



DL E&C CO., LTD. (the “Company”)

**SEPARATE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

ATTACHMENT: INDEPENDENT AUDITOR’S REPORT

DL E&C CO., LTD.

INDEPENDENT AUDITORS' REPORT

English Translation of Independent Auditors' Report Originally Issued in Korean on March 13, 2024.

To the Shareholders and the Board of Directors of
DL E&C Co., Ltd.:

Report on the Audited Separate Financial Statements

Audit Opinion

We have audited the separate financial statements of DL E&C Co., Ltd. (the "Company"), which comprise the separate statement of financial position as of December 31, 2023 and December 31, 2022, respectively, and the related separate statement of profit or loss, separate statement of comprehensive income, separate statement of changes in shareholders' equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and December 31, 2022, respectively, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRSs").

We have also audited, in accordance with the Korean Standards on Auditing ("KSAs"), the internal control over financial reporting of the Company as of December 31, 2023, based on 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' and our report dated March 13, 2024, expressed unmodified opinion.

Basis for Audit Opinion

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

Our Key Audit Matters

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

- Total Contract Cost Estimate

When the Company recognizes revenue from construction contracts over a period, it is recognized based on the progress rate of dividing the accumulated accrued cost by the total estimated contract cost. As noted in Note 3(4), the total estimated contract cost for the progress rate reflects management's significant estimates of future projections, such as material costs and outsourcing costs.

We determined the estimates of residual cost of total estimated contract cost, except total estimated contract cost to the accumulated accrued cost, as a key audit matter because the changes in the estimated contract cost due to delay or change order can cause significant effect on the current and future profit or loss.

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As of December 31, 2023, the major audit procedures we performed regarding the estimation of the total estimated cost of the Company are as follows:

- Identifying the Company's business procedures related to estimating and changing the total estimated cost and evaluating the effectiveness of its internal control design and operation.
- Inspecting the documents on the adequacy of the current year accumulated accrued costs and residual cost according to analysis on the uncertainty in the total estimated contract costs based on the nature and situation of the construction.
- Identifying the cause of changes for the constructions with significant changes in the total estimated cost and inspecting document when exceptions are found.
- Analytical reviewing of the sites with significant differences by comparing the total estimated contract cost of the end date of reporting period with the most recent closing date, and inspecting document when exceptions are found.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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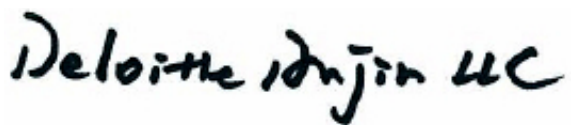
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Jung, won sik.

Handwritten signature in black ink that reads "Deloitte idnjin LLC".

March 13, 2024

Notice to Readers

This report is effective as of March 13, 2024, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the separate financial statements and may result in modifications to the auditors' report.

DL E&C CO., LTD.

SEPARATE STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2023 AND 2022

| | Notes | Korean won | |
|--|-------------|---------------------|---------------------|
| | | 2023 | 2022 |
| ASSETS | | | |
| CURRENT ASSETS: | | ₩ 3,404,049,636,432 | ₩ 3,360,243,741,979 |
| Cash and cash equivalents | 5,7,34,38 | 1,152,564,929,485 | 979,624,885,087 |
| Short-term financial instruments | 5,7,34,38 | 110,959,575,640 | 444,015,981,370 |
| Trade receivables and other current receivables | 6,7,9,37 | 976,130,605,717 | 924,739,118,967 |
| Contract assets | 6 | 611,576,632,570 | 491,292,048,683 |
| Lease receivables | 7,12,38 | 490,530,742 | 480,055,893 |
| Financial assets measured at FVTOCI | 7,8,27,38 | 15,251,895,000 | 8,224,007,278 |
| Inventories | 11 | 297,231,459,371 | 374,047,190,882 |
| Derivative assets | 7,29,41 | 327,413,902 | 2,871,424,305 |
| Other current assets | 10 | 218,688,991,621 | 134,949,029,514 |
| Non-current assets held for sale | 42 | 20,827,602,384 | - |
| NON-CURRENT ASSETS: | | 3,663,026,307,740 | 3,591,792,367,931 |
| Long-term financial instruments | 5,7,38 | 4,671,523,647 | 3,374,861,200 |
| Long-term trade receivables and other non-current receivables | 6,7,9,37,38 | 1,908,977,984,178 | 1,946,468,002,938 |
| Investments in subsidiaries | 16 | 422,537,451,519 | 313,123,648,619 |
| Investments in associates and joint ventures | 16 | 169,345,755,673 | 108,794,225,191 |
| Financial assets measured at FVTPL | 7,8,38 | 89,158,706,664 | 76,850,615,504 |
| Financial assets measured at FVTOCI | 7,8,27,38 | 20,873,791,135 | 10,642,348,287 |
| Financial assets measured at amortized cost | 7,38 | 204,112,861 | 200,265,421 |
| Property, plant and equipment | 13 | 124,171,550,044 | 126,733,938,961 |
| Investment property | 14 | 343,137,513,788 | 351,735,795,878 |
| Intangible assets | 15 | 17,714,355,196 | 18,450,849,004 |
| Right-of-use assets | 17 | 58,508,585,863 | 77,765,482,658 |
| Derivative assets | 7,29,47 | 12,804,345,034 | 2,878,816,943 |
| Lease receivables | 7,12,38 | 696,317,104 | 1,169,125,376 |
| Net-defined benefit assets | 20 | 13,188,753,393 | 25,199,459,636 |
| Deferred tax assets | 35 | 442,032,390,553 | 497,919,948,806 |
| Other non-current assets | 10 | 35,003,171,088 | 30,484,983,509 |
| TOTAL ASSETS | | ₩ 7,067,075,944,172 | ₩ 6,952,036,109,910 |

(Continued)

| | Notes | Korean won | |
|--|------------|----------------------------|----------------------------|
| | | 2023 | 2022 |
| LIABILITIES | | | |
| CURRENT LIABILITIES: | | ₩ 2,689,378,548,711 | ₩ 2,304,745,492,175 |
| Trade payables and other current payables | 7,18,38 | 975,936,477,666 | 922,855,019,459 |
| Contract liabilities | 6 | 978,481,098,370 | 858,183,417,277 |
| Lease liabilities | 7,23,38 | 43,118,976,645 | 45,086,268,197 |
| Short-term borrowings and current portion of long-term borrowings | 7,19,38 | 305,071,100,863 | 89,612,865,350 |
| Income taxes payable | | 22,966,841,206 | 50,857,004,359 |
| Other current provisions | 22 | 222,327,426,425 | 188,867,555,835 |
| Derivative liabilities | 7,29,38 | 2,452,890,469 | 5,961,155,256 |
| Financial guarantee contract liabilities | 7,28,38 | 9,026,616,171 | 2,965,184,194 |
| Provision for construction warranties | 22 | 26,865,804,141 | 18,898,670,146 |
| Other current liabilities | 21 | 103,131,316,755 | 121,458,352,102 |
| NON-CURRENT LIABILITIES: | | 347,935,347,451 | 733,679,285,860 |
| Long-term trade payables and other non-current payables | 7,18,38 | 9,187,694,336 | 5,376,246,281 |
| Borrowings and debentures | 7,19,29,38 | 228,023,888,512 | 582,723,586,757 |
| Lease liabilities | 7,23,38 | 45,021,564,081 | 68,876,041,569 |
| Provision for construction warranties | 22 | 56,936,121,634 | 68,846,583,965 |
| Other non-current provisions | 22 | 697,075,630 | 697,075,630 |
| Financial guarantee contract liabilities | 7,29,38 | - | 5,935,927,666 |
| Derivative liabilities | 7,28,38 | 8,069,003,258 | 287,500,000 |
| Other non-current liabilities | 21 | - | 936,323,992 |
| TOTAL LIABILITIES | | ₩ 3,037,313,896,162 | ₩ 3,038,424,778,035 |
| SHAREHOLDERS' EQUITY | | | |
| Capital stock | 24 | 214,597,295,000 | 214,597,295,000 |
| Other paid-in capital | 25 | 3,164,793,142,800 | 3,129,869,162,945 |
| Retained earnings | 26 | 828,181,354,599 | 728,167,428,904 |
| Accumulated other comprehensive income | 27 | (177,809,744,389) | (159,022,554,974) |
| TOTAL SHAREHOLDERS' EQUITY | | ₩ 4,029,762,048,010 | ₩ 3,913,611,331,875 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | ₩ 7,067,075,944,172 | ₩ 6,952,036,109,910 |

(concluded)

See accompanying notes to separate financial statements.

DL E&C CO., LTD.
SEPARATE STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | Notes | Korean won | |
|---|-------|---------------------|---------------------|
| | | 2023 | 2022 |
| I. SALES | 6,30 | ₩ 5,168,107,014,553 | ₩ 5,275,660,012,471 |
| II. COST OF SALES | 31 | 4,615,661,601,461 | 4,523,301,969,719 |
| III. GROSS PROFIT | | 552,445,413,092 | 752,358,042,752 |
| Selling and administrative expenses | 31,32 | 330,646,634,797 | 349,777,255,828 |
| IV. OPERATING INCOME: | | 221,798,778,295 | 402,580,786,924 |
| Other income | 33 | 74,477,171,032 | 160,458,633,155 |
| Other expense | 33 | 155,047,564,175 | 173,038,335,490 |
| Financial income | 34 | 131,739,659,418 | 136,896,068,180 |
| Financial expense | 34 | 50,280,980,014 | 57,149,700,869 |
| V. INCOME BEFORE INCOME TAX EXPENSE | | 222,687,064,556 | 469,747,451,900 |
| INCOME TAX EXPENSE | 35 | 70,974,269,663 | 159,539,910,154 |
| VI. NET INCOME | | ₩ 151,712,794,893 | ₩ 310,207,541,746 |
| VII. NET EARNINGS PER SHARE: | 36 | | |
| Basic and diluted earnings per common share | | ₩ 3,768 | ₩ 7,614 |
| Basic and diluted earnings per preference share | | 2,464 | 4,335 |

See accompanying notes to separate financial statements.

DL E&C CO., LTD.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | Notes | Korean won | |
|--|-------|-------------------|-------------------|
| | | 2023 | 2022 |
| I. NET INCOME | | ₩ 151,712,794,893 | ₩ 310,207,541,746 |
| II. OTHER COMPREHENSIVE LOSS | | (28,203,641,863) | (101,067,406,784) |
| Items not to be reclassified subsequently to profit or loss: | | (9,416,452,448) | 9,511,957,997 |
| 1. Remeasurement of defined benefit plan | | (12,581,842,118) | 12,628,266,347 |
| 2. Tax effects on the items not to be reclassified to profit or loss | | 3,165,389,670 | (3,116,308,350) |
| Items to be reclassified subsequently to profit or loss: | 8,27 | (18,787,189,415) | (110,579,364,781) |
| 1. Gain (loss) on valuation of financial assets measured at FVTOCI | 27 | 943,280,294 | (305,365,454) |
| 2. Loss on overseas operations translation | | (19,490,596,237) | (110,357,786,703) |
| 3. Tax effects on the items to be reclassified to profit or loss | | (239,873,472) | 83,787,376 |
| III. COMPREHENSIVE INCOME | | ₩ 123,509,153,030 | ₩ 209,140,134,962 |

See accompanying notes to separate financial statements.

DL E&C CO., LTD.

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | Korean won | | | | | | |
|--|-------------------|----------------------------|---------------------|-------------------|-------------------|---|----------------------------|
| | Capital stock | Other paid-in capital | | | Retained earnings | Accumulated other comprehensive income (loss) | Total shareholders' equity |
| | | Additional paid-in capital | Treasury stock | Other | | | |
| I. Balance as of January 1, 2022 | ₩ 107,363,115,000 | ₩ 3,271,623,795,128 | ₩ (3,210,980,995) | ₩ - | ₩ 466,459,983,911 | ₩ (48,443,190,193) | ₩ 3,793,792,722,851 |
| Net income | - | - | - | - | 310,207,541,746 | - | 310,207,541,746 |
| Dividends | - | - | - | - | (58,012,054,750) | - | (58,012,054,750) |
| Increase (decrease) of capital stock without consideration | 107,234,180,000 | (107,957,449,810) | - | - | - | - | (723,269,810) |
| Remeasurement of defined benefit plan | - | - | - | - | 9,511,957,997 | - | 9,511,957,997 |
| Loss on valuation of financial assets measured at FVTOCI | - | - | - | - | - | (221,578,078) | (221,578,078) |
| Loss on overseas operations translation | - | - | - | - | - | (110,357,786,703) | (110,357,786,703) |
| Others | - | (1,591,673,578) | - | - | - | - | (1,591,673,578) |
| Acquisition of treasury stock | - | - | (28,994,527,800) | - | - | - | (28,994,527,800) |
| Summary of shareholders' equity gain (loss) | 107,234,180,000 | (109,549,123,388) | (28,994,527,800) | - | 261,707,444,993 | (110,579,364,781) | 119,818,609,024 |
| II. Balance as of December 31, 2022 | 214,597,295,000 | 3,162,074,671,740 | (32,205,508,795) | - | 728,167,428,904 | (159,022,554,974) | 3,913,611,331,875 |
| III. Balance as of January 1, 2023 | 214,597,295,000 | 3,162,074,671,740 | (32,205,508,795) | - | 728,167,428,904 | (159,022,554,974) | 3,913,611,331,875 |
| Net income | - | - | - | - | 151,712,794,893 | - | 151,712,794,893 |
| Dividends | - | - | - | - | (42,282,416,750) | - | (42,282,416,750) |
| Remeasurement of defined benefit plan | - | - | - | - | (9,416,452,448) | - | (9,416,452,448) |
| Gain on valuation of financial assets measured at FVTOCI | - | - | - | - | - | 703,406,822 | 703,406,822 |
| Loss on overseas operations translation | - | - | - | - | - | (19,490,596,237) | (19,490,596,237) |
| Acquisition of treasury stock | - | - | (72,940,146,045) | - | - | - | (72,940,146,045) |
| Comprehensive stock exchange | - | - | - | 107,864,125,900 | - | - | 107,864,125,900 |
| Summary of shareholders' equity gain (loss) | - | - | (72,940,146,045) | 107,864,125,900 | 100,013,925,695 | (18,787,189,415) | 116,150,716,135 |
| IV. Balance as of December 31, 2023 | ₩ 214,597,295,000 | ₩ 3,162,074,671,740 | ₩ (105,145,654,840) | ₩ 107,864,125,900 | ₩ 828,181,354,599 | ₩ (177,809,744,389) | ₩ 4,029,762,048,010 |

See accompanying notes to separate financial statements.

DL E&C CO., LTD.

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | Notes | Korean won | |
|---|-------|-------------------|-------------------|
| | | 2023 | 2022 |
| I. CASH FLOWS FROM OPERATING ACTIVITIES | | ₩ 235,268,330,921 | ₩ 203,283,948,972 |
| Net income | | 151,712,794,893 | 310,207,541,746 |
| Adjustments | 38 | 268,549,044,283 | 334,792,572,565 |
| Changes in assets and liabilities from operating activities | 38 | (175,220,785,091) | (315,343,355,261) |
| Dividend income received | | 8,009,174,728 | 14,039,263,295 |
| Interest income received | | 55,449,217,937 | 48,160,864,153 |
| Interest expense paid | | (33,179,757,464) | (26,624,866,988) |
| Income taxes paid | | (40,051,358,365) | (161,948,070,538) |
| II. CASH FLOWS FROM INVESTING ACTIVITIES | | 237,306,186,386 | (433,022,725,428) |
| Decrease in short-term financial instruments | | 593,156,668,800 | 249,197,281,900 |
| Decrease in short-term loans | | 45,500,000,000 | 94,189,687,261 |
| Decrease in long-term financial instruments | | 294,000,000 | 492,633,000 |
| Decrease in long-term loans | | 95,190,631,170 | - |
| Decrease in rental deposits | | 166,963,363,312 | 248,706,649,412 |
| Disposal of FVTOCI | | 18,003,561,879 | 23,065,280,000 |
| Disposal of FVTPL | | 8,173,080,000 | - |
| Disposal of land | | - | 136,415,511 |
| Disposal of buildings | | - | 493,584,489 |
| Disposal of machineries | | 1,816,521 | 60,402,621 |
| Disposal of vehicles | | 39,013,485 | 36,834,031 |
| Disposal of other tangible assets | | 162,625,219 | 173,026,474 |
| Disposal of investment properties | | 2,291,152,496 | 2,880,223,900 |
| Disposal of intangible assets | | (3,940) | - |
| Increase in short-term financial instruments | | (263,464,882,177) | (544,484,136,103) |
| Increase in short-term loans | | (60,500,000,000) | (67,004,976,595) |
| Increase in long-term financial instruments | | - | (3,374,361,200) |
| Increase in long-term loans | | (72,705,214,626) | (70,159,340,325) |
| Increase in rental deposits | | (135,290,578,498) | (211,428,991,057) |
| Acquisition of investment in subsidiaries | | (1,550,677,000) | (46,836,147,703) |
| Acquisition of investment in associates | | (72,071,028,000) | (52,979,000,000) |
| Acquisition of FVTPL | | (29,494,000,000) | (24,073,852,104) |
| Acquisition of FVTOCI | | (44,212,120,000) | (12,665,275,000) |
| Acquisition of land | | - | (5,076,222,000) |
| Acquisition of machineries | | (6,083,133,402) | (6,483,708,753) |
| Acquisition of vehicles | | (117,810,330) | (139,322,400) |
| Acquisition of other tangible assets | | (2,501,694,323) | (2,146,909,040) |
| Acquisition of tangible assets under construction | | (945,759,200) | (2,039,145,770) |
| Acquisition of investment properties | | (140,000,000) | - |
| Acquisition of intangible assets | | (3,392,825,000) | (3,563,355,977) |

(continued)

| | NOTE | Korean won | |
|--|------|---------------------|---------------------|
| | | 2023 | 2022 |
| III. CASH FLOWS FROM FINANCING ACTIVITIES | | ₩ (305,413,409,344) | ₩ (147,992,744,252) |
| Proceeds from short-term borrowings | | 1,385,007,425,000 | 2,517,831,300,000 |
| Repayment of short-term borrowings | | (1,414,465,250,000) | (2,488,373,475,000) |
| Increase in leasehold deposits | | 4,070,665,239 | 217,136,519 |
| Decrease in leasehold deposits | | (652,188,638) | (219,045,000) |
| Acquisition of treasury stock | | (72,940,146,045) | (28,994,527,800) |
| Repayment of lease liabilities | | (53,996,457,800) | (49,563,768,061) |
| Repayment of current portion of long-term liabilities | | (110,155,040,350) | (40,155,040,350) |
| Payment of dividend | | (42,282,416,750) | (58,012,054,750) |
| Stock issuance costs | | - | (723,269,810) |
| IV. NET INCREASE IN CASH AND CASH EQUIVALENTS | | ₩ 167,161,107,963 | ₩ (377,731,520,708) |
| V. CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR | | 979,624,885,087 | 1,356,003,652,498 |
| VI. CHANGES IN CASH AND CASH EQUIVALENTS DUE TO FOREIGN CURRENCY TRANSLATION | | 5,778,936,435 | 1,352,753,297 |
| VII. CASH AND CASH EQUIVALENTS, END OF THE YEAR | | ₩ 1,152,564,929,485 | ₩ 979,624,885,087 |

(concluded)

See accompanying notes to separate financial statements.

DL E&C CO., LTD.

NOTES TO SEPARATE FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

1. GENERAL INFORMATION:

DL E&C Co., Ltd. (the “Company”) 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 Korea Exchange on January 25, 2021.

The Company’s capital stock, including preferred stock of KRW 21,129 million, amounted to KRW 214,597 million as of December 31, 2023. The largest shareholder of common stock as of December 31, 2023, is DL Co., Ltd. with 23.15% ownership.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION:

(1) Basis of preparation

The management prepares the accompanying separate financial statements in accordance with Korean International Financial Reporting Standards (“K-IFRSs”), and the accompanying separate financial statements follow the requirements of K-IFRS 1027, ‘Separate Financial Statements.’ A parent or an investor with joint control of, or significant influence over, an investee accounts for the investments among the following methods in the separate financial statements: the cost method; the method in accordance with the requirements of K-IFRS 1109, ‘Financial Instruments;’ or the equity method in accordance with K-IFRS 1028, ‘Investments in Associates and Joint Ventures.’

Significant accounting policies used for the preparation of the separate financial statements are stated below. The Company’s accounting policies used for the preparation are the same as the policies used for the prior year, except for the effects from the introduction of new and revised accounting standards of interpretation as described below.

The management has reasonable expectations on the separate financial statements’ approval date that the Company retains sufficient resources for going concern in foreseeable future periods. The separate financial statements are prepared on a going-concern basis.

Meanwhile, the separate financial statements have been issued and approved by the board of directors on February 28, 2024, and will be finally approved at the shareholders’ meeting on March 23, 2024.

1) New and amended K-IFRSs and new interpretations that are effective for the current year

In the current year, the Company has applied a number of new and amended K-IFRSs and new interpretations issued that are effective for accounting periods beginning on or after January 1, 2023.

- K-IFRS 1117 *Insurance Contracts*

K-IFRS 1117 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes K-IFRS 1104 *Insurance Contracts*.

K-IFRS 1117 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows, and explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Company does not have any contracts that meet the definition of an insurance contract under K-IFRS 1117.

- K-IFRS 1001 *Presentation of Financial Statements* and IFRS Practice Statement 2 'Making Materiality Judgments – Disclosure of Accounting Policies' (Amendments)

The amendments change the requirements in K-IFRS 1001 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information.' Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in K-IFRS 1001 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The International Accounting Standards Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

- K-IFRS 1001 *Presentation of Financial Statements* – Disclosure of Financial Liabilities with Clauses to Adjust Exercise Price (Amendments)

The amendments require disclosure of valuation gains or losses (limited to those recognized in the profit or loss) of the conversion options or warrants (or financial liabilities including them) if all or part of the financial instrument with exercise price that is adjusted depending on the issuer's share price change is classified as financial liability as defined in paragraph 11 (2) of K-IFRS 1032 *Financial Instruments: Presentation*.

- K-IFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates (Amendments)

The amendments replace the definition of a change in accounting estimates with the definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The definition of a change in accounting estimates was deleted.

- K-IFRS 1012 *Income Taxes* – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and a liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to K-IFRS 1012, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in K-IFRS 1012.

- K-IFRS 1012 *Income Taxes* – International Tax Reform – Pillar Two Model Rules (Amendments)

The amendments clarify that the standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in K-IFRS 1012, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Company is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

2) New and revised K-IFRSs in issue but not yet effective

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

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

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

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. If an entity applies these amendments for an earlier period, it is also required to apply the 2023 amendments early.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company’s separate financial statements in future periods.

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

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least 12 months after the reporting date. Such covenants affect whether the right exists at the end of the reporting period even if compliance with the covenant is assessed only after the reporting date.

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

The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

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

The amendments add a disclosure objective to K-IFRS 1007 stating that an entity is required to disclose information about its supplier finance arrangements, which enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, K-IFRS 1107 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- Terms and conditions of the arrangement
- The carrying amount, and associated line items presented in the entity's separate statements of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both the financial liabilities that are part of a supplier finance arrangement and the comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments which contain specific transition reliefs for the first annual reporting period, in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

- K-IFRS 1116 *Leases* – Lease Liability in a Sale and Leaseback

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

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in K-IFRS 1116. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or a rate.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with K-IFRS 1008 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied K-IFRS 1116.

- K-IFRS 1001 *Presentation of Financial Statements* – Disclosure of Crypto Assets (Amended in 2023)

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

The Company does not anticipate that the application of the enactment and amendments will have a significant impact on its separate financial statements.

(2) Non-current assets held for sale

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

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sales transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and when the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

(3) Revenue recognition

Revenue is measured based on the amount of consideration to which the Company expects to be entitled in a contract with a customer and recognized through the following steps: 1. Identifying the contract, 2. Identifying performance obligations, 3. Determining the transaction price, 4. Allocating the transaction price to performance obligations, and 5. Recognizing revenue when each performance obligation is satisfied. The amount collected on behalf of the third party is excluded from the transaction price. The Company considers each performance obligation is satisfied when control of goods or services is transferred to the customer.

The following are major sources of the Company's revenue:

- A. Construction of civil work, housing, plant under contracts with customers, etc.
- B. Construction for apartment sales
- C. Rendering of services and operation
- D. Others

- A. Construction of civil work, housing, plant under contracts with customers, etc.

The Company performs the construction of civil work, housing and plant under long-term contracts with customers, which are arranged ahead of construction service beginning. The management reviews the terms and conditions by the individual contracts and believes that the input method is appropriate to measure progress under K-IFRS 1115. Specifically, the revenue is recognized by the progress dividing accrued cost up to the reporting date by estimated total contract cost as of the reporting date (i.e., the cost-based input method).

The Company is entitled to charge the customers for the construction work in accordance with the long-term contracts. When the progress or a specific milestone is accomplished, the invoices are sent to customers with the progress details signed by the third party. Contract assets that have been recognized for previously performed work are reclassified into receivables at the time the customers are charged. If the progress or milestone payments exceed the revenue recognized up to the invoice date under the cost-based input method, the Company recognizes the difference as a contract liability.

B. Construction for apartment sales

The Company performs the construction of residential real estate under long-term contracts with customers, which are arranged ahead of construction service beginning. By the terms of the contract, it is limited for the customers to transfer of property to others. If having an enforceable right to payment for an already performed work, the Company recognizes the revenue from residential real estate based on the cost-based input method over time. The management believes that the input method is appropriate to measure progress under K-IFRS 1115. Otherwise, if there is no right to enforceable payment for an already performed work, the Company accounts for the accrued cost as assets (e.g., inventories) and recognizes the revenue at a point in time when the control over the completed assets is transferred to the customers.

The Company is entitled to the right to receive the payment from apartment sales when the date noted in the long-term contracts reaches during the construction period. If the right is enforceable for the already performed work, the contract asset previously recognized for the service is reclassified into a receivable at the time the right is provided. The amount of the receivable exceeding the accrued revenue until the reporting date is recognized as a contractual liability. If the right is not enforceable for the performed work, the payment received from the customers is accounted as a liability.

C. Rendering of services and operation

The Company recognizes consideration for services and operation as revenue from sales of rendering services, and the customers simultaneously receive and consume benefits provided by the Company's performance. The Company is entitled to receive a certain payment directly equivalent to the value given to the customer by the degree of the service completion and recognizes a certain amount that it is able to claim as revenue.

D. Others

The Company classifies revenue other than the aforementioned as other revenue and recognizes it at a point in time when the performance obligation is satisfied, for there is no deferral by the distribution of the period and the time for the control to be transferred is clear.

(4) Lease

1) The Company as a lessee

The Company assesses whether a contract is or contains a lease, at an inception date of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For the exceptions, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term, unless other systematic basis is more representative of the time pattern in which economic benefits from the underlying assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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
- Entity-specific risk adjustment, if the risk attribute of the entity entering into the lease is different from the risk attribute of the Company and the lease does not receive benefits from the guarantee of the Company

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- 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
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented separately in the separate statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payment made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- 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).
- 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 assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost, less accumulated depreciation and impairment losses.

Whenever the Company is obliged to dismantle or remove the underlying asset, restore the site where the underlying asset is located or restore the underlying asset to the condition required by the terms of the lease, the future cost estimate to fulfill the obligation is recognized and measured in accordance with K-IFRS 1037. The restoration cost is contained in the acquisition cost of the right-of-use asset to the extent that the cost relates to the asset, unless it is incurred due to producing inventories.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. A right-of-use asset is depreciated over the useful life of the underlying asset when the lease transfers the ownership of the underlying asset at or before the end of the lease or it is reflected on the acquisition cost that the Company would exercise a purchase option. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented separately in the separate statements of financial position.

The Company applies K-IFRS 1036 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. (Ref. Note 2.(13))

Variable lease payments are not included in the measurement of the lease liability and the right-of-use asset, except for the one depend on an index or a rate. Those lease payments are recognized as an expense in the period when the event or condition that triggers those payments to occur.

As a practical expedient, K-IFRS 1116 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Company has applied this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2) The Company as a lessor

The Company classifies each lease as an operating lease or a finance lease. A lease that risks and rewards from ownership of an underlying asset are transferred substantially all to the lessee is classified as a finance lease, and a lease that risks and rewards from ownership of an underlying asset are not transferred substantially all to the lessee an operating lease.

If the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the lease term, unless other systematic basis is more representative of the time pattern in which economic benefits from the underlying assets are consumed. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognized as an expense on a basis on which the corresponding rental income is recognized.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies K-IFRS 1115 to allocate the consideration under the contract to each component.

(5) Foreign currencies

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.
- 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.

For the purpose of presenting separate financial statements, the assets and liabilities of the Company's foreign operations are expressed in Korean won using exchange rates prevailing at the end of the reporting period.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

(6) Borrowing costs

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

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss.

To the extent that fixed-rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate.

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

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

(7) Government grants

Government grants are not recognized until there is reasonable assurance that the Company 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 separate 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 Company 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 Company 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.

(8) Retirement benefit costs and termination benefits

For defined retirement contribution plans, each contribution is recognized as an expense when the corresponding employees provide services eligible for the plan.

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognized immediately in the separate statements of financial position with a charge or credit to the separate statements of comprehensive income in the period in which they occur. Remeasurements recognized in the separate statements of comprehensive income are not reclassified. Past service cost is recognized in profit or loss when the plan amendment or curtailment occurs or when the Company recognizes related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognized when the settlement occurs.

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- Service costs, which include current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest expense or income; and
- Remeasurements.

Net interest expense or income is recognized within finance costs and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the separate statements of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g., contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by K-IFRS 1019 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with K-IFRS 1019 paragraph 70.

(9) Taxation

Income tax expense represents the sum of the taxes currently payable and deferred tax.

1) Current tax

Taxes currently payable are based on taxable profit for the year. Taxable profit differs from net profit as reported in the separate statements of income and separate 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 Company'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 Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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 separate 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 Company 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 liabilities and assets reflects the tax consequences that would follow from the manner in which the Company 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 Company 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.

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.

3) Current and deferred taxes for the year

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

4) Uncertainty over income tax treatments

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

(10) 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 separate asset if it is probable that future economic benefits associated with the assets will flow into the Company and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

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

(In the case of a machine, the economic useful lives may vary depending on the special conditions.)

| 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.

The Company 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.

(11) 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 separate asset if it is probable that future economic benefits associated with the assets will flow into the Company 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.

(12) Intangible assets

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.

2) Internally generated intangible assets—research and development expenditure

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

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, 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 Company 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) |
|----------------------------|----------------------|
| Development costs | 5 |
| Industrial property rights | 5 – 10 |
| Software | 4 – 5 |
| Others | 5 – 9 |

3) Intangible assets acquired in a business combination

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

4) Derecognition of intangible assets

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use. 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.

(13) Impairment of tangible and intangible assets, except for goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible 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 recoverable amount of an individual asset, the Company 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.

(14) 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 amount of inventories recognized as an expense in the period in which the reversal occurs.

(15) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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.

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.

1) Loss-incurred contracts

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

2) Provision for restoration

In accordance with the terms of the lease agreement, expenses owed by the Company 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.

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 K-IFRS 1037 and the amount recognized initially, less cumulative amount of income recognized in accordance with the principles of K-IFRS 1115.

(16) Cash and cash equivalents

In the separate 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.

Bank balances restricted from the Company's use by third-party contracts are included as a part of cash, unless such restrictions prevent the bank balance from further meeting the definition of cash. Contractual restrictions affecting the use of bank balances are described in Note 5. If contractual restrictions on the use of cash exceed 12 months beyond the reporting period, the related amount is classified as non-current assets in the separate statements of financial position.

For the purposes of the separate statements of cash flows, cash and cash equivalents are composed of the cash and cash equivalents as defined above and the net amount of bank overdrafts that are part of the Company's cash management and must be immediately repaid according to the demands of financial institutions. Such bank overdrafts are presented as short-term borrowings in the separate statements of financial position.

(17) Financial instruments

Financial assets and financial liabilities are recognized in the Company's separate statements of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured at fair value upon initial recognition, excluding 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.

(18) 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.

1) Classification of financial assets

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI (Solely Payments of Principal and Interest) on the principal amount outstanding.

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

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

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

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

- The Company 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).
- The Company 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).

1-1) Amortized cost and effective interest 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.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves, so that the financial asset is no longer credit impaired.

Interest income is recognized in profit or loss and is included in the "financial income - interest income" line item.

1-2) Debt instruments classified as at FVTOCI

The corporate bonds are initially measured at fair value, plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses and interest income calculated using the effective interest method are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these corporate bonds had been measured at amortized cost.

All other changes in the carrying amount of these corporate bonds are recognized in other comprehensive income and accumulated under the heading of investments' revaluation reserve.

When these corporate bonds are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

1-3) Equity instruments designated as at FVTOCI

Upon initial recognition, the Company 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.

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 K-IFRS 1109.

At the time of initial recognition, the Company 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 Company manages together and has evidence of a recent actual pattern of short-term profit-taking.
- 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 K-IFRS 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.

1-4) Financial assets 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 Company 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).
- 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) 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 the 'other gains and losses' line item.
- 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 the 'other gains and losses' line item. 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 the 'other gains and losses' line item.
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments' revaluation reserve.

3) Impairment of financial assets

The Company 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 Company 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 Company'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.

3-1) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company 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 Company 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 Company'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 Company's core operations.

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

- 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.
- 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 Company 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 Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company 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 Company 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 Company 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 Company considers the changes in the risk that the specified debtor will default on the contract.

The Company 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.

3-2) Definition of default

The Company 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 Company considers that default has occurred when a financial asset is more than 180 days past due, unless the Company 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.

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.

3-4) Write-off policy

The Company 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 Company's recovery procedures, taking into account legal advice, where appropriate.

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 Company'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 Company in accordance with the contract and all the cash flows that the Company 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 K-IFRS 1116.

For a financial guarantee contract, as the Company 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 Company expects to receive from the holder, the debtor or any other party.

The Company 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 separate statements of financial position.

4) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

(19) Financial liabilities and equity instruments

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.

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds are received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

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 Company manages together and has a recent actual pattern of short-term profit-taking.
- 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;
- 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 Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives and K-IFRS 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 Company that are designated by the Company as at FVTPL are recognized in profit or loss.

5) Financial liabilities measured subsequently 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.

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 K-IFRS 1109 (see financial assets above) or
- The amount recognized initially, less, where appropriate, cumulative amortization recognized in accordance with K-IFRS 1115.

7) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments.

These foreign exchange gains and losses are recognized in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those that are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

8) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company'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 Company 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 Company 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.

(20) Derivative financial instruments

The Company 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 separate financial statements, unless the Company 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.

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 K-IFRS 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 K-IFRS 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.

2) Hedge accounting

The Company 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, which is when the hedging relationships meet 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 that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

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 the same, the Company adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge), so that it meets the qualifying criteria again.

The Company designates only the intrinsic value of option contracts as a hedged item, i.e., excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognized in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction related, the time value is reclassified to profit or loss when the hedged item affects profit or loss.

If the hedged item is time period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis - The Company applies straight-line amortization.

Those reclassified amounts are recognized in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognized non-financial item. Furthermore, if the Company expects that some, or all, of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

3) Fair value hedges

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.

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 Company 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.

4) Cash flow hedges

The gain or loss related to ineffective hedges is recognized in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss in the same line as the recognized hedged item.

However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or the non-financial liability. This transfer does not affect other comprehensive income.

Furthermore, if the Company expects that some, or all, of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Company 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. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

3. MATERIAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

In the application of the Company'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 benefit plan

The Company's defined benefit obligation is determined based on the actuarial valuation carried out at every end of the annual reporting period. It is necessary to estimate assumptions on the discount rate, expected wage growth rate, and mortality rate to apply the actuarial method. These estimates contain significant uncertainties due to the long-term nature of retirement benefit plans.

(2) Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment at every end of the annual reporting period.

(3) Fair value measurement of financial instruments

The Company applies valuation techniques, including inputs not based on observable market data to measure the fair value of certain type of financial instruments. The management believes that the valuation techniques and the assumptions adopted are appropriate to determine the fair value of the instruments.

(4) Estimation uncertainty in measuring the total construction revenue and the total construction cost

The amount of total construction revenue and the carrying amount of the contract asset for each individual contract depend on the progress measured by relative portion of the accrued contract costs to the total construction cost, which is measured based on the expected future variables, such as material costs, labor costs and the construction period. Changes in the internal and external circumstances generate the estimation uncertainty in measuring the total construction cost for each project, and the completion date cannot be predicted exactly due to the nature of the long-term construction period.

4. SEGMENT INFORMATION:

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

(1) Revenues and incomes (losses) from continuing operations for the current and the prior year are analyzed by reportable segments as follows:

For the year ended December 31, 2023

| Korean won (in millions) | | | | | |
|--|-------------------|-------------|------------|------------|-------------|
| | Civil engineering | Housing | Plant | Common | Total |
| I. Sales | ₩ 847,744 | ₩3,275,598 | ₩1,039,668 | ₩ 5,097 | ₩5,168,107 |
| II. Cost of sales | (767,918) | (3,009,073) | (836,598) | (2,073) | (4,615,662) |
| III. Gross profit | 79,826 | 266,525 | 203,070 | 3,024 | 552,445 |
| Selling and administrative expenses | (37,591) | (123,820) | (40,988) | (128,247) | (330,646) |
| IV. Operating income (loss) | 42,235 | 142,705 | 162,082 | (125,223) | 221,799 |
| Other income | 28,851 | 15,942 | 20,710 | 8,974 | 74,477 |
| Other expense | (26,155) | (77,814) | (29,283) | (21,796) | (155,048) |
| Financial income | 3,131 | 51,384 | 19,187 | 58,039 | 131,741 |
| Financial expense | (4,233) | (1,860) | (10,268) | (33,921) | (50,282) |
| V. Income (loss) before income tax expense (benefit) | ₩ 43,829 | ₩ 130,357 | ₩ 162,428 | ₩(113,927) | ₩ 222,687 |
| Depreciation | (8,436) | (30,447) | (2,515) | (19,501) | (60,899) |
| Amortization | (377) | (1,435) | (2,041) | (921) | (4,774) |

For the year ended December 31, 2022

| Korean won (in millions) | | | | | |
|--|-------------------|-------------|-----------|------------|-------------|
| | Civil engineering | Housing | Plant | Common | Total |
| I. Sales | ₩ 879,940 | ₩3,701,524 | ₩ 689,153 | ₩ 5,043 | ₩5,275,660 |
| II. Cost of sales | (760,972) | (3,207,428) | (551,616) | (3,286) | (4,523,302) |
| III. Gross profit | 118,968 | 494,096 | 137,537 | 1,757 | 752,358 |
| Selling and administrative expenses | (32,551) | (135,750) | (48,345) | (133,131) | (349,777) |
| IV. Operating income (loss) | 86,417 | 358,346 | 89,192 | (131,374) | 402,581 |
| Other income | 28,018 | 5,018 | 108,161 | 19,262 | 160,459 |
| Other expense | (25,519) | (68,246) | (62,382) | (16,891) | (173,038) |
| Financial income | 3,366 | 48,457 | 41,553 | 43,519 | 136,895 |
| Financial expense | (945) | (3,211) | (26,623) | (26,370) | (57,149) |
| V. Income (loss) before income tax expense (benefit) | ₩ 91,337 | ₩ 340,364 | ₩ 149,901 | ₩(111,854) | ₩ 469,748 |
| Depreciation | (6,907) | (33,703) | (890) | (20,700) | (62,200) |
| Amortization | (467) | (2,124) | (1,636) | (1,169) | (5,396) |

Revenues reported above are from external customers and excludes transactions between the segments.

The segments' accounting policies are same as the Company's policies explained in Note 2. Segment income is a measure reported to the chief operating officer to evaluate a segment's financial performance and allocate resources.

(2) Each reportable segments' assets and liabilities at the end of the current and the prior year are as follows:

As of December 31, 2023

| Korean won (in millions) | | | | | |
|--|-------------------|-----------|----------|-----------|-----------|
| | Civil engineering | Housing | Plant | Common | Total |
| Investments in subsidiaries, associates and joint ventures | ₩ 44,296 | ₩ 116,032 | ₩ 59,282 | ₩ 372,274 | ₩ 591,884 |
| Non-current assets (*1) | 22,378 | 313,033 | 3,867 | 204,256 | 543,534 |
| Other assets | 641,177 | 3,020,333 | 605,613 | 1,664,535 | 5,931,658 |
| Total assets | 707,851 | 3,449,398 | 668,762 | 2,241,065 | 7,067,076 |
| Total liabilities | 434,282 | 1,020,985 | 934,949 | 647,098 | 3,037,314 |

As of December 31, 2022

| Korean won (in millions) | | | | | |
|--|-------------------|-----------|----------|-----------|-----------|
| | Civil engineering | Housing | Plant | Common | Total |
| Investments in subsidiaries, associates and joint ventures | ₩ 44,296 | ₩ 69,960 | ₩ 43,253 | ₩ 264,409 | ₩ 421,918 |
| Non-current assets (*1) | 12,500 | 234,060 | 1,541 | 248,819 | 496,920 |
| Other assets | 634,211 | 2,926,884 | 543,371 | 1,928,732 | 6,033,198 |
| Total assets | 691,007 | 3,230,904 | 588,165 | 2,441,960 | 6,952,036 |
| Total liabilities | 510,154 | 1,020,889 | 682,285 | 825,097 | 3,038,425 |

(*1) Financial instruments and rights from post-employment benefit assets and insurance contracts, etc., are excluded.

(3) Information by areas

The Company operates its business in four main global areas. Revenues from continuing operations generated from the external customers are analyzed by the areas for the current and the prior year as follows:

As of/For the year ended December 31, 2023

| Korean won (in millions) | | | | | | |
|-----------------------------------|-------------|-------------|-----------|-----------|-----------|-------------|
| | Korea | Middle East | Asia | Europe | Other | Total |
| Total assets | ₩ 6,297,004 | ₩ 198,128 | ₩ 271,956 | ₩ 139,040 | ₩ 160,948 | ₩ 7,067,076 |
| Non-current assets (*1) | 531,441 | 1 | 12,051 | 8 | 32 | 543,533 |
| Sales from the external customers | 4,492,573 | 15,440 | 350,249 | 248,436 | 61,409 | 5,168,107 |

As of/For the year ended December 31, 2022

| Korean won (in millions) | | | | | | |
|-----------------------------------|-------------|-------------|-----------|----------|-----------|-------------|
| | Korea | Middle East | Asia | Europe | Other | Total |
| Total assets | ₩ 6,150,167 | ₩ 283,464 | ₩ 260,189 | ₩ 90,389 | ₩ 167,827 | ₩ 6,952,036 |
| Non-current assets (*1) | 489,830 | 8 | 7,032 | 1 | 49 | 496,920 |
| Sales from the external customers | 4,703,244 | 67,527 | 212,265 | 230,927 | 61,697 | 5,275,660 |

(*1) Excludes financial instruments and rights from post-employment benefit assets and insurance contracts, etc.

(4) Information of key customers

There is no customer who occupies more than 10% of the Company's sales for the year ended December 31, 2023.

5. FINANCIAL INSTRUMENTS WITH RESTRICTIONS ON USE:

Details of financial instruments with restrictions on use as of December 31, 2023 and 2022, are as follows:

| Korean won (in millions) | | | | |
|----------------------------------|-----------------------|-------------------|-------------------|----------------------------------|
| Sortation | Institution | December 31, 2023 | December 31, 2022 | Restriction |
| Cash and cash equivalents | Woori Bank | ₩ - | ₩ 102 | Provisional seizure |
| Short-term financial instruments | Woori Bank | 747 | 453 | Pledged as collateral |
| Long-term financial instruments | Woori Bank and others | 261 | 555 | Pledged as collateral and others |
| Total | | ₩ 1,008 | ₩ 1,110 | |

6. CONTRACT ASSETS AND LIABILITIES:

(1) Details of construction revenue recognized for the current and the prior year are as follows:

| Korean won (in millions) | | | |
|--------------------------|---------------------------------|-----------|-------------------|
| | Construction revenue recognized | | |
| | December 31, 2023 | | December 31, 2022 |
| Civil engineering | ₩ | 822,248 | ₩ 832,228 |
| Housing (*1) | | 3,211,432 | 3,643,518 |
| Plant | | 813,935 | 669,703 |
| Total | ₩ | 4,847,615 | ₩ 5,145,449 |

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

The balance of the contract amount of the Company is KRW 21,491,514 million as of December 31, 2023, while it was KRW 18,626,163 million as of December 31, 2022.

(2) Details of changes in accumulated construction revenues and costs, contract assets and liabilities at the end of the current and the prior year are as follows. Completed contracts whose contract asset balance remains due to the terms of the contracts are included.

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 | ₩ 4,004,103 | ₩ 3,733,476 | ₩ 270,627 | ₩ 137,765 | ₩ 125,607 | ₩ 4,176 | ₩ 18,486 |
| Housing | 5,520,461 | 4,815,074 | 705,387 | 458,311 | 258,901 | 12,569 | - |
| Plant | 3,356,416 | 2,979,583 | 376,833 | 15,501 | 593,973 | 19,243 | 142,624 |
| Total | ₩ 12,880,980 | ₩ 11,528,133 | ₩ 1,352,847 | ₩ 611,577 | ₩ 978,481 | ₩ 35,988 | ₩ 161,110 |

(*1) Changes in ECLs to contract assets during the year are as follows:

| Korean won (in millions) | | | | |
|--------------------------|-------------------|------------------------|-----------------------|----------------|
| | Beginning balance | Impairment loss (gain) | | Ending balance |
| | | Collective assessment | Individual assessment | |
| Contract asset | ₩ 369 | 1 | - | ₩ 370 |

(*2) The Company recognized the revenue from construction contracts amounting to KRW 324,374 million during the current year as the balance of contract liabilities carried forward.

As of December 31, 2022

| 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 | ₩ 3,779,850 | ₩ 3,566,183 | ₩ 213,667 | ₩ 142,251 | ₩ 150,325 | ₩ 6,608 | ₩ 13,404 |
| Housing | 5,405,965 | 4,609,483 | 796,482 | 347,820 | 303,585 | 11,931 | 287 |
| Plant | 2,829,778 | 2,575,526 | 254,252 | 1,221 | 404,273 | 23,631 | 193,482 |
| Total | ₩ 12,015,593 | ₩ 10,751,192 | ₩ 1,264,401 | ₩ 491,292 | ₩ 858,183 | ₩ 42,170 | ₩ 207,173 |

(*1) Changes in ECLs to contract assets during the year are as follows:

| Korean won (in millions) | | | | |
|--------------------------|-------------------|------------------------|-----------------------|----------------|
| | Beginning balance | Impairment loss (gain) | | Ending balance |
| | | Collective assessment | Individual assessment | |
| Contract asset | ₩ 1,410 | (1,041) | - | ₩ 369 |

(*2) The Company recognized the revenue from construction contracts amounting to KRW 448,477 million during the prior year as the balance of contract liabilities carried forward.

(3) For the ongoing contracts at the beginning of the current year whose revenues are recognized by the cost-based input method, the estimate changes in total contract amount and total contract cost during the current year, the effects of those changes on the construction profits in current and subsequent periods and the effects on the balance of the contract assets and liabilities are as follows:

| Korean won (in millions) | | | | | | |
|--------------------------|---|--|---|----------|--------------------------------|------------------------------------|
| | Estimated total contract revenue variance | Estimated total contract cost variance | Effects on construction profit and loss | | Changes in contract asset (*1) | Changes in contract liability (*1) |
| | | | Current | Future | | |
| Civil engineering | ₩ 165,813 | ₩ 130,521 | ₩ 16,745 | ₩ 18,547 | ₩ 3,437 | ₩ (13,308) |
| Housing | 565,737 | 684,656 | (118,518) | (401) | (131,517) | (12,999) |
| Plant | (66,877) | (100,379) | 33,306 | 196 | 7,518 | (25,788) |
| Total | ₩ 664,673 | ₩ 714,798 | ₩ (68,467) | ₩ 18,342 | ₩ (120,562) | ₩ (52,095) |

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

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

| Project | 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) |
| Gimhae Bypass Road | 2008-03-18 | 2025-12-31 | 70.07% | ₩ - | ₩ - | ₩ - | ₩ - |
| GTX-A5 | 2019-03-20 | 2024-06-29 | 66.62% | 22,457 | - | - | - |
| GTX-A6 | 2019-03-20 | 2024-06-29 | 72.25% | 37,622 | - | - | - |
| Namhae-Yeosoo Road | 2023-07-10 | 2031-10-25 | 1.63% | - | - | - | - |
| Rei County | 2016-02-18 | 2023-12-31 | 100.00% | - | - | 63 | - |
| ePyeonhansesang Gold Gran Maison | 2014-09-26 | 2023-12-31 | 100.00% | 5,438 | - | - | - |
| ePyeonhansesang Bupyeong Gran Hills | 2019-04-18 | 2023-10-31 | 100.00% | - | - | 25,217 | - |
| Pyeongchon Centum First | 2013-03-29 | 2023-11-24 | 100.00% | - | - | 16,653 | - |
| Acro Vestynew | 2016-01-29 | 2024-12-18 | 53.39% | - | - | - | - |
| Anyang Naengcheong-District Residential Environment Improvement | 2018-08-22 | 2025-01-22 | 46.68% | 37,486 | - | - | - |
| ePyeonhansesang Songdo The First Beach | 2020-07-07 | 2024-09-30 | 77.52% | 29,146 | - | 49,350 | - |
| ePyeonhansesang City PyeongtackGodeok | 2022-09-02 | 2026-06-06 | 13.04% | 2,896 | - | - | - |
| Hyundai Chemical HPC Project PKG-3 | 2019-11-05 | 2024-06-30 | 99.85% | - | - | - | - |
| S-OIL SHAHEEN TC2C | 2023-03-08 | 2026-06-30 | 11.79% | - | - | 3,809 | - |
| LG Chemical ABS reconstruction | 2022-08-16 | 2025-08-31 | 46.98% | - | - | 17,271 | - |
| ePyeonhansesang Yeongjong International City Cemtum Venue | 2019-11-25 | 2023-03-26 | 100.00% | 20 | - | 3,290 | - |
| ePyeonhansesang Geoje Euro Sky | 2021-05-21 | 2023-11-29 | 100.00% | 106,157 | - | - | - |
| GS Bucheon combined heat & power generation | 2023-12-06 | 2029-12-31 | 0.04% | - | - | - | - |
| Singapore TTP1 | 2015-02-13 | 2024-07-27 | 99.89% | 5,124 | - | - | - |
| Philippines MCRP | 2020-10-08 | 2027-03-31 | 38.33% | - | - | - | - |
| Vietnam Thai Binh 2 PP | 2012-05-22 | 2025-06-30 | 94.48% | - | - | 42,962 | - |
| Algeria Kais CCPP | 2014-02-19 | 2025-12-31 | 79.42% | - | - | 37,004 | - |
| Saudi Maaden Ammonia III | 2018-10-22 | 2024-04-30 | 97.51% | - | - | 32,338 | - |
| Russia Baltic PE/LAO | 2021-12-29 | 2026-05-31 | 20.18% | - | - | 36,538 | - |
| Singapore PROJECT SPRING | 2022-04-08 | 2024-09-30 | 71.90% | - | - | 6,771 | - |
| Chemical engineering plant construction overseas (*1) | 2023-02-21 | 2026-08-01 | 16.15% | - | - | 7,396 | - |

(*1) Due to the customer's confidentiality request, disclosures are withheld about major information, such as the customer identification, a project title, a contract amount and the region where the construction would be performed.

(*2) The contractual or estimated completion date.

(*3) No individual credit loss exists on receivables by each project at the end of the current year, and the amount of the collectively assessed loss has been excluded.

(5) Details of major joint arrangement projects as of December 31, 2023, are as follows:

| Korean won (in millions) | | | | |
|---|-----------------------|---------------------------------|-------------------------|-----------------------|
| Project | Total contract amount | The Company's attributed amount | The Company's ownership | Lead company |
| S-OIL SHAHEEN TC2C | ₩ 5,457,525 | ₩ 1,417,319 | 25.97% | Hyundai E&C Co., Ltd. |
| GTX-A5 | 593,957 | 492,866 | 82.98% | The Company |
| Anyang Naengcheon-Dist. Residential Environment Improvement | 592,564 | 414,795 | 70.00% | The Company |
| GTX-A6 | 457,010 | 369,447 | 80.84% | The Company |
| Philippines MCRP | 706,906 | 353,453 | 50.00% | Acciona, S.A. |
| Algeria Kais CCPP | 677,337 | 338,669 | 50.00% | GS E&C Co., Ltd. |
| Namhae-Yeosoo Road | 610,667 | 317,925 | 52.06% | The Company |
| Anseong-Guri Expressway Section 11 | 538,124 | 249,689 | 46.40% | The Company |
| Ulleong Airport | 556,123 | 244,694 | 44.00% | The Company |
| Busan New Port North Container Terminal 2nd Phase Port Hinterland Shaping | 575,389 | 241,663 | 42.00% | The Company |

The Company classifies and accounts for above joint arrangement projects as joint operations and recognizes revenue and expense incurred from joint arrangement to the extent attributed to the Company.

(6) Details of the capitalized contract cost as of December 31, 2023, are as follows:

| Korean won (in millions) | |
|--------------------------|----------|
| | Amount |
| Contract execution cost | ₩ 83,040 |

Contract execution costs are capitalized as other assets as costs to be incurred before and during construction. There is no impairment loss recognized in the current year related to the cost of the asset.

7. FINANCIAL INSTRUMENTS:

(1) Details of the financial assets by categorization at the end of the current and prior years are as follows:

| | | Korean won (in millions) | | | |
|--|------------------------------------|---------------------------|-------------|-------------------|-------------|
| | | December 31, 2023 | | December 31, 2022 | |
| | | Carrying value | Fair value | Carrying value | Fair value |
| Fair value measurement of financial assets | Financial assets at FVTPL | ₩ 89,159 | ₩ 89,159 | ₩ 85,076 | ₩ 85,076 |
| | Financial assets at FVTOCI | 36,126 | 36,126 | 10,642 | 10,642 |
| | Derivative assets | 13,132 | 13,132 | 5,750 | 5,750 |
| Financial assets at amortized cost | Cash and cash equivalents | 1,152,564 | 1,152,564 | 979,625 | 979,625 |
| | Short-term financial instruments | 110,960 | 110,960 | 444,016 | 444,016 |
| | Trade receivables | 534,884 | 534,884 | 428,527 | 428,527 |
| | Short-term loans | 20,984 | 20,984 | 42,971 | 42,971 |
| | Current accounts receivable | 334,581 | 334,581 | 369,181 | 369,181 |
| | Accrued income | 57,512 | 57,512 | 41,305 | 41,305 |
| | Deposits (current) | 28,170 | 28,170 | 42,756 | 42,756 |
| | Financial assets at amortized cost | 204 | 204 | 200 | 200 |
| | Long-term financial instruments | 4,672 | 4,672 | 3,375 | 3,375 |
| | Long-term trade receivables | 262,029 | 262,029 | 236,951 | 236,951 |
| | Long-term loans | 831,649 | 831,649 | 841,695 | 841,695 |
| | Non-current accounts receivable | 445,374 | 445,374 | 447,324 | 447,324 |
| | Long-term accrued income | 14,303 | 14,303 | 14,303 | 14,303 |
| | Deposits (non-current) | 355,623 | 355,623 | 406,196 | 406,196 |
| | Other assets | Current lease receivables | 491 | 491 | 480 |
| Non-current lease receivables | | 696 | 696 | 1,169 | 1,169 |
| Total | | ₩ 4,293,113 | ₩ 4,293,113 | ₩ 4,401,542 | ₩ 4,401,542 |

(2) Details of the financial liabilities by categorization at the end of the current and prior years are as follows:

| | | Korean won (in millions) | | | |
|---|--|--------------------------|-------------|-------------------|-------------|
| | | December 31, 2023 | | December 31, 2022 | |
| | | Carrying value | Fair value | Carrying value | Fair value |
| Fair value measurement of financial liabilities | Derivative liabilities | ₩ 10,522 | ₩ 10,522 | ₩ 6,249 | ₩ 6,249 |
| Financial liabilities at amortized cost | Trade payables | 672,790 | 672,790 | 678,180 | 678,180 |
| | Accounts payable | 275,154 | 275,154 | 217,779 | 217,779 |
| | Leasehold deposit received | 2,194 | 2,194 | 2,283 | 2,283 |
| | Accrued expense | 25,798 | 25,798 | 24,613 | 24,613 |
| | Short-term borrowings | 30,000 | 30,000 | 59,458 | 59,458 |
| | Current portion of long-term liabilities | 275,071 | 275,071 | 30,155 | 30,155 |
| | Current financial guarantee contract liabilities | 9,027 | 9,027 | 2,965 | 2,965 |
| | Non-current financial guarantee contract liabilities | - | - | 5,936 | 5,936 |
| | Debentures | 174,768 | 174,768 | 374,420 | 374,420 |
| | Long-term borrowings | 53,255 | 53,255 | 208,304 | 208,304 |
| | Long-term leasehold deposits received | 9,188 | 9,188 | 5,376 | 5,376 |
| Other liabilities | Current lease liabilities | 43,119 | 43,119 | 45,086 | 45,086 |
| | Non-current lease liabilities | 45,022 | 45,022 | 68,876 | 68,876 |
| Total | | ₩ 1,625,908 | ₩ 1,625,908 | ₩ 1,729,680 | ₩ 1,729,680 |

(3) The carrying amount of the financial instruments measured at fair value at the reporting date is analyzed by the fair value hierarchy as follows:

As of December 31, 2023

| Korean won (in millions) | | | | |
|-----------------------------|---------|---------|----------|----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | |
| Financial assets at FVTPL | ₩ - | ₩ - | ₩ 89,159 | ₩ 89,159 |
| Financial assets at FVTOCI | - | 36,126 | - | 36,126 |
| Derivative assets (*1) | - | 13,132 | - | 13,132 |
| Subtotal | - | 49,258 | 89,159 | 138,417 |
| Financial liabilities | | | | |
| Derivative liabilities (*1) | - | 10,522 | - | 10,522 |

As of December 31, 2022

| Korean won (in millions) | | | | |
|-----------------------------|---------|---------|----------|----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | |
| Financial assets at FVTPL | ₩ - | ₩ - | ₩ 85,075 | ₩ 85,075 |
| Financial assets at FVTOCI | - | 10,642 | - | 10,642 |
| Derivative assets (*1) | - | 5,750 | - | 5,750 |
| Subtotal | - | 16,392 | 85,075 | 101,467 |
| Financial liabilities | | | | |
| Derivative liabilities (*1) | - | 6,249 | - | 6,249 |

(*1) Sum of the current and the non-current portions.

(4) Details of changes in carrying amount of financial assets measured at fair value with level 3 inputs are as follows:

| | Korean won (in millions) | |
|-------------------------------------|--------------------------|----------|
| | 2023 | 2022 |
| Beginning balance | ₩ 85,075 | ₩ 50,215 |
| Effects on gain (loss) | | |
| On net income | 3,591 | 2,613 |
| On other comprehensive income | - | - |
| Acquisition | 29,494 | 32,247 |
| Disposal | (8,173) | - |
| Replacement of assets held for sale | (20,828) | - |
| Variation in fair value hierarchy | - | - |
| Ending balance | ₩ 89,159 | ₩ 85,075 |

(5) The Company recognizes variations in fair value hierarchy when corresponding events or changes in circumstances occur.

(6) The Company uses the following valuation techniques and input variables when measuring recurring fair value, non-recurring one and disclosed one whose level is 2 or 3.

| | Fair value | Level | Valuation technique | Input variable | The relationship between non-observable inputs and fair value measurements |
|---|------------|-------|---|---------------------------------------|--|
| Financial assets measured at fair value | | | | | |
| SOC stock, PFV, capital investment, DLB and startup | ₩ 89,159 | 3 | Net asset valuation method, cash flow discount mode, etc. | Growth rate, discount rate, etc. | If the discount rate declines and the growth rate rises, fair value rises. |
| Debt securities | 36,126 | 2 | Net asset valuation method, cash flow discount mode, etc. | Growth rate, discount rate, etc. | If the discount rate declines and the growth rate rises, fair value rises. |
| Non-marketable stock | - | 3 | Net asset valuation method, cash flow discount mode, etc. | Growth rate, discount rate, etc. | If the discount rate declines and the growth rate rises, fair value rises. |
| Derivative assets | | | | | |
| Currency forward and others | 13,132 | 2 | Market approach | Currency forward exchange rates, etc. | N/A |
| Derivative liabilities | | | | | |
| Currency forward and others | 10,522 | 2 | Market approach | Currency forward exchange rates, etc. | N/A |

8. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS:

Details of financial assets measured at fair value at the reporting date of the current and prior years are as follows:

| | | Korean won (in millions) | |
|---|---|--------------------------|-------------------|
| | | December 31, 2023 | December 31, 2022 |
| Financial assets at FVTPL | | | |
| Debt instruments (PFV) | ₩ | 563 | ₩ 563 |
| Debt instruments (capital investments) | | 35,652 | 35,297 |
| Debt instruments (beneficiary certificate and others) | | 9,808 | 9,305 |
| Debt instruments (social overhead capital (SOC)) | | 42,236 | 31,287 |
| Debt instruments (startup) | | 900 | 400 |
| Debt instruments (others) | | - | 8,224 |
| Subtotal | | 89,159 | 85,076 |
| Financial assets at FVTOCI | | | |
| Debt instruments (government bonds) | | 1 | 393 |
| Debt instruments (corporate bonds) | | 36,125 | 10,249 |
| Subtotal | | 36,126 | 10,642 |
| Total | ₩ | 125,285 | ₩ 95,718 |

9. TRADE AND OTHER ACCOUNTS RECEIVABLE:

(1) Details of trade and other accounts receivable at the reporting date of the current and prior years are as follows:

As of December 31, 2023

| | | Korean won (in millions) | | | |
|-------------|---------------------|--------------------------|---------------------------|---------------------------|-------------|
| | | Gross amount | Allowance for credit loss | Discount on present value | Net amount |
| Current | Trade receivables | ₩ 551,001 | ₩ (16,118) | ₩ - | ₩ 534,883 |
| | Short-term loans | 20,984 | - | - | 20,984 |
| | Accounts receivable | 362,861 | (28,266) | (14) | 334,581 |
| | Accrued income | 95,223 | (37,711) | - | 57,512 |
| | Short-term deposits | 28,170 | - | - | 28,170 |
| | Total | ₩ 1,058,239 | ₩ (82,095) | ₩ (14) | ₩ 976,130 |
| Non-current | Trade receivables | 714,028 | (451,999) | - | 262,029 |
| | Long-term loans | 1,707,446 | (868,195) | (7,601) | 831,650 |
| | Accounts receivable | 736,345 | (290,909) | (62) | 445,374 |
| | Accrued income | 47,852 | (33,549) | - | 14,303 |
| | Deposits | 357,149 | (1,526) | - | 355,623 |
| | Total | ₩ 3,562,820 | ₩ (1,646,178) | ₩ (7,663) | ₩ 1,908,979 |

As of December 31, 2022

| | | Korean won (in millions) | | | |
|-------------|---------------------|--------------------------|---------------------------|---------------------------|-------------|
| | | Gross amount | Allowance for credit loss | Discount on present value | Net amount |
| Current | Trade receivables | ₩ 446,026 | ₩ (17,499) | ₩ - | ₩ 428,527 |
| | Short-term loans | 42,984 | (13) | - | 42,971 |
| | Accounts receivable | 407,667 | (38,472) | (14) | 369,181 |
| | Accrued income | 41,667 | (362) | - | 41,305 |
| | Short-term deposits | 42,756 | - | - | 42,756 |
| | Total | ₩ 981,100 | ₩ (56,346) | ₩ (14) | ₩ 924,740 |
| Non-current | Trade receivables | 712,826 | (475,875) | - | 236,951 |
| | Long-term loans | 1,697,430 | (848,134) | (7,601) | 841,695 |
| | Accounts receivable | 713,686 | (266,296) | (66) | 447,324 |
| | Accrued income | 47,492 | (33,189) | - | 14,303 |
| | Deposits | 408,008 | (1,813) | - | 406,195 |
| | Total | ₩ 3,579,442 | ₩ (1,625,307) | ₩ (7,667) | ₩ 1,946,468 |

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

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

ECLs on the trade and other accounts receivable are determined considering analyses 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 Company 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; ii. when there is no reasonable expectation of recovery.

(3) Details of changes in the allowance for credit losses for the current and prior years are as follows:

As of December 31, 2023

| | | Korean won (in millions) | | | | | |
|-------------|---------------------|--------------------------|--|----------------------------|-----------|------------|----------------|
| | | Beginning balance | (Reversal of) provisions for credit losses | | Write-off | Other (*2) | Ending balance |
| | | | Individual assessment | Collective assessment (*1) | | | |
| Current | Trade receivables | ₩ 17,499 | ₩ (2,568) | ₩ 1,187 | ₩ - | ₩ - | ₩ 16,118 |
| | Short-term loans | 13 | - | (13) | - | - | - |
| | Accounts receivable | 38,472 | (22,312) | 7,569 | - | 4,537 | 28,266 |
| | Accrued income | 362 | 37,345 | 4 | - | - | 37,711 |
| | Total | ₩ 56,346 | ₩ 12,465 | ₩ 8,747 | ₩ - | ₩ 4,537 | ₩ 82,095 |
| Non-current | Trade receivables | 475,876 | (27,590) | 655 | - | 3,058 | 451,999 |
| | Long-term loans | 848,134 | 7,659 | (14) | - | 12,416 | 868,195 |
| | Accounts receivable | 266,296 | 23,799 | - | - | 814 | 290,909 |
| | Accrued income | 33,189 | 360 | - | - | - | 33,549 |
| | Deposits | 1,813 | (165) | (122) | - | - | 1,526 |
| | Total | ₩ 1,625,308 | ₩ 4,063 | ₩ 519 | ₩ - | ₩ 16,288 | ₩ 1,646,178 |

As of December 31, 2022

| | | Korean won (in millions) | | | | | |
|-------------|---------------------|--|----------------------------|------------|------------|----------------|----------|
| Account | Beginning balance | (Reversal of) provisions for credit losses | | Write-off | Other (*2) | Ending balance | |
| | | Individual assessment | Collective assessment (*1) | | | | |
| Current | Trade receivables | ₩ 26,965 | ₩ - | ₩ (9,466) | ₩ - | ₩ - | ₩ 17,499 |
| | Short-term loans | 95 | (1) | (81) | - | - | 13 |
| | Accounts receivable | 38,747 | (826) | (6,759) | - | 7,310 | 38,472 |
| | Accrued income | 368 | - | (6) | - | - | 362 |
| | Total | ₩ 66,175 | ₩ (827) | ₩ (16,312) | ₩ - | ₩ 7,310 | ₩ 56,346 |
| Non-current | Trade receivables | 533,013 | (2,844) | (194) | (63,267) | 9,168 | 475,876 |
| | Long-term loans | 790,659 | 30,586 | (488) | - | 27,377 | 848,134 |
| | Accounts receivable | 263,990 | (744) | - | - | 3,050 | 266,296 |
| | Accrued income | 33,189 | - | - | - | - | 33,189 |
| | Deposits | 2,349 | 2 | (538) | - | - | 1,813 |
| Total | ₩ 1,623,200 | ₩ 27,000 | ₩ (1,220) | ₩(63,267) | ₩ 39,595 | ₩ 1,625,308 | |

(*1) The Company calculated lifetime ECLs based on the historical recovery rate of the trade receivables and measured the loss allowance same as the lifetime ECLs for the balance by the age at the reporting date.

(*2) Includes variations from the foreign currency translation and the other.

(4) Details of term structures of the trade and other account receivables past due but not impaired, at the reporting date of the current and prior years are as follows:

As of December 31, 2023

| | | Korean won (in millions) | | | | |
|---------|---------------------|--------------------------|----------------|-----------------|-------------------|-----------|
| | | 6 months-1 year | 1 year-2 years | 2 years-3 years | More than 3 years | Total |
| Current | Trade receivables | ₩ 9,662 | ₩ 29,208 | ₩ 3,721 | ₩ 12,680 | ₩ 55,271 |
| | Short-term loans | - | 21 | 389 | 5,574 | 5,984 |
| | Accounts receivable | 30,848 | 18,073 | 10,082 | 37,662 | 96,665 |
| | Accrued income | - | - | - | - | - |
| | Short-term deposits | - | - | - | - | - |
| | Total | ₩ 40,510 | ₩ 47,302 | ₩ 14,192 | ₩ 55,916 | ₩ 157,920 |

As of December 31, 2022

| | | Korean won (in millions) | | | | |
|---------|---------------------|--------------------------|----------------|-----------------|-------------------|-----------|
| | | 6 months-1 year | 1 year-2 years | 2 years-3 years | More than 3 years | Total |
| Current | Trade receivables | ₩ 14,918 | ₩ 19,812 | ₩ 5,976 | ₩ 12,522 | ₩ 53,228 |
| | Short-term loans | 37,021 | 389 | 3,524 | 2,050 | 42,984 |
| | Accounts receivable | 14,543 | 35,871 | 23,990 | 17,601 | 92,005 |
| | Accrued income | - | 528 | - | - | 528 |
| | Short-term deposits | - | - | - | - | - |
| | Total | ₩ 66,482 | ₩ 56,600 | ₩ 33,490 | ₩ 32,173 | ₩ 188,745 |

(5) Details of term structures of the impaired trade and other accounts receivable at the reporting date of the current and prior years are as follows:

As of December 31, 2023

| | | Korean won (in millions) | | | | | |
|-------------|---------------------|--------------------------|---------------------|--------------------|---------------------|----------------------|-------------|
| | | Less than 6 months | 6 months- 1 year | 1 year- 2 years | 2 years- 3 years | More than 3 years | Total |
| Current | Trade receivables | ₩ - | ₩ - | ₩ - | ₩ 1,798 | ₩ - | ₩ 1,798 |
| | Accounts receivable | 678 | 34 | 7 | 566 | 1,614 | 2,899 |
| | Accrued income | - | - | - | - | - | - |
| | Total | ₩ 678 | ₩ 34 | ₩ 7 | ₩ 2,364 | ₩ 1,614 | ₩ 4,697 |
| Non-current | Trade receivables | 61,306 | - | 126 | - | 478,653 | 540,085 |
| | Long-term loans | 17,309 | 8,719 | 22,516 | 3,400 | 1,269,732 | 1,321,676 |
| | Accounts receivable | 2,264 | 20,383 | 146 | 235,312 | 381,487 | 639,592 |
| | Accrued income | - | 360 | - | - | 33,189 | 33,549 |
| | Deposits | - | - | - | - | 1,474 | 1,474 |
| | Total | ₩ 80,879 | ₩ 29,462 | ₩ 22,788 | ₩ 238,712 | ₩ 2,164,535 | ₩ 2,536,376 |

As of December 31, 2022

| | | Korean won (in millions) | | | | | |
|-------------|---------------------|--------------------------|---------------------|--------------------|---------------------|----------------------|-------------|
| | | Less than 6 months | 6 months- 1 year | 1 year- 2 years | 2 years- 3 years | More than 3 years | Total |
| Current | Trade receivables | ₩ - | ₩ 2 | ₩ - | ₩ 2,866 | ₩ - | ₩ 2,868 |
| | Accounts receivable | 2,900 | 1,581 | 8,514 | 2 | 6,155 | 19,152 |
| | Accrued income | - | - | 360 | - | - | 360 |
| | Total | ₩ 2,900 | ₩ 1,583 | ₩ 8,874 | ₩ 2,868 | ₩ 6,155 | ₩ 22,380 |
| Non-current | Trade receivables | - | 141 | - | 167,401 | 326,490 | 494,032 |
| | Long-term loans | 10,103 | 12,413 | 3,400 | 215,187 | 1,080,654 | 1,321,757 |
| | Accounts receivable | 78 | 65 | 235,309 | 55,963 | 324,307 | 615,722 |
| | Accrued income | - | - | - | 1,491 | 31,698 | 33,189 |
| | Deposits | - | - | - | 40 | 1,599 | 1,639 |
| | Total | ₩ 10,181 | ₩ 12,619 | ₩ 238,709 | ₩ 440,082 | ₩ 1,764,748 | ₩ 2,466,339 |

(6) The maximum exposure to credit risk at the reporting date of the current year is same as the fair value of trade and other accounts receivable mentioned above. Meanwhile, the above trade and other accounts receivable are measured at amortized cost, and their fair values are the same as their carrying amount.

10. OTHER ASSETS:

Details of other assets at the reporting date of the current and prior years are as follows:

| | | Korean won (in millions) | |
|-------------|-------------------------------|--------------------------|-------------------|
| | | December 31, 2023 | December 31, 2022 |
| Current | Prepaid payments | ₩ 114,944 | ₩ 81,374 |
| | Prepaid expenses | 39,897 | 27,211 |
| | Prepaid construction expenses | 63,848 | 26,364 |
| | Subtotal | 218,689 | 134,949 |
| Non-current | Prepaid expenses | 15,811 | 11,226 |
| | Prepaid construction expenses | 19,192 | 19,259 |
| | Subtotal | 35,003 | 30,485 |
| Total | | ₩ 253,692 | ₩ 165,434 |

11. INVENTORIES:

Details of inventories at the reporting date of the current and prior years are as follows:

| Korean won (in millions) | | | | | | |
|--------------------------|-------------------|-----------|----------------|-------------------|-----------|----------------|
| | December 31, 2023 | | | December 31, 2022 | | |
| | Acquisition cost | Allowance | Carrying value | Acquisition cost | Allowance | Carrying value |
| Merchandise | ₩ 72 | ₩ - | ₩ 72 | ₩ 124 | ₩ - | ₩ 124 |
| Supplies | 27,314 | - | 27,314 | 26,765 | - | 26,765 |
| Land | 254,669 | - | 254,669 | 329,701 | - | 329,701 |
| Residential construction | 13,617 | - | 13,617 | 11,376 | - | 11,376 |
| Unfinished housing | 839 | - | 839 | 5,318 | - | 5,318 |
| Materials | 720 | - | 720 | 763 | - | 763 |
| Total | ₩ 297,231 | ₩ - | ₩ 297,231 | ₩ 374,047 | ₩ - | ₩ 374,047 |

12. LEASE RECEIVABLES:

(1) Details of lease receivables at the reporting date of the current and prior years are as follows:

| Korean won (in millions) | | | | | |
|--------------------------|-------------------|-------------|-------------------|-------------|---------|
| | December 31, 2023 | | December 31, 2022 | | |
| | Current | Non-current | Current | Non-current | |
| | Lease receivables | ₩ 500 | ₩ 720 | ₩ 492 | ₩ 1,221 |
| Present value discounts | (9) | (24) | (12) | (52) | |
| Net amount | ₩ 491 | ₩ 696 | ₩ 480 | ₩ 1,169 | |

The Company has engaged in agreements to provide offices, stores, etc., with a lease. The average duration of the financial leases is six years. Normally lease arrangements do not include rights to extend the lease term or terminate the lease. All provided leases are signed in Korean won and the Company is not exposed to foreign exchange risk due to the lease arrangements.

(2) The maturity analysis of the finance lease receivables at the reporting date of the current and prior years is as follows:

| Korean won (in millions) | | | | |
|--------------------------------------|-------------------|-------|-------------------|-------|
| | December 31, 2023 | | December 31, 2022 | |
| | Within a year | ₩ | 500 | ₩ |
| More than a year and within 2 years | | 641 | | 501 |
| More than 2 years and within 3 years | | 61 | | 447 |
| More than 3 years and within 4 years | | 18 | | 255 |
| More than 4 years and within 5 years | | - | | 18 |
| More than 5 years | | - | | - |
| Total | ₩ | 1,220 | ₩ | 1,713 |
| Gross investment in the lease | | 1,220 | | 1,713 |
| Unearned finance income | | (33) | | (64) |
| Present value of total cash flows | | 1,187 | | 1,649 |
| Net investment in the lease | ₩ | 1,187 | ₩ | 1,649 |

(3) The accrued finance income and the income related to variable lease payments not included in measuring the net investment in the lease for the current and prior years are as follows:

| Korean won (in millions) | | |
|---|------|------|
| | 2023 | 2022 |
| Finance income from net investment in the lease | ₩ 30 | ₩ 38 |
| Income related to variable lease payments not included in net investment in the lease | 277 | 269 |

(4) The management measures the credit loss allowance for the lease receivables on the reporting date at the lifetime ECLs. No lease receivable is 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 separate financial statements because it determined that the amount of the loss allowance for the lease receivable is not important.

13. PROPERTY, PLANT AND EQUIPMENT:

(1) Details of property, plant and equipment at the reporting date of the current and prior years are as follows:

As of December 31, 2023

| Korean won (in millions) | | | | | | | | |
|--------------------------|----------|-----------|------------|-----------|---------|----------|---------|-----------|
| Sortation | Land | Buildings | Structures | Machinery | Vehicle | Others | CIP | Total |
| Acquisition cost | ₩ 32,357 | ₩ 124,783 | ₩ 1,706 | ₩ 15,229 | ₩ 1,733 | ₩ 50,536 | ₩ 1,091 | ₩ 227,435 |
| Accumulated depreciation | - | (42,980) | (543) | (4,547) | (1,277) | (39,299) | - | (88,646) |
| Accumulated impairment | (2,438) | (12,180) | - | - | - | - | - | (14,618) |
| Carrying value | ₩ 29,919 | ₩ 69,623 | ₩ 1,163 | ₩ 10,682 | ₩ 456 | ₩ 11,237 | ₩ 1,091 | ₩ 124,171 |

As of December 31, 2022

| Korean won (in millions) | | | | | | | | |
|--------------------------|----------|-----------|------------|-----------|---------|----------|---------|-----------|
| Sortation | Land | Buildings | Structures | Machinery | Vehicle | Others | CIP | Total |
| Acquisition cost | ₩ 32,357 | ₩ 124,783 | ₩ 1,706 | ₩ 9,279 | ₩ 1,740 | ₩ 49,848 | ₩ 1,613 | ₩ 221,326 |
| Accumulated depreciation | - | (40,349) | (458) | (2,046) | (1,119) | (36,002) | - | (79,974) |
| Accumulated impairment | (2,438) | (12,180) | - | - | - | - | - | (14,618) |
| Carrying value | ₩ 29,919 | ₩ 72,254 | ₩ 1,248 | ₩ 7,233 | ₩ 621 | ₩ 13,846 | ₩ 1,613 | ₩ 126,734 |

(2) Details of changes in property, plant and equipment for the current and prior years are as follows:

For the year ended December 31, 2023

| Sortation | Korean won (in millions) | | | | | | | |
|--|--------------------------|-----------|------------|-----------|---------|----------|---------|-----------|
| | Land | Buildings | Structures | Machinery | Vehicle | Others | CIP | Total |
| Beginning balance | ₩ 29,919 | ₩ 72,254 | ₩ 1,248 | ₩ 7,233 | ₩ 621 | ₩ 13,846 | ₩ 1,612 | ₩ 126,733 |
| Acquisition | - | - | - | 6,082 | 118 | 2,502 | 946 | 9,648 |
| Transfer(*) | - | - | - | 16 | - | 284 | (1,467) | (1,167) |
| Disposal | - | - | - | (12) | (3) | (11) | - | (26) |
| Depreciation | - | (2,631) | (85) | (2,695) | (291) | (5,382) | - | (11,084) |
| Effect of foreign currency translation | - | - | - | 58 | 11 | (2) | - | 67 |
| Ending balance | ₩ 29,919 | ₩ 69,623 | ₩ 1,163 | ₩ 10,682 | ₩ 456 | ₩ 11,237 | ₩ 1,091 | ₩ 124,171 |

(*) Part of the construction in progress was transferred to intangible assets during the current year.

For the year ended December 31, 2022

| Sortation | Korean won (in millions) | | | | | | | |
|--|--------------------------|-----------|-----------|-----------|---------|----------|---------|-----------|
| | Land | Buildings | Structure | Machinery | Vehicle | Others | CIP | Total |
| Beginning balance | ₩ 24,979 | ₩ 75,151 | ₩ 1,334 | ₩ 2,176 | ₩ 786 | ₩ 20,512 | ₩ 984 | ₩ 125,922 |
| Acquisition | 5,076 | - | - | 6,484 | 139 | 2,147 | 2,039 | 15,885 |
| Transfer | - | - | - | - | - | - | (1,410) | (1,410) |
| Disposal | (136) | (264) | - | (235) | (1) | (51) | - | (687) |
| Depreciation | - | (2,633) | (86) | (867) | (301) | (8,758) | - | (12,645) |
| Effect of foreign currency translation | - | - | - | (325) | (2) | (4) | - | (331) |
| Ending balance | ₩ 29,919 | ₩ 72,254 | ₩ 1,248 | ₩ 7,233 | ₩ 621 | ₩ 13,846 | ₩ 1,613 | ₩ 126,734 |

14. INVESTMENT PROPERTY:

(1) Details of investment property at the reporting date of the current and prior years are as follows:

As of December 31, 2023

| Sortation | Korean won (in millions) | | | | |
|--------------------------|--------------------------|-----------|---------|---------------------|-----------|
| | Land | Buildings | Others | Right-of-use assets | Total |
| Acquisition cost | ₩ 250,941 | ₩ 109,168 | ₩ 9,573 | ₩ 21,041 | ₩ 390,723 |
| Accumulated depreciation | - | (19,266) | (7,118) | (8,847) | (35,231) |
| Accumulated impairment | (6,479) | (5,875) | - | - | (12,354) |
| Carrying value | ₩ 244,462 | ₩ 84,027 | ₩ 2,455 | ₩ 12,194 | ₩ 343,138 |

As of December 31, 2022

| Sortation | Korean won (in millions) | | | | |
|--------------------------|--------------------------|-----------|---------|---------------------|-----------|
| | Land | Buildings | Others | Right-of-use assets | Total |
| Acquisition cost | ₩ 252,087 | ₩ 111,175 | ₩ 9,573 | ₩ 21,041 | ₩ 393,876 |
| Accumulated depreciation | - | (16,897) | (6,911) | (5,977) | (29,785) |
| Accumulated impairment | (6,479) | (5,875) | - | - | (12,354) |
| Carrying value | ₩ 245,608 | ₩ 88,403 | ₩ 2,662 | ₩ 15,064 | ₩ 351,737 |

(2) Details of changes in investment property for the current and prior years are as follows:

For the year ended December 31, 2023

| Korean won (in millions) | | | | | |
|--------------------------|-----------|-----------|---------|--------------------|-----------|
| Sortation | Land | Buildings | Others | Right-of-use asset | Total |
| Beginning balance | ₩ 245,607 | ₩ 88,403 | ₩ 2,662 | ₩ 15,063 | ₩ 351,735 |
| Acquisition | - | 140 | - | - | 140 |
| Transfer | (1,145) | (2,148) | - | - | (3,293) |
| Disposal | - | - | - | - | - |
| Depreciation | - | (2,368) | (207) | (2,869) | (5,444) |
| Ending balance | ₩ 244,462 | ₩ 84,027 | ₩ 2,455 | ₩ 12,194 | ₩ 343,138 |

For the year ended December 31, 2022

| Korean won (in millions) | | | | | |
|--------------------------|-----------|-----------|---------|---------------------|-----------|
| Sortation | Land | Buildings | Others | Right-of-use assets | Total |
| Beginning balance | ₩ 241,189 | ₩ 91,649 | ₩ 2,870 | ₩ 17,933 | ₩ 353,641 |
| Acquisition | - | - | - | - | - |
| Transfer (*1, 2) | 5,773 | - | - | - | 5,773 |
| Disposal | (1,354) | (697) | - | - | (2,051) |
| Depreciation | - | (2,549) | (208) | (2,869) | (5,626) |
| Ending balance | ₩ 245,608 | ₩ 88,403 | ₩ 2,662 | ₩ 15,064 | ₩ 351,737 |

(*1) Land located on 7th block in Agok urban apartment development complex, Namsa, Yongin was transferred to the inventories as the purpose of use was modified.

(*2) Land located on the project site No. 3 in Mabuk, Yongin was transferred from the non-current assets held for sale as the expected term to sale became more than a year.

(3) Details of gain and loss from investment property for the current and prior years are as follows:

| Korean won (in millions) | | |
|---|----------|----------|
| Sortation | 2023 | 2022 |
| Rental income (*1) | ₩ 16,272 | ₩ 13,720 |
| Expenses on operating investment property | (8,622) | (7,583) |
| Total | ₩ 7,650 | ₩ 6,137 |

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

(4) The maturity analysis of the operating leases at the reporting date of the current and prior years is as follows:

| Korean won (in millions) | | |
|--------------------------------------|-------------------|-------------------|
| Sortation | December 31, 2023 | December 31, 2022 |
| Within a year | ₩ 10,973 | ₩ 14,712 |
| More than a year and within 2 years | 5,761 | 8,674 |
| More than 2 years and within 3 years | 3,712 | 7,905 |
| More than 3 years and within 4 years | 1,579 | 3,659 |
| More than 4 years and within 5 years | 716 | 1,844 |
| More than 5 years | 27 | 637 |
| Total | ₩ 22,768 | ₩ 37,431 |

(5) Details of the fair value of investment property at the reporting date of the current and prior years are as follows:

| Sortation | Korean won (in millions) | | | |
|---------------------|--------------------------|------------|-------------------|------------|
| | December 31, 2023 | | December 31, 2022 | |
| | Carrying value | Fair value | Carrying value | Fair value |
| Land | ₩ 244,462 | ₩ 285,059 | ₩ 245,608 | ₩ 286,205 |
| Buildings | 84,027 | 88,140 | 88,403 | 90,171 |
| Others | 2,455 | 2,455 | 2,662 | 2,662 |
| Right-of-use assets | 12,194 | 12,195 | 15,064 | 15,064 |
| Total | ₩ 343,138 | ₩ 387,849 | ₩ 351,737 | ₩ 394,102 |

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 at the reporting date of the current and prior years are as follows:

As of December 31, 2023

| Sortation | Korean won (in millions) | | |
|--------------------------|--------------------------|------------|----------|
| | Software | Membership | Total |
| Acquisition cost | ₩ 50,725 | ₩ 11,515 | ₩ 62,240 |
| Accumulated amortization | (44,441) | - | (44,441) |
| Accumulated impairment | - | (85) | (85) |
| Carrying value | ₩ 6,284 | ₩ 11,430 | ₩ 17,714 |

As of December 31, 2022

| Sortation | Korean won (in millions) | | |
|--------------------------|--------------------------|------------|----------|
| | Software | Membership | Total |
| Acquisition cost | ₩ 48,211 | ₩ 9,471 | ₩ 57,682 |
| Accumulated amortization | (39,146) | - | (39,146) |
| Accumulated impairment | - | (85) | (85) |
| Carrying value | ₩ 9,065 | ₩ 9,386 | ₩ 18,451 |

(2) Details of changes in intangible assets for the current and prior years are as follows:

For the year ended December 31, 2023

| Sortation | Korean won (in millions) | | | |
|-------------------|--------------------------|------------|--------|----------|
| | Software | Membership | Others | Total |
| Beginning balance | ₩ 9,065 | ₩ 9,386 | ₩ - | ₩ 18,451 |
| Acquisition | 1,349 | 2,044 | - | 3,393 |
| Transfer | 1,167 | - | - | 1,167 |
| Disposal | - | - | - | - |
| Amortization | (5,297) | - | - | (5,297) |
| Ending balance | ₩ 6,284 | ₩ 11,430 | ₩ - | ₩ 17,714 |

For the year ended December 31, 2022

| | | | | | Korean won (in millions) | |
|-------------------|----------|------------|---------|----------|--------------------------|--|
| Sortation | Software | Membership | Others | Total | | |
| Beginning balance | ₩ 10,504 | ₩ 9,386 | ₩ - | ₩ 19,890 | | |
| Acquisition | 2,563 | - | 1,000 | 3,563 | | |
| Transfer | 1,410 | - | - | 1,410 | | |
| Disposal | (20) | - | (1,000) | (1,020) | | |
| Amortization | (5,392) | - | - | (5,392) | | |
| Ending balance | ₩ 9,065 | ₩ 9,386 | ₩ - | ₩ 18,451 | | |

16. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES:

(1) Details of investment in subsidiaries at the reporting date of the current and prior years are as follows:

| | | | | | | | | Korean won (in millions) | |
|---|--------------|--|---------------|-------------------|-----------------|-------------------|-----------------|--------------------------|--|
| Company | Location | Main business | Term-end date | December 31, 2023 | | December 31, 2022 | | | |
| | | | | Ownership (%) | Carrying amount | Ownership (%) | Carrying amount | | |
| DL Construction Co., Ltd. (*1) | Korea | General construction | 12.31 | 100.00 | ₩ 352,273 | 63.94 | ₩ 244,409 | | |
| Osan Landmark Project Co., Ltd. (*2) | Korea | Real estate property development | 12.31 | 48.00 | - | 48.00 | - | | |
| Incheon Dohwa1 NEWSTAY REIT Co., Ltd. | Korea | Real estate property development | 12.31 | 100.00 | 300 | 100.00 | 300 | | |
| DL Saudi Arabia Co., Ltd. | Saudi Arabia | Industrial plant construction | 12.31 | 100.00 | - | 99.99 | - | | |
| PT. DLENC UTAMA CONSTRUCTION | Indonesia | Industrial plant construction | 12.31 | 100.00 | - | 100.00 | - | | |
| DALIN (Nanjing) Construction | China | Industrial plant construction | 12.31 | 100.00 | 5,437 | 100.00 | 5,437 | | |
| DL USA, Inc. | USA | General architecture and industrial plant construction | 12.31 | 100.00 | - | 100.00 | - | | |
| DL INSAAT GELISTIRME A.S. | Turkiye | Civil engineering | 12.31 | 100.00 | 38,383 | 100.00 | 38,383 | | |
| Daelim Rus LLC | Russia | Industrial plant construction | 12.31 | 100.00 | 4,527 | 100.00 | 4,527 | | |
| NS Partners Co., Ltd. (*3) | Korea | Real estate property development | 12.31 | 100.00 | - | - | - | | |
| CARBONCO PTE. LTD. | Singapore | Professional science and technology services | 12.31 | 100.00 | 20,068 | 100.00 | 20,068 | | |
| DL Engineering & Construction Malaysia Sdn. Bhd. (*4) | Malaysia | Industrial plant construction | 12.31 | 100.00 | - | - | - | | |
| DL E&C FZCO (*5) | UAE | Industrial plant construction | 12.31 | 100.00 | 1,549 | - | - | | |
| Total | | | | | ₩ 422,537 | | ₩ 313,124 | | |

(*1) The Company retains 100% share of DL Construction through all-inclusive share swap between the Company and the entity during the current year.

(*2) We classified the company as a subsidiary, despite owning less than a majority of shares, as we assess that we effectively control the entity.

(*3) The Company acquired NS Partners during the current year.

(*4) The Company retains 100% share of DL Engineering & Construction Malaysia Sdn. Bhd. by acquiring additional share.

(*5) The Company newly invested in DL E&C FZCO during the current year. (Acquired at KRW 1,550 million)

(2) Details of investment in associates and joint ventures at the reporting date of the current and prior years are as follows:

| Classification | Company | Location | Main business | Term-end date | Korean won (in millions) | | | |
|-----------------------------------|---|----------------------------------|-------------------------------------|---------------|--------------------------|-----------------|-------------------|-----------------|
| | | | | | December 31, 2023 | | December 31, 2022 | |
| | | | | | Ownership (%) | Carrying amount | Ownership (%) | Carrying amount |
| Associates | Godeok Gangil 10 PFV Co., Ltd. | Korea | Real estate property development | 12.31 | 25.10 | ₩ 1,255 | 25.10 | ₩ 1,255 |
| | Hyoje PFV Co., Ltd. (*1) | Korea | Real estate property development | 12.31 | 66.00 | 16,500 | 66.00 | 16,500 |
| | UlsanUijeongbu Project PFV Co., Ltd. (*2) | Korea | Real estate property development | 12.31 | 50.00 | 4,750 | 50.00 | 4,750 |
| | Gwacheon Jisan One PFV Co., Ltd. (*3) | Korea | Real estate property development | 12.31 | 0.67 | 30 | 0.67 | 30 |
| | Daejeon Munhwa PFV Co., Ltd. (*4) | Korea | Real estate property development | 12.31 | 50.00 | 16,625 | 50.00 | 2,375 |
| | Incheon Inha PFV Co., Ltd. (*4) | Korea | Real estate property development | 12.31 | 50.00 | 25,175 | 50.00 | 2,375 |
| | Jeonju Wansan PFV Co., Ltd. (*4) | Korea | Real estate property development | 12.31 | 50.00 | 10,450 | 50.00 | 2,375 |
| | Together Daejeon Munhwa PFV Co., Ltd. (*5) | Korea | Real estate property development | 12.31 | 43.48 | 17,000 | 43.48 | 17,000 |
| | DLENC Philippines, Inc. | Philippines | Industrial plant construction | 12.31 | 40.00 | - | 40.00 | - |
| | DL Engineering & Construction Malaysia Sdn. Bhd. (*6) | Malaysia | Industrial plant construction | 12.31 | - | - | 25.00 | - |
| | NeuRizer Ltd. (*7) | Australia | Ammonia and urea production | 6.30 | 7.08 | 1,460 | 8.82 | 12,979 |
| | Songpa Bokjeong Station Layered City PFV Co., Ltd. (*8) | Korea | Real estate property development | 12.31 | 42.10 | 20,000 | 42.10 | 20,000 |
| | TK Private Equity Limited Partnership (*9) | Korea | Collective Investment (Real estate) | 12.31 | 79.75 | 26,000 | - | - |
| | Soopirang Corporation Co., Ltd. (*10) | Korea | Real estate property development | 12.31 | 30.00 | 512 | - | - |
| Seongnam MICE PFV Co., Ltd. (*10) | Korea | Real estate property development | 12.31 | 5.50 | 275 | - | - | |
| Joint Ventures | Luoma Inc. | Korea | Financial investment | 12.31 | 28.79 | 20,000 | 28.79 | 20,000 |
| | DIAP-DAELIM JOINT VENTURE PTE. LTD | Singapore | Civil engineering | 12.31 | 49.00 | 5,913 | 49.00 | 5,913 |
| | OMZ-Daelim LLC | Russia | Industrial plant construction | 12.31 | 48.00 | 243 | 48.00 | 242 |
| | Igis Haeundae General Private Equity REIT No. 1 (*11) | Korea | Collective Investment (Real estate) | 2.28 | 33.33 | 3,000 | 33.33 | 3,000 |
| | Jemulpo Station Urban Complex Project Entrusted Management REIT (*12) | Korea | Real estate property development | 12.31 | 53.00 | 159 | - | - |
| Total | | | | | | ₩ 169,347 | | ₩ 108,794 |

(*1) The entity's articles of incorporation and the shareholders' agreement limit the Company's voting right to determine the important operational and financial strategies.

(*2) The Company's share of voting rights is 50%, and the share including preferred shares without voting rights is 47.50%.

(*3) The Company's share of voting rights is 0.67%, and the share including preferred shares without voting rights is 0.50%. However, it has a significant influence by holding a right to appoint a member of the entity's board of directors.

(*4) The Company participated in paid-in capital increases of the entities, the amounts of KRW 14,250 million, KRW 22,800 million, and KRW 8,075 million. Its share of voting rights is 50%, and the share including preferred

shares without voting rights is 47.50%.

(*5) The Company's share of voting rights is 43.48%, and the share including preferred shares without voting rights is 56.67%.

(*6) DL Engineering & Construction Malaysia Sdn. Bhd. was reclassified to a subsidiary by acquiring additional shares.

(*7) The Company has a significant influence by holding a right to appoint a member of the entity's board of directors.

(*8) The Company's share of voting rights is 42.10%, and the share including preferred shares without voting rights is 50.00%. It has a significant influence by holding a right to appoint a member of the entity's board of directors.

(*9) The Company newly invested in TK Private Equity Limited Partnership during the current year. (Acquired at KRW 26,000 million) The entity's articles of incorporation and the shareholders' agreement limit the Company's voting right to determine the important operational and financial strategies.

(*10) The Company acquired share of Soopirang Corporation (Acquired at KRW 512 million) and Seongnam MICE PFV (Acquired at KRW 275 million) during the current year. It has a significant influence by holding a right to appoint a member of the entity's board of directors.

(*11) Major decisions of the entity require the unanimous consent of the parties, so those parties share control.

(*12) The Company acquired share of Jemulpo Station Urban Complex Entrusted Management REIT (Acquired at KRW 159 million) during the current year. The entity's articles of incorporation and the shareholders' agreement limit the Company's voting right to determine the important operational and financial strategies.

17. RIGHT-OF-USE ASSETS:

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

(1) Details of right-of-use assets at the reporting date of the current and prior years are as follows:

As of December 31, 2023

| Korean won (in millions) | | | | | |
|--------------------------|-------------|---------|-----------|---------|-----------|
| | Real estate | Vehicle | Machinery | Others | Total |
| Acquisition cost | ₩ 109,791 | ₩ 9,497 | ₩ 21,542 | ₩ 3,389 | ₩ 144,219 |
| Accumulated depreciation | (70,210) | (3,865) | (8,903) | (2,733) | (85,711) |
| Carrying value | ₩ 39,581 | ₩ 5,632 | ₩ 12,639 | ₩ 656 | ₩ 58,508 |

As of December 31, 2022

| Korean won (in millions) | | | | | |
|--------------------------|-------------|---------|-----------|---------|-----------|
| | Real estate | Vehicle | Machinery | Others | Total |
| Acquisition cost | ₩ 108,565 | ₩ 7,401 | ₩ 29,212 | ₩ 6,800 | ₩ 151,978 |
| Accumulated depreciation | (51,612) | (3,131) | (13,219) | (6,251) | (74,213) |
| Carrying value | ₩ 56,953 | ₩ 4,270 | ₩ 15,993 | ₩ 549 | ₩ 77,765 |

(2) Details of changes in right-of-use assets for the current and prior years are as follows:

For the year ended December 31, 2023

| Korean won (in millions) | | | | | |
|---|-------------|---------|-----------|---------|----------|
| | Real estate | Vehicle | Machinery | Others | Total |
| Beginning balance | ₩ 56,953 | ₩ 4,270 | ₩ 15,993 | ₩ 549 | ₩ 77,765 |
| Acquisition | 6,786 | 4,341 | 16,650 | 3,381 | 31,158 |
| Disposal | (705) | (752) | (4,742) | - | (6,199) |
| Depreciation | (23,532) | (2,289) | (15,266) | (3,274) | (44,361) |
| Effects of foreign currency translation | 79 | 62 | 4 | - | 145 |
| Ending balance | ₩ 39,581 | ₩ 5,632 | ₩ 12,639 | ₩ 656 | ₩ 58,508 |

For the year ended December 31, 2022

| Korean won (in millions) | | | | | |
|---|-------------|---------|-----------|---------|----------|
| | Real estate | Vehicle | Machinery | Others | Total |
| Beginning balance | ₩ 72,133 | ₩ 4,497 | ₩ 17,469 | ₩ 3,807 | ₩ 97,906 |
| Acquisition | 7,633 | 2,167 | 18,543 | 3 | 28,346 |
| Disposal | (80) | (289) | (4,157) | - | (4,526) |
| Depreciation | (22,724) | (2,142) | (15,863) | (3,261) | (43,990) |
| Effects of foreign currency translation | (9) | 37 | 1 | - | 29 |
| Ending balance | ₩ 56,953 | ₩ 4,270 | ₩ 15,993 | ₩ 549 | ₩ 77,765 |

(3) Details of gain and loss related to right-of-use assets for the current and prior years are as follows:

| Korean won (in millions) | | |
|---|----------|----------|
| | 2023 | 2022 |
| Depreciation expense on right-of-use assets (*1) | ₩ 47,230 | ₩ 46,861 |
| Interest expense on lease liabilities | 2,688 | 2,646 |
| Expense relating to short-term leases | 48,689 | 88,215 |
| Expense relating to leases of low-value assets | 823 | 792 |
| Profit from relending lease of the right-of-use asset | 4,672 | 3,167 |

(*1) The depreciation expense of KRW 2,869 million and KRW 2,869 million from investment property is included in the current and prior year's expense.

Total cash outflows for the current and prior years are KRW 103,508 million and KRW 138,571 million each.

18. TRADE AND OTHER ACCOUNTS PAYABLES:

Details of trade and other accounts payables at the reporting date are as follows:

| Korean won (in millions) | | | |
|--------------------------|-----------------------------|-------------------|-------------------|
| | | December 31, 2023 | December 31, 2022 |
| Current | Trade payables | ₩ 672,791 | ₩ 678,180 |
| | Accounts payable | 275,153 | 217,779 |
| | Accrued expenses | 25,798 | 24,613 |
| | Leasehold deposits received | 2,194 | 2,283 |
| | Subtotal | 975,936 | 922,855 |
| Non-current | Leasehold deposits received | 9,188 | 5,376 |
| | Subtotal | 9,188 | 5,376 |
| Total | | ₩ 985,124 | ₩ 928,231 |

19. BORROWINGS:

(1) Details of borrowings at the reporting date of the current and prior years are as follows:

| Korean won (in millions) | | | | |
|--|--------------------------------------|----------------------------|-------------------|-------------------|
| | Creditor | Term-end interest rate (%) | December 31, 2023 | December 31, 2022 |
| Short-term borrowings | | | | |
| General loans | Standard Chartered Bank | 4.91 | ₩ 30,000 | ₩ 30,000 |
| Credit loans | Construction Guarantee Jongno Branch | - | - | 29,458 |
| Total | | | ₩ 30,000 | ₩ 59,458 |
| Long-term borrowings | | | | |
| General loans | Woori Hansoup Co., Ltd. | 2.42 - 2.71 | ₩ 125,000 | ₩ 235,000 |
| Operating loans | Korea Housing & Urban Guarantee | - | 3,411 | 3,566 |
| Subtotal | | | 128,411 | 238,566 |
| Less: Current maturities of long-term debt (par value) | | | (75,155) | (30,155) |
| Present value discount (current maturities of long term) | | | - | - |
| Current maturities of long-term debt (book value) | | | (75,155) | (30,155) |
| Present value discount (long-term borrowings) | | | - | (107) |
| Total | | | ₩ 53,256 | ₩ 208,304 |

(2) Details of debentures at the reporting date of the current and prior years are as follows:

| Korean won (in millions) | | | | | |
|--|-------------|---------------|---------------------------|-------------------|-------------------|
| Description | Issued date | Maturity date | Term-end interest rate(%) | December 31, 2023 | December 31, 2022 |
| 1-1 Public | 2021-06-16 | 2024-06-14 | 1.701 | ₩ 200,000 | ₩ 200,000 |
| 1-2 Public | 2021-06-16 | 2026-06-16 | 2.139 | 95,000 | 95,000 |
| 265 Private | 2020-08-05 | 2027-08-05 | 2.440 | 30,000 | 30,000 |
| 266 Private | 2020-08-10 | 2027-08-10 | 2.448 | 50,000 | 50,000 |
| Total | | | | ₩ 375,000 | ₩ 375,000 |
| Less: Current maturities of long-term debt (par value) | | | | (200,000) | - |
| Discounts on current debentures | | | | (84) | - |
| Current portion of long-term liabilities (book value) | | | | (199,916) | - |
| Discounts on non-current debentures | | | | (232) | (580) |
| Total | | | | ₩ 174,768 | ₩ 374,420 |

(3) The repayment schedule of long-term borrowings and debentures outstanding at the reporting date of the current year is as follows:

| Korean won (in millions) | | | |
|--------------------------|----------------------|------------------------|-----------|
| Years ending December 31 | Long-term borrowings | Debentures (par value) | Total |
| 2025.01.01 ~ 2025.12.31 | ₩ 50,155 | ₩ - | ₩ 50,155 |
| 2026.01.01 ~ 2026.12.31 | 155 | 95,000 | 95,155 |
| Thereafter | 2,946 | 80,000 | 82,946 |
| Total | ₩ 53,256 | ₩ 175,000 | ₩ 228,256 |

20. RETIREMENT BENEFIT PLAN:

(1) Defined contribution plan

The Company joins a defined contribution plan for qualified employees. Plan assets are managed in a form of third-party funds independent of the Company's other assets. The contribution to the plan diminishes by losing contributions when employees retire before meeting the vesting conditions.

The contribution for the Company to be obliged to pay under the defined contribution plans is measured at KRW 14,217 million and KRW 12,020 million in the separate statements of income of the current and prior years, respectively.

(2) Defined benefit plan

The Company 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 Company 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.

1) The following are the components in the separate statements of financial position introduced by the Company's obligation regarding the defined benefit plan.

| Korean won (in millions) | | | | |
|---|-------------------|-----------|-------------------|-----------|
| | December 31, 2023 | | December 31, 2022 | |
| Present value of defined benefit obligation | ₩ | 166,447 | ₩ | 147,556 |
| Fair value of plan assets | | (179,635) | | (172,755) |
| Net defined benefit assets | ₩ | (13,188) | ₩ | (25,199) |

2) Details of changes in net defined benefit liabilities for the current and prior years are as follows:

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 | ₩ 147,556 | ₩ (172,755) | ₩ (25,199) |
| Profit or loss | | | |
| Current service cost | 22,133 | - | 22,133 |
| Interest cost (income) | 7,160 | (8,753) | (1,593) |
| Subtotal | 29,293 | (8,753) | 20,540 |
| Other comprehensive income | | | |
| Return on plan assets | - | (2,246) | (2,246) |
| Actuarial gain/loss (Demographic) | (6) | - | (6) |
| Actuarial gain/loss (Financial) | 6,324 | - | 6,324 |
| Actuarial gain/loss (Empirical) | 8,510 | - | 8,510 |
| Subtotal | 14,828 | (2,246) | 12,582 |
| Employer's contribution | - | (15,000) | (15,000) |
| Benefit paid | (25,482) | 19,705 | (5,777) |
| Other (including the effects of relocation from/to related parties) | 252 | (587) | (335) |
| Ending balance | ₩ 166,447 | ₩ (179,636) | ₩ (13,189) |

For the year ended December 31, 2022

| Korean won (in millions) | | | |
|---|--|---------------------------|----------|
| | Present value of defined benefit obligations | Fair value of plan assets | Total |
| Beginning balance | ₩ 164,509 | ₩ (164,522) | ₩ (13) |
| Profit or loss | | | |
| Current service cost | 21,668 | - | 21,668 |
| Interest cost (income) | 4,199 | (4,344) | (145) |
| Subtotal | 25,867 | (4,344) | 21,523 |
| Other comprehensive income | | | |
| Return on plan assets | - | 671 | 671 |
| Actuarial gain/loss (Demographic) | - | - | - |
| Actuarial gain/loss (Financial) | (21,329) | - | (21,329) |
| Actuarial gain/loss (Empirical) | 8,029 | - | 8,029 |
| Subtotal | (13,300) | 671 | (12,629) |
| Employer's contribution | - | (28,000) | (28,000) |
| Benefit paid | (29,595) | 23,515 | (6,080) |
| Other (including the effects of relocation from/to related parties) | 75 | (75) | - |
| Ending balance | ₩ 147,556 | ₩ (172,755) | ₩ 25,199 |

The Company has invested full amount of plan assets in time deposit and the equivalent for securing stable finance.

3) Gain and loss related to defined benefit plan for the current and prior years is as follows:

| Korean won (in millions) | | | | |
|--|------|---------|------|---------|
| Detail | 2023 | | 2022 | |
| Current service cost | ₩ | 22,133 | ₩ | 21,668 |
| Interest cost | | 7,160 | | 4,199 |
| Interest income | | (8,753) | | (4,345) |
| Total cost included in employee benefits | ₩ | 20,540 | ₩ | 21,522 |

4) The principal assumptions applied to the actuarial valuation at the reporting date of the current and prior years are as follows:

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Discount rate | 4.93% | 5.40% |
| Expected salary increase rate (including inflation) | 5.37% | 4.38% |

The estimated mortality rate provided by a premium rate calculation agency of Insurance Business Act (Korea Insurance Development Institute) is applied.

5) Sensitivity analysis of the principal assumptions on the net defined benefit liabilities is as follows:

| Korean won (in millions) | | | | |
|--|-------------------|------------------|-------------------|------------------|
| | December 31, 2023 | | December 31, 2022 | |
| | Increase in rate | Decrease in rate | Increase in rate | Decrease in rate |
| 1% change in discount rate | ₩ (8,088) | ₩ 8,921 | ₩ (7,090) | ₩ 7,794 |
| 1% change in expected salary increase rate | 9,041 | (8,338) | 7,960 | (7,361) |

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 separate statements of financial position.

21. OTHER LIABILITIES:

Details of other liabilities at the reporting date of the current and prior years are as follows:

| | | Korean won (in millions) | |
|-------------|----------------------------|--------------------------|-------------------|
| | | December 31, 2023 | December 31, 2022 |
| Current | Advances received | ₩ 51,931 | ₩ 51,756 |
| | Withholdings | 50,605 | 67,134 |
| | Unearned revenue | 596 | 2,569 |
| | Subtotal | 103,132 | 121,459 |
| Non-current | Long-term unearned revenue | - | 936 |
| Total | | ₩ 103,132 | ₩ 122,395 |

22. OTHER PROVISIONS:

Details of changes and liquidity classification in other provisions for the current and prior years are as follows:

As of December 31, 2023

| Korean won (in millions) | | | | | | | | |
|-------------------------------|-------------------|-----------------------|-------------|------------|-----------|----------------|-----------|-------------|
| | Changes | | | | | | Liquidity | |
| | Beginning balance | Additional provisions | Utilization | Reversal | Other | Ending balance | Current | Non-current |
| Litigations (*1) | ₩ 3,624 | ₩ 3,292 | ₩ (1,187) | ₩ (865) | ₩ - | ₩ 4,864 | ₩ 4,864 | ₩ - |
| Completion cost, etc. (*2, 3) | 143,073 | 121,832 | (90,953) | (10,358) | 17,881 | 181,475 | 181,475 | - |
| Restoration (*4) | 697 | - | - | - | - | 697 | - | 697 |
| Construction loss | 42,170 | 9,803 | (15,474) | (501) | (10) | 35,988 | 35,988 | - |
| Construction warranty | 87,745 | 68,276 | (44,189) | (3,473) | (24,557) | 83,802 | 26,866 | 56,936 |
| Total | ₩ 277,309 | ₩ 203,203 | ₩ (151,803) | ₩ (15,197) | ₩ (6,686) | ₩ 306,826 | ₩ 249,193 | ₩ 57,633 |

As of December 31, 2022

| Korean won (in millions) | | | | | | | | |
|-------------------------------|-------------------|-----------------------|-------------|-------------|------------|----------------|-----------|-------------|
| | Changes | | | | | | Liquidity | |
| | Beginning balance | Additional provisions | Utilization | Reversal | Other | Ending balance | Current | Non-current |
| Litigations (*1) | ₩ 32,724 | ₩ 16,093 | ₩ (44,568) | ₩ (625) | ₩ - | ₩ 3,624 | ₩ 3,624 | ₩ - |
| Completion cost, etc. (*2, 3) | 190,147 | 81,771 | (94,649) | (24,521) | (9,675) | 143,073 | 143,073 | - |
| Restoration (*4) | 697 | - | - | - | - | 697 | - | 697 |
| Construction loss | 37,570 | 14,816 | (10,036) | (294) | 114 | 42,170 | 42,170 | - |
| Construction warranty | 100,312 | 914,635 | (46,895) | (844,855) | (35,452) | 87,745 | 18,899 | 68,846 |
| Total | ₩ 361,450 | ₩ 1,027,315 | ₩ (196,148) | ₩ (870,295) | ₩ (45,013) | ₩ 277,309 | ₩ 207,766 | ₩ 69,543 |

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

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

(*3) The Company recognizes KRW 28.6 billion of provision for the construction investor's obligation to provide supplementary funds with respect to the public-private partnerships in Deoksong-Naegak Expressway. The provision was recognized at KRW 33.1 billion at the reporting date of the prior year.

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

23. LEASE LIABILITIES:

(1) Lease contracts

The Company is engaged in lease arrangements as a lessee whose average term is around three years long 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 at the reporting date of the current and prior years is as follows:

| Korean won (in millions) | | | | |
|--|--------------------|------------------------------|--------------------|------------------------------|
| | December 31, 2023 | | December 31, 2022 | |
| | Total cash outflow | Present value of the outflow | Total cash outflow | Present value of the outflow |
| Within a year | ₩ 43,757 | ₩ 43,119 | ₩ 45,684 | ₩ 45,086 |
| More than a year and within five years | 47,226 | 45,022 | 70,244 | 66,919 |
| More than five years | - | - | 2,215 | 1,957 |
| Total | ₩ 90,983 | ₩ 88,141 | ₩ 118,143 | ₩ 113,962 |

(3) The liquidity classification of lease liabilities at the reporting date of the current and prior years is as follows:

| Korean won (in millions) | | | | |
|--------------------------|-------------------|--------|-------------------|---------|
| | December 31, 2023 | | December 31, 2022 | |
| Current liabilities | ₩ | 43,119 | ₩ | 45,086 |
| Non-current liabilities | | 45,022 | | 68,876 |
| Total | ₩ | 88,141 | ₩ | 113,962 |

24. CAPITAL STOCK:

Details of capital stock at the reporting date of the current and prior years are as follows:

| | December 31, 2023 | December 31, 2022 |
|---------------------------------------|---------------------|---------------------|
| 1. Authorized shares of capital stock | 120,000,000 shares | 120,000,000 shares |
| 2. Par value | KRW 5,000 | KRW 5,000 |
| 3. Issued shares of common stock | | |
| Common stock | 38,693,623 shares | 38,693,623 shares |
| Preferred stock (*1) | 4,225,836 shares | 4,225,836 shares |
| 4. Capital stock | | |
| Common stock | KRW 193,468 million | KRW 193,468 million |
| Preferred stock | KRW 21,129 million | KRW 21,129 million |

(*1) Preferred shareholders can exercise voting rights after the general meeting of shareholders adopting the resolution not to declare preferred dividends until the following general meeting when it declares to pay preferred dividends. Maximum shares are up to 30 million.

25. OTHER PAID-IN CAPITAL:

(1) Details of other paid-in capital at the reporting date of the current and prior years are as follows:

| | Korean won (in millions) | |
|------------------------------|--------------------------|-------------------|
| | December 31, 2023 | December 31, 2022 |
| Additional paid-in capital | ₩ 3,162,075 | ₩ 3,162,075 |
| Capital adjustment | (105,146) | (32,206) |
| Comprehensive stock exchange | 107,864 | - |
| Total | ₩ 3,164,793 | ₩ 3,129,869 |

(2) Details of changes in other paid-in capital for the current and prior years are as follows:

| | Korean won (in millions) | |
|--------------------------------|--------------------------|-------------|
| | 2023 | 2022 |
| Beginning balance | ₩ 3,129,869 | ₩ 3,268,413 |
| Bonus issue | - | (107,957) |
| Other | - | (1,592) |
| Acquisition of treasury shares | (72,940) | (28,995) |
| Comprehensive stock exchange | 107,864 | - |
| Ending balance | ₩ 3,164,793 | ₩ 3,129,869 |

26. RETAINED EARNINGS:

(1) Details of retained earnings at the reporting date of the current and prior years are as follows:

| | Korean won (in millions) | |
|----------------------------------|--------------------------|-------------------|
| | December 31, 2023 | December 31, 2022 |
| Legal reserve: | | |
| Earned surplus reserves (*1) | ₩ 10,029 | ₩ 5,801 |
| Voluntary reserves: | | |
| Other reserves | 1,000 | 1,000 |
| Unappropriated retained earnings | 817,152 | 721,366 |
| Total | ₩ 828,181 | ₩ 728,167 |

(*1) The Korean Commercial Law enforces the Company to appropriate to an earned surplus reserve of 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) Details of changes in retained earnings for the current and prior years are as follows:

| | Korean won (in millions) | |
|---------------------------------------|--------------------------|-----------|
| | 2023 | 2022 |
| Beginning balance | ₩ 728,167 | ₩ 466,460 |
| Net income | 151,713 | 310,208 |
| Dividend | (42,282) | (58,012) |
| Remeasurement of defined benefit plan | (9,417) | 9,511 |
| Ending balance | ₩ 828,181 | ₩ 728,167 |

(3) Dividends with respect to the current and prior years are as follows:

With respect to the year ended December 31, 2023

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

With respect to the year ended December 31, 2022

| | | | | Korean won (in millions) | |
|-----------------|-------------------|-------------------|------------------|--------------------------|--------|
| | Issued shares | Dividend shares | Amount per share | Total | |
| Common stock | 19,358,738 shares | 19,334,885 shares | KRW 2,700 | ₩ | 52,204 |
| Preferred stock | 2,113,885 shares | 2,111,951 shares | KRW 2,750 | | 5,808 |
| Total | | | | ₩ | 58,012 |

(4) The separate statements of appropriations of retained earnings with respect to the current and prior years are as follows:

DL E&C CO., LTD.
STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Planned disposal date (current): March 21, 2024

Date of disposal (prior): March 23, 2023

| Period | 2023 | | 2022 | |
|---|---------|-----------|---------|-----------|
| I. RETAINED EARNINGS BEFORE APPROPRIATIONS: | | ₩ 817,152 | | ₩ 721,367 |
| Unappropriated retained earnings forwarded from prior year | 674,857 | | 401,647 | |
| Remeasurement of defined benefit plan | (9,417) | | 9,512 | |
| Net income | 151,712 | | 310,208 | |
| II. TRANSFER FROM DISCRETIONARY RESERVES: | | - | | - |
| Reserve for research and development expenditures | - | | - | |
| III. TOTAL | | ₩ 817,152 | | ₩ 721,367 |
| IV. APPROPRIATIONS: | | 22,200 | | 46,510 |
| Earned surplus reserves | 2,018 | | 4,228 | |
| Dividends | 20,182 | | 42,282 | |
| Cash dividends | 20,182 | | 42,282 | |
| Dividends per share (%): | | | | |
| Common stock: Current year KRW 500 (10%) | 18,024 | | | |
| Prior year KRW 1,000 (20%) | | | 38,023 | |
| Preferred stock: Current year KRW 550 (11%) | 1,129 | | | |
| Prior year KRW 1,050 (21%) | | | 2,180 | |
| Preferred stock 2: Current year KRW 500 (10%) | 1,028 | | | |
| Prior year KRW 1,050 (21%) | | | 2,079 | |
| V. UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEAR | | ₩ 794,952 | | ₩ 674,857 |

27. ACCUMULATED OTHER COMPREHENSIVE INCOME:

(1) Details of accumulated other comprehensive income at the reporting date of the current and prior years are as follows:

| | Korean won (in millions) | |
|--|--------------------------|-------------------|
| | December 31, 2023 | December 31, 2022 |
| Gain on valuation of FVTOCI debt instruments | ₩ 878 | ₩ 175 |
| Loss on overseas operations translation | (178,688) | (159,198) |
| Total | ₩ (177,810) | ₩ (159,023) |

(2) Details of changes in accumulated other comprehensive income for the current and prior years are as follows:

| | Korean won (in millions) | |
|---|--------------------------|-------------|
| | 2023 | 2022 |
| Beginning balance | ₩ (159,023) | ₩ (48,443) |
| Gain (loss) on valuation of FVTOCI debt instruments | 703 | (222) |
| Gain (loss) on valuation | 943 | (306) |
| Tax effect | (240) | 84 |
| Loss on overseas operations translation | (19,490) | (110,358) |
| Ending balance | ₩ (177,810) | ₩ (159,023) |

28. COLLATERALS AND GUARANTEES:

(1) Collaterals

1) The Company's assets pledged as collateral to financial institutions for its borrowings at the reporting date of the current year are as follows:

| Korean won (in millions) | | | | | | |
|--------------------------|------------------------|----------------|----------------|---------------|----------------|-------------------------------|
| Financial institution | Pledged assets | Carrying value | Pledged amount | Relevant debt | Amount of debt | Description |
| Construction Guarantee | Investment certificate | ₩ 35,457 | ₩35,457 | Borrowing | - | Guarantee and loan commitment |
| Total | | ₩ 35,457 | ₩35,457 | | - | |

2) As of December 31, 2023, the Company provides equity instruments and beneficiary certificates measured at FVTPL (carrying amount: KRW 61,029 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 PF loans (not including completion guarantees, interim payment loans and social overhead capital ("SOC"))

The Company provides corresponding financial institutions credit enhancements, which amount to total of KRW 1,840,912 million (KRW 1,220,315 million in 2022) on December 31, 2023. The exposure to independent projects amounts to KRW 1,682,503 million (KRW 1,216,356 million in 2022), and the exposure to consortium projects amounts to KRW 158,409 million (KRW 3,959 million in 2022). The exposure of the credit enhancements for the related parties is KRW 429,800 million (KRW 182,000 million in 2022), which entirely belongs to the other projects.

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

COMPREHENSIVE SUMMARY: INDEPENDENT PROJECTS:

| Korean won (in millions) | | | | | | | | | | | | |
|--------------------------|-------------|----------------------|---------------|-----------------------|------------------|-----------------|--------------|---------------|-------------|-------------|-----------|-------------------|
| Project | Type | Guarantee limit (*1) | Pledged limit | Guarantee amount (*2) | Balance of loans | | | | | | 2022 | |
| | | | | | 2023 | Maturity | | | | | | |
| | | | | | | Within 3 months | 3 - 6 months | 6 - 12 months | 1 - 2 years | 2 - 3 years | | More than 3 years |
| Improvement | Bridge loan | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - |
| | Original PF | 2,162,720 | 2,593,034 | 1,231,703 | 1,231,703 | 148,030 | - | 474,863 | 210,314 | - | 398,496 | 1,034,356 |
| | Subtotal | 2,162,720 | 2,593,034 | 1,231,703 | 1,231,703 | 148,030 | - | 474,863 | 210,314 | - | 398,496 | 1,034,356 |
| Other | Bridge loan | 455,800 | 537,100 | 450,800 | 450,800 | - | 314,800 | 136,000 | - | - | - | 182,000 |
| | Original PF | - | - | - | - | - | - | - | - | - | - | - |
| | Subtotal | 455,800 | 537,100 | 450,800 | 450,800 | - | 314,800 | 136,000 | - | - | - | 182,000 |
| Total | | ₩ 2,618,520 | ₩ 3,130,134 | ₩ 1,682,503 | ₩ 1,682,503 | ₩ 148,030 | ₩ 314,800 | ₩ 610,863 | ₩ 210,314 | ₩ - | ₩ 398,496 | ₩ 1,216,356 |

(*1) Guarantee limit: The limit to the extent which the contractor guarantees PF loans to the creditor.

(*2) Guarantee amount: The executed amount of guarantee under the guarantee limit.

COMPREHENSIVE SUMMARY: CONSORTIUM PROJECT (AGGREGATE):

| Korean won (in millions) | | | | | | | | | | | | |
|--------------------------|-------------|-----------------|---------------|------------------|------------------|-----------------|--------------|---------------|-------------|-------------|------|-------------------|
| Project | Type | Guarantee limit | Pledged limit | Guarantee amount | Balance of loans | | | | | | 2022 | |
| | | | | | 2023 | Maturity | | | | | | |
| | | | | | | Within 3 months | 3 - 6 months | 6 - 12 months | 1 - 2 years | 2 - 3 years | | More than 3 years |
| Improvement | Bridge loan | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - |
| | Original PF | 325,500 | 390,600 | 131,338 | 131,338 | - | - | - | - | 131,338 | - | 10,701 |
| | Subtotal | 325,500 | 390,600 | 131,338 | 131,338 | - | - | - | - | 131,338 | - | 10,701 |
| Other | Bridge loan | - | - | - | - | - | - | - | - | - | - | - |
| | Original PF | 197,000 | 236,400 | 171,100 | 171,100 | - | 171,100 | - | - | - | - | - |
| | Subtotal | 197,000 | 236,400 | 171,100 | 171,100 | - | 171,100 | - | - | - | - | - |
| Total | | ₩ 522,500 | ₩ 627,000 | ₩ 302,438 | ₩ 302,438 | ₩ - | ₩ 171,100 | ₩ - | ₩ - | ₩ 131,338 | ₩ - | ₩ 10,701 |

(*1) A consortium project indicates a project where the Company provides a credit enhancement for a PF loan together with other jointly.

(*2) A loan does not belong to a consortium project if the debtor is provided with a credit enhancement from other only, not the Company.

COMPREHENSIVE SUMMARY: CONSORTIUM PROJECT (ATTRIBUTED TO THE COMPANY):

| Korean won (in millions) | | | | | | | | | | | | | |
|--------------------------|-------------|-----------------|---------------|------------------|------------------|-----------------|--------------|---------------|-------------|-------------|-------------------|------|---------|
| Project | Type | Guarantee limit | Pledged limit | Guarantee amount | Balance of loans | | | | | | | 2022 | |
| | | | | | 2023 | Maturity | | | | | | | |
| | | | | | | Within 3 months | 3 - 6 months | 6 - 12 months | 1 - 2 years | 2 - 3 years | More than 3 years | | |
| Improvement | Bridge loan | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - | ₩ - |
| | Original PF | 308,805 | 370,566 | 124,189 | 124,189 | - | - | - | - | 124,189 | - | - | 3,959 |
| | Subtotal | 308,805 | 370,566 | 124,189 | 124,189 | - | - | - | - | 124,189 | - | - | 3,959 |
| Other | Bridge loan | - | - | - | - | - | - | - | - | - | - | - | - |
| | Original PF | 39,400 | 47,280 | 34,220 | 34,220 | - | 34,220 | - | - | - | - | - | - |
| | Subtotal | 39,400 | 47,280 | 34,220 | 34,220 | - | 34,220 | - | - | - | - | - | - |
| Total | | ₩ 348,205 | ₩ 417,846 | ₩ 158,409 | ₩ 158,409 | ₩ - | ₩ 34,220 | ₩ - | ₩ - | ₩ 124,189 | ₩ - | ₩ - | ₩ 3,959 |

(*1) Applied the share of the Company to <Comprehensive summary: Consortium project (Aggregate)>.

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

2-1) The following are the 19 guarantees for PF loans, which the Company provides regarding the improvement of projects at the reporting date of the current year:

| Korean won (in millions) | | | | | | | | | | | | | | | | | | | | |
|--------------------------|--|------------------------|-------------|------------------|--|---------------|---------------------|-----------------------|-------------|--------------|-------------|-----------------------|-------------|--------------------|----------|----------------|-----------------|----------------------|-------|------|
| Project | Location | Construction objective | PF type | Enhancement type | Guarantee limit | Pledged limit | The Company's share | Guarantee amount (*1) | Debtor | Relationship | Creditor | Balance of loans (*1) | | Terms | | Securitization | Maturity of ABS | Completion guarantee | Notes | |
| | | | | | | | | | | | | Current | Prior | First disbursement | Maturity | | | | | |
| Improvement | Special metropolitan city | Apartment | Original PF | *A | ₩ - | ₩ - | 100.00% | ₩ - | Association | N/A | Other | ₩ - | ₩ 21,771 | '21.08 | '23.08 | PF loan | - | ₩ - | (*2) | |
| | | Apartment | Original PF | *A | 71,800 | 86,160 | 100.00% | 45,709 | Association | N/A | Syndication | 45,709 | 36,276 | '20.06 | '25.04 | PF loan | - | - | - | |
| | | Apartment | Original PF | *A | 103,800 | 124,560 | 100.00% | 74,898 | Association | N/A | Syndication | 74,898 | 74,948 | '22.06 | '27.03 | PF loan | - | - | - | |
| | | Apartment | Original PF | *A | 96,000 | 115,200 | 100.00% | 21,186 | Association | N/A | Syndication | 21,186 | 15,510 | '22.07 | '27.05 | PF loan | - | - | - | |
| | | Apartment | Original PF | *A | 23,500 | 28,200 | 100.00% | 11,178 | Association | N/A | Other | 11,178 | 11,521 | '22.09 | '27.07 | PF loan | - | - | - | |
| | | Apartment | Original PF | *A | 50,620 | 60,744 | 100.00% | 22,263 | Association | N/A | Syndication | 22,263 | 13,037 | '22.09 | '27.07 | PF loan | - | - | - | |
| | | Apartment | Original PF | *A | 50,000 | 60,000 | 100.00% | 38,925 | Association | N/A | Other | 38,925 | 19,006 | '22.10 | '27.08 | PF loan | - | - | - | |
| | | Apartment | Original PF | *A | 150,000 | 180,000 | 100.00% | 73,876 | Association | N/A | Syndication | 73,876 | 46,068 | '22.10 | '27.08 | PF loan | - | - | - | |
| | | Apartment | Original PF | *A | 47,000 | 56,400 | 100.00% | 21,965 | Association | N/A | Syndication | 21,965 | - | '23.08 | '28.08 | PF loan | - | - | - | |
| | | Apartment | Original PF | *A | 300,000 | 360,000 | 100.00% | 57,698 | Association | N/A | Syndication | 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 | 216,000 | 259,200 | 100.00% | 148,030 | Association | N/A | Syndication | 148,030 | 124,672 | '20.10 | '24.04 | PF loan | - | - | - | (*3) |
| | | Apartment | Original PF | *A | 77,100 | 92,520 | 100.00% | 44,033 | Association | N/A | Syndication | 44,033 | - | '23.06 | '27.03 | PF loan | - | - | - | - |
| | | Apartment | Original PF | *A | 179,600 | 215,520 | 100.00% | 32,473 | Association | N/A | Syndication | 32,473 | 17,618 | '22.07 | '27.05 | PF loan | - | - | - | - |
| | The loans above can be repaid early. No credit enhancement is omitted. | | | | | | | | | | | | | | | | | | | |
| | City | Apartment | Original PF | *A | 415,000 | 498,000 | 100.00% | 314,864 | Association | N/A | Syndication | 314,864 | 394,610 | '21.03 | '24.09 | PF loan | - | - | - | (*3) |
| | | Apartment | Original PF | *A | 160,000 | 192,000 | 100.00% | 160,000 | Association | N/A | Securities | 160,000 | 160,000 | '20.07 | '24.11 | ABS | '24.11 | - | - | - |
| | | Apartment | Original PF | *A | 9,900 | 10,890 | 100.00% | 2,055 | Association | N/A | Bank | 2,055 | 1,499 | '22.07 | '25.03 | PF loan | - | - | - | - |
| | | Apartment | Original PF | *A | 200,000 | 240,000 | 100.00% | 160,000 | Association | N/A | Syndication | 160,000 | 96,000 | '22.05 | '25.07 | PF loan | - | - | - | - |
| | | Apartment | Original PF | *A | 12,400 | 13,640 | 100.00% | 2,550 | Association | N/A | Bank | 2,550 | 1,820 | '22.07 | '25.07 | PF loan | - | - | - | - |
| | PF loans can be repaid early, but ABS cannot be due to the condition of lump-sum repayment at maturity. No credit enhancement is omitted. (The one whose maturity was on September 2024 also required completion guarantee, but the additional obligation has been terminated before the reporting date.) | | | | | | | | | | | | | | | | | | | |
| | Total of independent projects | | | | | ₩ 2,162,720 | ₩ 2,593,034 | | ₩ 1,231,703 | | | | ₩ 1,231,703 | ₩ 1,034,356 | | | | | | |
| | Metropolitan city | Apartment | Original PF | *A | 299,000 | 358,800 | 100.00% | 119,990 | Association | N/A | Syndication | 119,990 | - | '23.06 | '26.03 | PF loan | - | - | - | (*4) |
| | | | | | The loans above can be repaid early. No credit enhancement is omitted. | | | | | | | | | | | | | | | |
| | City | Apartment | Original PF | *A | 26,500 | 31,800 | 37.00% | 4,199 | Association | N/A | Syndication | 4,199 | 3,959 | '22.04 | '26.08 | PF loan | - | - | - | (*5) |
| | | | | | The loans above can be repaid early. No credit enhancement is omitted. | | | | | | | | | | | | | | | |
| | Total of consortium projects | | | | | ₩ 325,500 | ₩ 390,600 | | ₩ 124,189 | | | | ₩ 124,189 | ₩ 3,959 | | | | | | |
| | Gross total | | | | | ₩ 2,488,220 | ₩ 2,983,634 | | ₩ 1,355,892 | | | | ₩ 1,355,892 | ₩ 1,038,315 | | | | | | |

*A: Joint and several guarantee

(*1) Attributed to the Company

(*2) Redeemed fully at the reporting date

(*3) Completed construction

(*4) Overlapped credit provisions

(*5) Non-overlapped credit provisions

2-2) The following are the 13 guarantees for PF loans, which the Company provides regarding the other projects at the reporting date of the current year:

| Korean won (in millions) | | | | | | | | | | | | | | | | | | | |
|--|--|------------------------|-------------|------------------|-----------------|---------------|---------------------|-----------------------|-----------|---------------|-------------|-----------------------|-----------|--------------------|----------|----------------|-----------------|----------------------|-------|
| Project | Location | Construction objective | PF type | Enhancement type | Guarantee limit | Pledged limit | The Company's share | Guarantee amount (*1) | Debtor | Relationship | Creditor | Balance of loans (*1) | | Terms | | Securitization | Maturity of ABS | Completion guarantee | Notes |
| | | | | | | | | | | | | Current | Prior | First disbursement | Maturity | | | | |
| Other | Special metropolitan city | Officete1* | Bridge loan | *B | ₩ - | ₩ - | 100.00% | ₩ - | Developer | Associate | Other | ₩ - | ₩ 47,000 | '22.06 | '23.06 | PF loan | - | ₩ - | (*2) |
| | | Officete1 | Bridge loan | *B | 120,000 | 156,000 | 100.00% | 115,000 | Developer | Associate | Syndication | 115,000 | - | '23.06 | '24.06 | PF loan/ ABCP | '24.06 | - | - |
| | The loans above can be repaid early. No credit enhancement is omitted. | | | | | | | | | | | | | | | | | | |
| | Metropolitan city | Apartment | Bridge loan | *B | - | - | 100.00% | - | Developer | Associate | Other | - | 35,000 | '22.05 | '23.11 | PF loan | - | - | (*2) |
| | | Apartment | Bridge loan | *B | 95,000 | 102,000 | 100.00% | 95,000 | Developer | Other related | Syndication | 95,000 | - | '23.05 | '24.05 | PF loan/ ABCP | '24.05 | - | - |
| | | Apartment | Bridge loan | *B | 50,000 | 65,000 | 100.00% | 50,000 | Developer | Associate | Syndication | 50,000 | - | '23.11 | '24.11 | PF loan | - | - | - |
| | | Apartment | Bridge loan | *B | 21,000 | 27,300 | 100.00% | 21,000 | Developer | N/A | Other | 21,000 | - | '23.11 | '24.11 | PF loan | - | - | - |
| | The loans above can be repaid early. No credit enhancement is omitted. | | | | | | | | | | | | | | | | | | |
| | City | Apartment | Bridge loan | *B | - | - | 100.00% | - | Developer | Subsidiary | Bank | - | 100,000 | '22.07 | '23.07 | PF loan | - | - | (*2) |
| | | Apartment | Bridge loan | *B | 20,000 | 24,000 | 100.00% | 20,000 | Developer | Subsidiary | Other | 20,000 | - | '23.07 | '24.07 | PF loan | - | - | - |
| | | Apartment | Bridge loan | *B | 53,000 | 53,000 | 100.00% | 53,000 | Developer | Subsidiary | Other | 53,000 | - | '23.07 | '24.07 | ABCP | '24.07 | - | - |
| | | Apartment | Bridge loan | *B | 31,800 | 31,800 | 100.00% | 31,800 | Developer | Subsidiary | Other | 31,800 | - | '23.09 | '24.07 | ABCP | '24.07 | - | - |
| | | Apartment | Bridge loan | *B | 30,000 | 36,000 | 100.00% | 30,000 | Developer | Associate | Other | 30,000 | - | '23.04 | '24.10 | PF loan | - | - | - |
| Apartment | | Bridge loan | *B | 35,000 | 42,000 | 100.00% | 35,000 | Developer | Associate | Other | 35,000 | - | '23.08 | '24.10 | PF loan | - | - | - | |
| The loans above can be repaid early. No credit enhancement is omitted. | | | | | | | | | | | | | | | | | | | |
| Total of independent projects | | | | | ₩ 455,800 | ₩ 537,100 | | ₩ 450,800 | | | | ₩ 450,800 | ₩ 182,000 | | | | | | |
| City | Logistic facility | Original PF | *C | 197,000 | 236,400 | 20.00% | 34,220 | Developer | N/A | Syndication | 34,220 | - | '23.09 | '24.05 | PF loan | - | - | (*3) | |
| The loans above can be repaid early. (The Company provided an additional completion guarantee, but the additional obligation has been terminated before the reporting date.) | | | | | | | | | | | | | | | | | | | |
| Total of consortium projects | | | | | ₩ 197,000 | ₩ 236,400 | | ₩ 34,220 | | | | ₩ 34,220 | ₩ - | | | | | | |
| Gross total | | | | | ₩ 652,800 | ₩ 773,500 | | ₩ 485,020 | | | | ₩ 485,020 | ₩ 182,000 | | | | | | |

* Officete1: Dual-purpose buildings for commercial and residential purposes.

*B: Supplementary funding arrangements

*C: Assumption of obligations

(*1) Attributed to the Company

(*2) Redeemed fully at the reporting date

(*3) Completion guarantee/non-overlapping credit provisions

Guarantee limit indicates gross borrowing limit of the debtor and in the case of the consortium projects, the other PF loans' borrowing limit whose guarantee is provided by the contractors in the consortium other than the Company is included.

In the case of the consortium projects, guarantee amount (balance of loan) is measured by multiplying the gross guarantee amount (aggregate balance of loan) with the Company's guarantee share.

Guarantee share indicates the Company's share on the consortium when the debtor is engaged in loan arrangements with each contractors during the consortium project.

ABS denotes asset-backed securities.

3) Completion guarantees for construction PF loans

The Company 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.

| Number; Korean won (in millions) | | | | | | | | | | | | |
|----------------------------------|--------|-----------------|----------------|-------------|------------------|-------------|--------|-----------------|----------------|-------------|------------------|-------------|
| Project | 2023 | | | | | | 2022 | | | | | |
| | Number | Contract amount | Limit of loans | | Balance of loans | | Number | Contract amount | Limit of loans | | Balance of loans | |
| | | | Aggregate | Attributed | Aggregate | Attributed | | | Aggregate | Attributed | Aggregate | Attributed |
| Improvement | 20 | ₩ 4,605,726 | ₩ 4,028,600 | ₩ 2,788,181 | ₩ 2,032,515 | ₩ 1,349,902 | 20 | ₩ 4,540,800 | ₩ 3,993,300 | ₩ 2,736,471 | ₩ 2,038,492 | ₩ 1,470,917 |
| Other | 20 | 3,050,537 | 4,482,600 | 4,482,600 | 2,451,510 | 2,451,510 | 22 | 3,429,362 | 5,398,000 | 5,398,000 | 2,876,334 | 2,876,334 |
| Total | 40 | ₩ 7,656,263 | ₩ 8,511,200 | ₩ 7,270,781 | ₩ 4,484,025 | ₩ 3,801,412 | 42 | ₩ 7,970,162 | ₩ 9,391,300 | ₩ 8,134,471 | ₩ 4,914,826 | ₩ 4,347,251 |

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

4) SOC guarantees for construction PF loans

The Company provides credit enhancements such as supplementary funding arrangements or finance provision to the aggregate extent of KRW 157,685 million (KRW 61,829 million in 2022) with respect to SOC concessionaires. The Company also is obliged to render supplementary funds to SOC concessionaires when those entities are exposed to shortage of minimal funds to maintain the businesses.

| Number; Korean won (in millions) | | | | | | |
|----------------------------------|--------|-----------|------------|--------|-----------|------------|
| Detail | 2023 | | | 2022 | | |
| | Number | Aggregate | Attributed | Number | Aggregate | Attributed |
| Guarantee limit | 10 | ₩ 600,371 | ₩ 157,685 | 5 | ₩ 232,900 | ₩ 61,829 |

5) Contingent liabilities on interim payment loans

The Company guarantees KRW 122,280 million (KRW 186,830 in 2022) of customer's interim payment loans related to the improvement projects and guarantees KRW 1,087,904 million (KRW 428,324 million in 2022) of customer's interim payment loans related to the other projects.

| Number; Korean won (in millions) | | | | | | | | |
|----------------------------------|--------|----------------|------------------|------------------|--------|----------------|------------------|------------------|
| Project | 2023 | | | | 2022 | | | |
| | Number | Limit of loans | Balance of loans | Guarantee amount | Number | Limit of loans | Balance of loans | Guarantee amount |
| Improvement | 4 | ₩ 656,400 | ₩ 656,400 | ₩ 122,280 | 4 | ₩ 934,150 | ₩ 934,150 | ₩ 186,830 |
| Other | 11 | 2,759,800 | 2,759,800 | 1,087,904 | 12 | 2,203,900 | 2,203,900 | 428,324 |
| Total | 15 | ₩ 3,416,200 | ₩ 3,416,200 | ₩ 1,210,184 | 16 | ₩ 3,138,050 | ₩ 3,138,050 | ₩ 615,154 |

(*1) Balance of loans is measured conservatively same as the limit of loans.

(*2) Guarantee amount is measured by multiplying the Company's guarantee share with the balance of loans other than the guaranteed amount by Korea Housing & Urban Guarantee ("HUG") (not reflecting pledged amount).

6) Others

6-1) The Company estimated possible losses related to provided guarantees for developers' PF loans, redevelopment/reconstruction associations' operating loans and other reliably by the individual projects recognizes KRW 9,027 million of financial guarantee liabilities.

6-2) The Company is engaged in a loan agreement amounting to KRW 3,721,607 million (KRW 4,488,675 in aggregate) with redevelopment/reconstruction associations, including the one corresponding to Busan citizens park Chokjin district No. 3 redevelopment improvement project at the reporting date.

6-3) In accordance with Article 530-9 (1) of the Commercial Act, each newly incorporated company (the Company and DL Chemical Co., Ltd.) and the surviving company (DL Holdings Co., Ltd.) by division, as of January 1, 2021, shall be jointly and severally responsible for the repayment of liabilities owed by the divided company before the division.

6-4) Overseas performance guarantees and payment guarantees that the Company has provided for related parties are disclosed in Note 37. (8).

(3) Contingent liabilities from other than Project Finance loans

The Company submits payment guarantees, such as guarantee of construction contract, guarantee of lotting-out and warranty from guarantee provider to customers. Those guarantee amounts to KRW 13,442,430 million (KRW 13,344,912 million in 2022) at the reporting date.

1) Comprehensive summary

| Korean won (in millions) | | | | | | | |
|------------------------------|------------------------------|-------------------|-----------------|------------------|-----------------------|--------------|-------|
| Case | Guarantor | Guarantee | Guarantee limit | Guarantee amount | Applicant/Beneficiary | Relationship | Other |
| As an instructing party (*1) | HUG, etc. | Lotting-out, etc. | ₩ 3,789,403 | ₩ 3,789,403 | KOREIT, etc. | N/A | - |
| As an applicant (*2) | Korea National Railway, etc. | Contract, etc. | 9,716,622 | 9,716,622 | CG, etc. | N/A | - |
| Total | | | ₩ 13,506,025 | ₩ 13,506,025 | | | |

(*1) The Company instructs a guarantor to provide a guarantee related to the applicant's performance for a beneficiary.

(*2) A guarantor pays guarantee amounts to a beneficiary when the Company fails to satisfy specified conditions.

2) As an instructing party

| Korean won (in millions) | | | | | | |
|---------------------------|--|-----------------|------------------|--|--------------|-------|
| Guarantor | Guarantee | Guarantee limit | Guarantee amount | Applicant | Relationship | Notes |
| Housing & Urban Guarantee | Lotting-out | ₩ 386,425 | ₩ 386,425 | Daehan Real Estate Trust, Co., Ltd. | N/A | |
| Housing & Urban Guarantee | Lotting-out | 576,898 | 576,898 | Korea Asset In Trust Co., Ltd. | N/A | |
| Housing & Urban Guarantee | Lotting-out | 408,654 | 408,654 | Kyobo Asset Trust Co., Ltd. | N/A | |
| Housing & Urban Guarantee | Lotting-out | 755,579 | 755,579 | Hana Trust Co., Ltd. | N/A | |
| Housing & Urban Guarantee | Lotting-out | 218,291 | 218,291 | Shinhan Asset Trust Co., Ltd. | N/A | |
| Housing & Urban Guarantee | Lotting-out | 27,803 | 27,803 | KORAMCO REITS Management & Trust Co., Ltd. | N/A | |
| Housing & Urban Guarantee | Lotting-out | 817,613 | 817,613 | Mugunghwa Trust Co., Ltd. | N/A | |
| Housing & Urban Guarantee | Lotting-out | 290,887 | 290,887 | YangjuOkjeong JeonnamGurye REIT | N/A | |
| Housing & Urban Guarantee | Lotting-out | 225,549 | 225,549 | HwaseongDongtan Gyeongnamhadong REIT | N/A | |
| Construction Guarantee | Contract | 665 | 665 | Hyundai E&C Co., Ltd. | N/A | |
| Construction Guarantee | Performance bond, business license guarantee | 1,207 | 1,207 | Seonam Green Energy Co., Ltd. | N/A | |
| Construction Guarantee | Warranty bond | 5,536 | 5,536 | Lotte E&C Co., Ltd. | N/A | |
| Construction Guarantee | Warranty bond | 3,016 | 3,016 | DL Construction Co., Ltd. | Subsidiary | |
| Construction Guarantee | Performance bond | 63,682 | 63,682 | DL Construction Co., Ltd. | Subsidiary | |
| Construction Guarantee | Warranty bond | 7,598 | 7,598 | GS E&C Co., Ltd. | N/A | |
| Total | | ₩ 3,789,403 | ₩ 3,789,403 | | | |

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. | ₩ 29,901 | ₩ 29,901 | N/A | Domestic |
| Construction Guarantee | Contract | 457,382 | 457,382 | N/A | Domestic |
| Construction Guarantee | Warranty bond | 541,673 | 541,673 | N/A | Domestic |
| Construction Guarantee | Performance bond | 2,379,740 | 2,379,740 | N/A | Domestic |
| Construction Guarantee | Advanced payment bond | 909,671 | 909,671 | N/A | Domestic |
| Construction Guarantee | Performance bond | 259,265 | 259,265 | N/A | Domestic |
| Construction Guarantee | Other | 1,614,453 | 1,614,453 | N/A | Domestic |
| Housing & Urban Guarantee | Lotting-out | 1,722,006 | 1,722,006 | N/A | Domestic |
| Housing & Urban Guarantee | Warranty bond, etc. | 480,655 | 480,655 | N/A | Domestic |
| Seoul Guarantee Insurance Company | Performance bond, etc. | 845,601 | 845,601 | N/A | Domestic |
| Export-Import Bank of Korea | Contract, etc. | 225,602 | 225,602 | N/A | Overseas |
| KEB Hana Bank | Contract, etc. | 336 | 336 | N/A | Overseas |
| Woori Bank | Contract, etc. | 20,428 | 20,428 | N/A | Overseas |
| HSBC Seoul | Contract, etc. | 107,157 | 107,157 | N/A | Overseas |
| National Bank of Kuwait | Other | 6,792 | 6,792 | N/A | Overseas |
| Mashreq Bank | Other | 18 | 18 | N/A | Overseas |
| Zurich Insurance Singapore | Contract | 7,374 | 7,374 | N/A | Overseas |
| Riyad Bank | Contract, etc. | 64,074 | 64,074 | N/A | Overseas |
| Union of Arab and French Banks | Warranty bond, etc. | 5,178 | 5,178 | N/A | Overseas |
| Societe Generale | Contract, etc. | 33,018 | 33,018 | N/A | Overseas |
| Construction Guarantee | Contract, etc. | 6,298 | 6,298 | N/A | Overseas |
| Total | | ₩ 9,716,622 | ₩ 9,716,622 | | |

29. COMMITMENTS AND CONTINGENCIES:

(1) Promissory notes and checks

The Company has provided 24 checks (20 blank) to the relevant entities regarding payment guarantees at the reporting date.

(2) Pending litigations

The Company has been accused in 138 lawsuits pending (amount of KRW 221,673 million) regarding a claim for damages and filed a complaint with 39 lawsuits pending (amount of KRW 710,460 million) regarding completion bill and damages for delay. The pending lawsuits' influence on the separate financial statements are unpredictable at the reporting date. When the Company lost in the first or second level trial, it had set up for the provisions (see Note 22.)

(3) Loan agreements with the related parties

1) The Company has engaged in loan agreements with DL Saudi Arabia Co., Ltd. to alleviate its lack of capital. Summary of the agreements is as follows:

| | Description |
|---|--|
| 1. Counterparty | DL Saudi Arabia Co., Ltd. |
| 2. Loan amount | USD 220 Mil. |
| 3. Term of contract | USD 60 Mil. 2022.01.29 ~ 2024.01.29 , 4.6% per annum |
| | USD 60 Mil. 2022.03.28 ~ 2024.03.28 , 4.6% per annum |
| | USD 40 Mil. 2022.09.06 ~ 2024.09.06 , 4.6% per annum |
| | USD 30 Mil. 2022.11.08 ~ 2024.11.08 , 4.6% per annum |
| | USD 30 Mil. 2022.12.10 ~ 2024.12.10 , 4.6% per annum |
| 4. Date of board of directors' resolution | USD 60 Mil. 2022.01.27 |
| | USD 60 Mil. 2022.01.27 |
| | USD 40 Mil. 2022.01.27 |
| | USD 30 Mil. 2022.01.27 |
| 5. Method of repayment | Principal and interest bullet payment |

The carrying amount of the loans on the separate statement of financial position at the end of the current year is KRW 283,668 million.

2) The Company has engaged in a loan agreement with DL USA, Inc. to alleviate its lack of capital. Summary of the agreement is as follows:

| | Description |
|---|--|
| 1. Counterparty | DL USA, Inc. |
| 2. Loan amount | USD 24.2 Mil. |
| 3. Term of contract | USD 24.2 Mil. 2023.02.15 ~ 2025.02.15 , 4.6% per annum |
| 4. Date of board of directors' resolution | USD 24.2 Mil. 2023.02.08 |
| 5. Method of repayment | Principal and interest bullet payment |

The carrying amount of the loans on the separate statement of financial position at the end of the current year is KRW 31,203 million.

3) The Company has engaged in a loan agreement with DLENC Philippines, Inc. to alleviate its lack of capital. Summary of the agreement is 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 annum |
| 4. Date of board of directors' resolution | USD 8 Mil. 2023.04.12 |
| 5. Method of repayment | Principal and interest bullet payment |

The carrying amount of the loans on the separate statement of financial position at the end of the current year is KRW 10,315 million.

4) The Company has engaged in loan agreements with Daelim RUS LLC. to alleviate its lack of capital. Summary of the agreements is as follows:

| | Description |
|---|--|
| 1. Counterparty | Daelim RUS LLC. |
| 2. Loan amount | RUB 950 Mil. |
| 3. Term of contract | RUB 250 Mil. 2022.05.26 ~ 2024.05.26 , 4.6% per annum RUB 700 Mil. 2022.07.20 ~ 2024.07.20 , 4.6% per annum |
| 4. Date of board of director's resolution | RUB 250 Mil. Approved by CEO only RUB 700 Mil. 2022.07.13 |
| 5. Method of repayment | Principal and interest bullet payment |

The carrying amount of the loans on the separate statement of financial position at the end of the current year is KRW 13,842 million.

5) The Company has executed KRW 15,706 million of subordinated loan and KRW 11,029 million of subrogation to supplement Deoksong-Naegak Expressway Co., Ltd.'s lack of capital. Summary of the arrangements is as follows:

| | Description |
|---|---|
| 1. Counterparty | Deoksong-Naegak Expressway Co., Ltd. |
| 2. Loan amount | KRW 15,706 Mil. (Supplementary funds KRW 9,847 Mil. + Additional supplementary KRW 3,000 Mil. + 2nd additional supplementary KRW 2,859 Mil.) KRW 11,029 Mil. (Subrogation) |
| 3. Term of contract | [Supplementary funds] - 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) [Additional supplementary] - Subordinated loans' principal cannot be repaid before senior loans' principal and interest are fully repaid, and the additional supplementary's priority is surpassed by the existing supplementary funds. - Subordinated loans' interest does not accrue before senior loans' principal and interest are fully repaid. (4.6% per annum) [Subrogation] - The right of indemnity from the subrogation is surpassed by the syndication's claim of the principal and the interest and the claim of Korea Credit Guarantee Fund as a guarantor |
| 4. Date of board of directors' resolution | [Supplementary funds] 2020.04.27 [Additional supplementary] Approved by CEO only [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 carrying amount of the loans and subrogation on the separate statement of financial position at the end of the current year is KRW 15,706 million and KRW 11,029 million, respectively.

6) The Company has engaged in loan agreements with Osan Landmark Project Co., Ltd. for managing its business. Summary of the agreements is as follows:

| | Description |
|---|---|
| 1. Counterparty | Osan Landmark Project Co., Ltd. |
| 2. Loan amount | KRW 600,500 Mil. |
| 3. Term of contract | KRW 4,000 Mil. 2023.01. ~ 2024.01. , 4.6% per annum (*1) |
| | KRW 400 Mil. 2023.02. ~ 2024.02. , 4.6% per annum (*1) |
| | KRW 10,500 Mil. 2023.03. ~ 2024.03. , 4.6% per annum (*1) |
| | KRW 19,000 Mil. 2023.04. ~ 2024.04. , 4.6% per annum |
| | KRW 151,300 Mil. 2023.05. ~ 2024.05. , 4.6% per annum |
| | KRW 321,700 Mil. 2023.06. ~ 2024.06. , 4.6% per annum |
| | KRW 57,200 Mil. 2023.07. ~ 2024.07. , 4.6% per annum |
| | KRW 15,400 Mil. 2023.09. ~ 2024.09. , 4.6% per annum |
| | KRW 500 Mil. 2023.10. ~ 2024.10. , 4.6% per annum |
| | KRW 20,500 Mil. 2023.12. ~ 2024.12. , 4.6% per annum |
| 4. Date of board of directors' resolution | KRW 4,000 Mil. 2022.12.19 |
| | KRW 400 Mil. 2022.12.19 |
| | KRW 10,500 Mil. 2022.12.19 |
| | KRW 19,000 Mil. 2023.03.21 |
| | KRW 151,300 Mil. 2023.03.21 |
| | KRW 321,700 Mil. 2023.03.21 |
| | KRW 57,200 Mil. 2023.06.27 |
| | KRW 15,400 Mil. 2023.06.27 |
| | KRW 500 Mil. 2023.09.21 |
| | KRW 20,500 Mil. 2023.09.21 |
| 5. Method of repayment | Principal and interest bullet payment |

(*1) The maturity was extended for a year by a resolution of environmental, social and governance committee (“ESG committee”) on December 19, 2023.

The carrying amount of the loans on the separate statement of financial position at the end of the current year is KRW 600,500 million. The loans are transactions that require the resolution of the board of directors pursuant to the paragraph (3) of the Article 542-9 of the Commercial Act and to the Article 26 of the Monopoly Regulation and Fair Trade Act, and both acts permit the board of directors to delegate its authority to the committee within the board of directors. To avoid double resolutions by the board of directors and the committee, the board of directors had resolved the relevant authority to ESG committee (formerly governance committee) on May 22, 2022, and the committee has approved the transactions thereafter.

7) The Company has engaged in loan agreements with Hyoje PFV Co., Ltd. for managing its business. Summary of the agreements is as follows:

| | Description |
|---|--|
| 1. Counterparty | Hyoje PFV Co., Ltd. |
| 2. Loan amount | KRW 39,600 Mil. |
| 3. Term of contract | KRW 27,000 Mil. 2020.12.15 ~ Withdrawal of PF , 4.6% per annum |
| | KRW 10,000 Mil. 2022.06.15 ~ Withdrawal of PF , 4.6% per annum |
| | KRW 2,600 Mil. 2023.04.17 ~ Withdrawal of PF , 4.6% per annum |
| 4. Date of board of directors' resolution | KRW 27,000 Mil. Approval of CEO only |
| | KRW 10,000 Mil. 2022.05.26 |
| | KRW 2,600 Mil. Approval of CEO only |
| 5. Method of repayment | Principal bullet payment; Interest 3 months' payment |

The carrying amount of the loans on the separate statement of financial position at the end of the current year is KRW 39,600 million.

8) The Company 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 annum |
| | KRW 6,000 Mil. 2023.05.26 ~ 2028.01.30 , 20% per annum |
| 4. Date of board of directors' resolution | KRW 33,500 Mil. Approved by CEO only |
| 5. Method of repayment | Principal and interest bullet payment |

The carrying amount of the loans on the separate statement of financial position at the end of the current year is KRW 33,500 million.

9) The Company has engaged in a loan agreement with NS Partners Co., Ltd. to terminate its lotting-out contracts. Summary of the agreement is as follows:

| | Description |
|---|---|
| 1. Counterparty | NS Partners Co., Ltd. |
| 2. Loan amount | KRW 3,100 Mil. |
| 3. Term of contract | KRW 3,100 Mil. 2023.11.29 ~ 2024.11.28 , 7% per annum |
| 4. Date of board of directors' resolution | KRW 3,100 Mil. Approved by CEO only |
| 5. Method of repayment | Principal and interest bullet payment |

The carrying amount of the loans on the separate statement of financial position at the end of the current year is KRW 3,100 million.

(4) Commitments to financial institutions

Major commitments to financial institutions at the end of the current year are as follows:

| Korean won (in millions); Foreign currencies (in thousands) | | | | | |
|---|-----------------------|-------------|-----------|---------------------|---------|
| Description | Financial Institution | Credit line | | Balance outstanding | |
| Bank overdraft (*1) | Woori Bank | KRW | 5,000 | KRW | - |
| General loans | SC, etc. | KRW | 315,000 | KRW | 30,000 |
| Commercial paper discount | Woori Bank, etc. | KRW | 250,000 | KRW | - |
| B2B note discount | Woori Bank, etc. | KRW | 135,000 | KRW | 18,920 |
| Letter of credit (sight and usance) | Woori Bank, etc. | USD | 70,532 | USD | - |
| Payment guarantee in foreign currency | Woori Bank, etc. | USD | 1,356,846 | USD | 357,113 |
| Payment guarantee in Korean won | Woori Bank, etc. | KRW | 796,108 | KRW | 796,108 |

(*1) KRW 5 billion of overdraft is included in the comprehensive credit line of Woori Bank.

The Company is engaged in KRW 400 billion of comprehensive credit line arrangement with Woori Bank.

(5) Derivatives

1) Foreign exchange forwards

The Company is engaged in 42 foreign exchange forward contracts with financial institutions, such as Standard Chartered Bank to manage the foreign exchange risk. Details of the forwards are as follows:

As of December 31, 2023

| Korean won (in millions); Foreign currencies (in thousands) | | | | | | |
|---|---------------|--------|----------------|--------|---------------------------|---------------------|
| Purpose | Long position | | Short position | | Contractual exchange rate | Number of contracts |
| | Currency | Amount | Currency | Amount | | |
| 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 |

As of December 31, 2022

| Korean won (in millions); Foreign currencies (in thousands) | | | | | | |
|---|---------------|---------|----------------|---------|---------------------------|---------------------|
| Purpose | Long position | | Short position | | Contractual exchange rate | Number of contracts |
| | Currency | Amount | Currency | Amount | | |
| Trading | KRW | 131,685 | USD | 101,592 | 1,296.20 | 45 |
| Trading | KRW | 891 | EUR | 637 | 1,398.94 | 2 |
| Trading | USD | 19,772 | SGD | 27,620 | 1.3969 | 2 |
| Trading | CNY | 82,411 | USD | 12,413 | 6.6390 | 1 |
| Trading | USD | 20,000 | KRW | 27,660 | 1,383.00 | 1 |

2) The following is the valuation of the derivatives at the reporting date.

As of/For the year ended December 31, 2023

| Korean won (in millions) | | | | |
|--------------------------|-------------------|-------------------|----------|-----------|
| | Trading purpose | | | |
| | Gain on valuation | Loss on valuation | Asset | Liability |
| Currency forward | ₩ 117 | ₩ 3,472 | ₩ 1,443 | ₩ 1,919 |
| Interest swap | - | - | - | - |
| Option | 5,708 | 200 | 11,688 | 8,603 |
| Total | ₩ 5,825 | ₩ 3,672 | ₩ 13,131 | ₩ 10,522 |

As of/For the year ended December 31, 2022

| Korean won (in millions) | | | | |
|--------------------------|-------------------|-------------------|---------|-----------|
| Detail | Trading purpose | | | |
| | Gain on valuation | Loss on valuation | Asset | Liability |
| Currency forward | ₩ 5,737 | ₩ 2,972 | ₩ 5,750 | ₩ 3,783 |
| Interest swap | - | - | - | - |
| Option | - | 181 | - | 2,466 |
| Total | ₩ 5,737 | ₩ 3,153 | ₩ 5,750 | ₩ 6,249 |

(6) Other commitments

Major other commitments at the end of the current year are as follows.

1) The Company provides put options to financial investors and is obliged to grant a loan to the developer when the options would not be exercised with respect to Osan Sema housing development business.

2) The Company provides put options to financial investors of three project financing vehicles (“PFVs”) (Incheon Inha, Jeonju Wansan and Daejeon Munhwa).

3) The Company has been engaged in put/call option arrangements to sell shares of three project PFVs (Incheon Inha, Jeonju Wansan and Daejeon Munhwa) to Daelim Co., Ltd. The Company can exercise the put options from January 1, 2029, and Daelim Co., Ltd. can exercise the call options if the Company does not exercise the put options. However, the arrangements would be null and void if the additional paid-in capital, which the Company and Daelim Co., Ltd. invested in the current year is reduced with compensation until the option is exercised.

4) The Company retains put options to sell shares of Metropolitan Western Expressway Co., Ltd., and Deoksong-Naegak Expressway Co., Ltd. to financial investors.

5) The Company provides a call option to the seller for shares of Deoksong-Naegak Expressway Co., Ltd. in accordance with the share transfer agreement dated May 31, 2021.

6) The Company is engaged in a net settlement arrangement with bondholders of three project PFVs (Incheon Inha, Jeonju Wansan and Daejeon Munhwa) that the Company pay difference between the base amount and the redeemed amount to the bondholders at the settlement date when the difference is below 0 and vice versa when the difference is above 0.

7) The debt management contracts of the unsecured debentures issued by the Company (KRW 295 billion as of December 31, 2023), include provisions, such as maintaining financial ratios, restricting security rights, restricting asset disposal and restricting corporate governance. In case of violation of the above provisions, there is a possibility of loss on the benefit of time.

8) The Company is engaged in a participation contract with S Solution Bio Co., Ltd. on the rights from lease arrangements and was paid the consideration of the participation. The Company is supposed to repurchase the rights at their fair value until April 30, 2025, by the contract.

30. REVENUE:

Details of revenue included in operating income for the current and prior years are as follows:

| Korean won (in millions) | | | | |
|--|----------------|----------------|----------------|----------------|
| | 2023 | | 2022 | |
| | Progress basis | Delivery basis | Progress basis | Delivery basis |
| Construction contract revenue | ₩ 4,840,527 | ₩ 7,088 | ₩ 5,067,604 | ₩ 77,845 |
| 1. Construction revenue | 4,489,477 | - | 4,688,688 | - |
| 2. Sales of apartment | 351,050 | 7,088 | 378,916 | 77,845 |
| Revenue from the rendering of services | 70,636 | - | 101,428 | - |
| Other revenue | - | 249,856 | - | 28,783 |
| Total | ₩ 4,911,163 | ₩ 256,944 | ₩ 5,169,032 | ₩ 106,628 |

31. NATURE OF EXPENSES:

Analysis of expenses by nature for the current and prior years are as follows:

| Korean won (in millions) | | |
|-----------------------------------|-------------|-------------|
| | 2023 | 2022 |
| Cost of raw material | ₩ 1,128,142 | ₩ 1,213,979 |
| Cost of outsourcing | 2,334,376 | 2,306,154 |
| Salaries | 472,156 | 452,654 |
| Severance benefit | 33,164 | 35,841 |
| Welfare expenses | 52,499 | 50,669 |
| Depreciation | 60,903 | 62,200 |
| Amortization of intangible assets | 4,774 | 5,395 |
| Commissions | 351,550 | 383,738 |
| Taxes and dues | 81,963 | 93,990 |
| Other expenses | 426,781 | 268,459 |
| Total | ₩ 4,946,308 | ₩ 4,873,079 |

32. SELLING AND ADMINISTRATIVE EXPENSES:

Details of selling and administrative expenses for the current and prior years are as follows:

| Korean won (in millions) | | | | |
|---|------|----------|------|----------|
| | 2023 | | 2022 | |
| Selling expenses: | | | | |
| Advertisement | ₩ | 8,656 | ₩ | 8,995 |
| Bad debt expenses | | (29,175) | | (14,708) |
| Freight | | 60 | | 118 |
| Commissions | | 63,209 | | 89,308 |
| Warranty | | (4,946) | | 277 |
| Subtotal | | 37,804 | | 83,990 |
| Administrative expenses: | | | | |
| Salaries | | 146,465 | | 153,409 |
| Welfare expenses | | 17,778 | | 17,354 |
| Insurance | | 11,928 | | 12,695 |
| Rents | | 23,738 | | 21,642 |
| Others | | 25,623 | | 9,249 |
| Subtotal | | 225,532 | | 214,349 |
| General research and development expenses: | | | | |
| Research and development expenses | | 67,311 | | 51,438 |
| Total | ₩ | 330,647 | ₩ | 349,777 |

33. OTHER INCOME AND EXPENSES:

(1) Details of other income for the current and prior years are as follows:

| | Korean won (in millions) | |
|--|--------------------------|-----------|
| | 2023 | 2022 |
| Dividend income from subsidiaries, associates and joint ventures | ₩ 11,690 | ₩ 13,536 |
| Other dividend income | 911 | 504 |
| Rental revenue | 52 | 2 |
| Gain on foreign currency transactions | 17,840 | 54,355 |
| Gain on foreign currency translation | 18,554 | 59,506 |
| Gain on disposal of investment assets | 16 | 1,160 |
| Gain on valuation of fair value measurement of financial assets | 3,993 | 2,613 |
| Gain on disposal of tangible assets | 187 | 405 |
| Gain on disposal of investment property | - | 839 |
| Gain on derivative trading | 215 | 5,034 |
| Gain on derivative valuation | 5,825 | 5,737 |
| Reversal of provision for bad debt | - | 1,939 |
| Reversal of other provisions | 10,107 | 7,920 |
| Reversal of financial guarantee contract liabilities | - | 259 |
| Others | 5,087 | 6,650 |
| Total | ₩ 74,477 | ₩ 160,459 |

(2) Details of other expenses for the current and prior years are as follows:

| | Korean won (in millions) | |
|---|--------------------------|-----------|
| | 2023 | 2022 |
| Donations | ₩ 7,808 | ₩ 8,327 |
| Bad debt expense | 51,504 | 63,615 |
| Loss on foreign currency transactions | 24,867 | 25,527 |
| Loss on foreign currency translation | 29,532 | 37,014 |
| Loss on disposal of investment assets | 1,665 | 2,404 |
| Loss on valuation of fair value measurement of financial assets | 402 | - |
| Loss on disposal of tangible assets | 10 | 192 |
| Loss on disposal of intangible assets | - | 20 |
| Loss on disposal of investment property | - | 10 |
| Loss on derivative trading | 3,466 | 4,109 |
| Loss on derivative valuation | 3,672 | 3,153 |
| Loss on valuation of financial instruments | 3,734 | - |
| Contribution to other provisions | 3,252 | 15,083 |
| Contribution to financial guarantee contract liabilities | (701) | 3,908 |
| Loss on impairment of assets | 11,520 | - |
| Others | 14,317 | 9,676 |
| Total | ₩ 155,048 | ₩ 173,038 |

34. FINANCIAL INCOME AND EXPENSES:

(1) Details of financial income for the current and prior years are as follows:

| Korean won (in millions) | | | | |
|--|------|---------|------|---------|
| | 2023 | | 2022 | |
| Interest income: | | | | |
| Cash and cash equivalents | ₩ | 7,399 | ₩ | 20,469 |
| Short- and long-term financial instruments | | 43,729 | | 24,503 |
| Loans and other accounts receivable | | 55,262 | | 46,913 |
| Financial assets measured at FVTOCI | | 456 | | 451 |
| Others | | 281 | | 2,271 |
| Subtotal | | 107,127 | | 94,607 |
| Gain on foreign currency transactions | | 12,316 | | 17,634 |
| Gain on foreign currency translation | | 12,297 | | 24,655 |
| Total | ₩ | 131,740 | ₩ | 136,896 |

(2) Analysis of financial income for the current and prior years by the categories of assets and liabilities are as follows:

| Korean won (in millions) | | | | |
|--|------|---------|------|---------|
| | 2023 | | 2022 | |
| Cash and cash equivalents | ₩ | 29,912 | ₩ | 52,754 |
| Short- and long-term financial instruments | | 43,729 | | 37,748 |
| Loans and other accounts receivable | | 57,362 | | 43,672 |
| Financial assets measured at FVTOCI | | 456 | | 451 |
| Others | | 281 | | 2,271 |
| Total | ₩ | 131,740 | ₩ | 136,896 |

(3) Details of financial expenses for the current and prior years are as follows:

| Korean won (in millions) | | | | |
|---------------------------------------|------|--------|------|--------|
| | 2023 | | 2022 | |
| Interest expense: | | | | |
| Borrowings | ₩ | 16,600 | ₩ | 11,023 |
| Debentures | | 7,766 | | 7,902 |
| Advances received | | 2,241 | | 1,033 |
| Lease liabilities | | 2,688 | | 2,646 |
| Subtotal | | 29,295 | | 22,604 |
| Loss on foreign currency transactions | | 11,005 | | 6,285 |
| Loss on foreign currency translation | | 9,981 | | 28,261 |
| Total | ₩ | 50,281 | ₩ | 57,150 |

(4) Analysis of financial income for the current and prior years by the categories of assets and liabilities are as follows:

| Korean won (in millions) | | | | |
|---------------------------|------|--------|------|--------|
| | 2023 | | 2022 | |
| Cash and cash equivalents | ₩ | 14,417 | ₩ | 16,847 |
| Borrowings | | 16,599 | | 11,023 |
| Debentures | | 7,766 | | 7,902 |
| Others | | 11,499 | | 21,378 |
| Total | ₩ | 50,281 | ₩ | 57,150 |

35. INCOME TAX EXPENSE:

(1) Details of income tax expense for the current and prior years are as follows:

| Korean won (in millions) | | | | |
|---|------|----------|------|----------|
| | 2023 | | 2022 | |
| Current income tax burden (including the additional tax/tax refunds) | ₩ | 12,161 | ₩ | 102,781 |
| Changes in deferred tax due to temporary differences (*1) | | 55,888 | | 61,383 |
| Income tax burden directly charged to shareholders' equity (*2) | | 2,926 | | (4,624) |
| Income tax expense | ₩ | 70,975 | ₩ | 159,540 |
| (*1) Ending balance of net deferred tax assets due to temporary differences | | 442,032 | | 497,920 |
| Beginning balance of net deferred tax assets due to temporary differences | | 497,920 | | 559,303 |
| Changes in deferred tax due to temporary differences | | (55,888) | | (61,383) |

(*2) Details of income tax related to components directly charged to shareholders' equity are as follows:

| Korean won (in millions) | | | | | | |
|--|------------|------------|------------|----------|------------|------------|
| | 2023 | | | 2022 | | |
| | Gross | Tax effect | Net amount | Gross | Tax effect | Net amount |
| Gain on valuation of financial assets measured at FVTOCI | ₩ 943 | ₩ (240) | ₩ 703 | ₩ (305) | ₩ 84 | ₩ (221) |
| Remeasurement of defined benefit plan | (12,582) | 3,166 | (9,416) | 12,628 | (3,116) | 9,512 |
| Additional paid-in capital | - | - | - | 6,309 | (1,592) | 4,717 |
| Total | ₩ (11,639) | ₩ 2,926 | ₩ (8,713) | ₩ 18,632 | ₩ (4,624) | ₩ 14,008 |

(2) Explanation of the relationship between the income tax expense and the accounting income before income tax expense for the current and prior years are as follows:

| Korean won (in millions) | | |
|--|-----------|-----------|
| Detail | 2023 | 2022 |
| Income before income tax expense | ₩ 222,687 | ₩ 469,747 |
| Income tax expense (applicable tax rates) | 50,979 | 118,819 |
| Adjustments: | | |
| Non-taxable income | (1,002) | (1,614) |
| Non-deductible expenses | 3,637 | 3,381 |
| Additional income tax (tax refunds) and others | (45,325) | (512) |
| Tax credit | (467) | (432) |
| Non-recycled corporation income tax expense | (6,753) | 6,525 |
| Not recognized as deferred tax assets | 72,400 | 9,657 |
| Others (tax rate differences, etc.) | (2,494) | 23,716 |
| Income tax expense | ₩ 70,975 | ₩ 159,540 |
| Effective tax rate (income tax expense / income before income tax expense) | 31.87% | 33.96% |

(3) Details of major changes in accrued temporary differences for the current and prior years and deferred tax assets (liabilities) recognized in the separate statements of financial position at the reporting date are as follows:

As of/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 | ₩ 288,518 | ₩ 24,626 | ₩ 313,144 | ₩ 986 |
| Valuation of marketable securities | 31,212 | (9,642) | 21,570 | 5,477 |
| Revaluation of property, plant and equipment | (92,537) | - | (92,537) | (23,495) |
| Valuation of derivatives | 2,466 | (5,552) | (3,086) | (783) |
| Excess depreciation of property, plant and equipment | 19,491 | (3,221) | 16,270 | 4,131 |
| Provisions | 239,083 | 29,039 | 268,122 | 68,076 |
| Impairment loss | 26,155 | (580) | 25,575 | 6,493 |
| Excess bad debt expense | 1,713,305 | 52,930 | 1,766,235 | 385,019 |
| Loss (gain) on foreign currency translation | 10,184 | (3,103) | 7,081 | 1,798 |
| Accrued income | (89,159) | (53,916) | (143,075) | (36,327) |
| Others | 109,440 | 11,307 | 120,747 | 30,657 |
| Total | ₩ 2,258,158 | ₩ 41,888 | ₩ 2,300,046 | ₩ 442,032 |

As of/For the year ended December 31, 2022

| Korean won (in millions) | | | | |
|---|-------------------|------------------------|----------------|--------------------------------------|
| | Beginning balance | Increase (decrease) | Ending balance | Deferred tax assets (liabilities) |
| Investments in subsidiaries, associates and joint ventures | ₩ 279,303 | ₩ 9,215 | ₩ 288,518 | ₩ 979 |
| Valuation of marketable securities | 35,654 | (4,442) | 31,212 | 7,875 |
| Revaluation of property, plant and equipment | (106,918) | 14,381 | (92,537) | (23,347) |
| Valuation of derivatives | 2,284 | 182 | 2,466 | 622 |
| Excess depreciation of property, plant and equipment | 19,388 | 103 | 19,491 | 4,918 |
| Provisions | 360,437 | (121,354) | 239,083 | 60,321 |
| Impairment loss | 26,744 | (589) | 26,155 | 6,599 |
| Excess bad debt expense | 1,745,731 | (32,426) | 1,713,305 | 432,267 |
| Loss on foreign currency translation | 4,677 | 5,507 | 10,184 | 2,569 |
| Accrued income | (78,475) | (10,684) | (89,159) | (22,495) |
| Others | 98,767 | 10,674 | 109,441 | 27,612 |
| Total | ₩ 2,387,592 | ₩ (129,433) | ₩ 2,258,159 | ₩ 497,920 |

(4) Details of temporary differences unrecognized as deferred tax assets (liabilities) at the reporting date are as follows:

| Korean won (in millions) | | | |
|--|-------------------|---------|-------------------|
| | December 31, 2023 | | December 31, 2022 |
| Investments in subsidiaries, associates and joint ventures | ₩ | 309,261 | ₩ 284,635 |
| Excess bad debt expense | | 249,815 | - |
| Total | ₩ | 559,076 | ₩ 284,635 |

(5) Predicted temporal distribution of recovery (settlement) of deferred tax assets (liabilities) at the reporting date is as follows:

| Detail | Korean won (in millions) | |
|---|--------------------------|-------------------|
| | December 31, 2023 | December 31, 2022 |
| Deferred tax assets: | | |
| Deferred tax assets to be recovered within 12 months | ₩ 101,146 | ₩ 84,772 |
| Deferred tax assets to be recovered after 12 months | 457,794 | 508,918 |
| Subtotal | 558,940 | 593,690 |
| Deferred tax liabilities: | | |
| Deferred tax liabilities to be settled within 12 months | (24,892) | (11,014) |
| Deferred tax liabilities to be settled after 12 months | (92,016) | (84,756) |
| Subtotal | (116,908) | (95,770) |
| Total | ₩ 442,032 | ₩ 497,920 |

36. EARNINGS PER SHARE:

Details of calculation of earnings per share for the current and prior years are as follows.

(1) Basic earnings per common stock

| | Korean won | |
|--|-------------------|-------------------|
| | 2023 | 2022 |
| Net income | ₩ 151,712,794,893 | ₩ 310,207,541,746 |
| Dividend on preferred stock and residual income available for preferred shareholders | 10,174,952,653 | 18,183,360,519 |
| Net income available for common shareholders | ₩ 141,537,842,240 | ₩ 292,024,181,227 |
| Weighted-average number of common stocks outstanding | 37,558,158 | 38,394,338 |
| Basic earnings per common stock | ₩ 3,768 | ₩ 7,606 |

(2) Basic earnings per preferred stock

| | Korean won | |
|--|------------------|------------------|
| | 2023 | 2022 |
| Dividend on preferred stock and residual income available for preferred shareholders | ₩ 10,174,952,653 | ₩ 18,183,360,519 |
| Weighted-average number of preferred shares outstanding | 4,130,079 | 4,197,690 |
| Basic earnings per preferred stock | ₩ 2,464 | ₩ 4,331 |

(3) There is no outstanding diluting instruments the Company issued, so the diluted earnings per common stock and preferred stock equal to the basic one.

37. RELATED-PARTY TRANSACTIONS:

(1) Details of related parties of the Company at the end of the current year are as follows:

| Type | Name of the related parties |
|--|--|
| The parent of the entity having a significant influence over the Company | Daelim Co., Ltd. |
| The entity having a significant influence over the Company | DL Holdings Co., Ltd. |
| Subsidiaries | DL Construction Co., Ltd., Osan Landmark Project Co., Ltd., Incheon Dohwa 1 NEWSTAY Entrusted Management REIT Co., Ltd., DL Saudi Arabia Co., Ltd., PT. DLENC UTAMA CONSTRUCTION, DALIN (Nanjing) Construction Project Mgt. Co., Ltd., NS Partners Co., Ltd., DL USA, Inc., DL INSAAT GELISTIRME, A.S., Daelim RUS LLC, CARBONCO PTE. LTD., DL Engineering & Construction Malaysia Sdn. Bhd., DLE&C FZCO |
| Associates | Godeok Gangil 10 PFV Co., Ltd., Hyoje PFV Co., Ltd., Ulsan Uijeongbu Project PFV Co., Ltd., Incheon Inha PFV Co., Ltd., Daejeon Munhwa PFV Co., Ltd., Jeonju Wansa PFV Co., Ltd., Gwacheon Jisan One PFV Co., Ltd., Together Daejeon Munhwa PFV Co., Ltd., Songpa Bokjeong Station Layered City PFV Co., Ltd., TK Private Equity Limited Partnership, Soopirang Corporation Co., Ltd., Seongnam MICE PFV Co., Ltd., DLENC Philippines Co., Ltd., NeuRizer Ltd |
| Joint ventures | Luoma Inc., Igis Haeundae General Private REIT No. 1, DIAP-DAELIM JOINT VENTURE PTE. LTD., OMZ-Daelim LLC., Jemulpo Station Urban Complex Project Entrusted Management REIT Co., Ltd. |
| 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, Co., Ltd., DL FnC Co., Ltd., Yeongju Eco Power Co., Ltd., Cochrane SPC Co., Ltd., Eco One Energy Co., Ltd., Heungkuk Highclass Private Real Estate Equity Fund No.12, Koramco Private REIT No.112, Samho Citron City Co., Ltd., Namwon Theme Park Co., Ltd., Asan Dogo Industrial Complex Development Co., Ltd., Epyunse (Shanghai) Trade Agency Co., Ltd., Daelim Investment & Management Co., Ltd., Saubukbyeon Urban Development Co., Ltd., Haeryong Industrial Complex Development Co., Ltd., Myungjin PT Co., Ltd., Redwood Logis Co., Ltd., Daelim EMA Management Ltd., EMA Power Investment Ltd., Incheon Geumsong Rental Housing Entrusted Management REIT Co., Ltd., Millmerran Co., Ltd., Gasan DCSL1 Co., Ltd., Yeochun LCC Co., Ltd., Polymirae Co., Ltd., Highway Solar Co., Ltd., D-Rex Polymer LLC., Hwaseong JDC LLC., DL Energy Global Co., Ltd., OV Co., Ltd., Geumo Island Wind Power Co., Ltd., Pocheon Power Co., Ltd., Haenam Naesari Solar Power Co., Ltd., TK X Holdings Ltd., Daelim Vietnam Ltd., Canakkale Motorway and Bridge Construction, Investment and Operation Inc., 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., Indeck Niles Asset Management 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., KB Blind General REIT No.2, Haeundae Central PFV Co., Ltd., etc. |
| Large business group affiliates (*1) | Deoksong-Naegak Expressway Co., Ltd., Daelim No.7 Masan Hoewon Newstay Entrusted Management REIT Co., Ltd., Humphreys SLQ 1 Co., Ltd., Jeju Aero Space Hotel Co., Ltd., Daelim No.5 Cheonan Wonseongdong Newstay Entrusted Management REIT Co., Ltd., etc. |

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

(*2) Details of changes in the entities identified as the related parties are as follows:

| | Name | Reason for change |
|--------------|---|--|
| IN | TK Private Equity Limited Partnership | Identified as an affiliate of the Company in February 2023. |
| IN | TK X Holdings Ltd. | Identified as an other related party of the Company in February 2023 as it is a subsidiary of TK Private Equity Limited Partnership. |
| IN | Haenam Naesari Solar Power Co., Ltd. | Identified as an other related party of the Company in March 2023 as it is a subsidiary of DL Energy Co., Ltd. |
| IN | Haeryong Industrial Complex Development Co., Ltd. | Identified as an other related party of the Company in August 2023 as it is an affiliate of DL Construction Co., Ltd. |
| IN | DLE&C FZCO | Identified as a subsidiary of the Company in September 2023. |
| IN | Soopirang Corporation Co., Ltd. | Identified as an affiliate of the Company in November 2023. |
| IN | Redwood Logis Co., Ltd. | Identified as an other related party of the Company in November 2023 as it is a subsidiary of Daelim Co., Ltd. |
| IN | Jemulpo Station Urban Complex Project Entrusted Management REIT Co., Ltd. | Identified as a joint venture of the Company in December 2023. |
| IN | Seongnam MICE PFV Co., Ltd. | Identified as an affiliate of the Company in December 2023 |
| IN | NS Partners Co. Ltd. | Identified as a subsidiary of the Company in December 2023. |
| IN | Myungjin PT Co., Ltd. | Identified as an other related party of the Company in December 2023 as it is an affiliate of DL Construction Co., Ltd. |
| OUT | D.Cloud Co., Ltd. | Excluded as the liquidation was completed in March 2023. |
| OUT | Wonju Buron General Industrial Complex Co., Ltd. | Excluded as DL Construction sold its investment in November 2023. |
| OUT | Pebblestone MD PFV Co., Ltd. | Excluded as DL Construction sold its investment in November 2023. |
| OUT | A Plus D Co., Ltd. | Excluded as GLAD Hotels & Resorts Co., Ltd. merged the entity in November 2023. |
| RECLASSIFIED | DL Engineering & Construction Malaysia Sdn. Bhd. | Reclassified to a subsidiary as the Company acquired the control in January 2023. |
| RECLASSIFIED | Saubukbyeon Urban Development Co., Ltd. | Reclassified as a subsidiary of DL Construction Co., Ltd. as DL Construction Co., Ltd. acquired the control in December 2023. |
| OTHER | Daelim Investments & Management Co., Ltd. | Daelim AMC Co., Ltd. changed its legal title into Daelim Investments & Management Co., Ltd. in March 2023. |

(2) Major operating transactions between the Company and the related parties for the current and prior years are as follows:

| Korean won (in millions) | | | | | |
|--|---|-----------------------|---------|---------------------------|-----------|
| Type | Name of the related party | Sales and others (*1) | | Purchases and others (*1) | |
| | | 2023 | 2022 | 2023 | 2022 |
| The parent of the entity having a significant influence over the Company | Daelim Co., Ltd. | ₩ 13,524 | ₩ 2,477 | ₩ 118,507 | ₩ 126,536 |
| The entity having a significant influence over the Company | DL Holdings Co., Ltd. | 1,799 | 4,879 | 12,098 | 11,479 |
| Subsidiaries | DL Construction Co., Ltd. | 65,542 | 68,577 | 124,263 | 138,397 |
| | Osan Landmark Project Co., Ltd. | 27,502 | 26,307 | - | - |
| | DL Saudi Arabia Co., Ltd. | 14,312 | 17,007 | - | - |
| | DALIN (Nanjing) Construction Project Management Co., Ltd. | 96 | - | - | - |
| | DL Engineering & Construction Malaysia Sdn. Bhd. | 1,122 | 1,198 | - | - |
| | DL USA, Inc. (*2) | 25,547 | 11,606 | - | - |
| | DL INSAAT GELISTIRME A.S. | 1,948 | 3,125 | - | - |
| | Daelim RUS LLC | 7,189 | 5,670 | - | - |
| | CARBONCO PTE. LTD. | 727 | 1,426 | 71 | 36 |
| | DLE&C FZCO | 184,909 | - | - | - |

(continued)

| Korean won (in millions) | | | | | |
|---------------------------------|--|-----------------------|----------|---------------------------|-------|
| Type | Name of the related party | Sales and others (*1) | | Purchases and others (*1) | |
| | | 2023 | 2022 | 2023 | 2022 |
| Associates | Godeok Gangil 10 PFV Co., Ltd. (*2) | ₩ 59,042 | ₩ 60,110 | ₩ - | ₩ - |
| | Hyoje PFV Co., Ltd. | 540 | 1,493 | - | - |
| | Daejeon Munhwa PFV Co., Ltd. | 311 | - | - | - |
| | Incheon Inha PFV Co., Ltd. | 426 | - | - | - |
| | Jeonju Wansan PFV Co., Ltd. | 194 | - | - | - |
| | Gwacheon Jisan One PFV Co., Ltd. (*2) | 58,836 | 23,006 | 22 | - |
| | Together Daejeon Munhwa PFV Co., Ltd. | 300 | - | - | - |
| | DLENC Philippines, Inc. | 740 | 368 | - | - |
| | NeuRizer LTD. (*2) | 6,851 | 20,577 | - | - |
| Joint ventures | DIAP-DAELIM JOINT VENTURE PTE. LTD. (*2) | 127 | 2,533 | 3 | 255 |
| | OMZ-Daelim LLC. (*2) | - | 440 | - | - |
| | Igis Haeundae General Private REIT No.1 | 5,500 | 467 | - | - |
| Others | DL Chemical Co., Ltd. (*2) | 16,351 | 19,320 | 185 | 139 |
| | GLAD Hotels & Resorts Co., Ltd. | 4,105 | 3,139 | 3,570 | 3,223 |
| | Polymirae Co., Ltd. | - | - | 3 | 3 |
| | Songdo Power Co., Ltd. | 6 | 20 | - | - |
| | DL Energy Co., Ltd. | 43 | 44 | - | 1 |
| | Chungjin Project Co., Ltd. | 8,501 | 9,475 | - | - |
| | Daelim Investments & Management Co., Ltd. | 10 | 2 | - | - |
| | D-Rex Polymer LLC (*2) | 3,416 | 94,728 | - | - |
| | OV Co., Ltd. | 12 | 3 | 70 | - |
| | Haeundae Central PFV Co., Ltd. | 7,000 | - | - | - |
| | CARIFLEX PTE. LTD. (*2) | 204,336 | 102,969 | - | - |
| Large business group affiliates | Daelim No.7 Masan Hoewon Newstay Entrusted Management REIT Co., Ltd. | 291 | 307 | - | - |
| | Deoksong-Naegak Expressway Co., Ltd. | 3,740 | 7,128 | 60 | 60 |
| | Daelim No.5 Cheonan Wonseongdong Newstay Entrusted Management REIT Co., Ltd. | 32 | 65 | - | - |

(*1) Allocations from joint projects are included.

(*2) Not included in sales measured by progress, less claimed sales (KRW 28,382 million in 2023; KRW (34,606) million in 2022) and the effects of changes in foreign exchanges.

| Korean won (in millions) | | |
|-------------------------------------|----------|------------|
| Name of the related party | 2023 | 2022 |
| Godeok Gangil 10 PFV Co., Ltd. | ₩ 40,411 | ₩ (11,825) |
| Gwacheon Jisan One PFV Co., Ltd. | (3,031) | (611) |
| DIAP-DAELIM JOINT VENTURE PTE. LTD. | 2,158 | 1,579 |
| NeuRizer LTD. | 1,988 | 5,513 |
| CARIFLEX PTE. LTD. | 12,381 | (24,257) |
| DL USA, Inc. | (25,525) | (15,307) |
| D-Rex Polymer LLC | - | 9,863 |
| DL Chemical Co., Ltd. | - | 924 |
| OMZ-Daelim LLC. | - | (485) |
| Total | ₩ 28,382 | ₩ (34,606) |

(3) Major outstanding balances of receivables and payables between the Company and the related parties at the reporting date are as follows:

| Korean won (in millions) | | | | | |
|--|--|------------------|---------|---------------|---------|
| Type | Name of the related party | Receivables (*1) | | Payables (*1) | |
| | | 2023 | 2022 | 2023 | 2022 |
| The parent of the entity having a significant influence over the Company | Daelim Co., Ltd. | ₩ 1,778 | ₩ 1,779 | ₩12,487 | ₩16,322 |
| The entity having a significant influence over the Company | DL Holdings Co., Ltd. | 1,328 | 346 | 4,779 | 3,851 |
| Subsidiaries | DL Construction Co., Ltd. | 15,680 | 14,899 | 20,784 | 23,185 |
| | Osan Landmark Project Co., Ltd. | 602,051 | 595,651 | - | - |
| | NS Partners Co., Ltd. (*2) | 3,100 | - | - | - |
| | DL Saudi Arabia Co., Ltd. | 495,386 | 490,179 | - | - |
| | DALIN (Nanjing) Construction Project Management Co., Ltd. | - | 624 | - | 124 |
| | DL Engineering & Construction Malaysia Sdn. Bhd. | 2,220 | 8,537 | 2,766 | 1,061 |
| | DL USA, Inc. (*2) | 33,531 | 32,293 | - | - |
| | DL INSAAT GELISTIRME A.S. | 789 | 734 | - | - |
| | Daelim RUS LLC | 14,600 | 21,466 | - | - |
| | CARBONCO PTE. LTD. | 282 | 34 | - | 12 |
| | DLE&C FZCO | - | - | 10,745 | - |
| Associates | Godeok Gangil 10 PFV Co., Ltd. (*2) | 22,858 | - | - | - |
| | Hyoje PFV Co., Ltd. | 39,681 | 37,075 | - | - |
| | Daejeon Munhwa PFV Co., Ltd. | 27 | - | - | - |
| | Gwacheon Jisan One PFV Co., Ltd. (*2) | 11,378 | - | 20 | - |
| | DLENC Philippines, Inc. | 16,540 | 11,490 | 1,277 | 174 |
| | NeuRizer LTD. (*2) | 24,994 | 17,805 | - | - |
| Joint ventures | DIAP-DAELIM JOINT VENTURE PTE. LTD. (*2) | 85 | 124 | 284 | 90 |
| | Igis Haeundae General Private REIT No.1 | 39,467 | 27,967 | - | - |
| Others | DL Chemical Co., Ltd. (*2) | 843 | 57 | 15 | 16 |
| | GLAD Hotels & Resorts Co., Ltd. | 1,340 | 1,143 | 331 | 325 |
| | Polymirae Co., Ltd. | - | - | - | 1 |
| | Songdo Power Co., Ltd. | 3 | 3 | - | - |
| | DL Energy Co., Ltd. | 4 | 4 | - | - |
| | Chungjin Project Co., Ltd. | 746 | 965 | - | - |
| | Daelim Investments & Management Co., Ltd. | 2 | - | - | - |
| | D-Rex Polymer LLC (*2) | 3 | 1,245 | - | - |
| | CARIFLEX PTE. LTD. (*2) | 18,944 | 10,305 | - | - |
| Large business group affiliates | Daelim No.7 Masan Hoewon Newstay Entrusted Management REIT Co., Ltd. | 43 | 43 | - | - |
| | Deoksong-Naegak Expressway Co., Ltd. | 28,286 | 26,313 | - | - |
| | Daelim No.5 Cheonan Wonseongdong Newstay Entrusted Management REIT Co., Ltd. | - | 13 | - | - |

(*1) Includes loans and borrowings.

(*2) Did not include KRW 42,200 million of contract assets (KRW 4,704 million in 2022) and KRW 54,438 million of contract liabilities (KRW 59,774 million in 2022) recognized by progress.

| Name of the related party | Korean won (in millions) | | | |
|-------------------------------------|--------------------------|---------|----------------------|----------|
| | Contract assets | | Contract liabilities | |
| | 2023 | 2022 | 2023 | 2022 |
| Godeok Gangil 10 PFV Co., Ltd. | ₩31,392 | ₩ - | ₩ - | ₩ 9,019 |
| Gwacheon Jisan One PFV Co., Ltd. | - | 1,738 | 1,293 | - |
| NS Partners Co., Ltd. | 5,684 | - | - | - |
| DIAP-DAELIM JOINT VENTURE PTE. LTD. | 5,124 | 2,966 | - | - |
| NeuRizer LTD. | - | - | 437 | 2,425 |
| CARIFLEX PTE. LTD. | - | - | 11,876 | 24,257 |
| DL USA, Inc. | - | - | 40,832 | 15,307 |
| D-Rex Polymer LLC | - | - | - | 8,236 |
| DL Chemical Co., Ltd. | - | - | - | 530 |
| Total | ₩42,200 | ₩ 4,704 | ₩ 54,438 | ₩ 59,774 |

Meanwhile, details of changes in bad debt allowances related to the above receivables for the current and prior years are as follows:

For the year ended December 31, 2023

| Type | Name of the related party | Receivable | Korean won (in millions) | | | |
|--|--------------------------------------|---------------------|--------------------------|------------------------|------------|----------------|
| | | | Beginning balance | Credit loss (reversal) | Other (*1) | Ending balance |
| Subsidiaries | Osan Landmark Project Co., Ltd. | Loan | ₩ 259,653 | ₩ 29,530 | ₩ - | ₩ 289,183 |
| | | Accounts receivable | 1,551 | - | - | 1,551 |
| | DL Saudi Arabia Co., Ltd. | Trade receivables | 127,641 | (11,157) | 2,734 | 119,218 |
| | | Loan | 310,489 | (32,936) | 6,115 | 283,668 |
| | | Accounts receivable | 45,283 | 404 | 785 | 46,472 |
| | DL USA, Inc. | Loan | 30,669 | - | 535 | 31,204 |
| DL Engineering & Construction Malaysia Sdn. Bhd. | Trade receivables | 8,104 | (7,383) | 264 | 985 | |
| Associate | DLENC Philippines, Inc. | Trade receivables | 2,543 | (81) | 46 | 2,508 |
| | | Loan | 10,138 | - | 177 | 10,315 |
| | | Accounts receivable | 2,354 | 44 | 41 | 2,439 |
| Large business group affiliate | Deoksong-Naegak Expressway Co., Ltd. | Loan | 15,706 | - | - | 15,706 |
| | | Accounts receivable | 6,512 | 4,517 | - | 11,029 |

(*1) Variations from the effects of changes in foreign exchange, etc.

For the year ended December 31, 2022

| Type | Name of the related party | Receivable | Korean won (in millions) | | | |
|--------------|---------------------------------|---------------------|--------------------------|------------------------|------------|----------------|
| | | | Beginning balance | Credit loss (reversal) | Other (*1) | Ending balance |
| Subsidiaries | Osan Landmark Project Co., Ltd. | Loan | ₩ 228,383 | ₩ 31,270 | ₩ - | ₩ 259,653 |
| | | Accounts receivable | 1,551 | - | - | 1,551 |
| | DL Saudi Arabia Co., Ltd. | Trade receivables | 119,403 | - | 8,238 | 127,641 |
| | | Loan | 290,448 | - | 20,041 | 310,489 |
| | | Accounts receivable | 42,360 | - | 2,923 | 45,283 |
| | DL USA, Inc. | Loan | 28,689 | - | 1,980 | 30,669 |

(continued)

For the year ended December 31, 2022

| Korean won (in millions) | | | | | | |
|--------------------------------|--|---------------------|-------------------|------------------------|------------|----------------|
| Type | Name of the related party | Receivable | Beginning balance | Credit loss (reversal) | Other (*1) | Ending balance |
| Associates | DLENC Philippines, Inc. | Trade receivables | ₩ 2,323 | ₩ 63 | ₩ 157 | ₩ 2,543 |
| | | Loan | 9,484 | - | 654 | 10,138 |
| | | Accounts receivable | 2,068 | 150 | 136 | 2,354 |
| | DL Engineering & Construction Malaysia Sdn. Bhd. | Trade receivables | 10,258 | (2,920) | 766 | 8,104 |
| Large business group affiliate | Deoksong-Naegak Expressway Co., Ltd. | Loan | 9,847 | 5,859 | - | 15,706 |
| | | Accounts receivable | - | 6,512 | - | 6,512 |

(*1) Variations from the effects of changes in foreign exchange, etc.

(4) Details of changes in loans to the related parties for the current and prior years are as follows:

For the year ended December 31, 2023

| Korean won (in millions) | | | | | | |
|--------------------------------|--------------------------------------|-------------------|---------|-----------|------------|----------------|
| Type | Name of the related party | Beginning balance | Rent | Repayment | Other (*1) | Ending balance |
| Subsidiaries | Osan Landmark Project Co., Ltd. | ₩ 594,100 | ₩ 6,400 | ₩ - | ₩ - | ₩ 600,500 |
| | DL Saudi Arabia Co., Ltd. | 310,489 | - | (31,683) | 4,862 | 283,668 |
| | DL USA, Inc. | 30,669 | - | - | 534 | 31,203 |
| | Daelim RUS LLC | 16,055 | - | - | (2,213) | 13,842 |
| | NS Partners Co., Ltd. | - | 3,100 | - | - | 3,100 |
| Joint venture | Igis Haeundae General REIT No.1 | 27,500 | 6,000 | - | - | 33,500 |
| Associates | Hyoje PFV Co., Ltd. | 37,000 | 2,600 | - | - | 39,600 |
| | DLENC Philippines, Inc. | 10,138 | - | - | 177 | 10,315 |
| Large business group affiliate | Deoksong-Naegak Expressway Co., Ltd. | 15,706 | - | - | - | 15,706 |

(*1) Variations from the effects of changes in foreign exchange, etc.

For the year ended December 31, 2022

| Korean won (in millions) | | | | | | |
|--------------------------------|--------------------------------------|-------------------|---------|-----------|------------|----------------|
| Type | Name of the related party | Beginning balance | Rent | Repayment | Other (*1) | Ending balance |
| Subsidiaries | Osan Landmark Project Co., Ltd. | ₩ 585,000 | ₩ 9,100 | ₩ - | ₩ - | ₩ 594,100 |
| | DL Saudi Arabia Co., Ltd. | 290,448 | - | - | 20,041 | 310,489 |
| | DL USA, Inc. | 28,689 | - | - | 1,980 | 30,669 |
| | Daelim RUS LLC | - | 21,014 | - | (4,959) | 16,055 |
| Joint venture | Igis Haeundae General REIT No.1 | - | 27,500 | - | - | 27,500 |
| Associates | Hyoje PFV Co., Ltd. | 27,000 | 10,000 | - | - | 37,000 |
| | DLENC Philippines, Inc. | 9,484 | - | - | 654 | 10,138 |
| Large business group affiliate | Deoksong-Naegak Expressway Co., Ltd. | 12,847 | 2,859 | - | - | 15,706 |

(*1) Variations from the effects of changes in foreign exchange, etc.

(5) Major equity transactions between the Company and the related parties for the current and prior years are as follows:

| Korean won (in millions) | | | | | |
|--------------------------|---------------|---|--|--------|----------|
| Description | Type | Name of the related party | Transactions | 2023 | 2022 |
| Investment | Subsidiary | DL INSAAT GELISTIRME A.S. | Capital increase with consideration | ₩ - | ₩ 27,268 |
| | Subsidiary | CARBONCO PTE. LTD. | Cash and other asset investment due to establishment | - | 20,068 |
| | Subsidiary | DLE&C FZCO | Cash investment due to establishment | 1,550 | - |
| | Subsidiary | NS Partners Co., Ltd. | Acquisition | 1 | - |
| | Associate | NeuRizer Ltd. | Capital increase with consideration | - | 12,979 |
| | Associate | Together Daejeon Munhwa PFV Co., Ltd. | Cash investment due to establishment | - | 17,000 |
| | Associate | Incheon Inha PFV Co., Ltd. | Capital increase with consideration | 22,800 | - |
| | Associate | Daejeon Munhwa PFV Co., Ltd. | Capital increase with consideration | 14,250 | - |
| | Associate | Jeonju Wansan PFV Co., Ltd. | Capital increase with consideration | 8,075 | - |
| | Associate | TK Private Equity Limited Partnership | Cash investment due to establishment | 26,000 | - |
| | Associate | Soopirang Corporation Co., Ltd. | Acquisition | 512 | - |
| | Associate | Seongnam MICE PFV Co., Ltd. | Cash investment due to establishment | 275 | - |
| | Joint venture | Jemulpo Station Urban Complex Project Entrusted Management REIT Co., Ltd. | Cash investment due to establishment | 159 | - |
| | Associate | Songpa Bokjeong Station Layered City PFV Co., Ltd. | Cash investment due to establishment | - | 20,000 |
| | Joint venture | Igis Haeundae General Private REIT No.1 | Cash investment due to establishment | - | 3,000 |
| Purchase | Other | DL Holdings Co., Ltd. | Purchase of shares of SOC entities | 28,994 | 16,497 |

(6) Details of compensation to key management personnel for the current and prior years are as follows:

| Korean won (in millions) | | | |
|-------------------------------------|------|--------|----------|
| | 2023 | | 2022 |
| Short-term benefits | ₩ | 20,336 | ₩ 20,594 |
| Provision for severance indemnities | | 4,530 | 2,714 |
| Total | ₩ | 24,866 | ₩ 23,308 |

(*1) Key management personnels are listed in “Matters concerning executive officers and employees” contained in the business report which the Company submits to Financial Supervisory Services.

(7) Details of performance bonds and payment guarantees the Company provides in favor of the related parties at the reporting date are as follows:

| US dollar (in thousands) | | | | |
|--|------------------|---------|-----------------------|-------------------------------------|
| Name of the related party | Guarantee amount | | Related project | Period of guarantee |
| | 2023 | 2022 | | |
| DL Construction Co., Ltd. | ₩ 66,698 | ₩ 3,743 | Beomil Dist.3, etc. | 2021.07.14 ~ Release of obligations |
| DLENC Philippines, Inc. | 4,670 | 9,521 | Philippines Pagbilao | 2014.05.22 ~ Release of obligations |
| DL Saudi Arabia Co., Ltd. | 55,042 | 110,603 | Saudi Ma'aden Ammonia | 2018.11.01 ~ Release of obligations |
| DLE&C FZCO | 766,411 | - | Russia BCC | 2021.09.29 ~ Release of obligations |
| DL Engineering & Construction Malaysia Sdn. Bhd. | 5,551 | 11,225 | Malaysia NBL | 2021.03.15 ~ Release of obligations |
| Daelim RUS LLC | 481,919 | 438,041 | Russia AORC HCU, etc. | 2021.03.09 ~ Release of obligations |
| DIAP-DAELIM JOINT VENTURE PTE. LTD. | 45,740 | 53,358 | Singapore TTP1 | 2015.02.13 ~ Release of obligations |

(continued)

| US dollar (in thousands) | | | | |
|---|------------------|---------|--------------------------|-------------------------------------|
| Name of the related party | Guarantee amount | | Related project | Period of guarantee |
| | 2023 | 2022 | | |
| DL USA, Inc. (*1) | 383,709 | 495,057 | US USGC II | 2022.07.01 ~ Release of obligations |
| Canakkale Motorway and Bridge Construction, Investment and Operation Inc. | 935 | 1,444 | Turkiye Canakkale Bridge | 2017.03.09 ~ Release of obligations |
| DL INSAAT GELISTIRME (*2) | 161,805 | 152,201 | Turkiye Canakkale Bridge | 2017.07.04 ~ Release of obligations |

(*1) The Company provides parent company guarantees that guarantee all the liabilities and obligations from any contracts in which DL USA, Inc. is engaged regarding US CPCChem USGC II Project.

(*2) The Company provides three joint partners, SK Ecoplant, Limak and Yapi Merkezi, comprehensive parent company guarantees that guarantee the subsidiary's performance obligations in indefinite amount in accordance with the arrangements, such as the shareholders' agreement of the SPC and the EPC JV agreement, as the Company participates in the Canakkale Bridge project as a shareholder of the SPC and a EPC contractor.

(*3) The Company shall be jointly and severally responsible for the performance bonds and payment guarantees which Daelim Industrial Co., Ltd., the divided company, provided to its related parties in accordance with Article 530-9 (1) of the Commercial Act, together with DL holdings Co., Ltd. and DL Chemical Co., Ltd., the surviving company and the another newly incorporated company, respectively.

(8) Details of collaterals the Company provides in favor of the related parties at the reporting date are as follows (included in Note 28. (1) 2)):

| Korean won (in millions) | | | | | |
|---|----------------|-------------------|------|------------------------------------|-------------------------------------|
| Name of the related party | Pledged assets | Collateral amount | | Purpose | Lender |
| | | 2023 | 2022 | | |
| Deoksong-Naegak Expressway Co., Ltd. (*1) | Stock | ₩ - | ₩ - | Borrowed capital finance agreement | Industrial Bank of Korea and others |

(*1) The loss on measurement of the stock at its fair value is reflected in the balance of the collateral (amount to KRW 24,236 million).

(9) Details of supplementary fund provision obligations in favor of the related parties are as follows (included in Note 28. (2)):

| Korean won (in millions) | | | | | |
|---------------------------------------|-------------------|-----------|--|------------------------------------|---------------------------------|
| Name of the related party | Obligation amount | | Project | Purpose | Financial institutions |
| | 2023 | 2022 | | | |
| Osan Landmark Project Co., Ltd. | ₩ 108,800 | ₩ 130,000 | Osan Sema District Apartment Housing Development Project | Borrowed capital finance agreement | IBK Insurance Co., Ltd., etc. |
| Hyoje PFV Co., Ltd. | 156,000 | 61,100 | Hyojedong Officetel construction | Borrowed capital finance agreement | Lotte Capital Co., Ltd., etc. |
| Together Daejeon Munhwa PFV Co., Ltd. | 65,000 | 45,500 | Daejeon Say Department Store Site Development Project | Borrowed capital finance agreement | Lotte Capital Co., Ltd. |
| Soopirang Corporation Co., Ltd. | 78,000 | - | Cheonan Eopseongdong Urban Development Project | Borrowed capital finance agreement | KDB Capital Co., Ltd., etc. |
| Haeundae Central PFV Co., Ltd. | 102,000 | - | Haeundae Jungdong Apartment Housing Development Project | Borrowed capital finance agreement | SPC-Central Jungdong No.1, etc. |

In addition to the above, the Company shall be jointly and severally responsible for the supplementary fund provision obligations which Daelim Industrial Co., Ltd., the divided company, provided to its related parties, together with DL holdings Co., Ltd. and DL Chemical Co., Ltd., the surviving company and the another newly incorporated company, respectively.

(10) Details of performance bonds and payment guarantees that related parties provide in favor of the Company at the reporting date are as follows:

| Korean won (in millions) | | | | |
|---------------------------|------------------|------|---------------------------------|-------------------------|
| Name of the related party | Guarantee amount | | Related project | Period of guarantee |
| | 2023 | 2022 | | |
| DL Construction Co., Ltd. | ₩ 10,607 | ₩ - | ePyeonhansesang Guseong Project | 2023.04.13 ~ 2024-03-30 |

38. SUPPLEMENTAL CASH FLOW INFORMATION:

(1) Adjustments to reconcile net income to net cash provided by operating activities for the current and prior years are as follows:

| Korean won (in millions) | | | | |
|---|------|-----------|------|----------|
| | 2023 | | 2022 | |
| Adjustments: | | | | |
| 1. Tax expense | ₩ | 70,974 | ₩ | 159,540 |
| 2. Interest expense | | 29,295 | | 22,604 |
| 3. Interest income | | (107,126) | | (94,608) |
| 4. Loss on foreign currency translation | | 39,513 | | 65,275 |
| 5. Gain on foreign currency translation | | (30,851) | | (84,161) |
| 6. Dividend income | | (12,601) | | (14,039) |
| 7. Depreciation of property, plant and equipment | | 11,084 | | 12,642 |
| 8. Depreciation of right-of-use assets | | 44,361 | | 43,991 |
| 9. Depreciation of investment property | | 5,444 | | 5,626 |
| 10. Amortization of intangible assets | | 5,297 | | 5,392 |
| 11. Severance benefits | | 20,540 | | 21,522 |
| 12. Reversal of bad debt allowances | | (29,175) | | (14,708) |
| 13. Other contribution to bad debt allowances | | 51,504 | | 61,676 |
| 14. Loss on disposal of property, plant and equipment | | 10 | | 192 |
| 15. Gain on disposal of property, plant and equipment | | (187) | | (405) |
| 16. Loss on disposal of intangible assets | | - | | 20 |
| 17. Loss on disposal of lease assets | | 186 | | 6 |
| 18. Gain on disposal of lease assets | | (123) | | (42) |
| 19. Gain on valuation of investment assets | | (3,993) | | (2,613) |
| 20. Loss on valuation of investment assets | | 402 | | - |
| 21. Loss on disposal of investment assets | | 5,400 | | 2,404 |
| 22. Gain on disposal of investment assets | | (16) | | (1,160) |
| 23. Gain on disposal of investment property | | - | | (839) |
| 24. Loss on disposal of investment property | | - | | 10 |
| 25. Loss on derivative valuation | | 3,672 | | 3,153 |
| 26. Gain on derivative valuation | | (5,825) | | (5,737) |
| 27. Contribution to provisions for construction loss | | 9,302 | | 14,522 |
| 28. Contribution to provisions for warranty | | 37,947 | | 58,161 |
| 29. Contribution to other provisions | | 113,900 | | 72,719 |
| 30. Contribution to (reversal of) financial guarantee liabilities | | (701) | | 3,649 |
| 31. Miscellaneous gain and others | | (1,204) | | - |
| 32. Impairment loss on assets | | 11,520 | | - |
| Total | ₩ | 268,549 | ₩ | 334,792 |

(2) Changes in net working capital from operating activities for the current and prior years are as follows:

| | | Korean won (in millions) | |
|--|-------------|--------------------------|-----------|
| | 2023 | | 2022 |
| Changes in net working capital: | | | |
| 1. Increase in trade receivables | ₩ (101,640) | ₩ | (35,837) |
| 2. Increase (decrease) in contract assets | (130,598) | | 162,138 |
| 3. Decrease (increase) in other accounts receivable | 88,768 | | (95,089) |
| 4. Increase (decrease) in accrued income | (935) | | 273 |
| 5. Increase in advance payments | (28,866) | | (26,896) |
| 6. Increase (decrease) in prepaid expenses | (19,318) | | 7,984 |
| 7. Increase (decrease) in prepaid construction expenses | (21,885) | | 12,637 |
| 8. Decrease in inventories | 65,092 | | 88,542 |
| 9. Decrease in lease receivables | 462 | | 384 |
| 10. Decrease in long-term trade receivables | 3,589 | | 51,020 |
| 11. Increase in long-term accounts receivable | (21,818) | | (3,077) |
| 12. Decrease in long-term prepaid expenses | 11,216 | | 13,142 |
| 13. Increase in long-term prepaid construction expenses | (15,730) | | (19,690) |
| 14. Decrease (increase) in deposits | 18,910 | | (183,592) |
| 15. Decrease in derivative assets | - | | 764 |
| 16. Decrease (increase) in trade payables | (8,247) | | 95,733 |
| 17. Increase (decrease) in accounts payable | 21,883 | | (55,936) |
| 18. Increase in advances received | 6,908 | | 36,693 |
| 19. Decrease in unearned revenue | (1,972) | - | |
| 20. Increase in contract liabilities | 102,884 | | 26,532 |
| 21. Decrease in withholdings received | (12,006) | | (4,928) |
| 22. Increase in accrued expenses | 1,983 | | 1,075 |
| 23. Decrease in long-term advances received | (936) | | (2,909) |
| 24. Decrease in other provisions | (60,223) | | (146,808) |
| 25. Decrease in defined benefit obligations | (25,230) | | (29,595) |
| 26. Increase in financial guarantee contract liabilities | 827 | | - |
| 27. Increase (decrease) in plan assets | 4,119 | | (4,485) |
| 28. Decrease in provisions for construction warranty | (41,890) | | (70,727) |
| 29. Decrease in derivative liabilities | (4,558) | | (2,257) |
| 30. Decrease in overseas operations translation | (6,010) | | (130,435) |
| Total | ₩ (175,221) | ₩ | (315,344) |

(3) Major non-cash investing and financing transactions not included in the separate statements of cash flows for the current and prior years are as follows:

| | | Korean won (in millions) | |
|---|-----------|--------------------------|----------|
| | 2023 | | 2022 |
| Reclassification of assets under construction | ₩ 1,167 | ₩ | 1,410 |
| Reclassification of the current portion of long-term borrowings | 155,155 | | 30,155 |
| Reclassification of the current portion of debentures | 199,908 | | - |
| Reclassification of the current portion of lease liabilities | 35,680 | | 36,902 |
| New lease | (31,158) | | (28,349) |
| Reclassification to non-current assets held for sale | 20,828 | | - |
| Acquisition of investment in subsidiaries | (107,864) | | - |

(4) The following is the analysis of changes in liabilities originated from financing activities into cash flow and non-cash activities for the current year:

| Korean won (in millions) | | | | | | | |
|--|-------------------|-------------|---------------------|--------------|------------|------------------|----------------|
| | Beginning of year | Cash flow | Non-cash activities | | | | Ending of year |
| | | | Forex change | Amortization | New leases | Reclassification | |
| Short-term borrowings | ₩ 59,458 | ₩ (29,458) | ₩ - | ₩ - | ₩ - | ₩ - | ₩ 30,000 |
| Current portion of long-term liabilities | 30,155 | (110,155) | - | 8 | - | 355,063 | 275,071 |
| Long-term borrowings | 208,304 | - | - | 107 | - | (155,155) | 53,256 |
| Debentures | 374,420 | - | - | 256 | - | (199,908) | 174,768 |
| Leasehold deposits | 7,660 | 3,418 | - | - | - | 304 | 11,382 |
| Lease liabilities | 113,962 | (53,996) | 464 | 2,751 | 25,878 | (919) | 88,140 |
| Total | ₩ 793,959 | ₩ (190,191) | ₩ 464 | ₩ 3,122 | ₩ 25,878 | ₩ (615) | ₩ 632,617 |

39. ADJUSTED OPERATING INCOME:

There are other income and expenses which are not classified as operating income and expenses in the separate statements of income, but reflect the Company's own business circumstances. The operational performance indicators adjusted with those income and expenses are as follows:

| Korean won (in millions) | | |
|--|-----------|-----------|
| | 2023 | 2022 |
| Operating income | ₩ 221,799 | ₩ 402,581 |
| Dividend income | 12,601 | 14,039 |
| Donations | (7,808) | (8,327) |
| Bad debt expense | (51,504) | (61,676) |
| Gain (loss) on foreign currency transactions | (7,027) | 28,828 |
| Gain (loss) on foreign currency translation | (10,979) | 22,492 |
| Gain on valuation of investment assets | 3,591 | 2,613 |
| Loss on disposal of investment assets | (1,649) | (1,244) |
| Gain on property, plant and equipment | 177 | 213 |
| Gain on disposal of investment properties | - | 829 |
| Loss on disposal of intangible assets | - | (20) |
| Gain (loss) on derivative transactions | (3,251) | 924 |
| Gain on derivative valuations | 2,153 | 2,584 |
| Gain (loss) on disposal of lease assets | (63) | 36 |
| Contribution to (reversal of) financial guarantee contract liabilities | 701 | (3,649) |
| Contribution to (reversal of) other provisions | 6,855 | (7,163) |
| Loss on valuation of financial instruments | (3,734) | - |
| Impairment loss on assets | (11,520) | - |
| Others | (9,114) | (3,059) |
| Adjusted operating income | ₩ 141,228 | ₩ 390,001 |

40. RISK MANAGEMENT:

(1) Capital risk management

The main purpose of the Company's capital management is to maintain a high credit rating and healthy capital ratio in order to sustain the Company's operations and maximize shareholder value. The Company 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 the current year.

Meanwhile, the Company utilizes net debt-to-equity ratio of equity capital as a capital management indicator. The ratio is calculated by dividing net borrowings by total equity. The details at the reporting date are as follows:

| | Korean won (in millions) | |
|---------------------------------|--------------------------|-------------------|
| | December 31, 2023 | December 31, 2022 |
| Total borrowings | ₩ 533,095 | ₩ 672,336 |
| Less: cash and cash equivalents | (1,152,565) | (979,624) |
| Borrowings, net | (619,470) | (307,288) |
| Total shareholders' equity | 4,029,762 | 3,913,611 |
| Net borrowings-to-equity ratio | -15.37% | -7.85% |

(2) Financial risk management

The Company 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 Company'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 Company uses derivatives to avoid specific risks, such as foreign exchange risk.

1) Market risk

The Company 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 Company's exposure to the market risks and how the Company measures and manages those risks.

A. Interest rate risk

The Company borrows funds with fixed interest rate and floating interest rate, and it makes the Company exposed to the interest rate risk. The Company, to manage the interest rate risk, keeps 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 Company maintains the optimal hedging strategies to be applied.

The Company is exposed to the cash flow risk due to the interest rate fluctuation by the floating-rate borrowings.

| | Korean won (in millions) | |
|---|--------------------------|-----------|
| | 2023 | 2022 |
| Borrowings (floating interest rates) (*1) | ₩ 125,151 | ₩ 226,932 |

(*1) Proportionate to number of days when the Company recognizes the outstanding balance on its separate statements of financial position.

The Company internally monitors the interest rate risk on a regular basis. The following are the effects on the net income and the shareholders' equity (before the income tax) when the interest rate changes by 1%p at the reporting date:

| | Korean won (in millions) | | | |
|------|--------------------------|----------------------|---------------|----------------------|
| | 1% p increase | | 1% p decrease | |
| | Net income | Shareholders' equity | Net income | Shareholders' equity |
| 2023 | ₩ (1,252) | ₩ (1,252) | ₩ 1,252 | ₩ 1,252 |
| 2022 | (2,269) | (2,269) | 2,269 | 2,269 |

B. Price risk

The Company is exposed to price risks from the equity instruments. Those instruments are retained for strategic purposes, not trading purposes, and the Company sells and purchases those instruments not actively and expects the stock price changes to have limited effects on the net income.

C. Foreign exchange risk

The Company 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:

| | Korean won (in millions) | |
|-------------|--------------------------|-------------------|
| | December 31, 2023 | December 31, 2022 |
| Assets | ₩ 994,169 | ₩ 1,033,757 |
| Liabilities | 66,748 | 65,828 |

The Company internally monitors the foreign exchange risks on a regular basis. The following are the effects on the net income and the shareholders' equity (before the income tax) when the foreign exchange rates corresponding to the forementioned assets and liabilities change by 10% at the reporting date:

| | 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 |
| 2023 | ₩ 92,742 | ₩ 92,742 | ₩ (92,742) | ₩ (92,742) |
| 2022 | 96,793 | 96,793 | (96,793) | (96,793) |

2) Credit risk

Credit risk is the risk that the Company is damaged financially due to the counterparty's default on contractual obligations. The Company adopts policies to review credibility of counterparties and to receive collaterals sufficient to cover the potential damages in order to alleviate the financial losses from the defaults. The exposures to the risk and the credibility of the counterparties are monitored on a regular basis and the exposures are dispersed among the approved counterparties. More specifically, the credit risk management committee regulates the risk by controlling the transaction limit.

The maximum exposures to the credit risk of the outstanding balances of the financial assets at the reporting date of the current year are as follows:

| Korean won (in millions) | | | |
|---|-------------------------------------|----------------|-------------------------|
| Classification of financial instruments | Account | Carrying value | Maximum exposed amounts |
| Financial assets measured at fair value | Financial assets measured at FVTPL | ₩ 89,159 | ₩ 89,159 |
| | Financial assets measured at FVTOCI | 36,126 | 36,126 |
| | Derivative assets | 13,132 | 13,132 |
| Financial assets measured at amortized cost | Cash and cash equivalents | 1,152,565 | 1,152,565 |
| | Short-term financial assets | 110,960 | 110,960 |
| | Trade receivable | 534,884 | 534,884 |
| | Short-term loans | 20,984 | 20,984 |
| | Accounts receivable | 334,581 | 334,581 |
| | Accrued income | 57,512 | 57,512 |
| | Deposits (current) | 28,170 | 28,170 |
| | Lease receivables (current) | 491 | 491 |
| | Financial assets at amortized cost | 204 | 204 |
| | Long-term financial instruments | 4,672 | 4,672 |
| | Long-term trade receivables | 262,029 | 262,029 |
| | Long-term loans | 831,650 | 831,650 |
| | Long-term accounts receivable | 445,374 | 445,374 |
| | Long-term accrued income | 14,303 | 14,303 |
| | Deposits (non-current) | 355,623 | 355,623 |
| | Lease receivables (non-current) | 696 | 696 |
| Total | ₩ 4,293,115 | ₩ 4,293,115 | |

Details of the credit risks regarding financial guarantees the Company provides at the reporting date of the current year are as follows:

| Korean won (in millions) | | | |
|--|--|-------------------------|-----------|
| Classification of financial instruments | Financial guarantee contract liabilities | Maximum exposed amounts | |
| Private construction projects | ₩ - | ₩ | 495,200 |
| Redevelopment/reconstruction projects | 4,851 | | 2,471,525 |
| Personal housing finances of customers and members of associations | - | | 1,210,184 |
| SOC business, etc. | - | | 157,685 |
| Others | 4,176 | | 192,590 |
| Total | ₩ 9,027 | ₩ | 4,527,184 |

The maximum exposures regarding the financial guarantees above are the contractual amounts that the Company shall disburse when the beneficiaries claim the total available amount to the Company.

3) Liquidity risk

The Company 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 Company is capable of repaying the financial liabilities with cash flows from operating activities and the financial assets held.

The analyses of remaining maturities of the financial assets and liabilities at the reporting date of the current year are as follows:

Financial Assets

| | Korean won (in millions) | | | |
|---|--------------------------|----------------|-----------------|-------------|
| | Less than a year | A year-2 years | 2 years or more | Total |
| Cash and cash equivalents | ₩ 1,152,565 | ₩ - | ₩ - | ₩ 1,152,565 |
| Financial assets measured at fair value | 15,579 | - | 122,837 | 138,416 |
| Short-term financial instruments | 110,960 | - | - | 110,960 |
| Trade receivables | 551,000 | - | - | 551,000 |
| Short-term loans | 20,984 | - | - | 20,984 |
| Accounts receivable | 362,861 | - | - | 362,861 |
| Accrued income | 95,223 | - | - | 95,223 |
| Deposits (current) | 28,170 | - | - | 28,170 |
| Lease receivables (current) | 500 | - | - | 500 |
| Financial assets at amortized cost | - | 204 | - | 204 |
| Long-term financial instruments | - | - | 4,672 | 4,672 |
| Long-term trade receivables | - | 538,916 | 175,113 | 714,029 |
| Long-term loans | - | 1,263,078 | 444,367 | 1,707,445 |
| Long-term accounts receivable | - | 600,423 | 135,922 | 736,345 |
| Long-term accrued income | - | - | 47,852 | 47,852 |
| Deposits (non-current) | - | 64,216 | 292,933 | 357,149 |
| Lease receivables (non-current) | - | 500 | 220 | 720 |
| Total | ₩ 2,337,842 | ₩ 2,467,337 | ₩ 1,223,916 | ₩ 6,029,095 |

Financial Liabilities

| Account | Korean won (in millions) | | | |
|---|--------------------------|----------------|-----------------|-------------|
| | Less than a year | A year-2 years | 2 years or more | Total |
| Trade payables | ₩ 672,791 | ₩ - | ₩ - | ₩ 672,791 |
| Accounts payable | 275,154 | - | - | 275,154 |
| Leasehold deposits received | 2,194 | - | - | 2,194 |
| Accrued expenses | 25,798 | - | - | 25,798 |
| Lease liabilities (current) | 43,758 | - | - | 43,758 |
| Short-term borrowings (*1) | 30,375 | - | - | 30,375 |
| The current portion of long-term liabilities (*1) | 277,610 | - | - | 277,610 |
| Debentures (*1) | 3,988 | 3,988 | 179,439 | 187,415 |
| Long-term borrowings (*1) | 1,355 | 51,369 | 3,101 | 55,825 |
| Long-term leasehold deposits received | - | - | 9,188 | 9,188 |
| Derivative liabilities | 2,453 | 1,189 | 6,880 | 10,522 |
| Lease liabilities (non-current) | - | 43,758 | 3,468 | 47,226 |
| Financial guarantee contract liabilities | 9,027 | - | - | 9,027 |
| Total | ₩ 1,344,503 | ₩ 100,304 | ₩ 202,076 | ₩ 1,646,883 |

(*1) Cash outflows from interest repayment are included.

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 Company is obliged to repay the cash, including the interests.

The Company 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 at the reporting date. 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 Company.

41. FAIR VALUE OF FINANCIAL INSTRUMENTS:

(1) The carrying amounts and fair values of the financial assets and liabilities at the reporting date are as follows:

Financial Assets

| | Korean won (in millions) | | | |
|------------------------------------|--------------------------|-------------|-------------------|-------------|
| | December 31, 2023 | | December 31, 2022 | |
| | Carrying value | Fair value | Carrying value | Fair value |
| Cash and cash equivalents | ₩ 1,152,564 | ₩ 1,152,564 | ₩ 979,625 | ₩ 979,625 |
| Short-term financial instruments | 110,960 | 110,960 | 444,016 | 444,016 |
| Trade receivables | 534,884 | 534,884 | 428,527 | 428,527 |
| Short-term loans | 20,984 | 20,984 | 42,971 | 42,971 |
| Current accounts receivable | 334,581 | 334,581 | 369,181 | 369,181 |
| Accrued income | 57,512 | 57,512 | 41,305 | 41,305 |
| Deposits | 28,170 | 28,170 | 42,756 | 42,756 |
| Financial assets at amortized cost | 204 | 204 | 200 | 200 |
| Long-term financial instruments | 4,672 | 4,672 | 3,375 | 3,375 |
| Long-term trade receivables | 262,029 | 262,029 | 236,951 | 236,951 |
| Long-term loans | 831,649 | 831,649 | 841,695 | 841,695 |
| Non-current accounts receivable | 445,374 | 445,374 | 447,324 | 447,324 |
| Long-term accrued income | 14,303 | 14,303 | 14,303 | 14,303 |
| Long-term deposits | 355,623 | 355,623 | 406,196 | 406,196 |
| Current lease receivables | 491 | 491 | 480 | 480 |
| Non-current lease receivables | 696 | 696 | 1,169 | 1,169 |
| Total | ₩ 4,154,696 | ₩ 4,154,696 | ₩ 4,300,074 | ₩ 4,300,074 |

Financial Liabilities

| | Korean won (in millions) | | | |
|--|--------------------------|-------------|-------------------|-------------|
| | December 31, 2023 | | December 31, 2022 | |
| | Carrying value | Fair value | Carrying value | Fair value |
| Trade payables | ₩ 672,790 | ₩ 672,790 | ₩ 678,180 | ₩ 678,180 |
| Accounts payable | 275,154 | 275,154 | 217,779 | 217,779 |
| Leasehold deposits received | 2,194 | 2,194 | 2,283 | 2,283 |
| Accrued expenses | 25,798 | 25,798 | 24,613 | 24,613 |
| Unpaid dividend | - | - | - | - |
| Short-term borrowings | 30,000 | 30,000 | 59,458 | 59,458 |
| Current portion of long-term liabilities | 275,071 | 275,071 | 30,155 | 30,155 |
| Current financial guarantee contract liabilities | 9,027 | 9,027 | 2,965 | 2,965 |
| Financial guarantee contract liabilities | - | - | 5,936 | 5,936 |
| Debentures | 174,768 | 174,768 | 374,420 | 374,420 |
| Long-term borrowings | 53,255 | 53,255 | 208,304 | 208,304 |
| Long-term leasehold deposits received | 9,188 | 9,188 | 5,376 | 5,376 |
| Current lease liabilities | 43,119 | 43,119 | 45,086 | 45,086 |
| Non-current lease liabilities | 45,022 | 45,022 | 68,876 | 68,876 |
| Total | ₩ 1,615,386 | ₩ 1,615,386 | ₩ 1,723,431 | ₩ 1,723,431 |

The Company believes that the carrying amounts of the financial assets and liabilities measured at amortized cost, other than the forementioned, converge to their fair values.

(2) The fair values of the financial instruments measured at fair value at the reporting date are analyzed by the fair value hierarchy as follows:

As of December 31, 2023

| Korean won (in millions) | | | | |
|-----------------------------|---------|---------|----------|----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | |
| Financial assets at FVTPL | ₩ - | ₩ - | ₩ 89,159 | ₩ 89,159 |
| Financial assets at FVTOCI | - | 36,126 | - | 36,126 |
| Derivative assets (*1) | - | 13,132 | - | 13,132 |
| Subtotal | - | 49,258 | 89,159 | 138,417 |
| Financial liabilities | | | | |
| Derivative liabilities (*1) | - | 10,522 | - | 10,522 |

As of December 31, 2022

| Korean won (in millions) | | | | |
|-----------------------------|---------|---------|----------|----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | |
| Financial assets at FVTPL | ₩ - | ₩ - | ₩ 85,075 | ₩ 85,075 |
| Financial assets at FVTOCI | - | 10,642 | - | 10,642 |
| Derivative assets (*1) | - | 5,750 | - | 5,750 |
| Subtotal | - | 16,392 | 85,075 | 101,467 |
| Financial liabilities | | | | |
| Derivative liabilities (*1) | - | 6,249 | - | 6,249 |

(*1) Sum of the current and non-current portions.

(3) Details of changes in carrying amount of financial assets measured at fair value with Level 3 inputs are as follows:

| Korean won (in millions) | | | | |
|---|------|----------|------|--------|
| | 2023 | | 2022 | |
| Beginning balance | ₩ | 85,075 | ₩ | 50,215 |
| Total income | | | | |
| - Amount recognized as profit or loss | | 3,591 | | 2,613 |
| - Amount recognized as other comprehensive income | | - | | - |
| Acquisition | | 29,494 | | 32,247 |
| Disposal | | (8,173) | | - |
| Reclassification to assets held for sale | | (20,828) | | - |
| Variation in fair value hierarchy | | - | | - |
| Ending balance | ₩ | 89,159 | ₩ | 85,075 |

(4) The Company uses the following valuation techniques and input variables when measuring recurring fair value, non-recurring one and disclosed one whose level is 2 or 3.

| | Fair value | Level | Valuation technique | Input variable | The relationship between non-observable inputs and fair value measurement |
|---|------------|-------|---|---------------------------------------|--|
| Financial assets measured at fair value | | | | | |
| SOC stock, PFV, capital investment, DLB and startup | ₩ 89,159 | 3 | Net asset valuation method, cash flow discount mode, etc. | Growth rate, discount rate, etc. | If the discount rate declines and the growth rate rises, fair value rises. |
| Debt securities | 36,126 | 2 | Net asset valuation method, cash flow discount mode, etc. | Growth rate, discount rate, etc. | If the discount rate declines and the growth rate rises, fair value rises. |
| Non-marketable stock | - | 3 | Net asset valuation method, cash flow discount mode, etc. | Growth rate, discount rate, etc. | If the discount rate declines and the growth rate rises, fair value rises. |
| Derivative assets | | | | | |
| Currency forward and others | 13,132 | 2 | Market approach | Currency forward exchange rates, etc. | N/A |
| Derivative liabilities | | | | | |
| Currency forward and others | 10,522 | 2 | Market approach | Currency forward exchange rates, etc. | N/A |

(5) The Company recognizes variations in fair value hierarchy when corresponding events or changes in circumstances occur.

42. NON-CURRENT ASSETS HELD FOR SALE:

The Company reclassified the investment in Seoul Tunnel Corporation Co., Ltd. to the non-current assets held for sale during the current year in accordance with the share transfer agreement.

Details of non-current assets held for sale at the end of the current and prior years are as follows:

| Sortation | Korean won (in millions) | |
|------------|--------------------------|-------------------|
| | December 31, 2023 | December 31, 2022 |
| 1 for sale | ₩ 20,828 | ₩ - |

43. SUBSEQUENT EVENTS:

(1) The ESG committee approved a share transfer agreement that the Company purchases treasury shares (18,324 shares of common stock) of DL Construction Co., Ltd. in February 2024, and the purchase was completed on February 2, 2024.

(2) By an all-inclusive share swap agreement between the Company and DL Construction Co., Ltd. on October 20, 2023, the swap was completed on February 14, 2024, and DL Construction Co. Ltd. was delisted from Korea Exchange KOSPI Market on March 4, 2024.

(3) The board of directors resolved to retire its treasury shares (2,939,077 shares of common stock) in favor of the shareholder value in accordance with the proviso of paragraph (1) of Article 343 of the Commercial Act in February 2024, and the retirement was completed on February 8, 2024.

(4) The board of directors approved KRW 300 billion of issuance limit of debentures (until 2024) in February 2024 and delegated the authority to the chief executive officer.

(5) The financial committee approved the Company's participation in the capital increase of CARBONCO PTE. LTD. with consideration (amounts to KRW 15 billion) in February 2024.