

DL E&C Co., Ltd. and its subsidiaries

Consolidated financial statements
for the year ended December 31, 2024
with the independent auditor's report



Table of contents

Independent auditor's report	
	Page
Consolidated financial statements	
Consolidated statements of financial position	1
Consolidated statements of profit or loss and other comprehensive income.....	4
Consolidated statements of changes in equity.....	5
Consolidated statements of cash flows.....	6
Notes to the consolidated financial statements.....	7
Audit opinion on internal control over financial reporting	
Independent auditor's audit report on internal control over financial reporting	
Report on the Operation Status of the Internal Control over Financial Reporting (ICFR)	

Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors

DL E&C Co., Ltd.

Opinion

We have audited the consolidated financial statements of DL E&C Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Group's internal control over financial reporting ("ICFR") as of December 31, 2024 based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 14, 2025 expressed an unqualified opinion thereon.

Basis for opinion

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

- Estimation of total contract cost

As described in Note 2 to the consolidated financial statements, the Group recognizes revenue over period using the cost-to-cost input method for performance obligations satisfied over period. Under the cost-to-cost input method, the percentage-of-completion is measured by the ratio of cumulative costs incurred to total contract costs. As described in Note 3 to the consolidated financial statements, the Group estimates the total contract costs based on future estimates of materials, labor and outsourcing costs and construction period. Therefore, there is uncertainty in these estimates that can vary due to various factors.

We have identified the estimation of the total contract cost as a key audit matter because we believe that the significant accounting estimates and judgments by management associated with the uncertainty of estimating

the total contract costs could have a material impact on the consolidated financial statements.

As audit procedures performed in relation to the key audit matter, we did :

- Compare the total costs incurred with the total estimated costs for completed major construction contracts, and if there are significant differences, inquire about the reasons for the differences and review related documentation.
- Identify the reasons of changes in major construction contracts with significant changes in the estimated total contract costs.
- Identify whether the estimated total contract costs have been adjusted following significant contractual changes in major construction contracts.
- Investigate the reasons of changes in the completion schedule having occurred during the current period for major construction sites.
- Inquire about the significant construction contracts without any changes in the total contract costs for a long time and review documentation related thereto.
- Compare the progress rate in the progress review documents with the percentage-of-completion for accounting purposes, and if significant differences are detected, inquire about the reasons of such differences and review documentation related thereto.
- Assess the design and operation of internal controls over the approval and modification of the total estimated contract costs.

Other Matters

The consolidated financial statements of the Group for the year ended December 31, 2023 were audited by Deloitte Anjin LLC., whose report dated March 13, 2024 expressed an unqualified opinion thereon.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is JungChul Yun.



March 14, 2025

This audit report is effective as of March 14, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

DL E&C CO., LTD. and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2024

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

Sang Shin, Pak
Chief Executive Officer
DL E&C Co., Ltd.

DL E&C CO., LTD. and its subsidiaries
Consolidated statements of financial position
as of December 31, 2024 and 2023

(Korean won)

	Notes	2024	2023
Assets			
Current assets			
		₩ 6,005,539,219,289	₩ 5,782,745,971,638
Cash and cash equivalents	5,739,41	1,864,415,355,649	2,004,092,329,460
Short-term financial instruments	5,741	206,695,594,340	204,572,917,776
Trade and other current receivables	6,79,41	1,739,894,217,177	1,404,962,815,838
Contract assets	6,41	886,153,686,865	889,274,063,236
Lease receivables	7,12,41	635,854,967	5,944,627,101
Income tax assets		22,597,127,011	13,393,995,735
Inventories	11,31	921,250,894,686	938,052,092,932
Financial assets at fair value through profit or loss ("FVTPL")	7,8,29,30,41	1,083,152,196	1,000,000,000
Financial assets at fair value through other comprehensive income ("FVTOCI")	7,8,29,30,41	-	25,352,895,000
Derivative assets	7,30,41	169,927,741	327,413,902
Other current assets	10	341,815,806,273	274,945,218,274
Assets held for sale	42	20,827,602,384	20,827,602,384
Non-current assets			
		₩ 3,706,863,000,698	₩ 3,561,312,786,542
Long-term financial instruments	5,741	1,539,084,314	24,967,344,067
Long-term trade and other non-current receivables	6,7,9,41	1,755,530,487,133	1,797,479,126,154
Investments in associates and joint ventures	17	559,214,824,501	484,742,461,491
Financial assets at FVTPL	7,8,29,30,41	189,322,264,345	177,284,102,492
Financial assets at FVTOCI	7,8,29,30,41	3,367,002,887	21,450,368,770
Financial assets measured at amortized cost	7,41	251,188,819	204,112,861
Property, plant and equipment	13	36,037,138,199	128,392,845,668
Investment property	14	557,720,789,094	346,615,188,344
Intangible assets	15	28,897,106,596	32,931,813,582
Right-of-use assets	18	55,366,714,149	75,484,567,173
Derivative assets	7,30	28,937,961,931	12,804,345,034
Lease receivables	7,12,41	79,762,362	10,947,665,546
Net-defined benefit assets	21	7,929,496,476	24,223,093,588
Deferred tax assets	36	360,287,023,678	385,673,123,645
Other non-current assets	10	122,382,156,214	38,112,628,127
Total assets			
		₩ 9,712,402,219,987	₩ 9,344,058,758,180
Liabilities			
Current liabilities			
		₩ 3,854,535,631,268	₩ 3,748,597,999,373
Trade and other current payables	7,19,41	1,738,146,698,521	1,469,270,012,937
Contract liabilities	6,41	1,385,286,256,095	1,180,917,662,288
Short-term borrowings and current portion of long-term borrowings	7,20,41	230,252,100,620	520,086,984,454
Lease liabilities	7,24	53,590,429,562	61,976,360,585
Income taxes payable		102,944,389,725	56,915,277,819
Other current provisions	23	180,667,709,007	267,754,351,339
Financial guarantee contract liabilities	7,29	7,369,283,188	12,297,035,857
Provision for construction warranties	23	47,838,128,375	37,798,701,296
Derivative liabilities	7,30	2,001,865,204	80,729,939
Other current liabilities	22	106,438,770,971	141,500,882,859
Non-current liabilities			
		₩ 1,012,156,477,601	₩ 826,679,543,508
Long-term trade and other non-current payables	7,19,40,41	24,776,919,667	20,308,493,290
Borrowings and debentures	7,20,41	846,829,074,665	627,606,512,639
Lease liabilities	7,24	24,222,151,688	59,669,562,153
Net defined benefit liabilities	21	2,482,265,420	342,357,440
Provision for construction warranties	23	82,693,792,505	85,059,602,726
Other non-current provisions	23	735,270,127	721,176,967
Derivative liabilities	7,30,41	18,500,614,101	7,819,003,258
Deferred tax liabilities	36	7,421,911,718	6,440,470,579
Other non-current liabilities	22	4,494,477,710	18,712,364,456
Total liabilities			
		₩ 4,866,692,108,869	₩ 4,575,277,542,881
Shareholder's equity			
Equity attributable to owners of the parent			
		₩ 4,845,710,111,118	₩ 4,768,781,215,299
Capital stock	25	229,292,680,000	214,597,295,000
Other paid-in capital	25	3,814,375,120,855	3,742,079,669,983
Retained earnings	26,27	1,076,158,962,835	990,488,915,347
Accumulated other comprehensive loss	28	(274,116,652,572)	(178,384,665,031)
Total shareholder's equity			
		₩ 4,845,710,111,118	₩ 4,768,781,215,299
Total liabilities and shareholder's equity			
		₩ 9,712,402,219,987	₩ 9,344,058,758,180

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

DL E&C CO., LTD. and its subsidiaries
Consolidated statements of financial position
as of December 31, 2024 and 2023

Total liabilities		<u>\ 4,866,692,108,869</u>	<u>\ 4,575,277,542,881</u>
Shareholder's equity			
Equity attributable to owners of the parent		<u>\ 4,845,710,111,118</u>	<u>\ 4,768,781,215,299</u>
Capital stock	25	229,292,680,000	214,597,295,000
Other paid-in capital	25	3,814,375,120,855	3,742,079,669,983
Retained earnings	26,27	1,076,158,962,835	990,488,915,347
Accumulated other comprehensive loss	28	(274,116,652,572)	(178,384,665,031)
Total shareholder's equity		<u>\ 4,845,710,111,118</u>	<u>\ 4,768,781,215,299</u>
Total liabilities and shareholder's equity		<u>\ 9,712,402,219,987</u>	<u>\ 9,344,058,758,180</u>

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

DL E&C CO., LTD. and its subsidiaries
Consolidated statements of profit and loss
For each of the two years in the period ended December 31, 2024

(Korean won)

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
I. SALES	6,31,38	\ 8,318,442,435,057	\ 7,991,063,616,680
II. COST OF SALES	32,38	7,472,677,266,880	7,208,953,031,303
III. GROSS PROFIT		\ 845,765,168,177	\ 782,110,585,377
Selling and administrative expenses	32,33,38	574,820,308,635	451,451,195,145
IV. OPERATING INCOME		270,944,859,542	330,659,390,232
Other income	34,38	203,121,227,839	77,068,955,758
Other expense	34,38	248,196,313,963	234,561,239,113
Financial income	35,38	202,547,694,948	145,709,082,639
Financial expense	35,38	66,421,479,241	63,360,573,966
Share of profits (losses) of associates and joint ventures	17	(8,047,693,432)	24,237,829,020
V. INCOME BEFORE INCOME TAX EXPENSE		\ 353,948,295,693	\ 279,753,444,570
Income tax expense	36	124,724,550,530	77,583,969,048
VI. NET INCOME		\ 229,223,745,163	\ 202,169,475,522
VII. NET INCOME ATTRIBUTABLE TO:			
Owners of the parent		229,223,745,163	187,861,736,625
Non-controlling interests		-	14,307,738,897
VIII. EARNINGS PER SHARE	37		
Basic and diluted earnings per common share		\ 5,413	\ 4,679
Basic and diluted earnings per preferential share		5,463	2,937

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

DL E&C CO., LTD. and its subsidiaries
Consolidated statements of comprehensive income
for each of the two years in the period ended December 31, 2024

(Korean won)

	Notes	2024	2023
I. NET INCOME		\ 229,223,745,163	\ 202,169,475,522
II. OTHER COMPREHENSIVE LOSS:		(110,791,986,771)	(8,655,116,606)
Items not to be reclassified subsequently to profit or loss:		(15,059,999,230)	(14,976,370,671)
Remeasurement of defined benefit plan	21,28,36	(19,869,745,937)	(19,724,600,082)
Tax effects on the items not to be reclassified to profit or loss	36	4,809,746,707	4,748,229,411
Items to be reclassified subsequently to profit or loss:		(95,731,987,541)	6,321,254,065
Gain (loss) on valuation of financial assets measured at FVTOCI	8,28,36	(713,062,036)	1,438,078,151
Loss on overseas operations translation	28	(105,510,709,035)	(36,702,057,218)
Changes in other comprehensive income of associates and joint ventures		13,876,467,940	(4,072,188,547)
Tax effects on the items to be reclassified to profit or loss	8,28,36	(3,384,684,410)	45,657,421,679
III. COMPREHENSIVE INCOME		\ 118,431,758,392	\ 193,514,358,916
IV. COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		118,431,758,392	180,879,686,843
Non-controlling interests			12,634,672,073

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

DL E&C CO., LTD. and its subsidiaries
Consolidated statements of changes in equity
for each of the two years in the period ended December 31, 2024

(Korean won)

	Other paid-in capital						Total shareholders' equity	
	Capital Stock	Additional paid-in capital	Treasury stock	Other capital surplus	Retained earnings	Accumulated other comprehensive income (loss)		Non-controlling interest
As of January 31, 2023	₩ 214,597,295,000	₩ 3,500,575,328,710	₩ (32,205,508,795)	₩ (6,798,760,621)	₩ 858,083,898,891	₩ (184,576,918,668)	₩ 342,801,174,911	₩ 4,692,476,509,428
Dividends	-	-	-	-	(42,282,416,750)	-	(1,987,090,250)	(44,269,507,000)
Net income	-	-	-	-	187,861,736,625	-	14,307,738,897	202,169,475,522
Gain on valuation of financial assets at FVTOCI	-	-	-	-	-	954,953,327	129,000,428	1,083,953,755
Loss on translation of overseas operations associates and joint ventures	-	-	-	-	-	(36,702,057,218)	-	(36,702,057,218)
Changes in other comprehensive income on acquisition of treasury stock	-	-	(72,940,146,045)	-	-	41,939,357,528	-	41,939,357,528
Remeasurement of defined benefit plan	-	-	-	-	(13,174,303,419)	-	-	(72,940,146,045)
All-inclusive share swap	-	-	-	353,448,756,734	132,405,016,456	-	(1,802,067,252)	(14,976,370,671)
	₩ 214,597,295,000	₩ 3,500,575,328,710	₩ (105,145,654,840)	₩ 346,649,996,113	₩ 990,488,915,347	₩ (178,384,665,031)	₩ 342,801,174,911	₩ 76,304,705,871
As of December 31, 2023								
As of January 1, 2024	₩ 214,597,295,000	₩ 3,500,575,328,710	₩ (105,145,654,840)	₩ 346,649,996,113	₩ 990,488,915,347	₩ (178,384,665,031)	-	₩ 4,768,781,215,299
Dividends	-	-	-	-	(20,181,833,650)	-	-	(20,181,833,650)
Net income	-	-	-	-	229,223,745,163	-	-	229,223,745,163
Gain on valuation of financial assets at FVTOCI	-	-	-	-	-	(528,537,084)	-	(528,537,084)
Loss on translation of overseas operations associates and joint ventures	-	-	-	-	-	(105,510,709,035)	-	(105,510,709,035)
Changes in other comprehensive income on acquisition of treasury stock	-	-	(19,646,893,323)	-	-	10,307,258,578	-	10,307,258,578
Retirement of treasury stock	-	-	108,311,864,795	-	(108,311,864,795)	-	-	(19,646,893,323)
Remeasurement of defined benefit plan	-	-	-	-	(15,059,999,230)	-	-	(15,059,999,230)
All-inclusive share swap etc.	14,695,385,000	93,168,740,900	-	(109,538,261,500)	-	-	-	(1,674,135,600)
	₩ 14,695,385,000	₩ 93,168,740,900	₩ 88,664,971,472	₩ (109,538,261,500)	₩ 85,670,047,488	₩ (95,731,987,541)	-	₩ 76,928,895,819
As of December 31, 2024	₩ 229,292,680,000	₩ 3,593,744,069,610	₩ (16,480,683,368)	₩ 237,111,734,613	₩ 1,076,158,962,835	₩ (274,116,652,572)	-	₩ 4,845,710,111,118

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

DL E&C CO., LTD. and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2024

(Korean won)

	Notes	2024	2023
Operating activities			
Net income	\	229,223,745,163	\ 202,169,475,522
Adjustments	39	410,648,839,719	433,875,889,149
Changes in assets and liabilities from operating activities	39	(375,412,486,514)	(363,566,181,901)
Interest income received		41,990,321,354	79,765,456,750
Interest expense paid		(57,987,043,522)	(56,784,981,196)
Dividend income received		1,636,070,475	3,076,391,470
Income taxes paid		(62,229,836,966)	(67,206,606,075)
Net cash flows provided by operating activities		187,869,609,709	231,329,443,719
Investing activities			
Decrease in short-term financial instruments	\	330,050,377,802	\ 762,113,779,980
Decrease in short-term loans		65,411,284,961	62,609,092,711
Decrease in current lease deposit		18,444,868,630	15,402,016,751
Decrease in long-term financial instruments		10,423,399,820	294,000,000
Decrease in long-term loans		101,531,152,746	93,630,983,436
Decrease in long-term deposits		191,447,696,238	169,859,749,996
Disposal of investments in associates		544,828,000	1,525,710,000
Disposal of financial assets at FVTOCI		50,770,626,555	24,138,167,858
Disposal of financial assets at FVTPL		-	8,173,080,000
Disposal of current portion of financial assets at FVTPL		1,000,000,000	5,643,787,866
Disposal of machinery		4,815,898,508	1,816,521
Disposal of vehicles		265,052,739	557,524,379
Disposal of other property, plant and equipment		288,715,968	162,625,219
Disposal of right-of-use assets		4,462,915	-
Disposal of investment properties		435,571,068	2,291,152,496
Disposal of intangible assets		-	175,716,060
Disposal of assets held for sale		136,194,071	-
Net cash increase due to acquisition of control		1,193,787,915	3,854,736,365
Increase in short-term financial instruments		(316,994,663,932)	(420,567,908,100)
Increase in short-term loans		(174,641,791,892)	(75,859,929,014)
Increase in current lease deposit		(3,612,029,990)	(3,679,822,000)
Increase in long-term financial instruments		(4,404,603,029)	(20,284,285,786)
Increase in long-term loans		(103,633,985,350)	(109,903,077,628)
Increase in long-term deposits		(235,586,648,812)	(142,891,891,796)
Acquisition of investments in associates		(71,128,046,410)	(72,551,028,000)
Acquisition of financial assets at FVTOCI		(8,303,690,000)	(45,842,600,000)
Acquisition of financial assets at FVTPL		(6,814,300,000)	(29,709,100,000)
Acquisition of current portion of financial assets at FVTOCI		-	(10,101,000,000)
Acquisition of current portion of financial assets at FVTPL		(24,000,000)	(1,010,010,000)
Acquisition of machinery		(4,144,241,518)	(6,088,078,495)
Acquisition of vehicles		(2,497,797)	(184,384,530)
Acquisition of other property, plant and equipment		(3,297,862,195)	(2,949,859,611)
Acquisition of construction in progress		(2,057,771,109)	(2,895,412,200)
Acquisition of investment properties		(6,891,613,109)	(140,000,000)
Acquisition of intangible assets		(2,365,631,610)	(4,440,549,214)
Net cash flows provided by (used in) investing activities		(167,139,458,817)	201,335,003,264
Financing activities			
Proceeds from short-term borrowings	\	1,830,922,275,000	\ 1,683,094,437,560
Proceeds from long-term borrowings		168,878,000,000	168,027,150,000
Proceeds from debentures		230,000,000,000	30,000,000,000
Increase in leasehold deposits		4,482,913,813	5,427,821,239
Repayment of short-term borrowings		(1,815,722,275,000)	(1,753,594,550,000)
Repayment of current portion of long-term liabilities		(419,467,100,620)	(78,569,600,620)
Repayment of long-term borrowings		(79,080,000,000)	(31,839,100,000)
Repayment of debenture		-	(20,000,000,000)
Debenture issue costs		(1,658,680,000)	(3,405,559,044)
Acquisition of treasury stock		(19,810,183,716)	(72,940,146,045)
Repayment of lease liabilities		(67,368,839,026)	(70,269,099,979)
Decrease in leasehold deposits		(1,019,422,785)	(682,188,638)
Payment of dividends		(21,692,022,240)	(44,263,663,837)
Net cash flows used in financing activities		(191,535,334,574)	(189,014,499,364)
Net increase (decrease) in cash and cash equivalents		(170,805,183,682)	243,649,947,619
Cash and cash equivalents as of January 1		2,004,092,329,460	1,752,398,719,194
Net foreign exchange difference		31,128,209,871	8,043,662,647
Cash and cash equivalents as of December 31	\	1,864,415,355,649	\ 2,004,092,329,460

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

1. General information

DL E&C Co., Ltd. (the "Company"), which is a parent company in accordance with International Financial Reporting Standard as adopted by the Republic of Korea ("KIFRS") 1110, *Consolidated Financial Statements*, was established through a spin-off from DL Co., Ltd. (formerly, Daelim Industrial Co., Ltd.) on January 1, 2021, for the purpose of performing domestic and overseas civil engineering, housing and plant construction. The Company's stock was listed on the Korea Exchange on January 25, 2021.

The Company's capital stock, including preferred stock of KRW 21,129 million, amounted to KRW 229,293 million as of December 31, 2024. The largest shareholder of common stock as of December 31, 2024 is DL Co., Ltd. with 23.15% of ownership percentage over the Company.

2. Basis of preparation and material accounting policy information

2.1 Basis of preparation

The Company and its subsidiaries (collectively referred to as the "Group") have prepared its consolidated financial statements in accordance with KIFRS. The accompanying consolidated financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

Major accounting policies used for the preparation of the consolidated financial statements are stated below.

Consolidated financial statements are prepared on the basis of historical cost, except for certain non-current assets and financial assets measured at the revalued amount or at fair value at the end of each reporting period as explained in the accounting policy below. Historical costs are generally measured at the fair value of the consideration paid to acquire an asset.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of KIFRS 1102 *Share-Based Payment*; leasing transactions that are within the scope of KIFRS 1116 *Leases*; and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in KIFRS 1002 *Inventories* or value in use in KIFRS 1036 *Impairment of Assets*.

Management has a reasonable expectation that at the time of approval of the consolidated financial statements, the Group will have sufficient resources to survive as a going concern for the foreseeable future period. Therefore, the Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

These consolidated financial statements have been approved by the board of directors on February 20, 2025, and will be finalized at the shareholders' meeting on March 24, 2025.

2.1 Basis of preparation (cont'd)

1) New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to KIFRS 1116 - *Lease Liability in a Sale and Leaseback*

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

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

Amendments to KIFRS 1001 - *Classification of Liabilities as Current or Non-current*

The amendments to KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that if under the condition that an entity settles the liability by transferring its equity instruments, the option is classified as equity instrument and the option is recognized separate from the liability as a component of equity for hybrid financial instrument, there is no impact on current or non-current classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments have resulted in additional disclosures in Note 20 but have had no impact on the classification of the Group's liabilities.

Amendments to KIFRS 1007 and KIFRS 1107 - *Supplier Finance Arrangements*

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

As a result of implementing the amendments, the Group has provided additional disclosures about its supplier finance arrangement. Please refer to Note 19.

2) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to KIFRS 1021 - *Lack of exchangeability*

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

2.1 Basis of preparation (cont'd)

The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

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

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

The amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments* include the following:

- clarifying that a financial liability is derecognized on the settlement date and introducing an accounting policy choice to derecognize financial liabilities that are settled by using electronic payment system before the settlement date (if specific criteria are met);
- providing additional guidance as to how to assess contractual cash flows of financial assets that include environmental, social and governance (ESG)-linked features and similar features;
- clarifying what constitutes non-recourse features and the characteristics of contractually linked financial instruments; and
- introducing new disclosures for financial instruments with contingent features and adding a disclosure requirement for equity instruments measured at fair value through other comprehensive income.

The amendments will be effective for annual periods beginning on or after January 1, 2026. Earlier adoption is permitted, but only for the amendments for the classification of financial assets and related disclosures. The Group does not plan to early apply the amendments.

Annual Improvements to KIFRS - Volume 11

Annual Improvements to KIFRS - Volume 11 have been announced for the purpose of improving consistency of requirements set out in each standard, enhancing clarity, and providing better understanding of the amendments.

- Amendments to KIFRS 1101 *First-time adoption of KIFRS: Hedge accounting by a first-time adopter*
- Amendments to KIFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition, Guidance for application of amendments in practice*
- Amendments to KIFRS 1109 *Financial Instruments: Accounting for derecognition of lease liabilities and definition of transaction prices*
- Amendments to KIFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
- Amendments to KIFRS 1007 *Statement of Cash Flows: Cost Method*

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

2.2 Material accounting policies

1) Consolidation basis

The Group prepares consolidated financial statements by integrating the financial statements of the parent company and other companies controlled by the parent company (or its subsidiaries). The Group has 1) power over the investee, 2) exposure to or rights to variable returns resulting from its involvement in the investee and 3) the ability to use its power over the investee to influence the amounts of profits of the investor. The Group determines that dominance exists when all three of these elements are met. Additionally, if facts and circumstances indicate a change in one or more of the three elements of control above, the Group reassesses whether it controls the investee.

2.2 Material accounting policies (cont'd)

Even if a Group holds less than a majority of the voting rights of an investee, it is judged to have power over the investee if it holds enough voting rights to have the actual ability to unilaterally direct the related activities of the investee. When assessing whether the voting rights held by the Group are sufficient to grant power over the investee, the Group considers all relevant facts and circumstances, including the following:

- relative size of voting rights held and degree of stock distribution of other voting rights holders;
- potential voting rights held by the Group, other voting rights holders or other parties;
- rights arising from contractual agreements; and
- other additional facts and circumstances indicating whether the Group has the current ability to direct related activities at the time when decisions must be made, including voting patterns at past general shareholders' meetings.

Consolidation of subsidiaries begins from the date the parent acquires control of the subsidiary and ceases when the parent loses control of the subsidiary. In particular, revenues and expenses related to subsidiaries acquired or disposed of during the current period are included in the consolidated statements of comprehensive income from the date the acquisition is virtually complete or until the date the disposal is virtually complete. Each component of net profit or loss and other comprehensive income is attributed to the owners and non-controlling interests of the parent company, and even if the non-controlling interest has a negative balance, total comprehensive income is attributed to the owners and non-controlling interests of the parent company.

If a company constituting a Group uses an accounting policy different from the accounting policy adopted in the consolidated financial statements for the same transaction or event that occurred under similar circumstances, the financial statements are appropriately revised and the consolidated financial statements are prepared.

Transactions within the Group, assets and liabilities, income and expenses related thereto, etc., are all eliminated when preparing the consolidated financial statements.

Non-controlling interests of subsidiaries are identified separately from the equity of the Group. If the elements of the non-controlling interest in the acquiree at the acquisition date are current equity interests and entitle the holder to a proportionate share of the net assets of the entity upon liquidation, such non-controlling interest will be held at 1) fair value and 2) at the acquisition date. It can be measured by the current equity instrument's proportionate share of the amount recognized for the acquiree's identifiable net assets. The selection of these metrics is made for each acquisition transaction. All other non-controlling interest components are measured at fair value at the acquisition date. The carrying amount of the non-controlling interest after acquisition is the amount initially recognized plus the non-controlling interest's proportional share of changes in capital after acquisition. Even if the non-controlling interest has a negative balance, the total comprehensive income is attributed to the non-controlling interest.

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

If a parent loses control of a subsidiary, the difference between (i) the sum of the consideration received and the fair value of the shares held and (ii) the carrying amount of the subsidiary's assets (including goodwill), liabilities and non-controlling interests is recorded as gain or loss on disposal. Amounts previously recognized in other comprehensive income in relation to a subsidiary when the related asset or liability is disposed of directly (i.e., reclassified to current profit or loss or directly transferred to retained earnings, as required or permitted by applicable standards) are accounted for on the same

2.2 Material accounting policies (cont'd)

basis as the fair value of investments in former subsidiaries, or, where appropriate, in associates or joint ventures, at the date of loss of control and regarded as the fair value at initial recognition of financial assets under KIFRS 1109 *Financial Instruments* and the cost upon initial recognition of the investment.

2) Business combination

The acquisition of subsidiaries and businesses was accounted for using the acquisition method. The business combination transfer is calculated as the sum of the assets transferred in exchange for control over the acquiree, the liabilities borne by the Group for the previous owners of the acquiree and the fair value of the issued equity shares at the acquisition date. Acquisition-related costs are recognized in profit or loss as incurred.

Acquired assets, assumed liabilities and contingent liabilities that are identifiable at the acquisition date are recognized at fair value at the acquisition date, except for:

- deferred income tax assets or liabilities and assets or liabilities related to employee benefit arrangements, which are recognized and measured in accordance with KIFRS 1012 *Income Taxes* and KIFRS 1019 *Employee Benefits*, respectively;
- liabilities or equity instruments arising when the Group replaces the acquiree's stock-based compensation with its own stock-based compensation, which are measured in accordance with KIFRS 1102 *Stock-Based Compensation*; and
- non-current assets (or disposal asset groups) classified as assets held for sale in accordance with KIFRS 1105 *Non-current assets held for sale and discontinued operations*, which are measured in accordance with KIFRS 1105.

Goodwill refers to the excess of the sum of the consideration transferred, the amount of the non-controlling interest in the acquiree, and the fair value of the equity interest in the acquiree previously held by the Group over the net fair value of the identifiable assets acquired and liabilities assumed as of the acquisition date. It is measured by the amount paid; i.e., the amount by which the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date exceeds the sum of the consideration transferred, the amount of the non-controlling interest in the acquiree, and the fair value of the interest in the acquiree previously held by the Group. If it still exists after this review, the excess amount is immediately reflected in profit or loss as a bargain purchase gain.

The consideration transferred by the Group due to a business combination includes assets and liabilities resulting from a contingent consideration agreement, and the contingent consideration is measured at the fair value at the acquisition date and is included as part of the consideration transferred due to the business combination. Changes in fair value after the acquisition date are adjusted retroactively and adjusted against the relevant goodwill if they meet the measurement period adjustment conditions. Measurement period adjustments refer to adjustments that arise from obtaining additional information about facts and circumstances that existed as of the acquisition date during the 'measurement period' (which cannot exceed one year from the acquisition date).

Changes in the fair value of contingent consideration that do not meet the conditions for measurement period adjustments are accounted for according to the classification of contingent consideration. Contingent consideration classified as equity is accounted for as equity if it is settled without remeasurement at a subsequent reporting date. Other contingent consideration is remeasured at fair value at subsequent reporting dates, and changes in fair value are recognized in profit or loss.

In a business combination that is accomplished in stages, the Group remeasures previously held interests in the acquiree (including joint operations) to fair value at the acquisition date, and any resulting gain or loss, is recognized in profit or loss (or other comprehensive income, if appropriate). Amounts

2.2 Material accounting policies (cont'd)

recognized as other comprehensive income for changes in the value of shares in the acquiree prior to the acquisition date are recognized in the same manner as the standard that would apply if the previously held shares were directly disposed of.

If the initial accounting for a business combination is not completed by the end of the reporting period in which the business combination occurred, the Group reports the provisional amount of the items for which accounting has not been completed in the consolidated financial statements. If, during the measurement period (see above), new information is acquired about facts and circumstances that existed at the acquisition date, the Group determines the information at the acquisition date to reflect that information, which, if known at the acquisition date, would have affected the measurement of the amounts recognized at the acquisition date. The Group retroactively adjusts recognized provisional amounts or recognizes additional assets and liabilities.

3) Investment in associates and joint ventures

An associate is a company over which the Group has significant influence and is not a subsidiary or joint venture. Significant influence refers to the ability to participate in decision-making regarding the financial and operating policies of an invested company, but not control or joint control over such policies.

A joint venture refers to a joint arrangement in which the parties holding joint control of the arrangement hold rights to the net assets of the arrangement. Joint control is a contractually agreed sharing of control of the arrangement, which provides control over decisions on related activities. It exists only when the consent of all sharing parties is required.

Except in cases where investments in associates or joint ventures are classified as assets held for sale in accordance with KIFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations*, the net profit or loss, assets and liabilities of associates and joint ventures are included in the consolidated financial statements by applying the equity method. In applying the equity method, investments in associates and joint ventures are calculated by adjusting the change in shares of the net assets of associates and joint ventures that occurred after acquisition of shares at the acquisition cost and deducting impairment losses on investments in each associate and joint venture and shown in the consolidated statement of financial position. Losses of associates and joint ventures in excess of the Group's share of associates and joint ventures (including long-term investment items that substantially constitute a portion of the Group's net investment in associates and joint ventures) shall be incurred by the Group and recognized only when there is a legal or constructive obligation or when payments must be made on behalf of associates and joint ventures.

Investments in associates or joint ventures are accounted for using the equity method from the moment the investee becomes an associate or a joint venture. Any purchase cost that exceeds the Group's share of the net fair value of identifiable assets, liabilities and contingent liabilities of associates and joint ventures as of the acquisition date is recognized as goodwill, and goodwill is included in the carrying amount of investment assets. If the Group's share of the fair value, less costs to sell identifiable assets, liabilities and contingent liabilities, exceeds the purchase cost after reexamination, it is recognized in profit or loss.

If there is objective evidence that the Group's net investment in an associate or a joint venture is impaired, KIFRS 1036 *Impairment of Assets* is used to determine whether it is necessary to recognize an impairment loss in relation to the Group's net investment. The requirements apply. If there are signs of impairment, the entire carrying amount (including goodwill) of associates and joint venture investments is compared with the recoverable amount (the greater of fair value, less costs to sell, or value in use) in accordance with KIFRS 1036 *Impairment of Assets*. Impairment losses recognized are not allocated to any assets (including goodwill) that form part of the carrying amount of associates and joint venture investments. In accordance with KIFRS 1036, the reversal of impairment losses is recognized to the extent that the recoverable amount of these investments subsequently increases.

2.2 Material accounting policies (cont'd)

The Group stops using the equity method from the point it no longer meets the definition of an associate or a joint venture. If the Group continues to hold some of the investment assets in existing associates and joint ventures even after losing significant influence over the associates and joint ventures, the fair value of the investments in question at the time the Group lost significant influence is calculated according to KIFRS. It is considered the fair value at the time of initial recognition of financial assets in accordance with 1109. At this time, the difference between the book value and fair value of the investment assets held is included in the gain or loss on the disposal of an associate (or a joint venture) and recognized in current profit or loss. In addition, investors account for all amounts recognized as other comprehensive income in relation to associates and joint ventures based on the same accounting treatment as when the associates and joint ventures directly dispose of related assets or liabilities. Therefore, when an associate reclassifies profits or losses previously recognized as other comprehensive income to profit or loss for the current period due to the disposal of related assets or liabilities, the Group deducts the profit or loss from equity when it loses significant influence over the associate and joint venture and reclassifies (reclassification adjustment) to current profit or loss.

In cases where the ownership interest in an associate or a joint venture decrease, but the equity method continues to be applied, gains and losses previously recognized as other comprehensive income are reclassified to current profit or loss following the disposal of related assets or liabilities. The proportional portion related to the decrease in ownership interest is reclassified to current profit or loss. In addition, KIFRS 1105 is applied when part of the investment in an associate or a joint venture meets the criteria for classification as held for sale.

If an investment in an associate becomes an investment in a joint venture or, conversely, an investment in a joint enterprise becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the remaining shares.

If the Group transacts with an associate or a joint enterprise, the profit or loss arising from the transaction between the associate and the joint enterprise is limited to the portion corresponding to the stake in the associate or joint enterprise that is not related to the Group.

The Group does not apply the equity method, but applies KIFRS 1109 *Financial Instruments*, including impairment requirements, to long-term investments in associates and joint ventures that form part of the net investment. Additionally, when applying KIFRS 1109 to long-term investment interests, the Group does not consider adjustments to book value required by KIFRS 1028. Examples of such adjustments include impairment assessments in accordance with KIFRS 1028 or adjustments to the carrying amount of long-term investments due to loss allocation to investees.

4) Investment in joint operations

A joint operation is a joint arrangement in which the parties holding joint control of the arrangement hold rights to the assets and obligations to the liabilities of the arrangement. Joint control is a contractually agreed sharing of control of the arrangement, and exists only when a decision requires the consent of all parties sharing control.

When the Group carries out activities under a joint operation, the Group recognizes the following in relation to its interest in the joint operation as a joint operator:

- own assets including one's share of jointly held assets;
- own debt including one's share of jointly incurred debt;
- profit from the sale of one's share of the output generated from joint operations;
- own share of the profits from the sale of output from joint operations; and
- own expense including one's share of jointly incurred expenses.

2.2 Material accounting policies (cont'd)

The Group accounts for the assets, liabilities, income and expenses corresponding to its share of joint operations in accordance with the standards applicable to specific assets, liabilities, income and expenses.

When a Group that is a joint operator engages in a transaction, such as selling or contributing assets to a joint operation, it is considered to be carrying out a transaction with another party of the joint operation, and the Group shares the profits and losses resulting from the transaction with the other parties only up to the equity limit recognized.

When a Group that is a joint operator engages in transactions such as joint operation and purchase of assets, the Group does not recognize its share of profit or loss until the asset is resold to a third party.

5) Goodwill

Goodwill arising from a business combination is recognized at cost less accumulated impairment losses at the time control is acquired (the acquisition date).

For impairment testing, goodwill is allocated to the Group's cash-generating units (or groups of cash-generating units) that are expected to experience synergy effects from the business combination.

Cash-generating units to which goodwill is allocated are tested for impairment annually and whenever there are indications of impairment. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss first reduces the carrying amount of the goodwill allocated to the cash-generating unit, and the remaining impairment loss is distributed in proportion to the carrying amounts of other assets constituting the cash-generating unit. Impairment losses on goodwill are recognized directly in profit or loss. Impairment losses recognized for goodwill cannot be reversed at a later date.

When a related cash-generating unit is disposed of, the amount of related goodwill is included in determining the gain or loss on disposal.

6) Non-current assets scheduled for sale

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of fair value, less costs to sell, or carrying amount.

The Group classifies non-current assets (or disposal groups) as assets held for sale if their carrying amount will be recovered through a sale transaction rather than continued use. This condition is considered met only when a non-current asset (or disposal group) is available for immediate sale in its current condition and it is highly probable that it will be sold. Management must be committed to a plan to sell the asset, and the sale completion criteria must be expected to be met within one year from the time of classification.

If the Group commits to a sale plan that results in the loss of control over a subsidiary, regardless of whether the Group previously held a non-controlling interest in the subsidiary after the sale, and if the conditions mentioned above are met, the Group may sell the subsidiary. All assets and liabilities are classified as held for sale.

If the Group confirms a plan to sell all or part of its investment in an associate or a joint venture, the entire or part of the investment in the associate or joint venture to be sold is scheduled for sale if it meets the criteria for classification as held for sale mentioned above. The Group will stop applying the equity method to investments in associates or joint ventures related to the portion classified as held for

2.2 Material accounting policies (cont'd)

sale. Meanwhile, the equity method continues to be applied to the remaining holdings of investments in associates or joint ventures that are not classified as held for sale.

7) Revenue recognition

Revenue is measured based on the price set in the contract with the customer and is recognized by applying ① contract identification → ② performance obligation identification → ③ transaction price calculation → ④ transaction price allocation to performance obligations → ⑤ revenue recognition when performance obligations are satisfied. It excludes amounts recovered on behalf of third parties. The Group also recognizes revenue when control of goods or services is transferred to the customer.

The Group recognizes revenue from the following main sources:

- A. Construction for civil engineering, housing and plant works through contracts with customers
- B. Sales construction
- C. Provision of services and operations
- D. Other sales

A. Construction for civil engineering, housing, and plant works through contracts with customers

The Group carries out construction work for civil engineering, housing and plant projects in accordance with long-term contracts with customers. These contracts are concluded before construction services begin. Management reviewed the contract terms for each individual contract and believed that using the input method was an appropriate way to measure the progress toward completion of performance obligations under KIFRS 1115. Additionally, the revenue generated from this input was based on cost. It is recognized over a period of time in accordance with the law (i.e. in proportion to the costs incurred for work performed up to that time compared to the expected costs).

The Group has the right to charge customers for construction work in accordance with long-term contracts with customers. As work progresses or certain milestones are reached, the Group sends the client a relevant statement of work signed by a third-party evaluator and issues an invoice for the milestone consideration. Contract assets previously recognized for work performed are classified as receivables when billed to the customer. If the payment based on work progress or milestone exceeds the revenue recognized up to that point under the cost-based input method, the Group recognizes the difference as a contract liability.

B. Sales construction

The Group constructs residential real estate under long-term contracts with customers. These contracts are concluded before construction of the residential property begins. According to the terms of the contract, transferring the property to another customer is contractually restricted. If the Group has an enforceable right to payment for work already performed, the revenue generated from residential real estate shall be calculated according to the cost-based input method (i.e., in proportion to the costs incurred for work performed up to that point compared to the expected cost) and recognized over a period of time. Management believed that using the input method was an appropriate way to measure progress toward completion of performance obligations under KIFRS 1115. In addition, when the Group does not have an enforceable right to payment for work already performed, revenue generated from residential real estate is recognized in accordance with the delivery standard, and costs incurred from the contract are recorded as assets.

2.2 Material accounting policies (cont'd)

The Group has the right to receive the sales price when the agreed-upon date is reached during the sales construction period according to a long-term contract with the customer. If the Group has an enforceable right to payment for work already performed, contract assets recognized for work previously performed are classified as receivables at the time the Group has the right to receive them. If the amount classified as receivables exceeds the revenue recognized up to that point, the Group recognizes the difference as a contract liability. Additionally, if the Group does not have an enforceable right to payment for work already performed, payments received from customers are recorded as liabilities.

C. Provision of services and operations

The Group recognizes the compensation for services and operations as revenue from service sales, and customers simultaneously obtain and consume benefits through the Group's services. In addition, because the Group has the right to receive an amount directly equivalent to the value provided to the customer based on the degree to which the Group has completed the service, the Group recognizes the amount for which it is entitled to claim as revenue.

D. Other sales

The Group recognizes sales that are not classified as items A through C above as other sales, and the revenue is recognized as such sales do not fall under the deferral of revenue due to distribution of the period and other services and goods are delivered to customers. Since revenue is recognized at the time it is generated, the Indian revenue standard is applied to other revenue.

8) Lease

8-1) Group as a lessee

The Group evaluates whether the contract is a lease or includes a lease at the contract commitment date. In the case of a lessee, the Group recognizes right-of-use assets and corresponding lease liabilities in relation to all lease arrangements, except short-term leases (lease period of 12 months or less) and low-value underlying asset leases. The Group recognizes lease payments related to short-term leases and leases of low-value underlying assets as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the pattern of benefits to the lessee.

Lease liabilities are initially measured at the lease commencement date at the present value of lease payments not paid as of that date discounted by the lease's implied interest rate. If the implied interest rate of the lease cannot be easily calculated, the lessee's incremental borrowing rate is used.

The incremental borrowing rate varies depending on the lease term, currency and the commencement date of the lease, and is determined based on inputs, including:

- risk-free interest rate based on Korea Treasury Bond interest rate;
- company-specific risk adjustment;
- credit risk adjustment based on bond yield; and
- entity-specific risk adjustment, if the risk attribute of the entity entering into the lease is different from the risk attribute of the Group and the lease does not receive benefits from the guarantee of the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

2.2 Material accounting policies (cont'd)

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The Group presents lease liabilities separately from other liabilities in the consolidated statements of financial position.

Lease liabilities are subsequently measured by increasing the carrying amount (using the effective interest rate method) to reflect the interest on the lease liability and reducing the carrying amount to reflect the lease payments paid.

The Group remeasures lease liabilities and makes corresponding adjustments to related right-of-use assets in the following cases:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use asset consists of the initial measurement amount of the lease liability, lease payments paid on or before the lease commencement date (less any lease incentives received), and the amount less direct lease origination costs borne by the lessee. Right-of-use assets are subsequently measured by subtracting accumulated depreciation and accumulated impairment losses from cost.

The estimated costs incurred by the Group when dismantling and removing the underlying asset, restoring the site where the underlying asset is located, or restoring the underlying asset itself as required by the lease terms are recognized and measured in accordance with KIFRS 1037. Unless such costs are incurred to produce inventory, the costs are recognized as part of the cost of the right-of-use asset if they relate to the right-of-use asset.

In cases where ownership of the underlying asset is transferred to the lessee before the end of the lease period or when the cost of the right-of-use asset reflects that the lessee will exercise the purchase option, the lessee is entitled to the end of the useful life of the right-of-use asset from the lease commencement date. The right-of-use asset is depreciated until the end of the year. In other cases, the lessee depreciates the right-of-use asset from the lease commencement date until the earlier of the end of the useful life of the right-of-use asset or the end of the lease period.

The Group presents right-of-use assets separately from other assets in the consolidated statements of financial position.

2.2 Material accounting policies (cont'd)

The Group applies KIFRS 1036 to determine whether right-of-use assets are impaired, and the accounting treatment for identified impairment losses is explained in the accounting policy for 'Tangible Assets (see Note 2.(18)).

The Group does not include variable lease payments (excluding variable lease payments that vary depending on indices or rates) in the measurement of right-of-use assets and lease liabilities, and such lease payments are paid in the period in which the event or condition giving rise to the variable lease payments occurs. They are recognized as profit or loss.

As a practical expedient method, the lessee can select a method of accounting for each lease element and its related non-lease elements as a single lease element by type of underlying asset, without separating the non-lease element from the lease element, and the Group uses this practical and simple method. In a contract that includes one lease element and one or more additional lease elements or non-lease elements, the lessee allocates the contract consideration to each lease element based on the relative stand-alone prices of the lease elements and the total stand-alone price of the non-lease elements.

8-2) Group as a lessor

The Group classifies each lease as an operating lease or a finance lease. A lease that transfers most of the risks and rewards of ownership of the underlying asset is classified as a financial lease, and a lease that does not transfer most of the risks and rewards of ownership of the underlying asset is classified as an operating lease.

When the Group is an intermediate lessor, it accounts for the upstream lease and sublease as two separate contracts. The Group classifies sublease as a finance lease or an operating lease depending on the right-of-use asset arising from the parent lease rather than the underlying asset.

The Group recognizes lease payments from operating leases as revenue on a straight-line basis or other systematic basis. If another systematic standard better represents the pattern in which the benefits arising from the use of the underlying asset are reduced, the Group applies that standard. The Group adds the direct lease establishment costs incurred during the process of concluding an operating lease to the carrying amount of the underlying asset and recognizes them as an expense over the lease period on the same basis as lease income.

The amount received from the lessee in a finance lease is recognized as a receivable, as a net lease investment of the Group. The Group distributes financial profits over the lease period by reflecting a certain period rate of return in the Group's lease net investment amount.

After initial recognition, the Group regularly reviews the estimated unsecured residual value and recognizes expected credit losses ("ECLs") on lease receivables as a loss allowance by applying the derecognition and impairment requirements of KIFRS 1109.

Financial lease income is calculated by referring to the gross amount of lease receivables. However, in the case of finance lease receivables with impaired credit, financial income is calculated by referring to the amortized cost (i.e., the amount after deducting loss allowances).

If the contract includes a lease component and a non-lease component, the Group applies KIFRS 1115 to allocate the contract consideration to each component.

2.2 Material accounting policies (cont'd)

9) Foreign currencies

The individual financial statements of each consolidated company are expressed in the currency (functional currency) of the main economic environment in which the company conducts its business activities. In order to prepare consolidated financial statements, the business performance and financial status of individual companies are expressed in "Korean won", "₩" or "KRW", which is the functional currency of the Group and the presentation currency for preparing consolidated financial statements.

When preparing consolidated financial statements, transactions made in currencies other than the company's functional currency (foreign currency) are recorded at the exchange rate on the transaction date. At the end of each reporting period, monetary foreign currency items are retranslated at the exchange rate at the end of the reporting period. Meanwhile, non-monetary foreign currency items measured at fair value are converted at the exchange rate on the date the fair value is determined, but non-monetary foreign currency items measured at historical cost are not retranslated.

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

In order to prepare consolidated financial statements, the assets and liabilities of overseas operations included in the Group are expressed in Korean won using the exchange rate at the end of the reporting period. If the exchange rate fluctuates significantly during the period and the exchange rate on the transaction date is not required to be used, profit and loss items are converted at the average exchange rate for the period, and the resulting foreign exchange difference is recognized as other comprehensive income and capital (where appropriate) distributed to non-controlling interests).

In the case of disposing an overseas business site (i.e., disposal of the Group's entire stake in the overseas business site, a disposition that results in loss of control over a subsidiary including the overseas business site, partial disposal of shares in a joint arrangement, or an affiliate company including the overseas business site) (if the shares held after the partial disposition of the shares become financial assets including overseas operations), the entire accumulated amount of foreign exchange differences related to overseas operations attributable to the controlling company is reclassified to current profit or loss attributable to non-controlling interests. Accumulated foreign exchange differences related to the overseas business location are eliminated, but are not reclassified to current profit or loss.

In the case of some dispositions that do not result in loss of control over subsidiaries, including overseas business sites, the proportional share of accumulated exchange differences is reattributed to non-controlling interests and is not reclassified to profit or loss. In the case of all other partial dispositions (i.e., a reduction in the Group's ownership interests in associates or joint ventures that do not result in significant loss of influence or joint control), the proportional share of the accumulated exchange differences is recorded as profit or loss for the current period.

2.2 Material accounting policies (cont'd)

Fair value adjustments to goodwill and identifiable assets and liabilities arising from the acquisition of overseas operations are treated as assets and liabilities of the foreign operation and converted at the exchange rate at the end of the reporting period, and the resulting foreign exchange differences are recognized as other comprehensive income.

10) Borrowing costs

The Group capitalizes borrowing costs directly related to the acquisition, construction or manufacture of a qualifying asset as part of the cost of the asset until the asset is ready for its intended use or sale. A qualifying asset is one that requires a significant period of time before it can be used for its intended purpose or sold.

If a floating-rate loan is borrowed to acquire a qualifying asset and the borrowing is the subject of a qualified cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and the qualifying asset is recognized in other comprehensive income and reclassified to current profit or loss. If a fixed-rate loan is borrowed to acquire a qualifying asset and the loan is the subject of a qualified fair value hedge of interest rate risk, the capitalized borrowing costs reflect the interest rate subject to the hedge.

Temporary operating investment income arising from borrowings borrowed for the purpose of acquiring qualifying assets is deducted from capitalizable borrowing costs.

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

11) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, which is measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants related to assets (including property, plant and equipment) are presented in the consolidated statements of financial position by deducting the grant from the carrying amount of the asset. The related grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future-related costs are recognized in profit or loss in the period in which they become receivable.

Government grants toward staff training costs are recognized as gains and losses over the periods necessary to match them with the related costs and are deducted in the related expense.

Government grants relating to the acquisition of property, plant and equipment are treated as deferred income and recognized to profit or loss over the expected useful lives of the assets concerned.

2.2 Material accounting policies (cont'd)

12) Retirement benefit costs and termination benefits

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees provide services for which they are entitled to payment.

In the case of a defined benefit retirement benefit plan, the defined benefit obligation is calculated by an independent actuarial firm using the projected unit credit method and performing an actuarial evaluation at the end of each reporting period. The remeasurement element of the net defined benefit liability, which consists of actuarial gains and losses, income from plan assets (excluding the amount included in the net interest of the net defined benefit liability (asset)), and changes in the asset recognition ceiling effect, is in the period in which the remeasurement element occurs. It is recognized as other comprehensive income and immediately reflected in the consolidated statements of financial position. Remeasurement elements recognized in the consolidated statements of comprehensive income are recognized immediately in retained earnings and are not reclassified to profit or loss in subsequent periods. Past service costs are recognized as an expense when a plan amendment or curtailment occurs or when the Group recognizes related restructuring costs or termination benefits, whichever is earlier. The Group recognizes settlement gains and losses for defined benefit plans when settlement occurs.

Net interest is calculated by applying the discount rate to net defined benefit liabilities (assets). The components of defined benefit cost are comprised of service cost (current service cost, past service cost, and gains and losses due to curtailment and settlement), net interest expense (income) and remeasurement elements.

Service costs are recognized as cost of sales and selling and administrative expenses, net interest expense (or net interest income) is recognized as finance cost, and remeasurement elements are recognized in other comprehensive income. Gains and losses resulting from the reduction of the system are accounted for as past service cost.

Defined benefit obligations in the consolidated financial statements indicate the actual under-accumulation and excess accruals of the defined benefit plan. The excess reserves calculated through these calculations are recognized as assets to the extent of the amount added to the present value of economic benefits available through refunds from the plan or reductions in future contributions to the plan.

Liabilities for termination benefits are recognized at the earlier of the date when the Group can no longer withdraw the offer of termination benefits or when the Group recognizes restructuring costs involving the payment of termination benefits.

Discretionary contributions by employees or third parties reduce service costs when such contributions to the plan are paid. When the formal terms of a plan specify that there will be contributions from employees or third parties, the contributions will affect the remeasurement of the net defined benefit liability (asset) if the contributions are not linked to service. If the contribution is linked to work services, the contribution reduces the cost of work. In the case of contribution amounts determined based on years of service, the Group allocates the contribution to the period of service in accordance with the distribution method required by paragraph 70 of KIFRS 1019 for total salary. On the other hand, in the case of contribution amounts that are independent of years of service, the Group recognizes these contributions as a reduction in service costs for the period in which the related service is provided.

13) Taxes

Income tax expense represents the sum of the current income tax and deferred tax.

2.2 Material accounting policies (cont'd)

13-1) Current income tax

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

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

13-2) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

2.2 Material accounting policies (cont'd)

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

13-3) Recognition of current and deferred taxes

Current and deferred taxes are recognized as income or expenses and included in profit or loss, except when they arise from transactions, events or business combinations that are recognized directly in other comprehensive income or equity in the same or different accounting periods. In the event of a business combination, corporate tax effects are reflected and included in the accounting treatment of the business combination.

13-4) Uncertainty in corporate tax treatment

There is no significant uncertainty over income tax that should be agreed with the taxation authorities. However, due to uncertainties not recognized by the Group, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

14) Property, plant and equipment

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

Subsequent costs are recognized in the carrying amount of an asset or as a consolidated asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

The Group does not depreciate land and certain property, plant and equipment. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

Description	Useful lives (years)
Buildings	20–40
Structures	8–40
Machinery	4–15
Vehicles	4–5
Others	1–12

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

2.2 Material accounting policies (cont'd)

The depreciation method, residual value, and useful life of property, plant and equipment are reviewed at the end of each reporting period, and if a change is deemed appropriate, it is accounted for as a change in accounting estimate.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

15) Investment properties

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

Subsequent costs are recognized in the carrying amount of an asset or as a consolidated asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

While land is not depreciated, all other investment property is depreciated based on the respective assets' estimated useful lives ranging from 4 to 40 years using the straight-line method.

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

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

16) Intangible assets

16-1) Intangible assets acquired separately

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

16-2) Internally generated intangible assets—research and development expenditure

Expenditures on research activities are recognized as expenses in the period in which it is incurred.

2.2 Material accounting policies (cont'd)

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as the intangible assets that are acquired separately.

The Group does not amortize emission rights and certain intangible assets. Amortization expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

Description	Useful lives (years)
Industrial property rights	5 – 10
Software	4 – 5
Others	5 – 9

16-3) Intangible assets acquired in a business combination

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

16-4) Derecognition of intangible assets

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

17) Impairment of property, plant and equipment and intangible assets, except for goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the

2.2 Material accounting policies (cont'd)

recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value, less costs to sell, or value in use. If the recoverable amount of an asset (or a cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount and the reduced amount is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

18) Inventories

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

When inventories are sold, the carrying amount of those inventories is recognized as an expense (cost of sales) in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amounts of inventories recognized as an expense in the period in which the reversal occurs.

19) Provisions

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

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

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

2.2 Material accounting policies (cont'd)

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

19-1) Onerous contracts

In addition, the Group recognizes and measures current obligations under the onerous contracts as provisions. The Group assumes that the Group is liable for the onerous costs incurred by the Group in the event that the unavoidable costs incurred in fulfilling the contractual obligations exceed the economic benefits expected to be received from the contract.

19-2) Provision for restoration

In accordance with the terms of the lease agreement, expenses owed by the Group when restoring leased assets to their original condition are recognized as provisions on the lease commencement date or during a specific period in which the liability becomes liable as a result of using the assets. The provision is measured as the best estimate of the expenditure required to restore the asset, which is reviewed regularly and adjusted to suit new circumstances.

19-3) Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with KIFRS 1037 and the amount recognized initially, less cumulative amount of income recognized in accordance with the principles of KIFRS 1115.

20) Cash and cash equivalents

In the consolidated statements of financial position, cash and bank balances are composed of cash (i.e., cash on hand and demand deposits) and cash equivalents. Cash equivalents are highly liquid, short-term (generally with maturities of three months or less) investments that are easily convertible into predetermined amounts of cash and are subject to an insignificant risk of changes in value. Cash equivalents are held to meet short-term cash needs, not for investment or other purposes.

21) Financial instruments

Financial assets and financial liabilities are recognized in the Group's statements of financial position when the Group becomes a party to a contract. Financial assets and financial liabilities are measured at fair value upon initial recognition, except for trade receivables that do not contain a significant financial component. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

2.2 Material accounting policies (cont'd)

22) Financial assets

All regular-way purchases or sales of financial assets are recognized and derecognized on a trade-date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

22-1) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- financial assets are held under a business model where the purpose is to hold them to receive contractual cash flows; and
- according to the contractual terms of the financial asset, cash flows consisting of only principal and interest payments on the principal balance occur on a specific date.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- holding financial assets under a business model that achieves its objectives through both receiving contractual cash flows and selling financial assets; and
- according to the contractual terms of the financial asset, cash flows consisting of only principal and interest payments on the principal balance occur on a specific date.

By default, all other financial assets are measured subsequently at FVTPL.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see 1-3) below); or
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see 1-4) below).

22-1-1) Amortized cost and effective interest rate method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e., assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses (ECLs), through the expected life of the debt instrument or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, considering ECL, to the amortized cost of the debt instrument on initial recognition.

2.2 Material accounting policies (cont'd)

The amortized cost of a financial asset is calculated by subtracting the repaid principal from the amount measured at the time of initial recognition and adjusting the loss allowance to the amount calculated by adding or subtracting the accumulated amortization amount, calculated by applying the effective interest rate method to the difference between the initial recognition amount and the maturity amount. It is one amount. The gross carrying amount of a financial asset is the amortized cost of the financial asset before adjusting for loss allowances.

Interest income is recognized by applying the effective interest method to debt instruments subsequently measured at amortized cost and FVTOCI. For financial assets, excluding those whose credit was impaired at the time of acquisition, interest income is calculated by applying the effective interest rate to the total carrying amount of the financial asset (excluding financial assets whose credit is subsequently impaired). For financial assets that are subsequently credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If the credit risk of credit-impaired financial instruments improves in the subsequent reporting period and the financial assets are no longer impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial assets.

For financial assets whose credit is impaired at the time of acquisition, interest income is recognized by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from the time of initial recognition. Even if the credit risk of the financial asset subsequently improves and the financial asset is no longer impaired, the calculation of interest income is not changed to the gross carrying amount basis.

Interest income is recognized in profit or loss and is recorded as financial income - interest income based on the effective interest rate method.

22-1-2) Debt instruments classified as at FVTOCI

Upon initial recognition, debt instruments are measured at fair value plus transaction costs. Subsequent changes in the carrying amount of debt instruments as a result of foreign currency translation gains or losses, impairment losses (reversals) and interest income based on the effective interest rate method are recognized in current profit or loss. The amount recognized in profit or loss is the same as the amount that would have been recognized in profit or loss if the debt instrument had been measured at amortized cost. Except for this, all changes in the book value of debt instruments are recognized as other comprehensive income and accumulated as accumulated valuation gains and losses. When a debt instrument is derecognized, accumulated gains and losses recognized in other comprehensive income are reclassified to current profit or loss.

22-1-3) Equity instruments designated as at FVTOCI

Upon initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments that fall under other comprehensive income and fair value items are recognized at fair value, plus transaction costs. Subsequently, it is measured at fair value, and gains or losses arising from changes in fair value are recognized as other comprehensive income and accumulated as accumulated valuation gains or losses. At the time the equity instrument is disposed of, the accumulated gain or loss is not reclassified to profit or loss and is transferred to profit or loss.

2.2 Material accounting policies (cont'd)

If dividends on investments in equity instruments do not clearly indicate the recovery of investment costs, such dividends are recognized in profit or loss in accordance with KIFRS 1109.

At the time of initial recognition, the Group has designated all investments in equity instruments that are not short-term trading items as other comprehensive income-fair value items.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term;
- upon initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term trading; and
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value, plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments' revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments; instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with KIFRS 1109, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'financial income' line item in profit or loss.

22-1-4) Financial assets measured at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see 1-3) above); and
- debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see 1-1) and 1-2) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period and recognized in profit or loss as a result of changes in fair value, except for those designated as hedging relationships. The gain or loss recognized in profit or loss includes dividends received from financial assets and recognized in other income. On the other hand, meanwhile, interest income from FVTPL is recognized in financial income.

2.2 Material accounting policies (cont'd)

22-2) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in other gains and losses;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in other gains and losses. Other exchange differences are recognized in other comprehensive income in the investments' revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in other gains and losses; and
- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments' revaluation reserve.

22-3) Impairment of financial assets

The Group recognizes a loss allowance for ECLs on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current, as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument.

22-3-1) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relates to the Group's core operations.

In particular, the following information is taken into account when assessing whether the credit risk has increased significantly since initial recognition:

2.2 Material accounting policies (cont'd)

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- an actual or expected significant deterioration in the operating results of the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default;
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition, or if an external rating is not available, the asset has an internal rating of 'performing.' Performing means that the counterparty has a strong financial position and there are no past-due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them, as appropriate, to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

22-3-2) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes, as historical experience indicates that the financial assets are generally not recoverable when there is a breach of financial covenants by the debtor or other similar situations, etc.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. However, if there is reasonable and supportive information that proves that defaults occur more than 180 days after arrears, the above-considered provision can be disproved.

2.2 Material accounting policies (cont'd)

22-3-3) Credit-impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- (a) Significant financial difficulty of the issuer or the borrower.
- (b) A breach of contract, such as a default or past-due event (see 3-2) above).
- (c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.
- (e) The disappearance of an active market for that financial asset because of financial difficulties.

22-3-4) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice, where appropriate.

22-3-5) Measurement and recognition of ECLs

The measurement of ECLs is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date, which is determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors and other relevant forward-looking information.

For financial assets, the ECLs are estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECLs are consistent with the cash flows used in measuring the lease receivable in accordance with KIFRS 1116.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs, less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investments' revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statements of financial position.

2.2 Material accounting policies (cont'd)

22-4) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

23) Financial liabilities and equity instruments

23-1) Classification as financial liabilities or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liability and an equity instrument.

23-2) Equity products

An equity instrument is any contract that represents the remaining equity in a Group's assets after deducting all liabilities. Equity instruments issued by the Group are recognized net of the direct issuance cost from the issuance amount.

When the Group reacquires its own equity instruments, these equity instruments are directly deducted from equity. Gains and losses from purchasing or selling, issuing or canceling own equity instruments are not recognized in current profit or loss.

23-3) Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL. However, when a transfer of a financial asset does not qualify for derecognition or the continuing involvement approach is applied, financial liabilities arising and financial guarantee contracts issued are measured in accordance with the specific accounting policies described below.

23-4) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL upon initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term;
- upon initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; and
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

2.2 Material accounting policies (cont'd)

- the financial liability forms part of a group of financial assets or financial liabilities, or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and KIFRS 1109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognized in profit or loss.

23-5) Financial liabilities measured at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

23-6) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with KIFRS 1109 (see financial assets above); or
- the amount recognized initially, less, where appropriate, cumulative amortization recognized in accordance with KIFRS 1115.

2.2 Material accounting policies (cont'd)

23-7) Foreign exchange gains and losses

Financial liabilities denominated in foreign currencies are measured at amortized cost at the end of the reporting period, and foreign currency translation gains and losses are calculated based on the amortized cost of financial instruments. Foreign currency translation gains and losses on financial liabilities, excluding those designated as hedging relationships, are recognized as current profit or loss under 'other income and expenses.' When designated as a hedging instrument to avoid foreign currency risk, foreign currency translation gains and losses are recognized as other comprehensive income and accumulated as a separate item in equity.

The fair value of financial liabilities denominated in a foreign currency is calculated in that foreign currency and converted to the spot exchange rate at the end of the reporting period. For financial liabilities measured at FVTPL, the foreign currency translation element forms part of the fair value profit or loss and is recognized in profit or loss (except for the portion designated as a hedging relationship).

23-8) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid, net of any fees received and discounted using the original effective rate, are at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

24) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset, whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the consolidated financial statements, unless the Group has both legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2.2 Material accounting policies (cont'd)

24-1) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host - with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of KIFRS 1109 are not separated. The entire hybrid contract is classified and subsequently measured as either amortized cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of KIFRS 1109 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months.

24-2) Hedging accounting

The Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. A hedging relationship is considered effective when all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes resulting from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as the ratio between the quantity of the hedged item actually hedged and the quantity of the hedging instrument actually used.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains unchanged, the Group rebalances the hedge by adjusting the hedge ratio so that the hedging relationship meets the qualifying criteria again.

The Group designates the entire change in fair value of forward contracts, including the forward element, as the hedging instrument in the hedging relationship.

24-3) Fair value hedging

The fair value change on qualifying hedging instruments is recognized in profit or loss, except when the hedging instrument hedges an equity instrument designated at FVTOCI, in which case it is recognized in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss.

2.2 Material accounting policies (cont'd)

For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognized in profit or loss instead of other comprehensive income.

When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

24-4) Cash flow hedges

Gains and losses related to ineffective risk hedging are recognized in profit or loss.

Hedging instrument valuation gains and losses previously recognized as other comprehensive income and accumulated in capital items are reclassified to current profit or loss when the hedging item affects current profit or loss and the reclassified amount is hedged in the consolidated statements of comprehensive income. Items related to the target item are recognized. However, when non-financial assets or non-financial liabilities are recognized in the future based on expected transactions subject to risk hedging, hedging instrument valuation gains and losses previously recognized as other comprehensive income and accumulated in capital items are removed from equity and the initial cost of the non-financial assets or non-financial liabilities is removed from equity. This transfer does not affect other comprehensive income. Additionally, if the cash flow hedge reserve is a loss and all or part of the loss is not expected to be recovered in future periods, that amount is immediately reclassified to profit or loss.

Hedge accounting is discontinued only if the hedging relationship (or part of the hedging relationship) does not meet the applicable conditions (even after considering readjustment of the hedging relationship, if applicable). This also includes cases where the hedging instrument is extinguished, sold, terminated or exercised, and discontinuation is accounted for prospectively.

At the time cash flow hedge accounting is discontinued, valuation gains and losses on hedging instruments recognized as other comprehensive income and accumulated in equity items continue to be recognized as equity and are reclassified to profit or loss when forecast transactions are ultimately recognized in profit or loss. However, if the expected transaction is no longer expected to occur, the accumulated valuation gain or loss of the hedging instrument recognized as capital is immediately reclassified in profit or loss.

3. Material accounting judgments, estimates and assumptions:

In the application of The Group's accounting policies described in Note 2, the management is required to make judgments, estimations and assumptions affecting the application of the accounting policies and the carrying amounts of assets and liabilities, and revenues and expenses. Actual results may be different from those estimates.

The estimates and the underlying assumptions are continuously reviewed. The changes in accounting estimates are recognized in the period in which the estimate is changed if the change affects only that period or in the period of change and future periods if the change affects both the current and future periods.

(1) Defined benefits retirement pension

The Group operates a defined benefit retirement benefit system. Defined benefit obligations are calculated by performing an actuarial evaluation at the end of each fiscal year, and in order to apply this actuarial evaluation method, it is necessary to estimate assumptions about the discount rate, expected wage growth rate and mortality rate. Due to the long-term nature of retirement benefit plans, these estimates involve significant uncertainties.

(2) Useful life of property, plant and equipment

The Group reviews the estimated useful life of property, plant and equipment at the end of each reporting period.

(3) Fair value measurement of financial instruments

The Group used valuation techniques that included input variables that were not based on observable market data to estimate the fair value of certain types of financial instruments. Management believes that the valuation techniques and assumptions used to determine the fair value of financial instruments are appropriate.

(4) Uncertainty in estimation of total construction revenue and total construction cost

The total contract revenue and contract asset amount are affected by the percentage-of-completion, which is measured based on accumulated contract costs, and the total contract cost is estimated based on future expectations such as material costs, labor costs, and construction period. Due to changes in internal and external environments, there is uncertainty in the estimation of the total contract cost at the construction site, and due to the long-term nature of the construction site, there is currently uncertainty that the construction completion time at the construction site cannot be accurately predicted.

4. Segment information:

The management is authorized to make strategic decisions that determine the line of business. The Group's management decides about resources to be allocated to each segment and reviews each segment's operating income to evaluate the financial performance.

(1) Details of the profit or loss for each operating segment for each of the two years in the period ended December 31, 2024 are as follows:

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

4. Segment information (cont'd)

For the year ended December 31, 2024

(Korean won in millions)						
	Civil engineering	Housing	Plant	Common	Adjustment or elimination	Total
I. Sales	₩ 1,370,992	₩ 4,948,127	₩ 2,086,794	₩ 2,204	₩ (89,675)	₩ 8,318,442
II. Cost of sales	(1,280,338)	(4,516,187)	(1,692,060)	(1,569)	17,477	(7,472,677)
III. Gross profit	₩ 90,654	₩ 431,940	₩ 394,734	₩ 635	₩ (72,198)	₩ 845,765
Selling and administrative expenses	(47,777)	(236,436)	(124,847)	(163,413)	(2,347)	(574,820)
IV. Operating income (loss)	₩ 42,877	₩ 195,504	₩ 269,887	₩ (162,778)	₩ (74,545)	₩ 270,945
Other income	89,761	25,534	86,819	6,004	(4,997)	203,121
Other expense	(54,871)	(120,337)	(60,198)	(34,043)	21,252	(248,197)
Finance income	9,428	48,733	77,403	74,689	(7,705)	202,548
Finance expense	(9,700)	(45,439)	(64,035)	(36,515)	89,268	(66,421)
Share of profits (losses) of associates and joint ventures	3,149	(5,064)	107	(6,240)	-	(8,048)
V. Income (loss) before income tax expense (benefit)	₩ 80,644	₩ 98,931	₩ 309,983	₩ (158,883)	₩ 23,273	₩ 353,948
Depreciation	(10,262)	(39,563)	(4,117)	(21,686)	-	(75,628)
Amortization	₩ (548)	₩ (4,000)	₩ (2,541)	₩ (1,862)	₩ -	₩ (8,951)

For the year ended December 31, 2023

(Korean won in millions)						
	Civil engineering	Housing	Plant	Common	Adjustment or elimination	Total
I. Sales	₩ 1,365,036	₩ 5,256,862	₩ 1,619,413	₩ 5,109	₩ (255,356)	₩ 7,991,064
II. Cost of sales	(1,222,030)	(4,888,001)	(1,344,008)	(2,072)	247,158	(7,208,953)
III. Gross profit	₩ 143,006	₩ 368,861	₩ 275,405	₩ 3,037	₩ (8,198)	₩ 782,111
Selling and administrative expenses	(55,235)	(168,204)	(55,460)	(159,298)	(13,255)	(451,452)
IV. Operating income (loss)	₩ 87,771	₩ 200,657	₩ 219,945	₩ (156,261)	₩ (21,453)	₩ 330,659
Other income	36,194	19,400	23,421	10,481	(12,427)	77,069
Other expense	(42,532)	(97,620)	(33,353)	(25,817)	(35,239)	(234,561)
Finance income	7,351	55,459	26,730	75,370	(19,201)	145,709
Finance expense	(8,741)	(35,033)	(26,740)	(42,706)	49,859	(63,361)
Share of profits (losses) of associates and joint ventures	(14,900)	(5,570)	1,255	43,453	-	24,238
V. Income (loss) before income tax expense (benefit)	₩ 65,143	₩ 137,293	₩ 211,258	₩ (95,480)	₩ (38,461)	₩ 279,753
Depreciation	(8,314)	(45,446)	(3,729)	(20,173)	(20)	(77,682)
Amortization	₩ (962)	₩ (4,280)	₩ (2,419)	₩ (2,090)	₩ (2,561)	₩ (12,312)

Revenues reported above are from external customers. Transactions between internal segments are excluded from the revenues above.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

4. Segment information (cont'd)

The policies of segments are same as the Group's policies explained above in Note 2. Segment profit is a measure reported to the chief operating decision maker to allocate resources and evaluate a segment's performance.

(2) Assets and liabilities, by reportable segments, as of December 31, 2024 and 2023 are as follows:

As of December 31, 2024

(Korean won in millions)						
	Civil engineering	Housing	Plant	Common	Adjustment or elimination	Total
Investments in associates and joint ventures	₩ 320,903	₩ 163,526	₩ 83,302	₩ 376,679	₩ (385,195)	₩ 559,215
Non-current assets (*1)	24,365	450,323	10,512	192,690	132	678,022
Other assets	1,094,028	4,701,558	1,226,147	1,971,098	(517,666)	8,475,165
Total assets	1,439,296	5,315,407	1,319,961	2,540,467	(902,729)	9,712,402
Total liabilities	868,891	2,302,780	1,934,300	1,165,269	(1,404,548)	4,866,692
Impairment of assets and reversal of impairment of assets (*2)	₩ -	₩ (1,442)	₩ (1,256)	₩ -	₩ -	₩ (2,698)

(*1) Excluding the rights from financial instruments, retirement benefit assets, insurance contracts, etc.

(*2) The impairment of assets and reversal of impairment of assets recognized by each reportable segment as of December 31, 2024.

As of December 31, 2023

(Korean won in millions)						
	Civil engineering	Housing	Plant	Common	Adjustment or elimination	Total
Investments in associates and joint ventures	₩ 274,641	₩ 121,814	₩ 59,283	₩ 375,921	₩ (346,917)	₩ 484,742
Non-current assets (*1)	22,820	336,824	7,684	215,964	132	583,424
Other assets	983,748	4,336,962	1,024,480	2,496,254	(565,551)	8,275,893
Total assets	1,281,209	4,795,600	1,091,447	3,088,139	(912,336)	9,344,059
Total liabilities	746,191	2,527,375	1,827,787	891,696	(1,417,771)	4,575,278
Impairment of assets and reversal of impairment of assets (*2)	₩ (38,981)	₩ -	₩ (9,829)	₩ (498)	₩ (15,557)	₩ (64,865)

(*1) Excluding the rights from financial instruments, retirement benefit assets, insurance contracts, etc.

(*2) The impairment of assets and reversal of impairment of assets recognized by each reportable segment as of December 31, 2023.

(3) Information by areas

The Group operates its business in four main global areas. Revenues from continuing operations generated from the external customers are analyzed by the geographic area and details of sales and assets thereof as of December 31, 2024 and 2023 are as follows:

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

4. Segment information (cont'd)

As of and for the year ended December 31, 2024

(Korean won in millions)							
	Korea	Middle East	Asia	Europe	Other	Adjustment or elimination	Total
Total assets	₩ 8,833,393	₩ 478,140	₩ 359,324	₩ 679,143	₩ 265,131	₩ (902,729)	₩ 9,712,402
Non-current assets (*1)	662,570	58	14,345	146	771	132	678,022
Sales from external customers	₩ 7,222,207	₩ 302,159	₩ 200,629	₩ 399,174	₩ 283,948	₩ (89,675)	₩ 8,318,442

(*1) Excluding the rights from financial instruments, postemployment benefit assets, insurance contracts, etc.

As of and for the year ended December 31, 2023

(Korean won in millions)							
	Korea	Middle East	Asia	Europe	Other	Adjustment or elimination	Total
Total assets	₩ 8,747,890	₩ 391,065	₩ 295,604	₩ 556,592	₩ 265,244	₩ (912,336)	₩ 9,344,059
Non-current assets (*1)	567,233	109	15,652	268	30	132	583,424
Sales from external customers	₩ 6,922,606	₩ 341,711	₩ 358,563	₩ 414,109	₩ 209,431	₩ (255,356)	₩ 7,991,064

(*1) Excluding the rights from financial instruments, postemployment benefit assets, insurance contracts, etc.

(4) Information of key customers

The Group has no key customers who occupied more than 10% of the Group's sale for the year ended December 31, 2024.

5. Financial instruments with restrictions on use:

Details of restricted deposits as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)				
Sortation	Institution	Dec.31, 2024	Dec. 31, 2023	Restriction
Cash and cash equivalents	Woori Bank	₩ 4,689	₩ -	Provisional seizure and pledged as collateral
Short-term financial instruments	Woori Bank and others	37,445	26,913	Restriction on withdrawal and pledged as collateral
Long-term financial instruments	Woori Bank and others	1,038	20,556	Pledged as collateral and others
Total		₩ 43,172	₩ 47,469	

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

6. Contract assets and liabilities:

(1) Details of construction revenue recognized for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)			
	Construction revenue recognized		
	2024		2023
Civil engineering	\	1,343,784	\ 1,338,650
Housing (*1)		4,930,618	5,189,627
Plant		1,988,839	1,338,229
Total	\	8,263,241	\ 7,866,506

(*1) The ending balance of the housing division includes the balance of the contract due to lotting out.

The ending balance of the contract amount of the Group as of December 31, 2024 is KRW 30,177,787 million, while it was KRW 30,904,811 million as of December 31, 2023.

(2) Details of accumulated construction profits or losses and contract assets and liabilities as of December 31, 2024 and 2023 are as follows. Completed contracts of which contract asset balance or uncollected amount remains due to the terms of the contracts are included.

As of December 31, 2024

(Korean won in millions)							
	Accumulated construction revenue	Accumulated construction cost	Accumulated construction profit	Contract asset (*1)	Contract liability (* 2)	Construction loss provisions	Withholding
Civil engineering	₩ 6,124,385	₩ 5,629,414	₩ 494,971	₩ 214,617	₩ 241,026	₩ 2,500	₩ 18,144
Housing	8,144,837	7,206,642	938,195	606,654	333,232	4,936	-
Plant	6,537,776	5,682,798	854,978	64,883	810,895	15,743	244,238
Total	₩ 20,806,998	₩ 18,518,854	₩ 2,288,144	₩ 886,154	₩ 1,385,153	₩ 23,179	₩ 262,382

(*1) Changes in ECLs to contract assets for the year ended December 31, 2024 are as follows:

(Korean won in millions)				
	Beginning balance	Collective assessment	Individual assessment	Ending balance
Contract asset	₩ 1,723	₩ 45	₩ -	₩ 1,768

(*2) The Group recognized the gain on construction contracts amounting to KRW 624,473 million for the year ended December 31, 2024 as the balance of contract liabilities carried forward.

As of December 31, 2023

(Korean won in millions)							
	Accumulated construction revenue	Accumulated construction cost	Accumulated construction profit	Contract asset (*1)	Contract liability (* 2)	Construction loss provisions	Withholding
Civil engineering	₩ 6,515,105	₩ 5,865,824	₩ 649,281	₩ 237,813	₩ 144,808	₩ 4,513	₩ 18,486
Housing	7,766,823	6,798,098	968,725	641,644	343,054	15,648	-
Plant	4,623,624	4,110,407	513,217	9,817	693,056	19,243	203,898
Total	₩ 18,905,552	₩ 16,774,329	₩ 2,131,223	₩ 889,274	₩ 1,180,918	₩ 39,404	₩ 222,384

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

6. Contract assets and liabilities (cont'd)

(*1) Changes in ECLs to contract assets for the year ended December 31, 2024 are as follows:

(Korean won in millions)				
	Beginning balance	Collective assessment	Individual assessment	Ending balance
Contract asset	₩ 1,992	₩ (269)	₩ -	₩ 1,723

(*2) The Group recognized the gain on construction contracts amounting to KRW472,142 million for the year ended December 31, 2024 as the balance of contract liabilities carried forward.

(3) For the ongoing contracts at the beginning of the current year of which revenues are recognized by the cost-to-cost input method, the changes in estimates of total contract amount and total contract cost for each of the two years in the period ended December 31, 2024 and the effects of those changes on the construction profits for current and subsequent periods and the balance of the contract assets and liabilities are as follows:

As of December 31, 2024

(Korean won in millions)						
	Estimated total contract revenue variance	Estimated total contract cost variance	Effect on construction profit and loss		Changes in contract asset (*1)	Changes in contract liability (*1)
			Current period	Future period		
Civil	₩ 321,573	₩ 269,010	₩ (10,142)	₩ 62,705	₩ (15,057)	₩ (4,915)
Housing	559,060	483,949	12,509	62,602	(20,258)	(32,767)
Plant	356,753	188,959	38,413	129,381	(4,071)	(42,484)
Total	₩ 1,237,386	₩ 941,918	₩ 40,780	₩ 254,688	₩ (39,386)	₩ (80,166)

(*1) Containing changes in the provision for construction loss.

As of December 31, 2023

(Korean won in millions)						
	Estimated total contract revenue variance	Estimated total contract cost variance	Effect on construction profit and loss		Changes in contract asset (*1)	Changes in contract liability (*1)
			Current period	Future period		
Civil	₩ 362,202	₩ 318,159	₩ 31,041	₩ 13,002	₩ (7,034)	₩ (38,075)
Housing	722,144	845,552	(130,420)	7,012	(142,013)	(11,593)
Plant	70,204	(38,007)	52,189	56,022	7,518	(44,671)
Total	₩ 1,154,550	₩ 1,125,704	₩ (47,190)	₩ 76,036	₩ (141,529)	₩ (94,339)

(*1) Containing changes in the provision for construction loss.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

6. Contract assets and liabilities (cont'd)

(4) Details of major contracts in which the contract amount is more than 5% of the sales of the prior year of the Group are as follows:

As of December 31, 2024

Project (*1)	Contract date	Completion date on contracts (*2)	Completion rate	(Korean won in millions)			
				Contract asset		Construction work receivables	
				Total	Loss allowance (*3)	Total	Loss allowance (*3)
GTX-A5	Mar. 20, 2019	Mar. 31, 2025	95.57%	₩ 3,617	₩ -	₩ 25,472	₩ -
Youngdong-Pumped Hydroelectric Storage	Aug. 31, 2024	Dec. 31, 2030	0.19%	819	-	435	-
ACRO De Seocho	Aug. 27, 2017	Nov. 22, 2028	4.78%	25,033	-	-	-
Anyang Naengcheon-District Residential Environment Improvement	Aug. 22, 2018	Jan. 22, 2025	98.27%	106,117	-	-	-
Asan Tangjeong Public-Funded Private Rental Apartment	Sep. 4, 2024	Jan. 10, 2028	0.91%	652	-	-	-
Hyundai Chemical HPC Project PKG-3	Nov. 5, 2019	Jun. 30, 2025	99.85%	-	-	-	-
S-OIL SHAHEEN TC2C	Mar. 8, 2023	Jun. 30, 2026	37.18%	-	-	7,701	-
GS Bucheon Combined Heat and Power Plant	Dec. 6, 2023	Dec. 31, 2029	11.75%	-	-	2,401	-
LG Chemical ABS reconstruction	Aug. 16, 2022	Jul. 31, 2025	94.05%	20,166	-	15,188	-
TTP1	Feb. 13, 2015	Dec. 31, 2025	99.94%	6,954	-	-	-
MCRP	Oct. 8, 2020	Mar. 31, 2027	45.55%	-	-	17,131	-
Thai Bhin2 PP	May 22, 2012	Mar. 31, 2026	95.64%	-	-	48,893	-
GTPP	Apr. 5, 2022	Jun. 25, 2026	61.20%	-	-	27,521	-
Maaden Ammonia III	Oct. 22, 2018	Mar. 31, 2025	99.01%	-	-	36,551	-
Baltic PE/LAO	Dec. 29, 2021	Feb. 28, 2027	31.75%	-	-	102,405	-
Moscow AORC HCU	Mar. 9, 2021	Sep. 30, 2026	66.65%	₩ 8,607	₩ -	₩ 3,688	₩ -

(*1) No closed contracts exist.

(*2) The completion date on contracts or approximate date of each project.

(*3) There is no individual loss on receivables by each project as of December 31, 2024, and the amount of collective loss by each sector has been excluded.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

6. Contract assets and liabilities (cont'd)

As of December 31, 2023

(Korean won in millions)							
Project (*1)	Contract date	Completion date on contracts (*2)	Completion rate	Contract asset		Construction work receivables	
				Total	Loss allowance (*3)	Total	Loss allowance (*3)
GTX-A5	Mar. 20, 2019	Jun. 29, 2024	66.63%	₩ 22,457	₩ -	₩ -	₩ -
e-Pyeonhangesang Geumbit Grand Maison	Sep. 26, 2014	Dec. 31, 2023	100.00%	5,438	-	-	-
e-Pyeonhangesang Bupyeong Grand Hills	Apr. 18, 2019	Oct. 31, 2023	100.00%	-	-	25,217	-
Anyang Naengcheon-District Residential Environment Improvement	Aug. 22, 2018	Jan. 22, 2025	46.68%	37,486	-	-	-
Hyundai Chemical HPC Project PKG-3	Nov. 5, 2019	Jun. 30, 2024	99.85%	-	-	-	-
S-OIL SHAHEEN TC2C	Mar. 8, 2023	Jun. 30, 2026	11.79%	-	-	3,809	-
LG Chemical ABS reconstruction	Aug. 16, 2022	Aug. 31, 2025	46.98%	-	-	17,271	-
e-Pyeonhangesang Geoje Euro Sky	May 21, 2021	Nov. 29, 2023	100.00%	106,157	-	-	-
GS Bucheon Combined Heat and Power Plant	Dec. 6, 2023	Dec. 31, 2029	0.04%	-	-	-	-
TTP1	Feb. 13, 2015	Jul. 27, 2024	99.89%	5,124	-	-	-
Thai Binh2 PP	May 22, 2012	Jun. 30, 2025	94.48%	-	-	42,962	-
PROJECT SPRING	Apr. 8, 2022	Sep. 30, 2024	71.90%	-	-	6,771	-
GTPP	Apr. 5, 2022	Sep. 30, 2026	29.19%	-	-	11,797	-
Maaden Ammonia III Project	Oct. 22, 2018	Apr. 30, 2024	97.96%	-	-	70,006	-
Canakkale	Mar. 16, 2018	Dec. 31, 2023	100.00%	-	-	25,968	-
Baltic PE/LAO	Dec. 29, 2021	May 31, 2026	15.38%	-	-	148,180	-
Moscow AORC HCU	Mar. 9, 2021	Mar. 31, 2026	55.56%	₩ -	₩ -	₩ 194	₩ -

(*1) No closed contracts exist.

(*2) The completion date on contracts or approximate date of each project.

(*3) There is no individual loss on receivables by each project as of December 31, 2023, and the amount of collective loss by each sector has been excluded.

6. Contract assets and liabilities (cont'd)

(5) Details of major joint arrangement projects as of December 31, 2024 are as follows:

(Korean won in millions)				
Project	Total contract amount	The Group's attributed contract amount	The Group's ownership	Lead company
S-OIL SHAHEEN TC2C	₩ 5,488,457	₩ 1,425,352	25.97	Hyundai E&C Co., Ltd.
GTPP	1,821,867	728,747	40.00	Zachry Industrial, Inc.
GTX-A5	601,821	499,391	82.98	The Group
Youngdong-Pumped Hydroelectric Storage	503,421	437,976	87.00	The Group
Anyang Naengcheon-District Residential Environment Improvement	605,472	423,831	70.00	The Group
MCRP	800,748	400,374	50.00	Acciona
GTX-A6	463,061	374,339	80.84	The Group
Namhae-Yeosoo Road	651,656	357,121	54.80	The Group
Kais CAPP	693,849	346,925	50.00	GS Engineering & Construction Corp.
Busan New Port North Container Terminal 2nd Phase Port Hinterland Development Project	₩ 669,224	₩ 281,074	42.00	The Group

The Group classifies and accounts for the above joint arrangement projects as joint operation and attributed revenue and expense incurred from joint arrangement to the Group

(6) Details of the contract cost as of December 31, 2024 are as follows:

(Korean won in millions)		
Category	December 31, 2024	December 31, 2023
Cost to fulfil a contract	₩ 167,582	₩ 106,045

Costs to fulfil a contract are prepaid construction expenses incurred prior to the start of construction and consist of short- and long-term prepaid construction expenses. There is no impairment loss recognized for the year ended December 31, 2024 related to the capitalized cost.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

7. Financial instruments and fair value:

(1) Details of the Group's financial assets by category as of December 31, 2024 and 2023 are as follows:

		(Korean won in millions)			
		December 31, 2024		December 31, 2023	
		Carrying value	Fair value	Carrying value	Fair value
Fair value measurement of financial assets	Financial assets at FVTPL	\ 190,405	\ 190,405	\ 178,284	\ 178,284
	Financial assets at FVTOCI	3,367	3,367	46,803	46,803
	Derivative assets	29,108	29,108	13,132	13,132
Financial assets at amortized cost	Cash and cash equivalents	1,864,415	1,864,415	2,004,092	2,004,092
	Short-term financial instruments	206,696	206,696	204,573	204,573
	Trade receivables	1,040,893	1,040,893	851,222	851,222
	Short-term loans	91,136	91,136	73,061	73,061
	Current accounts receivable	481,291	481,291	396,312	396,312
	Accrued income	79,781	79,781	17,617	17,617
	Deposits (current)	46,793	46,793	66,751	66,751
	Financial assets at amortized cost	251	251	204	204
	Long-term financial assets	1,539	1,539	24,967	24,967
	Long-term trade receivables	313,381	313,381	310,651	310,651
	Long-term loans	650,562	650,562	648,865	648,865
	Non-current accounts receivable	413,269	413,269	445,795	445,795
	Long-term accrued income	14,303	14,303	14,303	14,303
	Deposits (non-current)	364,015	364,015	377,866	377,866
Other assets	Current lease receivables	636	636	5,945	5,945
	Non-current lease receivables	80	80	10,948	10,948
Total		\ 5,791,921	\ 5,791,921	\ 5,691,391	\ 5,691,391

7. Financial instruments and fair value (cont'd)

(2) Details of financial liabilities by categorization as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)					
		December 31, 2024		December 31, 2023	
		Carrying value	Fair value	Carrying value	Fair value
Fair value measurement of financial liabilities	Derivative liabilities	₩ 20,502	₩ 20,502	₩ 7,900	₩ 7,900
Financial liabilities at amortized cost	Trade payables	1,053,817	1,053,817	1,060,596	1,060,596
	Accounts payable	585,930	585,930	283,328	283,328
	Leasehold deposit received	2,679	2,679	2,194	2,194
	Accrued expenses	95,721	95,721	123,152	123,152
	Short-term borrowings	160,000	160,000	144,800	144,800
	Current portion of long-term liabilities	70,252	70,252	375,371	375,371
	Debentures	419,056	419,056	209,122	209,122
	Long-term borrowings	427,772	427,772	418,484	418,484
	Long-term trade payable	10,087	10,087	8,861	8,861
	Long-term accounts payable	5,236	5,236	687	687
	Long-term leasehold deposits received	9,454	9,454	10,760	10,760
Other liabilities	Current financial guarantee Contract liabilities	7,369	7,369	12,297	12,297
	Current lease liabilities	53,590	53,590	61,976	61,976
	Non-current lease liabilities	24,222	24,222	59,670	59,670
Total		₩ 2,945,687	₩ 2,945,687	₩ 2,779,198	₩ 2,779,198

(3) The Group classified financial instruments measured at fair value in the consolidated financial statements into the following fair value hierarchy according to the input variables used in fair value measurement:

(Level 1) (unadjusted) quoted price in the active market for the same asset or liability;

(Level 2) input variables to assets or liabilities that are observable either directly (e.g., price) or indirectly (e.g., derived from price), except for the quoted price included in Level 1; and

(Level 3) input variables for assets or liabilities (unobservable input variables) not based on observable market data.

The fair value of financial instruments measured at fair value in the consolidated statements of financial position as of December 31, 2024 and 2023 is classified as follows:

7. Financial instruments and fair value (cont'd)

As of December 31, 2024

(Korean won in millions)				
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL	\ -	\ 1,431	\ 188,974	\ 190,405
Financial assets at FVTOCI	-	3,358	9	3,367
Derivative assets (*1)	-	424	28,684	29,108
Subtotal	\ -	\ 5,213	\ 217,667	\ 222,880
Financial liabilities				
Derivative liabilities (*1)	\ -	\ 5,465	\ 15,037	\ 20,502

(*1) Including current portion.

As of December 31, 2023

(Korean won in millions)				
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL	\ -	\ 1,376	\ 176,908	\ 178,284
Financial assets at FVTOCI	-	46,794	9	46,803
Derivative assets (*1)	-	13,132	-	13,132
Subtotal	\ -	\ 61,302	\ 176,917	\ 238,219
Financial liabilities				
Derivative liabilities (*1)	\ -	\ 7,900	\ -	\ 7,900

(*1) Including current portion.

(4) Changes in the carrying amounts of financial assets measured at fair value with Level 3 inputs for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
Beginning balance	\ 176,917	\ 172,481
Effects on gain (loss):		
Net income	14,203	7,126
Acquisition	6,802	30,673
Disposal	(1,000)	(12,535)
Transfer of assets held for sale	-	(20,828)
Other gain	20,745	-
Ending balance	\ 217,667	\ 176,917

(5) The Group recognizes movements between levels when events or changes in circumstances bring about level shifts. In addition, there is no significant movement between Level 1 and Level 2 for the year ended December 31, 2024.

7. Financial instruments and fair value (cont'd)

(6) The Group uses the following valuation techniques and input variables for recurring fair value measurements, non-recurring fair value measurements and fair value disclosures that are classified as Level 2 and Level 3 in the fair value hierarchy.

(Korean won in millions)					
Category	Fair value	Level	Valuation technique	Input variable	The relationship between non-observable inputs and fair value measurements
Financial assets measured at fair value					
Social overhead capital("SOC") stock, Project financing, capital investments vehicle("PFV"), Beneficial securities, Startup, DLB	₩188,974	3	Income Approach The discounted cash flow method is used to estimate the present value of future economic benefits expected to be derived from the ownership of the investee company.	Long-term sales growth rate considering management's experience and knowledge of the market conditions in a specific industry	The fair value increases as the sales growth rate increases. If all other variables remain constant and the sales growth rate rises (falls), then the book value will increase (decrease).
				Pre-tax operating margin rate and pre-tax profit margin rate considering management's experience and knowledge of the market conditions in a specific industry	The fair value increases as the pre-tax operating income (pre-tax profit) increases. If all other variables remain constant and the pre-tax operating income (pre-tax profit) rises (falls), then the book value will increase (decrease).
				Weighted average cost of capital (WACC) and cost of own equity	The fair value decreases as the weighted average cost of capital (cost of equity) increases. If all other variables remain constant and the weighted average cost of capital (cost of equity) rises (falls), then the book value will decrease (increase).
Debt securities	4,789	2	Discounted Cash Flows Future cash flows estimated based on interest rates are discounted using a discount rate that reflects the credit risk of various counterparties	Not applicable	Not applicable
Non-marketable stock	9	3	Income Approach The discounted cash flow method is used to estimate the present value of future economic benefits expected to be derived from the ownership of the investee company.	Long-term sales growth rate considering management's experience and knowledge of the market conditions in a specific industry	The fair value increases as the sales growth rate increases. If all other variables remain constant and the sales growth rate rises (falls), then the book value will increase (decrease).
				Pre-tax operating margin rate and pre-tax profit margin rate considering management's experience and knowledge of the market conditions	The fair value increases as the pre-tax operating income (pre-tax profit) increases. If all other variables remain constant and the pre-tax operating income (pre-tax profit) rises (falls), then the book value will increase (decrease).

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

(Korean won in millions)					
Category	Fair value	Level	Valuation technique	Input variable	The relationship between non-observable inputs and fair value measurements
				in a specific industry	
				Weighted average cost of capital (WACC) and cost of equity	The fair value decreases as the weighted average cost of capital (cost of equity) increases. If all other variables remain constant and the weighted average cost of capital (cost of equity) rises (falls), then the book value will decrease (increase).
Derivatives (assets)					
Currency forward and others	424	2	Discounted Cash Flows Future cash flows estimated based on interest rates are discounted using a discount rate that reflects the credit risk of various counterparties	Not applicable	Not applicable
Options	28,684	3	Binomial Model The fair value of the option was calculated assuming that the subject stock increases or decreases according to risk-neutral probabilities. The credit risk of the counterparty is considered by discounting at a risk-adjusted discount rate.	-Underlying asset volatility -Risk-free interest rate -Remaining maturity	The fair value increases as the volatility of the underlying asset increases and as the risk-free interest rate rises. Conversely, the fair value decreases as the remaining maturity shortens.
Derivatives (liabilities)					
Currency forward and others	5,465	2	Discounted Cash Flows Future cash flows estimated based on interest rates are discounted using a discount rate that reflects the credit risk of various counterparties	Not applicable	Not applicable
Options	₩ 15,037	3	Binomial Model The fair value of the option was calculated assuming that the subject stock increases or decreases according to risk-neutral probabilities. The credit risk of the counterparty is considered by discounting at a risk-adjusted discount rate.	-Underlying asset volatility -Risk-free interest rate -Remaining maturity	The fair value increases as the volatility of the underlying asset increases and as the risk-free interest rate rises. Conversely, the fair value decreases as the remaining maturity shortens.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

8. Fair value measurement of financial assets:

Details of fair value measurement of financial assets as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)				
Category	December 31, 2024		December 31, 2023	
Financial assets at FVTPL:				
Debt instruments (PFV)	₩	7,063	₩	563
Debt instruments (capital investments)		124,488		116,053
Debt instruments (beneficiary certificates and others)		15,248		18,532
Debt instruments (SOC)		42,706		42,236
Debt instruments (start-up)		900		900
Subtotal	₩	190,405	₩	178,284
Financial assets at FVTOCI:				
Equity instruments (non-marketable)		9		9
Debt instruments (government bonds)		3,358		568
Debt instruments (corporate bonds)		-		46,226
Subtotal	₩	3,367	₩	46,803
Total	₩	193,772	₩	225,087

9. Trade and other accounts receivable:

(1) Details of trade and other accounts receivable as of December 31, 2024 and 2023 are as follows:

As of December 31, 2024

(Korean won in millions)					
Category		Gross amount	Allowance for credit loss	Discount on present value	Net amount
Current	Trade receivables	₩ 1,139,152	₩ (98,259)	₩ -	₩ 1,040,893
	Short-term loans	113,672	(22,536)	-	91,136
	Accounts receivable	535,901	(54,593)	(17)	481,291
	Accrued income	82,414	(2,633)	-	79,781
	Short-term deposit	46,977	(184)	-	46,793
	Subtotal	₩ 1,918,116	₩ (178,205)	₩ (17)	₩ 1,739,894
Non-current	Trade receivables	682,516	(369,135)	-	313,381
	Long-term loans	973,107	(322,545)	-	650,562
	Accounts receivable	668,863	(255,561)	(33)	413,269
	Accrued income	46,301	(31,998)	-	14,303
	Deposits	365,554	(1,521)	(18)	364,015
	Subtotal	₩ 2,736,341	₩ (980,760)	₩ (51)	₩ 1,755,530
Total		₩ 4,654,457	₩ (1,158,965)	₩ (68)	₩ 3,495,424

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

9. Trade and other accounts receivable (cont'd)

As of December 31, 2023

(Korean won in millions)					
Category		Gross amount	Allowance for credit loss	Discount on present value	Net amount
Current	Trade receivables	₩ 881,536	₩ (30,314)	₩ -	₩ 851,222
	Short-term loans	75,432	(2,371)	-	73,061
	Accounts receivable	445,138	(48,812)	(14)	396,312
	Accrued income	20,860	(3,243)	-	17,617
	Short-term deposit	66,935	(184)	-	66,751
	Subtotal	₩ 1,489,901	₩ (84,924)	₩ (14)	₩ 1,404,963
Non-current	Trade receivables	650,301	(339,650)	-	310,651
	Long-term loans	1,017,714	(361,249)	(7,600)	648,865
	Accounts receivable	693,922	(248,065)	(62)	445,795
	Accrued income	46,301	(31,998)	-	14,303
	Deposits	379,426	(1,529)	(31)	377,866
	Subtotal	₩ 2,787,664	₩ (982,491)	₩ (7,693)	₩ 1,797,480
Total		₩ 4,277,565	₩ (1,067,415)	₩ (7,707)	₩ 3,202,443

(2) Credit risk and loss allowance for trade and other account receivable

The average credit contribution period for trade and other accounts receivable of each segment is 180 days, and the Group measures the loss allowance at an equal amount to lifetime ECLs for the receivables.

ECLs on trade and other accounts receivable are determined considering analysis on the debtor's current financial position, including the debtor's past default experience and specific factors to the borrower, the general economic environment and the assessment of the current situation at the reporting date, as well as of how the situation would change in the future.

The Group writes off trade and other accounts receivable when both conditions are met: i. there is any information indicating the debtor is facing serious financial difficulties, such as liquidation of the debtor or commencement of bankruptcy proceedings; and ii. when there is no reasonable expectation of recovery.

(3) Changes in (reversal of) provisions for credit losses for each of the two years period ended December 31, 2024 are as follows:

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

9. Trade and other accounts receivable (cont'd)

As of December 31, 2024

(Korean won in millions)							
Category	Beginning balance	(Reversal of) provisions for credit losses		Write-off	Other (*2)	Ending balance	
		Individual assessment	Collective assessment (*1)				
Current	Trade receivables	₩ 30,314	₩ 63,604	₩ 4,336	₩ -	₩ 5	₩ 98,259
	Short-term loans	2,371	20,128	37	-	-	22,536
	Accounts receivable	48,812	4,794	1,488	(231)	(270)	54,593
	Accrued income	3,243	(610)	-	-	-	2,633
	Short-term deposits	184	-	-	-	-	184
	Subtotal	₩ 84,924	₩ 87,916	₩ 5,861	₩ (231)	₩ (265)	₩ 178,205
Non-current	Trade receivables	339,650	28,218	233	-	1,034	369,135
	Long-term loans	361,249	27,749	(36)	(69,796)	3,379	322,545
	Accounts receivable	248,065	3,189	(773)	-	5,080	255,561
	Accrued income	31,998	-	-	-	-	31,998
	Deposits	1,529	-	9	-	(17)	1,521
	Subtotal	₩ 982,491	₩ 59,156	₩ (567)	₩ (69,796)	₩ 9,476	₩ 980,760
Total	₩1,067,415	₩ 147,072	₩ 5,294	₩ (70,027)	₩ 9,211	₩ 1,158,965	

(*1) The Group calculated lifetime ECLs based on the historical recovery rate of the trade receivables and reflected lifetime ECLs as loss allowance for the balance of the bonds by the end of age.

(*2) Including transfers of current portion and changes due to the foreign currency translation.

As of December 31, 2023

(Korean won in millions)								
Category	Beginning balance	(Reversal of) provisions for credit losses		Write-off	Other (*2)	Variation in consolidated range(*3)	Ending balance	
		Individual assessment	Collective assessment (*1)					
Current	Trade receivables	₩ 35,120	₩ (6,473)	₩ 2,395	₩ (28)	₩ (700)	₩ -	₩ 30,314
	Short-term loans	1,672	569	(41)	(569)	-	740	2,371
	Accounts receivable	57,153	(22,157)	8,952	-	4,762	102	48,812
	Accrued income	3,591	(151)	12	(209)	-	-	3,243
	Short-term deposits	184	-	-	-	-	-	184
	Subtotal	₩ 97,720	₩ (28,212)	₩ 11,318	₩ (806)	₩ 4,062	₩ 842	₩ 84,924
Non-current	Trade receivables	348,720	(10,744)	813	-	861	-	339,650
	Long-term loans	341,033	7,548	(47)	-	12,715	-	361,249
	Accounts receivable	224,761	23,235	-	-	69	-	248,065
	Accrued income	31,638	360	-	-	-	-	31,998
	Deposits	1,814	(165)	(120)	-	-	-	1,529
	Subtotal	₩ 947,966	₩ 20,234	₩ 646	₩ -	₩13,645	₩ -	₩ 982,491
Total	₩1,045,686	₩ (7,978)	₩ 11,964	₩ (806)	₩17,707	₩ 842	₩1,067,415	

(*1) The Group calculated lifetime ECLs based on the historical recovery rate of the trade receivables and reflected lifetime ECLs as loss allowance for the balance of the bonds by the end of age.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

9. Trade and other accounts receivable (cont'd)

(*2) Including transfers of current portion and changes due to the foreign currency translation.

(*3) For the year ended December 31, 2023, the Group obtained control over the entity by acquiring an additional 75% of stake in DL Engineering & Construction Malaysia Sdn. Bhd., over which the Group had held significant influence, resulting in a 100% of shareholding in the entity. In addition, the Group acquired control over NS Partners Co., Ltd. for the year ended December 31, 2024.

(4) The aging analysis of trade and other account receivables past due but not impaired as of December 31, 2024 and 2023 is as follows:

As of December 31, 2024

(Korean won in millions)						
Category		Less than 6 months	1 year - 2 year	2 year- 3 years	More than 3 years	Total
Current	Trade receivables	₩ 88,933	₩ 46,866	₩ 3,976	₩ 10,467	₩ 150,242
	Short-term loans	-	-	21	5,963	5,984
	Accounts receivable	74,914	12,723	10,377	31,415	129,429
	Accrued income	15,437	22,289	-	-	37,726
	Total	₩ 179,284	₩ 81,878	₩ 14,374	₩ 47,845	₩ 323,381

As of December 31, 2023

(Korean won in millions)						
Category		Less than 6 months	1 year - 2 year	2 year- 3 years	More than 3 years	Total
Current	Trade receivables	₩ 17,944	₩ 38,531	₩ 5,759	₩ 12,696	₩ 74,930
	Short-term loans	-	21	389	5,574	5,984
	Accounts receivable	32,715	18,666	10,810	39,494	101,685
	Accrued income	152	-	523	-	675
	Total	₩ 50,811	₩ 57,218	₩ 17,481	₩ 57,764	₩ 183,274

(5) The aging analysis of trade and other receivables impaired as of December 31, 2024 and 2023 are as follows:

As of December 31, 2024

(Korean won in millions)							
Category		Less than 6 months	6 months- 1 year	1 year- 2 years	2 years- 3 years	More than 3 years	Total
Current	Trade receivables	₩ 21,338	₩ 51,834	₩ 50,049	₩ 12,769	₩ 1,760	₩ 137,750
	Short-term loans	16,450	3,677	-	-	1,510	21,637
	Accounts receivable	14,769	2,585	3,805	2,607	25,196	48,962
	Accrued income	2,056	-	-	-	-	2,056
	Total	₩ 54,613	₩ 58,096	₩ 53,854	₩ 15,376	₩ 28,466	₩ 210,405
Non-current	Trade receivables	28,422	-	59,859	4,368	481,107	573,756
	Long-term loans	48,428	5,222	31,347	23,633	703,813	792,443
	Accounts receivable	7,866	4,640	22,719	166	548,760	584,151
	Accrued income	-	-	360	-	31,638	31,998
	Deposits	-	-	-	-	1,475	1,475
Total	₩ 64,716	₩ 9,862	₩ 114,285	₩ 28,167	₩ 1,766,793	₩ 1,983,823	

9. Trade and other accounts receivable (cont'd)

As of December 31, 2023

		(Korean won in millions)					
Category		Less than 6 months	6 months- 1 year	1 year- 2 years	2 years- 3 years	More than 3 years	Total
Current	Trade receivables	₩ -	₩ -	₩ 16,941	₩ 2,091	₩ 7,141	₩ 26,173
	Short-term loans	-	-	-	1,510	-	1,510
	Accounts receivable	677	34	36	566	15,784	17,097
	Accrued income	-	-	-	-	3,220	3,220
	Short-term deposits	-	-	-	-	184	184
	Total	₩ 677	₩ 34	₩ 16,977	₩ 4,167	₩ 26,329	₩ 48,184
Non-current	Trade receivables	66,356	-	4,342	-	363,202	433,900
	Long-term loans	20,096	7,759	22,403	4,374	463,142	517,774
	Accounts receivable	2,264	20,259	146	235,312	337,993	595,974
	Accrued income	-	360	-	-	31,638	31,998
	Deposits	-	-	-	-	1,475	1,475
	Total	₩ 88,716	₩ 28,378	₩ 26,891	₩ 239,686	₩ 1,197,450	₩ 1,581,121

(6) The maximum exposures to credit risk as of December 31, 2024 are the fair value of trade and other accounts receivable as mentioned above. Meanwhile, the Group's trade and other accounts receivable are measured at amortized cost and their fair values are the same as their carrying values.

10. Other assets:

Details of other assets as of December 31, 2024 and 2023 are as follows:

		(Korean won in millions)	
Category		December 31, 2024	December 31, 2023
Current	Prepaid payments	₩ 211,191	₩ 128,985
	Prepaid expenses	55,353	59,107
	Prepaid construction expenses	75,272	86,853
	Subtotal	₩ 341,816	₩ 274,945
Non-current	Prepaid expenses	30,073	18,921
	Prepaid construction expenses	92,309	19,192
	Subtotal	₩ 122,382	₩ 38,113
Total		₩ 464,198	₩ 313,058

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

11. Inventories:

(1) Details of inventories as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)						
Category	December 31, 2024			December 31, 2023		
	Acquisition cost	Allowance	Carrying value	Acquisition cost	Allowance	Carrying value
Merchandise	₩ 38	₩ -	₩ 38	₩ 72	₩ -	₩ 72
Supplies	26,540	-	26,540	27,314	-	27,314
Land	920,958	(54,447)	866,511	928,532	(55,651)	872,881
Residual construction	4,545	-	4,545	13,765	-	13,765
Unfinished housing	22,694	-	22,694	23,174	-	23,174
Materials	923	-	923	846	-	846
Total	₩ 975,698	₩ (54,447)	₩ 921,251	₩ 993,703	₩ (55,651)	₩ 938,052

(2) The inventory impairment loss recognized due to the write-down of inventory to net realizable value and the reversal of inventory impairment loss due to the increase in net realizable value for each of the two years in the period ended December 31, 2024 are as follows

(Korean won in millions)		
Category	2024	2023
Reversal of loss on valuation of inventories	₩ 1,204	₩ -

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

12. Lease receivables:

(1) Details of the Group's lease receivables as of December 31, 2024 and 2023 are as follows:

Category	(Korean won in millions)			
	December 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Lease receivables	₩ 643	₩ 83	₩ 6,137	₩ 12,278
Present value discounts	(7)	(3)	(192)	(1,330)
Total	₩ 636	₩ 80	₩ 5,945	₩ 10,948

The Group has signed an agreement to provide offices, stores, etc., with a lease. The average duration of the leases is six years. Lease agreements do not normally include extension or termination options. All leases are signed in Korean won and are not exposed to foreign exchange risk due to lease agreements.

(2) Details of the Group's lease receivables as of December 31, 2024 and 2023 are as follows:

	(Korean won in millions)	
	December 31, 2024	December 31, 2023
Within a year	₩ 643	₩ 6,138
More than a year and within two years	64	6,125
More than 2 years and within 3 years	19	6,134
More than 3 years and within 4 years	-	18
Total lease fee	726	18,415
Gross lease investment	₩ 726	₩ 18,415
Unrealized interest income	(10)	(1,522)
Present value of total cash flows	716	16,893
Net lease investment	₩ 716	₩ 16,893

(3) The returns related to variable lease payments that are not included in measuring the financial return and the net investment in the lease investment for each of the two years in the period ended December 31, 2024 are as follows:

	(Korean won in millions)	
	2024	2023
Financial lease net investment financial profit	₩ 400	₩ 73
Income related to variable lease fees not included in the net lease investment measurement	₩ 285	₩ 277

(4) The management measures the credit loss allowance for the lease receivables on the reporting date at the lifetime ECLs. Lease receivables are not overdue as of the end of the current year, and the management concludes there is no impaired lease receivables in the consideration of default history, forecast of the lessee's industry, and collateral value for the receivables. In addition, the management does not record the loss allowance in the consolidated financial statements because it determined that the amount of the loss allowance for the lease receivable is not important.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

13. Property, plant and equipment:

(1) Details of property, plant and equipment as of December 31, 2024 and 2023 are as follows:

As of December 31, 2024

(Korean won in millions)							
Sortation	Land	Buildings	Structures	Machinery	Vehicle	Others	Total
Acquisition cost	\ 7,226	\ 10,773	\ 1,706	\ 15,650	\ 2,306	\ 49,138	\ 86,799
Accumulated depreciation	-	(4,138)	(628)	(6,470)	(2,058)	(37,037)	(50,331)
Accumulated impairment	(1)	(430)	-	-	-	-	(431)
Carrying value	\ 7,225	\ 6,205	\ 1,078	\ 9,180	\ 248	\ 12,101	\ 36,037

As of December 31, 2023

(Korean won in millions)								
Sortation	Land	Buildings	Structures	Machinery	Vehicle	Ohters	CIP	Total
Acquisition cost	\ 33,254	\ 126,319	\ 2,045	\ 15,849	\ 2,796	\ 58,395	\ 1,213	\ 239,871
Accumulated depreciation	-	(44,044)	(882)	(5,095)	(2,218)	(44,218)	-	(96,457)
Accumulated impairment	(2,438)	(12,583)	-	-	-	-	-	(15,021)
Carrying value	\ 30,816	₩ 69,692	₩ 1,163	₩ 10,754	₩ 578	₩ 14,177	₩ 1,213	₩128,393

(2) Details of changes in property, plant and equipment for each of the two years in the period ended December 31, 2024 are as follows:

For the year ended December 31, 2024

(Korean won in millions)								
Sortation	Land	Buildings	Structures	Machinery	Vehicle	Others	Construction in progress	Total
Beginning balance	₩ 30,816	₩ 69,692	₩ 1,163	₩ 10,754	₩ 578	₩ 14,177	₩ 1,213	₩ 128,393
Acquisition	-	-	-	4,144	70	2,738	2,058	9,010
Transfer (*1)	(23,591)	(63,221)	-	-	-	1,728	(3,271)	(88,355)
Disposal	-	-	-	(2,010)	(99)	(563)	-	(2,672)
Depreciation	-	(267)	(85)	(4,630)	(361)	(5,967)	-	(11,310)
Effect of foreign currency translation	-	1	-	922	60	(11)	-	972
Variation in consolidated range	-	-	-	-	-	(1)	-	(1)
Ending balance	₩ 7,225	₩ 6,205	₩ 1,078	₩ 9,180	₩ 248	₩ 12,101	₩ -	₩ 36,037

(*1) Including decreases due to transfers to intangible assets and investment properties.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

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

For the year ended December 31, 2023

(Korean won in millions)								
Sortation	Land	Buildings	Structures	Machinery	Vehicle	Others	Construction in progress	Total
Beginning balance	₩ 30,816	₩ 72,380	₩ 1,462	₩ 7,388	₩ 956	₩ 17,576	₩ 1,613	₩ 132,191
Acquisition	-	-	-	6,083	188	2,956	2,895	12,122
Transfer (*1)	-	-	-	14	-	283	(3,295)	(2,998)
Disposal	-	-	-	(12)	(307)	(17)	-	(336)
Depreciation	-	(2,688)	(122)	(2,724)	(530)	(6,600)	-	(12,664)
Effect of foreign currency translation	-	-	(177)	5	207	(26)	-	9
Variation in consolidated range	-	-	-	-	64	5	-	69
Ending balance	₩ 30,816	₩ 69,692	₩ 1,163	₩ 10,754	₩ 578	₩ 14,177	₩ 1,213	₩ 128,393

(*1) Including decrease due to transfers to intangible assets.

14. Investment property:

(1) Details of investment property as of December 31, 2024 and 2023 are as follows:

As of December 31, 2024

(Korean won in millions)					
Sortation	Land	Buildings	Others	Right-of-use assets	Total
Acquisition cost	₩ 304,084	₩ 335,146	₩ 9,573	₩ 21,041	₩ 669,844
Accumulated depreciation	-	(66,194)	(7,326)	(11,716)	(85,236)
Accumulated impairment	(8,873)	(18,014)	-	-	(26,887)
Carrying value	₩ 295,211	₩ 250,938	₩ 2,247	₩ 9,325	₩ 557,721

As of December 31, 2023

(Korean won in millions)					
Sortation	Land	Buildings	Others	Right-of-use assets	Total
Acquisition cost	₩ 252,199	₩ 111,629	₩ 9,573	₩ 21,041	₩ 394,442
Accumulated depreciation	-	(19,507)	(7,119)	(8,847)	(35,473)
Accumulated impairment	(6,479)	(5,875)	-	-	(12,354)
Carrying value	₩ 245,720	₩ 86,247	₩ 2,454	₩ 12,194	₩ 346,615

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

14. Investment property (cont'd)

(2) Changes in investment property for each of the two years in the period ended December 31, 2024 are as follows:

For the year ended December 31, 2024

(Korean won in millions)					
Sortation	Land	Buildings	Others	Right-of-use assets	Total
Beginning balance	₩ 245,720	₩ 86,247	₩ 2,455	₩ 12,194	₩ 346,616
Acquisition	26,102	108,099	-	-	134,201
Disposal	(202)	(98)	-	-	(300)
Transfer (*1)	23,591	63,221	-	-	86,812
Depreciation	-	(6,531)	(208)	(2,869)	(9,608)
Ending balance	₩ 295,211	₩ 250,938	₩ 2,247	₩ 9,325	₩ 557,721

(*1) Transferred from property, plant and equipment.

For the year ended December 31, 2023

(Korean won in millions)					
Sortation	Land	Buildings	Others	Right-of-use assets	Total
Beginning balance	₩ 246,865	₩ 90,691	₩ 2,662	₩ 15,063	₩ 355,281
Acquisition	-	140	-	-	140
Transfer	(1,145)	(2,147)	-	-	(3,292)
Depreciation	-	(2,437)	(208)	(2,869)	(5,514)
Ending balance	₩ 245,720	₩ 86,247	₩ 2,454	₩ 12,194	₩ 346,615

(3) Details of gains and losses from investment property for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)			
Sortation	2024		2023
Rental income (*1)	₩	15,931	₩ 16,496
Expenses on operating investment property		(9,267)	(8,728)
Total	₩	6,664	₩ 7,768

(*1) Income related to variable lease payments which do not depend on an index or a rate amounts to KRW 4,677 million (2023: KRW 4,105 million).

(4) The maturity analysis of operating lease contracts as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)			
Sortation	December 31, 2024		December 31, 2023
Within 1 year	₩	22,614	₩ 10,973
1 year–2 years		22,769	5,761
2 years–3 years		20,036	3,712
3 years–4 years		14,856	1,579
4 years–5 years		13,672	716
More than 5 years		368	27
Total	₩	94,315	₩ 22,768

14. Investment property (cont'd)

(5) Details of fair value of investment property as of December 31, 2024 and 2023 are as follows

(Korean won in millions)					
Sortation	December 31, 2024		December 31, 2023		
	Carrying value	Fair value	Carrying value	Fair value	
Land	₩ 295,211	₩ 335,845	₩ 245,720	₩ 286,317	
Buildings	250,938	267,045	86,247	90,360	
Others	2,247	2,247	2,454	2,455	
Right-of-use assets	9,325	9,325	12,194	12,195	
Total	₩ 557,721	₩ 614,462	₩ 346,615	₩ 391,327	

The fair value of the investment property at the reporting date is determined based on valuations performed by external independent appraisers whose qualifications and experiences are appropriate to evaluate properties in the region. The measured fair value with respect to the investment property is classified Level 3 due to the input variables for the valuation.

15. Intangible assets:

(1) Details of intangible assets as of December 31, 2024 and 2023 are as follows:

As of December 31, 2024

(Korean won in millions)						
Sortation	Intangible assets under development	Industrial property rights	Software	Membership	Others	Total
Acquisition cost	₩ 355	₩ 991	₩ 67,450	₩ 17,031	₩ 13,436	₩ 99,263
Accumulated amortization	-	(91)	(56,425)	-	(13,131)	(69,647)
Accumulated impairment	-	-	-	(719)	-	(719)
Carrying value	₩ 355	₩ 900	₩ 11,025	₩ 16,312	₩ 305	₩ 28,897

As of December 31, 2023

(Korean won in millions)					
Sortation	Industrial property rights	Software	Membership	Others	Total
Acquisition cost	₩ 53	₩ 63,827	₩ 17,031	₩ 13,625	₩ 94,536
Accumulated amortization	(10)	(50,606)	-	(10,080)	(60,696)
Accumulated impairment	-	-	(719)	(189)	(908)
Carrying value	₩ 43	₩ 13,221	₩ 16,312	₩ 3,356	₩ 32,932

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

15. Intangible assets (cont'd)

(2) Details of changes in intangible assets for each of the two years in the period ended December 31, 2024 are as follows

For the year ended December 31, 2024

(Korean won in millions)						
Sortation	Intangible assets under development	Industrial property rights	Software	Membership	Others	Total
Beginning balance	₩ -	₩ 43	₩ 13,221	₩ 16,312	₩ 3,356	₩ 32,932
Acquisition	414	920	1,057	-	-	2,391
Transfer (*1)	(59)	18	2,566	-	-	2,525
Amortization	-	(81)	(5,819)	-	(3,051)	(8,951)
Ending balance	₩ 355	₩ 900	₩ 11,025	₩ 16,312	₩ 305	₩ 28,897

(*1) Transferred from property, plant and equipment.

For the year ended December 31, 2023

(Korean won in millions)						
Sortation	Industrial property rights	Software	Membership	Others	Total	
Beginning balance	₩ 2	₩ 14,610	₩ 14,285	₩ 6,394	₩ 35,291	
Acquisition	46	2,872	2,202	-	5,120	
Transfer (*1)	3	2,970	-	202	3,175	
Disposal	-	-	(175)	-	(175)	
Amortization	(8)	(7,231)	-	(3,051)	(10,290)	
Impairment gain or loss	-	-	-	(189)	(189)	
Ending balance	₩ 43	₩ 13,221	₩ 16,312	₩ 3,356	₩ 32,932	

(*1) Transferred from property, plant and equipment.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

16. Investments in subsidiaries:

(1) Details of the Group's investments in subsidiaries as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)					
Company	Location	Main business	Term-end date	Ownership (%)	
				2024	2023
DL Construction Co., Ltd.	Korea	General construction	Dec. 31	100.00	100.00
Osan Landmark Project Co., Ltd. (*1)	Korea	Real estate property development	Dec. 31	48.00	48.00
Incheon Dohwa1 NEWSTAY REIT Co., Ltd.	Korea	Real estate property development	Dec. 31	100.00	100.00
DL Saudi Arabia Co., Ltd.	Saudi Arabia	Industrial plant construction	Dec. 31	100.00	100.00
PT. DLENC UTAMA CONSTRUCTION	Indonesia	Industrial plant construction	Dec. 31	100.00	100.00
DALIN (Nanjing) Construction	China	Industrial plant construction	Dec. 31	100.00	100.00
DL USA, Inc.	USA	General architecture construction	Dec. 31	100.00	100.00
DL INSAAT GELISTIRME A.S.	Türkiye	Civil engineering	Dec. 31	100.00	100.00
Daelim RUS LLC	Russia	Industrial plant construction	Dec. 31	100.00	100.00
NS Partners Co., Ltd.	Korea	Real estate property development	Dec. 31	100.00	100.00
CARBONCO PTE. Ltd.	Singapore	Professional science and technology services	Dec. 31	100.00	100.00
DL Engineering & Construction Malaysia Sdn. Bhd.	Malaysia	Industrial plant construction	Dec. 31	100.00	100.00
DL E&C FZCO	UAE	Industrial plant construction	Dec. 31	100.00	100.00
Samho Citron City CO., Ltd. (*2,3)	Korea	Real estate property development	Dec. 31	100.00	23.33
Saubukbyeon Development Co., Ltd. (*3)	Korea	Civil engineering and construction business	Dec. 31	100.00	100.00

(*1) Although the number of shares held by the Group is less than a majority, the investee is classified as a subsidiary as the Group is deemed to have actual control over investee.

(*2) The Group has newly included Samho CitronCity Co., Ltd. for the year ended December 31, 2024.

(*3) Subsidiary of DL Construction Co., Ltd

(2) The summarized financial position of the major subsidiaries as of December 31, 2024 and 2023 and for each of the two years in the period ended December 31, 2024 is as follows:

As of and for the year ended December 31, 2024

(Korean won in millions)						
Company	Assets		Liabilities		Equity	
	Current assets	Non-current assets	Current liabilities	Non-current liabilities		
DL Construction Co., Ltd.	₩ 1,693,840	₩ 452,350	₩ 953,182	₩ 172,264	₩ 1,020,744	
Osan Landmark Project Co., Ltd.	₩ 420,137	₩ -	₩ 901,973	₩ -	₩ (481,836)	

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

16. Investments in subsidiaries (cont'd)

As of and for the year ended December 31, 2023

(Korean won in millions)					
Company	Assets		Liabilities		Equity
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	
DL Construction Co., Ltd.	₩ 1,567,449	₩ 416,188	₩ 716,036	₩ 238,872	₩ 1,028,729
Osan Landmark Project Co., Ltd.	₩ 420,923	₩ -	₩ 867,081	₩ -	₩ (446,158)

The above summarized financial positions are calculated after adjusting the differences in the accounting policies between the parent and the subsidiaries, but the adjustments for goodwill and fair value recognized at the time of the business acquisition and the adjustments for internal transactions are not eliminated.

(3) The summarized financial performance of the major subsidiaries for each of the two years in the period ended December 31, 2024 are as follows

For the year ended December 31, 2024

(Korean won in millions)					
Company	Sales	Operating income (loss)	Net income (loss)	Other comprehensive income (loss)	Comprehensive income (loss)
DL Construction Co., Ltd.	₩ 2,469,179	₩ 13,918	₩ 476	₩ (2,893)	₩ (2,417)
Osan Landmark Project Co., Ltd.	₩ -	₩ 7,406	₩ (25,680)	₩ -	₩ (25,680)

For the year ended December 31, 2023

(Korean won in millions)					
Company	Sales	Operating income (loss)	Net income (loss)	Other comprehensive income (loss)	Comprehensive income (loss)
DL Construction Co., Ltd.	₩ 2,430,033	₩ 61,498	₩ 41,949	₩ (4,903)	₩ 37,046
Osan Landmark Project Co., Ltd.	₩ -	₩ (31,295)	₩ (64,156)	₩ -	₩ (64,156)

The above summarized financial performances are calculated after adjusting the differences in the accounting policies between the parent and the subsidiaries, but the adjustments for goodwill and fair value recognized at the time of the business acquisition and the adjustments for internal transactions are not eliminated.

(4) The summarized cash flows of the major subsidiaries for each of the two years in the period ended December 31, 2024 are as follows:

For the year ended December 31, 2024

(Korean won in millions)							
Company	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Net (decrease) increase in cash and cash equivalents	Cash and cash equivalents, beginning of year	Changes in cash and cash equivalents due to foreign currency translation	Cash and cash equivalents, end of year
DL Construction Co., Ltd.	₩ 90,899	₩ (27,900)	₩ (100,311)	₩ (37,312)	₩ 637,140	₩ -	₩ 599,828
Osan Landmark Project Co., Ltd.	₩ (8,912)	₩ 92	₩ 8,700	₩ (120)	₩ 1,246	₩ -	₩ 1,126

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

16. Investments in subsidiaries (cont'd)

For the year ended December 31, 2023

(Korean won in millions)							
Company	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Net increase in cash and cash equivalents	Cash and cash equivalents, beginning of year	Changes in cash and cash equivalents due to foreign currency translation	Cash and cash equivalents, end of year
DL Construction Co., Ltd.	₩ 48,616	₩ (107,205)	₩ 71,663	₩ 13,074	₩ 624,066	₩ -	₩ 637,140
Osan Landmark Project Co., Ltd.	₩ (10,924)	₩ (713)	₩ 11,200	₩ (437)	₩ 1,683	₩ -	₩ 1,246

The above summarized cash flows are calculated after adjusting the differences in the accounting policies between the parent and the subsidiaries, but the adjustments for goodwill and fair value recognized at the time of the business acquisition and the adjustments for internal transactions are not eliminated.

(5) For the year ended December 31, 2024, none of ownership percentage, financial position, financial performance or dividends of each subsidiary held by non-controlling interest is attributable to non-controlling interests. The portion attributable to non-controlling interests for the year ended December 31, 2023 is as follows:

As of and for the year ended December 31, 2023

(Korean won in millions)					
Company	Ownership held by non-controlling interests (%)	Cumulative non-controlling interests	Income attributable to non-controlling interests	Comprehensive income attributable to non-controlling interests	Dividends paid to non-controlling interests
DL Construction Co., Ltd.(*1)	-	₩ -	₩ 14,308	₩ 12,635	₩ 1,987

(*1) The acquisition of 100% of the shares is considered to be due to the comprehensive exchange of shares, and it is expressed as zero non-controlling interest.

Ownership interests held by non-controlling interests are the shares that are not attributable directly or indirectly to the owner of the controlled entities. Therefore, ownership may be different to the shareholding ratio calculated by subtracting the simple sum of the direct ownership of the entities in the Group to the subsidiary from 100% in each subsidiary.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

17. Investments in associates and joint ventures:

(1) Details of the Group's investments in associates and joint ventures as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)							
Company	Location	Main business	Term-end date	2024		2023	
				Ownership (%)	Carrying value	Ownership (%)	Carrying value
Godeok Gangil 10 PFV Co., Ltd.	Korea	Real estate/property management	Dec. 31	25.10	₩ 1,255	25.10	₩ 2,123
Hyoje PFV Co., Ltd. (*3)	Korea	Real estate/property management	Dec. 31	66.00	8,476	66.00	12,316
Ulsan Uijeongbu Project PFV Co., Ltd. (*1)	Korea	Real estate/property management	Dec. 31	50.00	46,638	50.00	5,542
Luoma Inc. (*4)	Korea	Financial investment	Dec. 31	28.79	55,786	28.79	62,418
Daejeon munwha PFV Co., Ltd. (*1)	Korea	Real estate/property management	Dec. 31	50.00	17,220	50.00	17,156
Incheon Inha PFV Co., Ltd. (*1)	Korea	Real estate/property management	Dec. 31	50.00	25,905	50.00	25,745
JeonJu Wansan PFV Co., Ltd. (*1)	Korea	Real estate/property management	Dec. 31	50.00	11,959	50.00	11,373
DLENC Philippines, Inc.	Philippines	Construction of industrial plants	Dec. 31	40.00	5,660	40.00	6,341
DIAP-DAELIM JOINT VENTURE PTE. LTD. (*4)	Singapore	Civil engineering	Dec. 31	49.00	7,542	49.00	6,815
OMZ-Daelim LLC (*4)	Russia	Construction of industrial plants	Dec. 31	48.00	1,040	48.00	1,933
Samho Citron City CO., Ltd. (*5)	Korea	Real estate/property development	Dec. 31	-	-	23.33	-
Namwon Thema Park CO., Ltd. (*9)	Korea	Real estate/property development	Dec. 31	25.00	-	25.00	-
Haeryong Industrial Complex Co., Ltd	Korea	Real estate/property development	Dec. 31	45.00	180	45.00	176
Myungjin P.T. Co., Ltd (*2)	Korea	Real estate/property development	Dec. 31	19.90	-	19.90	-
Gwacheon Jisan One PFV Co., Ltd. (*12)	Korea	Real estate/property management	Dec. 31	-	-	0.67	41
Asan Dogo Industrial Complex Development Co., Ltd.	Korea	Real estate/property development	Dec. 31	20.00	44	20.00	46
KB Development Blind General Private Equity Investment Trust No. 2	Korea	Real estate fund	Dec. 31	39.00	4,041	39.00	3,648
Hwaseong JDC, LLC (*12)	Korea	Other specialized services	Dec. 31	-	-	28.00	-
Koramco Private Real Estate Equity Fund No.112 (*6)	Korea	Real estate fund	Dec. 5	44.80	5,705	44.80	5,783
Together Daejeon-Munhwa PFV Co., Ltd. (*7)	Korea	Real estate/property	Dec. 31	43.48	-	43.48	4,061

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

(Korean won in millions)							
Company	Location	Main business	Term-end date	2024		2023	
				Ownership (%)	Carrying value	Ownership (%)	Carrying value
		development and supply					
Songpa Bokjeong Station Layered City PFV Co., Ltd. (*10)	Korea	Real estate/ property development and supply	Dec. 31	42.10	19,514	42.10	19,680
Igis Haeundae General Private Equity Real Estate Investment Trust No. 1 (*6)	Korea	Collective investment (Real estate)	Feb. 28	33.33	3,239	33.33	3,124
TK Private Equity limited Partnership (*3)	Korea	Real estate/ property development and supply	Dec. 31	79.75	30,902	79.75	28,630
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION (*4)	Turkiye	Civil engineering	Dec. 31	25.00	313,398	25.00	265,373
Soopirang Corporation Co., Ltd. (*12)	Korea	Real estate/ property development and supply	Dec. 31	-	-	30.00	524
Seongnam MICE PFV Co., Ltd. (*2)	Korea	Real estate/ property development and supply	Dec. 31	5.50	295	5.50	276
Seongnam MICE AMC Co., Ltd. (*2) (*8)	Korea	Real estate/ property development and supply	Dec. 31	19.90	79	-	-
Jemulpo Station Urban Complex Project Entrusted Management REIT (*11)	Korea	Real estate/ property development and supply	Dec. 31	53.00	159	53.00	159
Neurizer Ltd. (*2)	Australia	Ammonia and urea production	Jun. 30	3.29	178	7.11	1,459
Gimpo G Valley Development (*13)	Korea	Real estate/ property development and supply	Dec. 31	20.00	-	-	-
Total				-	₩ 559,215	-	₩484,742

(*1) The share of voting rights of The Group is 50%, and the share of non-voting preferred stocks is 47.5%. The Group participated in the capital increase of large, specialized Ulsan Uijeongbu Project PFV Co., Ltd. (KRW 42.273 million) for the year ended December 31, 2024.

(*2) Although the Group's stake in the investee is less than 20%, the Group is classified as an affiliated company because it can exert a significant influence by participating in the investee's board of directors.

(*3) According to the shareholder agreement and articles of association, there are restrictions on the exercise of voting rights on important financial and business policy decisions, so it is classified as an affiliated company.

(*4) Regardless of the percentage of interests with voting right held by the Group, major activities related to the investees require the consent of all investors, and accordingly, the investees are classified as joint ventures.

(*5) It was replaced by subsidiary shares due to the acquisition of control of the Group for the year ended December 31, 2024 (see Note 16)

17. Investments in associates and joint ventures (cont'd)

- (*6) Related activities of private real estate investment trust assets are conducted in the form of consent from all beneficiaries and share control, so they are considered to have joint control and are classified as joint enterprise investment shares.
- (*7) The share of voting rights of the Group is 43.48%, and the share, including preferred stocks, without voting rights is 56.67%.
- (*8) The group made a new investment in the investee company for the year ended December 31, 2024
- (*9) The shares are fully pledged (see Note 29)
- (*10) The share of voting rights of the Group is 42.10%, and the share, including preferred stocks, without voting rights is 50.00%.
- (*11) Although the Group's stake in the investee exceeds 50%, major related activities require the consent of all investors, so it is classified as a joint enterprise.
- (*12) The Group sold the investee for the year ended December 31, 2024.
- (*13) For the year ended December 31, 2024, new equity interests were acquired for the development business of Gimpo G Valley General Industrial Complex.

(2) As of December 31, 2024 and 2023, there are shares of associates or joint ventures for which market prices exist.

(Korean won in millions)		
Company	December 31, 2024	December 31, 2023
NeuRizer Ltd.	₩ 178	₩ 1,460

(3) Changes in the associates and joint ventures for each of the two years in the period ended December 31, 2024 are as follows:

For the year ended December 31, 2024

(Korean won in millions)							
Company	Beginning balance	Acquisition or disposal	Share of profits (losses)	Share of other comprehensive profits (losses)	Dividend received	Others (*1)	Ending balance
Godeok Gangil 10 PFV Co., Ltd.	₩ 2,123	₩ -	₩ (868)	₩ -	₩ -	₩ -	₩ 1,255
Hyoje PFV Co., Ltd.	12,316	-	(3,840)	-	-	-	8,476
Ulsan Uijeongbu Project PFV Co., Ltd.	5,542	42,273	2,573	(3,750)	-	-	46,638
Luoma Inc.	62,418	-	(6,632)	-	-	-	55,786
Daejeon munwha PFV Co., Ltd.	17,156	-	358	79	(373)	-	17,220
Incheon Inha PFV Co., Ltd.	25,745	-	410	123	(373)	-	25,905
JeonJu Wansan PFV Co., Ltd.	11,373	-	540	46	-	-	11,959
Gwacheon Jisan One PFV Co., Ltd.	41	(30)	-	-	(11)	-	-
DLENC Philippines, Inc.	6,341	-	(1,229)	548	-	-	5,660
DIAP-DAELIM JOINT VENTURE PTE. LTD.	6,815	-	-	727	-	-	7,542
OMZ-Daelim LLC	1,933	-	(802)	(91)	-	-	1,040

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

(Korean won in millions)							
Company	Beginning balance	Acquisition or disposal	Share of profits (losses)	Share of other comprehensive profits (losses)	Dividend received	Others (*1)	Ending balance
Haeryong Industrial Complex Co., Ltd.	176	-	4	-	-	-	180
Asan Dogo Industrial Complex Development Co., Ltd.	46	-	(2)	-	-	-	44
KB Development Blind General Private Equity Investment Trust No. 2	3,648	-	393	-	-	-	4,041
Koramco Private Real Estate Equity Fund No.112	5,783	-	(78)	-	-	-	5,705
Together Daejeon-Munhwa PFV Co., Ltd.	4,061	-	(4,061)	-	-	-	-
Songpa Bokjeong Station Layered City PFV Co., Ltd.	19,680	-	(166)	-	-	-	19,514
Igis Haeundae General Private Equity Real Estate Investment Trust No. 1	3,124	-	115	-	-	-	3,239
TK Private Equity limited Partnership	28,630	-	2,272	-	-	-	30,902
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	265,373	28,795	3,147	16,083	-	-	313,398
Soopirang Corporation Co., Ltd.	524	(512)	(82)	-	-	70	-
Seongnam MICE PFV Co., Ltd.	276	-	19	-	-	-	295
Seongnam MICE AMC Co., Ltd.	-	60	19	-	-	-	79
Jemulpo Station Urban Complex Project Entrusted Management REIT	159	-	-	-	-	-	159
NeuRizer Ltd.	1,459	-	(138)	111	-	(1,254)	178
Gimpo G Valley Development	-	-	-	-	-	-	-
Total	₩ 484,742	₩ 70,586	₩ (8,048)	₩ 13,876	₩ (757)	₩ (1,184)	₩ 559,215

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

17. Investments in associates and joint ventures (cont'd)

For the year ended December 31, 2023

(Korean won in millions)							
Company	Beginning balance	Acquisition or disposal	Share of profits (losses)	Share of other comprehensive profits (losses)	Dividend received	Others (*1)	Ending balance
Godeok Gangil 10 PFV Co., Ltd.	₩ 3,718	₩ -	₩ 2,997	₩ -	₩ (4,592)	₩ -	₩ 2,123
Hyoje PFV Co., Ltd.	14,441	-	(2,125)	-	-	-	12,316
Ulsan Uijeongbu Project PFV Co., Ltd.	5,927	-	587	-	(972)	-	5,542
Luoma Inc.	19,279	-	43,139	-	-	-	62,418
Daejeon munwha PFV Co., Ltd.	2,630	14,250	575	(79)	(220)	-	17,156
Incheon Inha PFV Co., Ltd.	2,544	22,800	667	(123)	(143)	-	25,745
JeonJu Wansan PFV Co., Ltd.	3,221	8,075	861	(46)	(738)	-	11,373
Gwacheon Jisan One PFV Co., Ltd.	37	-	4	-	-	-	41
DLENC Philippines, Inc.	6,643	-	(451)	149	-	-	6,341
DIAP-DAELIM JOINT VENTURE PTE. LTD.	6,579	-	-	236	-	-	6,815
OMZ-Daelim LLC	2,399	-	(144)	(322)	-	-	1,933
Samho Citron City Co., Ltd.	-	-	-	-	-	-	-
Namwon Thema Park Co., Ltd.	136	-	(136)	-	-	-	-
Wonju Buron general industrial complex Co., Ltd.	23	(26)	3	-	-	-	-
Pebblestone MD PFV Co., Ltd.	1,232	(1,500)	268	-	-	-	-
Sau Bukbyeon Co., Ltd.	604	(373)	(231)	-	-	-	-
Haeryong Industrial Complex Co., Ltd.	-	180	(4)	-	-	-	176
Myungjin P.T. Co., Ltd.	-	-	-	-	-	-	-
Asan Dogo Industrial Complex Development Co., Ltd.	53	-	(7)	-	-	-	46
KB Development Blind General Private Equity Investment Trust No. 2	3,335	-	313	-	-	-	3,648
Hwaseong JDC, LLC	-	-	-	-	-	-	-
Koramco Private Real Estate Equity Fund No.112	5,955	-	(172)	-	-	-	5,783
Together Daejeon-Munhwa PFV Co., Ltd.	12,970	-	(8,909)	-	-	-	4,061
Songpa Bokjeong Station Layered City PFV Co., Ltd.	19,902	-	(222)	-	-	-	19,680
Igis Haeundae General Private Equity Real Estate Investment Trust No. 1	3,010	-	114	-	-	-	3,124
TK Private Equity limited Partnership	-	26,000	2,630	-	-	-	28,630

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

(Korean won in millions)							
Company	Beginning balance	Acquisition or disposal	Share of profits (losses)	Share of other comprehensive profits (losses)	Dividend received	Others (*1)	Ending balance
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	322,839	-	(14,753)	(3,732)	-	(38,981)	265,373
Soopirang Corporation Co., Ltd.	-	512	12	-	-	-	524
Seongnam MICE PFV Co., Ltd.	-	275	1	-	-	-	276
Jemulpo Station Urban Complex Project Entrusted Management REIT	-	159	-	-	-	-	159
NeuRizer Ltd.	12,033	-	(779)	(155)	-	(9,640)	1,459
Total	₩ 449,510	₩ 70,352	₩ 24,238	₩ (4,072)	₩ (6,665)	₩ (48,621)	₩ 484,742

(*1) The amount is a change due to impairment losses.

(4) The summarized financial position of the major associates and joint ventures as of December 31, 2024 and 2023 and for each of the two years in the period ended December 31, 2024 is as follows:

As of December 31, 2024

(Korean won in millions)					
Company	Assets		Liabilities		Shareholders' equity
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	₩ 563,155	₩ 4,047,677	₩ 56,639	₩ 2,665,980	₩ 1,888,213

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

17. Investments in associates and joint ventures (cont'd)

As of December 31, 2023

(Korean won in millions)					
Company	Assets		Liabilities		Shareholders' equity
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	₩ 501,480	₩ 4,041,030	₩ 131,653	₩ 3,002,803	₩ 1,408,054

Adjustments for the fair value at the equity acquisition and the accounting policy differences to the Group are reflected in the above summary of financial position. However, goodwill and intercompany transactions are not eliminated.

(5) The summarized financial performance of the major associates and joint ventures for each of the two years in the period ended December 31, 2024 are as follows

For the year ended December 31, 2024

(Korean won in millions)					
Company	Sales	Operating income	Net loss	Other comprehensive loss	Comprehensive loss
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	₩ 65,116	₩ 5,503	₩ (5,281)	₩ (41,590)	₩ (46,871)

For the year ended December 31, 2023

(Korean won in millions)					
Company	Sales	Operating income	Net loss	Other comprehensive loss	Comprehensive loss
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	₩ 136,006	₩ 11,611	₩ (45,955)	₩ (81,887)	₩ (127,842)

Adjustments for the fair value at the equity acquisition and the accounting policy differences to the Group are reflected in the above summary of financial performance. However, goodwill and intercompany transactions are not eliminated.

(6) Main items in the summary of financial statements of the major associates and joint ventures as of and for each of the two years in the period ended December 31, 2024 are as follows:

As of and for the year ended December 31, 2024

(Korean won in millions)	
Company	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION
Cash and cash equivalents	₩ 49,061
Current financial liabilities (*1)	53,795
Non-current financial liabilities (*1)	2,665,980
Depreciation	505
Amortization	79
Interest income	194,447
Interest cost	237,569
Income tax expense	₩ 3,135

(*1) Current and non-current financial liabilities exclude trade and other accounts payable from financial liabilities.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

17. Investments in associates and joint ventures (cont'd)

As of and for the year ended December 31, 2023

(Korean won in millions)	
Company	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION
Cash and cash equivalents	₩ 93,701
Current financial liabilities (*1)	129,185
Non-current financial liabilities (*1)	3,002,803
Depreciation	397
Amortization	310
Interest income	218,382
Interest cost	242,898
Income tax expense	₩ 96,786

(*1) Current and non-current financial liabilities exclude trade and other accounts payable from financial liabilities.

(7) Details of adjustments from investees' equity to carrying value as of December 31, 2024 and 2023 are as follows:

As of December 31, 2024

(Korean won in millions)							
Company	Equity (A)	Ownership (%) (B)	Attributed equity (A x B)	(+ Goodwill	(-) Internal transaction	(-) Others (*1)	Carrying value
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	₩1,888,213	25.00	₩ 472,053	₩ -	₩ (43,192)	₩ (115,463)	₩ 313,398

(*1) Including cumulative impairment losses.

As of December 31, 2023

(Korean won in millions)							
Company	Equity (A)	Ownership (%) (B)	Attributed equity (A x B)	(+ Goodwill	(-) Internal transaction	(-) Others (*1)	Carrying value
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	₩1,408,054	25.00	₩ 352,014	₩ -	₩ (47,660)	₩ (38,981)	₩ 265,373

(*1) Including cumulative impairment losses.

(8) Details of the accumulated unrecognized changes in the interest due to discontinuing the equity method as of December 31, 2024 and 2023 are as follows:

As of December 31, 2024

(Korean won in millions)		
Investee	Unrecognized equity changes in this year	Accumulated unrecognized equity changes
Together Daejeon-Munhwa PFV Co., Ltd.	₩ 6,007	₩ 6,007
Namwon Thema Park Co., Ltd.	₩ -	₩ 918

As of December 31, 2023

(Korean won in millions)		
Investee	Unrecognized equity changes in this year	Accumulated unrecognized equity changes
Namwon Thema Park Co., Ltd.	₩ 918	₩ 918

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

Investee	(Korean won in millions)	
	Unrecognized equity changes in this year	Accumulated unrecognized equity changes
Samho Citron City CO., Ltd.	₩ 114	₩ 114
Hwaseong JDC, LLC	₩ (34)	₩ -

18. Right-of-use assets:

The Group leases several assets, including real estate (land and buildings), vehicles and machinery, and the average lease term is about 3 years. The legal ownership of the right-of-use assets is held by the lessor as collateral.

(1) Details of right-of-use assets as of December 31, 2024 and 2023 are as follows:

As of December 31, 2024

Category	(Korean won in millions)				
	Real estate	Vehicles	Machinery	Others	Total
Acquisition cost	₩ 129,440	₩ 11,533	₩ 24,416	₩ 2,936	₩ 168,325
Accumulated amortization	(95,589)	(4,760)	(11,733)	(876)	(112,958)
Carrying value	₩ 33,851	₩ 6,773	₩ 12,683	₩ 2,060	₩ 55,367

As of December 31, 2023

Category	(Korean won in millions)				
	Real estate	Vehicles	Machinery	Others	Total
Acquisition cost	₩ 126,053	₩ 13,369	₩ 39,563	₩ 3,389	₩ 182,374
Accumulated amortization	(80,142)	(5,510)	(18,504)	(2,733)	(106,889)
Carrying value	₩ 45,911	₩ 7,859	₩ 21,059	₩ 656	₩ 75,485

(2) Changes in the right-of-use assets for each of the two years in the period ended December 31, 2024 are as follows:

For the year ended December 31, 2024

Category	(Korean won in millions)				
	Real estate	Vehicles	Machinery	Others	Total
Beginning balance	₩ 45,911	₩ 7,859	₩ 21,059	₩ 656	₩ 75,485
Acquisition	18,805	3,733	14,584	2,883	40,005
Disposal	(1,009)	(1,458)	(3,269)	-	(5,736)
Depreciation	(30,126)	(3,402)	(19,703)	(1,479)	(54,710)
Effects of foreign currency translation	270	41	12	-	323
Ending balance	₩ 33,851	₩ 6,773	₩ 12,683	₩ 2,060	₩ 55,367

For the year ended December 31, 2023

Category	(Korean won in millions)				
	Real estate	Vehicles	Machinery	Others	Total
Beginning balance	₩ 66,299	₩ 6,037	₩ 23,019	₩ 549	₩ 95,904
Acquisition	8,622	6,153	28,116	3,381	46,272
Disposal	(1,226)	(1,198)	(4,916)	-	(7,340)
Depreciation	(28,109)	(3,204)	(25,164)	(3,274)	(59,751)
Effects of foreign currency translation	323	71	4	-	398
Others	2	-	-	-	2
Ending balance	₩ 45,911	₩ 7,859	₩ 21,059	₩ 656	₩ 75,485

18. Right-of-use assets (cont'd)

(3) The amounts recognized in profit and loss for each of the two years in the period ended December 31, 2024 are as follows

(Korean won in millions)		
Category	2024	2023
Depreciation expense on right-of-use assets (*1)	₩ 57,579	₩ 62,620
Interest expense on lease liabilities	3,356	3,633
Expense relating to short-term leases	103,281	78,126
Expense relating to leases of low-value assets	1,534	1,494
Profit from relending lease of the right-of-use asset	₩ 5,037	₩ 4,672

(*1) The depreciation of investment property of KRW 2,869 and KRW 2,869 million is included in depreciation cost of right-of-use assets for each of the two years in the period ended December 31, 2024, respectively.

The total cash outflows from leases for each of the two years in the period ended December 31, 2024 amount to KRW 174,434 million and KRW 148,889 million, respectively.

19. Trade and other accounts payable:

Details of the Group's trade and other payables as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)			
Category	December 31, 2024	December 31, 2023	
Current	Trade payables (*1)	₩ 1,053,817	₩ 1,060,596
	Accounts payable (*2)	585,930	283,328
	Accrued expenses	95,721	123,152
	Leasehold deposits received	2,679	2,194
	Subtotal	₩ 1,738,147	₩ 1,469,270
Non-current	Long-term trade payables	10,087	8,861
	Long-term accounts payable	5,236	687
	Long-term leasehold deposits received	9,454	10,760
	Subtotal	₩ 24,777	₩ 20,308
Total	₩ 1,762,924	₩ 1,489,578	

(*1) The financial liabilities include obligations related to supplier finance arrangements. The Group has entered into B2B Plus loan agreements with Woori Bank, Shinhan Bank, NongHyup Bank, SC First Bank, KB Kookmin Bank, Hana Bank and IBK Industrial Bank, and there are no extended payment terms, collateral provided or guarantees associated with these agreements. (Refer to Note 30)

(Korean won in millions)		
Category	2024	2023
The carrying value of trade payables as part of the supplier finance arrangements	₩ 113,842	₩ 169,055
Of which have paid to the suppliers	₩ 18,014	₩ 25,310

(*2) The financial liabilities include those related to supplier finance arrangements. The Group has entered into purchase card agreements with Woori Card and Hyundai Card, and the payments made to the card companies are of a nature that is consistent with the normal course of business activities, which involve purchasing goods or services without any change in the purpose itself. The payment

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

19. Trade and other accounts payable (cont'd)

terms to the card companies are within a normal operating cycle of six months or less, and no collateral is provided in relation to these agreements. (Refer to Note 30)

(Korean won in millions)				
Category	2024		2023	
The carrying value of accounts payable as part of the supplier finance arrangements	₩	299,327	₩	39,960
Of which have paid to the suppliers	₩	299,327	₩	39,960

20. Borrowings and Debentures:

(1) Details of the Group's borrowings as of December 31, 2024 and 2023 are as follows

(Korean won in millions)				
Category	Creditor	Term-end interest rate (%)	December 31, 2024	December 31, 2023
Short-term borrowings				
General loans	Standard Chartered and others	-	₩ -	₩ 134,800
General loans	YKSM Co., LTD.	4.04	100,000	-
Operating Loans	KDB bank and others	4.62~5.18	60,000	10,000
Subtotal			₩ 160,000	₩ 144,800
Long-term borrowings				
General loans	Woori Hansoup and others (*1)	2.71~4.59	₩ 125,000	₩ 125,000
General loans	Korea Housing & Urban Guarantee and others	0.00~4.00	39,481	197,714
Operating loans	MJ Hangdong the 4th Co., Ltd. (*1)	6.00	10,000	20,000
Operating loans	WOORI Financial Capital CO., LTD (*1)	4.30~6.00	10,260	-
Operating loans	MJ Hangdong the 3rd Co., Ltd. (*1)	4.30	15,340	21,881
Operating loans	MJ Hangdong the 5th Co., Ltd. (*1)	8.00	7,000	7,000
Operating loans	IBK Insurance (*1)	4.30~6.00	10,000	3,719
Operating loans	Korea Housing & Urban Guarantee and others	0.00~3.70	213,030	170,955
Limit loans	KEB Hana Bank	4.00	4,364	4,364
Business capital loans	MG Community Credit Cooperatives (*1)	CD rate (91days) +1.01%	47,960	-
Subtotal			₩ 482,435	₩ 550,633
Less: Current maturities of long-term debt (par value)			(50,252)	(127,667)
Present value discount (current maturities of long-term debt)			-	1,296
Current maturities of long-term debt (book value)			(50,252)	(126,371)
Less: Present value discount (long-term borrowings)			(4,411)	(4,482)
Total			₩ 427,772	₩ 418,484

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

20. Borrowings and Debentures (cont'd)

(*1) The Group has entered into loan agreements that include covenants whereby the benefit of the term may be forfeited upon the occurrence of certain events, such as the debt ratio exceeding a specified threshold or a downgrade in credit rating. However, since the breach of such covenants is considered unlikely, the related borrowings have been classified as non-current liabilities.

(2) Details of the Group's debentures as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)						
Description	Issue date	Maturity date	Term-end interest rate (%)	Dec. 31, 2024	Dec. 31, 2023	Guarantee
1-1 public	Jun. 16, 2021	Jun. 14, 2024	-	₩ -	₩ 200,000	Nonguaranteed
1-2 public (*1)	Jun. 16, 2021	Jun. 16, 2026	2.14	95,000	95,000	Nonguaranteed
2-1 public (*1)	Jul. 9, 2024	Jul. 9, 2026	3.53	120,000	-	Nonguaranteed
2-2 public (*1)	Jul. 9, 2024	Jul. 9, 2027	3.65	80,000	-	Nonguaranteed
265 private (*1)	Aug. 5, 2020	Aug. 5, 2027	2.44	30,000	30,000	Nonguaranteed
266 private (*1)	Aug. 10, 2020	Aug. 10, 2027	2.45	50,000	50,000	Nonguaranteed
33 private (*2)	Dec. 14, 2010	Dec. 31, 2027	4.00	4,116	4,116	Nonguaranteed
34 private (*2)	Mar. 29, 2011	Dec. 31, 2027	4.00	5,487	5,487	Nonguaranteed
35 public (*2)	Jul. 4, 2011	Dec. 31, 2027	4.00	6,859	6,859	Nonguaranteed
DL Construction 1-2 public (*1)	Sep. 10, 2021	Sep. 9, 2024	2.81	-	39,000	Nonguaranteed
DL Construction 2-1 private (*1)	May 23, 2023	Nov. 22, 2024	6.40	-	10,000	Nonguaranteed
DL Construction 2-2 private (*1)	May 23, 2023	May 23, 2025	6.50	10,000	10,000	Nonguaranteed
DL Construction 3 private (*1)	May 31, 2023	May 30, 2025	6.40	10,000	10,000	Nonguaranteed
DL Construction 4 private (*1)	May 30, 2024	May 29, 2026	6.50	30,000	-	Nonguaranteed
Total				₩ 441,462	₩ 460,462	

(*1) The Group has entered into covenants related to the above bonds, under which the benefit of the term may be forfeited upon the occurrence of certain events, such as the debt-to-equity ratio exceeding a specified threshold or a downgrade in credit rating. However, considering the likelihood of covenant breaches to be low, the bonds have been classified as non-current liabilities

(*2) A portion of the principal amounts due for equal repayment over the five-year period from 2023 was repaid earlier in 2020 and 2021. As of December 31, 2024, the interest rate on the bonds until the repayment maturity date ranges from a minimum of 3% to a maximum of 4%.

20. Borrowings and Debentures (cont'd)

(3) As of the December 31, 2024 and 2023, details of adjustments to debentures are as follows:

(Korean won in millions)						
Category	December 31, 2024			December 31, 2023		
	Par value	Discount on issuance	Carrying value	Par value	Discount on issuance	Carrying value
Current	₩ 20,000	₩ -	₩ 20,000	₩ 249,000	₩ (84)	₩ 248,916
Non-Current	421,462	(2,406)	419,056	211,462	(2,340)	209,122
Total	₩ 441,462	₩ (2,406)	₩ 439,056	₩ 460,462	₩ (2,424)	₩ 458,038

The repayment schedule of long-term borrowings and debentures outstanding as of December 31, 2024 is as follows:

(Korean won in millions)			
Year ending December 31	Long-term borrowings	Debentures (par value)	Total
2026	₩ 179,208	₩ 245,000	₩ 424,208
2027	8,483	176,462	184,945
2028 and thereafter	244,492	-	244,492
Total	₩ 432,183	₩ 421,462	₩ 853,645

21. Retirement benefit plan:

(1) Defined contribution retirement pension

The Group joins a defined contribution plan for qualified employees under which the Group is obligated to make payments to third-party funds operated independently of the Group's assets. The contribution of the Group is reduced by losing contributions when employees retire before meeting the vesting condition.

The Group recognized KRW 16,999 million and KRW 15,488 million of contribution portion under its defined contribution plan in the consolidated statements of income for each of the two years in the period ended December 31, 2024, respectively.

(2) Defined benefits retirement pension

The Group also joins a defined benefit plan for qualified employees. Employees receive retirement allowance, which is calculated using average wages of final three months at the time of retirement under the defined benefit plan. The Group is exposed to investment risk, interest rate risk and wage risk. The actuarial valuation is completed by Mirae Asset Securities Co., Ltd., and the institution measured the present value of the defined benefit obligations and the relevant current service cost applying the projected unit credit method.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

21. Retirement benefit plan (cont'd)

1) As of December 31, 2024 and 2023, the amounts recognized in the consolidated statements of financial position related to retirement benefit obligations are as follows:

(Korean won in millions)				
	December 31, 2024		December 31, 2023	
Present value of defined benefit obligation	₩	239,505	₩	225,502
Fair value of plan assets		(244,952)		(249,383)
Net defined benefit assets	₩	(5,447)	₩	(23,881)

The aforementioned plan assets are fully invested in principle-guaranteed products, such as time deposits, to secure stable retirement benefit funds.

2) Changes in the present values of net defined benefit liabilities/assets for each of the two years in the period ended December 31, 2024 are as follows

For the year ended December 31, 2024

(Korean won in millions)						
	Present value of defined benefit obligations		Fair value of plan assets		Total	
Beginning balance	₩	225,502	₩	(249,383)	₩	(23,881)
Current service cost		34,153		-		34,153
Interest cost (income)		10,254		(11,657)		(1,403)
Subtotal	₩	44,407	₩	(11,657)	₩	32,750
Remeasurement components:						
Return on plan assets (excluding the amount included in above interest income)		-		1,328		1,328
Actuarial changes (demographic)		(956)		-		(956)
Actuarial changes (financial)		9,740		-		9,740
Actuarial changes (empirical)		9,758		-		9,758
Subtotal	₩	18,542	₩	1,328	₩	18,542
Employer's contribution		-		(25,100)		(25,100)
Benefit paid		(49,141)		40,090		(9,051)
Changes in the scope of consolidation		72		-		72
Others		123		(230)		(107)
Ending balance	₩	239,505	₩	(244,952)	₩	(5,447)

For the year ended December 31, 2023

(Korean won in millions)						
	Present value of defined benefit obligations		Fair value of plan assets		Total	
Beginning balance	₩	198,144	₩	(224,528)	₩	(26,384)
Current service cost		29,582		-		29,582
Interest cost (income)		10,044		(8,904)		1,140
Subtotal	₩	39,626	₩	(8,904)	₩	30,722
Remeasurement components:						
Return on plan assets (excluding the amount included in above interest income)		-		(5,097)		(5,097)
Actuarial changes (demographic)		505		-		505

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

(Korean won in millions)			
	Present value of defined benefit obligations	Fair value of plan assets	Total
Actuarial changes (financial)	10,497	-	10,497
Actuarial changes (empirical)	10,313	-	10,313
Subtotal	₩ 21,315	₩ (5,097)	₩ 16,218
Employer's contribution	-	(37,410)	(37,410)
Benefit paid	(34,140)	26,707	(7,433)
Changes in the scope of consolidation	6	-	6
Others	551	(151)	400
Ending balance	₩ 225,502	₩ (249,383)	₩ (23,881)

3) Gains and losses related to defined benefit plan for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
Current service cost	₩ 34,153	₩ 29,582
Interest cost	10,254	10,044
Interest income	(11,657)	(8,904)
Total cost included in employee benefits	₩ 32,750	₩ 30,722

4) The principal assumptions applied to the actuarial valuation as of December 31, 2024 and 2023 are as follows:

	2024	2023
Discount rate	4.12%-4.98%	4.93%-5.51%
Expected salary increase rate (including inflation)	3.82%-5.48%	3.78%-5.37%

Plus, the estimated mortality rate provided by the premium rate calculation agency prescribed in the *Insurance Business Act* of Korea (i.e., Korea Insurance Development Institute) is applied.

5) As of December 31, 2024 and 2023, on condition that other assumptions remain the same, the changes in net defined benefit liabilities derived from the changes in actuarial assumptions to a reasonable extent of influence are as follows:

(Korean won in millions)				
	2024		2023	
	Increase in rate	Decrease in rate	Increase in rate	Decrease in rate
1% change in discount rate	₩ (10,959)	₩ 12,099	₩ (11,538)	₩ 10,888
1% change in future salary increase rate	₩ 12,218	₩ (11,258)	₩ 11,148	₩ (11,950)

The above analysis does not indicate the actual variation in defined benefit obligations since the existence of correlation between the assumptions induces dependency between them. The defined benefit obligations in the above analysis are also measured by the equal method to the one in the consolidated statements of financial position.

The Group is expected to contribute 21,405 million KRW in the next period related to the defined benefits plan.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

22. Other liabilities:

Details of other liabilities as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)					
		December 31, 2024		December 31, 2023	
Current	Advances received	₩	22,799	₩	54,330
	Unearned revenue		443		1,165
	Withholdings		83,197		86,006
	Subtotal	₩	106,439	₩	141,501
Non-current	Long-term unearned revenue		4,494		18,712
Total		₩	110,933	₩	160,213

23. Provisions:

Changes in other provisions and classification by liquidity for each of the two years in the period ended December 31, 2024 are as follows

For the year ended December 31, 2024

(Korean won in millions)								
	Changes						Liquidity	
	Beginning balance	Additional provisions	Utilization	Reversal	Other	Ending balance	Current	Non-current
Litigations (*1)	₩ 15,591	₩ 4,807	₩ (5,946)	₩ (120)	₩ (1)	₩ 14,331	₩ 14,331	₩ -
Completion cost, etc. (*2, *3)	212,759	154,925	(158,546)	(67,586)	1,606	143,158	143,158	-
Restoration (*4)	721	-	-	-	14	735	-	735
Construction loss	39,404	3,725	(16,747)	(3,256)	53	23,179	23,179	-
Construction warranty	122,858	67,858	(56,000)	(8,504)	4,320	130,532	47,838	82,694
Total	₩391,333	₩ 231,315	₩(237,239)	₩(79,466)	₩5,992	₩ 311,935	₩228,506	₩ 83,429

(*1) The Group recognized expected losses as provisions as per the outcome of the latest trial until the reporting date.

(*2) The Group estimates relevant costs after the completion of a project and recognizes them as provisions at the reporting date.

(*3) The Group recognizes KRW 6.7 billion of provision for the construction financial guarantee to provide supplementary funds with respect to the public-private partnership in Daegu Green Energy Center.

(*4) The Group recognizes expected costs for restoration of long-term leased office building at the reporting date.

For the year ended December 31, 2023

(Korean won in millions)									
	Changes							Liquidity	
	Beginning balance	Variation in consolidated range	Additional provisions	Utilization	Reversal	Other	Ending balance	Ending balance	Current
Litigations (*1)	₩ 17,227	₩ -	₩ 19,425	₩ (18,536)	₩ (2,525)	₩ -	₩15,591	₩15,591	₩ -
Completion cost, etc. (*2, *3)	161,369	354	182,555	(130,013)	(19,388)	17,882	212,759	212,759	-
Restoration (*4)	721	-	-	-	-	-	721	-	721
Construction loss provisions	43,517	19	12,068	(15,493)	(697)	(10)	39,404	39,404	-
Provision for Construction Warranties	124,003	-	64,651	(64,651)	(6,099)	1,959	122,858	37,798	85,060
Total	₩346,837	₩ 373	₩278,699	₩(225,698)	₩(28,709)	₩19,831	₩391,333	₩305,552	₩85,781

23. Provisions (cont'd)

(*1) The Group recognized expected losses as provisions as per the outcome of the latest trial until the reporting date.

(*2) The Group estimates relevant costs after the completion of a project and recognizes them as provisions at the reporting date.

(*3) The Group recognizes KRW 28.6 billion of provision for the construction investor's obligation to provide supplementary funds with respect to the public-private partnership in Deoksong-Naegak Expressway.

(*4) The Group recognizes expected costs for restoration of long-term leased office building at the reporting date.

24. Lease liabilities:

(1) Lease contract

The Group is engaged in lease contracts as a lessee of which average contractual term is around three years for the underlying assets such as real estates, vehicles and machinery and has no option to purchase the underlying assets at the end of the lease term. Legal ownership of the underlying assets is held by the lessor as collateral for the lease liabilities.

(2) The maturity analysis of lease liabilities as of December 31, 2024 and 2023 is as follows:

(Korean won in millions)				
	December 31, 2024		December 31, 2023	
	Total cash outflow	Present value of total cash outflow	Total cash outflow	Present value of total cash outflow
Within 1 year	₩ 54,381	₩ 53,590	₩ 63,132	₩ 61,976
1 year to 5 years	25,732	24,017	63,520	59,653
More than 5 years	236	205	36	17
Total	₩ 80,349	₩ 77,812	₩ 126,688	₩ 121,646

(3) The liquidity classification of lease liabilities as of December 31, 2024 and 2023 is as follows:

(Korean won in millions)				
	December 31, 2024		December 31, 2023	
Current liabilities	₩	53,590	₩	61,976
Non-current liabilities		24,222		59,670
Total	₩	77,812	₩	121,646

25. Capital stock and other paid-in capital:

(1) Capital

Details of capital stock as of December 31, 2024 are as follows:

(Korean won)			
Description	Common Stock (*1)	Preferred Stock Class 1(*2)	Preferred Stock Class 2(*3)
Number of authorized shares	90,000,000	30,000,000	30,000,000
Par value per share	₩ 5,000	₩ 5,000	₩ 5,000
Total number of shares issued	36,693,623	2,113,885	2,111,951
Capital	₩ 208,163,500,000	₩ 10,569,425,000	₩ 10,559,755,000

25. Capital stock and other paid-in capital (cont'd)

(*1) 2,939,077 common shares held as treasury shares by the Group were retired on February 8, 2024 with consideration. As a result, there is a difference of KRW 14,695 million between the capital stock and the total face value of the issued stock.

(*2) Preferred stocks of a Group are non-voting stocks that are entitled to a dividend of 1% more than the cash dividend for common stocks based on the par value. However, if the prescribed dividend is not paid for the preferred stocks in any fiscal year, they are deemed to have voting rights until the end of the shareholders' meeting at which a resolution to receive preferred dividends is passed.

(*3) The preferred stock of the Group is a non-voting stock with cumulative and participating rights to dividends and is converted into common stock upon expiration of the term. However, if the prescribed dividend is not paid for the preferred stock in any fiscal year, the voting rights are deemed to be retained until the end of the shareholders' meeting at which a resolution to receive preferred dividends is passed.

Details of capital stock as of December 31, 2023 are as follows:

(Korean won)			
Description	Common Stock	Preferred Stock Class 1(*1)	Preferred Stock Class 2(*2)
Number of authorized shares	90,000,000	30,000,000	30,000,000
Par value per share	₩ 5,000	₩ 5,000	₩ 5,000
Total number of shares issued	38,693,623	2,113,885	2,111,951
Capital	₩ 193,468,115,000	₩ 10,569,425,000	₩ 10,559,755,000

(*1) Preferred stocks of a Group are non-voting stocks that are entitled to a dividend of 1% more than the cash dividend for common stocks based on the par value. However, if the prescribed dividend is not paid for the preferred stocks in any fiscal year, they are deemed to have voting rights until the end of the shareholders' meeting at which a resolution to receive preferred dividends is passed.

(*2) The preferred stock of the Group is a non-voting stock with cumulative and participating rights to dividends, and is converted into common stock upon expiration of the term. However, if the prescribed dividend is not paid for the preferred stock in any fiscal year, the voting rights are deemed to be retained until the end of the shareholders' meeting at which a resolution to receive preferred dividends is passed.

(2) Other Paid-in capital

1) Details of other paid-in capital as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)				
	December 31, 2024		December 31, 2023	
Additional paid-in capital	₩	3,593,744	₩	3,500,575
Other capital surplus		237,112		346,651
Treasury stock		(16,481)		(105,146)
Total	₩	3,814,375	₩	3,742,080

2) Details of changes in other paid-in capital for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)				
	2024		2023	
Beginning balance	₩	3,742,080	₩	3,461,571
Acquisition of treasury stocks		(19,647)		(72,940)
Incineration of treasury stocks		108,312		-
All-inclusive share swap		(16,370)		353,449
Ending balance	₩	3,814,375	₩	3,742,080

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

26. Retained earnings:

(1) Details of retained earnings as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)		
	December 31, 2024	December 31, 2023
Legal reserve:		
Earned surplus reserve (*1)	₩ 12,048	₩ 10,029
Voluntary reserve:		
Other voluntary reserve	1,000	1,000
Unappropriated retained earnings	1,063,111	979,460
Total	₩ 1,076,159	₩ 990,489

(*1) The *Commercial Act* of the Republic of Korea enforces the Group to appropriate to an earned surplus reserve an amount equal to at least 10% of the cash dividends until the reserve reaches half of the paid-in capital. The statutory reserve shall only be used to complement a deficit or to transfer to capital, but not to finance cash dividends.

(2) Changes in retained earnings for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
Beginning balance	₩ 990,489	₩ 858,084
Net income attributable to shareholders' equity of the parent company	229,224	187,862
Dividend	(20,182)	(42,282)
Remeasurement of defined benefit plan	(15,060)	(13,175)
Retirement of treasury stock	(108,312)	-
Ending balance	₩ 1,076,159	₩ 990,489

27. Dividends

Dividends for each of the two years in the period ended December 31, 2024 are as follows:

For the year ended December 31, 2024

(Korean won in millions, except the amount per share)				
	Issued shares	Dividend shares	Amount per share	Total
Common stock	38,693,623 shares	36,048,811 shares	₩ 500	₩ 18,024
Preferred stock	2,113,885 shares	2,053,543 shares	550	1,130
Convertible preference stock	2,111,951 shares	2,055,959 shares	500	1,028
Total				₩ 20,182

For the year ended December 31, 2023

(Korean won in millions, except the amount per share)				
	Issued shares	Dividend shares	Amount per share	Total
Common stock	38,693,623 shares	38,022,693 shares	₩ 1,000	₩ 38,023
Preferred stock	2,113,885 shares	2,076,735 shares	1,050	2,180
Convertible preference share	2,111,951 shares	2,079,152 shares	1,000	2,079
Total				₩ 42,282

28. Accumulated other comprehensive income:

(1) Details of accumulated other comprehensive income as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)		
	December 31, 2024	December 31, 2023
Loss on valuation of FVTOCI debt instruments	₩ (2,018)	₩ (1,489)
Loss on overseas operations translation	(326,623)	(221,113)
Changes in equity of associates and joint ventures	54,524	44,217
Total	₩ (274,117)	₩ (178,385)

(2) Changes in accumulated other comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
Beginning balance	₩ (178,385)	₩ (184,577)
Gain (loss) on valuation of FVTOCI debt instruments	(528)	955
Gain (loss) on valuation	(713)	1,270
Tax effect	185	(315)
Loss on overseas operations translation	(105,511)	(36,702)
Changes in equity of associates and joint ventures	10,307	41,939
Gain (loss) on valuation	13,876	(4,072)
Tax effect	(3,569)	46,011
Ending balance	₩ (274,117)	₩ (178,385)

29. Collaterals and guarantees:

(1) Collaterals

1) The Group's assets pledged as collateral to financial institutions for its borrowings as of December 31, 2024 are as follows:

(Korean won in millions)						
Financial institution	Pledged assets	Carrying value	Pledged amount	Relevant debt	Amount of debt	Description
Construction Guarantee and others	Investment certificates	₩ 73,076	₩ 73,076	Borrowing	₩ -	Guarantee and loan commitment
YKSM Co., Ltd.	Land	416,131	120,000	Borrowing	100,000	Mortgage loan
Total		₩489,207	₩193,076		₩100,000	

2) As of December 31, 2024, the Group provides equity instruments and beneficiary certificates measured at FVTPL (carrying amount: KRW 107,819 million) as collaterals to Korea Development Bank and other for the entities established pursuant to the *Act on Public-Private Partnerships in Infrastructure*. No liabilities are relevant to those collaterals.

(2) Contingent liabilities from project finance ("PF") loans

1) Comprehensive summary of contingent liabilities from construction project finance loans ("PF") (not including interim payment loans, and social overhead capital ("SOC"))

The Group provides corresponding financial institutions' credit enhancements, which amount to a total of KRW 1,856,998 million (KRW 2,199,089 million in 2023) on December 31, 2024. The exposure to independent projects amounts to KRW 1,496,933 million (KRW 1,823,720 million in 2023), and the exposure to consortium projects amounts to KRW 360,065 million (KRW 375,369 million in 2023). The exposure of the credit enhancements for the related parties is KRW 804,500 million (KRW 389,017 million in 2023), which entirely belongs to the other project.

29. Collaterals and guarantees (cont'd)

The following is the summary of contingent liabilities from PF loans of improvement projects and other projects:

Comprehensive summary: Independent projects

Project	Type	Guarantee limit	Guarantee amount	Balance of loans							2023	
				2024	Maturity							More than 3 years
					Within 3 months	3 - 6 months	6 - 12 months	1 year - 2 years	2 - 3 years	More than 3 years		
Improvement	Bridge loan	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
	Original PF	₩ 1,403,834	₩ 662,433	₩ 73,742	₩ 2,994	₩ -	₩ -	₩ -	₩ 380,236	₩ 92,215	₩ 1,231,703	
	Subtotal	₩ 1,403,834	₩ 662,433	₩ 73,742	₩ 2,994	₩ -	₩ -	₩ -	₩ 380,236	₩ 92,215	₩ 1,231,703	
Other	Bridge loan	₩ 427,500	₩ 427,500	₩ 78,000	₩ -	₩ 270,000	₩ 20,000	₩ -	₩ -	₩ -	₩ 346,000	
	Original PF	₩ 446,000	₩ 407,000	₩ 30,000	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 290,000	₩ 246,017	
	Subtotal	₩ 873,500	₩ 834,500	₩ 108,000	₩ -	₩ 270,000	₩ 20,000	₩ -	₩ -	₩ 290,000	₩ 592,017	
Total		₩ 2,277,334	₩ 1,496,933	₩ 181,742	₩ 2,994	₩ 270,000	₩ 20,000	₩ 380,236	₩ 382,215	₩ 1,823,720		

Comprehensive summary: Consortium project (Aggregate)

Project	Type	Guarantee limit	Guarantee amount	Balance of loans							2023	
				2024	Maturity							More than 3 years
					Within 3 months	3 - 6 months	6 - 12 months	1 year - 2 years	2 - 3 years	More than 3 years		
Improvement	Bridge loan	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	
	Original PF	₩ 390,600	₩ 369,165	₩ 307,637	₩ -	₩ -	₩ 307,637	₩ -	₩ -	₩ -	₩ 131,338	
	Subtotal	₩ 390,600	₩ 369,165	₩ 307,637	₩ -	₩ -	₩ 307,637	₩ -	₩ -	₩ -	₩ 131,338	
Other	Bridge loan	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	
	Original PF	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 251,180	
Total		₩ 390,600	₩ 369,165	₩ 307,637	₩ -	₩ -	₩ 307,637	₩ -	₩ -	₩ -	₩ 382,518	

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

29. Collaterals and guarantees (cont'd)

Comprehensive summary: Consortium project (Attributed to the Group)

Project	Type	Guarantee limit	Guarantee amount	2024	Balance of loans							2023
					Maturity							
					Within 3 months	3 - 6 months	6 - 12 months	1 year - 2 years	2 - 3 years	More than 3 years		
Improvement	Bridge loan	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
	Original PF	370,566	360,065	300,054	-	-	-	300,054	-	-	-	124,189
	Subtotal	₩ 370,566	₩ 360,065	₩ 300,054	₩ -	₩ -	₩ -	₩ 300,054	₩ -	₩ -	₩ -	₩ 124,189
Other	Bridge loan	-	-	-	-	-	-	-	-	-	-	-
	Original PF	-	-	-	-	-	-	-	-	-	-	251,180
	Subtotal	-	-	-	-	-	-	-	-	-	-	₩ 251,180
Total	₩ 370,885	₩ 360,065	₩ 300,054	₩ -	₩ -	₩ -	₩ 300,054	₩ -	₩ -	₩ -	₩ 375,369	

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

29. Collaterals and guarantees (cont'd)

2) Details of contingent liabilities from construction PF loans (not including completion guarantees, interim payment loans and SOC)

2-1) The following are 15 guarantees for PF loans which the Group provides regarding the improvement projects at the reporting date of the current year:

Project	Location	Construction objective	PF type	Enhancement type	Guarantee limit	The Group's share	Guarantee amount	Debtor	Relationship	Creditor	Balance of loans (*1)		Terms		Maturity of ABS	Securitization	Completion guarantee	Notes		
											Current	Prior	First disbursement	Maturity						
Improvement	Special metropolitan city	Apartment	Original PF	*A	₩ 86,160	100%	₩ 85,461	Association	N/A	Syndication	₩ 71,218	₩ 45,709	'20.06	'25.04	-	PF loan	-			
		Apartment	Original PF	*A	₩ 124,560	100%	₩ 86,844	Association	N/A	Syndication	₩ 72,370	₩ 74,898	'22.06	'27.03	-	PF loan	-			
		Apartment	Original PF	*A	₩ 115,200	100%	₩ 48,825	Association	N/A	Syndication	₩ 40,687	₩ 21,186	'22.07	'27.05	-	PF loan	-			
		Apartment	Original PF	*A	₩ 28,200	100%	₩ 13,211	Association	N/A	Other	Syndication	₩ 11,009	₩ 11,178	'22.09	'27.07	-	PF loan	-		
		Apartment	Original PF	*A	₩ 60,744	100%	₩ 31,656	Association	N/A	Syndication	Syndication	₩ 23,080	₩ 22,263	'22.09	'27.07	-	PF loan	-		
		Apartment	Original PF	*A	₩ 60,000	100%	₩ 44,726	Association	N/A	Other	Syndication	₩ 37,272	₩ 38,925	'22.10	'27.08	-	PF loan	-		
		Apartment	Original PF	*A	₩ 180,000	100%	₩ 125,756	Association	N/A	Syndication	Syndication	₩ 104,797	₩ 73,876	'22.10	'27.08	-	PF loan	-		
		Apartment	Original PF	*A	₩ 56,400	100%	₩ 25,411	Association	N/A	Syndication	Syndication	₩ 21,176	₩ 21,965	'23.08	'28.08	-	PF loan	-		
		Apartment	Original PF	*A	₩ 360,000	100%	₩ 85,247	Association	N/A	Syndication	Syndication	₩ 71,039	₩ 57,698	'23.08	'28.08	-	PF loan	-		
		The loans above can be repaid early. No credit enhancement is omitted.																		
		Metropolitan city	Apartment	Original PF	*A	-	-	-	Association	N/A	Syndication	Syndication	-	₩ 148,030	'20.10	'24.04	-	-	-	(*)
			Apartment	Original PF	*A	₩ 92,520	100%	₩ 62,756	Association	N/A	Syndication	Syndication	₩ 52,297	₩ 44,033	'23.06	'27.03	-	PF loan	-	
			Apartment	Original PF	*A	₩ 215,520	100%	₩ 46,467	Association	N/A	Syndication	Syndication	₩ 38,723	₩ 32,473	'22.07	'27.05	-	PF loan	-	
		The loans above can be repaid early. No credit enhancement is omitted.																		
			Apartment	Original PF	*A	-	-	-	Association	N/A	Syndication	Syndication	-	₩ 314,863	'21.03	'24.09	-	-	-	(*)
	Apartment	Original PF	*A	-	-	-	Association	N/A	Securities	Securities	-	₩ 160,000	'20.07	'24.11	'24.11	ABS	-			
	Apartment	Original PF	*A	₩ 10,890	100%	₩ 2,777	Association	N/A	Bank	Bank	₩ 2,524	₩ 2,055	'22.07	'25.03	-	PF loan	-			
	Apartment	Original PF	*A	-	-	-	Association	N/A	Syndication	Syndication	-	₩ 160,000	'22.05	'25.07	-	PF loan	-			
	Apartment	Original PF	*A	₩ 13,640	100%	₩ 3,294	Association	N/A	Bank	Bank	₩ 2,994	₩ 2,550	'22.07	'25.07	-	PF loan	-			
PF loans can be repaid early. No credit enhancement is omitted.																				
Total of independent projects											₩	₩ 1,403,834								
Metropolitan city	Apartment	Original PF	*A	-	-	-	Association	N/A	Syndication	Syndication	₩ 295,600	₩ 119,990	'23.06	'26.03	'26.03	PF loan/ ABCP	-	(*)		
The loans above can be repaid early. No credit enhancement is omitted.																				
City	Apartment	Original PF	*A	₩ 31,800	37%	₩ 5,345	Association	N/A	Syndication	Syndication	₩ 4,454	₩ 4,199	'22.04	'26.08	-	PF loan	-	(*)		
The loans above can be repaid early. No credit enhancement is omitted.																				
Total of consortium projects											₩	₩ 300,054	₩	₩ 124,189						
Gross total											₩	₩ 849,241	₩	₩ 1,365,892						

*A: Joint and several guarantees

(*) Completed construction

(*) Overlapped credit provisions

(*) Non-overlapped credit provisions

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

29. Collaterals and guarantees (cont'd)

2-2) The following are 7 guarantees for PF loans which the Group provides regarding the other projects at the reporting date of the current year:

Project	Location	Construction objective	PF type	Enhancement type	Guarantee limit	The Group's share	Guarantee amount (*1)	Debtor	Relationship	Creditor	Balance of loans (*1)		Terms		Maturity of ABS	Securitization	Completion guarantee	Notes
											Current	Prior	First disbursement	Maturity				
	Special metropolitan city	Officetel*	Bridge loan	*B	₩	-	-	Developer	Associate	Syndication	₩	-	'23.08	'24.06	-	-	₩	-
		Officetel*	Original PF	*B	₩	416,000	377,000	Developer	Associate	Syndication	₩	290,000	-	'24.06	'28.02	-	PF loan/ ABCP	290,000- (*1)
The loans above can be repaid early. No credit enhancement is omitted.																		
	Metropolitan city	Apartment	Bridge loan	*B	₩	-	-	Developer	N/A	Other	₩	-	21,000	'23.11	'24.11	-	-	-
		Apartment	Bridge loan	*B	₩	-	-	Developer	Other	Syndication	₩	-	95,000	'24.05	'24.11	-	-	-
		Apartment	Bridge loan	*B	₩	-	-	Developer	Associate	Syndication	₩	-	50,000	'23.11	'24.11	-	-	-
		Apartment	Bridge loan	*B	₩	114,000	114,000	Developer	Other	Syndication	₩	95,000	-	'24.11	'25.11	'25.11	PF loan/ ABCP	-
		Apartment	Bridge loan	*B	₩	149,500	149,500	Developer	Associate	Other	₩	115,000	-	24.11	25.11	25.11	ABCP	-
		Apartment	Bridge loan	*B	₩	26,000	26,000	Developer	Associate	Other	₩	20,000	-	24.11	26.10	-	PF loan	-
		General building	Original PF	*B	₩	30,000	30,000	Developer	N/A	Syndication	₩	30,000	-	23.04	25.03	-	PF loan	-
		Logistic facility	Original PF	*A	₩	-	-	Developer	N/A	Bank	₩	-	122,000	23.10	24.05	-	PF loan	-
The loans above can be repaid early. No credit enhancement is omitted.																		
	City	Apartment	Bridge loan	*B	₩	-	-	Developer	Associate	Other	₩	-	30,000	'23.04	'24.10	-	-	-
		Apartment	Bridge loan	*B	₩	-	-	Developer	Associate	Other	₩	-	35,000	'23.08	'24.10	-	-	-
		Apartment	Bridge loan	*B	₩	78,000	78,000	Developer	Associate	Syndication	₩	78,000	-	24.04	25.04	'25.04	ABCP	-
		Apartment	Bridge loan	*B	₩	60,000	60,000	Developer	Associate	Syndication	₩	60,000	-	24.08	25.08	'25.08	ABCP	-
		Apartment	Original PF	*B	₩	-	-	Developer	Associate	Other	₩	-	64,017	22.10	24.11	-	PF loan	-
		Apartment	Original PF	*B	₩	-	-	Association	N/A	Securities	₩	-	30,000	23.12	24.10	'24.10	ABCP	-
The loans above can be repaid early. No credit enhancement is omitted.																		
	Metropolitan city	Apartment	Original PF	*C	₩	873,500	834,500	Developer	N/A	Bank	₩	688,000	₩	592,017	-	-	₩	290,000
PF loans can be repaid early, but ABS cannot due to the condition of lump sum repayment at maturity. No credit enhancement is omitted.																		
	City	Logistic facility	Original PF	*C	₩	-	-	Developer	N/A	Syndication	₩	-	171,100	'23.09	'24.05	-	PF loan	- (*2)
The loans above can be repaid early. (The Group provided an additional completion guarantee, but the additional obligation has been terminated before the reporting date.)																		
	Gross total																	
		₩ 873,500																
		₩ 843,500																
		₩ 251,180																
		₩ 688,000																
		₩ 843,197																
		₩ 290,000																

29. Collaterals and guarantees (cont'd)

* Officetel: Dual-purpose buildings for commercial and residential purposes

*B: Supplementary funding arrangements

*C: Assumption of obligations

(*1) Simultaneous undertaking of completion guarantee

(*2) Overlapped credit provisions/non-overlapping credit provisions

3) Completion guarantees for construction PF loans

The Group has agreed conditional reimbursements with Korea Housing & Urban Guarantee in the improvement projects and has agreed conditional reimbursements or assumptions of obligations with relevant creditors in the other projects when it fails to complete the construction.

Project		2024				2023			
		Number	Contract amount	Loan limit	Balance of loans	Number	Contract amount	Loan limit	Balance of loans
Improvement	Aggregate	26	₩ 8,519,222	₩ 5,508,050	₩ 3,130,075	26	₩ 6,120,114	₩ 4,719,100	₩ 2,434,891
	Attributed	26	7,477,153	4,228,920	2,444,622	26	5,951,536	3,804,911	1,953,515
Other	Aggregate	29	4,385,905	5,347,230	3,711,972	43	6,478,267	8,183,096	4,568,423
	Attributed	29	4,042,163	5,172,190	3,639,532	43	6,078,285	7,867,784	4,322,350
Total	Aggregate	55	12,905,127	10,855,280	6,842,047	69	12,598,381	12,902,196	7,003,314
	Attributed	55	₩ 11,519,316	₩ 9,401,110	₩ 6,084,154	69	₩ 12,029,821	₩ 11,672,695	₩ 6,275,865

(*1) The attributed amounts of other projects are measured conservatively same as the aggregate amounts neglecting the Group's share on consortiums.

4) SOC guarantees for construction PF loans

As of December 31, 2024, the Group provides credit enhancements, such as supplementary funding arrangements or finance provision, to the aggregate extent of KRW 804,583 million (2023: KRW 829,566 million) with respect to SOC concessionaires. The Group also is obliged to render supplementary funds to SOC concessionaires when those entities are exposed to shortage of minimal funds to maintain the businesses.

Detail	2024			2023		
	Number	Aggregate	Attributed	Number	Aggregate	Attributed
Guarantee limit	49	₩ 3,239,255	₩ 804,583	50	₩ 3,347,075	₩ 829,566

5) Contingent liabilities on interim payment loans

As of December 31, 2024, the Group guarantees KRW 71,938 million (2023: KRW 122,280) of customer's interim payment loans related to the improvement projects and guarantees KRW 688,137 million (2023: KRW 1,288,786 million) of customer's interim payment loans related to the other projects.

Project		2024				2023			
		Number	Loan limit	Balance of loans	Guarantee amount	Number	Loan limit	Balance of loans	Guarantee amount
Improvement	Aggregate	3	₩ 679,680	₩ 59,949	₩ 71,938	4	₩ 656,400	₩ 656,400	₩ 131,280
	Attributed	3	679,680	59,949	71,938	4	611,400	611,400	122,280
Other	Aggregate	14	3,613,182	642,970	688,137	17	3,791,960	3,791,960	1,301,242
	Attributed	14	3,613,182	642,970	688,137	17	3,729,681	3,729,681	1,288,786
Total	Aggregate	17	4,292,862	702,918	760,075	21	4,448,360	4,448,360	1,432,522
	Attributed	17	₩ 4,292,862	₩ 702,918	₩ 760,075	21	₩ 4,341,081	₩ 4,341,081	₩ 1,411,066

(*1) In the case of a consortium participation project, the guarantee ratio of the Group was reflected to calculate the portion of the Group, instead of the construction ratio.

(*2) For your information, it was conservatively estimated that the loan limit and loan balance are same until the year ended December 31, 2023, but the actual loan balance has been reflected and recorded from the year ended December 31, 2024.

29. Collaterals and guarantees (cont'd)

6) Other

6-1) As of December 31, 2024, the Group has established a financial guarantee debt of KRW 7,369 million by reliably estimating the possible losses for each project for PF loans and payment guarantees provided for redevelopment, reconstruction and association project loans.

6-2) As of December 31, 2024, the Group has signed a rental agreement of KRW 3,878,267 million (KRW 4,602,175 million in total) in relation to redevelopment and reconstruction projects in Zone 3 of the Promotion of Reorganization around Busan Citizens Park.

6-3) Each newly established company (The Group and DL Chemical Co., Ltd.) and its surviving company (DL Co., Ltd.) that were divided as of January 1, 2021, pursuant to Article 530-9 (1) of the Commercial Act are jointly responsible for reimbursement of The Group's debts subject to division before division.

6-4) For details of overseas construction performance guarantees and payment guarantees provided for related parties, please refer to the notes in "38. Major transactions of related parties (6)".

(3) Contingent liabilities from other than Project Finance loans

The Group submits payment guarantees, such as guarantee of construction contract, guarantee of lotting-out and warranty from guarantee provider, to customers. Those guarantees amount KRW 21,519,924 million (KRW 21,467,052 million in 2023) at the reporting date.

1) Comprehensive summary

(Korean won in millions)						
Case	Guarantor	Guarantee	Guarantee limit	Guarantee amount	Applicant/Beneficiary	Other
As an instructing party (*1)	KOREIT, etc.	Lotting-out, etc.	₩ 7,625,491	₩ 7,625,491	HUG, etc.	-
As an applicant (*2)	-	Contract, etc.	13,894,433	13,894,433	Construction Association, etc.	-
Total			₩ 21,519,924	₩ 21,519,924		

(*1) Payment guarantees provided by a Group for financial transactions of others, such as contract performance guarantees, operating capital payment guarantees, and housing sales guarantees

(*2) Payment guarantees provided by the guarantor to the Group for contracts, etc., such as contract performance guarantees and defect repair guarantees

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

29. Collaterals and guarantees (cont'd)

2) As an instructing party

(Korean won in millions)						
Applicant/Beneficiary	Guarantee	Guarantee limit	Guarantee amount	Guarantor	Relationship	Notes
KOREIT.Co.,Ltd	Lotting-out	₩ 1,023,395	₩ 1,023,395	HUG	N/A	Domestic
KOREIT.Co.,Ltd	Lotting-out	34,040	34,040	HUG	N/A	Domestic
Daehan Real Estate Trust, Co., Ltd.	Lotting-out	386,425	386,425	HUG	N/A	Domestic
Korea Asset In Trust Co., Ltd.	Lotting-out	1,005,973	1,005,973	HUG	N/A	Domestic
Kyobo Asset Trust Co., Ltd.	Lotting-out	716,434	716,434	HUG	N/A	Domestic
Hana Trust Co., Ltd.	Lotting-out	532,024	532,024	HUG	N/A	Domestic
Shinhan Asset Trust Co., Ltd	Lotting-out	536,325	536,325	HUG	N/A	Domestic
KORAMCO REITS Management & Trust Co., Ltd.	Lotting-out	584,775	584,775	HUG	N/A	Domestic
Mugunghwa Trust Co., Ltd.	Lotting-out	817,613	817,613	HUG	N/A	Domestic
Korea trust Co., Ltd.	Lotting-out	111,421	111,421	HUG	N/A	Domestic
SHINYOUNG REAL ESTATE CO., LTD.	Lotting-out	95,988	95,988	HUG	N/A	Domestic
	Lotting-out	5,249	5,249	HUG	N/A	Domestic
Hwaseong Dongtan Gyeongnam Hadong REIT	Lotting-out	226,104	226,104	HUG	N/A	Domestic
KT&G Corporation	Lotting-out	177,979	177,979	HUG	N/A	Domestic
Woori Asset Trust Co., Ltd.	Lotting-out	439,303	439,303	HUG	N/A	Domestic
Daishin Asset Trust CO., LTD.	Lotting-out	208,506	208,506	HUG	N/A	Domestic
Korea Investment Real Estate	Lotting-out	235,853	235,853	HUG	N/A	Domestic
KOREIT.Co.,Ltd	Lotting-out	22,952	22,952	HUG	N/A	Domestic
Taepyeong Apartment Housing Reconstruction and Maintenance Business Association	Loan guarantees	1,901	1,901	HUG	N/A	Domestic
Icheon Gwango-dong Redevelopment and Maintenance Business Association	Loan guarantees	3,072	3,072	HUG	N/A	Domestic
Myeongseong Construction & Construction, etc.	Construction equipment rental payment guarantee	11,296	11,296	Construction Guarantee	N/A	Domestic
Korea Land Housing Corporation and others	Performance Guarantee	41,246	41,246	Construction Guarantee	N/A	Domestic
GangDong Construction & Eng and others	Subcontract Payment Guarantee	392,266	392,266	Construction Guarantee.	N/A	Domestic
Incheon Housing and City Development Corporation.	Warranty bond	350	350	Construction Guarantee	N/A	Domestic
HYUNDAI E&C CO., LTD.	Contract	665	665	Construction Guarantee	N/A	Domestic
Seonam Green Energy Co., Ltd.	Performance Guarantee	1,207	1,207	Construction Guarantee	N/A	Domestic
LOTTE E&C Co., Ltd.	Warranty bond	5,536	5,536	Construction Guarantee	N/A	Domestic
GS E&C Corp	Warranty bond	7,593	7,593	Construction Guarantee	N/A	Domestic
Total		₩ 7,625,491	₩ 7,625,491			

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

29. Collaterals and guarantees (cont'd)

3) As an applicant

(Korean won in millions)					
Guarantor	Guarantee	Guarantee limit	Guarantee amount	Relationship	Notes
STX E&C Co., Ltd. and other	Warranty bond, etc.	₩ 35,587	₩ 35,587	N/A	Domestic
Construction Guarantee	Contract, etc	9,726,450	9,726,450	N/A	Domestic
Korea Land Housing Corporation	Lotting-out, etc	2,532,322	2,532,322	N/A	Domestic
Seoul Guarantee Insurance Company	Performance bond, etc.	1,011,311	1,011,311	N/A	Domestic
Engineering Guarantee Insurance	Performance bond, etc.	34,028	34,028	N/A	Domestic
LOTTE E&C Co.,Ltd	Performance bond, etc.	24,464	24,464	N/A	Domestic
Export-Import Bank of Korea	Contract, etc.	228,241	228,241	N/A	Overseas
KEB Hana Bank	Contract, etc.	372	372	N/A	Overseas
Woori Bank	Contract, etc.	21,483	21,483	N/A	Overseas
HSBC Seoul	Contract, etc.	90,971	90,971	N/A	Overseas
National Bank of Kuwait	Other	7,685	7,685	N/A	Overseas
Mashreq Bank	Other	20	20	N/A	Overseas
Riyad Bank	Contract	138,860	138,860	N/A	Overseas
Construction Guarantee	Contract, etc.	42,638	42,638	N/A	Overseas
Total		₩ 13,894,433	₩ 13,894,433		

30. Commitments and contingencies:

(1) Promissory note and checks

As of December 31, 2024, the Group has provided 29 checks (29 blank) to the related banks regarding loan payables.

(2) Pending litigations

As of December 31, 2024, the Group is accused in 158 pending lawsuit cases (amount of KRW 247,691 million) regarding a claim for damages and filed a complaint with 61 lawsuits pending (amount of KRW 505,540 million) regarding completion bill and damages for delay. As the outcomes of the pending lawsuits are unpredictable, influence on the consolidated financial statements cannot be accurately measured. When the Group lost during the first or second trial, it had set up for the provisions (see Note 23).

(3) Loan agreements with the related parties

1) Regarding DLENC Philippines, Inc.'s lack of capital, the Group's board of directors has concluded a \$8 million loan agreement. Details of the main agreements are as follows:

	Description
(1) Counterparty	DLENC Philippines, Inc
(2) Loan amount	- USD 8 Mil
(3) Term of contract	- USD 8 Mil: 2023.04.16 - 2025.04.15, 4.6% per year
(4) Date of board of directors' resolution	- 2023.04.12
(5) Method of repayment	Principal and interest bullet payment

The balance of the loan related to the above details is KRW11,760 million as of December 31, 2024.

2) The Group's board of directors, regarding Deoksong-Naegak Expressway Co., Ltd.'s lack of capital, has executed a subordinated loan in the amount of KRW40,706 million and subrogation in the amount of KRW15,722 million. Details of the main agreements are as follows:

	Description
(1) Counterparty	Deoksong-Naegak Expressway Co., Ltd.
(2) Loan amount	- KRW 40,706 Mil (Supplementary funds KRW 9,847 Mil. + Additional supplementary KRW 3,000 Mil. + 2nd additional supplementary KRW 2,859 Mil. + 3rd additional supplementary KRW 25,000 Mil.) KRW 15,722 Mil. (Subrogation)
(3) Term of contract	[Capital deficiency support] - Subordinated loans' principal cannot be repaid before senior loans' principal and interest are fully repaid. - Subordinated loans' interest does not accrue before senior loans' principal and interest are fully repaid. (4.6% per annum) - In the event that the counterparty, Deoksongnaegak Expressway Co., Ltd., receives the Government Payment under the Implementation Agreement from the competent authority (for the period from January 1, 2024 to August 30, 2024), the Group is entitled to receive

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

	Description
	repayment in priority within the amount received, even prior to the full repayment of the principal and interest of the senior loan [Subrogation] - The Group is not entitled to exercise any indemnity claim or subrogation rights arising from this subrogated repayment until the full repayment of the principal and interest of the senior loan. (The agreed indemnity interest rate is 4.6% per annum, and pursuant to the amended subordinated loan agreement dated September 12, 2024, the claim was modified to be on the same terms as the subordinated loan.) - However, if the counterparty receives the Government Payment under the Implementation Agreement from the competent authority (for the period from January 1, 2024 to August 30, 2024), the Group may receive indemnity payments in priority, within the scope of such amount, even prior to the full repayment of the senior loan principal and interest. As of December 31, 2024, the Group has received KRW 3,817 million in indemnity payments from the aforementioned Government Payment.
(4) Date of board of directors' resolution	[Supplementary funds] 2020.04.27 [Additional supplementary (1st and 2nd)] Approved by CEO only [Additional supplementary (3rd)] 2024.08.13 [Subrogation] Approved by CEO only
(5) Method of repayment	[Supplementary funds, additional supplementary, Subrogation] Principal and interest bullet payment (after the senior loans' principal and interest are fully repaid)

The balance of the loan related to the above details is KRW 40,706 million and the balance of subrogation payment related to the above details is KRW 15,722 million as of December 31, 2024.

3) The Group's board of directors, regarding Hyoje PFV Co., Ltd.'s business operating, has executed a loan in the amount of KRW 129,600 million. Details of the main agreements are as follows:

	Description
(1) Counterparty	Hyoje PFV Co., Ltd.
(2) Loan amount	- KRW 39,600 Mil.
(3) Term of contract	- KRW 27,000 Mil. 2024.06.12 – Sale of Structure or PF withdrawal, 4.6% per year - KRW 10,000 Mil. 2024.06.12 - Sale of Structure or PF withdrawal, 4.6% per year - KRW 2,600 Mil. 2024.06.12 - Sale of Structure or PF withdrawal, 4.6% per year
(4) Date of board of directors' resolution	-KRW 27,000 Mil : 2024.06.10 -KRW 10,000 Mil : 2024.06.10 -KRW 2,600 Mil : 2024.06.10 -KRW 90,000 Mil : 2024.06.10
(5) Method of repayment	Principal bullet payment, three months' interest payment

The balance of the loan related to the above details is KRW 39,600 million as of December 31, 2024.

4) The Group has engaged in loan agreements with Igis Haeundae General Private REIT No. 1 to acquire capital for investment. Summary of the agreements is as follows:

	Description
(1) Counterparty	Igis Haeundae General Private REIT No.1
(2) Loan amount	- KRW 33,500 Mil
(3) Term of contract	- KRW 27,500 Mil : 2022.11.30 – 2028.01.30, 20% per year

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

	Description
	- KRW 6,000 Mil : 2023.05.26 - 2028.01.30, 20% per year
(4) Date of board of directors' resolution	- KRW 33,500 Mil Approval by CEO only
(5) Method of repayment	Principal and interest bullet payment

The balance of the loan related to the above details is KRW 33,500 million as of December 31, 2024.

(4) Commitments to financial institutions

The major contracts between the Group and financial institutions as of December 31, 2024 are as follows:

(Korean won in millions and foreign currencies in thousands)					
Description	Financial institution	Credit line		Balance outstanding	
Bank overdrafts (*1)	Woori Bank and others	KRW	58,845	KRW	-
General loans	SC Bank and others	KRW	511,933	KRW	89,833
	The Export-Import Bank of Korea and others	EUR	115,000	EUR	115,000
Commercial paper discount	Woori Bank and others	KRW	250,000	KRW	-
B2B note discount	Woori Bank and others	KRW	242,340	KRW	16,246
Letter of credit (sight and usance)	Woori Bank and others	USD	70,200	USD	-
Payment guarantee in foreign currency	The Export-Import Bank of Korea and others	USD	1,269,938	USD	377,633
Payment guarantee in Korean won	Woori Bank and others	KRW	895,184	KRW	895,184
Purchase-only card	Woori Card and others	KRW	248,575	KRW	248,575
Operating loan	Seoul Housing and Communities Corp. and others	KRW	61,973	KRW	61,973

(*1) Bank overdrafts are from Woori Bank, Nonghyup Bank, Shinhan Bank, KEB Hana Bank, and Suhyup Bank in the amount of KRW 10.1 billion, KRW 10 billion, KRW 7.5 billion, KRW 13 billion and KRW 18.3 billion, respectively. The aforementioned KRW 5 billion overdraft from Woori Bank includes comprehensive credit limit contract.

As of December 31, 2024, The Group has entered into an agreement with Woori Bank, with a total credit limit of KRW 400 billion.

(5) Derivatives

1) A currency forward contract

The Group has 25 currency forward contracts with Standard Chartered Bank and others to manage the exposure to changes in currency exchange rates. A summary of the terms of outstanding foreign currency forward contracts as of December 31, 2024 and 2023 is as follows:

As of December 31, 2024

(Korean won in millions and foreign currencies in thousands)						
Purpose	Buying currency	Buying amount	Selling currency	Selling amount	Contracted exchange rate	Number of contracts
Trading	KRW	43,210	USD	33,886	1,275.15	20
Trading	USD	19,556	SGD	25,722	1.32	3
Trading	CNY	82,411	USD	11,989	6.87	1
Trading	USD	2,944	CNY	20,408	6.93	1

30. Commitments and contingencies (cont'd)

As of December 31, 2023

(Korean won in millions and foreign currencies in thousands)						
Purpose	Buying currency	Buying amount	Selling currency	Selling amount	Contracted exchange rate	Number of contracts
Trading	KRW	75,378	USD	58,684	1,284.47	33
Trading	KRW	891	EUR	637	1,398.94	2
Trading	USD	20,264	SGD	26,670	1.32	4
Trading	CNY	82,411	USD	11,989	6.87	1
Trading	USD	20,000	KRW	25,756	1,287.80	1
Trading	USD	2,944	CNY	20,408	6.93	1

2) Evaluations of derivative financial instruments as of December 31, 2024 and 2023 are as follows.

As of December 31, 2024

(Korean won in millions)					
	Trading purpose				
	Gain on valuation	Loss on valuation	Asset	Liability	
Currency forward	₩ 1,091	₩ 5,410	₩ 424	₩ 5,465	
Option	7,939	230	28,684	15,037	
Total	₩ 9,030	₩ 5,640	₩ 29,108	₩ 20,502	

As of December 31, 2023

(Korean won in millions)					
	Trading purpose				
	Gain on valuation	Loss on valuation	Asset	Liability	
Currency forward	₩ 117	₩ 3,472	₩ 1,444	₩ 1,919	
Option	5,708	200	11,688	5,981	
Total	₩ 5,825	₩ 3,672	₩ 13,132	₩ 7,900	

(6) Other commitment

The major other agreements of the Group as of December 31, 2024 are as follows:

- 1) The Group provides put options for financial investors in relation to the Osan Se-ma Apartment complex development project.
- 2) The Group holds a put option agreement to sell its equity interests in SOC project companies, including Sudogwon West Expressway Co., Ltd., to financial investors as of December 31, 2024.
- 3) The indenture for the Group's unsecured public bonds (amounting to KRW 301.9 billion as of December 31, 2024) includes covenants such as the maintenance of certain financial ratios, restrictions on the creation of security interests, limitations on asset disposals, and changes in control. Breach of these covenants may result in the loss of the benefit of term (acceleration).
- 4) The Group provides put options to financial investors for the Project Financing Vehicles (Incheon Inha PFV, Jeonju Wansan PFV, Daejeon Culture PFV, Ulsan Uijeongbu PFV).

30. Commitments and contingencies (cont'd)

5) The Group has entered into put and call option arrangements with Daelim Co., Ltd. to sell its equity interests in four project PFVs (Incheon Inha PFV, Jeonju Wansan PFV, Daejeon Munhwa PFV, and Ulsan Uijeongbu PFV). The Group may exercise the put options from January 13, 2029 (from January 17, 2030 for Ulsan Uijeongbu PFV). If The Group does not exercise the put options, Daelim Co., Ltd. may exercise the call options. However, these options shall become null and void if the shares newly acquired by the Group and Daelim Co., Ltd. for the year ended December 31, 2024 are reduced through capital reduction with consideration prior to the exercise date.

6) The Group is engaged in a participation contract on the rights from lease arrangements and was paid the consideration of the participation. The Group is supposed to repurchase the rights at their fair value until April 30, 2025, by the contract

7) The Group entered into a deposit transfer agreement with Prime Tech One Co., Ltd., under which it transferred its leasehold deposit. Simultaneously, The Group entered into a repurchase agreement to repurchase the transferred deposit at fair value on the agreed repurchase date. In connection with the transaction, The Group also entered into an interest rate forward contract with Hanwha Investment & Securities Co., Ltd.

8) The Group entered into a real estate collateral trust agreement using its inventory assets (book value of KRW 513.17 billion) as trust assets to secure the debt obligations arising from the loan agreement for the construction of the AA29BL residential building in Incheon's Geomdan New Town. The entity received a first-priority beneficiary certificate (total amount of KRW 1,859 billion, with the Group's portion being KRW 817.96 billion) from the trust Group and provided it to the Korea Housing and Urban Guarantee Corporation. Additionally, it provided a second-priority beneficiary certificate (total amount of KRW 1,476 billion, with the Group's portion being KRW 649.44 billion) to the main investors.

9) As of December 31, 2024, the Group has entered into loan agreements totaling KRW 4,813.43 billion (with the Group's share being KRW 4,621.43 billion) related to the residential development projects in the Seokgwan 1-1 district and other areas.

31. Revenue:

Details of revenue included in operating income for each of the two years in the period ended December 31, 2024 are as follows:

Description	(Korean won in millions)			
	2024		2023	
	Progress basis	Delivery basis	Progress basis	Delivery basis
Construction contract revenue				
Construction revenue	₩ 8,172,347	₩ -	₩ 7,496,384	₩ -
Sales of apartment	46,760	5,962	351,050	7,088
Subtotal	₩ 8,219,107	₩ 5,962	₩ 7,847,434	₩ 7,088
Revenue from the rendering of services	32,854	-	62,625	-
Other revenue	27,955	32,564	(162,755)	236,672
Total	₩ 8,279,916	₩ 38,526	₩ 7,747,304	₩ 243,760

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

32. Nature of expenses:

The classification of expenses by nature for each of the two years in the period ended December 31, 2024 is as follows:

(Korean won in millions)				
	2024		2023	
Cost of raw material	₩	2,181,897	₩	1,923,028
Cost of outsourcing		3,733,309		3,728,329
Salaries		700,606		645,021
Retirement benefit		49,749		42,515
Employee welfare		85,459		83,346
Depreciation		75,628		77,682
Amortization of intangible assets		8,951		12,312
Commission		619,067		436,019
Taxes and dues		114,410		123,767
Other expenses		478,422		588,385
Total	₩	8,047,498	₩	7,660,404

33. Selling and administrative expenses:

Details of selling and administrative expenses for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)				
	2024		2023	
Selling expenses:				
Advertisement	₩	10,293	₩	9,681
Bad debt expenses		94,359		(12,883)
Freight		76		69
Commission		108,028		96,688
Warranty		(419)		(4,719)
Subtotal	₩	212,337	₩	88,836
Administrative expenses:				
Salaries		207,345		190,108
Employee welfare		24,296		24,041
Insurance		13,371		12,797
Rent		26,717		26,829
Others		47,935		41,529
Subtotal	₩	319,664	₩	295,304
Research and development expenses		42,819		67,312
Total	₩	574,820	₩	451,452

34. Other income and expenses:

Details of other income and expenses for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
1) Other Income		
Dividend income	₩ 879	₩ 1,004
Rental revenue	48	66
Gain on foreign currency transactions	22,309	19,777
Gain on foreign currency translation	72,382	18,916
Gain on disposal of investments under the equity method	73	325
Gain on disposal of financial assets at FVTOCI	-	16
Gain on disposal of financial assets at FVTPL	85	201
Gain on valuation of financial assets at FVTPL	13,076	7,553
Gain on disposal of property, plant and equipment	3,292	563
Gain on disposal of intangible assets	-	7
Gain on disposal of investment properties	136	-
Gain on derivative transactions	14	215
Gain on derivative valuation	9,030	5,825
Reversal of financial guarantee contract liabilities	2,978	-
Reversal of allowance for bad debt	37,647	11,767
Reversal of other provisions	11,305	3,964
Others	29,867	6,870
Total	₩ 203,121	₩ 77,069
2) Other expenses		
Donations	₩ 14,292	₩ 9,431
Bad debt expense	93,187	40,552
Loss on foreign currency transactions	27,273	34,031
Loss on foreign currency translation	23,494	27,209
Loss on disposal of financial assets at FVTOCI	341	2,243
Loss on disposal of financial assets	835	3,734
Loss on disposal of financial assets at FVTPL	-	16
Loss on valuation of financial assets at FVTPL	6,793	402
Loss on disposal of property, plant and equipment	572	29
Loss on disposal of intangible assets	-	7
Loss on derivative transactions	1,725	3,466
Loss on derivative valuation	5,640	3,672
Contribution to financial guarantee liabilities	1,142	5,999
Contribution to other provisions	34,785	19,386
Loss on impairment of assets	2,698	64,865
Others	35,419	19,518
Total	₩ 248,196	₩ 234,561

35. Finance income and expenses:

(1) Details of the Group's finance income for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)				
	2024		2023	
1) Finance income				
Interest income				
Cash and Cash equivalents	₩	33,808	₩	18,096
Short-term and long-term financial instruments		30,025		54,014
Loan and other accounts receivable		39,597		43,083
Financial assets at FVTOCI		43		456
Others		2,131		283
Subtotal	₩	105,604	₩	115,932
Gain on foreign currency transaction		20,767		14,057
Gain on foreign currency translation		76,177		15,720
Total	₩	202,548	₩	145,709
2) Finance expenses				
Interest expenses				
Borrowing	₩	31,128	₩	29,433
Debenture		13,631		10,933
Lease		3,356		3,633
Others		5,942		4,706
Subtotal	₩	54,057	₩	48,705
Loss on foreign currency transaction		10,167		11,379
Loss on foreign currency translation		2,197		3,277
Total	₩	66,421	₩	63,361

(2) Details of the Group's finance income categorized for assets and liabilities for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)				
	2024		2023	
1) Finance income				
Cash and cash equivalents	₩	84,035	₩	39,892
Short-term and long-term financial instruments		30,001		59,044
Loan and other accounts receivable		86,313		45,997
Financial assets at FVTOCI		67		494
Other assets		2,132		282
Total	₩	202,548	₩	145,709
2) Finance expenses				
Cash and cash equivalents	₩	9,655	₩	14,728
Borrowing		30,434		22,886
Debenture		13,631		10,933
Other assets		2,486		10,204
Other debts		10,215		4,610
Total	₩	66,421	₩	63,361

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

36. Income tax expense:

(1) Details of the Group's income tax expense for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
Current income tax expense (including additional income tax and tax refunds)	₩ 97,967	₩ 40,838
Changes in temporary differences (*1)	(26,368)	(13,660)
Changes in net deferred tax assets (liabilities) directly charged to shareholders' equity (*2)	1,425	50,406
Others	(1,035)	-
Income tax expense	₩ 124,725	₩ 77,584
(*1) Deferred tax assets from temporary differences, net at the end of year	352,865	379,233
Deferred tax assets from temporary differences, net at the beginning of year	379,233	365,573
Changes in deferred tax from temporary differences	(26,368)	13,660

(*2) Changes in net deferred tax assets (liabilities) directly charged to the shareholders' equity for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)						
	2024			2023		
	Gross	Tax effect	Net amount	Gross	Tax effect	Net amount
Gain (loss) on valuation of financial instruments measured at FVTOCI	₩ (713)	₩ 184	₩ (529)	₩ 1,438	₩ (354)	₩ 1,084
Remeasurement of defined benefit plan	(19,870)	4,810	(15,060)	(19,725)	4,748	(14,977)
Changes in equity of subsidiaries, associates and joint ventures	13,876	(3,569)	10,307	(4,072)	46,012	41,940
Total	₩ (6,707)	₩ 1,425	₩ (5,282)	₩ (22,359)	₩ 50,406	₩ 28,047

(2) The relationship between the income tax expense and the accounting income before income tax expense for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
Income before income tax expense	₩ 353,948	₩ 279,753
Income tax expense at statutory tax rates	83,541	77,112
Adjustments:		
Non-taxable income	(740)	(4,915)
Non-deductible expenses	3,645	8,610
Additional income tax and others	(12,691)	(44,619)
Surtax on undistributed corporate earnings	-	(6,753)
Not recognized as deferred tax assets	7,480	72,400
Others	43,490	(24,251)
Income tax expense	₩ 124,725	₩ 77,584
Effective tax rate (income tax expense/income before income tax)	35.24%	27.73%

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

36. Income tax expense (cont'd)

(3) Changes in temporary differences and deferred tax assets (liabilities) as of December 31, 2024 and 2023 are as follows:

As of and for the year ended December 31, 2024

(Korean won in millions)				
	Beginning balance	Increase (decrease)	Ending balance	Deferred tax assets (liabilities)
Investments in subsidiaries, associates and joint ventures	₩ 573,490	₩ 36,006	₩ 609,496	₩ 70,425
Valuation of available-for-sale financial assets	16,975	(2,249)	14,726	3,685
Revaluation of property, plant and equipment	(92,663)	(4)	(92,667)	(22,768)
Valuation of derivative instruments	(3,086)	(7,719)	(10,805)	(2,655)
Depreciation of property, plant and equipment in excess of deductible expenses	16,270	(4,782)	11,488	2,823
Provisions	372,352	(42,506)	329,846	78,956
Impairment loss	25,977	(634)	25,343	6,221
Bad debt expense in excess of deductible expenses	1,112,089	(49,454)	1,062,635	198,769
Loss on foreign currency translation	7,081	(1,532)	5,549	1,363
Accrued income	(152,932)	(15,323)	(168,255)	(41,303)
Tax loss	-	-	-	7,885
Others	195,745	1,076	196,821	49,464
Total	₩ 2,071,298	₩ (87,121)	₩ 1,984,177	₩ 352,865

As of and for the year ended December 31, 2023

(Korean won in millions)				
	Beginning balance	Increase (decrease)	Ending balance	Deferred tax assets (liabilities)
Investments in subsidiaries, associates and joint ventures	₩ 339,185	₩ 234,305	₩ 573,490	₩ 66,895
Valuation of available-for-sale financial assets	27,110	(10,135)	16,975	4,415
Revaluation of property, plant and equipment	(92,683)	20	(92,663)	(23,527)
Valuation of derivative instruments	2,466	(5,552)	(3,086)	(783)
Depreciation of property, plant and equipment in excess of deductible expenses	19,491	(3,221)	16,270	4,131
Provisions	340,492	31,860	372,352	92,058
Impairment loss	26,558	(581)	25,977	6,586
Bad debt expense in excess of deductible expenses	1,020,466	91,623	1,112,089	216,105
Loss on foreign currency translation	10,184	(3,103)	7,081	1,798
Accrued income	(95,074)	(57,858)	(152,932)	(38,604)
Others	156,829	38,916	195,745	50,159
Total	₩ 1,755,024	₩ 316,274	₩ 2,071,298	₩ 379,233

(4) Details of temporary differences unrecognized as deferred tax assets (liabilities) as of December 31, 2024 and 2023 are as follows:

36. Income tax expense (cont'd)

(Korean won in millions)		
	2024	2023
Investments in associates and joint ventures	₩ 252,430	₩ 174,583
Excess bad debt expense and others	260,065	260,065
Total	₩ 512,495	₩ 434,648

(5) The predicted temporal distribution of recovery (settlement) of deferred tax assets (liabilities) as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)		
Details	2024	2023
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	₩ 139,942	₩ 120,695
Deferred tax assets to be recovered after 12 months	368,172	412,774
Subtotal	₩ 508,114	₩ 533,469
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	(50,596)	(29,947)
Deferred tax liabilities to be settled after 12 months	(104,653)	(124,289)
Subtotal	₩ (155,249)	₩ (154,236)
Total	₩ 352,865	₩ 379,233

(6) The taxable temporary differences related to investments in subsidiaries and associates and joint ventures that are not recognized as deferred tax liabilities as of December 31, 2024 and 2023 amount to KRW 705,896 million and KRW 648,984 million, respectively.

(7) The Global Minimum Tax Rule requires multinational enterprises(MNEs) with revenues of at least EUR 750 million in two or more of the four preceding fiscal years to pay top-up taxes in jurisdictions where the effective tax rate is below 15%, provided certain conditions are met. The top-up tax is collected by the tax authority of the jurisdiction to which the qualifying parent entity belongs.

The Republic of Korea, where The Group is domiciled, enacted legislation to implement the Global Minimum Tax in 2023, and it will be applicable to fiscal years beginning on or after January 1, 2024.

The Group has applied the temporary exception under the amendments to KIFRS 1012 (issued in May 2023), and therefore does not recognize or disclose deferred tax assets or liabilities related to the Global Minimum Tax.

Meanwhile, The Group has assessed the impact of the Global Minimum Tax legislation in all jurisdictions in which the constituent entities of the operate. As a result of this assessment, it was determined that, except for the United Arab Emirates (UAE), all jurisdictions either meet the transitional safe harbour rules or have an effective tax rate of at least 15% for the year ended December 31, 2024.

Due to the relatively low corporate tax rate in the UAE, the effective tax rate of the UAE entity fell below 15% for the year. Accordingly, The Group, as the Ultimate Parent Entity, recognized an additional top-up tax of KRW 114 million as part of the current income tax expense for the year ended December 31, 2024.

37. Earnings per share:

(1) The Group's net earnings per share for each of the two years in the period ended December 31, 2024 are as follows:

1) Basic earnings per share of common stock

	Korean won	
	2024	2023
Net income	₩ 229,223,745,163	₩ 187,861,736,625
Dividend on preferred stock and residual income available for preferred shareholders	(22,347,976,146)	(12,128,973,726)
Net income available for common shareholders	206,875,769,017	175,732,762,899
Weighted-average number of common shares outstanding	38,217,350 shares	37,558,158 shares
Basic earnings per common stock	₩ 5,413	₩ 4,679

2) Basic earnings per share of preferred stock

	Korean won	
	2024	2023
Dividend on preferred stock and residual income available for preferred shareholders	₩ 11,218,787,578	₩ 12,128,973,726
Weighted-average number of preferred shares outstanding	2,053,543 shares	4,130,079 shares
Basic earnings per preferred stock (*1)	₩ 5,463	₩ 2,937

(*1) Earnings per share have been calculated based on preferred shares that meet the definition of ordinary shares under KIFRS 1033 *Earnings per Share*, as they do not have preferential rights to dividends or distribution of residual assets.

(2) There are no outstanding diluting shares issued, so the diluted earnings per share of common stock and preferred share equal to the basic earnings per share of common stock and preferred stock.

38. Related-party transactions:

(1) Details of related parties as of December 31, 2024 are as follows:

Type	Name of the related parties
Parent company that exercises significant control or influence over the owners of the Company	Daelim Co., Ltd.
Company that exercises significant control or influence over the owners of the Company	DL Holdings CO., Ltd.
Associates	Godeok Gangil 10 PFV Co., Ltd.; Hyoje PFV Co., Ltd.; Ulsan Uijeongbu PFV Co., Ltd.; Incheon Inha PFV Co., Ltd.; Daejeon Munwha PFV Co., Ltd.; JeonJu Wansan PFV Co., Ltd.; Namwon Thema Park Co., Ltd.; Asan Dogo Industrial Complex Development Co., Ltd.; KB Blind General Private Equity Real Estate Investment Trust No. 2; Haeryong Industrial Complex Co., Ltd.; Myungjin P.T. Co., Ltd.; Together Daejeon-Munhwa PFV Co., Ltd.; Songpa Bokjeong Station Layered City PFV Co., Ltd.; DLENC Philippines, Inc.; TK Private Equity Limited Partnership; Seongnam MICE PFV Co., Ltd.; Seongnam MICE AMC Co., Ltd.; NeuRizer Ltd. And Gimpo G-valley Development Co., Ltd.
Joint ventures	Koramco Private Real Estate Equity Fund No.112; Luoma Inc.; Igis Haeundae General Private Equity Real Estate Investment Trust No. 1; DIAP-DAELIM JOINT VENTURE PTE. LTD.; OMZ-Daelim LLC; CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION; and Jemulpo Station Urban Complex Project Entrusted Management REIT
Others	DL Chemical Co., Ltd.; DL Motors Co., Ltd.; GLAD Hotels & Resorts Co., Ltd.; Songdo Power Co., Ltd.; DL Energy Co., Ltd.; Chungjin Project Co., Ltd.; Chungjin Asset Management Company; DL FnC; YEONGJU ECO POWER CO.,LTD.; Cochrane SPC Co., Ltd.; ECO ONE Energy Co.,Ltd.; Heungkuk Highclass Private Real Estate Equity Fund No.12; Epyunse (Shanghai) Trade Agency Co., Ltd.; Daelim AMC. Co., Ltd; Incheon Geumsong REIT Co., Ltd.; Millmerran SPC Co., Ltd.; Gasan DCSL1 Co.,Ltd.; Yeochun NCC Co., Ltd.; Poly Mirae Co., Ltd.; D-REX POLYMER LLC; DL Energy Global Co., Ltd; OV Co., Ltd; Geumo Island Wind Power Co., Ltd.; Pocheon Power Co., Ltd.; Haeundae Central PFV Co., Ltd.; Haenam Naesari Solar Power Co., Ltd.; TKX Holdings; Gimhae Daedong LOGIS; Daelim Vietnam Ltd.; DE NILES LLC; Woodland Global Fund Management Pte. Ltd; Woodland Global Investment #1 Pte. Ltd; DAELIM CHEMICAL USA INC; DAELIM CHEMICAL USA LLC; CARIFLEX PTE. LTD.; Cariflex Netherlands B.V.; Cariflex Brazil Industria e Comercio de Produtos Petroquimico Ltda; DE Cochrane SpA; DE Energia SpA; Indeck Niles Development, LLC; Daehan Wind Power Company PSC; InfraCo Asia Keenjhar Wind Pte. Ltd.; InfraCo Asia Indus Wind Pte. Ltd.; DLC US Holdings LLC; Kraton Corporation; DL Energy America, Inc.; Infra Equity Power Holdings, LLC; CPV Fairview, LLC; LoofOne Energy Co., Ltd; DLC BTT Corporation.; Notark Coporation; Y&CC SPV NO.1.; etc.
Large business Group affiliates (*1)	Deoksong-Naegak Expressway Co., Ltd.; Daelim No.7 Masan Hoewon Newstay REIT Co., Ltd.; Humphreys SLQ ONE Co., Ltd.; Jeju Aero Space Hotel Co., Ltd.; Daelim No. 5 Cheonan-Wonseong-dong Newstay REIT Co., Ltd.; etc.

(*1) The entities classified as large-scale business group affiliates do not conform to the definition of the related party described in KIFRS 1024 paragraph 9, but are identified as the related parties in accordance with the resolution of Securities and Futures Commission or Korea, which announces that an entity classified as a large-scale business group affiliate belongs to the related-party relationship considering the substance of the relationship pursuant to KIFRS 1024 paragraph 10.

38. Related-party transactions (cont'd)

Changes in the related parties for the year in the period ended December 31, 2024 are as follows:

	Name	Reason for change
Included	Seongnam MICE AMC Co., Ltd	In January 2024, it was newly incorporated as an affiliated company of the Group.
Excluded	Gwacheon Jisanone PFV Co.,Ltd.	In March 2024, it was excluded due to the sale of shares of the Group.
Excluded	Indeck Niles Asset Management. LLC	In March 2024, it was excluded as DL Energy was classified from a joint venture to an affiliated company.
Included	Loofone Energy Co.,Ltd.	In April 2024, it was newly incorporated as an of DL Energy's investment of the Group.
Included	DLC BTT CORPORATION	In April 2024, it was newly incorporated as an affiliated company of DL Chemical Co., Ltd.
Included	Notark Copration	In April 2024, it was newly incorporated as an affiliated company of DL BTT Corporation.
Included	Gimpo G-Valley Development.	In April 2024, it was newly incorporated as an affiliated company of the Group.
Excluded	Daelim EMA Management Limited.	It was excluded due to the DL Energy's sale of shares of the Group in June 2024.
Excluded	EMA Power Investment Limited	It was excluded due to the DL Energy's sale of shares of the Group in June 2024.
Excluded	Hwaseong JDC LLC.	It was excluded due to the DL Construction's sale of shares of the Group in July 2024.
Others	Gimhae Daedong LOGIS	In September 2024, Redwood Logistics Co., Ltd. changed its name to Gimhae Daedong Logistics Co., Ltd.
Excluded	Soopirang Co.,Ltd.	It was excluded due to the sale of shares of the Group in November 2024.
Others	Samho Citroncity Co.,Ltd.	In November 2024, it was reclassified from an associate to a subsidiary of the Group.
Excluded	Highway Solar Co.,Ltd.	It was excluded due to the DL Energy's sale of shares of the Group in December 2024.

38. Related-party transactions (cont'd)

(2) Transactions between the Company and its subsidiaries were eliminated for consolidation and not disclosed. Transactions between the Group and other related parties are as follows:

1) Major transactions between the Group and other related parties for each of the two years in the period ended December 31, 2024 are as follows

(Korean won in millions)					
Company	Name of the related party	Sales and others (*1,2)		Purchases and others (*1,2)	
		2024	2023	2024	2023
The Company	Daelim Co., Ltd.	₩ 37,918	₩ 13,524	₩ 99,691	₩ 118,507
	DL Holdings CO., Ltd.	1,680	1,799	11,376	12,098
	DL Chemical Co., Ltd. (*2)	1,582	16,351	131	185
	GLAD Hotels & Resorts Co., Ltd.	4,694	4,105	1,027	3,570
	Poly Mirae Co., Ltd.	-	-	3	3
	Songdo Power Co., Ltd.	3	6	-	-
	Deoksong-Naegak Expressway Co., Ltd.	2,536	3,740	69	60
	DL Energy Co., Ltd.	64	43	-	-
	Chungjin Project Co., Ltd.	297	8,501	-	-
	Daelim No. 5 Cheonan-Wonseong-dong Newstay REIT Co., Ltd.	-	32	-	-
	Daelim AMC. Co., Ltd.	16	10	-	-
	Igis Haeundae General Private Equity Real Estate Investment Trust No. 1	7,438	5,500	-	-
	Haeundae Central PFV Co., Ltd.,	-	7,000	-	-
	Daelim No.7 Masan Hoewon Newstay REIT Co., Ltd.	291	291	-	-
	Godeok Gangil 10 PFV Co., Ltd. (*2)	54,087	59,042	-	-
	Hyoje PFV Co., Ltd.	12,114	540	-	-
	DLENC Philippines, Inc.	568	740	-	-
	DIAP-DAELIM JOINT VENTURE PTE. LTD. (*2)	31	127	90	3
	DL Daejeon Munhwa PFV Co., Ltd.	293	311	-	-
	DL Incheon Inha PFV Co., Ltd.	439	426	-	-
	DL Jeonju Wansan PFV Co., Ltd.	200	194	-	-
	Ulsan Uijeongbu Project PFV Co., Ltd.	907	-	-	-
	D-REX POLYMER LLC	20	3,416	-	-
	Gwacheon Jisan One PFV Co., Ltd. (*2,3)	21	58,836	77	22
	Together Daejeon-Munhwa PFV Co.,Ltd.	-	300	-	-
	OV Co., Ltd.	10	12	-	70
CARIFLEX PTE. LTD. (*2)	60,970	204,336	-	-	
NeuRizer Ltd. (*2)	-	6,847	-	-	
DL Construction Co., Ltd.	Daelim Co.,Ltd.	79,793	110,310	46,334	20,803
	Samho Citron City Co., Ltd. (*2,4)	-	21,913	-	-
	Pebblestone MD PFV Co., Ltd. (*2,5)	-	43,329	-	-

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

	DL Holdings Co., Ltd.	99	30	4,975	4,963
	DL Chemical Co., Ltd. (*2)	9,387	5,973	-	-
	GLAD Hotels & Resorts Co., Ltd.	-	-	16	56
	Gimhae Daedong LOGIS Co.,Ltd(*2)	1,682	-	-	-
DL INSAAT GELISTIRME A.S.	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION (*2)	1,321	24,540	-	-
CARBONCO PTE. LTD.	Daelim Co., Ltd.	-	-	901	776
	DL Holdings Co., Ltd.	-	-	7	3
	Pocheon Power Co., Ltd.	₩ -	₩ -	₩ 8	₩ -

(*1) Sales and purchases include proportional cost allocation of joint contracts.

(*2) Progress sales are excluded due to the application of stage-of-completion method and foreign currency transaction gains/losses.

(Korean won in millions)			
Company	Name of the related party	2024	2023
DL E&C	Hyoje PFV Co., Ltd	₩ 7,040	₩ -
	Godeok Gangil 10 PFV Co., Ltd.	(31,392)	40,411
	Gwacheon Jisan One PFV Co., Ltd. (*3)	1,293	(3,031)
	DIAP-DAELIM JOINT VENTURE PTE. LTD.	1,830	2,158
	NeuRizer Ltd.	(61)	1,988
	CARIFLEX PTE. LTD.	16,032	12,381
	DL Chemical Co., Ltd.	(312)	-
DL Construction Co., Ltd.	Samho Citron City Co., Ltd. (*4)	-	(8,090)
	Pebblestone MD PFV Co., Ltd. (*5)	-	(14,124)
	Gimhae Daedong LOGIS Co., Ltd.	1,552	-
	DL Chemical Co., Ltd.	(1,746)	7
DL INSAAT GELISTIRME A.S.	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	-	41,853
Total		₩ (5,764)	₩ 73,553

(*3) Gwacheon Jisan One PFV was sold in March 2024 and the transaction amount prior to the sale date is recorded.

(*4) Samho Citron City Co., Ltd. was incorporated as a Group in November 2024 and the transaction amount prior to the date of incorporation is recorded.

(*5) Pebblestone MD PFV Co., Ltd. was sold in November 2023, and the transaction amount prior to the sale date is recorded.

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

38. Related-party transactions (cont'd)

Major outstanding balances of receivables and payables between the Group and the related parties as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)					
Type	Name of the related party	Accounts receivable (*1,2)		Accounts payable (*1,2)	
		2024	2023	2024	2023
DL E&C	Daelim Co., Ltd.	₩ 4,318	₩ 1,778	₩ 12,224	₩ 12,487
	DL Holdings Co., Ltd.	732	1,328	4,270	4,779
	DL Chemical Co., Ltd. (*2)	20	843	12	15
	GLAD Hotels & Resorts Co., Ltd.	1,509	1,340	120	331
	Songdo Power Co., Ltd.	1	3	2	-
	Deoksong-Naegak Expressway Co., Ltd.	56,428	28,286	-	-
	DL Energy Co., Ltd.	9	4	4	-
	Chungjin Project Co., Ltd.	20	746	-	-
	Daelim AMC Co., Ltd.	1	2	-	-
	Daelim No. 7 Masan Hoewon Newstay REIT Co., Ltd.	43	43	-	-
	Godeok Gangil 10 PFV Co., Ltd. (*2)	-	22,858	-	-
	Hyoje PFV Co., Ltd. (*2)	51,856	39,681	-	-
	Ulsan Uijeongbu PFV Co., Ltd.	517	-	-	-
	Incheon Inha PFV Co., Ltd.	41	-	-	-
	JeonJu Wansan PFV Co., Ltd.	19	-	-	-
	Igis Haeundae General Private Equity Real Estate Investment Trust No. 1	46,905	39,467	-	-
	DLENC Philippines, Inc.	16,019	16,540	1,471	1,277
	DIAP-DAELIM JOINT VENTURE PTE. LTD. (*2)	1	85	2	284
	Daejeon Munhwa PFV Co., Ltd.	55	27	-	-
	D-REX POLYMER LLC	1	3	-	-
Gwacheon Jisan One PFV Co., Ltd. (*2)	-	11,378	-	20	
CARIFLEX PTE. LTD. (*2)	278	18,944	-	-	
OV Co., Ltd.	1	-	-	-	
NeuRizer Ltd. (*2)	28,421	24,994	-	-	
DL Construction Co., Ltd.	Daelim Co., Ltd.	893	7,499	10,045	6,301
	DL Chemical Co., Ltd. (*2)	830	-	-	-
	Samho Citron City Co., Ltd.	-	21,871	-	-
	Namwon Thema park	562	562	-	-

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

(Korean won in millions)					
Type	Name of the related party	Accounts receivable (*1,2)		Accounts payable (*1,2)	
		2024	2023	2024	2023
	Co., Ltd.				
	Pebblestone MD PFV Co.	-	5,700	-	11,526
	DL Holdings Co., Ltd.	-	34	1,351	1,681
	GLAD Hotels & Resorts Co., Ltd.	-	-	-	29
DL INSAAT GELISTIRME A.S.	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	-	318	-	-
CARBONCO PTE. LTD.	Daelim Co., Ltd.	-	-	93	102
	DL Holdings Co., Ltd.	₩ -	₩ -	₩ 1	₩ 1

(*1) Loans and borrowings were included.

(*2) The contract assets amounted to KRW 19,702 million and KRW 36,901 million for each of the two years in the period ended December 31, 2024, respectively, and the contract liabilities that amounted to KRW 2,171 million and KRW 13,606 million for each of the two years in the period ended December 31, 2024, respectively, are excluded due to the application of stage-of-completion method.

(Korean won in millions)					
Type	Name of the related parties	Contract assets		Contract liabilities	
		2024	2023	2024	2023
DL E&C	Hyoje PFV Co., Ltd.	₩ 7,040	₩ -	₩ -	₩ -
	Godeok Gangil 10 PFV Co., Ltd.	-	31,392	-	-
	DL Chemical Co., Ltd.	-	-	312	-
	Gwacheon Jisan One PFV Co., Ltd.	-	-	-	1,293
	DIAP-DAELIM JOINT VENTURE PTE. LTD.	6,954	5,124	-	-
	NeuRizer Ltd.	-	-	498	437
	CARIFLEX PTE. LTD.	4,156	-	-	11,876
DL Construction Co., Ltd.	DL Chemical Co., Ltd.	-	385	1,361	-
	Gimhae Daedong LOGIS Co., Ltd.	1,552	-	-	-
Total		₩ 19,702	₩ 36,901	₩ 2,171	₩ 13,606

Meanwhile, changes in the provisions for credit losses on above related parties for each of the two years in the period ended December 31, 2024 are as follows:

38. Related-party transactions (cont'd)

For the year ended December 31, 2024

(Korean won in millions)						
Type	Name of the related parties	Account	Beginning balance	(Reversal of) provisions for credit losses	Other (*1)	Ending balance
Associate	DLENC Philippines, Inc.	Trade receivables	₩ 2,508	₩ 118	₩ 358	₩ 2,984
		Loans	10,315	-	1,445	11,760
		Other accounts receivable	2,439	47	342	2,828
Large-scale business group affiliate	Deoksong-Naegak Expressway Co., Ltd.	Loans	15,706	25,000	-	40,706
		Other accounts receivable	₩ 11,029	₩ 4,693	₩ -	₩ 15,722

(*1) Presenting changes due to foreign currency conversion, etc.

For the year ended December 31, 2023

(Korean won in millions)						
Type	Name of the related parties	Account	Beginning balance	(Reversal of) provisions for credit losses	Other (*1)	Ending balance
Associate	DLENC Philippines, Inc.	Trade receivables	₩ 2,543	₩ (81)	₩ 46	₩ 2,508
		Loans	10,138	-	177	10,315
		Other accounts receivable	2,354	44	41	2,439
Large business Group affiliate	Deoksong-Naegak Expressway Co., Ltd.	Loans	15,706	-	-	15,706
		Other accounts receivable	₩ 6,512	₩ 4,517	₩ -	₩ 11,029

(*1) Presenting changes due to foreign currency conversion, etc.

(3) Major changes in loans to the related parties for each of the two years in the period ended December 31, 2024 are as follows:

For the year ended December 31, 2024

(Korean won in millions)					
Type	Name of the related parties	Beginning balance	Rent	Other (*1)	Ending balance
DL E&C	Hyoje PFV Co., Ltd.	₩ 39,600	₩ -	₩ -	₩ 39,600
	DLENC Philippines, Inc.	10,315	-	1,445	11,760
	Deoksong-Naegak Expressway Co., Ltd.	15,706	25,000	-	40,706
	Igis Haeundae General Private Equity Real Estate Investment Trust No. 1	₩ 33,500	₩ -	₩ -	₩ 33,500

(*1) Presenting changes due to foreign currency conversion, etc.

38. Related-party transactions (cont'd)

For the year ended December 31, 2023

(Korean won in millions)						
Type	Name of the related parties	Beginning balance	Rent	Repayment	Other (*1)	Ending balance
DL E&C	Hyoje PFV Co., Ltd.	₩ 37,000	₩ 2,600	₩ -	₩ -	₩ 39,600
	DLENC Philippines, Inc.	10,138	-	-	177	10,315
	Deoksong-Naegak Expressway Co., Ltd.	15,706	-	-	-	15,706
	Igis Haeundae General Private Equity Real Estate Investment Trust No. 1	27,500	6,000	-	-	33,500
DL Construction Co., Ltd.	Hwaseong JDC, LLC	2,517	171	(2,119)	(569)	-
	Pebblestone MD PFV Co.	₩ -	₩ 5,700	₩ -	₩ (5,700)	₩ -

(*1) Presenting a change due to foreign currency translation (DLENC Philippines, Inc.), write-off (Hwaseong JDC, LLC), etc. In addition, Pebblestone MD PFV Co. is excluded from related parties as of December 31, 2024 after the sale of shares in the entity.

(4) Major equity transactions to the related parties for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)					
Description	Company	Name of the related party	Transactions	2024	2023
Investment	DL E&C Co., Ltd	Ulsan Uijeongbu Project PFV Co., Ltd.	Paid-in capital increase	₩42,273	₩ -
	DL E&C Co., Ltd	Seongnam MICE AMC Co., Ltd.	Cash investment due to new establishment	60	-
	DL E&C Co., Ltd	DL Incheon Inha PFV Co., Ltd.	Paid-in capital increase	-	22,800
	DL E&C Co., Ltd	DL Daejeon Munhwa PFV Co., Ltd.	Paid-in capital increase	-	14,250
	DL E&C Co., Ltd	DL Jeonju Wansan PFV Co., Ltd.	Paid-in capital increase	-	8,075
	DL E&C Co., Ltd	TK Private Equity Limited Partnership	Cash investment due to new establishment	-	26,000
	DL E&C Co., Ltd	Soopirang Corporation Co., Ltd.	New incorporation into the Group	-	512
	DL E&C Co., Ltd	Seongnam MICE PFV Co., Ltd.	Cash investment due to new establishment	-	275
	DL E&C Co., Ltd	Jemulpo Station Urban Complex Project Entrusted Management REIT	Cash investment due to new establishment	-	159
	DL Construction Co., Ltd.	Gimpo G-Valley Development Co., Ltd.	Cash investment due to new establishment	-	-
	DL Construction Co., Ltd.	Myungjin P.T. Co., Ltd.	New incorporation into the group company	-	179

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

	DL Construction Co., Ltd.	Haeryong Industrial Complex Co., Ltd.	New incorporation into the Group	-	180
	DL INSAAT GELISTIRME A.S.	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	Paid-in capital increase	28,795	-
Recovery of Investment	DL E&C Co., Ltd	Gwacheon Jisan One PFV Co., Ltd.	Sale of Shares	30	-
	DL E&C Co., Ltd	Soopirang Corporation Co., Ltd.	Sale of Shares	512	-
	DL Construction Co., Ltd.	Hwaseong JDC, LLC	Sale of Shares	3	-
Purchase	DL E&C Co., Ltd	DL Holdings Co., Ltd.	SOC stock purchasing	₩ -	₩28,994

(5) Compensations for key management personnel for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)				
Description	2024		2023	
Short-term employee benefits	₩	20,691	₩	24,797
Severance and retirement benefits		5,684		5,267
Total	₩	26,375	₩	30,064

(*1) Key management personnels are listed in “Matters concerning executive officers and employees” contained in the business report which the Group submits to Financial Supervisory Services.

(6) The Group is contingently liable for construction performance guarantees and payment guarantees of its associated companies. The details of guarantees as of December 31, 2024 and 2023 are as follows:

U.S. dollars (in thousands)				
Associate	Guarantee		Project	Period of guarantee
	2024	2023		
DLENC Philippines, Inc.	\$ 4,670	\$ 4,670	Philippines Pagbilao	2014.05.22 - Obligation completed
DIAP-DAELIM JOINT VENTURE PTE. LTD.	43,574	45,740	Singapore Tuas Terminal Phase 1	2015.02.26 – Obligation completed
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	\$ 780	\$ 935	Turkey Canakkale Bridge	2017.03.09 – Obligation completed

The Group is a shareholder of CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION related to the Canakkale Bridge project in Turkey and provides joint guarantees to other investors and the Ministry of Finance of Turkey.

38. Related-party transactions (cont'd)

In addition to the above, the Group remains jointly and severally liable in accordance with Article 530-9 (1) of the *Commercial Act* of Korea for performance bonds and payment guarantees that had been provided by Daelim Industrial Co., Ltd. (the entity having existed before split-off) to its related parties, together with DL Holdings Co., Ltd. (the surviving company after split-off) and DL Chemical Co., Ltd. (the newly incorporated company after split-off).

(7) Details of collaterals the Group provides in favor of the related parties as of December 31, 2024 and 2023 are as follows (included in Note 29 (1) Collaterals 2))

(Korean won in millions)					
Related Party	Pledged assets	2024	2023	Purpose	Lender
Deoksong-Naegak Expressway Co., Ltd. (*1)	Stock	₩ -	₩ -	Borrowed capital financing commitment	Industrial Bank of Korea and others
Namwon Thema Park Co., Ltd.	Stock	-	-	Borrowed capital financing commitment	South Hill Monorail 1 st Ltd. and others
Myungjin P.T. Co., Ltd.	Stock	₩ 179	₩ 179	Loan contract	Yang OO

(*1) The amount of decrease related to shares of Deoksong Naegak Expressway Co., Ltd. totaling KRW 242.36 million is included.

(8) Details of capital deficiency support obligations in favor of the related parties as of December 31, 2024 and 2023 are as follows (included in Note 29. (2) 2)):

(Korean won in millions)					
Related party	2024	2023	Project	Purpose	Financial institutions
Hyoje PFV Co., Ltd.	₩ 416,000	₩ 156,000	New construction of Hyoje-dong officetel	Borrowed capital financing commitment	Wooribank and others
Together Daejeon-Munhwa PFV Co., Ltd.	175,500	65,000	Daejeon Say Department Store Site Development Project	Borrowed capital financing commitment	SPC-Poremunhwa No.1 and others
Soopirang Corporation Co., Ltd.	-	78,000	Cheonan Eopseongdong Urban Development Project	Borrowed capital financing commitment	KDB Capital Co., Ltd., and others
Ulsan Uijeongbu Project PFV Co., Ltd.	78,000	-	Ulsan Uijeongbu Homplus Development Project	Borrowed capital financing commitment	SPC-WooriDL No.1
Incheon Inha PFV Co., Ltd.	27,000	-	Incheon Homplus Development Project	Borrowed capital financing commitment	SPC-PoreHP No.1
Daejeon Munhwa PFV Co., Ltd.	18,500	-	Daejeon Homplus Development Project	Borrowed capital financing commitment	SPC-GardDL No.7

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

(Korean won in millions)					
Related party	2024	2023	Project	Purpose	Financial institutions
Jeonju Wansan PFV Co., Ltd.	14,500	-	Jeonju Homplus Development Project	Borrowed capital financing commitment	SPC-Gaon No.7
Haeundae Central PFV Co., Ltd.	₩ 114,000	₩ 102,000	Haeundae Jungdong Apartment Housing Development Project	Borrowed capital financing commitment	SPC- Central Jungdong No.1, and others

In addition to the above, the Group shall be jointly and severally responsible for the capital deficiency support obligations which Daelim Industrial Co., Ltd. (the entity having existed before split-off) provided to its related parties, together with DL holdings Co., Ltd. and DL Chemical Co., Ltd., the surviving company after split-off and the newly incorporated company after split-off, respectively.

39. Supplemental cash flow information:

(1) Adjustments to reconcile net income to net cash provided by operating activities for each of the two years in the period ended December 31, 2024 are as follows:

	(Korean won in millions)	
	2024	2023
Adjustments:		
1. Tax expense	₩ 124,725	₩ 77,584
2. Interest expense	54,057	48,705
3. Interest income	(105,604)	(115,932)
4. Loss on foreign currency translation	25,691	30,486
5. Gain on foreign currency translation	(148,559)	(34,636)
6. Dividend income	(879)	(1,004)
7. Depreciation	75,628	77,655
8. Amortization of intangible assets	8,951	10,086
9. Severance benefits	49,749	27,793
10. Bad debt expense(reversal)	94,359	(12,883)
11. Other bad debt expense	81,883	36,588
12. Loss on disposal of financial assets at FVTPL	-	16
13. Loss on disposal of financial assets at FVTOCI	341	2,243
14. Loss on disposal of financial assets	835	3,374
15. Gain on disposal of financial assets at FVTPL	(85)	(201)
16. Gain on disposal of financial assets at FVTOCI	-	(16)
17. Gain on disposal of investments under equity method	(73)	(325)
18. Loss on disposal of property, plant and equipment	572	29
19. Gain on disposal of property, plant and equipment	(3,292)	(563)
20. Gain on disposal of investment property	(136)	-
21. Loss on disposal of intangible assets	-	7
22. Gain on disposal of intangible assets	-	(7)
23. Gain on lease assets	93	233
24. Loss on lease assets	(83)	(123)
25. Loss on valuation of derivatives	5,640	3,672
26. Gain on valuation of derivatives	(9,030)	(5,825)
27. Loss on valuation of inventory assets	(515)	-
28. Contribution to provision for construction loss (Reversal of provision for construction loss)	469	11,371
29. Contribution to provision for construction warranties (Reversal of provision for construction warranties)	62,754	57,912
30. Contribution to other provision (Reversal of other provision)	92,026	180,067
31. Contribution to financial guarantee contract liabilities (Reversal of financial guarantee contract liabilities)	(1,835)	5,999

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

(Korean won in millions)				
	2024		2023	
32. Loss on valuation of FVTPL		6,793		402
33. Gain on valuation of FVTPL		(13,076)		(7,553)
34. Impairment loss on assets		2,698		64,865
35. Loss using equity method		8,048		279
36. Gain using equity method		-		(24,517)
37. Miscellaneous loss and other		(1,496)		(2,265)
Total	₩	410,649	₩	433,876

(2) Cash flows from net working capital for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)				
	2024		2023	
Changes in net working capital:				
1. Decrease (increase) in trade receivables	₩	(290,325)	₩	(273,075)
2. Decrease (increase) in contract assets		(2,238)		(111,886)
3. Decrease (increase) in other accounts receivable		(156,597)		69,563
4. Decrease (increase) in accrued income		20,383		(1,168)
5. Decrease (increase) in advance payments		10,579		19,324
6. Decrease (increase) in prepaid expenses		(4,795)		(23,844)
7. Decrease (increase) in prepaid construction expenses		98,203		(34,048)
8. Decrease (increase) in inventories		18,137		(51,279)
9. Decrease (increase) in financial lease receivables		4,648		762
10. Decrease (increase) in long-term trade receivables		9,815		20,425
11. Decrease (increase) in long-term accounts receivable		29,167		(21,030)
12. Decrease (increase) in long-term prepaid expenses		-		11,216
13. Decrease (increase) in long-term prepaid construction expenses		(161,714)		(15,730)
14. Decrease (increase) in deposits		5,025		22,761
15. Decrease (increase) in derivative assets		256		-
16. Increase (decrease) in trade payables		(27,768)		76,028
17. Increase (decrease) in accounts payable		289,292		(13,977)
18. Increase (decrease) in advances from customers		(23,412)		4,035
19. Increase (decrease) in unearned revenue		(566)		(1,973)
20. Increase (decrease) in contract liabilities		192,807		109,384
21. Increase (decrease) in withholdings received		(17,231)		26,155
22. Increase (decrease) in accrued expenses		(37,163)		54,703
23. Increase (decrease) in long-term accrued expenses		4,998		-

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

(Korean won in millions)		
	2024	2023
24. Increase (decrease) in long-term advances from customers	-	(936)
25. Increase (decrease) in other provisions	(181,280)	(116,298)
26. Increase (decrease) in pension benefit obligation	(21,426)	(33,888)
27. Decrease (increase) in pension plan assets	(13,161)	(11,290)
28. Increase (decrease) in provision for construction warranties	(55,209)	(59,373)
29. Increase (decrease) in derivative liabilities	(9)	(4,558)
30. Increase (decrease) in financial guarantee liabilities	-	(3,103)
31. Increase (decrease) in overseas operations translation	(18,846)	(47,729)
32. Decrease (increase) in other assets	(46,982)	47,263
Total	₩ (375,412)	₩ (363,566)

(3) Major non-cash transactions of investment activities and financing activities for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
Reclassification of assets under construction	₩ 3,424	₩ 1,167
Reclassification of the current portion of long-term borrowings	93,052	184,003
Reclassification of the current portion of debentures	20,000	248,908
Reclassification of the current portion of lease liabilities	48,021	35,680
Reclassification of the current portion of lease receivables	3,862	-
Reclassification to investment property of property, plant and equipment	86,812	-
Reclassification to assets held for sale	-	20,828
Acquisition of leases	37,877	32,184
Reclassification of the current portion of rental deposits	9,555	26,723
Reclassification of the current portion of long-term loans	36,490	676
Reclassification of the current portion of long-term financial instrument	15,995	-
Reclassification of the current portion of lease deposits	4,285	-
Acquisition of investment property through payment of loans and others	₩ 127,309	₩ -

(4) The adjustments of liabilities in financing activities for each of the two years in the period ended December 31, 2024 are as follows:

For the year ended December 31, 2024

(Korean won in millions)				
	Beginning of year	Cash flows	Others(*1)	End of year
Short-term borrowings	₩ 144,800	₩ 15,200	₩ -	₩ 160,000

DL E&C Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

(Korean won in millions)				
	Beginning of year	Cash flows	Others(*1)	End of year
Current portion of long-term liabilities	375,287	(419,467)	114,432	70,252
Long-term borrowings	418,484	89,798	(80,509)	427,773
Long-term debentures	209,122	228,341	(18,407)	419,056
Leasehold deposits	12,954	3,463	(4,284)	12,133
Lease liabilities	121,646	(67,369)	23,535	77,812
Dividends payable	-	(21,692)	21,692	-
Total liabilities in financial activities	₩ 1,282,293	₩ (171,726)	₩ 56,459	₩ 1,167,026

(*1) Including the effects of foreign currency translation of debt, current portion, amortization, etc.

For the year ended December 31, 2023

(Korean won in millions)				
	Beginning of year	Cash flows	Others(*1)	End of year
Short-term borrowings	₩ 185,758	₩ (70,500)	₩ 29,542	₩ 144,800
Current portion of long-term liabilities	75,596	(78,570)	378,261	375,287
Long-term borrowings	409,402	136,188	(127,106)	418,484
Long-term debentures	427,380	6,594	(224,852)	209,122
Leasehold deposits	7,905	4,746	303	12,954
Lease liabilities	132,643	(70,269)	59,272	121,646
Dividends payable	-	(44,264)	44,264	-
Total liabilities in financial activities	₩ 1,238,684	₩ (116,075)	₩ 159,684	₩ 1,282,293

(*1) Including the effects of foreign currency translation of debt, current portion, amortization, etc.

40. Adjusted Operating Income:

Other income and expense that are not classified as operating income and expense in the consolidated statements of income occur on the Group's own business circumstances. Details of the adjusted results of operations included in the income and expenses for each of the two years in the period ended December 31, 2024 are as follows:

	(Korean won in millions)	
	2024	2023
Operating income	₩ 270,945	₩ 330,659
Dividend income	879	1,004
Donation	(14,292)	(9,431)
Other bad debt expense	(81,882)	(36,588)
Gain (loss) on foreign currency transactions	(4,964)	(14,254)
Gain (loss) on foreign currency translation	48,888	(8,293)
Gain (loss) on disposal of other investment assets	-	(5,451)
Gain on disposal of investment property	136	-
Gain on valuations of other investment assets	6,283	7,151
Gain on disposal of property, plant and equipment	2,720	534
Gain (loss) on derivative transaction	(1,711)	(3,251)
Gain on derivative valuations	3,390	2,153
Impairment loss on assets	(2,698)	(64,865)
Contribution (reversal) of financial guarantee contract liabilities	1,835	(5,999)
Contribution (reversal) of other provisions	2,862	(7,619)
Gain (loss) on disposal of leased assets	(10)	(110)
Others	(6,511)	(12,473)
Adjusted operating income	₩ 225,870	₩ 173,167

41. Risk management:

(1) Capital risk management

The main purpose of the Group's capital management is to maintain a high credit rating and healthy capital ratio in order to sustain the Group's operations and maximize shareholder value. The Group revises its capital structure according to changes in the economic environment and adjusts its dividend policy accordingly or considers capital reduction or issuance of new shares. There are no changes to the purpose, policies and procedures of capital management during this period.

In addition, the Group uses the net debt ratio of equity capital as a capital management indicator. This ratio is calculated by dividing net borrowings by total equity. The items managed as capital by the Group as of December 31, 2024 and 2023 are as follows:

	(Korean won in millions)	
	2024	2023
Total borrowings	₩ 1,077,080	₩ 1,147,693
Less: Cash and cash equivalents	(1,864,415)	(2,004,092)
Borrowings, net	(787,335)	(856,399)
Total shareholders' equity	₩ 4,845,710	₩ 4,768,781
Net borrowings-to-equity ratio	-16.25%	-17.96%

41. Risk management (cont'd)

(2) Financial risk management

The Group is exposed to various risks, such as market risk (interest rate risk, price risk and foreign exchange risk), credit risk and liquidity risk, regarding financial instruments. The Group's risk management aims to identify potential risks affecting its financial performance and to decrease, eliminate and avoid those risks to the acceptable level. Meanwhile, the Group uses derivatives to avoid specific risks, such as foreign exchange risk.

1) Market risk

The Group is exposed principally to financial risk derived from fluctuations in foreign exchange and interest rate. Hence, it is engaged in various derivative contracts, including foreign exchange forwards, to manage those risks.

The exposure to the market risks is measured by the value-at-risk method with sensitivity analyses. There are no changes in the Group's exposure to the market risks and how the Group measures and manages those risks.

A. Interest rate risk

The Group borrows funds at fixed interest rate and floating interest rate, which exposing the Group to the interest rate risk. In order to manage the interest rate risk, the Group maintains balances between fixed-rate borrowings and floating-rate borrowings or participates in foreign exchange swap contracts. Hedging activities are reviewed regularly to adjust defined risk aversion appropriately, and the Group maintains the optimal hedging strategies to be applied.

Details of the Group's exposure to interest rate risk due to its borrowings with floating interest rates as of December 31, 2024 and 2023 are as follows:

		(Korean won in millions)	
		December 31, 2024	December 31, 2023
Borrowings (floating interest rates) (*1)	₩	60,365	₩ 5,536

(*1) Calculated by portion of exposure period for the year ended December 31, 2024

The Group regularly monitors the changes in interest rate risk internally. A sensitivity analysis on the Group's long-term borrowings and debentures assuming a 1% increase and 1% decrease in interest rates (before tax effect) as of December 31, 2024 and 2023 is as follows:

		(Korean won in millions)			
	1% increase		1% decrease		
	Net income	Shareholders' equity	Net income	Shareholders' equity	
Dec. 31, 2024	₩ (604)	₩ (604)	₩ 604	₩ 604	
Dec. 31, 2023	₩ (55)	₩ (55)	₩ 55	₩ 55	

B. Price risk

The Group is exposed to price risks from the equity instruments. Those instruments are retained for strategic purposes, not trading purposes, and the Group sells and purchases those instruments not actively and expects the stock price changes to have limited effects on the net income.

C. Foreign currency risk

The Group is exposed to foreign exchange risks due to existence of transactions denominated in foreign currency. The foreign exchange risk exposure is managed using derivative contracts to the level that the approved policies permit. The carrying amount of assets and liabilities exposed to the foreign exchange risks at the reporting date is as follows:

41. Risk management (cont'd)

				(Korean won in millions)	
	December 31, 2024		December 31, 2023		
Assets	₩	1,414,628	₩	1,091,881	
Liabilities	₩	692,761	₩	600,011	

The Group regularly monitors the changes in foreign currency internally. A sensitivity analysis on the above assets and liabilities assuming a 10% increase and 10% decrease in foreign currency rates (before tax effect) as of December 31, 2024 and 2023 is as follows:

						(Korean won in millions)		
	10% increase in Korean won against foreign currency			10% decrease in Korean won against foreign currency				
	Net income		Shareholders' equity	Net income		Shareholders' equity		
2024	₩	72,187	₩	72,187	₩	(72,187)	₩	(72,187)
2023	₩	49,187	₩	49,187	₩	(49,187)	₩	(49,187)

2) Credit risk

Credit risk represents the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group sets and operates policies to review client's credit and receive sufficient collaterals to reduce the risk. The Group reviews the risk exposure and credit ratings of its counterparties continuously, and aggregate risks are allocated to total portfolio and controlled by counterparty limits that are reviewed and approved. Credit risk is reviewed annually by the risk management committee and controlled by approved transaction limits.

The maximum exposed amounts of credit risk for financial assets maintained by the Group as of December 31, 2024 are as follows:

				(Korean won in millions)	
Classification of financial instruments	Account	Carrying values		Maximum exposed amounts	
Financial assets at fair value	Financial assets at FVTPL	₩	190,405	₩	190,405
	Financial assets at FVTOCI		3,367		3,367
	Derivative assets		29,108		29,108
Financial assets at amortized cost	Cash and cash equivalents		1,864,415		1,864,415
	Short-term financial assets		206,696		206,696
	Trade receivables		1,040,893		1,040,893
	Short-term loans		91,136		91,136
	Accounts receivable		481,291		481,291
	Accrued income		79,781		79,781
	Deposit (current)		46,793		46,793
	Financial assets at amortized cost		251		251
	Long-term financial instruments		1,539		1,539
	Long-term trade receivables		313,381		313,381
	Long-term loans		650,562		650,562
	Long-term accounts receivable		413,269		413,269
	Long-term accrued income		14,303		14,303
Other assets	Deposits (non-current)		364,015		364,015
	Lease liabilities (current)		636		636
	Lease liabilities (non-current)		80		80
Total		₩	5,791,921	₩	5,791,921

41. Risk management (cont'd)

Details of the Group's exposure to credit risk from guarantee and the commitment provided by the Group as of December 31, 2024 are as follows:

(Korean won in millions)		
Classification of financial instruments	Financial guarantee contract liabilities	Maximum exposed amounts
Private enterprise	₩ 424	₩ 873,500
Redevelopment and reconstruction business	3,284	1,774,400
Lotting out and union housing finance personal loan	-	665,768
SOC business, etc.	3,661	822,583
Others	-	192,590
Total	₩ 7,369	₩ 4,328,841

The maximum exposures regarding the financial guarantees above are the contractual amounts that the Group shall disburse when the beneficiaries claim the total available amount to the Group.

3) Liquidity risk

The Group establishes short-term and mid- to long-term fund management plans to manage liquidity risks and continuously analyzes and monitors the cash outflow budgets and actual cash outflow to match the maturity structure of the financial liabilities and the financial assets. The management believes that the Group is capable of repaying the financial liabilities with cash flows from operating activities and the financial assets held.

The Group's financial assets and liabilities by residual contractual maturity as of December 31, 2024 are classified as follows:

Financial assets

(Korean won in millions)				
	Less than 1 year	1 year-2 years	More than 2 years	Total
Cash and cash receivables	₩ 1,864,415	₩ -	₩ -	₩ 1,864,415
Financial assets measured at fair value	1,641	-	211,239	222,880
Short-term financial instruments	206,696	-	-	206,696
Trade receivables	1,139,152	-	-	1,139,152
Short-term loans	91,136	-	-	91,136
Accounts receivable	535,901	-	-	535,901
Accrued income	82,414	-	-	82,414
Deposit (current)	46,977	-	-	46,977
Lease receivables (current)	643	-	-	643
Financial assets at amortized cost	-	251	-	251
Long-term financial instruments	-	-	1,539	1,539
Long-term trade receivables	-	561,389	121,127	682,516
Long-term loans	-	308,661	664,446	973,107
Long-term accounts receivable	-	606,721	62,142	668,863
Long-term accrued income	-	-	46,301	46,301
Deposits (non-current)	-	151,461	214,093	365,554
Lease receivables (non-current)	-	64	19	83
Total	₩ 3,968,975	₩ 1,628,547	₩ 1,330,906	₩ 6,928,428

41. Risk management (cont'd)

Financial liabilities

(Korean won in millions)				
	Less than 1 year	1 year-2 years	More than 2 years	Total
Trade payables	₩ 1,053,817	₩ -	₩ -	₩ 1,053,817
Accounts payable	585,930	-	-	585,930
Leasehold deposits received	2,679	-	-	2,679
Accrued expenses	95,721	-	-	95,721
Lease liabilities (current)	54,381	-	-	54,381
Short-term borrowings (*1)	190,375	-	-	190,375
Current portion of long-term liabilities (*1)	297,707	-	-	297,707
Debentures (*1)	3,988	23,988	195,901	223,877
Long-term borrowings (*1)	1,355	106,850	359,560	467,765
Long-term trade payables	-	-	10,087	10,087
Long-term accounts payable	-	326	4,938	5,264
Long-term leasehold deposits received	-	235	9,219	9,454
Lease liabilities (non-current)	-	11,677	14,291	25,968
Derivative liabilities	2,002	3,463	15,037	20,502
Financial guarantee contract liabilities and supplementary finance agreement	7,369	-	-	7,369
Total	₩ 2,295,324	₩ 146,539	₩ 609,033	₩ 3,050,896

(*1) Cash flows of interests are included in cash flows of borrowings and debentures.

The above analysis on the financial assets is based on non-discounted contractual cash flows (not considering credit losses), and each cash flows are allocated the earliest date when the Group is obliged to repay the cash, including the interests.

The Group believes that the likelihood of disbursing the guarantee amount of the financial guarantee contracts is less than the likelihood of not disbursing the amount based on the projection as of December 31, 2024. However, the projection can be modified due to the events or the changes in circumstances that make variations to the likelihood for the beneficiary to charge the claims to the Group.

42. Non-current assets held for sale:

The Group reclassified land and buildings related to the Gwangju Station commercial facilities, amounting to KRW 298 million, as investment property held for sale in accordance with the sales contract, and completed the sale in the period ended December 31, 2024.

The Group classified the investment asset related to the shares of Seoul Tunnel Co., Ltd. as an asset held for sale, amounting to 20,828 million won in accordance with the sales contract in the period ended December 31, 2023.

Assets held for sale as of the end of December 31, 2024 and 2023 are as follows:

(Korean won in millions)		
Sortation	December 31, 2024	December 31, 2023
Non-current assets held for sale	₩ 20,828	₩ 20,828

43. Subsequent events:

(1) The Company approved the commitment to completion guarantee (promising compensation for damages of principal and interest i.e., KRW 140 billion of project financing, if the contractual obligation is not fulfilled) related to Yeouido ACRO One at the Finance Committee in January 2025.

(2) The Company approved the extension of maturity of the existing loan (USD 8 million) and maturity of interest (USD 1.4 million) for DLENC Philippines Inc. (the subsidiary domiciled in the Philippines) for a two-year term, as well as the execution of a new loan (USD 2 million), at the finance committee meeting in February 2025.

Audit opinion on internal control over financial reporting

The accompanying independent auditor's audit report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of DL E&C Co., Ltd. and its subsidiaries (collectively referred to as the "Group") and the consolidated financial statements of the Group for the year ended December 31, 2024 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's audit report on internal control over financial reporting
2. Report on the Operation Status of the Internal Control over Financial Reporting (ICFR)



Shape the future
with confidence

Ernst & Young Han Young
2-3F, 7-8F, Taeyoung Building, 111, Yeouigongwon-ro,
Yeongdeungpo-gu, Seoul 07241 Korea

Tel: +82 2 3787 6600
Fax: + 82 2 783 5890
ey.com/kr

Independent auditor's audit report on internal control over financial reporting

(English translation of a report originally issued in Korean)

DL E&C Co., Ltd.
The Shareholders and Board of Directors

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting (“ICFR”) of DL E&C Co., Ltd. and its subsidiaries (collectively referred to as the “Group”) based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea (the “ICFR Committee”) as of December 31, 2024.

In our opinion, the Group's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2024 in accordance with the *Conceptual Framework for Design and Operation of ICFR*.

We also have audited, in accordance with Korean Standards on Auditing (“KSA”), the consolidated statement of financial position as of December 31, 2024 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information of the Group and our report dated March 14, 2025 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of ICFR section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of ICFR in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for ICFR

Management is responsible for designing, implementing, and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying Report on the Operation Status of the ICFR.

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

Auditor's responsibilities for the audit of ICFR

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

An audit of ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment

of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operating effectiveness of ICFR based on obtaining an understanding of ICFR and the assessed risk.

ICFR definition and inherent limitations

An ICFR of a company and its subsidiaries is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”). The ICFR of the company and its subsidiaries includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company and its subsidiaries; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with KIFRS, and that receipts and expenditures of the company and its subsidiaries are being made only in accordance with authorizations of management and directors of the company and its subsidiaries; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets of the company and its subsidiaries that could have a material effect on the consolidated financial statements.

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

The engagement partner on the audit resulting in this independent auditor’s report is JungChul Yun.



March 14, 2025

<p>This audit report is effective as of March 14, 2025, the independent auditor’s report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor’s report to the time this report is used. Such events and circumstances could significantly affect the Group’s ICFR and may result in modifications to report.</p>

Report on the Operation Status of the Internal Control over Financial Reporting

(English translation of a report originally issued in Korean)

To Shareholders, Board of Directors and Audit Committee of DL E&C Co., Ltd.,

We, as the Chief Executive Officer and the Internal Accounting Manager assessed the operating status of the Company's Internal Control over Financial Reporting ("ICFR") for the year ending December 31, 2024. Design and operation of ICFR is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Accounting Manager (collectively, "We", "Our" or "Us").

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

We used the *Conceptual Framework for Design and Operation of Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee") as the criteria for design and operation of the Company's ICFR. In addition, we conducted an evaluation of ICFR based on the *Standard for Evaluation and Reporting of ICFR* of the Enforcement Decree of the Regulations on External Audit and Accounting.

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2024, in all material respects, in accordance with the *Conceptual Framework for Design and Operation of Internal Control over Financial Reporting*.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

(Appendix) Internal Control Activities Implemented by the Company in Response to Fraud Risks Related to Funds, Including Misappropriation

February 13, 2025

DL E&C Co., Ltd.

President & CEO	Sang Shin, Pak
Internal Accounting Manager	Jung Hwan, Lee

* For the signature of CEOs and Internal Accounting Manager, refer to the Report on the Operation Status of the Internal Control over Financial Reporting in Korean language attached below

(Appendix) Internal Control Activities Implemented by the Company in Response to Fraud Risks Related to Funds, Including Misappropriation

The Company has designed and operates its internal accounting control system in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' to prevent and detect errors or irregularities that may lead to misstatements in the consolidated financial statements.

The control activities performed by the Company are described based on the format provided in the attachment to the 'Guidelines for the Evaluation and Reporting of Internal Accounting Control Systems' issued and revised by the Financial Supervisory Service. Please note that the description does not encompass all controls implemented by the Company in response to fraud risks.

Category	Internal Control Activities Performed by the Company	Target Entities	Actual Implementation and Inspection Results (Test Scope / Period)
Entity-Level Controls (ELCs)	Fraud Prevention System Operation Implementing the fraud prevention program to prevent fund-related fraud; regular operation of monitoring systems to detect and respond to abnormal transactions	DL E&C, DL Construction, and 7 other entities	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.1, 25.2)
	Fraud Risk Assessment Reinforcement of system-based controls such as electronic approval process for expenditures and internal delegation of authority	DL E&C, DL Construction, and 7 other entities	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.1, 25.2)
	Management of Segregation of Duties Verifying segregation of duties and system access rights to ensure that approval and execution authority are not concentrated	DL E&C, DL Construction, and 7 other entities	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.1, 25.2)
	Monitoring Monitoring by using automated systems to detect unusual payment activity	DL E&C, DL Construction, and 5 other entities	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.1, 25.2)
Cash and Treasury Controls (Bank Account Management, Cash Inflow and Outflow Management, Financing Activities etc.)	Account Registration/Modification Required documentation and approval procedures for changing seal certificates or bank account information	DL E&C, DL Construction, and 5 other entities	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.1, 25.2)
	Account Status Management Managing company funds via cash management systems and pre-approval procedures for new or additional usage	DL E&C, DL Construction, and 5 other entities	Test performed; No significant deficiencies were identified (test dates: 24.8, 24.12 25.1, 25.2)
	Account Completeness Check Performed account listing checks such as verifying the accuracy and completeness of registered accounts in the cash management system, including accounts under the name of financial institutions	DL E&C, DL Construction, and 5 other entities	Test performed; No significant deficiencies were identified (test dates: 24.8, 24.12 25.1, 25.2)
	Corporate Seal Control Verified that using the corporate seal has controlled by authorized manager and company's internal regulations	DL E&C, DL Construction	Test performed; No significant deficiencies were identified (test dates: 24.12, 25.1, 25.2)
	Payment Request Entry Restriction Vendor Master was used to restrict payment input rights to registered users only, in accordance with internal rules	DL E&C, DL Construction	Test performed; No significant deficiencies were identified (test dates: 24.8, 24.12 25.1, 25.2)

Category	Internal Control Activities Performed by the Company	Target Entities	Actual Implementation and Inspection Results (Test Scope / Period)
	Review of Funds Execution Verified that payment requests cannot proceed to final approval unless all required supporting documents are submitted	DL E&C, DL Construction, and 7 other entities	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.1, 25.2)
	Segregation of Duties for Fund Disbursement and Journal Approval Verified that withdrawal requests in the payment system require dual authorization from accounting staff and department head	DL E&C, DL Construction, and 7 other entities	Test performed; No significant deficiencies were identified (test dates: 24.8, 24.12 25.1, 25.2)
	Daily Monitoring of Cash Inflows and Outflows Verified that company reviews daily cash balance between bank accounts and cash management system.	DL E&C, DL Construction, and 7 other entities	Test performed; No significant deficiencies were identified (test dates: 24.12, 25.1, 25.2)
	Review of Fundraising Activities or Review of Financing Verified required documents such as company seal certificate, power of attorney, and board of directors' resolution for fund withdrawals	DL E&C, DL Construction, and 7 other entities	Test performed; No significant deficiencies were identified (test dates: 24.8, 24.12 25.1, 25.2)
Other Process-Level Controls	Vendor Master Creation and Update Review Verified that Vendor Master creation/updates (e.g., account registration, certification, approval) go through a proper approval process	DL E&C, DL Construction, and 5 other entities	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.1, 25.2)

연결내부회계관리제도 운영실태 보고서

디엘이앤씨주식회사 주주, 이사회 및 감사위원회 귀중

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

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

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

본 대표이사 및 내부회계관리자는 연결내부회계관리제도의 설계 및 운영을 위해 내부회계관리제도운영위원회에서 발표한 '내부회계관리제도 설계 및 운영 개념체계'를 준거기준으로 사용하였습니다. 또한 연결내부회계관리제도의 설계 및 운영실태를 평가함에 있어 외부감사 및 회계 등에 관한 규정 시행세칙 '내부회계관리제도 평가 및 보고 기준'을 평가기준으로 사용하였습니다.

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

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

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

(붙임) 횡령 등 자금 관련 부정위험에 대응하기 위해 회사가 수행한 내부통제 활동

2025년 2월 13일

대 표 이 사 박 상 신 **박상신**(인)

내부회계관리자 이 정 환 **이정환**(인)

(붙임) 횡령 등 자금 관련 부정위험에 대응하기 위해 회사가 수행한 내부통제 활동

당사는 '내부회계관리제도 설계 및 운영 개념체계'에 따라 (연결)재무제표의 왜곡을 초래할 수 있는 오류나 부정행위를 예방하고 적발할 수 있도록 내부회계관리제도를 설계 및 운영하고 있습니다.

회사가 수행한 통제활동은 금융감독원이 제·개정된 '내부회계관리제도 평가 및 보고 가이드라인 (내부회계관리제도 운영실태보고서) 붙임 서식'에 따라 기술하였으며, 당사에서 운영하고 있는 부정위험에 대응하는 모든 통제를 포함하고 있지는 아니합니다.

구 분	회사가 수행한 통제활동	대상회사	설계·운영 실태 점검 결과 (수행부서, 수행 시기 등)
전사적 수준통제	<부정 방지 제도 운영> 경영진은 횡령 사고 등의 부정 방지를 위해 내부고발자제도(익명제보채널) 및 부정 방지 및 모니터링 프로그램을 운영하며, 동 프로그램 준수에 대한 경영진의 의지를 전 임직원에게 전사 공지를 통해 정기적으로 전달하고 있음	DL이앤씨, DL건설 외 7개사	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.8월, '25.1월, '25.2월)
	<부정위험 평가> 경영진은 업무 프로세스 변화 등을 고려하여 잠재적 부정위험에 대한 식별 및 평가를 최신화하고 이를 통제에 적절히 반영함. 과거 부정 사고 발생 건 존재 시 해당 사항을 고려함	DL이앤씨, DL건설 외 7개사	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.8월, '25.1월, '25.2월)
	<업무분장 현황 관리> 경영진은 거래수준 통제활동의 설계(신규 및 변경)시 내부회계관리지침에 따라 업무분장 및 접근권한(제한)을 고려함. 내부회계관리제도 전담조직은 업무 프로세스의 변화 등을 고려하여 통제의 업무분장 설계가 최신화되어 적절하게 운영될 수 있도록 관리함	DL이앤씨, DL건설 외 7개사	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.8월, '25.1월, '25.2월)
	<모니터링> 회사는 중복거래에 여부를 검토하기 위한 자동알림 모니터링 시스템을 구축하여 운용함	DL이앤씨, DL건설 외 5개사	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.8월, '25.1월, '25.2월)
자금통제 (입출금 계좌관리, 입출금 관리, 자금조달 등)	<계좌 등록/변경> 자금팀장 등은 계좌등록 및 변경 시 사유를 검토하여 승인함	DL이앤씨, DL건설 외 5개사	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.8월, '25.1월, '25.2월)
	<계좌 현황 관리> 자금팀장 등은 자금시스템 상 등록된 회사 명의 계좌에 대해 용도, 해지 여부 등 현황 검토 후 승인함	DL이앤씨, DL건설 외 5개사	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.8월, '24.12월, '25.1월, '25.2월)

구 분	회사가 수행한 통제활동	대상회사	설계·운영 실태 점검 결과 (수행부서, 수행 시기 등)
	<계좌 완전성 검토> 자금팀장 등은 자금시스템 상 미등록된 회사명의 계좌를 파악하기 위해 거래 금융기관에 대해 회사 명의로 개설된 계좌를 전수 조회하여 계좌의 완전성을 검토하고 승인한다.	DL이앤씨, DL건설 외 5개사	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.8월, '24.12월, '25.1월, '25.2월)
	<인감 사용통제> 행정운영지원팀장 등은 법인·사용인감의 물리적 접근을 제한하고 날인목적 및 요청부서 승인 기안 검토 후, 사용대장 상 관련 사항 기재 및 서명 후 날인함	DL이앤씨, DL건설	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.12월, '25.1월, '25.2월)
	<자금 집행 제한, 펌빙킹> 자금시스템 상 Vendor Master에 등록되지 않은 계좌로 이체가 불가하도록 설정되어 있음	DL이앤씨, DL건설	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.8월, '24.12월, '25.1월, '25.2월)
	<자금 집행 검토> 자금팀장 등은 사내직무권한 따라 검토 및 승인된 지급 요청서에 대해 거래처, 계좌 등의 일치 여부를 검토 후 승인함	DL이앤씨, DL건설 외 7개사	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.8월, '25.1월, '25.2월)
	<자금 집행 전표 승인 업무분장> 자금 전표 기표자와 승인자는 분리되어 있으며, 자금 집행 승인권자와 자금 전표 최종 승인권자가 분리되어 있음	DL이앤씨, DL건설 외 7개사	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.8월, '24.12월, '25.1월, '25.2월)
	<일일자금 입출금내역 관리> 자금팀장 등은 자금시스템 혹은 주기적 (일별, 주별, 분기별 등)으로 자금 마감 보고서 상 잔액과 입출금 내역이 은행 조회 내역과 일치하는지 검토하며, 차이 존재 시 소명내역의 적정성을 검토 후 승인함	DL이앤씨, DL건설 외 7개사	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.12월, '25.1월, '25.2월)
	<자금 조달 검토> 자금팀장 등은 차입 및 사채발행 품의서 상 주요 요건의 적정성을 검토하고 승인하며, 이사회 결의를 요하는 경우 이사회 등에 상정함	DL이앤씨, DL건설 외 7개사	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.8월, '24.12월, '25.1월, '25.2월)
기타업무 수준통제	<Vendor Master 생성·변경 검토> Vendor 등록은 외주, 구매 등 관련부서에서 주요 정보(사업자번호, 인감증명서 및 통장사본 등)를 검토, 승인 후 등록함	DL이앤씨, DL건설 외 5개사	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀 등 '24.8월, '25.1월, '25.2월)