



**DL E&C CO., LTD.  
AND ITS SUBSIDIARIES (the “Group”)**

**CONSOLIDATED 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 Consolidated Financial Statements

#### Audit Opinion

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

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

#### Basis for Audit Opinion

We conducted our audit in accordance with the Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### - Total Contract Cost Estimate

When the Group 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 cost. As noted in Note 3(3) to the consolidated financial statements, 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.

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

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- Identifying the Group's business procedures related to estimation and change of the total estimated cost and evaluating the effectiveness of its internal control design and operation.
- Inspection of 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 at 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 Consolidated Financial Statements**

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

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

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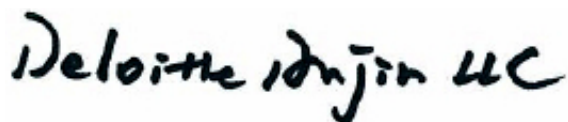
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and, therefore, are 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.

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

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 consolidated financial statements and may result in modifications to the auditors' report.

DL E&C CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2023 AND 2022

	Notes	Korean won	
		2023	2022
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>		₩ 5,782,745,971,638	₩ 5,403,768,957,903
Cash and cash equivalents	5,739,41,42	2,004,092,329,460	1,752,398,719,194
Short-term financial instruments	5,7,41,42	204,572,917,776	517,330,193,397
Trade and other current receivables	6,7,9,38,41,42	1,404,962,815,838	1,209,238,843,861
Contract assets	6,38	889,274,063,236	823,470,086,069
Lease receivables	7,12,41,42	5,944,627,101	480,055,893
Income tax assets		13,393,995,735	20,846,170,321
Inventories	11,29	938,052,092,932	852,774,611,744
Financial assets at FVTPL	7,8,29,41,42	1,000,000,000	12,358,355,408
Financial assets at FVTOCI	7,8,29,41,42	25,352,895,000	457,922,007
Derivative assets	7,30,41,42	327,413,902	2,871,424,305
Other current assets	10	274,945,218,274	211,542,575,704
Non-current assets held for sale	43	20,827,602,384	-
<b>NON-CURRENT ASSETS:</b>		3,561,312,786,542	3,570,948,486,382
Long-term financial instruments	5,7,41,42	24,967,344,067	3,401,361,200
Long-term trade and other non-current receivables	6,7,9,38,41,42	1,797,479,126,154	1,843,446,817,644
Investments in associates and joint ventures	17	484,742,461,491	449,509,965,378
Financial assets at FVTPL	7,8,29,41,42	177,284,102,492	162,476,379,818
Financial assets at FVTOCI	7,8,28,41,42	21,450,368,770	15,348,831,058
Financial assets measured at amortized cost	7,41,42	204,112,861	200,265,421
Property, plant and equipment	13	128,392,845,668	132,190,317,364
Investment property	14	346,615,188,344	355,282,381,719
Intangible assets	15	32,931,813,582	35,292,263,674
Right-of-use assets	18	75,484,567,173	95,903,908,077
Derivative assets	7,30,41,42	12,804,345,034	2,878,816,943
Lease receivables	7,12,41,42	10,947,665,546	1,169,125,376
Net-defined benefit assets	21	24,223,093,588	26,383,919,048
Deferred tax assets	36	385,673,123,645	412,748,454,891
Other non-current assets	10	38,112,628,127	34,715,678,771
<b>TOTAL ASSETS</b>		₩ 9,344,058,758,180	₩ 8,974,717,444,285
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>		₩ 3,748,597,999,373	₩ 3,210,693,538,872
Trade and other current payables	7,19,38,41,42	1,469,270,012,937	1,311,753,112,150
Contract liabilities	6,38	1,180,917,662,288	1,079,903,646,980
Short-term borrowings and current portion of long-term borrowings	7,20,41,42	520,086,984,454	261,212,192,561
Lease liabilities	7,24,41,42	61,976,360,585	55,914,488,157
Income taxes payable		56,915,277,819	87,990,030,663
Other current provisions	23	267,754,351,339	222,112,899,099
Financial guarantee contract liabilities	7,29,41	12,297,035,857	13,562,011,236
Provision for construction warranties		37,798,701,296	32,659,140,215
Derivative liabilities	7,30,41,42	80,729,939	3,782,862,758
Other current liabilities	22	141,500,882,859	141,803,155,053
<b>NON-CURRENT LIABILITIES:</b>		826,679,543,508	1,071,547,395,985

	Notes	Korean won	
		2023	2022
Long-term trade and other non-current payables	7,19,38,41,42	20,308,493,290	14,595,538,917
Borrowings and debentures	7,20,41,42	627,606,512,639	836,782,251,836
Lease liabilities	7,24,41,42	59,669,562,153	76,728,769,245
Net defined benefit liabilities	21	342,357,440	-
Provision for construction warranties		85,059,602,726	90,782,196,244
Other non-current provisions	23	721,176,967	721,176,967
Financial guarantee contract liabilities	7,29,41	-	2,786,841,406
Derivative liabilities	7,30,41,42	7,819,003,258	-
Deferred tax liabilities	36	6,440,470,579	47,175,686,490
Other non-current liabilities	22	18,712,364,456	1,974,934,880
<b>TOTAL LIABILITIES</b>		<b>₩ 4,575,277,542,881</b>	<b>₩ 4,282,240,934,857</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>		<b>₩ 4,768,781,215,299</b>	<b>₩ 4,349,675,334,517</b>
Capital stock	25	214,597,295,000	214,597,295,000
Other paid-in capital	26	3,742,079,669,983	3,461,571,059,294
Retained earnings	27	990,488,915,347	858,083,898,891
Accumulated other comprehensive income	28	(178,384,665,031)	(184,576,918,668)
<b>NON-CONTROLLING INTERESTS</b>		<b>-</b>	<b>342,801,174,911</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>₩ 4,768,781,215,299</b>	<b>₩ 4,692,476,509,428</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>₩ 9,344,058,758,180</b>	<b>₩ 8,974,717,444,285</b>

See accompanying notes to consolidated financial statements.

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

	Notes	Korean won	
		2023	2022
I. SALES	6,31,38	₩ 7,991,063,616,680	₩ 7,496,823,679,468
II. COST OF SALES	32,38	7,208,953,031,303	6,565,498,442,410
III. GROSS PROFIT		782,110,585,377	931,325,237,058
Selling and administrative expenses	32,33,38	451,451,195,145	434,360,006,978
IV. OPERATING INCOME:		330,659,390,232	496,965,230,080
Other income	34,38	77,068,955,758	170,771,594,660
Other expense	34,38	234,561,239,113	167,508,257,246
Financial income	35,38	145,709,082,639	141,704,837,887
Financial expense	35,38	63,360,573,966	57,222,959,983
Share of profits of associates and joint ventures	17	24,237,829,020	10,763,023,477
V. INCOME BEFORE INCOME TAX EXPENSE		279,753,444,570	595,473,468,875
INCOME TAX EXPENSE	36	77,583,969,048	163,915,602,982
VI. NET INCOME		₩ 202,169,475,522	₩ 431,557,865,893
VII. NET INCOME ATTRIBUTABLE TO:			
Owners of the Group		187,861,736,625	413,165,585,504
Non-controlling interests		14,307,738,897	18,392,280,389
VIII. NET EARNINGS PER SHARE:	37		
Basic and diluted earnings per common share		₩ 4,679	₩ 10,130
Basic and diluted earnings per preference share		2,937	5,770

See accompanying notes to consolidated financial statements.

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

	Notes	Korean won	
		2023	2022
I. NET INCOME		₩ 202,169,475,522	₩ 431,557,865,893
II. OTHER COMPREHENSIVE LOSS:		(8,655,116,606)	(140,945,725,813)
Items not to be reclassified subsequently to profit or loss:		(14,976,370,671)	13,589,100,383
Remeasurement of defined benefit plan	21,28,36	(19,724,600,082)	17,926,278,003
Tax effects on the items not to be reclassified to profit or loss	36	4,748,229,411	(4,337,177,620)
Items to be reclassified subsequently to profit or loss:		6,321,254,065	(154,534,826,196)
Gain (loss) on valuation of financial assets measured at FVTOCI	8,28,36	1,438,078,151	(681,487,707)
Loss on overseas operations translation	28	(36,702,057,218)	(179,125,605,327)
Changes in other comprehensive income of associates and joint ventures	17,28,36	(4,072,188,547)	83,896,330,465
Tax effects on the items to be reclassified to profit or loss	36	45,657,421,679	(58,624,063,627)
III. COMPREHENSIVE INCOME		₩ 193,514,358,916	₩ 290,612,140,080
IV. COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Group		180,879,686,843	271,052,762,593
Non-controlling interests		12,634,672,073	19,559,377,487

See accompanying notes to consolidated financial statements.

DL E&C CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Capital stock	Other paid-in capital			Retained earnings	Accumulated other comprehensive income (loss)	Non-controlling interest	Korean won
		Additional paid-in capital	Other capital surplus	Treasury stock				Total shareholders' equity
I. Balance as of January 1, 2022	₩107,363,115,000	₩ 3,610,124,452,098	₩ -	₩ (3,210,980,995)	₩ 580,286,638,489	₩ (126,619,126,730)	₩ 329,203,068,174	₩ 4,497,147,166,036
Change in functional currency	-	-	(6,798,760,621)	-	(89,680,587,818)	96,479,348,439	-	-
Dividends	-	-	-	-	(58,012,054,750)	-	(5,961,270,750)	(63,973,325,500)
Net income	-	-	-	-	413,165,585,504	-	18,392,280,389	431,557,865,893
Loss on valuation of financial assets at FVTOCI	-	-	-	-	-	(415,507,015)	(97,685,819)	(513,192,834)
Loss on overseas operations translation	-	-	-	-	-	(179,125,605,327)	-	(179,125,605,327)
Changes in other comprehensive income of associates and joint ventures	-	-	-	-	-	25,103,971,965	-	25,103,971,965
Remeasurement of defined benefit plan	-	-	-	-	12,324,317,466	-	1,264,782,917	13,589,100,383
Increase (decrease) of capital stock without consideration	107,234,180,000	(107,957,449,810)	-	-	-	-	-	(723,269,810)
Acquisition of treasury stock	-	-	-	(28,994,527,800)	-	-	-	(28,994,527,800)
Others	-	(1,591,673,578)	-	-	-	-	-	(1,591,673,578)
Summary of shareholders' equity gain (loss)	107,234,180,000	(109,549,123,388)	(6,798,760,621)	(28,994,527,800)	277,797,260,402	(57,957,791,938)	13,598,106,737	195,329,343,392

Korean won								
	Capital stock	Other paid-in capital			Retained earnings	Accumulated other comprehensive income (loss)	Non-controlling interest	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Treasury stock				
II. Balance as of December 31, 2022	214,597,295,000	3,500,575,328,710	(6,798,760,621)	(32,205,508,795)	858,083,898,891	(184,576,918,668)	342,801,174,911	4,692,476,509,428
III. Balance as of January 1, 2023	214,597,295,000	3,500,575,328,710	(6,798,760,621)	(32,205,508,795)	858,083,898,891	(184,576,918,668)	342,801,174,911	4,692,476,509,428
Dividends	-	-	-	-	(42,282,416,750)	-	(1,987,090,250)	(44,269,507,000)
Net income	-	-	-	-	187,861,736,625	-	14,307,738,897	202,169,475,522
Gain on valuation of financial assets at FVTOCI	-	-	-	-	-	954,953,327	129,000,428	1,083,953,755
Loss on overseas operations translation	-	-	-	-	-	(36,702,057,218)	-	(36,702,057,218)
Changes in other comprehensive income on associates and joint ventures	-	-	-	-	-	41,939,357,528	-	41,939,357,528
Acquisition of treasury stock	-	-	-	(72,940,146,045)	-	-	-	(72,940,146,045)
Remeasurement of defined benefit plan	-	-	-	-	(13,174,303,419)	-	(1,802,067,252)	(14,976,370,671)
All-inclusive share swap	-	-	353,448,756,734	-	-	-	(353,448,756,734)	-
Summary of shareholders' equity gain (loss)	-	-	353,448,756,734	(72,940,146,045)	132,405,016,456	6,192,253,637	(342,801,174,911)	76,304,705,871
IV. Balance as of December 31, 2023	₩ 214,597,295,000	₩ 3,500,575,328,710	₩346,649,996,113	₩(105,145,654,	₩ 990,488,915,347	₩ (178,384,665,031)	₩ -	₩ 4,768,781,215,299

See accompanying notes to consolidated financial statements.

DL E&C CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

	Notes	Korean won	
		2023	2022
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		<b>₩ 231,329,443,719</b>	<b>₩ 151,964,571,116</b>
1. Net income		202,169,475,522	431,557,865,893
2. Adjustments	39	433,875,889,149	379,808,577,700
3. Changes in assets and liabilities from operating activities	39	(363,566,181,901)	(481,895,583,923)
4. Interest income received		79,765,456,750	63,921,146,390
5. Interest expense paid		(56,784,981,196)	(34,967,499,460)
6. Dividend income received		3,076,391,470	2,755,875,569
7. Income taxes paid		(67,206,606,075)	(209,215,811,053)
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>201,335,003,264</b>	<b>(385,734,321,290)</b>
1. Decrease in short-term financial instruments		762,113,779,980	393,289,154,503
2. Decrease in short-term loans		62,609,092,711	146,687,830,810
3. Decrease in current lease deposits		15,402,016,751	13,303,847,697
4. Decrease in long-term financial instruments		294,000,000	492,633,000
5. Decrease in long-term loans		93,630,983,436	43,616,012,929
6. Decrease in lease deposits		169,859,749,996	252,354,629,586
7. Disposal of capital stock of associates		1,525,710,000	216,322,966
8. Disposal of FVTOCI		24,138,167,858	23,588,410,000
9. Disposal of FVTPL		8,173,080,000	6,661,814,539
10. Disposal of current FVTPL		5,643,787,866	-
11. Disposal of land		-	176,320,465
12. Disposal of buildings		-	493,584,489
13. Disposal of machinery		1,816,521	244,376,220
14. Disposal of vehicles		557,524,379	36,948,635
15. Disposal of other tangible assets		162,625,219	252,591,075
16. Disposal of investment properties		2,291,152,496	2,880,223,900
17. Disposal of intangible assets		175,716,060	-
18. Net cash increase or decrease due to acquisition of control		3,854,736,365	-
19. Increase in short-term financial instruments		(420,567,908,100)	(688,411,820,017)
20. Increase in short-term loans		(75,859,929,014)	(88,046,938,591)
21. Increase in liquidity lease deposits		(3,679,822,000)	(1,674,568,881)
22. Increase in long-term financial instruments		(20,284,285,786)	(3,374,361,200)
23. Increase in long-term loans		(109,903,077,628)	(98,732,584,856)
24. Increase in lease deposits		(142,891,891,796)	(247,023,290,270)
25. Acquisition of investments in associates		(72,551,028,000)	(75,340,488,549)
26. Acquisition of FVTOCI		(45,842,600,000)	(14,461,800,000)
27. Acquisition of FVTPL		(29,709,100,000)	(29,200,487,855)
28. Acquisition of current FVTOCI		(10,101,000,000)	-

29. Acquisition of current FVTPL		(1,010,010,000)	-
30. Acquisition of land		-	(5,076,222,000)
31. Acquisition of structures		-	(20,548,374)
32. Acquisition of machineries		(6,088,078,495)	(6,516,100,420)
33. Acquisition of vehicles		(184,384,530)	(139,322,400)
34. Acquisition of other tangible assets		(2,949,859,611)	(3,757,730,744)
35. Acquisition of tangible assets under construction		(2,895,412,200)	(2,039,145,770)
36. Acquisition of investment properties		(140,000,000)	-
37. Acquisition of intangible assets		(4,440,549,214)	(6,213,612,177)
III. CASH FLOWS FROM FINANCING ACTIVITIES:		₩ (189,014,499,364)	₩ (64,770,341,386)
38. Proceeds from short-term borrowings		1,683,094,437,560	2,517,831,300,000
39. Proceeds from long-term borrowings		168,027,150,000	100,393,120,801
40. Proceeds from debentures		30,000,000,000	-
41. Increase in leasehold deposits		5,427,821,239	217,136,519
42. Repayment of short-term borrowings		(1,753,594,550,000)	(2,488,373,475,000)
43. Repayment of current portion of long-term liabilities		(78,569,600,620)	(40,252,113,180)
44. Repayment of long-term borrowings		(31,839,100,000)	-
45. Repayment of debenture		(20,000,000,000)	-
46. Debenture issue costs		(3,405,559,044)	(351,718,000)
47. Stock issue cost		-	(723,269,810)
48. Acquisition of treasury stock		(72,940,146,045)	(28,994,527,800)
49. Repayment of lease liabilities		(70,269,099,979)	(60,324,424,416)
50. Decrease in leasehold deposits		(682,188,638)	(219,045,000)
51. Payment of dividends		(44,263,663,837)	(63,973,325,500)
IV. NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS (I + II + III)		₩ 243,649,947,619	₩ (298,540,091,560)
V. CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		1,752,398,719,194	2,044,760,806,307
VI. CHANGES IN CASH AND CASH EQUIVALENTS DUE TO FOREIGN CURRENCY TRANSLATION		8,043,662,647	6,178,004,447
VIII. CASH AND CASH EQUIVALENTS, END OF YEAR		₩ 2,004,092,329,460	₩ 1,752,398,719,194

See accompanying notes to consolidated financial statements.

## DL E&C CO., LTD. AND ITS SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

#### **1. GENERAL INFORMATION:**

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

The Company's capital stock, including preferred stock of KRW 21,129 million, amounted to KRW 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 SIGNIFICANT ACCOUNTING POLICIES:**

##### (1) Basis of preparation

The Company and its subsidiaries (collectively, the "Group") have prepared the consolidated financial statements in accordance with the K-IFRSs.

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

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

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

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

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

These consolidated financial statements have been approved by the board of directors on February 28, 2024, and will be finalized at the shareholders' meeting on March 21, 2024.

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

In the current year, the Group 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 Group 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 Judgements – 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 OECD, 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 Group 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 consolidated financial statements, the Group has not applied the following new and revised K-IFRS 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 parent company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

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

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

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement 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 (Amendments)

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

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 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 Virtual Assets (Amendments)

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 a 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 the 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 Group does not anticipate that the application of the enactment and amendments will have a significant impact on the Group's consolidated financial statements.

(2) Consolidation basis

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

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

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

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

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

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

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

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

If a parent loses control of a subsidiary, the difference between (i) the sum of the consideration received and the fair value of the shares held and (ii) the carrying amount of the subsidiary's assets (including goodwill), liabilities and non-controlling interests is recorded as gain or loss on disposal. Amounts previously recognized in other comprehensive income in relation to a subsidiary when the related asset or liability is disposed of directly (i.e., reclassified to current profit or loss or directly transferred to retained earnings, as required or permitted by applicable standards) are accounted for on the same basis as the fair value of investments in former subsidiaries, or, where appropriate, in associates or joint ventures, at the date of loss of control and regarded as the fair value at initial recognition of financial assets under K-IFRS 1109, 'Financial Instruments' and the cost upon initial recognition of the investment.

### (3) Business combination

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

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

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

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

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

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

In a business combination that is accomplished in stages, the Group remeasures previously held interests in the acquiree (including joint operations) to fair value at the acquisition date, and any resulting gain or loss, is recognized in profit or loss (or other comprehensive income, if appropriate). Amounts recognized as other comprehensive income for changes in the value of shares in the acquiree prior to the acquisition date are recognized in the same manner as the standard that would apply if the previously held shares were directly disposed of.

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

#### (4) Investment in associates and joint ventures

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

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

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

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

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

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

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

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

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

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

#### (5) Investment in joint operations

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

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

- Own assets. Include one's share of jointly held assets
- Own debt. Includes one's share of jointly incurred debt
- Profit from the sale of one's share of the output generated from joint operations
- Own share of the profits from the sale of output from joint operations
- Own expense. Includes one's share of jointly incurred expenses

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

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

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

#### (6) Goodwill

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

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

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

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

#### (7) Non-current assets scheduled for sale

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

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

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

If the Group confirms a plan to sell all or part of its investment in an associate or a joint venture, the entire or part of the investment in the associate or joint venture to be sold is scheduled for sale if it meets the criteria for classification as held for sale mentioned above. The Group will stop applying the equity method to investments in associates or joint ventures related to the portion classified as held for sale. Meanwhile, the equity method continues to be applied to the remaining holdings of investments in associates or joint ventures that are not classified as held for sale.

#### (8) Revenue recognition

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

The Group recognizes revenue from the following main sources:

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

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

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

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

## B. Sales construction

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

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

## C. Provision of services and operations

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

## D. Other sales

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

## (9) Lease

### 1) When the Group is a lessee

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

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

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

- Risk-free interest rate based on government bond interest rates
- Company-specific risk adjustment
- Credit risk adjustment based on bond yields
- In cases where the risk attributes of a company concluding a lease are different from those of the Group and the relevant lease does not receive benefits from the consolidated entity's guarantee, adjustments specific to the relevant company

The lease payments included in the measurement of the lease liability consist of the following amounts:

- Fixed lease fee (including actual fixed lease fee and excluding lease incentives to be received)
- Variable lease fee that varies depending on the index or rate (interest rate), initially measured using the index or rate (interest rate) on the lease commencement date
- Amount expected to be paid by the lessee according to the residual value guarantee
- Exercise price of the purchase option when it is reasonably certain that the lessee will exercise the purchase option
- Amount paid to terminate the lease when the lease term reflects the lessee's exercise of the termination option

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

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

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

- When the lease period is changed or a change in circumstances or a significant event occurs that causes a change in the evaluation of the exercise of the purchase option. In this case, the lease liability is remeasured by discounting the revised lease payments at the revised discount rate.
- When the lease fee changes due to a change in the index or rate (interest rate) or a change in the amount expected to be paid according to the residual value guarantee. In this case, the lease liability is remeasured by discounting the revised lease payments at the unchanged discount rate. However, if there is a change in the lease fee due to a change in the variable interest rate, a modified discount rate that reflects the interest rate change is used.
- When the lease contract is changed and not accounted for as a separate lease. In this case, the lease liability is remeasured by discounting the revised lease payments at the revised discount rate as of the effective date of the lease change based on the lease term of the changed lease.

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

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

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

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

The Group applies K-IFRS 1036 to determine whether right-of-use assets are impaired, and the accounting treatment for identified impairment losses is explained in the accounting policy for 'Tangible Assets' (see Note 2.(14)).

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

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

## 2) When the Group is a lessor

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

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

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

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

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

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

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

#### (10) Foreign currency conversion

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

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

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

- Exchange differences included in the cost of the asset, which relate to assets under construction for use in future production and are regarded as an adjustment to interest expenses on foreign currency borrowings.
- Foreign exchange differences arising from transactions to avoid specific foreign currency risks
- Exchange differences arising from monetary items that form part of the net investment in an overseas business as receivables or liabilities that are not planned to be settled in the foreseeable future and are not likely to be settled in relation to the overseas business. These exchange differences are recognized in other comprehensive income and reclassified from equity to profit or loss at the time of disposal of all or part of the net investment.

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

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

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

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

(11) Borrowing costs

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

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

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

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

(12) Government subsidies

The Group recognizes government subsidies only when there is reasonable assurance that the conditions attached to the government subsidies will be complied with and the subsidies will be received.

The benefits of government loans with interest rates lower than the market interest rate are treated as government subsidies, and the government subsidies are measured as the difference between the fair value of the government loan calculated based on the market interest rate and the consideration received.

Asset-related government subsidies are deducted when determining the book value of assets and presented in the consolidated statements of financial position (including government subsidies related to the acquisition of tangible assets). The government subsidy is recognized in current profit or loss by reducing depreciation expense over the useful life of the related asset.

Revenue-related government subsidies are recognized as revenue over the relevant period according to systematic standards in order to correspond to the costs intended to be compensated, and are immediate financial support provided to the Group without compensating for costs or losses already incurred or incurring related costs in the future. Government subsidies received are recognized in profit or loss in the period in which the right to receive them arises.

Government subsidies to compensate for the costs of employee training are recognized in profit or loss over the period necessary to cover the related costs and are deducted from the related costs.

Government subsidies related to the acquisition of tangible assets are recognized as deferred revenue and recognized in profit or loss over the useful life of the relevant asset.

(13) Severance benefit costs and dismissal benefits

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

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

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

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

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

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

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

#### (14) Corporate tax

Corporate tax expense consists of current corporate tax and deferred corporate tax.

##### 1) Current corporate tax

The current corporate tax burden is calculated based on the current taxable income. Differences between taxable income and net profit occur due to profit and loss items and non-taxable or non-deductible items that will be added or deducted in other tax periods. The consolidated entity's liabilities related to current corporate tax are calculated based on the tax rates and laws enacted or substantively enacted by the end of the reporting period.

Provisions are recognized when determining corporate tax is uncertain, but it is determined that it is likely that cash outflows to tax authorities will occur in the future. Provisions are measured as the best estimate of the amount expected to be paid. This assessment is based on the judgment of the parent company's tax experts based on past experience and, in certain cases, based on the judgment of independent tax experts.

##### 2) Deferred corporate tax

Deferred income tax is the amount of income tax to be paid or recovered in relation to temporary differences, which is the difference between the carrying amount of assets and liabilities in the consolidated financial statements and the tax base used in calculating taxable income, 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 when it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. However, if the taxable temporary difference arises when goodwill is first recognized, or if the transaction in which the asset or liability is first recognized is not a business combination transaction and does not affect accounting profit and taxable income (tax loss) at the time of the transaction, deferred tax liabilities are not recognized. In addition, if the temporary difference to be deducted arises from a transaction in which the asset or liability is first recognized and is not a business combination transaction and does not affect accounting profit or taxable income (tax loss) at the time of the transaction, deferred tax assets are not recognized.

The Group can control the timing of the extinction of temporary differences and, except in cases where it is highly likely that the temporary differences will not disappear in the foreseeable future, additional tax on investment assets in subsidiaries and associates and investment shares in joint ventures may be imposed. Deferred tax liabilities are recognized for temporary differences. In addition, the deferred tax assets arising from deductible temporary differences related to such investment assets and investment interests are highly likely to generate sufficient taxable income to utilize the benefit of the temporary differences, and the temporary differences are likely to expire in the foreseeable future. It is recognized only when it is high.

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

Deferred taxes are measured using the tax rates expected to apply in the accounting period in which the liability is settled or the asset is realized based on tax rates and laws enacted or substantively enacted by the end of the reporting period. When measuring deferred income tax assets and deferred income tax liabilities, the income tax effect according to the method in which a company is expected to recover or settle the carrying amount of related assets and liabilities as of the end of the reporting period is reflected.

For deferred corporate tax assets and liabilities, the Group has a legally enforceable right to set off current corporate tax assets and current corporate tax liabilities, and the taxable company is the same or a taxable company in relation to corporate tax imposed by the same taxing authority. However, if there is an intention to settle current tax liabilities and assets on a net basis, if a significant amount of deferred tax liabilities is settled or if deferred tax assets are recovered, there is an intention to realize assets and settle liabilities simultaneously in each future accounting period.

When a deferred tax liability or deferred tax asset arises from investment property measured using the fair value model, there is a rebuttable assumption that the carrying amount of the investment property will be recovered through sale. Therefore, unless there is disconfirmation of this assumption, the measurement of deferred tax liabilities or deferred tax assets reflects the tax effect of recovering the entire carrying amount of investment property through sale. However, this assumption is disproved if the investment property is held under a business model that aims to consume most of the economic benefits inherent in the investment property over a period of time rather than holding it for sale as a depreciable asset.

### 3) Recognition of current corporate tax and deferred corporate tax

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

### 4) Uncertainty in corporate tax treatment

There are no significant uncertainties regarding the consolidated entity's current corporate tax liability that require agreement with tax authorities. However, the final results may be significantly different due to uncertainties that the Group is not aware of.

## (15) Tangible assets

Tangible assets are measured at cost, and after initial recognition, the book value is expressed as the acquisition cost minus accumulated depreciation and accumulated impairment losses. The cost of tangible assets refers to expenditures incurred directly related to the purchase or construction of the asset in question; costs directly related to bringing the asset to the location and condition necessary to operate it in the manner intended by management; and costs directly related to dismantling, removing the asset or restoring the site. It includes the initial estimated cost to do it.

Subsequent costs are included in the carrying amount of the asset only when there is a high probability that future economic benefits arising from the asset will flow and the costs can be measured reliably, or recognized as a separate asset when appropriate, and the replaced portion is included in the carrying amount of the asset. The carrying amount is being derecognized. Meanwhile, costs incurred in relation to routine repairs and maintenance are recognized in profit or loss at the time they are incurred.

Among tangible assets, land is not depreciated, and other than this, tangible assets are depreciated using the straight-line method over the estimated economic useful life of each asset as shown below.

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

If the cost of a part of a tangible asset is important compared to the total cost of the tangible asset, that part is depreciated separately when depreciating the tangible asset.

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

When a tangible asset is disposed of or no future economic benefits are expected from its use or disposal, the carrying amount of the tangible asset is removed from the consolidated statements of financial position. Gains or losses resulting from the removal of tangible assets are determined as the difference between the net sale amount and the book value, and are recognized as profit or loss at the time the tangible assets are removed.

(16) Investment real estate

Real estate held to earn rental income or capital gains is classified as investment property. Investment properties are measured at cost upon initial recognition, including transaction costs incurred at the time of acquisition, and after initial recognition, the carrying amount is expressed as the acquisition cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the carrying amount of the asset only when there is a high probability that future economic benefits arising from the asset will flow and the costs can be measured reliably, or recognized as a separate asset when appropriate. The carrying amount of the replaced portion is derecognized. Meanwhile, costs incurred in relation to routine repairs and maintenance are recognized as profit or loss at the time of incurrence.

Among investment properties, land is not depreciated, and investment properties, excluding land, are depreciated using the straight-line method over a period of 4 to 40 years depending on the economic useful life.

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

When an investment property is disposed of or the use of the investment property is permanently discontinued and no further future economic benefits can be expected from the disposal, the carrying amount of the investment property is removed from the consolidated statements of financial position. Gains or losses arising from the derecognition of investment property are determined as the difference between the net sale amount and the carrying amount and are recognized as profit or loss at the time the investment property is derecognized.

(17) Intangible assets

1) Intangible assets acquired individually

Intangible assets that are individually acquired with a finite useful life are recognized at the acquisition cost less accumulated amortization and accumulated impairment losses. The useful lives and amortization methods of intangible assets are reviewed at the end of each reporting period, and if changes are deemed appropriate, they are accounted for as changes in accounting estimates. Intangible assets acquired individually with indefinite useful lives are recognized at the acquisition cost less accumulated impairment losses.

2) Internally created intangible assets - research and development costs

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

Intangible assets arising from development activities (or the development phase of an internal project) are recognized only if all of the following can be presented:

- Technical feasibility of completing the intangible asset to use or sell
- A company's intention to complete and use or sell intangible assets
- A company's ability to use or sell intangible assets
- How intangible assets create future economic benefits
- Availability of technical and financial resources necessary to complete the development of intangible assets and sell or use them
- A company's ability to reliably measure intangible asset-related expenditures incurred during the development process

The acquisition cost of internally created intangible assets is the sum of expenditures incurred after the intangible asset first meets the recognition conditions described above, and development costs that are not recognized as internally created intangible assets are recognized as expenses at the time of occurrence.

After initial recognition, internally created intangible assets are stated at the acquisition cost less accumulated amortization and accumulated impairment losses. Meanwhile, among intangible assets, carbon emissions rights are not depreciated, and intangible assets other than these are depreciated using the straight-line method over the estimated economic useful life of each individual asset as shown below.

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

### 3) Intangible assets acquired through business combination

The acquisition cost of intangible assets acquired through a business combination and recognized separately from goodwill is measured at their fair value at the acquisition date, and for intangible assets acquired through a business combination after initial recognition, the accumulated amortization and accumulated impairment losses are deducted from the acquisition cost after initial recognition.

### 4) Removal of intangible assets

When an intangible asset is disposed of or no future economic benefits are expected from its use or disposal, the carrying amount of the intangible asset is removed from the consolidated statements of financial position. Gains or losses resulting from the derecognition of intangible assets are determined as the difference between the net sale amount and the carrying amount, and are recognized as profit or loss at the time the intangible asset is derecognized.

### (18) Damage to tangible and intangible assets excluding goodwill

Tangible and intangible assets, excluding goodwill, are reviewed at the end of each reporting period to see if there are any signs suggesting asset impairment. If there are signs suggesting asset impairment, the recoverable amount of the asset is estimated to determine the amount of impairment loss. The Group estimates the recoverable amount for each individual asset, and when the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Common assets are distributed to individual cash-generating units according to reasonable and consistent distribution standards, and if they cannot be distributed to individual cash-generating units, they are distributed to the smallest group of cash-generating units that can be distributed according to reasonable and consistent distribution standards.

Intangible assets with an indefinite useful life or intangible assets that are not yet usable are tested for impairment annually, regardless of any indication that the asset may be impaired.

The recoverable amount is measured as the greater of the fair value, less costs to sell, or the value in use of the individual asset or cash-generating unit. If the recoverable amount of the asset (or cash-generating unit) is less than the book value, the recoverable amount is measured in the book value of the asset (or cash-generating unit). The amount is reduced to recoverable amount and the reduced amount is recognized in profit or loss.

When reversing an impairment loss recognized in a past period, the carrying amount of an individual asset (or a cash-generating unit) is determined to be the lower of the revised recoverable amount or the carrying amount that would have been recorded if the impairment loss had not been recognized in the past period, and the reversal of the impairment loss is recognized immediately in profit or loss.

### (19) Inventories

Inventories are measured at the lower of acquisition cost or net realizable value. Costs are determined according to the moving average method (individual method for completed houses, unfinished houses, land and undelivered goods), except for undelivered goods to which the individual method is applied. The acquisition cost of inventory includes purchase costs, conversion costs and other costs necessary to prepare the inventory for use. Net realizable value is the estimated selling price in the normal course of business, less estimated additional costs of completion and selling expenses.

Cost of sales is recognized as the carrying amount of inventory assets in the period in which revenue from the sale of inventory assets is recognized, and valuation losses resulting from impairment of inventory assets to net realizable value and all attrition losses are recognized as expenses in the period in which the impairment or attrition occurs. In addition, the reversal of inventory valuation loss due to an increase in the net realizable value of inventory assets is deducted from the cost of sales of inventory assets recognized as an expense in the period in which the reversal occurred.

## (20) Provisions

A provision is a present obligation (legal obligation or constructive obligation) resulting from past events and is recognized when it is probable that the obligation will be fulfilled and the amount required to fulfill the obligation can be estimated reliably.

The amount recognized as a provision is the best estimate, at the end of each reporting period of the expenditure required to settle the current obligation, taking into account the inevitable risks and uncertainties of related events and circumstances. When the time value of money effect is significant, provisions are assessed at the present value of the expenditures expected to fulfill the obligation. The discount rate is a pre-tax interest rate that reflects current market assessments of the inherent risk of the liability and the time value of money. Any increase in provisions over time is recognized in profit or loss as a finance cost when incurred.

If a third party is expected to repay part or all of the expenditure required to settle the provision, it is almost certain that the Group will receive repayment if it fulfills its obligations, and if the amount can be measured reliably, the relevant repayment amount is recognized as an asset.

At the end of each reporting period, the balance of provisions is reviewed and adjusted to reflect the best estimate as of the end of the reporting period. In cases where there is no longer a high possibility that resources containing economic benefits will be leaked to fulfill obligations, the related provisions are reversed.

### 1) Loss burden contract

Present obligations under onerous contracts are recognized and measured as provisions. When a consolidated entity enters into a contract in which the unavoidable costs arising from the performance of contractual obligations exceed the economic benefits expected to be received from the contract, it is judged to be bearing onerous losses.

### 2) Recovery provisions

Costs that the Group must bear when restoring leased assets to their original condition in accordance with the terms of the lease contract are recognized as provisions at the lease commencement date or at a specific period when the obligation is incurred as a result of using the asset. The provision is measured based on the best estimate of the expenditure required to restore the asset, and this estimate is regularly reviewed and adjusted as appropriate to new circumstances.

### 3) Contingent liabilities acquired through business combination

Contingent liabilities acquired in a business combination are measured at their fair value at the acquisition date. At the end of each subsequent reporting period, the contingent liability in question is at the amount determined in accordance with K-IFRS 1037, *Provisions, Contingent Liabilities and Contingent Assets*, and, if appropriate, at the initial recognition amount. It is measured with K-IFRS 1115, *Revenue Arising from Contracts with Customers*.

## (21) Cash and cash equivalents

Cash and bank balances in the consolidated statements of financial position consist of cash (i.e., cash on hand and demand deposits) and cash equivalents. Cash equivalents are highly liquid short-term (generally within three months to maturity) investment assets that can be easily converted into a fixed amount of cash and have a slight risk of value fluctuation. Cash equivalents are held for the purpose of meeting short-term cash needs, not for investment or other purposes.

Bank balances whose use by the Group is restricted by contracts with third parties are included as part of cash, unless such restrictions cause the bank balances to no longer meet the definition of cash. Contractual restrictions affecting the use of bank balances are described in Note 55. If contractual restrictions on the use of cash extend beyond 12 months after the end of the reporting period, the relevant amounts are classified as non-current assets in the consolidated statements of financial position.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, and the net amount of overdrafts that are subject to immediate repayment upon demand by financial institutions and form part of the consolidated entity's cash management. Such overdrafts are shown as short-term borrowings in the statements of financial position.

## (22) Financial products

Financial assets and financial liabilities are recognized in the consolidated entity's statements of financial position when the Group becomes a party to a contract. Financial assets and financial liabilities are measured at fair value upon initial recognition, except for trade receivables that do not contain a significant financial component. Transaction costs directly related to the acquisition of a financial asset or issuance of a financial liability are deducted from or added to the fair value of the financial asset or financial liability upon initial recognition. However, transaction costs directly related to the acquisition of financial assets measured at fair value through profit or loss ("FVPL") or the issuance of financial liabilities measured at FVTPL are recognized in profit or loss as soon as they are incurred.

(23) Financial assets

All regular way purchases or sales of financial assets are recognized or derecognized on the transaction date. A formalized purchase or sale of financial assets is a contract to purchase or sell financial assets according to contractual terms that require delivery of the financial product within a period generally established by relevant market regulations or practices.

All recognized financial assets are subsequently measured at amortized cost or fair value depending on the classification of the financial asset.

1) Classification of financial assets

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

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

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

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

All financial assets other than those listed above are subsequently measured at FVTPL.

Notwithstanding the above, the Group may make the following irrevocable selections or designations at the time of initial recognition of financial assets:

- If certain requirements are met (see 1-3 below), one can choose to display subsequent fair value changes in equity instruments as other comprehensive income.
- Debt that satisfies the requirements for financial assets measured at amortized cost or financial assets measured at FVTOCI (if accounting inconsistencies are eliminated or significantly reduced and if designated as a fair value measurement item through profit or loss (see 1-4 below)) can be designated as at FVTPL.

1-1) Amortized cost and effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. Except in the case of financial assets whose credit was impaired at the time of acquisition, the effective interest rate includes fees, transaction costs and other premiums or discounts paid or received over the expected life of the financial asset or a shorter period, but the expected credit is an interest rate that exactly matches the present value of expected future cash receipts with the gross carrying amount upon initial recognition, without considering losses. For financial assets whose credit was impaired at the time of acquisition, the credit-adjusted effective interest rate is calculated by discounting the present value of expected cash flows considering ECLs to the amortized cost at the time of initial recognition. The amortized cost of a financial asset is calculated by subtracting the repaid principal from the amount measured at the time of initial recognition and adjusting the loss allowance to the amount calculated by adding or subtracting the accumulated amortization amount, calculated by applying the effective interest rate method to the difference between the initial recognition amount and the maturity amount. It is one amount. The gross carrying amount of a financial asset is the amortized cost of the financial asset before adjusting for loss allowances.

Interest income is recognized by applying the effective interest method to debt instruments subsequently measured at amortized cost and FVTOCI. For financial assets, excluding those whose credit was impaired at the time of acquisition, interest income is calculated by applying the effective interest rate to the total carrying amount of the financial asset (excluding financial assets whose credit is subsequently impaired). For financial assets that are subsequently credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset.

If the credit risk of credit-impaired financial instruments improves in the subsequent reporting period and the financial assets are no longer impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial assets.

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

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

#### 1-2) Debt instruments classified as other comprehensive income - fair value measurement items

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

#### 1-3) Other comprehensive income - equity instruments designated as fair value measurement items

The Group may make an irrevocable election (for each product) to designate investments in equity instruments as FVTOCI at the time of initial recognition. If the equity instrument is a short-term trading item or is contingent consideration recognized by the acquirer in a business combination, designation as a fair value measurement item through other comprehensive income is not permitted.

Investments in equity instruments that fall under other comprehensive income - fair value items are recognized by adding transaction costs to fair value at the time of initial recognition. Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized as other comprehensive income and accumulated as accumulated valuation gains and losses. At the time an equity instrument is disposed of, accumulated valuation gains and losses are not reclassified to current profit or loss and are replaced with profit and loss allowance.

If dividends from investments in equity instruments clearly do not represent 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 Group designated all equity product investments that were not short-term trading items as other comprehensive income - fair value items.

In the following cases, financial assets are classified as short-term trading items:

- When acquired mainly for the purpose of selling in a short period of time.
- When there is evidence that the mode of operation is for the purpose of earning short-term profits as part of a jointly managed portfolio of specific financial products at the time of initial recognition.
- Derivatives (excluding derivatives that are financial guarantee contracts or derivatives that are designated and effective as hedging items).

Investments in equity instruments that fall under other comprehensive income - fair value items are recognized by adding transaction costs to fair value at the time of initial recognition. Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized as other comprehensive income and accumulated as accumulated valuation gains and losses. At the time equity instruments are disposed of, accumulated gains and losses are not reclassified to current profit or loss and are transferred to retained earnings.

If dividends from investments in equity instruments clearly do not represent recovery of investment costs, such dividends are recognized in profit or loss in accordance with K-IFRS 1109. Dividends are recorded under 'other income.'

#### 1-4) Financial assets measured at FVTPL

Financial assets that do not meet the measurement requirements at amortized cost or FVTOCI are measured at FVTPL.

- If equity instruments that are not for short-term trading and are not contingent consideration in a business combination are not designated as at FVTOCI at the time of initial recognition, the equity instruments are classified as measurement items at FVTPL (refer to 1-3) above).

- Debt instruments that do not meet the requirements of amortized cost measurement items or other comprehensive income - fair value measurement items (refer to 1-1) and 1-2) above) are classified as profit or loss - fair value measurement items. In addition, if the designation as a profit or loss - fair value measurement item eliminates or significantly reduces inconsistencies that arise in measurement or recognition of assets or liabilities, the resulting gain or loss is recognized, according to different standards, as the amortized cost measurement item. Debt instruments that meet the requirements of other comprehensive income - fair value measurement items can be designated as fair value - profit or loss measurement items at the time of initial recognition.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, and gains or losses resulting from changes in fair value, excluding portions designated as hedging relationships, are recognized in profit or loss. Net profit or loss recognized as profit or loss includes dividends earned from financial assets and is recorded as 'other income.' Meanwhile, interest income generated from financial assets measured at FVTPL is recorded as a 'financial income' item.

## 2) Foreign currency translation gains and losses

The carrying amount of financial assets denominated in a foreign currency is calculated in that foreign currency and converted at the spot exchange rate at the end of the reporting period.

- In the case of financial assets measured at amortized cost (excluding portions designated as hedging relationships), exchange rate differences are recognized as profit or loss in the 'other income and expenses' category.
- In the case of debt products measured at FVTOCI (excluding portions designated as hedging relationships), exchange rate differences in the amortized cost of the debt products are recognized in current profit or loss under 'other income and expenses.' Since the foreign currency component recognized in profit or loss is the same as when measured at amortized cost, the remaining foreign currency component based on the conversion of book value (fair value) is recognized as other comprehensive income in the accumulated valuation gain and loss.
- In the case of financial assets measured at FVTPL (excluding portions designated as hedging relationships), exchange rate differences are recognized as profit or loss in the 'other non-operating profit or loss' item as part of the profit or loss resulting from changes in fair value.
- Other comprehensive income - In the case of equity instruments measured at fair value, they are recognized as other comprehensive income in the accumulated valuation gain and loss.

## 3) Damage to financial assets

The Group recognizes ECLs on investments in debt instruments measured at amortized cost or other comprehensive income - fair value, lease receivables, trade receivables, contract assets and financial guarantee contracts as loss allowance. The amount of ECLs is updated in each reporting period to reflect changes in credit risk since the initial recognition of the financial product.

The Group recognizes ECLs for the entire period for trade receivables, contract assets, lease receivables and other financial receivables. ECLs on these financial assets are estimated using a provisioning rate table based on the Group's past credit loss experience and current and future forecasts, including borrower-specific factors, general economic conditions, and, where appropriate, the time value of money. Adjustments are made through evaluation.

Total period ECL refers to the ECL resulting from all default events that may occur during the expected life period of the financial product.

### 3-1) Significant increase in credit risk

When assessing whether the credit risk of a financial product has significantly increased after initial recognition, the risk of default on the financial product at the end of the reporting period is compared with the risk of default on the date of initial recognition. To make this evaluation, one considers all reasonable and supportable quantitative and qualitative information, including past experience and future outlook information that can be used without excessive cost or effort. The future outlook information used by the Group includes not only the future outlook of the industries operated by the consolidated entity's borrowers, obtained from economic expert reports, financial analysts, government agencies, related think tanks and similar organizations, but also the present and future related to the consolidated entity's core operations. It involves considering a variety of external sources of economic information.

In particular, the following matters are considered when evaluating whether credit risk has significantly increased after initial recognition:

- Significant actual or expected deterioration of the external or internal credit rating of the financial product.
- Significant deterioration of external market indicators of credit risk of specific financial products. For example, a significant increase in credit spreads, credit default swap prices for borrowers, or the period or extent to which the fair value of a financial asset falls below its amortized cost.
- Significant actual or expected deterioration in the borrower's operating performance.
- Adverse changes in business, financial or economic conditions that currently exist or are anticipated in the future that are expected to cause a significant decline in the borrower's ability to pay its obligations.
- Significant increase in credit risk for other financial products of the same borrower.
- Significant actual or expected adverse changes in the borrower's regulatory, economic or technological environment, which cause a significant decline in the borrower's ability to repay its obligations.

Regardless of the results of this evaluation, if contractual payments are overdue for more than 30 days, the credit risk of the financial product is considered to have significantly increased since initial recognition, unless there is reasonable and supporting information to disprove this.

Notwithstanding the above, if the Group determines that a financial product has low credit risk at the end of the reporting period, it believes that the credit risk of the financial product has not significantly increased. A financial instrument is determined to have low credit risk if the borrower's ability to meet contractual cash flow obligations may be, but is not necessarily, impaired. In accordance with international convention, the Group determines that financial assets with an external credit rating of 'investment grade' or financial assets with an internal rating of 'normal,' when an external credit rating is not available, have low credit risk. 'Healthy' means that the counterparty has a sound financial position and no overdue amounts.

In the case of a financial guarantee contract, the date on which the Group becomes a party to the irrevocable agreement is the initial recognition date for the purpose of evaluating the financial instrument for impairment. When assessing whether credit risk has increased significantly since the initial recognition of a financial guarantee contract, the Group considers changes in the risk that a particular obligor will not be able to perform its contract.

The Group regularly reviews the effectiveness of the requirements used to determine whether credit risk has significantly increased, and it is appropriate to have confidence that such requirements can determine whether credit risk has significantly increased before delinquency occurs. The Group is modifying those requirements to do so.

### 3-2) Definition of default

Based on past experience, the Group considers cases where the borrower violates contract performance conditions as constituting a default event for internal credit risk management purposes.

Regardless of the above analysis, the Group considers a default to have occurred when a financial asset is overdue for more than 180 days, unless there is reasonable and supportable information that a later requirement to recognize default is more appropriate. However, if there is reasonable and supportable information that proves that the default occurs later than 180 days after the delinquency, the above deemed provision can be disproved.

### 3-3) Financial assets with impaired credit

The credit of a financial asset is impaired when one or more events occur that adversely affect the estimated future cash flows of the financial asset. Evidence of credit impairment of financial assets includes observable information about the following events:

- ① Significant financial difficulties of the issuer or borrower
- ② Violation of contract, such as default or delinquency (refer to 3-2 above)
- ③ Unavoidable relaxation of borrowing conditions due to economic or contractual reasons related to the borrower's financial difficulties
- ④ The possibility of borrower bankruptcy or other financial restructuring increases
- ⑤ Disappearance of the active market for the relevant financial asset due to financial difficulties

### 3-4) Write-off policy

Financial assets are written off when there is information indicating that the borrower is experiencing serious financial difficulties and there is no reasonable expectation of recovery. Financial assets written off may be subject to enforcement activities in accordance with the Group's recovery procedures, taking into account legal advice where appropriate.

### 3-5) Measurement and recognition of ECL

The measurement of ECL is determined based on the probability of occurrence of default, loss rate in case of default (i.e., size of loss if default occurs) and exposure to default. As described above, the probability of occurrence of default and loss rate in case of default are based on historical information and are adjusted by forward-looking information. The exposure to default of financial assets represents the total carrying amount of the assets at the end of the reporting period, and in the case of financial guarantee contracts, the amount of already implemented debt instruments for which guarantees are provided as of the end of the reporting period, plus historical trends and the specific details of the debtor. It includes the amount of additional deposits expected to be executed by the borrower in the future up to the point of default based on the Group's understanding of future financial needs and other relevant forward-looking information.

For financial assets, ECL is the difference between all contractual cash flows due to be paid under the contract and all cash flows expected to be received, discounted by the initial effective interest rate. In the case of lease receivables, the cash flows used to calculate ECLs are consistent with the cash flows used when measuring lease receivables in accordance with K-IFRS 1116, 'Leases.'

In the case of a financial guarantee contract, the Group is required to pay only in the event of default by the debtor in accordance with the contract terms of the financial product subject to guarantee, and ECL is calculated from the amount expected to be reimbursed to the guaranteed party for credit losses incurred. It is calculated by deducting the amount expected to be received from the debtor and other third parties.

Impairment-related gains and losses on all financial assets are recognized in profit or loss and the carrying amount of the assets is adjusted through the loss allowance account. However, in the case of investment in debt instruments measured at FVTOCI, it is recognized as other comprehensive income and accumulated in accumulated profit and loss, and the carrying amount of financial assets is not reduced in the consolidated statements of financial position.

#### 4) Removal of financial assets

Financial assets are derecognized only when the contractual rights to the cash flows from a financial asset expire or when the financial asset is transferred and most of the risks and rewards of ownership of the financial asset are transferred to another company. If most of the risks and rewards of ownership of the financial asset are neither transferred nor retained, and the transferred financial asset continues to be controlled, the Group continues to recognize the financial asset to the extent of its continued involvement. If most of the risks and rewards of ownership of the transferred financial asset are retained, the Group continues to recognize the financial asset and recognizes the consideration received as a secured loan.

#### (24) Financial liabilities and equity instruments

##### 1) Classification of financial liabilities and capital

Debt and equity instruments are classified as financial liabilities or equity depending on the substance of the contract and the definitions of financial liabilities and equity instruments.

##### 2) Equity products

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

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

##### 3) Financial liabilities

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

##### 4) Financial liabilities measured at FVTPL

Financial liabilities are classified as financial liabilities measured at FVTPL if they are contingent consideration of the acquirer in a business combination, are for short-term trading, or are designated as at FVTPL upon initial recognition.

In the following cases, financial liabilities are classified as short-term trading items:

- When the burden is mainly for the purpose of repurchasing in a short period of time.
- When there is evidence that the mode of operation is for the purpose of earning short-term profits as part of a jointly managed portfolio of specific financial products at the time of initial recognition.
- Derivatives (excluding derivatives that are financial guarantee contracts or derivatives that are designated and effective as hedging items).

In the following cases, financial liabilities that are not for short-term trading or are not contingent consideration paid by the acquirer as part of a business combination may be designated as FVTPL at the time of initial recognition.

- By designating an item at FVTPL, it is possible to eliminate or significantly reduce inconsistencies in measurement or recognition that would have occurred had the designation not been made.
- Financial liabilities form part of a group of financial instruments (a group consisting of financial assets, financial liabilities or a combination of financial assets and financial liabilities) in accordance with the consolidated entity's documented risk management or investment strategy and are managed on a fair value basis.
- When performance is evaluated and the information is provided internally.
- When a financial liability forms part of a contract that includes one or more embedded derivatives and the entire synthetic contract (asset or liability) can be designated as an item at FVTPL in accordance with K-IFRS 1109.

Financial liabilities measured at FVTPL are measured at fair value, and gains or losses resulting from changes in fair value, excluding those designated as hedging relationships, are recognized in profit or loss. Interest expenses paid on financial liabilities measured at FVTPL are recognized in 'Other expenses' as an item of 'Profit or loss related to financial liabilities measured at FVTPL.'

However, when a financial liability is designated as an item measured at FVTPL, the amount of change in the fair value of the financial liability due to changes in the credit risk of the liability is recognized in other comprehensive income as the effect of changes in the credit risk of the liability. This is an accounting mismatch in profit or loss for the current period. If it does not cause or expand, it is recognized as other comprehensive income. The remaining fair value changes in the liability are recognized in profit or loss. Changes in fair value due to credit risk of financial liabilities recognized in other comprehensive income are not subsequently reclassified to profit or loss and are instead transferred to retained earnings when the financial liability is derecognized.

Profit or loss arising from financial guarantee contracts designated as fair value measurement item is recognized in profit or loss.

#### 5) Financial liabilities measured at amortized cost

Financial liabilities are subsequently measured at amortized cost using the effective interest method, unless they are contingent consideration of the acquirer in a business combination, held for trading or designated as at FVTPL upon initial recognition.

The effective interest rate method is a method of calculating the amortized cost of financial liabilities and allocating interest expense over the relevant period. The effective interest rate is the interest rate that exactly equalizes the present value of the expected future cash payments, including fees, transaction costs and other premiums or discounts paid or received over the expected life of the financial liability or a shorter period, with the amortized cost of the financial liability.

#### 6) Financial guarantee liabilities

A financial guarantee contract is a contract in which the issuer must pay a specific amount to compensate for losses suffered by the holder due to the failure of a specific debtor to pay on the payment due date according to the original or changed contract terms of the debt product.

Financial guarantee liabilities are initially measured at fair value, and unless they are designated as at FVTPL or arise from the transfer of assets, they must be subsequently measured at the greater of the following:

- Loss allowance calculated in accordance with K-IFRS 1109 (refer to 'Financial Assets' above)
- The amount calculated by deducting the accumulated profit recognized in accordance with K-IFRS 1115 from the initial recognition amount

#### 7) Foreign currency translation gains and losses

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

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

#### 8) Elimination of financial liabilities

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

If a debt instrument is exchanged under terms that are substantially different from those of an existing lender, the existing financial liability is extinguished and a new financial liability is recognized. Similarly, even if the terms of an existing financial liability (or part of a financial liability) are substantially changed, the existing financial liability is extinguished and a new liability is recognized. If the present value of the cash flows under the new conditions, including the net amount of the commissions paid minus the commissions received, discounted at the initial effective interest rate, is at least 10% higher than the present value of the remaining cash flows of the existing financial liabilities, the conditions are practically effective. It is considered to have changed. If the change in terms is not substantive, the difference between the carrying amount of the liability before the change in terms and the present value of the cash flows after the change in terms is recognized in the 'other non-operating income and loss' item as profit or loss due to the change.

## (25) Derivatives

The Group enters into derivative contracts such as currency forwards, interest rate swaps and currency swaps, to manage interest rate risk and foreign currency risk.

Derivatives are measured at fair value at the contract date when initially recognized and are subsequently remeasured at fair value at the end of each reporting period. If a derivative is not designated as a risk hedging instrument or is not effective in hedging risk, valuation gains or losses resulting from changes in the fair value of the derivative are immediately recognized in current profit or loss. If a derivative is designated as a hedging instrument and is effective in hedging risk, the timing of recognition of profit or loss depends on the characteristics of the hedging relationship.

Derivatives with a positive (+) fair value are recognized as financial assets, and derivatives with a negative (-) value are recognized as financial liabilities. Derivatives in the consolidated statements of financial position are not offset, unless there is a legally enforceable right to offset or there is no intention to offset. Derivatives are classified as non-current assets or non-current liabilities when the remaining maturity of the derivatives exceeds 12 months and are not expected to be realized or settled within 12 months. Other derivatives are expressed as current assets or current liabilities.

### 1) Embedded derivatives

An embedded derivative is a component of a complex product that includes a host contract rather than a derivative, and has the effect of changing some of the cash flows of the complex product similar to that of an independent derivative.

Derivatives contained in complex contracts include financial assets within the scope of application of K-IFRS 1109, as host contracts are not separated. Derivatives are classified based on the entire complex contract and are subsequently measured at amortized cost or fair value.

For derivatives embedded in complex contracts that include host contracts (e.g., financial liabilities) that are not financial assets within the scope of application of K-IFRS 1109, an embedded derivative satisfies the definition of a derivative and has the characteristics of the embedded derivative. If the risk is not closely related to the characteristics and risks of the host contract and the host contract is not measured FVTPL, it is accounted for as a separate derivative.

If the remaining maturity of a complex contract related to an embedded derivative exceeds 12 months and is not expected to be realized or settled within 12 months, the embedded derivative is presented as a non-current asset or non-current liability.

### 2) Hedging accounting

A hedging relationship is effective if it satisfies all of the following requirements for hedging effectiveness:

- When there is an economic relationship between the hedging item and the hedging instrument.
- When the effect of credit risk is not more dominant than the change in value due to the economic relationship between the hedging item and the hedging instrument.
- The risk hedging ratio of the risk hedging relationship is the ratio of the quantity of the hedging item for which the Group actually avoids the risk and the quantity of the hedging instrument actually used by the Group to avoid the risk of hedging.

If the hedging relationship no longer meets the requirements of hedging effectiveness related to the hedging ratio, but the risk management objectives for the designated hedging relationship remain the same, the hedging relationship can again meet the application conditions. The risk aversion ratio of the risk aversion relationship is being adjusted (risk aversion readjustment).

The Group designates changes in the entire fair value of the forward contract (i.e., including the forward element) as a hedging instrument for the entire hedging relationship, including the forward contract.

When the Group uses an option contract to hedge risks in expected transactions, only the intrinsic value of the option is designated as a risk hedging tool. In K-IFRS 1039, time value changes (i.e., unspecified elements) in the fair value of options were recognized immediately in profit or loss. In K-IFRS 1109, changes in the time value of options related to the hedged item ('corresponding time value') are recognized as other comprehensive income, and the amount accumulated in equity is calculated based on the effect of the hedged item on current profit or loss; it is reclassified to profit or loss or removed from equity and included directly in the carrying amount of non-financial items.

The Group designated only the intrinsic value of the option contract as a risk hedging instrument (i.e., excluding time value). The time value of the matched option is recognized in other comprehensive income and accumulated in the hedge cost reserve. If the hedged item is transaction-related, time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is period-related, the amount accumulated in the hedge cost reserve is reclassified to current profit or loss according to reasonable standards, and the Group applies straight-line amortization. The reclassified amount is recognized in profit or loss as the item similar to the hedged item. If the hedged item is a non-financial item, the amount accumulated in the hedge cost reserve is directly removed from equity and included in the initial carrying amount of the recognized non-financial item. Additionally, if the hedge cost reserve is a loss and all or part of the loss is not expected to be recovered in a future period, that amount is immediately reclassified to profit or loss.

### 3) Fair value hedging

Gains and losses on eligible hedging instruments are recognized in profit or loss. However, if the hedging instrument hedges equity instruments designated as other comprehensive, gains and losses are recognized in other comprehensive income.

The carrying amount of hedged items that are not measured at fair value is adjusted according to changes in fair value resulting from the hedged risk and recognized in profit or loss. In the case of debt instruments measured at FVTOCI, the book value already corresponds to fair value, so the gain or loss due to the hedged risk is recognized in profit or loss for the current period rather than other comprehensive income without adjusting the book amount.

If the hedged item is an equity instrument designated as a fair value measurement item - other comprehensive income, the profit or loss due to the hedged risk is left in other comprehensive income to correspond to the hedging instrument.

If the gain or loss due to the hedged risk is recognized in profit or loss for the current period, it is recognized as an item related to the hedged risk.

Hedge accounting is discontinued only if the hedging relationship (or part of the hedging relationship) does not meet the applicable conditions (even after considering readjustment of the hedging relationship, if applicable). This also includes cases where the hedging instrument is extinguished, sold, terminated or exercised, and discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item due to the hedged risk is amortized from the date of discontinuation and recognized in current profit or loss.

### 4) Cash flow risk avoidance

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

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

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

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

### **3. Key judgments and major sources of uncertainty in estimates.**

In applying the consolidated entity's accounting policies described in Note 2, management must make judgments, estimates and assumptions that affect the application of accounting policies and assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognized in the period in which the revision is made if the revision affects only that period, or in the period in which the revision is made and future periods if the revision affects both the current period and future periods.

#### (1) Defined benefit retirement benefit system

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

#### (2) Useful life of tangible assets

The Group reviews the estimated useful life of tangible assets at the end of each reporting period.

#### (3) Fair value evaluation of financial products

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

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

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

**4. SEGMENT INFORMATION:**

Management of the Group, which makes strategic decision, decides the line of business. Management makes decisions about resources to be allocated to segments and reviews segment operating profits to evaluate segment performance. Segment information for the years ended December 31, 2023 and 2022, is as follows:

(1) Operating results by reportable segments for the years ended December 31, 2023 and 2022, are as follows:

For the year ended December 31, 2023

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

For the year ended December 31, 2022

Korean won (in millions)						
	Civil engineering	Housing	Plant	Common	Adjustment or elimination	Total
I. Sales	₩ 1,337,185	₩ 5,294,836	₩ 883,145	₩ 5,043	₩ (23,385)	₩ 7,496,824
II. Cost of sales	(1,215,776)	(4,688,194)	(695,824)	(3,287)	37,583	(6,565,498)
III. Gross profit	121,409	606,642	187,321	1,756	14,198	931,326
Selling and administrative expenses	(52,714)	(169,381)	(52,678)	(160,905)	1,317	(434,361)
IV. Operating income (loss)	68,695	437,261	134,643	(159,149)	15,515	496,965
Other income	37,509	13,804	113,752	20,566	(14,859)	170,772
Other expense	(32,913)	(96,883)	(68,861)	(18,594)	49,743	(167,508)
Financial income	6,232	51,507	49,349	51,816	(17,199)	141,705
Financial expense	(2,723)	(34,680)	(52,413)	(32,427)	65,020	(57,223)
Share of profits of associates and joint ventures	438	10,000	(496)	821	-	10,763
V. Income (loss) before income tax expense (benefit)	₩ 77,238	₩ 381,009	₩ 175,974	₩ (136,967)	₩ 98,220	₩ 595,474
Depreciation	(7,365)	(44,256)	(1,413)	(21,410)	(2)	(74,446)
Amortization	(1,051)	(5,266)	(2,370)	(1,548)	751	(9,484)

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

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

(2) Assets and liabilities, by reportable segments, as of December 31, 2023 and 2022, are as follows:

As of December 31, 2023

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

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

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

As of December 31, 2022

Korean won (in millions)						
	Civil engineering	Housing	Plant	Common	Adjustment or elimination	Total
Investments in associates and joint ventures	₩ 262,471	₩ 77,751	₩ 43,253	₩ 267,744	₩ (201,709)	₩ 449,510
Non-current assets (*1)	133,646	398,090	3,956	358,824	(50)	894,466
Other assets	873,772	3,961,478	775,127	2,556,571	(536,207)	7,630,741
Total assets	₩1,269,889	₩ 4,437,319	₩ 822,336	₩ 3,183,139	₩ (737,966)	₩ 8,974,717
Total liabilities	₩ 809,221	₩ 2,360,791	₩ 1,376,545	₩ 1,023,510	₩(1,287,826)	₩ 4,282,241
Impairment of assets and reversal of impairment of assets(*2)	520	(26,395)	-	-	-	(25,875)

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

(\*2) The impairment of assets and reversal of impairment of assets recognized by each reportable segment as of December 31, 2022.

(3) Information of areas

The Group operates its business in four main areas. Operating results from external customers by geographical areas for the years ended December 31, 2023 and 2022, are as follows:

As of/For the year ended December 31, 2023

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

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

As of/For the year ended December 31, 2022

Korean won (in millions)							
	Korea	Middle East	Asia	Europe	Other	Adjustment or elimination	Total
Total assets	₩ 8,332,225	₩ 431,400	₩ 288,288	₩ 437,796	₩ 222,974	₩ (737,966)	₩ 8,974,717
Non-current assets (*1)	884,708	415	8,986	358	49	(50)	894,466
Sales from external customers	6,665,663	171,343	212,318	366,596	104,289	(23,385)	7,496,824

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

(4) Information of key customers

The Group has no key customers who occupied more than 10% of the Group's sale for the year ended December 31, 2023.

**5. FINANCIAL INSTRUMENTS WITH RESTRICTIONS ON USE:**

Details of restricted deposits 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 and pledged as collateral
Short-term financial instruments	Woori Bank and others	26,913	617	Restriction on withdrawal and pledged as collateral
Long-term financial instruments	Woori Bank and others	20,556	581	Pledged as collateral and others
Total		₩ 47,469	₩ 1,300	

**6. CONTRACT ASSETS AND CONTRACT LIABILITIES:**

(1) Details of construction revenue recognized for the years ended December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
	Construction revenue recognized	
	December 31, 2023	December 31, 2022
Civil engineering	₩ 1,338,650	₩ 1,288,091
Housing (*1)	5,189,627	5,193,969
Plant	1,338,229	890,963
Total	₩ 7,866,506	₩ 7,373,023

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

The ending balance of the contract amount of the Group as of December 31, 2023, is KRW 30,904,811 million, while it was KRW 26,527,974 million as of December 31, 2022.

(2) Details of changes in accumulated construction profit or loss, contract assets and liabilities as of December 31, 2023 and 2022, are as follows.

As of December 31, 2023

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

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

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

(\*2) The Group recognized the gain on construction contracts amounting to KRW 472,142 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	₩ 5,830,821	₩ 5,295,998	₩ 534,823	₩ 241,063	₩ 219,023	₩ 6,933	₩ 21,713
Housing	6,982,155	6,034,236	947,919	581,187	336,956	12,952	287
Plant	3,463,981	3,131,887	332,094	1,220	523,910	23,632	253,160
Total	₩ 16,276,957	₩ 14,462,121	₩ 1,814,836	₩ 823,470	₩ 1,079,889	₩ 43,517	₩ 275,160

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

Korean won (in millions)				
	Beginning balance	Collective assessment	Individual assessment	Ending balance
Contract asset	₩ 2,912	₩ (920)	₩ -	₩ 1,992

(\*2) The Group recognized the gain on construction contracts amounting to KRW 525,305 million during the current year as the balance of contract liabilities carried forward.

- (3) The changes in the estimated total contract revenue and cost during the current period from contracts in progress at the beginning of the current year, subject to input method for revenue recognition (the “input method”) based on the proportion that the contract costs incurred to date for the work performed bear to the estimated total contract costs, and effects of these changes on income in current and subsequent periods and on amount due from (to) customers for contract work are as follows:

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

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

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

Korean won (in millions)							
Project (*1)	Contract date	Completion date on contracts (*2)	Completion rate	Contract asset		Construction work receivables	
				Total	Loss allowance(*3)	Total	Loss allowance(*3)
GTX-A5	2019-03-20	2024-06-29	66.63%	₩ 22,457	₩ -	₩ -	₩ -
e-Pyeonhansesang Geumbit Grand Maison	2014-09-26	2023-12-31	100.00%	5,438	-	-	-
e-Pyeonhansesang Bupyeong Grand Hills	2019-04-18	2023-10-31	100.00%	-	-	25,217	-
Anyang Naengcheon-District Residential Environment Improvement	2018-08-22	2025-01-22	46.68%	37,486	-	-	-
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	-
e-Pyeonhansesang Geoje Euro Sky	2021-05-21	2023-11-29	100.00%	106,157	-	-	-
GS Bucheon Combined Heat and Power Plant	2023-12-06	2029-12-31	0.04%	-	-	-	-
Singapore TTP1	2015-02-13	2024-07-27	99.89%	5,124	-	-	-
Vietnam Thai Binh2 PP	2012-05-22	2025-06-30	94.48%	-	-	42,962	-
Singapore PROJECT SPRING	2022-04-08	2024-09-30	71.90%	-	-	6,771	-
DUS GTPP	2022-04-05	2026-09-30	29.19%	-	-	11,797	-

Saudi Maaden Ammonia III Project	2018-10-22	2024-04-30	97.96%	-	-	70,006	-
Türkiye DIG Canakkale	2018-03-16	2023-12-31	100.00%	-	-	25,968	-
Russia DRL Baltic PE/LAO	2021-12-29	2026-05-31	15.38%	-	-	148,180	-
Russia DRL Moscow AORC HCU	2021-03-09	2026-03-31	55.56%	-	-	194	-

(\*1) No closed contracts exist.

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

(\*3) There is no individual loss on receivables by each project at the end of the current year, and the amount of collective loss by each sector 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 Group's attributed contract amount	The Group's ownership	Lead company
S-OIL SHAHEEN TC2C	₩ 5,457,525	₩ 1,417,319	25.97%	Hyundai E&C Co., Ltd.
Türkiye DIG Canakkale	3,371,638	842,909	25.00%	Joint operation
DUS GTPP	1,632,474	652,990	40.00%	Zachry Industrial, Inc.
GTX-A5	593,957	492,866	82.98%	The Group
Anyang Naengcheon-District Residential Environment Improvement	592,564	414,795	70.00%	The Group
GTX-A6	457,010	369,447	80.84%	The Group
Philippines MCRP	706,906	353,453	50.00%	Acciona
Algeria Kais CCPP	677,337	338,669	50.00%	GS Engineering & Construction Corp.
Namhae-Yeosoo Road	610,667	317,925	52.06%	The Group
Anseong-Guri Expressway Section 11	538,124	249,689	46.40%	The Group

(\* ) The Group classifies and accounts for the above joint arrangement projects as joint operation and attributed revenue and expense incurred from joint arrangement to the Group .

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

Korean won (in millions)	
	Amount
Contract execution cost	₩ 106,045

Contract execution costs are capitalized as other asset costs are incurred prior to the start of construction 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 Group's financial assets by categorization as of December 31, 2023 and 2022, 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	₩ 178,284	₩ 178,284	₩ 174,835	₩ 174,835
	Financial assets at FVTOCI	46,803	46,803	15,807	15,807
	Derivative assets	13,132	13,132	5,750	5,750
Financial assets at amortized cost	Cash and cash equivalents	2,004,092	2,004,092	1,752,399	1,752,399
	Short-term financial instruments	204,573	204,573	517,330	517,330
	Trade receivables	851,222	851,222	585,883	585,883
	Short-term loans	73,061	73,061	98,014	98,014
	Current accounts receivable	396,312	396,312	415,641	415,641
	Accrued income	17,617	17,617	44,545	44,545
	Deposits (current)	66,751	66,751	65,156	65,156
	Financial assets at amortized cost	204	204	200	200
	Long-term financial assets	24,967	24,967	3,401	3,401
	Long-term trade receivables	310,651	310,651	300,203	300,203
	Long-term loans	648,865	648,865	625,913	625,913
	Non-current accounts receivable	445,795	445,795	447,189	447,189
	Long-term accrued income	14,303	14,303	14,303	14,303
	Deposits (non-current)	377,866	377,866	455,839	455,839
	Other assets	Current lease receivables	5,945	5,945	480
Non-current lease receivables		10,948	10,948	1,169	1,169
Total		₩ 5,691,391	₩ 5,691,391	₩ 5,524,057	₩ 5,524,057

(2) Details of financial liabilities by categorization as of December 31, 2023 and 2022, 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	₩ 7,900	₩ 7,900	₩ 3,783	₩ 3,783
Financial liabilities at amortized cost	Trade payables	1,060,596	1,060,596	993,059	993,059
	Accounts payable	283,328	283,328	263,874	263,874
	Leasehold deposit received	2,194	2,194	2,283	2,283
	Accrued expenses	123,152	123,152	52,537	52,537
	Short-term borrowings	144,800	144,800	185,758	185,758
	Current portion of long-term liabilities	375,371	375,371	75,454	75,454
	Current financial guarantee contract liabilities	12,297	12,297	13,562	13,562
	Non-current financial guarantee contract liabilities	-	-	2,787	2,787
	Debentures	209,122	209,122	427,380	427,380
	Long-term borrowings	418,484	418,484	409,402	409,402
	Long-term trade payable	8,861	8,861	8,686	8,686
	Long-term accounts payable	687	687	288	288
	Long-term leasehold deposits received	10,760	10,760	5,622	5,622
Other liabilities	Current lease liabilities	61,976	61,976	55,914	55,914
	Non-current lease liabilities	59,670	59,670	76,729	76,729
Total		₩ 2,779,198	₩ 2,779,198	₩ 2,577,118	₩ 2,577,118

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

As of December 31, 2023

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

As of December 31, 2022

Korean won (in millions)				
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL	₩ -	₩ 2,363	₩ 172,472	₩ 174,835
Financial assets at FVTOCI	-	15,807	-	15,807
Derivative assets	-	5,750	-	5,750
Subtotal	-	23,920	172,472	196,392
Financial liabilities				
Derivative liabilities	-	3,783	-	3,783

(4) Changes in carrying amount of financial assets classified as Level 3 are as follows:

Korean won (in millions)			
	2023		2022
Beginning balance	₩	172,481	₩ 125,250
Effects on gain(loss):			
Net income		7,126	7,876
Other comprehensive income		-	-
Acquisition		30,673	36,992
Disposal		(12,535)	(3,397)
Replacement of assets held for sale		(20,828)	-
Other gain		-	5,751
Ending balance	₩	176,917	₩ 172,472

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

Korean won (in millions)					
	Fair value	Level	Valuation technique	Input variable	The relationship between non-observable inputs and fair value measurements
Financial assets measured at fair value					
Social overhead capital("SOC") stock, Project financing vehicle("PFV"), and capital investments	₩ 176,908	3	Net asset valuation method, cash flow discount model, etc.	Growth rate, discount rate, etc.	If the discount rate declines and the growth rate rises, fair value rises.
Beneficial securities	1,376	2	Net asset valuation method, cash flow discount model, etc.	Growth rate, discount rate, etc.	If the discount rate declines and the growth rate rises, fair value rises.
Debt securities	46,794	2	Net asset valuation method, cash flow discount model, etc.	Growth rate, discount rate, etc.	If the discount rate declines and the growth rate rises, fair value rises.
Non-marketable stock	9	3	Net asset valuation method, cash flow discount model, etc.	Growth rate, discount rate, etc.	If the discount rate declines and the growth rate rises, fair value rises.
Derivatives (assets)					
Currency forward and others	13,132	2	Market approach	Currency forward exchange rates, etc.	N/A
Derivatives (liabilities)					
Currency forward and others	7,900	2	Market approach	Currency forward exchange rates, etc.	N/A

(6) The Group recognizes movements between levels when events or changes in circumstances bring about level shifts. In addition, there is no significant movement between Level 1 and Level 2 during the period.

(7) The method by which the fair value of major financial assets and financial liabilities is calculated is as follows:

	Valuation technique	Significant unobservable inputs and ranges	Relevance between the unobservable input and the measured fair value
Derivatives (assets and liabilities)	Discounted cash flow Discounted future cash flows estimated based on forward exchange rates (based on observable forward exchange rates at the end of the reporting period) and forward interest rates at discount rates that reflect credit risk from multiple counterparties	N/A	N/A
Listed shares	Prices disclosed in the active market	N/A	N/A
Beneficiary certificates, SOC, Non-marketable stock,	Profit approach A discounted cash flow technique is used to estimate the present value of future economic benefits expected to be derived from the ownership of the investment company	Long-term sales growth rate taking into account management's experience and knowledge of market conditions in a specific industry	Fair value increases as sales growth increases. If other variables are same and sales growth increases (decreases), the book value will increase (decrease).
		Pre-tax operating margin and pre-tax margin considering management's experience and knowledge of market conditions in a specific industry	Fair value increases as pretax operating profit (pretax profit) increases. If other variables are same and the pretax operating profit (pretax profit) increases (decreases), the book value will increase (decrease).
		Weighted-average cost of capital and equity cost	As the weighted-average cost of capital (cost of equity) increases, the fair value decreases. If other variables are same and the weighted-average cost of capital (cost of equity) rises (falls), the carrying amount will decrease (increase).
Government bonds	Discounted cash flow Discounted future cash flows estimated based on interest rates at discount rates that reflect credit risk from multiple counterparties.	N/A	N/A

(8) The effect of changes in inputs that are significant but not observable in the fair value measurement of Level 3 financial instruments, measured at fair value on a recurring basis in the consolidated statements of financial position, on profit or loss and other comprehensive income is as follows:

	Input variable that is not observable	Variation of input variables	Korean won (in millions)	
			Net income	
			Favorable fluctuation	Adverse fluctuation
Fair value measurement of financial assets	Discount rate	±1.00%	₩ 351	₩ (282)

**8. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS:**

(1) Details of fair value measurement of financial assets as of December 31, 2023 and 2022, are as follows:

As of December 31, 2023

		Korean won (in millions)	
		2023	2022
Financial assets at FVTPL:			
Debt instruments (PFV)	₩	563	₩ 563
Debt instruments (capital investments)		116,053	113,684
Debt instruments (beneficiary certificates and others)		18,532	20,678
Debt instruments (SOC)		42,236	31,286
Debt instruments (start-up)		900	400
Debt instruments (others)		-	8,224
Subtotal		178,284	174,835
Financial assets at FVTOCI:			
Equity instruments (non-marketable)		9	9
Debt instruments (government bonds)		568	5,548
Debt instruments (corporate bonds)		46,226	10,250
Subtotal		46,803	15,807
Total	₩	225,087	₩ 190,642

**9. TRADE AND OTHER ACCOUNTS RECEIVABLE:**

(1) Details of trade and other accounts receivable as of December 31, 2023 and 2022, 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	₩ 881,536	₩ (30,314)	₩ -	₩ 851,222
	Short-term loans	75,432	(2,371)	-	73,061
	Accounts receivable	445,138	(48,812)	(14)	396,312
	Accrued income	20,860	(3,243)	-	17,617
	Short-term deposit	66,935	(184)	-	66,751
	Total	₩ 1,489,901	₩ (84,924)	₩ (14)	₩ 1,404,963
Non-current	Trade receivables	₩ 650,301	₩ (339,650)	₩ -	₩ 310,651
	Long-term loans	1,017,714	(361,249)	(7,600)	648,865
	Accounts receivable	693,922	(248,065)	(62)	445,795
	Accrued income	46,301	(31,998)	-	14,303
	Deposits	379,426	(1,529)	(31)	377,866
Total	₩ 2,787,664	₩ (982,491)	₩ (7,693)	₩ 1,797,480	

As of December 31, 2022

		Korean won (in millions)			
		Gross amount	Allowance for credit loss	Discount on present value	Net amount
Current	Trade receivables	₩ 621,003	₩ (35,120)	₩ -	₩ 585,883
	Short-term loans	99,686	(1,672)	-	98,014
	Accounts receivable	461,191	(57,153)	(14)	404,024
	Accrued income	48,136	(3,591)	-	44,545
	Short-term deposit	65,340	(184)	-	65,156
	Total	₩ 1,295,356	₩ (97,720)	₩ (14)	₩ 1,197,622
Non-current	Trade receivables	₩ 648,923	₩ (348,720)	₩ -	₩ 300,203
	Long-term loans	974,547	(341,033)	(7,601)	625,913
	Accounts receivable	672,016	(224,761)	(66)	447,189
	Accrued income	45,941	(31,638)	-	14,303
	Deposits	457,698	(1,814)	(45)	455,839
	Total	₩ 2,799,125	₩ (947,966)	₩ (7,712)	₩ 1,843,447

(2) Credit risk and loss allowance for trade and other receivables

The average credit contribution period for each industry bond is 180 days, and the Group measures the loss allowance at an amount equal to lifetime ECLs for the trade receivables.

ECLs on trade receivables are determined taking into account an analysis of the current financial position of the debtor, including the debtor's past default experience and factors specific to the borrower, the general economic environment and the assessment of the current situation at the reporting date, as well as the assessment of how the situation will change in the future.

The Group will write off trade receivables when there is any information indicating that the debtor is facing serious financial difficulties or commencement of bankruptcy proceedings and there is no reasonable expectation of recovery.

(3) Details of changes in (reversal of) provisions for credit losses for the years ended December 31, 2023 and 2022, are as follows:

As of December 31, 2023

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

- (\*1) The Group calculated lifetime ECLs based on the historical recovery rate of the trade receivables and reflected lifetime ECLs as loss allowance for the balance of the bonds by the end of age.
- (\*2) Includes liquidity reclassifications and changes by the foreign currency translation.
- (\*3) The Group gained control by acquiring an additional 75% stake in DL Engineering & Construction Malaysia Sdn. Bhd., which previously held significant influence, and acquiring a 100% stake. In addition, the Group acquired control over NS Partners Co., Ltd. during the current period.

As of December 31, 2022

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	₩ 41,826	₩ (421)	₩ (6,730)	₩ -	₩ 445	₩ 35,120	
	Short-term loans	23,129	(181)	(73)	(20,971)	(232)	1,672	
	Accounts receivable	59,719	(1,396)	(7,743)	(714)	7,287	57,153	
	Accrued income	3,593	-	(2)	-	-	3,591	
	Short-term deposits	184	-	-	-	-	184	
	Total	₩ 128,451	₩ (1,998)	₩ (14,548)	₩ (21,685)	₩ 7,500	₩ 97,720	
Non-current	Trade receivables	₩ 414,779	₩ (2,844)	₩ 80	₩ (63,267)	₩ (28)	₩ 348,720	
	Long-term loans	332,930	(878)	(536)	-	9,517	341,033	
	Accounts receivable	224,595	(744)	773	-	137	224,761	
	Accrued income	33,189	(1,551)	-	-	-	31,638	
	Deposits	2,370	-	(1,552)	-	996	1,814	
	Total	₩ 1,007,863	₩ (6,017)	₩ (1,235)	₩ (63,267)	₩ 10,622	₩ 947,966	

- (\*1) The Group calculated lifetime ECLs based on the historical recovery rate of the trade receivables and reflected lifetime ECLs as loss allowance for the balance of the bonds by the end of age.
- (\*2) Includes liquidity reclassifications and changes by the foreign currency translation.

(4) As of the end of the reporting period, the age analysis details of accounts receivable and other receivables that are overdue but not damaged are as follows:

As of December 31, 2023

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

As of December 31, 2022

Korean won (in millions)						
		Less than 6 months	1 year- 2 years	2 years- 3 years	More than 3 years	Total
Current	Trade receivables	₩ 35,828	₩ 21,865	₩ 5,997	₩ 12,521	₩ 76,211
	Short-term loans	37,021	389	3,524	2,050	42,984
	Accounts receivable	14,631	36,558	26,133	20,524	97,846
	Accrued income	-	528	-	-	528
	Total	₩ 87,480	₩ 59,340	₩ 35,654	₩ 35,095	₩ 217,569

(5) Details of term structures of trade and other receivables impaired as of December 31, 2023 and 2022, 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	₩ -	₩ -	₩ 16,941	₩ 2,091	₩ 7,141	₩ 26,173
	Short-term loans	-	-	-	1,510	-	1,510
	Accounts receivable	677	34	36	566	15,784	17,097
	Accrued income	-	-	-	-	3,220	3,220
	Short-term deposits	-	-	-	-	184	184
	Total	₩ 677	₩ 34	₩ 16,977	₩ 4,167	₩ 26,329	₩ 48,184
Non-current	Trade receivables	₩ 66,356	₩ -	₩ 4,342	₩ -	₩ 363,202	₩ 433,900
	Long-term loans	20,096	7,759	22,403	4,374	463,142	517,774
	Accounts receivable	2,264	20,259	146	235,312	337,993	595,974
	Accrued income	-	360	-	-	31,638	31,998
	Deposits	-	-	-	-	1,475	1,475
	Total	₩ 88,716	₩ 28,378	₩ 26,891	₩ 239,686	₩ 1,197,450	₩ 1,581,121

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	₩ -	₩ 28	₩ 6,279	₩ 8,540	₩ 7,266	₩ 22,113
	Short-term loans	-	-	-	1,510	-	1,510
	Accounts receivable	863	-	5,495	196	20,169	26,723
	Accrued income	-	-	360	-	3,220	3,580
	Short-term deposits	-	-	-	-	331	331
	Total	₩ 863	₩ 28	₩ 12,134	₩ 10,246	₩ 30,986	₩ 54,257
Non-current	Trade receivables	₩ -	₩ -	₩ -	₩ 167,401	₩ 326,491	₩ 493,892
	Long-term loans	16,448	15,065	4,774	221,957	1,169,393	1,427,637
	Accounts receivable	-	-	235,097	55,963	327,126	618,186
	Accrued income	-	-	-	1,491	31,698	33,189
	Deposits	-	-	-	40	1,599	1,639
	Total	₩ 16,448	₩ 15,065	₩ 239,871	₩ 446,852	₩ 1,856,307	₩ 2,574,543

- (6) The maximum exposures to credit risk as of December 31, 2023, are fair value of trade and other accounts receivable as mentioned above. Meanwhile, the Group's trade and other accounts receivable are measured at amortized cost and their fair values are the same as their carrying values.

## 10. OTHER ASSETS:

Details of other assets as of December 31, 2023 and 2022, are as follows:

		Korean won (in millions)	
		December 31, 2023	December 31, 2022
Current	Prepaid payments (*1)	₩ 128,985	₩ 138,395
	Prepaid expenses	59,107	37,199
	Prepaid construction expenses	86,853	35,949
	Subtotal	274,945	211,543
Non-current	Prepaid expenses	18,921	15,457
	Prepaid construction expenses	19,192	19,259
	Subtotal	38,113	34,716
Total		₩ 313,058	₩ 246,259

- (\*1) The cost of borrowing capitalized on the advance payment of the acquisition of eligible assets during the current term is KRW 4,279 million, some of which have been replaced by inventory assets. The capitalized borrowing interest rate used to calculate the capitalized borrowing cost is 4.53%.

**11. INVENTORIES:**

Details of inventories as of December 31, 2023 and 2022, 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	26,782	-	26,782
Land	928,532	(55,651)	872,881	863,741	(55,651)	808,090
Residual construction	13,765	-	13,765	11,524	-	11,524
Unfinished housing	23,174	-	23,174	5,318	-	5,318
Materials	846	-	846	937	-	937
Total	₩ 993,703	₩ (55,651)	₩ 938,052	₩ 908,426	₩ (55,651)	₩ 852,775

**12. FINANCIAL LEASE RECEIVABLES:**

(1) Details of the Group's lease receivables as of December 31, 2023 and 2022, are as follows:

Korean won (in millions)				
	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Lease receivables	₩ 6,137	₩ 12,278	₩ 492	₩ 1,221
Present value discounts	(192)	(1,330)	(12)	(52)
Total	₩ 5,945	₩ 10,948	₩ 480	₩ 1,169

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

(2) Details of the Group's lease receivables as of December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
	December 31, 2023	December 31, 2022
Within a year	₩ 6,138	₩ 492
More than a year and within two years	6,125	501
More than 2 years and within 3 years	6,134	447
More than 3 years and within 4 years	18	255
More than 4 years and within 5 years	-	18
More than five years	-	-
Total lease fee	₩ 18,415	₩ 1,713
Gross lease investment	18,415	1,713
Unrealized interest income	(1,522)	(64)
Present value of total cash flows	16,893	1,649
Net lease investment	₩ 16,893	₩ 1,649

- (3) The returns related to variable lease payments that are not included in measuring the financial return and the net investment in the lease investment during the current and prior terms are as follows:

Korean won (in millions)		
	2023	2022
Financial lease net investment financial profit	₩ 73	₩ 38
Income related to variable lease fees not included in the net lease investment measurement	277	269

- (4) Management estimates that the loss allowance for lease receivables as of the end of the reporting period is equivalent to lifetime ECL. Lease receivables are not overdue as of the end of the current term, and the management concludes there are 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 did not record the loss allowance in the consolidated financial statements because it is determined that the amount of the loss allowance for the lease receivables was not important.

### **13. PROPERTY, PLANT AND EQUIPMENT:**

- (1) Details of property, plant and equipment as of December 31, 2023 and 2022, are as follows:

As of December 31, 2023

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

As of December 31, 2022

Korean won (in millions)								
Sortation	Land	Buildings	Structures	Machinery	Vehicle	Others	Construction in progress	Total
Acquisition cost	₩ 33,254	₩ 126,318	₩ 2,568	₩ 9,909	₩ 3,595	₩ 57,466	₩ 1,612	₩ 234,722
Accumulated depreciation	-	(41,355)	(1,106)	(2,521)	(2,639)	(39,890)	-	(87,511)
Accumulated impairment	(2,438)	(12,583)	-	-	-	-	-	(15,021)
Carrying value	₩ 30,816	₩ 72,380	₩ 1,462	₩ 7,388	₩ 956	₩ 17,576	₩ 1,612	₩ 132,190

(2) Details of changes in property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows:

For the year ended December 31, 2023

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

(\*1) Some of the decline in the current period has been replaced by intangible assets.

For the year ended December 31, 2022

Korean won (in millions)								
Sortation	Land	Buildings	Structures	Machinery	Vehicle	Others	Construction in progress	Total
Beginning balance	₩ 26,330	₩ 75,395	₩ 1,703	₩ 2,494	₩ 1,412	₩ 23,736	₩ 984	₩ 132,054
Acquisition	5,076	-	21	6,516	139	3,758	2,039	17,549
Transfer	-	-	2	1	-	-	(1,411)	(1,408)
Disposal	(590)	(347)	-	(419)	(1)	(138)	-	(1,495)
Depreciation	-	(2,668)	(271)	(1,005)	(641)	(9,834)	-	(14,419)
Effect of foreign currency translation	-	-	5	(200)	47	54	-	(94)
Others	-	-	2	1	-	-	-	3
Ending balance	₩ 30,816	₩ 72,380	₩ 1,462	₩ 7,388	₩ 956	₩ 17,576	₩ 1,612	₩ 132,190

**14. INVESTMENT PROPERTY:**

(1) Details of investment property as of December 31, 2023 and 2022, are as follows:

As of December 31, 2023

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

As of December 31, 2022

Korean won (in millions)					
Sortation	Land	Buildings	Others	Right-of-use assets	Total
Acquisition cost	₩ 253,344	₩ 113,636	₩ 9,573	₩ 21,041	₩ 397,594
Accumulated depreciation	-	(17,069)	(6,911)	(5,977)	(29,957)
Accumulated impairment	(6,479)	(5,875)	-	-	(12,354)
Carrying value	₩ 246,865	₩ 90,692	₩ 2,662	₩ 15,064	₩ 355,283

(2) Details of changes in investment property for the years ended December 31, 2023 and 2022, are as follows:

For the year ended December 31, 2023

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

For the year ended December 31, 2022

Korean won (in millions)					
Sortation	Land	Buildings	Others	Right-of-use assets	Total
Beginning balance	₩ 242,447	₩ 94,006	₩ 2,870	₩ 17,933	₩ 357,256
Acquisition	-	-	-	-	-
Disposal	(1,354)	(697)	-	-	(2,051)
Transfer (*1,*2)	5,772	-	-	-	5,772
Depreciation	-	(2,617)	(208)	(2,869)	(5,694)
Impairment loss/reversal	-	-	-	-	-
Ending balance	₩ 246,865	₩ 90,692	₩ 2,662	₩ 15,064	₩ 355,283

(\*1) The account of the seventh block of Agok Urban Development Apartment in Namsa, Yongin was transferred to an inventory asset due to the change in the purpose of use.

(\*2) The account of the third Yongin Mabuk business site was transferred to investment real estate due to unsatisfying conditions for classification of assets held for sale for more than one year.

(3) Details of gain and loss from investment property for the years ended December 31, 2023 and 2022, are as follows:

Sortation	Korean won (in millions)	
	2023	2022
Rental income (*1)	₩ 16,496	₩ 13,951
Expenses on operating investment property	(8,728)	(7,677)
Total	₩ 7,768	₩ 6,274

(\*1) The revenue related to variable rent, which does not vary depending on the index or rate (rate), is KRW 4,105 million.

(4) The maturity analysis of operating lease contracts for the years ended December 31, 2023 and 2022, is as follows:

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

(5) Details of fair value of investment property as of December 31, 2023 and 2022, are as follows:

Sortation	Korean won (in millions)			
	December 31, 2023		December 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
Land	₩ 245,720	₩ 286,317	₩ 246,865	₩ 287,463
Buildings	86,247	90,360	90,692	92,460
Others	2,454	2,455	2,662	2,662
Right-of-use assets	12,194	12,195	15,064	15,064
Total	₩ 346,615	₩ 391,327	₩ 355,283	₩ 397,649

The fair value of the Group's investment property has been arrived at on the basis of a valuation carried out by independent appraisers not related to the Group. They have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The investment properties are categorized into Level 3 of the fair value hierarchy based on inputs used in the valuation technique.

## **15. INTANGIBLE ASSETS:**

(1) Details of intangible assets as of December 31, 2023 and 2022, are as follows:

As of December 31, 2023

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

As of December 31, 2022

Korean won (in millions)					
Sortation	Industrial property rights	Software	Membership	Others	Total
Acquisition cost	₩ 4	₩ 58,004	₩ 15,011	₩ 13,298	₩ 86,317
Accumulated amortization	(2)	(43,394)	-	(6,904)	(50,300)
Accumulated impairment	-	-	(726)	-	(726)
Carrying value	₩ 2	₩ 14,610	₩ 14,285	₩ 6,394	₩ 35,291

(2) Details of changes in intangible assets for the years ended December 31, 2023 and 2022, are as follows:

For the year ended December 31, 2023

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

For the year ended December 31, 2022

Korean won (in millions)					
Sortation	Industrial property rights	Software	Membership	Others	Total
Beginning balance	₩ 3	₩ 14,773	₩ 14,285	₩ 10,249	₩ 39,310
Acquisition	-	5,195	-	2,221	7,416
Transfer	-	1,410	-	(203)	1,207
Disposal	-	(20)	-	(1,000)	(1,020)
Amortization	(1)	(6,748)	-	(4,873)	(11,622)
Ending balance	₩ 2	₩ 14,610	₩ 14,285	₩ 6,394	₩ 35,291

**16. INVESTMENTS IN SUBSIDIARIES:**

(1) Details of the Group's investments in subsidiaries as of December 31, 2023 and 2022, are as follows:

Company	Location	Main business	Term-end date	Ownership (%)	
				December 31, 2023	December 31, 2022
DL Construction Co., Ltd. (*1)	Korea	General construction	12.31	100.00	63.94
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	100.00
DL Saudi Arabia Co., Ltd.	Saudi Arabia	Industrial plant construction	12.31	100.00	100.00
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	100.00
DL USA, Inc.	USA	General architecture construction	12.31	100.00	100.00
DL INSAAT GELISTIRME A.S.	Turkiye	Civil engineering	12.31	100.00	100.00
Daelim RUS LLC	Russia	Industrial plant construction	12.31	100.00	100.00
NS Partners Co., Ltd.(*3)	Korea	Real estate property development	12.31	100.00	0.00
CARBONCO PTE. Ltd.	Singapore	Professional science and technology services	12.31	100.00	100.00
DL Engineering & Construction Malaysia Sdn. Bhd. (*4)	Malaysia	Industrial plant construction	12.31	100.00	0.00
DL E&C FZCO (*5)	UAE	Industrial plant construction	12.31	100.00	0.00
Saubukbyeon Development Co., Ltd. (*6)	Korea	Civil engineering and construction business	12.31	100.00	0.00

(\* 1) The Group acquired a 100% stake in the Company through the approval of all-inclusive share swap between the Company and DL Construction Co., Ltd. during the current term.

(\* 2) The number of shares held in the Group is less than a majority, but it is classified as a subsidiary because it is judged to actually control the Company.

(\* 3) The Group incorporated NS Partners Co., Ltd. during the current term.

(\* 4) The Group acquired an additional stake in DL Engineering & Construction Malaysia Sdn. Bhd. during the current period and classified it as a subsidiary.

(\* 5) The Group made a new investment in DLE&CFZCO during the current term.

(\* 6) The Group acquired an additional stake in Saubukbyeon Development Co., Ltd. during the current term and classified it as a subsidiary.

(2) Summary of financial position of the major subsidiaries as of and for the years ended December 31, 2023 and 2022, is as follows:

As of December 31, 2023

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

As of December 31, 2022

Korean won (in millions)					
Company	Assets		Liabilities		Equity
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	
DL Construction Co., Ltd.	₩ 1,351,939	₩ 393,472	₩ 598,910	₩ 147,805	₩ 998,696
Osan Landmark Project Co., Ltd.	436,348	-	828,638	-	(392,290)

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

(3) Summary of financial performance of the major subsidiaries as of and for the years ended December 31, 2023 and 2022, is as follows:

For the year ended December 31, 2023

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

For the year ended December 31, 2022

Korean won (in millions)					
Company	Sales	Operating income (loss)	Net income (loss)	Other comprehensive income (loss)	Comprehensive income (loss)
DL Construction Co., Ltd.	₩ 1,962,419	₩ 81,073	₩ 55,421	₩ 3,421	₩ 58,842
Osan Landmark Project Co., Ltd.	-	(3,575)	(50,975)	-	(50,975)

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

- (4) Summary of cash flows of the major subsidiaries as of and for the years ended December 31, 2023 and 2022, is as follows:

For the year ended December 31, 2023

Korean won (in millions)							
Company	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Net (decrease) increase in cash and cash equivalents	Cash and cash equivalents, beginning of year	Changes in cash and cash equivalents due to foreign currency translation	Cash and cash equivalents, end of year
DL Construction Co., Ltd.	₩ 48,616	₩ (107,205)	₩ 71,664	₩ 13,075	₩ 624,066	₩ -	₩ 637,141
Osan Landmark Project Co., Ltd.	(10,924)	(713)	11,200	(437)	1,683	-	1,246

For the year ended December 31, 2022

Korean won (in millions)							
Company	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Net increase in cash and cash equivalents	Cash and cash equivalents, beginning of year	Changes in cash and cash equivalents due to foreign currency translation	Cash and cash equivalents, end of year
DL Construction Co., Ltd.	₩ 27,724	₩ (5,738)	₩ 23,856	₩ 45,842	₩ 578,224	₩ -	₩ 624,066
Osan Landmark Project Co., Ltd.	(8,528)	-	9,100	572	1,111	-	1,683

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

- (5) Ownership held by non-controlling interests and financial position, the amount of dividend, and financial performance belonging to non-controlling interest for the years ended December 31, 2023 and 2022, are as follows:

As of/For the year ended December 31, 2023

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

(\*1) The acquisition of 100% of the shares is considered to be due to all-inclusive share swap, and it is expressed as zero non-controlling interest.

As of/For the year ended December 31, 2022

Company	Ownership held by non-controlling interests (%)	Cumulative non-controlling interests	Income attributable to non-controlling interests	Korean won (in millions)	
				Comprehensive income attributable to non-controlling interests	Dividends paid to non-controlling interests
DL Construction Co., Ltd.	36.06	340,794	18,392	19,559	5,961

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

## 17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES:

(1) Details of the Group's investments in associates and joint ventures as of December 31, 2023 and 2022, are as follows:

Company	Location	Main business	Term-end date	Korean won (in millions)			
				December 31, 2023		December 31, 2022	
				Ownership (%)	Carrying value	Ownership (%)	Carrying value
Godeok Gangil 10 PFV Co., Ltd.	Korea	Real estate/property management	12.31	25.10	₩ 2,123	25.10	₩ 3,718
Hyoje PFV Co., Ltd. (*3)	Korea	Real estate/property management	12.31	66.00	12,316	66.00	14,441
Ulsan Uijeongbu Project PFV Co., Ltd. (*1)	Korea	Real estate/property management	12.31	50.00	5,542	50.00	5,927
Luoma Inc. (*4)	Korea	Financial investment	12.31	28.79	62,418	28.79	19,279
Daejeon munwha PFV Co., Ltd. (*1)	Korea	Real estate/property management	12.31	50.00	17,156	50.00	2,630
Incheon Inha PFV Co., Ltd. (*1)	Korea	Real estate/property management	12.31	50.00	25,745	50.00	2,544
JeonJu Wansan PFV Co., Ltd. (*1)	Korea	Real estate/property management	12.31	50.00	11,373	50.00	3,221
Gwacheon Jisan One PFV Co., Ltd. (*2)	Korea	Real estate/property management	12.31	0.67	41	0.67	37
DLENC Philippines, Inc.	Philippines	Construction of industrial plants	12.31	40.00	6,341	40.00	6,643
DL Engineering & Construction Malaysia Sdn. Bhd.	Malaysia	Construction of industrial plants	12.31	-	-	25.00	-
DIAP-DAELIM JOINT VENTURE PTE. LTD.	Singapore	Civil engineering	12.31	49.00	6,815	49.00	6,579
OMZ-Daelim LLC	Russia	Construction of industrial plants	12.31	48.00	1,933	48.00	2,399

Samho Citron City CO., Ltd. (*5)	Korea	Real estate/ property development	12.31	23.33	-	23.33	-
Namwon Thema Park CO., Ltd. (*9)	Korea	Real estate/ property development	12.31	25.00	-	25.00	136
Wonju Buron general industrial complex CO., Ltd.(*12)	Korea	Real estate/ property development	12.31	25.71	-	25.71	23
Pebblestone MD PFV CO., Ltd. (*12)	Korea	Real estate/ property development	12.31	13.64	-	13.64	1,232
Sau Bukbyeon CO., Ltd.(*11)	Korea	Real estate/ property development	12.31	49.90	-	34.90	604
Haeryong Industrial Complex Co., Ltd(*8)	Korea	Real estate/ property development	12.31	45.00	176	-	-
Myungjin P.T. Co., Ltd(*2)	Korea	Real estate/ property development	12.31	19.90	-	-	-
Asan Dogo Industrial Complex Development Co., Ltd.	Korea	Real estate/ property development	12.31	20.00	46	20.00	53
KB Development Blind General Private Equity Investment Trust No. 2	Korea	Real estate fund	12.31	39.00	3,648	39.00	3,335
Hwaseong JDC, LLC	Korea	Other specialized services	12.31	28.00	-	28.00	-
Koramco Private Real Estate Equity Fund No.112(*6)	Korea	Real estate fund	12.05	44.80	5,783	44.80	5,955
Together Daejeon-Munhwa PFV Co., Ltd. (*7)	Korea	Real estate/ property development and supply	12.31	43.48	4,061	43.48	12,970
Songpa Bokjeong Station Layered City PFV Co., Ltd. (*10)	Korea	Real estate/ property development and supply	12.31	42.10	19,680	42.10	19,902
Igis Haeundae General Private Equity Real Estate Investment Trust No. 1 (*11)	Korea	Collective investment (Real estate)	2.28	33.33	3,124	33.33	3,010
TK Private Equity limited Partnership(*8)	Korea	Real estate/ property development and supply	12.31	79.75	28,630	-	-
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	Turkiye	Civil engineering	12.31	25.00	265,373	25.00	322,839
Soopirang Corporation Co., Ltd.(*8)	Korea	Real estate/ property development and supply	12.31	30.00	524	-	-

Seongnam MICE PFV Co., Ltd.(*)2 (*)8	Korea	Real estate/ property development and supply	12.31	5.50	276	-	-
Jemulpo Station Urban Complex Project Entrusted Management REIT(*)13	Korea	Real estate/ property development and supply	12.31	53.00	159	-	-
NeuRizer Ltd. (*)2	Australia	Ammonia and urea production	6.30	7.11	1,459	8.82	12,033
Total						₩ 484,742	₩ 449,510

- (\*)1 The share of voting rights of The Group is 50%, and the share of non-voting preferred stocks is 47.5%. The Group participated in the capital increase of Daejeon munwha PFV Co., Ltd. (KRW14,250 million), Incheon Inha PFV Co., Ltd. (KRW 22,800 million), and Jeonju Wansan PFV Co., Ltd. (KRW 8,075 million) during the current period.
- (\*)2 Although the consolidated entity's stake in the investee is less than 20%, the Group is classified as an affiliated company because it can exert a significant influence by participating in the investee's board of directors.
- (\*)3 According to the shareholder agreement and articles of association, there are restrictions on the exercise of voting rights on important financial and business policy decisions, so it is classified as an affiliated company.
- (\*)4 The share of voting rights of the Group is 28.79%, but major related activities require the consent of all investors, so it is classified as a joint enterprise.
- (\*)5 The shares have been fully pledged (see Note 27). It is also classified as an affiliated company because the consolidated entity's shareholding ratio to the investee is less than 20%, but the voting rights share is 23.3%, which can exert a significant influence.
- (\*)6 Related activities of private real estate investment trust assets are conducted in the form of consent from all beneficiaries and share control, so they are considered to have joint control and are classified as joint enterprise investment shares.
- (\*)7 The share of voting rights of the Group is 43.48%, and the share, including preferred stocks, without voting rights is 56.67%.
- (\*)8 The Group made a new investment in the relevant investee company during the current term. The Group was classified as an affiliated company because there were restrictions on the exercise of voting rights on important financial and business policy decisions according to the shareholder agreement and articles of association.
- (\*)9 The shares are fully pledged (see Note 30).
- (\*)10 The share of voting rights of The Group is 42.10%, and the share, including preferred stocks, without voting rights is 50.00%.
- (\*)11 It was replaced by subsidiary shares due to the acquisition of control of the Group during the current period (see Note 16).
- (\*)12 The Group sold the investee during the current period.
- (\*)13 Although the consolidated entity's stake in the investee exceeds 50%, major related activities require the consent of all investors, so it is classified as a joint enterprise.

(2) As of December 31, 2023 and 2022, there are shares of associates or joint ventures for which market prices exist.

Company	Korean won (in millions)	
	December 31, 2023	December 31, 2022
NeuRizer Ltd.	₩ 1,460	₩ 8,206

(3) Changes in the associates and joint ventures for the years ended December 31, 2023 and 2022, are as follows:

For the year ended December 31, 2023

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

Korean won (in millions)							
Company	Beginning balance	Acquisition or disposal	Share of profits (losses)	Share of other comprehensive profits (losses)	Dividend received	Others(*1)	Ending balance
Igis Haeundae General Private Equity Real Estate Investment Trust No. 1	3,010	-	114	-	-	-	3,124
TK Private Equity limited Partnership	-	26,000	2,630	-	-	-	28,630
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	322,839	-	(14,753)	(3,732)	-	(38,981)	265,373
Soopirang Corporation Co., Ltd.	-	512	12	-	-	-	524
Seongnam MICE PFV Co., Ltd.	-	275	1	-	-	-	276
Jemulpo Station Urban Complex Project Entrusted Management REIT	-	159	-	-	-	-	159
Neurizer Ltd.	12,033	-	(779)	(155)	-	(9,640)	1,459
Total	₩ 449,510	₩ 70,352	₩ 24,238	₩ (4,072)	₩ (6,665)	₩ (48,621)	₩ 484,742

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

For the year ended December 31, 2022

Korean won (in millions)							
Company	Beginning balance	Acquisition or disposal	Share of profits (losses)	Share of other comprehensive profits (losses)	Dividend received	Others	Ending balance
Godeok Gangil 10 PFV Co., Ltd.	₩ -	₩ -	₩ 3,718	₩ -	₩ -	₩ -	₩ 3,718
Hyoje PFV Co., Ltd.	14,916	-	(475)	-	-	-	14,441
Ulsan Uijeongbu Project PFV Co., Ltd.	5,829	-	1,075	-	(977)	-	5,927
Luoma Inc.	18,457	-	822	-	-	-	19,279
Daejeon munwha PFV Co., Ltd.	2,498	-	244	-	(112)	-	2,630
Incheon Inha PFV Co., Ltd.	2,480	-	159	-	(95)	-	2,544
JeonJu Wansan PFV Co., Ltd.	2,682	-	816	-	(277)	-	3,221
Gwacheon Jisan One PFV Co., Ltd.	34	-	3	-	-	-	37
DLENC Philippines, Inc.	5,432	-	2,440	(1,229)	-	-	6,643
DL Engineering & Construction Malaysia Sdn. Bhd.	-	-	-	-	-	-	-
DIAP-DAELIM JOINT VENTURE PTE. LTD.	6,119	-	-	460	-	-	6,579
OMZ-Daelim LLC	2,302	-	(196)	293	-	-	2,399
Samho Citron City CO., Ltd.	23	(5)	(18)	-	-	-	-
Namwon Thema Park CO., Ltd.	385	-	(249)	-	-	-	136
Wonju Buron general industrial complex CO., Ltd.	26	-	(3)	-	-	-	23
Pebblestone MD PFV CO., Ltd.	1,404	-	(172)	-	-	-	1,232
Sau Bukbyeon CO., Ltd.	662	-	(58)	-	-	-	604
Asan Dogo Industrial Complex Development Co., Ltd.	60	-	(7)	-	-	-	53
KB Development Blind General Private Equity Investment Trust No. 2	-	3,510	1	-	(176)	-	3,335
Hwaseong JDC, LLC	3	-	(3)	-	-	-	-
Koramco Private Real Estate Equity Fund No.112	5,355	600	8,831	-	(36)	(8,795)	5,955
Together Daejeon-Munhwa PFV Co., Ltd.	-	17,000	(4,030)	-	-	-	12,970
Songpa Bokjeong Station Layered City PFV Co., Ltd.	-	20,000	(98)	-	-	-	19,902
Igis Haeundae General Private Equity Real	-	3,000	10	-	-	-	3,010

Estate Investment Trust No. 1							
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	221,483	18,241	(1,550)	84,665	-	-	322,839
NeuRizer Ltd.	-	12,979	(497)	(449)	-	-	12,033
Total	₩ 290,150	₩ 75,325	₩ 10,763	₩ 83,740	₩ (1,673)	₩ (8,795)	₩ 449,510

(4) Summary of financial position of the major associates and joint ventures as of and for the years ended December 31, 2023 and 2022, is as follows:

As of December 31, 2023

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

As of December 31, 2022

Korean won (in millions)					
Company	Assets		Liabilities		Shareholders' equity
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	₩ 674,704	₩ 3,938,031	₩ 214,823	₩ 2,935,064	₩ 1,462,848

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

(5) Summary of financial performance of the major associates and joint ventures as of and for the years ended December 31, 2023 and 2022, is as follows:

For the year ended December 31, 2023

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

For the year ended December 31, 2022

Korean won (in millions)					
Company	Sales	Operating income	Net loss	Other comprehensive income(loss)	Comprehensive income(loss)
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	₩ 142,108	₩ 11,222	₩ (37,961)	₩ 332,356	₩ 294,395

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

- (6) Main items in the summary of financial statements of the major associates and joint ventures as of and for the years ended December 31, 2023 and 2022, are as follows:

As of/For the year ended December 31, 2023

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

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

As of/For the year ended December 31, 2022

Korean won (in millions)	
Company	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION
Cash and cash equivalents	₩ 217,892
Current financial liabilities (*1)	212,943
Non-current financial liabilities (*1)	2,935,064
Depreciation	331
Amortization	298
Interest income	197,421
Interest cost	204,702
Income tax expense	37,156

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

- (7) Details of adjustments from investees' equity to carrying value as of December 31, 2023 and 2022, are as follows:

As of December 31, 2023

Korean won (in millions)							
Company	Equity (A)	Ownership (%) (B)	Attributed equity (A × B)	(+) Goodwill	(-) Internal transaction	(-)Accumulated impairment loss	Carrying value
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	₩ 1,408,054	25	₩ 352,014	₩ -	₩ (47,660)	₩ (38,981)	₩ 265,373

As of December 31, 2022

Korean won (in millions)						
Company	Equity (A)	Ownership (%) (B)	Attributed equity (A × B)	(+) Goodwill	(-) Internal transaction	Carrying value
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	₩ 1,462,848	₩ 25.00	₩ 365,712	₩ -	₩ (42,873)	₩ 322,839

- (8) Details of the accumulated unrecognized changes in the interest due to discontinuing the equity method as of December 31, 2023 and 2022, are as follows:

As of December 31, 2023

Investee	Korean won (in millions)	
	Unrecognized equity changes in this year	Accumulated unrecognized equity changes
Namwon Thema park Co., Ltd.	₩ 918	₩ 918
Samho Citron City CO., Ltd.	114	114
Hwaseong JDC, LLC	(34)	-

As of December 31, 2022

Investee	Korean won (in millions)	
	Unrecognized equity changes in this year	Accumulated unrecognized equity changes
DL Engineering & Construction Malaysia Sdn. Bhd.	₩ 152	₩ 3,390
Hwaseong JDC, LLC	34	34

### **18. RIGHT-OF-USE ASSETS:**

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

- (1) The details of right-of-use assets as of December 31, 2023 and 2022, are as follows:

As of December 31, 2023

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

As of December 31, 2022

	Korean won (in millions)				
	Real estate	Vehicles	Machinery	Others	Total
Acquisition cost	124,779	10,107	42,206	6,800	183,892
Accumulated amortization	(58,480)	(4,071)	(19,185)	(6,251)	(87,987)
Carrying value	₩ 66,299	₩ 6,036	₩ 23,021	₩ 549	₩ 95,905

(2) Details of changes in the right-of-use assets for the years ended December 31, 2023 and 2022, are as follows:

For the year ended December 31, 2023

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

For the year ended December 31, 2022

Korean won (in millions)					
	Real estate	Vehicles	Machinery	Others	Total
Beginning balance	₩ 80,709	₩ 6,033	₩ 21,274	₩ 3,807	₩ 111,823
Acquisition	12,770	3,644	27,779	4	44,197
Transfer	-	-	-	-	-
Disposal	(546)	(814)	(4,355)	-	(5,715)
Depreciation	(26,626)	(2,875)	(21,679)	(3,262)	(54,442)
Effects of foreign currency translation	(8)	48	2	-	42
Others	-	-	-	-	-
Ending balance	₩ 66,299	₩ 6,036	₩ 23,021	₩ 549	₩ 95,905

(3) The amounts recognized in profit and loss for the years ended December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
	2023	2022
Depreciation expense on right-of-use assets (*1)	₩ 62,620	₩ 57,312
Interest expense on lease liabilities	3,633	3,214
Expense relating to short-term leases	78,126	112,805
Expense relating to leases of low-value assets	1,494	1,317
Profit from relending lease of the right-of-use asset	4,672	3,167

(\*1) The depreciation cost of investment property of KRW 2,869 and KRW 2,869 million is included in depreciation cost of right-of-use assets in the current and prior terms, respectively.

The total amount of cash outflows from leases for the years ended December 31, 2023 and 2022, was KRW 149,889 million and KRW 174,259 million, respectively.

**19. TRADE AND OTHER ACCOUNTS PAYABLE:**

Details of the Group's trade and other payables as of December 31, 2023 and 2022, are as follows:

		Korean won (in millions)	
		December 31, 2023	December 31, 2022
Current	Trade payables (*1)	₩ 1,060,596	₩ 993,059
	Accounts payable	283,328	263,874
	Accrued expenses	123,152	52,537
	Leasehold deposits received	2,194	2,283
	Subtotal	1,469,270	1,311,753
Non-current	Long-term trade payables	8,861	8,686
	Long-term accounts payable	687	288
	Long-term leasehold deposits received	10,760	5,622
	Subtotal	20,308	14,596
Total		₩ 1,489,578	₩ 1,326,349

(\*1) The amount of supplier financial commitment liabilities is included.

**20. BORROWINGS:**

(1) Details of the Group's borrowings as of December 31, 2023 and 2022, 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 and others	4.91-6.23	₩ 144,800	₩ 185,758
Total			₩ 144,800	₩ 185,758
Long-term borrowings				
General loans	Woori Hansoup and others	2.24-5.59	₩ 302,593	₩ 332,373
Operating loans	Korea Housing & Urban Guarantee and others	0.00-8.00	248,040	137,584
Subtotal			550,633	469,957
Less: Current maturities of long-term debt (par value)			(127,667)	(55,596)
Present value discount (current maturities of long-term debt)			1,296	142
Current maturities of long-term debt (book value)			(126,371)	(55,454)
Less: Present value discount (long-term borrowings)			(4,482)	(4,959)
Total			₩ 418,484	₩ 409,402

(2) Details of the Group's debentures as of December 31, 2023 and 2022, are as follows:

Korean won (in millions)						
Description	Issue date	Maturity date	Term-end interest rate (%)	December 31, 2023	December 31, 2022	Guarantee
1-1 public	2021-06-16	2024-06-14	1.70	₩ 200,000	₩ 200,000	Nonguaranteed
1-2 public	2021-06-16	2026-06-16	2.14	95,000	95,000	Nonguaranteed
265 private	2020-08-05	2027-08-05	2.44	30,000	30,000	Nonguaranteed
266 private	2020-08-10	2027-08-10	2.45	50,000	50,000	Nonguaranteed
33 private	2010-12-14	2027-12-31	3.50	4,116	4,116	Nonguaranteed
34 private	2011-03-29	2027-12-31	3.50	5,487	5,487	Nonguaranteed
35 public	2011-07-04	2027-12-31	3.50	6,859	6,859	Nonguaranteed
DL Construction 1-1 public	2021-09-10	2023-09-08	0.00	-	20,000	Nonguaranteed
DL Construction 1-2 public	2021-09-10	2024-09-09	2.81	39,000	39,000	Nonguaranteed
DL Construction 2-1 private	2023-05-23	2024-11-22	6.40	10,000	-	Nonguaranteed
DL Construction 2-2 private	2023-05-23	2025-05-23	6.50	10,000	-	Nonguaranteed
DL Construction 3 private	2023-05-31	2025-05-30	6.40	10,000	-	Nonguaranteed
Subtotal				460,462	450,462	
Less: Current maturities of long-term debt (par value)				(249,000)	(20,000)	
Discounts on current debentures				(84)	-	
Current maturities of long-term debt (book value)				(248,916)	(20,000)	
Less: Discounts on non-current debentures				(2,340)	(3,082)	
Total				₩ 209,122	₩ 427,380	

(3) The repayment schedule of long-term borrowings and debentures outstanding as of December 31, 2023, is as follows:

Korean won (in millions)			
Years ending December 31	Long-term borrowings	Debentures (par value)	Total
2025.01.01–2025.12.31	₩ 108,752	₩ 20,000	₩ 128,752
2026.01.01–2026.12.31	103,188	95,000	198,188
Thereafter	211,026	96,462	307,488
Total	₩ 422,966	₩ 211,462	₩ 634,428

## 21. RETIREMENT BENEFIT PLAN:

### (1) Defined Contribution Retirement Pension

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

The Group recognized KRW 15,488 million and KRW 13,024 million of contribution portion under its defined contribution plan in the consolidated statements of income for the years ended December 31, 2023 and 2022, respectively.

(2) Defined Benefits Retirement Pension

The Group operates a defined benefit plan for qualified employees. Employees receive retirement allowance, which is calculated by average wages of final three months at the time of retirement under the defined benefit plan. The Group is exposed to investment risk, interest risk and wage risk. The valuation of related plan assets and defined benefit liability is performed by Mirae Asset Securities Co., Ltd. Also, the present value of defined benefit obligation, current service cost and past service cost are measured using the projected unit credit method.

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

	Korean won (in millions)	
	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	₩ 225,502	₩ 198,144
Fair value of plan assets	(249,383)	(224,528)
Net defined benefit liabilities/assets	₩ (23,881)	₩ (26,384)

- 2) Changes in present value of net defined benefit liabilities/assets for the years ended December 31, 2023 and 2022, 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	₩ 198,144	₩ (224,528)	₩ (26,384)
Current service cost	29,582	-	29,582
Interest cost (income)	10,044	(8,904)	1,140
Subtotal	39,626	(8,904)	30,722
Remeasurement components:			
Return on plan assets (excluding the amount included in above interest income)	-	(5,097)	(5,097)
Actuarial gain/loss (demographic)	505	-	505
Actuarial gain/loss (financial)	10,497	-	10,497
Actuarial gain/loss (empirical)	10,313	-	10,313
Subtotal	21,315	(5,097)	16,218
Employer's contribution	-	(37,410)	(37,410)
Benefit paid	(34,140)	26,707	(7,433)
Consolidated range variation	6	-	6
Others	551	(151)	400
Ending balance	₩ 225,502	₩ (249,383)	₩ (23,881)

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	₩ 216,889	₩ (209,890)	₩ 6,999
Current service cost	29,210	-	29,210
Interest cost (income)	5,877	(5,835)	42
Subtotal	35,087	(5,835)	29,252
Remeasurement components:			
Return on plan assets (excluding the amount included in above interest income)	-	900	900
Actuarial gain/loss (demographic)	(85)	-	(85)
Actuarial gain/loss (financial)	(28,703)	-	(28,703)
Actuarial gain/loss (empirical)	9,962	-	9,962
Subtotal	(18,826)	900	(17,926)
Employer's contribution	-	(38,600)	(38,600)
Benefit paid	(37,046)	30,739	(6,307)
Consolidated range variation	-	-	-
Others	2,040	(1,842)	198
Ending balance	₩ 198,144	₩ (224,528)	₩ (26,384)

The Group 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 years ended December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
	2023	2022
Current service cost	₩ 29,582	₩ 29,210
Interest cost	10,044	5,877
Interest income	(8,904)	(5,835)
Total cost included in employee benefits	₩ 30,722	₩ 29,252

4) The principal assumptions used for actuarial valuation are as follows:

	December 31, 2023	December 31, 2022
Discount rate	4.93%-5.51%	5.40%-6.33%
Expected salary increase rate (including inflation)	3.78%-5.37%	3.34%-4.38%

The Group used survival and mortality rate on plan assets as mortality rate. The rate is announced and generated by Korea Insurance Development Institute, which provides reference rates and statistical analyses under the Insurance Business Act.

5) On condition that other assumptions remain the same, the changes in net defined benefit liabilities derived from the changes in actuarial assumptions to a reasonable extent of influence are as follows:

Korean won (in millions)				
	2023		2022	
	Increase in rate	Decrease in rate	Increase in rate	Decrease in rate
1% change in discount rate	₩ (11,538)	₩ 10,888	₩ (12,591)	₩ 13,738
1% change in future salary increase rate	11,148	(11,950)	13,728	(12,812)

Because of the correlation between actuarial assumptions, the changes in rate would not occur independently. Therefore, the above sensitivity analysis does not represent actual changes in defined benefit obligation. The present value of defined benefit obligation in the above sensitivity analysis is measured using the projected unit credit method aligned to the consolidated statements of financial position.

**22. OTHER LIABILITIES:**

Details of other liabilities as of December 31, 2023 and 2022, are as follows:

		Korean won (in millions)	
		December 31, 2023	December 31, 2022
Current	Advances received	₩ 54,330	₩ 57,024
	Unearned revenue	1,165	3,454
	Withholdings	86,006	81,325
	Subtotal	141,501	141,803
Non-current	Long-term unearned revenue	-	936
	Withholdings	18,712	1,039
	Subtotal	18,712	1,975
Total		₩ 160,213	₩ 143,778

**23. OTHER PROVISIONS:**

Details of changes in other provisions and classification by liquidity as of December 31, 2023 and 2022, are as follows:

For the year ended December 31, 2023

Korean won (in millions)									
	Changes							Liquidity	
	Beginning balance	Variation in consolidated range	Additional provisions	Utilization	Reversal	Other	Ending balance	Current	Non-current
Litigations (*1)	₩ 17,227	₩ -	₩ 19,425	₩ (18,536)	₩ (2,525)	₩ -	₩ 15,591	₩ 15,591	₩ -
Completion cost, etc. (*2, *3)	161,369	354	182,555	(130,013)	(19,388)	17,882	212,759	212,759	-
Restoration (*4)	721	-	-	-	-	-	721	-	721
Construction loss provisions	43,517	19	12,068	(15,493)	(697)	(10)	39,404	39,404	-
Total	₩ 222,834	₩ 373	₩ 214,048	₩ (164,042)	₩ (22,610)	₩ 17,872	₩ 268,475	₩ 267,754	₩ 721

For the year ended December 31, 2022

Korean won (in millions)									
	Changes						Liquidity		
	Beginning balance	Additional provisions	Utilization	Reversal	Other	Ending balance	Current	Non-current	
Litigations (*1)	₩ 40,419	₩ 35,425	₩ (57,992)	₩ (625)	₩ -	₩ 17,227	₩ 17,227	₩ -	
Completion cost, etc. (*2, *3)	222,685	135,354	(145,465)	(43,208)	(7,997)	161,369	161,369	-	
Restoration (*4)	697	24	-	-	-	721	-	721	
Construction loss provisions	38,007	16,090	(10,037)	(657)	114	43,517	43,517	-	
Total	₩ 301,808	₩ 186,893	₩ (213,494)	₩ (44,490)	₩ (7,883)	₩ 222,834	₩ 222,113	₩ 721	

(\*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 partnership 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.

**24. LEASE LIABILITIES:**

(1) Lease contract

On an average, the Group has used real estate, vehicle transport and machinery as leases for about two years and does not have the option to buy property at the end of the lease contract. Legal ownership of the leased assets is held by the lessor as security for the lease liability.

(2) The maturity analysis of lease liabilities as of December 31, 2023 and 2022, is as follows:

Korean won (in millions)				
	December 31, 2023		December 31, 2022	
	Total cash outflow	Present value of total cash outflow	Total cash outflow	Present value of total cash outflow
Within 1 year	₩ 63,132	₩ 61,976	₩ 56,701	₩ 55,914
1 year to 5 years	63,520	59,653	78,685	74,772
More than 5 years	36	17	2,215	1,957
Total	₩ 126,688	₩ 121,646	₩ 137,601	₩ 132,643

(3) The liquidity classification of lease liabilities as of December 31, 2023 and 2022, is as follows:

Korean won (in millions)		
	December 31, 2023	December 31, 2022
Current liabilities	₩ 61,976	₩ 55,914
Non-current liabilities	59,670	76,729
Total	₩ 121,646	₩ 132,643

**25. CAPITAL STOCK:**

Details of capital stock as of December 31, 2023 and 2022, are as follows:

	Korean won	
	December 31, 2023	December 31, 2022
① Authorized shares of capital stock	120,000,000 shares	120,000,000 shares
② Par value	₩ 5,000	₩ 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	₩ 193,468 million	₩ 193,468 million
Preferred stock	21,129 million	21,129 million

(\*1) Preferred shareholders can exercise voting rights from the next general meeting after passing the resolution of not to divide until the general meeting when it is decided to divide. Maximum shares are up to 30 million.

**26. OTHER PAID-IN CAPITAL:**

(1) Details of other paid-in capital as of December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
	December 31, 2023	December 31, 2022
Additional paid-in capital	₩ 3,500,575	₩ 3,500,575
Treasury stock	(105,146)	(32,206)
Other capital surplus	346,651	(6,798)
Total	₩ 3,742,080	₩ 3,461,571

(2) Details of changes in other paid-in capital as of December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
	December 31, 2023	December 31, 2022
Beginning balance	₩ 3,461,571	₩ 3,606,913
Acquisition of treasury stock	(72,940)	(28,995)
All-inclusive share swap	353,449	
Bonus issue	-	(107,957)
Effect of changing functional currency	-	(8,390)
Ending balance	₩ 3,742,080	₩ 3,461,571

**27. RETAINED EARNINGS:**

(1) Details of retained earnings as of December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
	December 31, 2023	December 31, 2022
Legal reserve:		
Earned surplus reserve (*1)	₩ 10,029	₩ 5,801
Voluntary reserve:		
Personal information protection damage liability reserve	1,000	1,000
Unappropriated retained earnings	979,460	851,283
Total	₩ 990,489	₩ 858,084

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

(2) Details of changes in retained earnings for the years ended December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
	2023	2022
Beginning balance	₩ 858,084	₩ 580,287
Net income attributable to shareholders' equity of the parent company	187,862	413,166
Dividend	(42,282)	(58,012)
Remeasurement of defined benefit plan	(13,175)	12,324
Effect of changing functional currency	-	(89,681)
Ending balance	₩ 990,489	₩ 858,084

(3) Dividends for the year ended December 31, 2023 and 2022, are as follows:

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

## **28. ACCUMULATED OTHER COMPREHENSIVE INCOME:**

(1) Details of other comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
	December 31, 2023	December 31, 2022
Loss on valuation of FVTOCI debt instruments	₩ (1,489)	₩ (2,444)
Loss on overseas operations translation	(221,113)	(184,411)
Equity changes in other comprehensive income on associates and joint ventures	44,217	2,278
Total	₩ (178,385)	₩ (184,577)

(2) Details of changes in accumulated other comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
	2023	2022
Beginning balance	₩ (184,577)	₩ (126,619)
Gain (loss) on valuation of FVTOCI debt instruments	955	(415)
Gain (loss) on valuation	1,270	(554)
Tax effect	(315)	139
Loss on overseas operations translation	(36,702)	(179,126)
Equity changes in other comprehensive income of associates and joint ventures	41,939	25,104
Gain (loss) on valuation	(4,072)	83,896
Tax effect	46,011	(58,792)
Effects of changing functional currency	-	96,479
Ending balance	₩ (178,385)	₩ (184,577)

**29. COLLATERALS AND GUARANTEES:**

(1) Collaterals

1) The Group’s assets pledged as collateral to financial institutions for the Group’s borrowings as of December 31, 2023, are as follows:

Korean won (in millions)						
Financial institution	Pledged assets	Carrying value	Pledged amount	Relevant debt	Amount of debt	Description
Construction Guarantee	Investment certificates and others	₩ 72,974	₩ 72,974	Borrowing	₩ 26,300	Guarantee and loan commitment
IBK INSURANCE CO, LTD and others	Land	416,200	101,760	Borrowing	84,800	
NongHyup Bank	Land	36,917	51,360	Borrowing	42,800	-
Total		₩ 526,091	₩ 226,094		₩ 153,900	

2) As of December 31, 2023, the Group’s equity securities, including fair value measurement of financial assets (carrying value: KRW 94,912 million), are pledged as collateral to Korea Development Bank and other financial institutions for the companies established pursuant to the Act on Private Participation in Infrastructure. No liabilities are relevant to those collaterals.

(2) Guarantees provided by the Group

1) Comprehensive summary of contingent liabilities from construction project finance loans (“PF”) (not including completion guarantees, interim payment loans, and SOC)

The Group provides corresponding financial institutions’ credit enhancements, which amount to a total of KRW 2,199,088 million (KRW 1,190,315 million in 2022) on December 31, 2023. The exposure to independent projects amounts to KRW 1,823,719 million (KRW 1,186,356 million in 2022), and the exposure to consortium projects amounts to KRW 375,369 million (KRW 3,959 million in 2022). The exposure of the credit enhancements for the related parties is KRW 389,017 million (KRW 152,000 million in 2022), which entirely belongs to the other projects.

(The Group provided a payment guarantee of KRW 299,000 million in relation to the redevelopment and maintenance project in Daemyung, Daegu.

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	Guaranteelimit (*1)	Pledged limit	Guarantee amount (*2)	Balance of loans							2022
					2023	Maturity						
						Within 3 months	3 - 6 months	6 - 12 months	1 year - 2 years	2 - 3 years	More than 3 years	
Improvement	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	351,000	428,300	346,000	346,000	-	95,000	251,000	-	-	-	82,000
	Original PF	130,000	130,000	124,017	124,017	-	-	94,017	30,000	-	-	70,000
	Others	122,000	146,400	122,000	122,000	-	-	122,000	-	-	-	-
	Subtotal	603,000	704,700	592,017	592,017	-	95,000	467,017	30,000	-	-	152,000
Total		₩ 2,765,720	₩ 3,297,734	₩ 1,823,720	₩ 1,823,720	₩ 148,030	₩ 95,000	₩ 941,880	₩ 240,314	₩ -	₩ 398,496	₩ 1,186,356

(\*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	Guaranteeamount	Balance of loans							2022
					2023	Maturity						
						Within 3 months	3 - 6 months	6 - 12 months	1 year - 2 years	2 - 3 years	More than 3 years	
Improvement	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	Original PF	277,080	316,480	251,180	251,180	-	171,100	-	-	-	80,080	-
	Subtotal	277,080	316,480	251,180	251,180	-	171,100	-	-	-	80,080	-
Total		₩ 602,580	₩ 707,080	₩ 382,518	₩ 382,518	₩ -	₩ 171,100	₩ -	₩ -	₩ -	₩ 211,418	₩ 10,701

(\*1) A consortium project indicates a project where the Group 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 Group.

Comprehensive summary: Consortium project (Attributed to the Company)

Korean won (in millions)												
Project	Type	Guaranteelimit	Pledged limit	Guaranteeamount	Balance of loans							2022
					2023	Maturity						
						Within 3 months	3 - 6 months	6 - 12 months	1 year - 2 years	2 - 3 years	More than 3 years	
Improvement	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	Original PF	277,080	316,480	251,180	251,180		171,100	-	-	-	80,080	-
	Subtotal	277,080	316,480	251,180	251,180	-	171,100	-	-	-	80,080	-
Total		₩ 585,885	₩ 687,046	₩ 375,369	₩ 375,369	₩	₩ 171,100	₩	₩	₩	₩ 204,269	₩ 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 20 guarantees for PF loans which the Company provides regarding the improvement projects at the reporting date of the current year:

Project	Location	Construction objective	PF type	Enhancement type	Guarantee limit	Pledged limit	The Group'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					
												Korean won (in millions)								
Improvement	Special metropolitan city	Apartment	Original PF	*A	₩	₩	100%	₩	Association	N/A	Other	₩	₩ 21,771	'21.08	'23.08	PF loan	-	-	(*2)	
		Apartment	Original PF	*A	71,800	86,160	100%	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%	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%	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%	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%	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%	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%	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%	21,965	Association	N/A	Syndication	21,965	-	'23.08	'28.08	PF loan	-	-		
	Apartment	Original PF	*A	300,000	360,000	100%	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%	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%	44,033	Association	N/A	Syndication	44,033	-	'23.06	'27.03	PF loan	-	-		
		Apartment	Original PF	*A	179,600	215,520	100%	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%	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%	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%	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%	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%	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 due to the condition of lump-sum repayment at maturity. No credit enhancement is omitted. (The one whose maturity was in September 2024 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%	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%	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 guarantees

(\*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 14 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 Group'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	Officetel*	Bridge loan	*B	₩ -	₩ -	100%	₩ -	Developer	Associate	Other	₩ -	₩ 47,000	'22.06	'23.06	PF loan	-	-	(*2)
		Officetel	Bridge loan	*B	120,000	156,000	100%	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%	-	Developer	Associate	Other	-	35,000	'22.05	'23.11	PF loan	-	-	(*2)
		Apartment	Bridge loan	*B	50,000	65,000	100%	50,000	Developer	Associate	Syndication	50,000	-	'23.11	'24.11	PF loan	-	-	-
		Apartment	Bridge loan	*B	95,000	102,000	100%	95,000	Developer	Other related	Syndication	95,000	-	'23.05	'24.05	PF loan/ ABCP	'24.05	-	-
		Apartment	Bridge loan	*B	21,000	27,300	100%	21,000	Developer	N/A	Other	21,000	-	'23.11	'24.11	PF loan	-	-	-
		General building	Original PF	*B	30,000	30,000	100%	30,000	Developer	N/A	Syndication	30,000	-	23.04	25.03	PF loan	-	165,000	-
	The loans above can be repaid early. No credit enhancement is omitted.																		
	City	Apartment	Bridge loan	*B	30,000	36,000	100%	30,000	Developer	Associate	Other	30,000	-	'23.04	'24.10	PF loan	-	-	-
		Apartment	Bridge loan	*B	35,000	42,000	100%	35,000	Developer	Associate	Other	35,000	-	'23.08	'24.10	PF loan	-	-	-
		Apartment	Original PF	*B	70,000	70,000	100%	64,017	Developer	Associate	Other	64,017	70,000	22.10	24.09	PF loan	-	-	-
		Apartment	Original PF	*B	30,000	30,000	100%	30,000	Association	N/A	Securities	30,000	-	23.12	24.09	ABCP	24.09	-	-
	The loans above can be repaid early. No credit enhancement is omitted.																		
Total of independent projects					603,000	704,700		592,017				592,017	152,000						
Metropolitan city	Apartment	Original PF	*C	80,080	80,080	44%	80,080	Developer	N/A	Bank	80,080	-	23.11	26.08	PF loan	-	143,000		
PF loans can be repaid early, but ABS cannot due to the condition of lump sum repayment at maturity. No credit enhancement is omitted.																			
City	Logistic facility	Original PF	*C	197,000	236,400	100%	171,100	Developer	N/A	Syndication	171,100	-	'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					277,080	316,480		251,180				251,180	-						
Gross total					₩ 880,080	₩ 1,021,180		₩ 843,197				₩ 843,197	₩ 152,000						

\*Officetel: 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) 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.

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.

Project	Number; Korean won (in millions)											
	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	26	₩ 5,951,536	₩ 4,719,100	₩ 3,804,911	₩ 2,434,891	₩ 1,953,514	25	₩ 5,918,148	₩ 4,736,000	₩ 3,753,201	₩ 2,340,097	₩ 1,933,416
Other	43	6,078,285	8,183,096	7,867,784	4,568,422	4,322,349	52	6,659,038	10,172,776	9,601,583	6,392,834	6,047,570
Total	69	₩ 12,029,821	₩ 12,902,196	₩ 11,672,695	₩ 7,003,313	₩ 6,275,863	77	₩ 12,577,186	₩ 14,908,776	₩ 13,354,784	₩ 8,732,931	₩ 7,980,986

(\*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 829,566 million (KRW 734,190 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.

Detail	Number; Korean won (in millions)					
	2023			2022		
	Number	Aggregate	Attributed	Number	Aggregate	Attributed
Guarantee limit	50	₩ 3,347,075	₩ 829,566	45	₩ 2,979,604	₩ 734,190

5) Contingent liabilities on interim payment loans

The Company guarantees KRW 122,280 million (KRW 192,130 in 2022) of customer's interim payment loans related to the improvement projects and guarantees KRW 1,288,786 million (KRW 472,324 million in 2022) of customer's interim payment loans related to the other projects.

Project	Number; Korean won (in millions)							
	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	5	₩ 960,650	₩ 960,650	₩ 192,130
Other	17	3,791,960	3,791,960	1,288,786	14	2,423,900	2,423,900	472,324
Total	21	₩ 4,448,360	₩ 4,448,360	₩ 1,411,066	19	₩ 3,384,550	₩ 3,384,550	₩ 664,454

(\*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 and Urban Guarantee Corporation ("HUG") (not reflecting pledged amount).

6) Other

6-1) As of the end of the reporting period, the Group has established a financial guarantee debt of KRW 16,473 million by reliably estimating the possible losses for each project for PF loans and payment guarantees provided for redevelopment, reconstruction and association project loans.

6-2) As of the end of the reporting period, the Group has signed a rental agreement of KRW 4,191,110 million (KRW 4,965,378 million in total) in relation to redevelopment and reconstruction projects in Zone 3 of the Promotion of Reorganization around Busan Citizens Park.

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

6-4) For details of overseas construction performance guarantees and payment guarantees provided for related parties, please refer to the notes in "37. Major transactions of related parties (8)".

(3) Contingent liabilities from other than PF loans

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

1) Comprehensive summary

Case	Guarantor	Guarantee	Guarantee limit	Guarantee amount	Applicant/Beneficiary	Korean won (in millions)	
						Relationship	Other
As an instructing party (*1)	HUG, etc.	Lotting-out, etc.	₩ 7,200,080	₩ 7,200,076	KOREIT, etc.	N/A	-
As an applicant (*2)	Korea National Railway, etc.	Contract, etc.	14,266,972	14,266,972	CG, etc.	N/A	-
Total			₩ 21,467,052	₩ 21,467,048			

(\*1) Payment guarantees provided by the Company for the financial transactions of others, such as guarantee of contract

performance, guarantee of payment of operating funds, and guarantee of housing sales

(\*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	1,005,973	1,005,973	Korea Asset In Trust Co., Ltd.	N/A	
Housing & Urban Guarantee	Lotting-out	1,124,488	1,124,488	Kyobo Asset Trust Co., Ltd.	N/A	
Housing & Urban Guarantee	Lotting-out	1,340,490	1,340,490	Hana Trust Co., Ltd.	N/A	
Housing & Urban Guarantee	Lotting-out	536,325	536,325	Shinhan Asset Trust Co., Ltd	N/A	
Housing & Urban Guarantee	Lotting-out	249,621	249,621	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	Yangju Okjeong Jeonnam Gurye REIT	N/A	
Housing & Urban Guarantee	Lotting-out	225,549	225,549	Hwaseong Dongtan Gyeongnam Hadong REIT	N/A	
Housing & Urban Guarantee	Warranty Bond	3	0	SG Shinsung Engineering & Construction Co., Ltd.	N/A	
Housing & Urban Guarantee	Lotting-out	134,736	134,736	Korea Asset In Trust Co., Ltd.	N/A	
Housing & Urban Guarantee	Lotting-out	58,244	58,244	KT&G Corporation	N/A	
Housing & Urban Guarantee	Lotting-out	155,237	155,237	Woori Asset Trust Co., Ltd.	N/A	
Housing & Urban Guarantee	Lotting-out	208,506	208,506	Daishin Asset Trust CO., LTD.	N/A	
Housing & Urban Guarantee	Lotting-out	39,054	39,054	SHINYOUNG REAL ESTATE CO., LTD.	N/A	
Housing & Urban Guarantee	Lotting-out	234,773	234,773	Korea Investment Real Estate	N/A	
Housing & Urban Guarantee	Loan guarantees	1,400	1,400	Incheon Yeosang Surrounding Housing Redevelopment and Maintenance Business Association	N/A	
Housing & Urban Guarantee	Loan guarantees	1,901	1,901	Taepyeong Apartment Housing Reconstruction and Maintenance Business Association	N/A	
Housing & Urban Guarantee	Loan guarantees	3,072	3,072	Icheon Gwango-dong Redevelopment and Maintenance Business Association	N/A	
Housing & Urban Guarantee	Loan guarantees	700	700	Moonhwa District 2 Housing Redevelopment and Maintenance Business Association	N/A	
Construction Guarantee	Performance bond	14,570	14,570	Pyeongtaek Hwayang District Urban	N/A	

Korean won (in millions)						
Guarantor	Guarantee	Guarantee limit	Guarantee amount	Applicant	Relationship	Notes
				Development Business Association and others		
Construction Guarantee	Construction equipment rental payment guarantee	10,830	10,830	Myeongseong Construction & Construction, etc.	N/A	
Construction Guarantee	Performance bond	24,318	24,318	Korea Land & Housing Corporation and others	N/A	
Construction Guarantee	Subcontract payment guarantee	319,829	319,829	GangDong Construction & Eng and others	N/A	
Construction Guarantee	Warranty bond	529	529	Incheon Housing and City Development Corporation.	N/A y	
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	7,598	7,598	GS E&C Corp	N/A	
Total		₩ 7,200,079	₩ 7,200,076			

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	3,457,462	3,457,462	N/A	Domestic	
Construction Guarantee	Advance payment bond	1,128,354	1,128,354	N/A	Domestic	
Construction Guarantee	Performance bond	259,265	259,265	N/A	Domestic	
Construction Guarantee	Other	3,745,990	3,745,990	N/A	Domestic	
Housing & Urban Guarantee	Lotting-out	2,060,724	2,060,724	N/A	Domestic	
Housing & Urban Guarantee	Warranty bond, etc.	806,393	806,393	N/A	Domestic	
Seoul Guarantee Insurance Company	Performance bond, etc.	1,026,445	1,026,445	N/A	Domestic	
Engineering Guarantee Insurance	Performance bond, etc.	5,326	5,326	N/A	Domestic	
LOTTE E&C Co.,Ltd	Performance bond, etc.	24,151	24,151	N/A	Domestic	
Export-Import Bank of Korea	Contract, etc.	269,687	269,687	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.	139,660	139,660	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.	126,156	126,156	N/A	Overseas	
Union of Arab and French Banks	Warranty bond, etc.	5,178	5,178	N/A	Overseas	
Societe Generale	Contract, etc.	107,299	107,299	N/A	Overseas	
Construction Guarantee	Contract, etc.	40,978	40,978	N/A	Overseas	
Total		₩ 14,266,972	₩ 14,266,972			

**30. COMMITMENTS AND CONTINGENCIES:**

(1) Promissory note and checks

As of December 31, 2023, the Group has provided 33 checks (30 blank and 3 promissory notes) to the related banks regarding loan payables.

(2) Pending litigations

As of December 31, 2023, the Group is accused in 174 pending lawsuit cases (amount of KRW 266,239 million) regarding a claim for damages and filed a complaint with 54 lawsuits pending (amount of KRW 770,520 million) regarding completion bill and damages for delay. As the outcomes of the pending lawsuits are unpredictable, influence on the consolidated financial statements cannot be accurately measured. When the Group lost during the first or second trial, it had set up for the provisions (see Note 23).

(3) Payment guarantees for loans to related party

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

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

The balance of the financial support is KRW10,315 million as of December 31, 2023.

- 2) The Group's board of directors, regarding Deoksong-Naegak Expressway Co., Ltd.'s lack of capital, has executed a subordinated loan in the amount of KRW15,706 million and subrogation in the amount of KRW11,029 million. Details of the main agreements are 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 interest and the claim of Korea Credit Guarantee Fund as a guarantor.
(4) Date of board of directors' resolution	- Existing loan: 2020.04.27 - Additional loan: Approved by chief executive officer ("CEO") - Payment by subrogation: Approved by CEO
(5) Method of repayment	Principal and interest bullet payment (after the full repayment of the senior loan principal amount is completed)

The balance of the financial support is KRW 15,706 million and the balance of other receivables related to subrogation payment is KRW 11,029 million as of December 31, 2023.

- 3) The Group's board of directors, regarding Hyoje PFV Co., Ltd.'s business operating, has executed a loan in the amount of KRW 39,600 million. Details of the main agreements are as follows:

	Description
(1) Counterparty	Hyoje PFV Co., Ltd.
(2) Loan amount	KRW 39,600 million
(3) Term of contract	- KRW 27,000 million 2020.12.15 - PF withdrawal, 4.6% per year - KRW 10,000 million 2023.06.15 - PF withdrawal, 4.6% per year - KRW 2,600 million 2023.04.17 - PF withdrawal, 4.6% per year
(4) Date of board of directors' resolution	- KRW 27,000 million: Approval by CEO only - KRW 10,000 million : 2022.05.26 - KRW 2,600 million: Approval by CEO only
(5) Method of repayment	Principal bullet payment, three months' interest payment

The balance of the financial support is KRW 39,600 million as of December 31, 2023.

- 4) The Group's board of directors, regarding Aegis-Haeundae General Private Real Estate Investment Trust No. 1's securing investment, has executed a loan in the amount of KRW 33,500 million. Details of the main agreements are as follows:

	Description
(1) Counterparty	Aegis-Haeundae General Private Real Estate Investment Trust No. 1
(2) Loan amount	KRW 33,500 million
(3) Term of contract	- KRW 27,500 million 2023.11.30 – 2028.01.30, 20% per year - KRW 6,000 million 2023.05.26 - 2028.1.30, 20% per year
(4) Date of board of directors' resolution	Approval by CEO only
(5) Method of repayment	Principal bullet payment and interest

The balance of the financial support is KRW 33,500 million as of December 31, 2023.

- (4) Commitments to financial institutions

The major contracts between the Group and financial institutions as of December 31, 2023, are as follows:

Korean won in millions and foreign currencies in thousands					
Description	Financial institution	Credit line		Balance outstanding	
Bank overdrafts (*1)	Woori Bank and others	KRW	51,356	KRW	-
	SC Bank and others	KRW	633,660	KRW	292,393
General loans	The Export-Import Bank of Korea and others	EUR	115,000	EUR	-
	KEB HANA Bank and others	KRW	30,000	KRW	30,000
Other commercial paper discounting	Woori Bank and others	KRW	250,000	KRW	-
Business-to-business commercial paper discounting	Woori Bank and others	KRW	251,740	KRW	27,713
Letter of credit (sight and usance)	Woori Bank and others	USD	100,532	USD	-
Payment guarantee in foreign currency	The Export-Import Bank of Korea and others	USD	1,408,136	USD	580,750
Payment guarantee in local currency	Woori Bank and others	KRW	796,108	KRW	796,108
Purchase-only card	Woori Card	KRW	39,960	KRW	39,960
Operating loan	Seoul Housing and Communities Corp. and others	KRW	2,070	KRW	2,070

- (\*1) Bank overdrafts are from Woori Bank, Shinhan Bank, Suhyup Bank, Nonghyup Bank, and KEB Hana Bank in the amount of KRW 10.9 billion, KRW 7.5 billion, KRW 15 billion, KRW 10 billion and KRW 8 billion, respectively. The aforementioned KRW 5 billion overdraft from Woori Bank includes comprehensive credit limit contract.

(5) Derivatives

1) A currency forward contract

The Group has 42 currency forward contracts with Standard Chartered Bank and others to manage the exposure to changes in currency exchange rates. A summary of the terms of outstanding foreign currency forward contracts as of December 31, 2023, is as follows:

As of December 31, 2023

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

As of December 31, 2022

Korean won in millions and foreign currencies in thousands						
Purpose	Buying currency	Buying amount	Selling currency	Selling amount	Contracted exchange rate	Number of contracts
Trading	KRW	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	1.4	2
Trading	CNY	82,411	USD	12,413	6.64	1
Trading	EUR	20,000	KRW	27,660	1,383.00	1

2) Evaluations of derivative financial instruments

As of December 31, 2023

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

As of December 31, 2022

Korean won (in millions)				
	Trade			
	Gain on valuation	Loss on valuation	Asset	Liability
Currency forward	₩ 5,737	₩ 2,972	₩ 5,750	₩ 3,783
Option	-	181	-	-
Total	₩ 5,737	₩ 3,153	₩ 5,750	₩ 3,783

(6) Other commitment

The major other agreements of the Group as of the end of the current term are as follows:

- 1) The Group provides put options for financial investors in relation to the Osan Se-ma Apartment complex development project and subordinated loan obligations in case of non-fulfillment of the put options.
- 2) The bond management agreement for unsecured public bonds (KRW 340.9 billion as of the end of the current term) issued by the Group includes provisions, such as maintenance of financial ratios, restrictions on establishment of security rights, restrictions on asset disposal and restrictions on changes in governance structure. Violation of the above provisions may result in loss of overdue profits.
- 3) The Group retains put options to sell shares of Metropolitan Western Expressway Co., Ltd., and Deoksong-Naegak Expressway Co., Ltd. to financial investors.
- 4) As of the end of the current term, the Group is providing call options for stock transferors in relation to Deoksong Cabinet Expressway Co., Ltd. pursuant to the stock transfer agreement concluded on May 31, 2021.
- 5) The Group transfers the respective funds paid through private placement bond sales, etc., to the bondholders of the three Project PFV branches (Incheon Inha, Jeonju Wansan and Daejeon Munhwa) and calculates the basic amount and repayment of the private bond in question on the settlement date. A difference settlement agreement has been concluded in which the difference in amounts is settled, and if the settlement amount is (+), the bondholder pays to the consolidated entity, and if the settlement amount is (-), the Group pays to the bondholder.
- 6) The Group provides put options for financial investors in three Project PFV branches (Incheon Inha, Jeonju Wansan and Daejeon Munhwa).
- 7) The Group 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 Group can exercise the put options from January 1, 2029, and Daelim Co., Ltd. can exercise the call options if the Group does not exercise the options. However, the arrangements would be null and void if the additional paid-in capital, which the Group and Daelim Co., Ltd. invested in the current year is reduced with compensation until the option is exercised.
- 8) The Group entered into a participation agreement with S Solution Bio Co., Ltd. for the rights under the lease agreement (including the condition of repurchasing the rights at fair value by April 30, 2025) and received payment for participation.

**31. REVENUE:**

Details of revenue included in operating income for the years ended December 31, 2023 and 2022, are as follows:

	2023		2022	
	Progress basis	Delivery basis	Progress basis	Delivery basis
Construction contract revenue	₩ 7,859,410	₩ 7,096	₩ 7,295,178	₩ 77,845
1. Construction revenue	7,508,360	8	6,915,446	-
2. Sales of apartment	351,050	7,088	379,732	77,845
Revenue from the rendering of services	62,089	268	91,077	-
Other revenue	-	62,201	-	32,724
Total	₩ 7,921,499	₩ 69,565	₩ 7,386,255	₩ 110,569

**32. NATURE OF EXPENSES:**

Details of classification of expenses by nature for the years ended December 31, 2023 and 2022, are as follows:

	Korean won (in millions)	
	2023	2022
Cost of raw material	₩ 1,923,028	₩ 1,739,625
Cost of outsourcing	3,728,329	3,506,432
Salaries	645,021	605,260
Severance benefit	42,515	48,015
Welfare expenses	83,346	77,879
Depreciation	77,682	74,446
Amortization of intangible assets	12,312	9,484
Commission	436,019	448,284
Taxes and dues	123,767	120,357
Other expenses	588,385	370,076
Total	₩ 7,660,404	₩ 6,999,858

**33. SELLING AND ADMINISTRATIVE EXPENSES:**

Details of selling and administrative expenses for the years ended December 31, 2023 and 2022, are as follows:

	Korean won (in millions)	
	2023	2022
Selling expenses:		
Advertisement	₩ 9,681	₩ 9,258
Bad debt expenses	(12,883)	(12,998)
Freight	69	118
Commission	96,688	124,747
Warranty	(4,719)	(1,189)
Subtotal	88,836	119,936
Administrative expenses:		
Salaries	190,108	193,195
Welfare expenses	24,041	23,131
Insurance	12,797	13,272
Rent	26,829	24,550
Others	41,529	8,839
Subtotal	295,304	262,987
Research and development expenses	67,312	51,438
Total	₩ 451,452	₩ 434,361

**34. OTHER INCOME AND EXPENSES:**

(1) Details of other income for the years ended December 31, 2023 and 2022, are as follows:

	Korean won (in millions)	
	2023	2022
Dividend income	₩ 1,004	₩ 1,296
Rental revenue	66	6
Gain on foreign currency transactions	19,777	59,914
Gain on foreign currency translation	18,916	59,861
Gain on disposal of investment assets	543	3,605
Gain on valuation of fair value measurement of financial assets	7,553	9,595
Gain on disposal of tangible assets	563	693
Gain on disposal of intangible assets	7	-
Gain on disposal of real estate investment	-	839
Gain on derivative trading	215	5,033
Gain on derivative valuation	5,825	5,737
Reversal of financial guarantee contract liabilities	-	697
Reversal of allowance for bad debt	11,767	7,920
Reversal of other provisions	3,964	5,767
Others	6,869	9,809
Total	₩ 77,069	₩ 170,772

(2) Details of other expenses for the years ended December 31, 2023 and 2022, are as follows:

	Korean won (in millions)	
	2023	2022
Donations	₩ 9,431	₩ 10,041
Bad debt expense	40,552	19,526
Loss on foreign currency transactions	34,031	31,780
Loss on foreign currency translation	27,209	26,938
Loss on disposal of real estate investment	-	10
Loss on disposal of investment assets	5,994	2,404
Loss on valuation of fair value measurement of financial assets	402	714
Loss on disposal of tangible assets	29	199
Loss on disposal of intangible assets	7	20
Loss on derivative trading	3,466	4,109
Loss on derivative valuation	3,672	3,153
Contribution to financial guarantee liabilities	5,999	438
Contribution to other provisions	19,386	34,414
Loss on impairment of assets	64,865	25,875
Others	19,518	7,887
Total	₩ 234,561	₩ 167,508

**35. FINANCIAL INCOME AND EXPENSES:**

(1) Details of the Group's financial income for the years ended December 31, 2023 and 2022, are as follows:

	Korean won (in millions)	
	2023	2022
Interest income - according to the effective interest method		
Financial assets measured at amortized cost	₩ 115,476	₩ 93,065
Financial assets measured at FVTOCI	456	509
Subtotal	115,932	93,574
Gain on foreign currency transaction	14,057	19,038
Gain on foreign currency translation	15,720	29,093
Total	₩ 145,709	₩ 141,705

(2) Details of the Group's financial income categorized for assets and liabilities for the years ended December 31, 2023 and 2022, are as follows:

	Korean won (in millions)	
	2023	2022
Cash and cash equivalents	₩ 39,892	₩ 62,148
Short- and long-term financial instruments	59,044	43,686
Loan and other accounts receivable	45,997	33,080
FVTOCI	494	509
Others	282	2,282
Total	₩ 145,709	₩ 141,705

(3) Details of the Group's financial expenses for the years ended December 31, 2023 and 2022, are as follows:

	Korean won (in millions)	
	2023	2022
Interest expense:		
Borrowing	₩ 29,433	₩ 18,068
Debenture	10,933	10,080
Lease	3,633	3,214
Others	4,706	3,072
Subtotal	48,705	34,434
Less: Amount included in cost of the qualifying asset	-	-
Subtotal	48,705	34,434
Loss on foreign currency transaction	11,379	16,289
Loss on foreign currency translation	3,277	6,500
Total	₩ 63,361	₩ 57,223

(4) Details of the Group's financial expenses categorized for assets and liabilities for the years ended December 31, 2023 and 2022, are as follows:

	Korean won (in millions)	
	2023	2022
Cash and cash equivalents	₩ 14,728	₩ 5,585
Borrowing	22,886	17,601
Debenture	10,933	10,080
Others	14,814	23,957
Total	₩ 63,361	₩ 57,223

**36. INCOME TAX EXPENSE:**

(1) Details of the Group's income tax expense for the years ended December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
	2023	2022
Current income tax expense (including additional income tax and tax refunds)	₩ 40,838	₩ 121,242
±Changes in temporary differences (*1)	(13,660)	107,227
±Changes in net deferred tax assets (liabilities) directly charged to shareholders' equity (*2)	50,406	(64,553)
Income tax expense	77,584	163,916
(*1) Deferred tax assets from temporary differences, net at the end of year	379,233	365,573
Deferred tax assets from temporary differences, net at the beginning of year	365,573	472,800
Changes in deferred tax from temporary differences	13,660	(107,227)

(\*2) Changes in net deferred tax assets (liabilities) directly charged to the shareholders' equity for the years ended December 31, 2023 and 2022, are as follows:

Korean won (in millions)						
	December 31, 2023			December 31, 2022		
	Gross	Tax effect	Net amount	Gross	Tax effect	Net amount
Gain on valuation of financial instruments measured at FVTOCI	₩ 192	₩ (39)	₩ 153	₩ (1,246)	₩ 315	₩ (931)
Remeasurement of defined benefit plan	2,058	(648)	1,410	21,782	(5,397)	16,385
Changes in equity of subsidiaries, associates and joint ventures	107,822	(14,345)	93,477	111,894	(60,356)	51,538
Total	110,072	(15,032)	95,040	132,430	(65,438)	66,992

(2) Explanations of the relationship between the income tax expense and the accounting income before income tax expense for the years ended December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
	2023	2022
Income before income tax expense	₩ 279,753	₩ 595,473
Income tax expense (applicable tax rates)	77,112	144,044
Adjustments:		
Non-taxable income	(4,915)	(1,808)
Non-deductible expenses	8,610	9,361
Additional income tax and others	(44,619)	1,225
Non-recycled corporation income tax expense	(6,753)	6,525
Not recognized as deferred tax assets	72,400	9,453
Others	(24,251)	(4,884)
Income tax expense	77,584	163,916
Effective tax rate (income tax expense/income before income tax)	27.73%	27.53%

(3) Changes in temporary differences and deferred tax assets (liabilities) for the years ended December 31, 2023 and 2022, 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	₩ 339,185	₩ 234,305	₩ 573,490	₩ 66,895
Valuation of available-for-sale financial assets	27,110	(10,135)	16,975	4,415
Revaluation of property, plant and equipment	(92,683)	20	(92,663)	(23,527)
Valuation of derivative instruments	2,466	(5,552)	(3,086)	(783)
Excess depreciation of property, plant and equipment	19,491	(3,221)	16,270	4,131
Provisions	340,492	31,860	372,352	92,058
Impairment loss	26,558	(581)	25,977	6,586
Excess bad debt expense	1,020,466	91,623	1,112,089	216,105
Loss on foreign currency translation	10,184	(3,103)	7,081	1,798
Accrued income	(95,074)	(57,858)	(152,932)	(38,604)
Others	156,829	38,916	195,745	50,159
Total	₩ 1,755,024	₩ 316,274	₩ 2,071,298	₩ 379,233

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	₩ 197,210	₩ 141,975	₩ 339,185	₩ 13,570
Valuation of available-for-sale financial assets	31,181	(4,071)	27,110	6,923
Revaluation of property, plant and equipment	(106,918)	14,235	(92,683)	(23,384)
Valuation of derivative instruments	2,284	182	2,466	622
Excess depreciation of property, plant and equipment	19,388	103	19,491	4,918
Provisions	480,186	(139,694)	340,492	83,887
Impairment loss	(18,021)	44,579	26,558	6,692
Excess bad debt expense	1,152,661	(132,195)	1,020,466	255,228
Loss on foreign currency translation	4,677	5,507	10,184	2,569
Accrued income	(84,117)	(10,957)	(95,074)	(23,867)
Others	409,749	(252,920)	156,829	38,415
Total	₩ 2,088,280	₩ (333,256)	₩ 1,755,024	₩ 365,573

(4) Temporary differences from investments in associates and joint ventures not recognized as deferred tax assets (liabilities) as of December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
	December 31, 2023	December 31, 2022
Investments in associates and joint ventures	₩ 309,758	₩ 284,635
Excess bad debt expense and others	260,065	10,250
Total	₩ 569,823	₩ 294,885

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

Details	Korean won (in millions)	
	December 31, 2023	December 31, 2022
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	₩ 173,704	₩ 156,851
Deferred tax assets to be recovered after 12 months	211,969	255,897
Subtotal	385,673	412,748
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	-	(31,153)
Deferred tax liabilities to be settled after 12 months	(6,440)	(16,022)
Subtotal	(6,440)	(47,175)
Total	₩ 379,233	₩ 365,573

(6) The Group does not recognize deferred corporate tax assets and liabilities related to Pillar 2 laws by applying the temporary exception provision for deferred corporate tax in Corporate Accounting Standard No. 1012 and does not disclose information related to deferred corporate tax.

The Government of the Republic of Korea, where the parent company is located, enacted a global minimum tax law in 2023 that will take effect on January 1, 2024. Under this law, the parent company must pay additional tax to the Republic of Korea on the profits of its subsidiaries taxed at an effective tax rate of less than 15%. Major country that may be exposed to this tax includes the United Arab Emirates. The Group is reviewing the impact of relevant laws.

### **37. EARNINGS PER SHARE:**

The Group's net earnings per share for the years ended December 31, 2023 and 2022, are computed as follows:

(1) Basic earnings per share of common stock

	Korean won	
	2023	2022
Net income attributable to owners	₩ 187,861,736,625	₩ 413,165,585,504
Dividend on preferred stock and residual income available for preferred shareholders	(12,128,973,726)	(24,221,436,341)
Net income available for common shareholders	175,732,762,899	388,944,149,163
Weighted-average number of common shares outstanding	37,558,158 shares	38,394,338 shares
Basic earnings per common stock	4,679	10,130

(2) Basic earnings per share of preferred stock

	Korean won	
	2023	2022
Dividend on preferred stock and residual income available for preferred shareholders	₩ 12,128,973,726	₩ 24,221,436,341
Weighted-average number of preferred shares outstanding	4,130,079 shares	4,197,690 shares
Basic earnings per preferred stock	2,937	5,770

(3) Diluted earnings per share are same as basic earnings per share as the Group has no dilutive securities.

**38. RELATED-PARTY TRANSACTIONS:**

(1) Details of related parties as of December 31, 2023, are as follows:

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

(\*1) The companies above were not conformed to the related party defined by K-IFRS 1024:9. However, the large business Group affiliates designated by the Fair Trade Commission were classified as the related-party companies, according to the resolution of the Securities and Futures Commission, that correspond to substantial related parties of K-IFRS 1024:10.

(\*2) Changes in related parties for the year ended December 31, 2023, are as follows:

	Name	Reason for change
Inclusion	TK Private Equity limited Partnership	In February 2023, it was newly incorporated as an affiliated company of the consolidated entity.
	TKX Holdings	In February 2023, it was newly incorporated as a subsidiary of TK Private Investment Limited Partnership.

	Haenam Naesari Solar Power Co., Ltd.	In March 2023, it was newly incorporated as a subsidiary of DL Energy Co., Ltd.
	Haeryong Industrial Complex Co., Ltd.	In August 2023, it was newly incorporated as an affiliated company of the consolidated entity.
	Soopirang Corporation Co., Ltd.	In November 2023, it was newly incorporated as an affiliated company of the consolidated entity.
	REDWOOD LOGIS	In November 2023, it was newly incorporated as a subsidiary of Daelim Co., Ltd.
	Jemulpo Station Urban Complex Project Entrusted Management REIT	In December 2023, it was newly incorporated as a joint venture of the consolidated entity.
	Seongnam MICE PFV Co., Ltd	In December 2023, it was newly incorporated as an affiliated company of the consolidated entity.
	Myungjin P.T. Co., Ltd	In December 2023, it was newly incorporated as an affiliated company of the consolidated entity.
Exclusion	D.Cloud Co., Ltd.	It was excluded from affiliation following the liquidation in March 2023.
	Wonju vuron industrial valley	It was excluded due to the sale of shares of the Group in November 2023.
	Pebblestone MD PFV., Ltd.	It was excluded due to the sale of shares of the Group in November 2023.
	APLUSD CORPORATION	In November 2023, it was absorbed and merged with Glad Hotel & Resort Co., Ltd.
Other	Daelim Investment Management Co., Ltd.	In March 2023, Daelim AMC Co., Ltd. changed its name to Daelim Investment Management Co., Ltd.

(2) Transactions between the Company and subsidiaries were eliminated for consolidation and not disclosed.

Transactions between the Group and other related parties are as follows:

1) Major transactions between the Group and other related parties for the years ended December 31, 2023 and 2022, are as follows:

Company	Name of the related party	Korean won (in millions)			
		Sales and others (*1)		Purchases and others (*1)	
		2023	2022	2023	2022
The Company	Daelim Co., Ltd.	₩ 13,524	₩ 2,477	₩ 118,507	₩ 126,536
	DL Holdings CO., Ltd.	1,799	4,879	12,098	11,479
	DL Chemical Co., Ltd. (*2)	16,351	19,320	185	139
	GLAD Hotels & Resorts Co., Ltd.	4,105	3,139	3,570	3,223
	Poly Mirae Co., Ltd.	-	-	3	3
	Songdo Power Co., Ltd.	6	20	-	-
	Deoksong-Naegak Expressway Co., Ltd.	3,740	7,128	60	60
	DL Energy Co., Ltd.	43	44	-	1
	Chungjin Project Co., Ltd.	8,501	9,475	-	-
	Daelim No. 5 Cheonan-Wonseong-dong Newstay REIT Co., Ltd.	32	65	-	-
	Daelim Investment Management Co., Ltd.	10	2	-	-
	Igis Haeundae General Private Equity Real Estate Investment Trust No. 1	5,500	467	-	-
	Haeundae Central PFV Co., Ltd.,	7,000	-	-	-
	Daelim No.7 Masan Hoewon Newstay REIT Co., Ltd.	291	307	-	-
	Godeok Gangil 10 PFV Co., Ltd. (*2)	59,042	60,110	-	-
	Hyoje PFV Co., Ltd.	540	1,493	-	-
	DLENC Philippines, Inc.	740	368	-	-
	DIAP-DAELIM JOINT VENTURE PTE. LTD. (*2)	127	2,533	3	255
	OMZ-Daelim LLC (*2)	-	440	-	-
	DL Engineering & Construction Malaysia Sdn. Bhd.	-	1,198	-	-
	DL Daejeon Munhwa PFV Co., Ltd.	311	-	-	-
	DL Incheon Inha PFV Co., Ltd.	426	-	-	-
	DL Jeonju Wansan PFV Co., Ltd.	194	-	-	-
	D-REX POLYMER LLC(*2)	3,416	94,728	-	-
	Gwacheon Jisan One PFV Co., Ltd. (*2)	58,836	23,006	22	-
	Together Daejeon-Munhwa PFV Co.,Ltd.	300	-	-	-
OV Co., Ltd.	12	3	70	-	
CARIFLEX PTE. LTD. (*2)	204,336	102,969	-	-	
NeuRizer Ltd. (*2)	6,847	20,577	-	-	
DL Construction Co., Ltd.	Daelim Co.,Ltd.	110,310	123,402	20,803	23,598
	Samho Citron City Co., Ltd. (*2)	21,913	15,426	-	-
	Namwon Thema park Co., Ltd. (*2)	-	12,146	-	3
	Pebblestone MD PFV Co., Ltd. (*2)	43,329	61,531	-	-
	DL Holdings Co., Ltd.	30	65	4,963	4,042
	DL Chemical Co., Ltd. (*2)	5,973	4,923	-	-
	GLAD Hotels & Resorts Co., Ltd.	-	-	56	6
	KB Blind General Private Equity Real Estate Investment Trust No. 2	-	175	-	-
DL INSAAT GELISTIRME	Koramco Private Real Estate Equity Fund No. 112	-	36	-	-
	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION	24,540	34,276	-	-

A.S.	INVESTMENT AND OPERATION (*2)				
CARBONCO PTE.	Daelim Co., Ltd.	-	-	776	124
LTD.	DL Holdings Co., Ltd.	-	-	3	5

- (\*1) Sales and purchases include proportional cost allocation of joint contracts.
- (\*2) Progress sales amounted to KRW 73,553 million and KRW (- 69,433) million for the years ended December 31, 2023 and 2022, respectively, and are excluded due to the application of stage-of-completion method and foreign currency transaction gains/losses.

		Korean won (in millions)	
Company	Name of the related party	2023	2022
The Company	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)
	D-REX POLYMER LLC	-	9,863
	OMZ-Daelim LLC	-	(485)
	DL Chemical Co., Ltd.	-	924
DL Construction Co., Ltd.	Samho Citron City Co., Ltd.	(8,090)	968
	Namwon Thema park Co., Ltd.	-	(6,279)
	Pebblestone MD PFV Co., Ltd.	(14,124)	819
	DL Chemical Co., Ltd.	7	(359)
DL INSAAT GELISTIRME A.S.	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	41,853	(45,283)
Total		₩ 73,553	₩ (69,433)

2) Outstanding balances as of December 31, 2023 and 2022, are as follows:

Korean won (in millions)					
Type	Name of the related party	Accounts receivable (*1)		Accounts payable (*1)	
		December 31 2023	December 31 2022	December 31, 2023	December 31, 2022
The Company	Daelim Co., Ltd.	₩ 1,778	₩ 1,779	₩ 12,487	₩ 16,322
	DL Holdings Co., Ltd.	1,328	346	4,779	3,851
	DL Chemical Co., Ltd. (*2)	843	57	15	16
	GLAD Hotels & Resorts Co., Ltd.	1,340	1,143	331	325
	Songdo Power Co., Ltd.	3	3	-	-
	Deoksong-Naegak Expressway Co., Ltd.	28,286	26,313	-	-
	DL Energy Co., Ltd.	4	4	-	-
	Chungjin Project Co., Ltd.	746	965	-	-
	Daelim Investment Management Co., Ltd.	2	-	-	-
	Daelim No. 5 Cheonan-Wonseong-dong Newstay REIT Co., Ltd.	-	13	-	-
	Daelim No. 7 Masan Hoewon Newstay REIT Co., Ltd.	43	43	-	-
	Godeok Gangil 10 PFV Co., Ltd. (*2)	22,858	-	-	-
	Hyoje PFV Co., Ltd.	39,681	37,075	-	-
	Igis Haeundae General Private Equity Real Estate Investment Trust No. 1	39,467	27,967	-	-
	DLENC Philippines, Inc.	16,540	11,490	1,277	174
	DIAP-DAELIM JOINT VENTURE PTE. LTD. (*2)	85	124	284	90
	DL Engineering & Construction Malaysia Sdn. Bhd.	-	8,537	-	1,061
	DL Daejeon Munhwa PFV Co., Ltd.	27	-	-	-
	D-REX POLYMER LLC(*2)	3	1,245	-	-
	Gwacheon Jisan One PFV Co., Ltd. (*2)	11,378	-	20	-
CARIFLEX PTE. LTD. (*2)	18,944	10,305	-	-	
NeuRizer Ltd. (*2)	24,994	17,805	-	-	
DL Construction Co., Ltd.	Daelim Co., Ltd.	7,499	15,461	6,301	4,721
	DL Chemical Co., Ltd. (*2)	-	1,011	-	-
	Samho Citron City Co., Ltd. (*2)	21,871	-	-	-
	Namwon Thema park Co., Ltd. (*2)	562	562	-	-
	Pebblestone MD PFV Co. (*2)	5,700	-	11,526	-
	DL Holdings Co., Ltd.	34	-	1,681	1,523
	GLAD Hotels & Resorts Co., Ltd.	-	-	29	3
	Hwaseong JDC, LLC	-	2,517	-	-
DL INSAAT	CANAKKALE HIGHWAY	318	161	-	-

GELISTIRME A.S.	AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION (*2)				
CARBONCO PTE. LTD.	Daelim Co., Ltd.	-	-	102	68
	DL Holdings Co., Ltd.	-	-	1	6

(\*1) Loans and borrowings were included.

(\*2) The contract assets amounted to KRW 36,901 million and KRW 27,297 million for the years ended December 31, 2023 and 2022, respectively, and the contract liabilities that amounted to KRW 13,606 million and KRW 86,320 million for the years ended December 31, 2023 and 2022, respectively, are excluded due to the application of stage- of- completion method.

Korean won (in millions)					
Type	Name of the related parties	Contract assets		Contract liabilities	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
The Company	Godeok Gangil 10 PFV Co., Ltd.	₩ 31,392	₩ -	₩ -	₩ 9,019
	Gwacheon Jisan One PFV Co., Ltd.	-	1,738	1,293	-
	DIAP-DAELIM JOINT VENTURE PTE. LTD.	5,124	2,966	-	-
	NeuRizer Ltd.	-	-	437	2,425
	CARIFLEX PTE. LTD.	-	-	11,876	24,257
	D-REX POLYMER LLC	-	-	-	8,236
	DL Chemical Co., Ltd.	-	-	-	530
DL Construction Co., Ltd.	DL Chemical Co., Ltd.	385	379	-	-
	Samho Citron City Co., Ltd.	-	8,090	-	-
	Pebblestone MD PFV Co.	-	14,124	-	-
DL INSAAT GELISTIRME A.S.	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	-	-	-	41,853
Total		₩ 36,901	₩ 27,297	₩ 13,606	₩ 86,320

Details of changes in the provisions for credit losses on above related parties for the years ended December 31, 2023 and 2022, are as follows:

For the year ended December 31, 2023

Korean won (in millions)						
Type	Name of the related parties	Account	Beginning balance	(Reversal of) provisions for credit losses	Other (*1)	Ending balance
Associate	DLENC Philippines, Inc.	Trade receivables	₩ 2,543	₩ (81)	₩ 46	₩ 2,508
		Loans	10,138	-	177	10,315
		Other accounts receivable	2,354	44	41	2,439
Large business Group affiliate	Deoksong-Naegak Expressway Co., Ltd.	Loans	15,706	-	-	15,706
		Other accounts receivable	6,512	4,517	-	11,029

(\*1) This amount is a change due to foreign currency conversion, etc.

For the year ended December 31, 2022

Korean won (in millions)						
Type	Name of the related parties	Account	Beginning balance	(Reversal of) provisions for credit losses	Other (*1)	Ending balance
Associates	DLENC Philippines, Inc.	Trade receivables	₩ 2,323	₩ 63	₩ 157	₩ 2,543
		Loans	9,484	-	654	10,138
		Other accounts receivable	2,068	150	136	2,354
	DL Engineering & Construction Malaysia Sdn. Bhd.	Trade receivables	10,258	(2,920)	766	8,104
		Other accounts receivable	-	-	-	-
Large business Group affiliate	Deoksong-Naegak Expressway Co., Ltd.	Loans	9,847	5,859	-	15,706
		Other accounts receivable	-	6,512	-	6,512

(\*1) This amount is a change due to foreign currency conversion, etc.

(3) Major changes in loans to related parties for the years ended December 31, 2023 and 2022, are as follows:

For the year ended December 31, 2023

Korean won (in millions)						
Type	Name of the related parties	Beginning balance	Rent	Repayment	Other (*1)	Ending balance
The Company	Hyoje PFV Co., Ltd.	₩ 37,000	₩ 2,600	₩ -	₩ -	₩ 39,600
	DLENC Philippines, Inc.	10,138	-	-	177	10,315
	Deoksong-Naegak Expressway Co., Ltd.	15,706	-	-	-	15,706
	Igis Haeundae General Private Equity Real Estate Investment Trust No. 1	27,500	6,000	-	-	33,500
DL Construction Co., Ltd.	Hwaseong JDC, LLC	2,517	171	(2,119)	(569)	-
	Pebblestone MD PFV Co.	-	5,700	-	(5,700)	-

(\*1) Note 1) This amount is a change due to foreign currency conversion (DLENC Philippines, Inc.), write-off (Hwaseong JDC, LLC), etc. In addition, Pebblestone MD PFV Co. was classified as a non-related party at the end of the current period following the sale of shares.

For the year ended December 31, 2022

Korean won (in millions)						
Type	Name of the related parties	Beginning balance	Rent	Repayment	Other (*1)	Ending balance
The Company	Hyoje PFV Co., Ltd.	₩ 27,000	₩ 10,000	₩ -	₩ -	₩ 37,000
	DLENC Philippines, Inc.	9,484	-	-	654	10,138
	Deoksong-Naegak Expressway Co., Ltd.	12,847	2,859	-	-	15,706
	Igis Haeundae General Private Equity Real Estate Investment Trust No. 1	-	27,500	-	-	27,500
DL Construction Co., Ltd.	Hwaseong JDC, LLC		2,517	-	-	2,517

(\*1) This amount is a change due to foreign currency conversion, etc.

(4) Major equity transactions to related parties for the years ended December 31, 2023 and 2022, are as follows:

		Korean won (in millions)			
Description	Company	Name of the related party	Transactions	2023	2022
Investment	The Company	NeuRizer Ltd.	Paid-in capital increase	₩ -	₩ 12,979
		Together Daejeon-Munhwa PFV Co., Ltd.	Cash investment due to new establishment	-	17,000
		DL Incheon Inha PFV Co., Ltd.	Paid-in capital increase	22,800	-
		DL Daejeon Munhwa PFV Co., Ltd.	Paid-in capital increase	14,250	-
		DL Jeonju Wansan PFV Co., Ltd.	Paid-in capital increase	8,075	-
		TK Private Equity Limited Partnership	Cash investment due to new establishment	26,000	-
		Soopirang Corporation Co., Ltd.	Acquisition	512	-
		Seongnam MICE PFV Co., Ltd.	Cash investment due to new establishment	275	-
		Jemulpo Station Urban Complex Project Entrusted Management REIT	Cash investment due to new establishment	159	-
		Songpa Bokjeong Station Layered City PFV Co., Ltd.	Cash investment due to new establishment	-	20,000
		Igis Haeundae General Private Equity Real Estate Investment Trust No. 1	Cash investment due to new establishment	-	3,000
	DL Construction Co., Ltd.	KB Development Blind General Private Equity Investment Trust No. 2	Paid-in capital increase	-	3,510
		Koramco Private Real Estate Equity Fund No.112	Additional investment	-	600
		Samho Citron City Co., Ltd.	Disposal of shares	-	(5)
		Haeryong Industrial Complex Co., Ltd.	Acquisition	180	-
Myungjin P.T. Co., Ltd.		Acquisition	179	-	
DL INSAAT GELISTIRME A.S.	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	Paid-in capital increase	-	18,241	
Purchase	The Company	DL Holdings Co., Ltd.	SOC stock purchasing	28,994	16,497

(5) Key management personnel compensation for the years ended December 31, 2023 and 2022, is as follows:

	Korean won (in millions)	
	2023	2022
Short-term benefits	₩ 24,797	₩ 26,766
Provision for severance indemnities	5,267	3,466
Total	₩ 30,064	₩ 30,232

(\*1) Key management is described in the Group's business report disclosed to the Financial Supervisory Service.

(6) The Group is contingently liable for construction performance guarantees and payment guarantees of its associated companies. The details of guarantees as of December 31, 2023 and 2022, are as follows:

U.S. dollars (in thousands)				
Associate	Guarantee		Project	Period of guarantee
	December 31, 2023	December 31, 2022		
DLENC Philippines, Inc.	\$ 4,670	\$ 9,521	Philippines Pagbilao	2014.05.22 - Obligation completed
DIAP-DAELIM JOINT VENTURE PTE.	45,740	53,358	Singapore Tuas Terminal Phase 1	2015.02.13 – Obligation completed
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	935	1,444	Turkey Canakkale Bridge	2017.03.09 – Obligation completed

(7) Details of collaterals (including the guarantees described in Note 29(1) Collaterals -1), 2)) which the Group has provided for related parties as of December 31, 2023 and 2022, are as follows:

Korean won (in millions)					
Related Party	Pledged assets	December 31, 2023	December 31, 2022	Purpose	Lender
Deoksong-Naegak Expressway Co., Ltd. (*1)	Stock	₩ -	₩ -	Borrowed capital financing commitment	Industrial Bank of Korea and others
Namwon Thema Park Co., Ltd.	Stock	-	136	Borrowed capital financing commitment	South Hill Monorail 1 <sup>st</sup> Ltd. and others
Samho Citron City Co., Ltd.	Stock	-	-	Borrowed capital financing commitment	Korea Federation of Community Credit Cooperatives of Korea and others
Myungjin P.T. Co., Ltd.	Stock	179	-	Loan contract	Yang OO

(\*1) The stock impairment of KRW 24,236 million is included in the collateral amount.

(8) Details of supplemental funding arrangements (including the guarantees described in Note 29 (2)) which the Group has provided for related parties as of December 31, 2023 and 2022, are as follows:

Korean won (in millions)					
Related party	December 31, 2023	December 31, 2022	Project	Purpose	Financial institutions
Hyoje PFV Co., Ltd.	₩ 156,000	₩ 61,100	New construction of Hyoje-dong officetel	Borrowed capital financing commitment	Lotte Capital and others
Together Daejeon-Munhwa PFV Co.,Ltd.	65,000	45,500	Daejeon Say Department Store Site Development Project	Borrowed capital financing commitment	Lotte Capital and others
Soopirang Corporation Co., Ltd.	78,000	-	Cheonan Eopseongdong Urban Development Project	Borrowed capital financing commitment	KDB Capital Co., Ltd., etc.
Haeundae Central PFV Co., Ltd.	102,000	-	Haeundae Jungdong Apartment Housing Development Project	Borrowed capital financing commitment	SPC-Central Jungdong No.1, etc.
Samho Citron City Co., Ltd.	70,000	70,000	Construction of the relocation of the 117-3rd Battalion, 39th Division of the Army	Borrowed capital financing commitment	IBK Capital

In addition to the above details, the Group has joint guarantees with the split-surviving company (DL Holdings Co., Ltd.) and the new split company (DL Chemical Co., Ltd.) for the obligation to replenish funds provided by Daelim Industrial Co., Ltd. to related parties before the split.

**39. SUPPLEMENTAL CASH FLOW INFORMATION:**

(1) Adjustments to reconcile net income to net cash provided by operating activities for the years ended December 31, 2023 and 2022, are as follows:

	Korean won (in millions)	
	2023	2022
Adjustments:		
1. Tax expense	₩ 77,584	₩ 163,916
2. Interest expense	48,705	34,434
3. Interest income	(115,932)	(93,574)
4. Loss on foreign currency translation	30,486	33,438
5. Gain on foreign currency translation	(34,636)	(88,954)
6. Dividend income	(1,004)	(1,296)
7. Depreciation	77,655	74,559
8. Amortization of intangible assets	10,086	11,622
9. Severance benefits	27,793	29,393
10. Bad debt expense	(12,883)	(12,998)
11. Other bad debt expense	36,588	13,759
12. Loss on disposal of FVTOCI	5,994	2,404
13. Gain on disposal of FVTOCI	(543)	(3,605)
14. Loss on disposal of tangible assets	29	199
15. Gain on disposal of tangible assets	(563)	(693)
16. Gain on disposal of investment property	-	(839)
17. Loss on disposal of investment property	-	10
18. Loss on disposal of intangible assets	7	20
19. Gain on disposal of intangible assets	(7)	-
20. Loss on disposal of lease assets	233	6
21. Reversal of impairment of lease assets	(123)	(42)
22. Loss on derivative valuations	3,672	3,153
23. Gain on derivative valuations	(5,825)	(5,737)
24. Inventory asset valuation loss	-	17,462
25. Reversal of provision for construction loss	11,371	15,433
26. Contribution to provision for construction warranties	57,912	73,452
27. Contribution to other provision	180,067	126,946
28. Contribution to financial guarantee contract liabilities	5,999	(259)
29. Loss on valuation of FVTOCI	402	714
30. Gain on valuation of FVTOCI	(7,553)	(9,595)
31. Impairment loss on assets	64,865	8,414
32. Loss using equity method	279	511
33. Gain using equity method	(24,517)	(11,274)
34. Miscellaneous loss and other	(2,265)	(1,170)

Total	₩ 433,876	₩ 379,809
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(2) Cash flows from net working capital for the years ended December 31, 2023 and 2022, are as follows:

	Korean won (in millions)	
	2023	2022
Changes in net working capital:		
1. Increase in trade receivables	₩ (273,075)	₩ (37,809)
2. Decrease (increase) in contract assets	(111,886)	149,881
3. Decrease (increase) in other accounts receivable	69,563	(99,304)
4. Decrease (increase) in accrued income	(1,168)	273
5. Decrease (increase) in advance payments	19,324	(68,041)
6. Decrease (increase) in prepaid expenses	(23,844)	7,839
7. Decrease (increase) in prepaid construction expenses	(34,048)	11,253
8. Decrease (increase) in inventories	(51,279)	88,399
9. Decrease in financial lease receivables	762	384
10. Decrease in long-term trade receivables	20,425	52,751
11. Increase in long-term accounts receivable	(21,030)	(139)
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	22,761	(150,242)
15. Decrease in derivative assets	-	764
16. Increase in trade payables	76,028	95,797
17. Decrease in accounts payable	(13,977)	(44,869)
18. Increase in advances from customers	4,035	36,163
19. Decrease in unearned revenue	(1,973)	-
20. Increase in contract liabilities	109,384	5,823
21. Increase (decrease) in withholdings received	26,155	(6,154)
22. Increase (decrease) in accrued expenses	54,703	(1,924)
23. Decrease in long-term advances from customers	(936)	(2,909)
24. Decrease in other provisions	(116,298)	(211,227)
25. Decrease in pension benefit obligation	(33,888)	(37,046)
26. Increase in pension plan assets	(11,290)	(7,860)
27. Decrease in provision for construction warranties	(59,373)	(92,316)
28. Decrease in derivative liabilities	(4,558)	(2,257)
29. Decrease in financial guarantee liabilities	(3,103)	-
30. Decrease in overseas operations translation	(47,729)	(162,561)
31. Decrease (increase) in other assets	47,263	(17)
Total	₩ (363,566)	₩ (481,896)

(3) Major non-cash transactions of investment activities and financial activities for the years ended December 31, 2023 and 2022, are described as follows:

Korean won (in millions)		
	2023	2022
Reclassification of assets under construction	₩ 1,167	₩ 1,410
Acquisition of new lease	(16,223)	(14,991)
Reclassification of the current portion of lease liabilities	35,680	36,902
Accounting of right-of-use assets and lease liabilities	15,961	-
Reclassification to assets held for sale	20,828	-
Reclassification of the current portion of long-term borrowings	184,003	55,596
Reclassification of the current portion of debentures	248,908	20,000
Reclassification of the current portion of rental deposits	26,723	16,423
Reclassification of the current portion of long-term loans	676	18,330

(4) Adjustments of liabilities in financial activities for the year ended December 31, 2023, are described as follows:

For the year ended December 31, 2023

Korean won (in millions)								
	Beginning of year	Cash flows	Non-cash transactions				Change in scope of consolidation	End of year
			Changes due to foreign currency translation	Amortization	New lease	Reclassification		
Short-term borrowings	₩ 185,758	₩ (43,887)	₩ -	₩ -	₩ -	₩ 2,929	₩ -	₩ 144,800
Current portion of long-term liabilities	75,454	(110,252)	-	1,273	-	408,812	-	375,287
Long-term borrowings	409,401	138,157	-	883	-	(185,657)	55,700	418,484
Long-term debentures	427,380	6,594	-	681	-	(225,533)	-	209,122
Leasehold deposits	7,906	4,746	-	-	-	303	-	12,955
Lease liabilities	132,644	(70,269)	464	3,695	56,915	(1,803)	-	121,646
Total liabilities in financial activities	₩ 1,238,543	₩ (74,911)	₩ 464	₩ 6,532	₩ 56,915	₩ (949)	₩ 55,700	₩ 1,282,294

#### **40. ADJUSTED OPERATING INCOME:**

Other income and expense that are not classified as operating income and expense in the consolidated statements of income occur on the Group's own business circumstances. Details of the adjusted results of operations included in the income and expenses for the years ended December 31, 2023 and 2022, are as follows:

	Korean won (in millions)	
	2023	2022
OPERATING INCOME	₩ 330,659	₩ 496,965
Dividend income	1,004	1,296
Donation	(9,431)	(10,041)
Other bad debt expense	(36,588)	(13,759)
Gain (loss) on foreign currency transactions	(14,254)	28,134
Gain (loss) on foreign currency translation	(8,293)	32,923
Gain (loss) on disposal of other investment assets	(5,451)	1,201
Gain on disposal of investment property	-	829
Gain on valuations of other investment assets	7,151	8,881
Gain on disposal of tangible assets	534	494
Loss on disposal of intangible assets	-	(20)
Gain (loss) on derivative transaction	(3,251)	924
Gain on derivative valuations	2,153	2,584
Impairment loss on assets	(64,865)	(25,875)
Contribution (reversal) of financial guarantee contract liabilities	(5,999)	259
Reversal to other provisions	(7,619)	(26,494)
Gain (loss) on disposal of leased assets	(110)	36
Others	(12,473)	1,892
ADJUSTED OPERATING INCOME	₩ 173,167	₩ 500,229

#### **41. RISK MANAGEMENT:**

##### (1) Capital risk management

The main purpose of the Group's capital management is to maintain a high credit rating and healthy capital ratio in order to sustain the Group's operations and maximize shareholder value. The Group revises its capital structure according to changes in the economic environment and adjusts its dividend policy accordingly, or considers capital reduction or issuance of new shares. There are no changes to the purpose, policies and procedures of capital management during this period.

In addition, the Group uses the net debt ratio of equity capital as a capital management indicator. This ratio is calculated by dividing net borrowings by total equity. The items managed as capital by the Group as of December 31, 2023 and 2022, are as follows:

	Korean won (in millions)	
	December 31, 2023	December 31, 2022
Total borrowings	₩ 1,147,693	₩ 1,098,136
Less: Cash and cash equivalents	(2,004,092)	(1,752,399)
Borrowings, net	(856,399)	(654,263)
Total shareholders' equity	4,768,781	4,692,477
Net borrowings-to-equity ratio	-17.96%	-13.94%

(2) Financial risk management

The Group is exposed to various financial risks, such as credit, liquidity and market (interest rate risk, price risk and exchange rate risk), associated with financial instruments. The Group's risk management aims to identify potential risks that affect its financial performance and reduce, eliminate or avoid them to an acceptable level. The Group uses derivative financial instruments to hedge certain risks, such as exchange risk.

1) Market risk

The Group's activities are exposed to financial risks, primarily from fluctuations in foreign exchange rates and interest rates. Therefore, the Group uses various derivative financial instruments to manage the risk over interest rate risk and foreign exchange rate fluctuation risk.

Exposure to market risk is measured by value-at-risk, supplemented by sensitivity analysis. There are no changes to the Group's exposure to market risk or the way the Group manages and measures risk.

- Interest rate risk

The Group is exposed to interest rate risk due to its borrowings with floating interest rates. To manage its interest rate risks, the Group, in addition to maintaining an appropriate mix of fixed- and floating-rate loans, has entered into certain interest rate swap agreements. Risk aversion activity is evaluated regularly by adjusting conditions and the nature of interest rates, and the optimal risk aversion strategy is applied.

Details of the Group's exposure to interest rate risk due to its borrowings with floating interest rates for the years ended December 31, 2023 and 2022, are as follows:

	Korean won (in millions)	
	December 31, 2023	December 31, 2022
Borrowings (floating interest rates) (*1)	₩ 150,667	₩ 338,597

(\*1) Calculated by portion of exposure period during the year

The Group regularly monitors the changes in interest rate risk internally. A sensitivity analysis on the Group's long-term borrowings and debentures assuming a 1% increase and 1% decrease in interest rates (before tax effect) as of December 31, 2023 and 2022, is as follows:

	Korean won (in millions)			
	1% increase		1% decrease	
	Net income	Shareholders' equity	Net income	Shareholders' equity
2023	₩ (1,507)	₩ (1,507)	₩ 1,507	₩ 1,507
2022	(3,386)	(3,386)	3,386	3,386

- Price risk

The Group is exposed to equity price risks arising from its equity investments. Equity investments are held for strategic, rather than trading, purposes. The Group does not actively trade these investments. Therefore, even if the share price fluctuates, the impact on the current profit or loss will not be significant.

- Foreign currency risk

The Group is exposed to foreign currency risk as it makes transactions in foreign currencies. Foreign currency risk is managed within the limits approved by the Group's policy, which is to use derivative instrument contracts. The carrying values of the Group's monetary assets and liabilities denominated in foreign currencies as of December 31, 2022, are as follows:

	Korean won (in millions)	
	December 31, 2023	December 31, 2022
Assets	₩ 1,091,881	₩ 1,200,404
Liabilities	600,011	664,471

The Group regularly monitors the changes in foreign currency internally. A sensitivity analysis on the above assets and liabilities assuming a 10% increase and 10% decrease in foreign currency rates (before tax effect) as of December 31, 2023 and 2022, is as follows:

	Korean won (in millions)			
	10% increase in Korean won against foreign currency		10% decrease in Korean won against foreign currency	
	Net income	Shareholders' equity	Net income	Shareholders' equity
2023	₩ 49,187	₩ 49,187	₩ (49,187)	₩ (49,187)
2022	53,593	53,593	(53,593)	(53,593)

2) Credit risk

Credit risk represents the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group sets and operates policies to review client's credit and receive sufficient collaterals to reduce the risk. The Group reviews the risk exposure and credit ratings of its counterparties continuously, and aggregate risks are allocated to total portfolio and controlled by counterparty limits that are reviewed and approved. Credit risk is reviewed annually by the risk management committee and controlled by approved transaction limits.

The maximum exposed amounts of credit risk for financial assets maintained by the Group are as follows:

Classification of financial instruments	Account	Korean won (in millions)	
		Carrying values	Maximum exposed amounts
Financial assets at fair value	FVTPL	₩ 178,284	₩ 178,284
	FVTOCI	46,803	46,803
	Derivative assets	13,132	13,132
Financial assets at amortized cost	Cash and cash equivalents	2,004,092	2,004,092
	Short-term financial assets	204,573	204,573
	Trade receivables	851,222	851,222
	Short-term loans	73,061	73,061
	Accounts receivable	396,312	396,312
	Accrued income	17,617	17,617
	Deposit (current)	66,751	66,751
	Financial assets at amortized cost	204	204
	Long-term financial instruments	24,967	24,967
	Long-term trade receivables	310,651	310,651
	Long-term loans	648,865	648,865
	Long-term accounts receivable	445,795	445,795
	Long-term accrued income	14,303	14,303
Deposits (non-current)	377,866	377,866	
Other assets	Lease liabilities (current)	5,945	5,945
	Lease liabilities (non-current)	10,948	10,948
Total		₩ 5,691,391	₩ 5,691,391

Details of the Group's exposure to credit risk from guarantee and the commitment provided by the Group as of December 31, 2023, are as follows:

Classification of financial instruments	Korean won (in millions)	
	Financial guarantee contract liabilities	Maximum exposed amounts
Private enterprise	₩ 987	₩ 880,080
Redevelopment and reconstruction business	4,850	2,471,525
Lotting out and union housing finance personal loan	-	1,411,066
SOC business	6,460	829,566
Others	-	192,590
Total	₩ 12,297	₩ 5,784,827

3) Liquidity risk

To manage liquidity risk, the Group establishes short-, mid- and long-term fund management plans, and continuously analyzes and reviews the cash outflow budget and actual cash outflow to match the maturity structure of financial liabilities and financial assets. The Group's management believes that it is possible to repay financial liabilities with cash flows generated from operating activities and financial assets held.

The Group's financial assets and liabilities by residual contractual maturity as of December 31, 2023, are classified as follows:

Financial assets

	Korean won (in millions)			
	Less than 1 year	1 year-2 years	More than 2 years	Total
Cash and cash receivables	₩ 2,004,092	₩ -	₩ -	₩ 2,004,092
Financial assets measured at fair value	27,067	-	211,152	238,219
Short-term financial instruments	204,573	-	-	204,573
Trade receivables	₩ 881,536	₩ -	₩ -	₩ 881,536
Short-term loans	73,061	-	-	73,061
Accounts receivable	454,587	-	-	454,587
Accrued income	20,860	-	-	20,860
Deposit (current)	66,935	-	-	66,935
Lease receivables (current)	6,137	-	-	6,137
Financial assets at amortized cost	-	204	-	204
Long-term financial instruments	-	7,288	17,679	24,967
Long-term trade receivables	-	543,998	106,303	650,301
Long-term loans	-	1,295,483	(277,769)	1,017,714
Long-term accounts receivable	-	600,424	93,498	693,922
Long-term accrued income	-	-	46,301	46,301
Deposits (non-current)	-	80,315	299,080	379,395
Lease receivables (non-current)	-	500	11,778	12,278
Total	₩ 3,738,848	₩ 2,528,212	₩ 508,022	₩ 6,775,082

Financial liabilities

	Korean won (in millions)			
	Less than 1 year	1 year-2 years	More than 2 years	Total
Trade payables	₩ 1,060,596	₩ -	₩ -	₩ 1,060,596
Accounts payable	283,328	-	-	283,328
Leasehold deposits received	2,194	-	-	2,194
Accrued expenses (*1)	123,152	-	-	123,152
Lease liabilities (current)	63,132	-	-	63,132
Short-term borrowings (*1)	145,175	-	-	145,175
Current portion of long-term liabilities (*1)	379,122	-	-	379,122
Debentures	3,988	23,988	195,901	223,877
Long-term borrowings (*1)	1,355	106,850	317,330	425,535
Long-term trade payables	-	-	8,861	8,861
Long-term accounts payable	-	489	250	739
Long-term leasehold deposits received	-	245	10,515	10,760
Lease liabilities (non-current)	-	52,445	11,110	63,555
Derivative liabilities	81	1,209	6,610	7,900
Financial guarantee contract liabilities and supplementary finance agreement	12,297	-	-	12,297
Total	₩ 2,074,420	₩ 185,226	₩ 550,577	₩ 2,810,223

(\*1) Cash flows of interests are included in cash flows of borrowings and debentures.

The above analysis is based on the maturity amount on contracts, except for discount amount before deduction of allowance. Maturity analysis of financial liabilities is based on the earliest maturity date that the Group is obligated to pay based on undiscounted cash flows including interest accruing from the financial liabilities. The Group believes that the likelihood of disbursing the guarantee amount of the financial guarantee contracts is less than the likelihood of not disbursing the amount based on the projection 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 Group.

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

(1) The carrying amounts and fair values of the Group’s financial assets and financial liabilities as of December 31, 2023 and 2022, 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	₩ 2,004,092	₩ 2,004,092	₩ 1,752,399	₩ 1,752,399
Short-term financial instruments	204,573	204,573	517,330	517,330
Trade receivables	851,222	851,222	585,883	585,883
Short-term loans	73,061	73,061	98,014	98,014
Current accounts receivable	396,312	396,312	415,641	415,641
Accrued income	17,617	17,617	44,545	44,545
Deposits	66,751	66,751	65,156	65,156
Current lease receivables	5,945	5,945	480	480
Financial assets at amortized cost	204	204	200	200
Long-term financial instruments	24,967	24,967	3,401	3,401
Long-term trade receivables	310,651	310,651	300,203	300,203
Long-term loans	648,865	648,865	625,913	625,913
Non-current accounts receivable	445,795	445,795	447,189	447,189
Long-term accrued income	14,303	14,303	14,303	14,303
Long-term deposits	377,866	377,866	455,839	455,839
Non-current lease receivables	10,948	10,948	1,169	1,169
Total	₩ 5,453,172	₩ 5,453,172	₩ 5,327,665	₩ 5,327,665

Financial liabilities

	Korean won (in millions)			
	December 31,2023		December 31,2022	
	Carrying value	Fair value	Carrying value	Fair value
Trade payables	₩ 1,060,596	₩ 1,060,596	₩ 993,059	₩ 993,059
Accounts payable	283,328	283,328	263,874	263,874
Leasehold deposits received	2,194	2,194	2,283	2,283
Accrued expenses	123,152	123,152	52,537	52,537
Current lease liabilities	61,976	61,976	55,914	55,914
Short-term borrowings	144,800	144,800	185,758	185,758
Current portion of long-term liabilities	375,287	375,287	75,454	75,454
Current financial guarantee contract liabilities	12,297	12,297	13,562	13,562
Financial guarantee contract liabilities	-	-	2,787	2,787
Debentures	209,122	209,122	427,380	427,380
Long-term borrowings	418,484	418,484	409,402	409,402
Long-term trade payables	8,861	8,861	8,686	8,686
Long-term accounts payable	687	687	288	288
Long-term leasehold deposits received	10,760	10,760	5,622	5,622
Non-current lease liabilities	59,670	59,670	76,729	76,729
Total	₩ 2,771,214	₩ 2,771,214	₩ 2,573,335	₩ 2,573,335

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

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

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

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

The fair value of financial instruments measured at fair value in the consolidated statements of financial position at the end of the reporting period is classified as follows:

As of December 31, 2023

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

As of December 31, 2022

Korean won (in millions)				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL	₩ -	₩ 2,354	₩ 172,481	₩ 174,835
Financial assets at FVTOCI	-	15,807	-	15,807
Derivative assets	-	5,750	-	5,750
Subtotal	-	23,911	172,481	196,392
Financial liabilities				
Derivative liabilities:	-	3,783	-	3,783

- (3) Changes in carrying amount of fair value measurement of financial assets classified as Level 3 are as follows:

Korean won (in millions)				
	2023		2022	
Beginning balance	₩	172,481	₩	125,250
Effects of gain (loss) on:				
Net income		7,126		7,876
Other comprehensive income		-		-
Acquisition		30,673		36,992
Disposal		(12,535)		(3,397)
Reclassification to assets held for sale		(20,828)		-
Other gain		-		5,751
Ending balance	₩	176,917	₩	172,472

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

Korean won (in millions)					
	Fair value	Level	Valuation techniques	Input variables	The relationship between non-observable inputs and fair value measurements
Financial assets measured at fair value					
SOC stock, PFV, and capital investments	₩ 176,908	3	Net asset valuation method, cash flow discount model, etc.	Growth rate, discount rate, etc.	If the discount rate declines and the growth rate rises, fair value rises.
Beneficial securities	1,376	2	Net asset valuation method, cash flow discount model, etc.	Growth rate, discount rate, etc.	If the discount rate declines and the growth rate rises, fair value rises.
Debt securities	46,794	2	Net asset valuation method, cash flow discount model, etc.	Growth rate, discount rate, etc.	If the discount rate declines and the growth rate rises, fair value rises.
Non-marketable stock	9	3	Net asset valuation method, cash flow discount model, etc.	Growth rate, discount rate, etc.	If the discount rate declines and the growth rate rises, fair value rises.
Derivatives (assets)					
Currency forward and others	13,132	2	Market approach	Currency forward exchange rates, etc.	N/A
Derivatives (liabilities)					
Currency forward and others	7,900	2	Market approach	Currency forward exchange rates, etc.	N/A

- (5) The Group recognizes movements between levels when events or changes in circumstances bring about level shifts. In addition, there is no significant movement between Level 1 and Level 2 during the period.

(6) The method by which the fair value of major financial assets and financial liabilities is calculated is as follows:

	Valuation techniques	Significant unobservable inputs and ranges	Relevance between the unobservable inputs and the measured fair value
Derivatives (assets and liabilities)	Discounted cash flow Discounted future cash flows estimated based on forward exchange rates (based on observable forward exchange rates at the end of the reporting period) and forward interest rates at discount rates that reflect credit risk from multiple counterparties	N/A	N/A
Listed shares	Prices disclosed in the active market	N/A	N/A
Beneficiary certificates, SOC, non-marketable stock	Profit approach A discounted cash flow technique is used to estimate the present value of future economic benefits expected to be derived from the ownership of the investment company	Long-term sales growth rate taking into account management's experience and knowledge of market conditions in a specific industry	Fair value increases as sales growth increases. If other variables are same and sales growth increases (decreases), the book value will increase (decrease).
		Pre-tax operating margin and pre-tax margin considering management's experience and knowledge of market conditions in a specific industry	Fair value increases as pre-tax operating profit (pre-tax profit) increases. If the other variables are same and the pre-tax operating profit (pre-tax profit) increases (decreases), the book value will increase (decrease).
		Weighted- average cost of capital and equity cost	As the weighted- average cost of capital (cost of equity) increases, the fair value decreases. If the other variables are same and the weighted- average cost of capital (cost of equity) rises (falls), the carrying amount will decrease (increase).
Government bonds	Discounted cash flow Discounted future cash flows estimated based on interest rates at discount rates that reflect credit risk from multiple counterparties	N/A	N/A

(7) The effect of changes in inputs that are significant but not observable in the inputs to the fair value measurement of the Level 3 financial instruments, measured at fair value on a recurring basis in the consolidated statements of financial position, on profit or loss and other comprehensive income is as follows:

	Input variables that are not observable	Variation of input variables	Korean won (in millions)	
			Net income	
			Favorable fluctuation	Adverse fluctuation
Fair value measurement of financial assets	Discount rate	± 1.00%	₩ 351	₩ (282)

**43. NON-CURRENT ASSETS HELD FOR SALE:**

The Group classified shares of Seoul Tunnel Co., Ltd. as assets held for sale in accordance with the sales contract during the current period.

Assets held for sale as of the end of December 31, 2023 and 2022, are as follows:

Korean won (in millions)		
Sortation	December 31, 2023	December 31, 2022
Non-current assets held for sale	₩ 20,828	₩ -

**44. BUSINESS COMBINATIONS:**

(1) The details of the business combinations that occurred during the current period are as follows:

Korean won (in millions)				
Company	Main business	Date of acquisition	Ownership (%)	Transfer price
DL Engineering & Construction Malaysia Sdn. Bhd.	Industrial plant construction	2023.01.01	75.00	₩ -
NS Partners Co., Ltd.	Real estate property development	2023.12.06	100.00	1
Saubukbyeon Development Co., Ltd.	Civil engineering	2023.12.29	65.10	2,000

(2) The fair value of the transfer consideration of the business combination incurred during the current period is as follows:

Korean won (in millions)			
Sortation	DL Engineering & Construction Malaysia Sdn. Bhd.	NS Partners Co., Ltd.	Saubukbyeon Development Co., Ltd.
Cash and cash equivalents	₩ -	₩ 1	₩ 2,000

(3) The fair values of assets and liabilities acquired on the acquisition date due to a business combination arising during the current period are as follows:

Korean won (in millions)			
Sortation	DL Engineering & Construction Malaysia Sdn. Bhd.	NS Partners Co., Ltd.	Saubukbyeon Development Co., Ltd.
Fair value of identifiable assets	₩ 7,224	₩ 47,466	₩ 1,510
<b>CURRENT ASSETS</b>	7,039	47,444	1,497
Cash and cash equivalents	4,618	-	240
Trade and other current receivables	2,654	867	-
Accumulated impairment (Trade and other current receivables)	(496)	(740)	-
Inventories	-	45,721	-
Other current assets	263	1,596	1,257
<b>NON-CURRENT ASSETS</b>	185	22	13
Long-term trade and other non-current receivables	121	20	10
Accumulated impairment (Long-term trade and other non-current receivables)	-	-	-
Property, plant and equipment	64	2	3
Right-of-use assets	-	-	-
Fair value of identifiable liabilities	8,462	62,062	8
<b>CURRENT LIABILITIES</b>	7,900	6,362	2
Trade and other current payables	2,276	293	1
Contract liabilities	4,256	-	-
Other current liabilities	647	385	1
Other current provisions	721	5,684	-
<b>NON-CURRENT LIABILITIES</b>	562	55,700	6
Borrowings and debentures	-	55,700	-
Net defined benefit liabilities	-	-	6
Provision for construction warranties	562	-	-
<b>Total fair value of identifiable net assets</b>	<b>₩ (1,238)</b>	<b>₩ (14,596)</b>	<b>₩ 1,502</b>

(4) The goodwill arising from the business combination during the current period is as follows:

Korean won (in millions)			
Sortation	DL Engineering & Construction Malaysia Sdn. Bhd.	NS Partners Co., Ltd.	Saubukbyeon Development Co., Ltd.
Transfer price	₩ -	₩ 1	₩ 2,000
Less: Fair value of identifiable acquired net assets	1,238	14,596	(1,502)
<b>Goodwill</b>	<b>1,238</b>	<b>14,597</b>	<b>498</b>

(5) Net cash outflows from business combinations during the current period are as follows:

Sortation	Korean won (in millions)		
	DL Engineering & Construction Malaysia Sdn. Bhd.	NS Partners Co., Ltd.	Saubukbyeon Development Co., Ltd.
Price paid in cash	₩ -	₩ 1	₩ 2,000
Less: Acquired cash and cash equivalents	(4,618)	-	(240)
<b>Total</b>	<b>₩ (4,618)</b>	<b>₩ 1</b>	<b>₩ 1,760</b>

(6) Sales and net income of KRW 7,463 million and KRW 2,439 million, respectively, related to additional businesses created by DL Engineering & Construction Malaysia Sdn. Bhd. are reflected in the consolidated statements of income, and NS Partners Co., Ltd. and Saubukbyeon Development Co., Ltd. are not reflected.

(7) If the above business combination occurred on January 1, 2023, sales of KRW (-)452 million and net loss of KRW 6,347 million for the current period would have been included in the consolidated statements of income. These estimated consolidated financial statements represent estimates of combined company performance on an annual basis and provide a comparative basis for the future period.

#### **45. SUBSEQUENT EVENTS:**

- (1) The Group approved the acquisition of treasury stocks (18,324 common stocks) held by the Company by the environmental, social, and governance committee (“ESG committee”) in February 2024 and completed the purchase on February 2, 2024.
- (2) The exchange was completed on February 14, 2024, in accordance with all-inclusive share swap contract between the Company and the Company signed on October 20, 2023, and the Company was delisted from the Korea Exchange securities market on March 4, 2024.
- (3) In February 2024, the Group decided to approve the retirement of treasury stocks (2,939,077 common stocks) for the purpose of enhancing shareholder value in accordance with the proviso to Article 343 (1) of the Commercial Act and completed the retirement of treasury stocks on February 8, 2024.
- (4) The Group approved the bond issuance limit of KRW 300 billion (issuance period: 2024) at the board of directors’ meeting in February 2024 and delegated the authority to the CEO.
- (5) In February 2024, the Group decided to approve the participation in the paid-in capital increase (investment amount: KRW 15 billion) in its subsidiary, CARBONCO PTE. LTD., by the Financial Services Commission.