on disposal of property, plant and equipment		(26,640)		(7,831)
Gain on disposal of intangible assets		(13,679)		(1,500)
Reversal of provision for construction warranties		(513,559)		-
Reversal of provision for loss on construction contracts		(103,685)		(2,423)
Interest income		(5,005,885)		(6,059,268)
Dividend income		(3,153,909)		(2,805,359)
Gain on valuation of financial assets at fair value through profit or loss		(1,034,139)		(424,520)
Gain on disposal of investments in associates		-		(10,392,143)
Losses of associates		-		411,077
Others		188,695		(325,842)
Change in operating assets and liabilities				
Trade receivables		26,594,306		(11,427,777)
Contract assets		15,916,161		(5,957,436)
Other receivables		(177,505)		987,954
Other current assets		(846,419)		(1,195,291)
Inventories		1,120,945		811,630
Trade payables		(11,064,690)		(4,506,160)
Other payables		2,133,557		2,418,217
Other current liabilities		(1,525,746)		746,960
Provision for construction warranties		(3,180,276)		(3,078,047)
Contract liabilities		9,986,001		5,409,342
Severance benefits paid		(15,446,431)		(14,657,540)
	₩	54,850,270	₩	3,641,964

Significant non-cash transactions for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024
Increase in other payables related to acquisition of property, plant and equipment	₩	(278,313)	₩	292,713
Increase in other payables related to acquisition of intangible assets		436,064		(345,208)
Recognition of right-of-use assets and lease liabilities		1,834,479		1,071,593

Changes in liabilities arising from financial activities for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	Liabilities from financing activities									
		Current portion of borrowings		Long-term borrowings		Current lease liabilities		Non-current lease liabilities		Total
At January 1, 2024	₩	59,320	₩	41,339	₩	3,346,237	₩	5,802,818	₩	9,249,714
Acquisitions		49,740,000		-		326,834		744,759		50,811,593
Financing cash flows		(58,967)		-		(3,512,776)		-		(3,571,743)
Other non-financial changes (*)		41,339		(41,339)		501,780		(5,817,823)		(5,316,043)
At December 31, 2024	₩	49,781,692	₩	-	₩	662,075	₩	729,754	₩	51,173,521
At January 1, 2025	₩	49,781,692	₩	-	₩	662,075	₩	729,754	₩	51,173,521
Acquisitions		-		-		493,589		756,432		1,250,021
Financing cash flows		(41,692)		-		(879,240)		-		(920,932)
Other non-financial changes (*)		-		-		272,351		(272,351)		-
Others		260,000		-		-		-		260,000
At December 31, 2025	₩	50,000,000	₩	-	₩	548,775	₩	1,213,835	₩	51,762,610

(*) Other changes include non-cash movements, effect from changes in scope of consolidation and interest payments which are presented as operating cash flows in the consolidated statements of cash flows when paid.

36. COMMITMENTS AND CONTINGENCIES:

Commitments contracted with financial institutions as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025		2024	
	Commitments	**Credit limits**	**Outstanding balances**	**Credit limits**	**Outstanding balances**
Hana Bank	Commercial Facility Energy Use Rationalizing Funds	₩ -	₩ -	₩ 422,000	₩ 41,692
Korea Specialty Contractor Financial Cooperative	Collateral operating fund and others	2,048,716	-	2,048,716	-
The Korea Development Bank	Industrial facility fund loan	50,000,000	50,000,000	50,000,000	50,000,000

As at December 31, 2025, the performance guarantees provided by the Group from Seoul Guarantee Insurance in relation to commitments and others amount to ₩95,445,517 thousand (2024: ₩66,655,369 thousand).

Summary Table as at December 31, 2025

(In thousands of Korean won)

	Guarantor	**Guarantee limit**	**Guaranteed amount**	**Remarks**
Payment Guarantees provided	Seoul Guarantee Insurance	₩ 34,320,473	₩ 34,320,473	In case the guaranteed creditor is a related party,
	Korea Software Financial Cooperative(*1)	29,694,938	23,951,848	
	Specialty Contractor Financial Cooperative(*2)	14,279,026	14,270,452	-Guarantee limit: 4,021,545
	Engineering Guarantee Insurance(*3)	17,151,080	5,334,704	-Guarantee amount: 4,021,545
		₩ 95,445,517	₩ 77,877,477	

(*1) As at December 31, 2025, the contributions to Korea Software Financial Cooperative amounting to ₩495,222 thousand are provided as collateral related to the performance guarantees provided to the Group (see Notes 8 and 14).

(*2) As at December 31, 2025, the contributions to Specialty Contractor Financial Cooperative amounting to ₩668,760 thousand are provided as collateral related to the performance guarantees provided to the Group (see Notes 8 and 14).

(*3) As at December 31, 2025, the contributions to Engineering Guarantee Insurance amounting to ₩535,971 thousand are provided as collateral related to the performance guarantees provided to the Group (see Notes 8 and 14).

In addition, as at December 31, 2025, the contributions to Electric Contractors Financial Cooperative amounting to ₩73,530 thousand and the contribution to Fire Guarantee amounting to ₩21,080 thousand are provided as collateral related to the performance guarantees provided to the Group (see Notes 8 and 14).

Payment guarantees Received as at December 31, 2025

(In thousands of Korean won)

Type of guarantee	Guarantor	Guaranteed creditor	Guarantee limit	Guaranteed amount	Related parties
Contract	Seoul Guarantee Insurance	HYUNDAI DEVELOPMENT COMPANY LTD.	₩ 283,078	₩ 283,078	O
		HL D&I HALLA CORPORATION	225,972	225,972	O
		HDC Hyundai Engineering Plastics Co., Ltd.	28,677	28,677	O
		HDC RESORT CO., LTD.	18,700	18,700	O
		Kookmin Bank and others	11,666,286	11,666,286	X
	Korea Software Financial Cooperative (*1)	Representative director of BCTC	1,259,500	1,259,500	O
		Seoul-Chuncheon Highway Co., Ltd.	991,085	991,085	O
		HDC RESORT CO., LTD.	3,063	3,063	O
		POSCO Eco & Challenge Co., Ltd. And others	9,857,877	9,857,877	X
	Specialty Contractor Financial Cooperative	Seoul-Chuncheon Highway Co., Ltd.	288,420	288,420	O
		POSCO Eco & Challenge Co., Ltd. and others	8,136,879	8,128,305	X
	Engineering Guarantee Insurance	KTCU and others	11,255,396	4,962,594	X
Defects	Seoul Guarantee Insurance	Seoul-Chuncheon Highway Co., Ltd.	686,675	686,675	O
		HL D&I HALLA CORPORATION	109,655	109,655	O
		HYUNDAI DEVELOPMENT COMPANY LTD.	2,820	2,820	O
		GS Engineering & Construction Corp. and others	13,477,612	13,477,612	X
	Korea Software Financial Cooperative(*1)	HDC IPARKMALL CO., LTD.	74,016	74,016	O
		Seoul-Chuncheon Highway Co., Ltd.	9,438	9,438	O
		HDC RESORT CO., LTD.	2,827	2,827	O
		UIWANG SMART CITY Co., Ltd. And others	3,952,480	3,952,480	X
	Specialty Contractor Financial Cooperative	Seoul-Chuncheon Highway Co., Ltd.	37,619	37,619	O
		Daebang Construction Co., Ltd. and others	3,621,115	3,621,115	X
Payment	Seoul Guarantee Insurance	JAEWON INDUSTRIAL CO., LTD and others	5,840,911	5,840,911	X

(In thousands of Korean won)

Type of guarantee	Guarantor	Guaranteed creditor	Guarantee limit	Guaranteed amount	Related parties
	Korea Software Financial Cooperative(*1)	GS Engineering & Construction Corp.	470	470	X
	Specialty Contractor Financial Cooperative	Construction machinery rental company and others	397,629	397,629	X
Deposits	Seoul Guarantee Insurance	SEUTAENDADEUMUBEU PARTNER SEU CO., LTD. and others	739,400	739,400	X
Bid	Seoul Guarantee Insurance	Specialty Contractor Financial Cooperative and others	819,689	819,689	X
	Korea Software Financial Cooperative(*1)	PARADISE.Co., Ltd. and others	1,524,442	1,524,442	X
Advance payment	Seoul Guarantee Insurance	Kyowon Property Co., Ltd. and others	420,998	420,998	X
	Korea Software Financial Cooperative(*1)	Gwangju Urban Rail Construction Office	6,276,650	6,276,650	X
	Specialty Contractor Financial Cooperative	Hanwha Cultural Foundation and others	1,797,363	1,797,363	X
	Engineering Guarantee Insurance	Jeollanam-do	5,895,684	372,110	X

(*1) The additional limit granted as a preferred company is stated in the Summary Table.

The Group is involved in pending litigation as a defendant, including lawsuits claiming unpaid construction costs. As of the end of the current reporting period, the total claim amount for the pending lawsuits in which the Group is a defendant is ₩1,942,400 thousand. The total litigation value, including cases where the Group is involved as a notified party, amounts to ₩91,167,000 thousand. The ultimate outcome of these litigations cannot be reasonably estimated at this time.

37. RELATED-PARTY TRANSACTIONS:

As at December 31, 2025, the parent company is HDC Co., Ltd.(*1) (39.99%). In addition, there is individual who exercises significant influence. Details of associates and other related parties as at December 31, 2025, are as follows:

Type	Related parties	Remark
Other related parties	HDC Hyundai Development Company	Subsidiaries, joint ventures and associates of HDC Co., Ltd.
	HDC Hyundai Engineering Plastics Co., Ltd.	
	HDC I & Cons Co., Ltd.	
	HDC IPARKMALL Co., Ltd.	
	HDC sports Co., Ltd.	
	HDC Youngchang Co., Ltd.	
	Youngchang music China	
	Youngchang Ganggeum Jugun Tianjin Inc	
	Hyundai(Sanhe) Engineering Plastics Co., Ltd.	
	Hyundai Engineering Plastics India Private Limited.	
	Hyundai (Yancheng) Engineering Plastics Co., Ltd.	
	Hyundai (Chongqing) Engineering Plastics Co., Ltd.	
	HYUNDAI-BYUKSAN JV	
	HDC INDIA PRIVATE Ltd.	
	HDC 1ST REIT CO., LTD.	
	MIRAE BI	
	Tong-Yeong ECO Power Co., Ltd.	
	HDC Shilla Duty Free Co., Ltd.	
	Dongtan92BL, Eco Bio Plastic Korea Co., Ltd.	
	HDC Shilla (Shanghai) Co., Ltd.	
	Mastern No. 113 Logis Point Seoun PFV Corporation	
	HDC Polyall Co., Ltd.	
	HDC RESORT Co., Ltd	
	Gochuk New Stay REIT Co., Ltd.	
	Gwangmyeong Culture-Tourism Complex AMC Co. Ltd	
	Gwangmyeong Culture Complex PFV Co., Ltd.	
	Chungju Dreampark Development Co., Ltd	
	Sandan Jaesaeng2ho seungnam Jisik Sanup Center	
	Hotel HDC CO,. LTD	
	HYUNDAI PCE	
	HDC IPARK 1st REIT Co., Ltd,	
	HDC IPARK 2nd REIT Co., Ltd,	
	NEXT SECURITIES CORPORATION (formerly SI SECURITIES CORPORATION)	
	CJ HDC BIOSOL CO., LTD.	
	HORIZON ENERGY SINGAPORE PTE., Ltd.	
	Specific money trust	
	SONGPA BIZ-CLUSTER PFV CO., LTD.	
	HDC Hyundai EP Mexico S.de R.L.de C.V.(HEP MEXICO)	
	HDC VALUE ADD REF 4th Co., LTD.	

Type	Related parties	Remark
Others(*2)	HDC Asset Management Co., Ltd.	
	MNQ Investment Partners Co., Ltd.	
	Bukhang I'Bridge Co., Ltd	
	BCTC	
	Haeundae I'Park Marina.	
	Seoul-Chuncheon Highway Co., Ltd.	
	SiheungSeoul Access Road Co., Ltd.	
	Incheon Port hinterland complex Co. Ltd.	
	Seochang Gimpo Highway Co., Ltd.	
	SBD Investment Ltd.	
	JNC Investment Ltd.	
	WNC Investment Ltd.	
	Paju Medical Cluster Co., Ltd.	

(*1) For the year ended December 31, 2021, the Group merged with HDC I-Service Co., Ltd., a subsidiary of HDC Holdings Co., Ltd., at the merger date on December 1, 2021. Although the parent company owns less than 50% of voting rights of the Group, the Group has concluded that the parent company controls the Group. This is because the remaining shareholders are widely dispersed, and the Group is able to exercise the majority voting rights in its decision-making process only with the parent company's equity shares in the light of comparing the average attendance rate in the general meeting of shareholders with the Group's equity shares.

(*2) Although the entity is not the related party of the Group in accordance with K-IFRS 1024, the entity belongs to a large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

During the current period, Real Estate 114 Inc. was merged into HDC Co., Ltd. and was excluded from related parties (see Note 40)

Sales and purchases with related parties for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025					
		Sales and others			Purchases and others		
Type	**Name of entity**	**Sales**	**Dividend income**	**Others**	**Purchase**	**Others**	**Interest expense**
Parent Company	HDC Holdings Co., Ltd.	₩ 4,921,459	₩ -	₩ -	₩ -	₩ 971,486	₩ 658
Other related parties	HDC Hyundai Development Company(*1)	192,184,061	-	5,856	615,384	21,779	3,416
	HDC IPARKMALL Co., Ltd.	10,571,864	-	-	5,244,901	40,332	-
	HDC I & Cons Co., Ltd.	6,232,512	-	-	2,126	-	-
	Hotel HDC CO,. LTD.	7,954,544	-	-	28	-	-
	HDC Asset Management Co., Ltd.	-	-	-	-	133,400	-
	HDC Youngchang Co.,Ltd.	135,780	-	225,034	35,393	-	-
	HDC sports Co., Ltd.	150,721	-	-	-	1,121,375	-
	Seoul-Chuncheon Highway Co., Ltd.	2,079,051	-	748,356	1,181	490	-
	HDC RESORT Co., Ltd.	14,906,487	-	-	80,348	144,970	-
	Bukhang I'Bridge Co., Ltd.	3,817,000	-	-	-	-	-
	Dongtan92BL, Eco Bio Plastic Korea Co., Ltd.	364,535	-	-	4,344	-	-
	HDC Hyundai Engineering Plastics Co., Ltd.	303,264	-	1,136	-	-	-
	HDC Shilla Duty Free Co., Ltd.	828,740	-	-	-	-	-
	MIRAE BI	1,145,297	-	-	83,845	-	-
	Real Estate 114 Inc.(*2)	300,572	-	36,194	-	2,200	-
	BCTC	2,167,005	-	-	-	-	-
	Sandan Jaesaeng2ho seungnam Jisik Sanup Center	206,916	-	-	-	-	-
	HDC VALUE ADD REF 4th Co., LTD.	2,847,058	-	-	500	-	-
	Gochuk New Stay REIT Co., Ltd.	569,107	-	-	100	-	-
		₩ 251,685,973	₩ -	₩ 1,016,576	₩ 6,068,150	₩ 2,436,032	₩ 4,074

(In thousands of Korean won)

		2024					
		Sales and others			Purchases and others		
Type	Name of entity	Sales	Dividend income	Others	Purchase	Others	Interest expense
Parent Company	HDC Holdings Co., Ltd.	₩ 4,273,613	₩ -	₩ -	₩ -	₩ 734,924	₩ 452
Other related parties	HDC VALUE ADD REF 2nd Co., Ltd.	-	218,152	-	513,101	2,633,202	199,346
	HDC Hyundai Development Company	200,976,201	-	-	1,770,219	17,355	8,035
	HDC IPARKMALL Co., Ltd.	10,603,801	-	46,336	4,322,420	37,185	-
	HDC I & Cons Co., Ltd.	1,989,304	-	-	1,494	-	-
	Hotel HDC CO,. LTD.	8,050,713	-	-	-	-	-
	HDC Asset Management Co., Ltd.	-	-	-	-	72,703	-
	HDC Youngchang Co., Ltd.	191,760	-	265,162	307,833	-	-
	HDC sports Co., Ltd.	139,613	-	-	-	1,046,000	-
	Seoul-Chuncheon Highway Co., Ltd.	2,705,527	-	604,771	214	409	-
	HDC RESORT Co., Ltd.	15,893,304	-	-	143,295	194,996	-
	Bukhang I'Bridge Co., Ltd.	4,055,000	-	-	-	1	-
	Dongtan92BL, Eco Bio Plastic Korea Co., Ltd.	366,555	-	-	4,003	-	-
	HDC Hyundai Engineering Plastics Co., Ltd.	265,713	-	2,016	-	-	-
	HDC Shilla Duty Free Co., Ltd.	825,765	-	-	-	-	-
	MIRAE BI	975,259	-	-	-	-	-
	Real Estate 114 Inc.	556,350	-	32,158	6,400	35,597	-
	BCTC	2,251,845	-	-	-	-	-
	Mastern No.113 Logis Point Seoun PFV corporation	1,294,100	-	-	5,150	-	-
	Sandan Jaesaeng2ho seungnam Jisik Sanup Center	2,521,860	-	-	-	-	-
	NEXT SECURITIES CORPORATION	-	108,800	-	-	-	-
	Gochuk New Stay REIT Co., Ltd.	573,407	-	-	-	-	-
		₩ 258,509,690	₩ 326,952	₩ 950,443	₩ 7,074,129	₩ 4,772,372	₩ 207,833

Represents transaction amounts incurred before being classified as a subsidiary in the prior period.

(*1) The sales of related parties above are indicated on the basis of the claim amount, and the sales in the consolidated statement of comprehensive income amount are ₩186,150,447 thousand for the year ended December 31, 2025 (2024: ₩200,578,093 thousand).

(*2) Excluded from related parties during the current period; the above amounts represent transactions prior to the termination of the related-party status.

Other than the above transactions, the Group owns funds using borrowings of Seoul-Chuncheon Highway Co., Ltd., other related party, as underlying assets amounting to ₩5,921,657 thousand (2024: ₩5,330,497 thousand), and in relation to this, the Group recognized gain on valuation of ₩591,160 thousand (2024: gain on valuation of ₩306,675 thousand) and dividend income of ₩3,130,773 thousand (2024: ₩2,241,598 thousand) during the year ended December 31, 2025.

Outstanding balances of receivables and payables arising from sales and purchases of goods and services as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025				
		Receivables(*)		Payables		
Type	Name of entity	Trade receivables	Other receivables	Trade payables	Others payables	Lease liabilities
Parent Company	HDC Holdings Co., Ltd.	₩ 722,954	₩ 5,000	₩ -	₩ 190,537	₩ 45,767
Other related parties	HDC Hyundai Development company	30,372,053	2,988,194	32,164	20,000	14,933
	HDC IPARKMALL Co., Ltd.	2,787,069	-	2,721,520	4,988	-
	HDC I & Cons Co., Ltd.	148,559	-	-	500,000	-
	Hotel HDC CO,. LTD.	745,390	-	-	-	-
	HDC Asset Management Co., Ltd.	-	-	-	67,873	-
	HDC Youngchang Co., Ltd.	9,856	3,076,986	22,469	-	-
	HDC sports Co., Ltd.	13,272	-	-	-	-
	Seoul-Chuncheon Highway Co., Ltd.	373,590	-	-	-	-
	HDC RESORT Co., Ltd.	1,593,354	1,301	3,200	-	-
	HDC Hyundai Engineering Plastics Co., Ltd.	27,799	-	-	-	-
	Bukhang I'Bridge Co., Ltd.	1,314,170	-	-	-	-
	Dongtan92BL, Eco Bio Plastic Korea Co., Ltd.	31,734	-	-	-	-
	HDC Shilla Duty Free Co., Ltd.	75,869	-	-	-	-
	MIRAE BI	105,701	-	11,571	100	-

(In thousands of Korean won)

		2025				
		Receivables(*)		Payables		
Type	Name of entity	Trade receivables	Other receivables	Trade payables	Others payables	Lease liabilities
	BCTC	396,014	-	-	-	-
	Gochuk New Stay REIT Co., Ltd.	52,186	-	-	-	-
	HDC VALUE ADD REF 4th Co., LTD.	389,415	-	-	-	-
	Sandan Jaesaeng2ho seungnam Jisik Sanup Center	37,935	-	-	-	-
		₩ 39,196,920	₩ 6,071,481	₩ 2,790,924	₩ 783,498	₩ 60,700

(In thousands of Korean won)

		2024				
		Receivables(*)		Payables		
Type	Name of entity	Trade receivables	Other receivables	Trade payables	Others payables	Lease liabilities
Parent Company	HDC Holdings Co., Ltd.	₩ 386,848	₩ 5,000	₩ -	₩ 200,061	₩ 8,393
Other related parties	HDC Hyundai Development Company	53,877,657	74,540	37,699	20,118	101,732
	HDC IPARKMALL Co., Ltd.	3,308,056	-	1,147,224	4,881	-
	HDC I & Cons Co., Ltd.	475,092	-	-	500,000	-
	Hotel HDC CO,. LTD.	1,081,083	-	-	-	-
	HDC Youngchang Co., Ltd.	35,156	3,086,017	1,898	-	-
	HDC sports Co., Ltd.	13,843	-	-	-	-
	Seoul-Chuncheon Highway Co., Ltd.	404,360	-	-	-	-
	HDC RESORT Co., Ltd.	1,471,509	-	-	189,259	-
	HDC Hyundai Engineering Plastics Co., Ltd.	64,029	-	-	-	-
	Bukhang I'Bridge Co., Ltd.	1,779,415	-	-	-	-
	Dongtan92BL, Eco Bio Plastic Korea Co., Ltd.	31,734	-	-	-	-
	HDC Shilla Duty Free Co., Ltd.	75,715	-	-	-	-
	MIRAE BI	89,264	-	-	100	-
	Real Estate 114 Inc.	55,299	-	-	200,000	-
	BCTC	396,014	-	-	-	-
	Mastern No. 113 Logis Point Seoun PFV corporation	1,423,510	-	-	-	-
	Gochuk New Stay REIT Co., Ltd.	53,085	-	-	-	-

(In thousands of Korean won)

		2024				
		Receivables(*)		Payables		
Type	Name of entity	Trade receivables	Other receivables	Trade payables	Others payables	Lease liabilities
	HDC Asset Management Co., Ltd.	-	-	-	61,703	-
	Sandan Jaesaeng2ho seungnam Jisik Sanup Center	18,967	-	-	-	-
		₩ 65,040,636	₩ 3,165,557	₩ 1,186,821	₩ 1,176,122	₩ 110,125

(*) The amount before the deduction of allowance for doubtful account.

(*1) The amount of due from customers for contract work and due to customers for contract work in relation to HDC Hyundai Development Company are ₩4,916,523 thousand (2024: ₩10,700,331 thousand) and ₩6,779,256 thousand (2024: ₩7,174,313 thousand), respectively as at December 31, 2025.

For the year ended December 31, 2025, the Group recognized reversal of bad debt expense amounting to ₩652,005 thousand (2024: ₩677,101 thousand) in relation to receivables from related parties. The outstanding balances of allowance for doubtful account amount to ₩71,318 thousand (2024: ₩723,323 thousand) which the Group recognized in relation to receivables from related parties as at December 31, 2025.

Fund transactions with related parties for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025 (*1)		2024 (*2)	
Type	Name of entity	Loans	Collections	Loans	Collections
Other related parties	HDC Youngchang Co., Ltd.	₩ -	₩ -	₩ -	₩ -

(*1) The Group extended the maturity of remaining loan amounting to ₩3,000,000 thousand by one year (2026.8.19). The interest rate of the loan is 6.99%. There is no allowance for doubtful account for related-party loans.

(*2) The Group extended the maturity of remaining loan amounting to ₩3,000,000 thousand by one year (2025.8.19). The interest rate of the loan is 7.81%. There is no allowance for doubtful account for related-party loans.

Equity transactions with related parties for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

Category	Name of entity		2025		2024
Investment	HDC VALUE ADD REF 4th Co., LTD.	₩	10,000,000	₩	-

Compensation for key management for the years ended December 31, 2025 and 2024, consists of the following:

(In thousands of Korean won)

		2025		2024
Short-term employee benefits	₩	982,231	₩	943,834
Severance benefits paid		226,612		209,275
	₩	1,208,843	₩	1,153,109

As at December 31, 2025 and 2024, the Group entered into an office lease agreement with HDC Holdings Co., Ltd. As at December 31, 2025, the right-of-use assets and lease liabilities recognized amount to ₩44,472 thousand (2024: ₩7,924 thousand) and ₩45,767 thousand (2024: ₩8,393 thousand), respectively. The repayment of lease liabilities amount to ₩12,269 thousand (2024: ₩12,279 thousand) and interest expense amount to ₩658 thousand (2024: ₩452 thousand) for the year ended December 31, 2025.

As at December 31, 2025 and 2024, the Group entered in an office lease agreement with HDC Hyundai Development Company. As at December 31, 2025, the right-of-use assets and lease liabilities recognized amount to ₩13,836 thousand (2024: ₩96,851 thousand) and ₩14,933 thousand (2024: ₩101,732 thousand), respectively. The repayment of lease liabilities amount to ₩86,798 thousand (2024: ₩82,180 thousand) and interest expense amount to ₩3,416 thousand (2024: ₩8,035 thousand) for the year ended December 31, 2025.

As at December 31, 2025, the Group recognized beneficiary certificates managed by HDC Asset Management Co., Ltd. amounting to ₩2,502 million (2024: ₩2,502 million) as financial assets at fair value through profit or loss (Non-current).

As at December 31, 2025, the Group entrusted the land jointly owned with HDC Hyundai Development Company to KB Real Estate Trust Co., Ltd. in relation to the borrowings of HDC Hyundai Development Company, a related party, and entered into a real estate collateral trust agreement to issue beneficiary certificate to the creditor as a beneficiary. Land amounting to ₩1,756 million (profit limit of ₩180,000 million) was entrusted as the trust property of the investment properties of the Group (see Notes 14 and 18).

Dividends paid by the Group to HDC Co., Ltd. amounted to ₩4,617,230 thousand (2024: ₩4,561,223 thousand), dividends paid by the Group to MNQ Investment Partners Co., Ltd. amounted to ₩453,386 thousand (2024: ₩453,386 thousand), and dividends paid by the Group to MIRAE BI Co., Ltd. amounted to ₩28,165 thousand for the year ended December 31, 2025.

As at December 31, 2025, the Group is provided payment guarantee amounting to ₩4,021,545 thousand for payables to be paid to BCTC and others, related parties, from Seoul Guarantee Insurance and others.

38. SEGMENT INFORMATION:

Management has determined the operating segments based on the internal reporting provided to and reviewed by the chief operating decision-maker for the purposes of allocating resources and assessing performance. The management has determined the reporting segment by combining the operating segment that has similar economic nature.

Segment information for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025		2024	
	Sales	**Operating profit (loss)**	**Sales**	**Operating profit (loss)**
Smart home	₩ 146,167,807	₩ 6,619,224	₩ 119,816,655	₩ 5,206,588
Machinery and electricity	141,134,731	(1,416,103)	155,486,934	139,614
Landscaping and interior	55,953,782	57,557	95,482,432	258,767
Total real estate management	302,471,766	5,376,440	258,021,756	796,752
	₩ 645,728,086	₩ 10,637,118	₩ 628,807,777	₩ 6,401,721

One external customer who contributes more than 10% of the Group's revenue in the consolidated statement of comprehensive income amount to ₩245,213,444 thousand (2024: one external customer, ₩258,595,033 thousand) for the year ended December 31, 2025.

39. CONSTRUCTION CONTRACTS:

Details of construction contracts and changes in the balance of contracts for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025			
	Beginning balance	Addition/ changes	Construction revenue Recognized (*1)	Ending Balance (*2)
IBS	₩ 95,133,494	₩ 85,705,112	₩ 76,912,794	₩ 103,925,812
M/E	49,204,073	33,751,314	47,699,244	35,256,143
H/N	57,176,286	45,470,934	79,816,678	22,830,542
SOC	31,399,683	10,626,692	11,130,445	30,895,930
Interior	13,801,525	45,493,734	40,411,587	18,883,672
Landscaping	20,856,894	(2,925,716)	15,110,327	2,820,851
	₩ 267,571,955	₩ 218,122,070	₩ 271,081,075	₩ 214,612,950

(In thousands of Korean won)

	2024			
	Beginning balance	Addition/ changes	Construction revenue Recognized (*1)	Ending Balance (*2)
IBS	₩ 106,939,460	₩ 86,724,305	₩ 98,530,271	₩ 95,133,494
M/E	46,441,077	37,722,633	34,959,637	49,204,073
H/N	19,313,546	102,280,873	64,418,133	57,176,286
SOC	15,874,757	32,648,077	17,123,151	31,399,683
Interior	9,820,085	52,893,182	48,911,742	13,801,525
Landscaping	29,311,327	36,309,232	44,763,665	20,856,894
	₩ 227,700,252	₩ 348,578,302	₩ 308,706,599	₩ 267,571,955

(*1) The amount excludes sales of goods and services not subject to construction contracts amounting to ₩374,647,011 thousand (2024: ₩320,101,178 thousand).

(*2) The balance of unrecognized construction revenue for HDC Hyundai Development Company in relation to construction contracts amount to ₩63,884,065 thousand (2024: ₩87,076,255 thousand).

Details of construction profit or loss recognized in relation to construction contracts in progress for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025			
	Construction contract amount	Cumulative contract revenue	Cumulative contract costs	Cumulative profit or loss
IBS	₩ 367,578,708	₩ 263,652,896	₩ 247,542,670	₩ 16,110,226
M/E	142,182,949	106,926,806	101,382,210	5,544,596
H/N	182,477,497	159,646,955	132,786,081	26,860,874
SOC	79,632,257	48,736,327	41,125,047	7,611,280
Interior	125,367,153	106,483,481	92,123,967	14,359,514
Landscaping	87,416,324	84,595,473	81,348,610	3,246,863
	₩ 984,654,888	₩ 770,041,938	₩ 696,308,585	₩ 73,733,353

(In thousands of Korean won)

	2024			
	Construction contract amount	Cumulative contract revenue	Cumulative contract costs	Cumulative profit or loss
IBS	₩ 323,585,395	₩ 228,451,901	₩ 217,082,647	₩ 11,369,254
M/E	139,113,124	89,909,051	82,572,743	7,336,308
H/N	219,120,538	161,944,252	134,494,806	27,449,445
SOC	73,221,665	41,821,982	34,659,526	7,162,456
Interior	98,376,500	84,574,975	73,411,407	11,163,569
Landscaping	127,340,804	106,483,910	99,473,082	7,010,828
	₩ 980,758,026	₩ 713,186,071	₩ 641,694,211	₩ 71,491,860

Details of contract assets and contract liabilities of construction contracts as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025		2024	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
IBS	₩ 6,497,335	₩ 5,123,661	₩ 16,074,469	₩ 2,941,545
M/E	4,521,609	2,806,407	5,441,441	2,482,621
H/N	623,790	8,999,159	2,594,928	2,869,105
SOC	2,478,824	7,612,831	2,775,008	3,626,239
Interior	2,694,078	898,056	1,786,665	3,080,833
Landscaping	1,804,283	134,212	4,862,428	587,982
	₩ 18,619,919	₩ 25,574,326	₩ 33,534,938	₩ 15,588,325

As at December 31, 2025, there are no contracts in which the contract revenue amount is more than 5% of previous revenue.

Details of contracts in progress that uses percentage-of-completion method, by dividing cumulative contact costs with estimated total contract costs for each construction type, as at December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025						
		Changes in construction profit or loss		Changes in estimated total contract costs		Contract assets	
	Provisions for expected losses	Changes in accounting estimate	Error correction	Changes in accounting estimate	Error correction	Gross amount estimate	Allowance for credit losses
IBS	₩ 98,615	₩ 739,252	₩ -	₩ 9,531,540	₩ -	₩ 6,573,229	₩ (75,893)
M/E	12,901	(3,993,293)	-	11,494,284	-	4,574,424	(52,815)
H/N	2,327	965,230	-	1,386,511	-	631,076	(7,286)
SOC	-	267,735	-	(269,231)	-	2,507,778	(28,954)
Interior	-	424,165	-	2,241,667	-	2,725,546	(31,468)
Landscaping	78,437	(316,466)	-	1,135,799	-	1,825,358	(21,075)
	₩ 192,280	₩ (1,913,377)	₩ -	₩ 25,520,570	₩ -	₩ 18,837,411	₩ (217,491)

(In thousands of Korean won)

	2024						
		Changes in construction profit or loss		Changes in estimated total contract costs		Contract assets	
	Provisions for expected losses	Changes in accounting estimate	Error correction	Changes in accounting estimate	Error correction	Gross amount estimate	Allowance for credit losses
IBS	₩ 76,743	₩ (3,580,372)	₩ -	₩ 20,106,723	₩ -	₩ 16,250,983	₩ (176,514)
M/E	-	833,186	-	229,268	-	5,501,194	(59,753)
H/N	34,946	(18,367)	-	554,076	-	2,623,423	(28,495)
SOC	-	1,100,766	-	(1,082,764)	-	2,805,480	(30,472)
Interior	-	(22,161)	-	(544,002)	-	1,806,284	(19,619)
Landscaping	58,469	(988,951)	-	3,620,579	-	4,915,823	(53,395)
	₩ 170,158	₩ (2,675,899)	₩ -	₩ 22,883,880	₩ -	₩ 33,903,187	₩ (368,249)

The estimated total costs for contracts in progress have changed as at December 31, 2025 and 2024. Details of changes in estimated total contract costs, profits or loss for the year and the succeeding year, and the impact on due from customers for contract work are as follows:

(In thousands of Korean won)

	2025					
	Changes in estimated total contract revenue	Changes in estimated total contract costs	Impact on profit (loss) for the year	Impact on profit (loss) for succeeding year	Changes in contract assets	Changes in contract liabilities
IBS	₩ 11,266,494	₩ 9,531,540	₩ 739,252	₩ 995,703	₩ 5,681,042	₩ 4,941,791
M/E	8,202,038	11,494,284	(3,993,293)	701,047	214,405	4,207,697
H/N	2,751,581	1,386,511	965,230	399,840	1,085,737	120,507
SOC	(31,043)	(269,231)	267,735	(29,548)	267,735	-
Interior	2,693,421	2,241,667	424,165	27,589	1,044,653	620,488
Landscaping	889,530	1,135,799	(316,466)	70,197	43,292	359,758
	₩ 25,772,021	₩ 25,520,570	₩ (1,913,377)	₩ 2,164,828	₩ 8,336,864	₩ 10,250,241

(In thousands of Korean won)

	2024					
	Changes in estimated total contract revenue	Changes in estimated total contract costs	Impact on profit (loss) for the year	Impact on profit (loss) for succeeding year	Changes in contract assets	Changes in contract liabilities
IBS	₩ 18,363,333	₩ 20,106,723	₩ (3,580,372)	₩ 1,836,982	₩ 743,636	₩ 4,324,008
M/E	1,216,877	229,268	833,186	154,422	870,572	37,385
H/N	640,912	554,076	(18,367)	105,202	68,994	87,360
SOC	(140,997)	(1,082,764)	1,100,766	(158,998)	1,109,335	8,570
Interior	(667,568)	(544,002)	(22,161)	(101,405)	166,172	188,334
Landscaping	2,715,646	3,620,579	(988,951)	84,018	(228,311)	760,640
	₩ 22,128,203	₩ 22,883,880	₩ (2,675,899)	₩ 1,920,221	₩ 2,730,398	₩ 5,406,297

The impact on profit (loss) for the year and the succeeding year is determined based on total contract costs, which are estimated based on the circumstances present from the start of the contract to the end of current year, and the estimated contract revenue as at December 31, 2025. Estimated total contract costs and estimated total contract revenue may change in the future.

40. BUSINESS COMBINATION:

As of April 30, 2025, the Group acquired the entire business of Real Estate 114 Inc., including the brokerage platform and real estate data business divisions, at ₩691,089 thousand. Through this business acquisition, the Group expects to secure business competitiveness utilizing the real estate platform and databases, and to discover new business opportunities through technological convergence.

The fair value of the consideration transferred for the business combination that occurred during the current period is as follows:

(In thousands of Korean won)

		Amount
Consideration transferred cash	₩	691,089

The recognized amounts of identifiable assets acquired and liabilities assumed at the acquisition date for the entire business of Real Estate 114 Inc. are as follows:

(In thousands of Korean won)

		Amount
Current assets	₩	**766,781**
Non-trade receivables		557,326
advance payments		164,573
Prepaid expenses		44,882
Non-current assets		**3,732,563**
Long-term loan		19,000
property, plant and equipment		498,790
Right-of-use assets		588,125
Intangible assets		2,455,075
Other non-current assets		171,572
Current liabilities		**3,612,605**
Other payables		1,327,176
Withholdings		4,220
Advances from customers		1,848,207
Accrued expenses		89,618
Lease liabilities		343,384
Non-Current liabilities		**195,650**
Defined benefit liability		22,771
Lease liabilities		172,879
Book value of net identifiable assets acquired	₩	691,089

Goodwill arising from the business combination during the year is as follows:

(In thousands of Korean won)

	Amount
Consideration transferred	691,089
Book value of net assets acquired	691,089
Goodwill	-

41. EVENTS AFTER THE REPORTING PERIOD:

Subsequent to the end of the reporting period, the Group is considering the discontinuation of the i-Nursing Home business (elderly care facility) within the Realty business division to enhance operational efficiency.