

DL E&C Co., Ltd.

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



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Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors DL E&C Co., Ltd.

Opinion

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

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

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

Basis for opinion

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

Key audit matter

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

- Estimation of total contract cost

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

We have identified the estimation of the total contract cost as a key audit matter because we believe that the significant accounting estimates and judgments by management associated with the uncertainty of estimating the total contract costs could have a material impact on the separate financial statements.

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

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

Other Matters

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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



March 14, 2025

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

DL E&C Co., Ltd.

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

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

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

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

(Korean won)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	5,7,34	\ 848,608,080,995	\ 1,152,564,929,485
Short-term financial instruments	5,7,34	73,224,818,406	110,959,575,640
Trade receivables and other current receivables	6,7,9,29,37	1,105,174,732,926	976,130,605,717
Contract assets	6,37	734,588,968,231	611,576,632,570
Lease receivables	7,12	635,854,967	490,530,742
Financial assets at fair value through other comprehensive income ("FVTOCI")	7,8,27,28	-	15,251,895,000
Inventories	11	287,338,446,592	297,231,459,371
Derivative assets	7,29	169,927,741	327,413,902
Other current assets	10	180,116,430,724	218,688,991,621
Assets held for sale	41	20,827,602,384	20,827,602,384
Non-current assets			
Long-term financial instruments	5,7	\ 1,512,584,314	\ 4,671,523,647
Long-term trade receivables and other non-current receivables	6,7,9,29,38	1,909,959,966,992	1,908,977,984,178
Investments in subsidiaries	16	448,202,413,289	422,537,451,519
Investments in associates and joint ventures	16	209,855,186,823	169,345,755,673
Financial assets at fair value through profit or loss ("FVTPL")	7,8,28	98,924,991,204	89,158,706,664
Financial assets measured at FVTOCI	7,8,28	1,754,806,299	20,873,791,135
Financial assets measured at amortized cost	7	251,188,819	204,112,861
Property, plant and equipment	13	31,980,685,381	124,171,550,044
Investment property	14	421,750,216,581	343,137,513,788
Intangible assets	15	17,187,483,649	17,714,355,196
Right-of-use assets	17	44,059,086,953	58,508,585,863
Derivative assets	7,29	28,937,961,931	12,804,345,034
Lease receivables	7,12	79,762,362	696,317,104
Net-defined benefit assets	20	-	13,188,753,393
Deferred tax assets	35	421,044,904,168	442,032,390,553
Other non-current assets	10	120,498,409,283	35,003,171,088
Total assets		\ 7,006,684,511,014	\ 7,067,075,944,172
Liabilities			
Current liabilities			
Trade payables and other current payables	7,18,29	\ 1,030,329,823,847	\ 975,936,477,666
Contract liabilities	6,37	897,591,470,684	978,481,098,370
Lease liabilities	7,23	45,027,037,294	43,118,976,645
Short-term borrowings and current portion of long-term borrowings	7,19,29	50,155,040,350	305,071,100,863
Income taxes payable		70,056,976,987	22,966,841,206
Other current provisions	22	120,472,225,184	222,327,426,425
Derivative liabilities	7,29	4,854,125,306	2,452,890,469
Financial guarantee contract liabilities	7,28	6,401,210,400	9,026,616,171
Provision for construction warranties	22	31,708,376,329	26,865,804,141
Other current liabilities	21	35,776,304,861	103,131,316,755
Non-current liabilities			
Long-term trade payables and other non-current payables	7,18,37	\ 13,972,131,110	\ 9,187,694,336
Borrowings and debentures	7,19,29	452,417,441,687	228,023,888,512
Lease liabilities	7,23	20,550,128,089	45,021,564,081
Net-defined benefit liabilities	20	2,166,289,998	-
Provision for construction warranties	22	50,935,691,283	56,936,121,634
Other non-current provisions	22	697,075,630	697,075,630
Derivative liabilities	7,29	18,500,614,101	8,069,003,258
Total liabilities		\ 2,851,611,963,140	\ 3,037,313,896,162
Shareholder's equity			
Capital stock	1,24	\ 229,292,680,000	214,597,295,000
Other paid-in capital	24	3,238,762,729,272	3,164,793,142,800
Retained earnings	25	886,374,097,545	828,181,354,599
Accumulated other comprehensive loss	27	(199,356,958,943)	(177,809,744,389)
Total shareholder's equity		\ 4,155,072,547,874	\ 4,029,762,048,010
Total liabilities and shareholder's equity		\ 7,006,684,511,014	\ 7,067,075,944,172

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

DL E&C Co., Ltd.
Separate statements of profit or loss
For each of the two years in the period ended December 31, 2024

(Korean won)

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
I. SALES	6,30,37	\ 5,307,105,965,255	\ 5,168,107,014,553
II. COST OF SALES	31,37	\ 4,639,465,275,329	\ 4,615,661,601,461
III. GROSS PROFIT		\ 667,640,689,926	\ 552,445,413,092
Selling and administrative expenses	31,32,37	402,133,279,764	330,646,634,797
IV. OPERATING INCOME			
Other income	33,37	166,899,239,155	74,477,171,032
Other expense	33,37	207,665,712,518	155,047,564,175
Financial income	34,37	165,351,979,667	131,739,659,418
Financial expense	34,37	80,912,665,947	50,280,980,014
V. INCOME BEFORE INCOME TAX EXPENSE		\ 309,180,250,519	\ 222,687,064,556
INCOME TAX EXPENSE	35	110,544,027,425	70,974,269,663
VI. NET INCOME		\ 198,636,223,094	\ 151,712,794,893
VII. EARNINGS PER SHARE	36		
Basic and diluted earnings per common share		\ 4,690	\ 3,768
Basic and diluted earnings per preferential share		4,740	2,464

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

DL E&C CO., LTD.**Separate statements of comprehensive income****for each of the two years in the period ended December 31, 2024**

(Korean won)

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
I. NET INCOME		\ 198,636,223,094	\ 151,712,794,893
II. OTHER COMPREHENSIVE LOSS:			
Items not to be reclassified subsequently to profit or loss:		<u>(11,949,781,703)</u>	<u>(9,416,452,448)</u>
Remeasurement of defined benefit plan		(15,903,424,783)	(12,581,842,118)
Tax effects on the items not to be reclassified to profit or loss		3,953,643,080	3,165,389,670
Items to be reclassified subsequently to profit or loss:		<u>(21,547,214,554)</u>	<u>(18,787,189,415)</u>
Gain (loss) on valuation of financial assets measured at FVTOCI	8,27	(659,210,986)	943,280,294
Loss on overseas operations translation	27	(21,059,626,457)	(19,490,596,237)
Tax effects on the items to be reclassified to profit or loss		171,622,889	(239,873,472)
III. COMPREHENSIVE INCOME		<u>\ 165,139,226,837</u>	<u>\ 123,509,153,030</u>

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

DL E&C CO., LTD.
Separate statements of changes in equity
for each of the two years in the period ended December 31, 2024
(Korean won)

	Other paid-in capital					Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
	Capital stock	Additional paid-in capital	Treasury stock	Other				
As of January 31, 2023	214,597,295,000	3,162,074,671,740	(32,205,508,795)	-	-	728,167,428,904	(159,022,554,974)	3,913,611,331,875
Net income	-	-	-	-	-	151,712,794,893	-	151,712,794,893
Dividends	-	-	-	-	-	(42,282,416,750)	-	(42,282,416,750)
Remeasurement of defined benefit plan	-	-	-	-	-	(9,416,452,448)	-	(9,416,452,448)
Gain on valuation of financial assets at FVTOCI	-	-	-	-	-	-	703,406,822	703,406,822
Loss on translation of overseas operations	-	-	-	-	-	-	(19,490,596,237)	(19,490,596,237)
Acquisition of treasury stock	-	-	(72,940,146,045)	-	-	-	-	(72,940,146,045)
Comprehensive stock exchange	-	-	(72,940,146,045)	107,864,125,900	-	100,013,925,695	(18,787,189,415)	107,864,125,900
As of December 31, 2023	214,597,295,000	3,162,074,671,740	(105,145,654,840)	107,864,125,900	-	828,181,354,599	(177,809,744,389)	4,029,762,048,010
As of January 1, 2024	214,597,295,000	3,162,074,671,740	(105,145,654,840)	107,864,125,900	-	828,181,354,599	(177,809,744,389)	4,029,762,048,010
Net income	-	-	-	-	-	198,636,223,094	-	198,636,223,094
Dividends	-	-	-	-	-	(20,181,833,650)	-	(20,181,833,650)
Remeasurement of defined benefit plan	-	-	-	-	-	(11,949,781,703)	-	(11,949,781,703)
Gain on valuation of financial assets at FVTOCI	-	-	-	-	-	-	(487,588,097)	(487,588,097)
Loss on translation of overseas operations	-	-	-	-	-	-	(21,059,626,457)	(21,059,626,457)
Acquisition of treasury stock	-	-	(19,646,893,323)	-	-	-	-	(19,646,893,323)
Retirement of treasury stock	-	-	108,311,864,795	-	-	(108,311,864,795)	-	-
Comprehensive stock exchange	14,695,385,000	93,168,740,900	-	(107,864,125,900)	-	58,192,742,946	-	-
	14,695,385,000	93,168,740,900	88,664,971,472	(107,864,125,900)	-	886,374,097,545	(21,547,214,554)	125,310,499,864
As of December 31, 2024	229,292,680,000	3,255,243,412,640	(16,480,683,368)	-	-	886,374,097,545	(199,356,958,943)	4,155,072,547,874

The accompanying notes are an integral part of the financial statements

DL E&C Co., Ltd.
Separate statements of cash flows
for each of the two years in the period ended December 31, 2024

(Korean won)

	Notes	2024	2023
Operating activities			
Net income	\	198,636,223,094	\ 151,712,794,893
Adjustments	38	239,137,304,486	268,549,044,283
Changes in assets and liabilities from operating activities	38	(538,508,930,855)	(175,220,785,091)
Dividend income received		5,165,232,020	8,009,174,728
Interest income received		23,121,327,624	55,449,217,937
Interest expense paid		(30,523,789,152)	(33,179,757,464)
Income taxes paid		(37,229,953,381)	(40,051,358,365)
Net cash flows provided by (used in) operating activities		<u>(140,202,586,164)</u>	<u>235,268,330,921</u>
Investing activities			
Decrease in short-term financial instruments	\	100,985,933,108	\ 593,156,668,800
Decrease in short-term loans		49,800,000,000	45,500,000,000
Decrease in long-term financial instruments		6,138,158,442	294,000,000
Decrease in long-term loans		75,518,832,168	95,190,631,170
Decrease in long-term deposits		185,988,093,334	166,963,363,312
Disposal of financial assets at FVTOCI		38,630,039,546	18,003,561,879
Disposal of financial assets at FVTPL		-	8,173,080,000
Disposal of assets held for sale		136,194,071	-
Disposal of machineries		4,786,769,514	1,816,521
Disposal of vehicles		81,715,289	39,013,485
Disposal of other property, plant and equipment		208,924,628	162,625,219
Disposal of investment properties		432,887,898	2,291,152,496
Disposal of intangible assets		-	(3,940)
Increase in short-term financial instruments		(64,711,805,420)	(263,464,882,177)
Increase in short-term loans		(49,800,000,000)	(60,500,000,000)
Increase in long-term financial instruments		(4,393,997,091)	-
Increase in long-term loans		(97,535,801,936)	(72,705,214,626)
Increase in long-term deposits		(229,670,072,516)	(135,290,578,498)
Acquisition of investment in subsidiaries		(25,664,961,770)	(1,550,677,000)
Acquisition of investment in associates		(42,332,700,000)	(72,071,028,000)
Disposal of investments in associates		542,028,000	-
Acquisition of financial assets at FVTPL		(6,802,240,000)	(29,494,000,000)
Acquisition of financial assets at FVTOCI		(5,118,710,000)	(44,212,120,000)
Acquisition of machineries		(4,144,241,518)	(6,083,133,402)
Acquisition of vehicles		-	(117,810,330)
Acquisition of other property, plant and equipment		(2,884,499,078)	(2,501,694,323)
Acquisition of construction in progress		(1,264,771,109)	(945,759,200)
Acquisition of investment properties		(60,680,000)	(140,000,000)
Acquisition of intangible assets		(1,441,091,966)	(3,392,825,000)
Net cash flows provided by (used in) investing activities		<u>(72,575,996,406)</u>	<u>237,306,186,386</u>
Financing activities			
Proceeds from short-term borrowings	\	1,535,022,275,000	\ 1,385,007,425,000
Repayment of short-term borrowings		(1,565,022,275,000)	(1,414,465,250,000)
Proceeds from long-term borrowings		75,000,000,000	-
Increase in leasehold deposits		1,330,529,313	4,070,665,239
Decrease in leasehold deposits		(999,422,785)	(652,188,638)
Acquisition of treasury stock		(19,646,893,323)	(72,940,146,045)
Repayment of lease liabilities		(48,702,902,308)	(53,996,457,800)
Repayment of current portion of long-term liabilities		(275,155,040,350)	(110,155,040,350)
Payment of dividend		(20,181,833,650)	(42,282,416,750)
Proceeds from debentures		200,000,000,000	-
Debenture issue costs		(733,440,000)	-
Net cash flows used in financing activities		<u>(119,089,003,103)</u>	<u>(305,413,409,344)</u>
Net increase(decrease) in cash and cash equivalents		(331,867,585,673)	167,161,107,963
Cash and cash equivalents as of January 1		1,152,564,929,485	979,624,885,087
Net foreign exchange difference		27,910,737,183	5,778,936,435
Cash and cash equivalents as of December 31	\	<u>848,608,080,995</u>	<u>\ 1,152,564,929,485</u>

The accompanying notes are an integral part of the financial statement.

1. General information

DL E&C Co., Ltd. (the "Company") was established through a spin-off from DL Co., Ltd. (formerly Daelim Industrial Co., Ltd.) on January 1, 2021, for the purpose of performing domestic and overseas civil engineering, housing and plant construction. The Company's stock was listed on Korea Exchange on January 25, 2021.

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

2. Basis of preparation and material accounting policy information

2.1 Basis of preparation

The management prepares the accompanying separate financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"), and the accompanying separate financial statements follow the requirements of KIFRS 1027 *Separate Financial Statements*. A parent or an investor with joint control of, or significant influence over, an investee accounts for the investments among the following methods in the separate financial statements: the cost method; the method in accordance with the requirements of KIFRS 1109 *Financial Instruments*; or the equity method in accordance with KIFRS 1028 *Investments in Associates and Joint Ventures*.

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

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

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

1) New and amended standards and interpretations

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

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

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

The amendments had no impact on the Company's separate financial statements.

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

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

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and

2.1 Basis of preparation (cont'd)

- that if under the condition that an entity settles the liability by transferring its equity instruments, the option is classified as equity instrument and the option is recognized separate from the liability as a component of equity for hybrid financial instrument, there is no impact on current or non-current classification.

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

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

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

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

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

2) Standards issued but not yet effective

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

Amendments to KIFRS 1021 - *Lack of exchangeability*

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

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

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

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

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

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

2.1 Basis of preparation (cont'd)

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

Annual Improvements to KIFRS - Volume 11

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

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

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

2.2 Material accounting policies

1) Non-current assets held for sale

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

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

2) 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 Company also recognizes revenue when control of goods or services is transferred to the customer.

The Company recognizes revenue from the following main sources:

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

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

The Company carries out construction work for civil engineering, housing and plant projects in accordance with long-term contracts with customers. These contracts are concluded before

2.2 Material accounting policies (cont'd)

construction services begin. Management reviewed the contract terms for each individual contract and believed that using the input method was an appropriate way to measure the progress toward completion of performance obligations under KIFRS 1115. Additionally, the revenue generated from this input was based on cost. It is recognized over a period of time in accordance with the law (i.e. in proportion to the costs incurred for work performed up to that time compared to the expected costs).

The Company 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 Company 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 Company recognizes the difference as a contract liability.

B. Sales construction

The Company 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 Company has an enforceable right to payment for work already performed, the revenue generated from residential real estate shall be calculated according to the cost-based input method (i.e., in proportion to the costs incurred for work performed up to that point compared to the expected cost) and recognized over a period of time. Management believed that using the input method was an appropriate way to measure progress toward completion of performance obligations under KIFRS 1115. In addition, when the Company 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 Company 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 Company 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 Company has the right to receive them. If the amount classified as receivables exceeds the revenue recognized up to that point, the Company recognizes the difference as a contract liability. Additionally, if the Company 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 Company recognizes consideration for services and operation as revenue from sales of rendering services, and the customers simultaneously receive and consume benefits provided by the Company's performance. The Company is entitled to receive a certain payment directly equivalent to the value given to the customer by the degree of the service completion and recognizes a certain amount that it is able to claim as revenue.

D. Other sales

The Company 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.

3) Lease

3-1) Company as a lessee

The Company evaluates whether the contract is a lease or includes a lease at the contract commitment

2.2 Material accounting policies (cont'd)

date. In the case of a lessee, the Company 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 Company recognizes lease payments related to short-term leases and leases of low-value underlying assets as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the pattern of benefits to the lessee.

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

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

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

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

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

The Company presents lease liabilities separately from other liabilities in the separate 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 Company remeasures lease liabilities and makes corresponding adjustments to related right-of-use assets in the following cases:

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

in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

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

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

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

The Company 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 Company 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.

3-2) Company as a lessor

The Company 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 Company is an intermediate lessor, it accounts for the upstream lease and sublease as two separate contracts. The Company 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 Company 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 Company applies that standard. The Company adds the direct lease establishment costs incurred during the process of concluding an

2.2 Material accounting policies (cont'd)

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 Company. The Company distributes financial profits over the lease period by reflecting a certain period rate of return in the Company's lease net investment amount.

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

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

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

4) Foreign currencies

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks;
- in cases where the lease contract is modified and is not accounted for as a separate lease, the lease liability is remeasured based on the contractual term under the modified lease, discounting the revised lease payments using the modified discount rate as of the effective date of the lease modification; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

In order to prepare separate financial statements, the assets and liabilities of overseas operations included in the Company 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).

5) Borrowing costs

The Company 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

2.2 Material accounting policies (cont'd)

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.

6) Government grants

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

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

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

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

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

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

7) Retirement benefit costs and termination benefits

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

In the case of a defined benefit retirement benefit plan, the defined benefit obligation is calculated by an independent actuarial firm using the projected unit credit method and performing an actuarial evaluation at the end of each reporting period. The rereasurement 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 rereasurement element occurs. It is recognized as other comprehensive income and immediately reflected in the separate statements of financial position. Rereasurement elements recognized in the separate 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 Company recognizes related restructuring costs or termination benefits, whichever is earlier. The Company recognizes settlement gains and losses for defined benefit plans

2.2 Material accounting policies (cont'd)

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 separate 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 Company can no longer withdraw the offer of termination benefits or when the Company 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 Company allocates the contribution to the period of service in accordance with the distribution method required by paragraph 70 of KIFRS 1019 for total salary. On the other hand, in the case of contribution amounts that are independent of years of service, the Company recognizes these contributions as a reduction in service costs for the period in which the related service is provided.

8) Taxes

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

8-1) Current income tax

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

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

8-2) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying

2.2 Material accounting policies (cont'd)

amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable

profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

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

8-3) Recognition of current and deferred taxes

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

8-4) Uncertainty over income tax treatments

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

2.2 Material accounting policies (cont'd)

9) Property, plant and equipment

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

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

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

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

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

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

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

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

10) Investment properties

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

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

2.2 Material accounting policies (cont'd)

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

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

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

11) Intangible assets

11-1) Intangible assets acquired separately

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

11-2) Internally generated intangible assets—research and development expenditure

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

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

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

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

2.2 Material accounting policies (cont'd)

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

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

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

11-3) Intangible assets acquired in a business combination

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

11-4) Derecognition of intangible assets

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

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

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

2.2 Material accounting policies (cont'd)

13) Inventories

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

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

14) Provisions

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

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

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

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

14-1) Onerous contracts

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

14-2) Provision for restoration

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

2.2 Material accounting policies (cont'd)

14-3) Contingent liabilities acquired in a business combination

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

15) Cash and cash equivalents

In the separate statements of financial position, cash and bank balances are composed of cash (i.e., cash on hand and demand deposits) and cash equivalents. Cash equivalents are highly liquid, short-term (generally with maturities of three months or less) investments that are easily convertible into

predetermined amounts of cash and are subject to an insignificant risk of changes in value. Cash equivalents are held to meet short-term cash needs, not for investment or other purposes.

16) Financial instruments

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

17) Financial assets

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

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

17-1) Classification of financial assets

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

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

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

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

2.2 Material accounting policies (cont'd)

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

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

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

17-1-1) Amortized cost and effective interest method

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

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

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

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

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

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

17-1-2) Debt instruments classified as at FVTOCI

Upon initial recognition, debt instruments are measured at fair value plus transaction costs. Subsequent changes in the carrying amount of debt instruments as a result of foreign currency translation gains or

2.2 Material accounting policies (cont'd)

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.

17-1-3) Equity instruments designated as at FVTOCI

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

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

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

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

A financial asset is held for trading if:

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

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

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

17-1-4) Financial assets at FVTPL

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

- investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see 1-3) above); and

2.2 Material accounting policies (cont'd)

- debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see 1-1) and 1-2) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

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

17-2) Foreign exchange gains and losses

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

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

17-3) Impairment of financial assets

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

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

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

17-3-1) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking

2.2 Material accounting policies (cont'd)

information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relates to the Company's core operations.

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

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

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

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

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

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

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

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

2.2 Material accounting policies (cont'd)

17-3-2) Definition of default

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

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

17-3-3) Credit-impaired financial assets

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

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

17-3-4) Write-off policy

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

17-3-5) Measurement and recognition of ECLs

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

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

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

2.2 Material accounting policies (cont'd)

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

17-4) Derecognition of financial assets

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

18) Financial liabilities and equity instruments

18-1) Classification as financial liabilities or equity

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

18-2) Equity products

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

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

18-3) Financial liabilities

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

18-4) Financial liabilities at FVTPL

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

2.2 Material accounting policies (cont'd)

A financial liability is classified as held for trading if:

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

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

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

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

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

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

18-5) Financial liabilities measured at amortized cost

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

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

18-6) Financial guarantee contracts

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

2.2 Material accounting policies (cont'd)

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

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

18-7) Foreign exchange gains and losses

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

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

18-8) Derecognition of financial liabilities

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

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

19) Derivative financial instruments

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

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

2.2 Material accounting policies (cont'd)

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

19-1) Embedded derivatives

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

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

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

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

19-2) Hedge accounting

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

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

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

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

2.2 Material accounting policies (cont'd)

19-3) Fair value hedging

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

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

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

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

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

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

19-4) Cash flow hedges

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

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

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

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

3. Material accounting judgments, estimates and assumptions:

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

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

(1) Defined Benefits Retirement Pension

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

(2) Useful life of property, plant and equipment

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

(3) Fair value measurement of financial instruments

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

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

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

4. Segment information:

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

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

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4. Segment information (cont'd)

For the year ended December 31, 2024

(Korean won in millions)					
	Civil engineering	Housing	Plant	Common	Total
I. Sales	\ 915,308	\ 2,931,590	\ 1,458,004	\ 2,204	\ 5,307,106
II. Cost of sales	(845,222)	(2,657,822)	(1,134,853)	(1,568)	(4,639,465)
III. Gross profit	70,086	273,768	323,151	636	667,641
Selling and administrative expenses	(37,538)	(121,328)	(109,117)	(134,150)	(402,133)
IV. Operating income (loss)	32,548	152,440	214,034	(133,514)	265,508
Other income	66,434	18,130	77,038	5,297	166,899
Other expense	(52,659)	(80,157)	(51,821)	(23,029)	(207,666)
Finance income	3,655	43,528	58,731	59,438	165,352
Finance expense	(3,724)	(5,512)	(44,371)	(27,306)	(80,913)
V. Income (loss) before income tax expense (benefit)	46,254	128,429	253,611	(119,114)	309,180
Depreciation	(10,123)	(24,679)	(2,861)	(21,097)	(58,760)
Amortization	\ (37)	\ (985)	\ (1,961)	\ (603)	\ (3,586)

For the year ended December 31, 2023

(Korean won in millions)					
	Civil engineering	Housing	Plant	Common	Total
I. Sales	\ 847,744	\ 3,275,598	\ 1,039,668	\ 5,097	\ 5,168,107
II. Cost of sales	(767,918)	(3,009,073)	(836,598)	(2,073)	(4,615,662)
III. Gross profit	\ 79,826	\ 266,525	\ 203,070	\ 3,024	\ 552,445
Selling and administrative expenses	(37,591)	(123,820)	(40,988)	(128,247)	(330,647)
IV. Operating income (loss)	\ 42,235	\ 142,705	\ 162,082	\ (125,223)	\ 221,799
Other income	28,851	15,942	20,710	8,974	74,477
Other expense	(26,155)	(77,814)	(29,283)	(21,796)	(155,048)
Finance income	3,131	51,384	19,187	58,039	131,740
Finance expense	(4,233)	(1,860)	(10,268)	(33,921)	(50,281)
V. Income (loss) before income tax expense (benefit)	\ 43,829	\ 130,357	\ 162,428	\ (113,927)	\ 222,687
Depreciation	(8,436)	(30,447)	(2,515)	(19,501)	(60,899)
Amortization	\ (377)	\ (1,435)	\ (2,041)	\ (921)	\ (4,774)

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

4. Segment information (cont'd)

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

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

As of December 31, 2024

(Korean won in millions)					
	Civil engineering	Housing	Plant	Common	Total
Investments in subsidiaries, associates and joint ventures	\ 44,296	\ 157,822	\ 83,302	\ 372,638	\ 658,058
Non-current assets (*1)	24,085	300,246	5,846	184,801	514,978
Other assets	729,471	3,274,169	593,427	1,236,582	5,833,649
Total assets	797,852	3,732,237	682,575	1,794,021	7,006,685
Total liabilities	494,403	793,008	819,032	745,169	2,851,612
Impairment of assets (*2)	\ -	\ -	\ (1,281)	\ -	\ (1,281)

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

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

As of December 31, 2023

(Korean won in millions)					
	Civil engineering	Housing	Plant	Common	Total
Investments in subsidiaries, associates and joint ventures	\ 44,296	\ 116,032	\ 59,283	\ 372,274	\ 591,885
Non-current assets (*1)	22,378	313,033	3,867	204,255	543,533
Other assets	641,177	3,020,333	605,614	1,664,536	5,931,660
Total assets	707,851	3,449,398	668,764	2,241,065	7,067,076
Total liabilities	434,282	1,020,985	934,949	647,098	3,037,314
Impairment of assets (*2)	\ -	\ (1)	\ (11,519)	\ -	\ (11,520)

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

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

(3) Information by areas

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

As of and for the year ended December 31, 2024

(Korean won in millions)						
	Korea	Middle East	Asia	Europe	Other	Total
Total assets	\ 6,219,920	\ 193,721	\ 317,531	\ 158,889	\ 116,624	\ 7,006,685
Non-current assets (*1)	505,079	1	9,867	12	18	514,977
Sales from the external customers	\ 4,753,141	\ 31,976	\ 198,938	\ 299,224	\ 23,827	\ 5,307,106

4. Segment information (cont'd)

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

As of and for the year ended December 31, 2023

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

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

(4) Information of key customers

There is no customer who occupies more than 10% of the Company's sales for the year ended December 31, 2024.

5. Financial instruments with restrictions on use:

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

(Korean won in millions)				
Sortation	Institution	Dec. 31, 2024	Dec. 31, 2023	Restriction
Cash and cash equivalents	Woori Bank	\ 4,689	\ -	Provisional seizure and pledged as collateral
Short-term financial instruments	Woori Bank	250	747	Pledged as collateral
Long-term financial instruments	Woori Bank and others	1,011	261	Pledged as collateral and others
Total		\ 5,950	\ 1,008	

6. Contract assets and liabilities:

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

(Korean won in millions)			
	Construction revenue recognized		
	2024	2023	
Civil engineering	\ 889,051	\ 822,248	
Housing (*1)	2,918,893	3,211,432	
Plant	1,445,872	813,935	
Total	\ 5,253,816	\ 4,847,615	

(*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 Company as of December 31, 2024 is KRW 21,872,078 million, while it was KRW 21,491,514 million as of December 31, 2023.

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

As of December 31, 2024

(Korean won in millions)							
	Accumulated construction revenue	Accumulated construction cost	Accumulated construction profit	Contract asset (*1)	Contract liability (*2)	Construction loss provisions	Withholding
Civil engineering	\ 4,583,927	\ 4,255,939	\ 327,988	\ 128,077	\ 210,629	\ 2,444	\ 18,144
Housing	5,208,066	4,569,694	638,372	523,742	179,499	3,984	-
Plant	4,714,889	4,049,341	665,548	82,770	507,464	15,743	155,546
Total	\ 14,506,882	\ 12,874,974	\ 1,631,908	\ 734,589	\ 897,592	\ 22,171	\ 173,690

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

(Korean won in millions)				
	Beginning balance	Impairment loss (gain)		Ending balance
		Collective assessment	Individual assessment	
Contract asset	\ 370	\ 315	-	\ 685

(*2) The Company recognized the gain on construction contracts amounting to KRW 515,161 million for the year ended December 31, 2024 as the balance of contract liabilities carried forward.

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6. Contract assets and liabilities (cont'd)

As of December 31, 2023

(Korean won in millions)							
	Accumulated construction revenue	Accumulated construction cost	Accumulated construction profit	Contract asset (*1)	Contract liability (*2)	Construction loss provisions	Withholding
Civil engineering	\ 4,004,103	\ 3,733,476	\ 270,627	\ 137,765	\ 125,607	\ 4,176	\ 18,486
Housing	5,520,461	4,815,074	705,387	458,311	258,901	12,569	-
Plant	3,356,416	2,979,583	376,833	15,501	593,973	19,243	142,624
Total	\ 12,880,980	\ 11,528,133	\ 1,352,847	\ 611,577	\ 978,481	\ 35,988	\ 161,110

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

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

(*2) The Company recognized the revenue from construction contracts amounting to KRW 324,374 million for the year ended December 31, 2024 as the balance of contract liabilities carried forward.

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

As of December 31, 2024

(Korean won in millions)						
	Estimated total contract revenue variance	Estimated total contract cost variance	Effect on construction profit and loss		Changes in contract asset (*1)	Changes in contract liability (*1)
			Current period	Future period		
Civil	\ 243,702	\ 199,577	\ 4,599	\ 39,526	\ (7,024)	\ (11,623)
Housing	407,546	341,039	25,877	40,630	(5,320)	(31,197)
Plant	135,570	(4,763)	86,642	53,691	13,744	(72,898)
Total	\ 786,818	\ 535,853	\ 117,118	\ 133,847	\ 1,400	\ (115,718)

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

As of December 31, 2023

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

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

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6. Contract assets and liabilities (cont'd)

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

As of December 31, 2024

(Korean won in millions)							
Project	Contract date	Completion date on contracts (*2)	Completion rate	Contract asset		Construction work receivables	
				Total	Loss allowance (*3)	Total	Loss allowance (*3)
Gimhae Bypass Road	Mar. 20, 2008	Dec. 31, 2025	82.11%	\ -	\ -	\ 28	\ -
GTX-A5	Mar. 20, 2019	Mar. 31, 2025	95.57%	3,617	-	25,472	-
GTX-A6	Mar. 20, 2019	Mar. 31, 2025	94.13%	-	-	19,216	-
Busan New Port North Container Terminal 2nd Phase Port Hinterland Development Project	May. 30, 2022	Jul. 17, 2034	11.95%	13,123	-	-	-
Namhae-Yeosoo Road	Jul. 10, 2023	Oct. 25, 2031	3.35%	-	-	-	-
Youngdong-Pumped Hydroelectric Storage	Aug. 31, 2024	Dec. 31, 2030	0.19%	819	-	435	-
ePyeonhangesang Myeongdeok Station Firstmark	Sep. 27, 2019	Dec. 04, 2025	59.02%	-	-	-	-
Acro Vestynew	Jan. 29, 2016	Feb. 25, 2025	92.15%	58,730	-	-	-
Acro De Seocho	Aug. 27, 2017	Nov. 22, 2028	4.78%	25,033	-	-	-
Anyang Naengcheong-District Residential Environment Improvement	Aug. 22, 2018	Jan. 22, 2025	98.27%	106,117	-	-	-
Acro Ritz County	Sep. 17, 2020	Oct. 06, 2027	20.21%	9,115	-	7,997	-
ePyeonhangesang Yeosu Glentz	Dec. 29, 2020	May. 14, 2027	10.24%	-	-	-	-
ePyeonhangesang City yeongtackGodeok	Sep. 02, 2022	Jun. 06, 2026	39.27%	-	-	-	-
Asan Tangjeong Public-Funded Private Rental Apartment	Sep. 04, 2024	Jan. 10, 2028	0.91%	652	-	-	-
Hyundai Chemical HPC Project PKG-3	Nov. 05, 2019	Jun. 30, 2025	99.85%	-	-	-	-
S-OIL SHAHEEN TC2C	Mar. 08, 2023	Jun. 30, 2026	37.18%	-	-	7,701	-
GS Bucheon combined heat&power generation	Dec. 06, 2023	Dec. 31, 2029	11.75%	-	-	2,401	-
LG Chemical ABS reconstruction	Aug. 16, 2022	Jul. 31, 2025	94.05%	20,166	-	15,188	-
ePyeonhangesang Songdo The First Beach	Jul. 07, 2020	Oct. 31, 2024	100%	17	-	3,519	-
ThomsonLineT222	May. 27, 2014	Dec. 31, 2025	99.57%	-	-	4,249	-
TTP1	Feb. 13, 2015	Dec. 31, 2025	99.94%	6,954	-	-	-
MCRP	Oct. 08, 2020	Mar. 31, 2027	45.55%	-	-	17,131	-
Thai Binh2 PP	May. 22, 2012	Mar. 31, 2026	95.64%	-	-	48,893	-
Kais CCPP	Feb. 19, 2014	Jul. 19, 2026	83.38%	-	-	51,612	-
Maaden Ammonia III	Oct. 22, 2018	Mar. 31, 2025	99.34%	-	-	18,698	-
Baltic PE/LAO	Dec. 29, 2021	Feb. 28, 2027	75.35%	23,301	-	27,689	-
PROJECT SPRING	Apr. 08, 2022	May. 31, 2025	91.57%	4,156	-	278	-
Chemical engineering plant construction overseas (*1)	Feb. 21, 2023	Aug. 01, 2026	38.87%	-	-	7,845	-

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6. Contract assets and liabilities (cont'd)

- (*1) Due to the customer's confidentiality request, disclosures are withheld about major information, such as the customer identification, a project title, a contract amount and the region where the construction would be performed
- (*2) The completion date on contracts or approximate date of each project
- (*3) There is no individual loss on receivables by each project as of December 31, 2024, and the amount of collective loss by each sector has been excluded.

As of December 31, 2023

(Korean won in millions)							
Project	Contract date	Completion date on contracts (*2)	Completion rate	Contract asset		Construction work receivables	
				Total	Loss allowance (*3)	Total	Loss allowance (*3)
Gimhae Bypass Road	Mar. 18, 2008	Dec. 31, 2025	70.07%	-	-	-	-
GTX-A5	Mar. 20, 2019	Jun. 29, 2024	66.62%	22,457	-	-	-
GTX-A6	Mar. 20, 2019	Jun. 29, 2024	72.25%	37,622	-	-	-
Namhae-Yeosoo Road	Jul. 10, 2023	Oct. 25, 2031	1.63%	-	-	-	-
Rei County	Feb. 18, 2016	Dec. 31, 2023	100.00%	-	-	63	-
ePyeonhangesang Gold Gran Maison	Sep. 26, 2014	Dec. 31, 2023	100.00%	5,438	-	-	-
ePyeonhangesang Bupyeong Gran Hills	Apr. 18, 2019	Oct. 31, 2023	100.00%	-	-	25,217	-
Pyeongchon Centum First	Mar. 29, 2013	Nov. 24, 2023	100.00%	-	-	16,653	-
Acro Vestynew	Jan. 29, 2016	Dec. 18, 2024	53.39%	-	-	-	-
Anyang Naengcheong-District Residential Environment Improvement	Aug. 22, 2018	Jan. 22, 2025	46.68%	37,486	-	-	-
ePyeonhangesang Songdo The First Beach	Jul. 07, 2020	Sep. 30, 2024	77.52%	29,146	-	49,350	-
ePyeonhangesang City PyeongtackGodeok	Sep. 02, 2022	Jun. 06, 2026	13.04%	2,896	-	-	-
Hyundai Chemical HPC Project PKG-3	Nov. 05, 2019	Jun. 30, 2024	99.85%	-	-	-	-
S-OIL SHAHEEN TC2C	Mar. 08, 2023	Jun. 30, 2026	11.79%	-	-	3,809	-
LG Chemical ABS reconstruction	Aug. 16, 2022	Aug. 31, 2025	46.98%	-	-	17,271	-
ePyeonhangesang Yeongjong International City Centum Venue	Nov. 25, 2019	Mar. 26, 2023	100.00%	20	-	3,290	-
ePyeonhangesang Geoje Euro Sky	May. 21, 2021	Nov. 29, 2023	100.00%	106,157	-	-	-
GS Bucheon combined heat & power generation	Dec. 06, 2023	Dec. 31, 2029	0.04%	-	-	-	-
TTP1	Feb. 13, 2015	Jul. 27, 2024	99.89%	5,124	-	-	-
MCRP	Oct. 08, 2020	Mar. 31, 2027	38.33%	-	-	-	-
Thai Binh 2 PP	May. 22, 2012	Jun. 30, 2025	94.48%	-	-	42,962	-
Kais CCPP	Feb. 19, 2014	Dec. 31, 2025	79.42%	-	-	37,004	-
Maaden Ammonia III	Oct. 22, 2018	Apr. 30, 2024	97.51%	-	-	32,338	-
Baltic PE/LAO	Dec. 29, 2021	May. 31, 2026	20.18%	-	-	36,538	-
PROJECT SPRING	Apr. 08, 2022	Sep. 30, 2024	71.90%	-	-	6,771	-
Chemical engineering plant construction overseas (*1)	Feb. 21, 2023	Aug. 01, 2026	16.15%	-	-	7,396	-

6. Contract assets and liabilities (cont'd)

- (*1) Due to the customer's confidentiality request, disclosures are withheld about major information, such as the customer identification, a project title, a contract amount and the region where the construction would be performed
- (*2) The completion date on contracts or approximate date of each project.
- (*3) There is no individual loss on receivables by each project as of December 31, 2024, and the amount of collective loss by each sector has been excluded.

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

(Korean won in millions)				
Project	Total contract amount	Attributed contract amount	Ownership	Lead company
S-OIL SHAHEEN TC2C	\ 5,488,457	\ 1,425,352	25.97%	Hyundai E&C Co., Ltd.
GTX-A5	601,821	499,391	82.98%	The Company
Youngdong-Pumped Hydroelectric Storage	503,421	437,976	87.00%	The Company
Anyang Naengcheon-District Residential Environment Improvement	605,472	423,831	70.00%	The Company
MCRP	800,748	400,374	50.00%	Acciona
GTX-A6	463,061	374,339	80.84%	The Company
Namhae-Yeosoo Road	651,656	357,121	54.80%	The Company
Kais CAPP	693,849	346,925	50.00%	GS Engineering & Construction Corp.
Busan New Port North Container Terminal 2nd Phase Port Hinterland Development Project	669,224	281,074	42.00%	The Company
ePyeonhansesang Myeongdeok Station Firstmark	\ 457,158	\ 274,295	60.00%	The Company

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

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

(Korean won in millions)		
Category	December 31, 2024	December 31, 2023
Cost to fulfil a contract	\ 138,827	\ 83,040

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

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7. Financial instruments:

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

		(Korean won in millions)			
		December 31, 2024		December 31, 2023	
		Carrying value	Fair value	Carrying value	Fair value
Fair value measurement of financial assets	Financial assets at FVTPL	\ 98,925	\ 98,925	\ 89,159	\ 89,159
	Financial assets at FVTOCI	1,755	1,755	36,126	36,126
	Derivative assets	29,108	29,108	13,132	13,132
Financial assets at amortized cost	Cash and cash equivalents	848,608	848,608	1,152,564	1,152,564
	Short-term financial instruments	73,225	73,225	110,960	110,960
	Trade receivables	594,452	594,452	534,884	534,884
	Short-term loans	20,983	20,983	20,984	20,984
	Current accounts receivable	398,142	398,142	334,581	334,581
	Accrued income	74,607	74,607	57,512	57,512
	Deposits (current)	16,992	16,992	28,170	28,170
	Financial assets at amortized cost	251	251	204	204
	Long-term financial instruments	1,513	1,513	4,672	4,672
	Long-term trade receivables	250,560	250,560	262,029	262,029
	Long-term loans	878,092	878,092	831,649	831,649
	Non-current accounts receivable	414,669	414,669	445,374	445,374
	Long-term accrued income	14,303	14,303	14,303	14,303
Deposits (non-current)	352,336	352,336	355,623	355,623	
Other assets	Current lease receivables	636	636	491	491
	Non-current lease receivables	80	80	696	696
Total		\ 4,069,237	\ 4,069,237	\ 4,293,113	\ 4,293,113

7. Financial instruments (cont'd)

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

		(Korean won in millions)			
		December 31, 2024		December 31, 2023	
		Carrying value	Fair value	Carrying value	Fair value
Fair value measurement of financial liabilities	Derivative liabilities	\ 23,355	\ 23,355	\ 10,522	\ 10,522
Financial liabilities at amortized cost	Trade payables	730,622	730,622	672,790	672,790
	Accounts payable	268,265	268,265	275,154	275,154
	Leasehold deposit received	2,679	2,679	2,194	2,194
	Accrued expense	28,765	28,765	25,798	25,798
	Short-term borrowings	-	-	30,000	30,000
	Current portion of long-term liabilities	50,155	50,155	275,071	275,071
	Long-term accounts payable	4,938	4,938	-	-
	Debentures	374,317	374,317	174,768	174,768
	Long-term borrowings	78,101	78,101	53,255	53,255
	Long-term leasehold deposits received	9,034	9,034	9,188	9,188
Other liabilities	Current financial guarantee contract liabilities	6,401	6,401	9,027	9,027
	Current lease liabilities	45,027	45,027	43,119	43,119
	Non-current lease liabilities	20,550	20,550	45,022	45,022
	Total	\ 1,642,209	\ 1,642,209	\ 1,625,908	\ 1,625,908

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

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

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

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

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

As of December 31, 2024

		(Korean won in millions)			
	Level 1	Level 2	Level 3	Total	
Financial assets					
Financial assets at FVTPL	\ -	\ -	\ 98,925	\ 98,925	
Financial assets at FVTOCI	-	1,755	-	1,755	
Derivative assets	-	424	28,684	29,108	
Subtotal	\ -	\ 2,179	\ 127,609	\ 129,788	
Financial liabilities					
Derivative liabilities (*1)	\ -	\ 5,465	\ 17,890	\ 23,355	

(*1) Including current portion.

7. Financial instruments (cont'd)

As of December 31, 2023

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

(*1) Including current portion.

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

(Korean won in millions)		
	2024	2023
Beginning balance	89,159	85,075
Effects on gain(loss):		
Net income	10,903	3,591
Acquisition	6,802	29,494
Disposal	-	(8,173)
Transfer of assets held for sale	-	(20,828)
Other gain	20,745	-
Ending balance	127,609	89,159

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

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

(Korean won in millions)					
Category	Fair value	Level	Valuation technique	Input variable	The relationship between non-observable inputs and fair value measurements
Financial assets measured at fair value					
Social overhead capital("SOC") stock, Project financing, capital investments vehicle("PFV"), Beneficial securities, Startup, DLB	\ 98,925	3	Income Approach The discounted cash flow method is used to estimate the present value of future economic benefits expected to be derived from the ownership of the investee company.	Long-term sales growth rate considering management's experience and knowledge of the market conditions in a specific industry.	The fair value increases as the sales growth rate increases. If all other variables remain constant and the sales growth rate rises (falls), then the book value will increase (decrease)
				Pre-tax operating margin rate and pre-tax profit margin rate considering management's experience and knowledge of the market conditions	The fair value increases as the pre-tax operating income (pre-tax profit) increases. If all other variables remain constant and the pre-tax operating income (pre-tax profit) rises (falls), then the book value will increase (decrease)

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(Korean won in millions)					
Category	Fair value	Level	Valuation technique	Input variable	The relationship between non-observable inputs and fair value measurements
				in a specific industry.	
				Weighted average cost of capital (WACC) and cost of own equity	The fair value decreases as the weighted average cost of capital (cost of equity) increases. If all other variables remain constant and the weighted average cost of capital (cost of equity) rises (falls), then the book value will decrease (increase).
Debt securities	1,755	2	Discounted Cash Flows Future cash flows estimated based on interest rates are discounted using a discount rate that reflects the credit risk of various counterparties	Not applicable	Not applicable
Derivatives (assets)					
Currency forward and others	\ 424	2	Discounted Cash Flows Future cash flows estimated based on interest rates are discounted using a discount rate that reflects the credit risk of various counterparties	Not applicable	Not applicable
Options	28,684	3	Binomial Model The fair value of the option was calculated assuming that the subject stock increases or decreases according to risk-neutral probabilities. The credit risk of the counterparty is considered by discounting at a risk-adjusted discount rate.	-Underlying asset volatility -Risk-free interest rate -Remaining maturity	The fair value increases as the volatility of the underlying asset increases and as the risk-free interest rate rises. Conversely, the fair value decreases as the remaining maturity shortens.
Derivatives (liabilities)					
Currency forward and others	\ 5,465	2	Discounted Cash Flows Future cash flows estimated based on interest rates are discounted using a discount rate that reflects the credit risk of various counterparties	Not applicable	Not applicable
Options	17,890	3	Binomial Model The fair value of the option was calculated assuming that the subject stock increases or decreases according to risk-neutral	-Underlying asset volatility -Risk-free interest rate -Remaining maturity	The fair value increases as the volatility of the underlying asset increases and as the risk-free interest rate rises. Conversely, the fair value decreases as the remaining maturity shortens.

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(Korean won in millions)					
Category	Fair value	Level	Valuation technique	Input variable	The relationship between non-observable inputs and fair value measurements
			probabilities. The credit risk of the counterparty is considered by discounting at a risk-adjusted discount rate		

8. Fair value measurement of financial assets:

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

(Korean won in millions)		
Category	December 31, 2024	December 31, 2023
Financial assets at FVTPL:		
Debt instruments (PFV)	\ 7,063	\ 563
Debt instruments (capital investments)	35,628	35,652
Debt instruments (beneficiary certificates and others)	12,629	9,808
Debt instruments (SOC)	42,706	42,236
Debt instruments (start-up)	900	900
Subtotal	\ 98,926	\ 89,159
Financial assets at FVTOCI:		
Debt instruments (government bonds)	\ 1,755	\ 1
Debt instruments (corporate bonds)	-	36,125
Subtotal	\ 1,755	\ 36,126
Total	\ 100,681	\ 125,285

9. Trade and other accounts receivable:

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

As of December 31, 2024

		(Korean won in millions)			
	Category	Gross amount	Allowance for credit loss	Discount on present value	Net amount
Current	Trade receivables	\ 611,758	\ (17,306)	\ -	\ 594,452
	Short-term loans	20,984	(2)	-	20,982
	Accounts receivable	430,590	(32,431)	(16)	398,143
	Accrued income	125,820	(51,213)	-	74,607
	Short-term deposit	16,992	-	-	16,992
	Sub total	\ 1,206,144	\ (100,952)	\ (16)	\ 1,105,176
Non-current	Trade receivables	\ 748,490	\ (497,930)	\ -	\ 250,560
	Long-term loans	1,831,936	(953,844)	-	878,092
	Accounts receivable	705,627	(290,924)	(33)	414,670
	Accrued income	47,852	(33,549)	-	14,303
	Deposits	353,855	(1,519)	-	352,336
	Sub total	\ 3,687,760	\ (1,777,766)	\ (33)	\ 1,909,961
Total		\ 4,893,904	\ (1,878,718)	\ (49)	\ 3,015,137

As of December 31, 2023

		(Korean won in millions)			
	Category	Gross amount	Allowance for credit loss	Discount on present value	Net amount
Current	Trade receivables	\ 551,001	\ (16,118)	\ -	\ 534,883
	Short-term loans	20,984	-	-	20,984
	Accounts receivable	362,861	(28,266)	(14)	334,581
	Accrued income	95,223	(37,711)	-	57,512
	Short-term deposit	28,170	-	-	28,170
	Sub total	\ 1,058,239	\ (82,095)	\ (14)	\ 976,130
Non-current	Trade receivables	\ 714,028	\ (451,999)	\ -	\ 262,029
	Long-term loans	1,707,446	(868,195)	(7,601)	831,650
	Accounts receivable	736,345	(290,909)	(62)	445,374
	Accrued income	47,852	(33,549)	-	14,303
	Deposits	357,149	(1,526)	-	355,623
	Sub total	\ 3,562,820	\ (1,646,178)	\ (7,663)	\ 1,908,979
Total		\ 4,621,059	\ (1,728,273)	\ (7,677)	\ 2,885,109

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

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

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

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

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

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

As of December 31, 2024

Category		Beginning balance	(Reversal of) provisions for credit losses		Other (*2)	Ending balance
			Individual assessment	Collective assessment (*1)		
			(Korean won in millions)			
Current	Trade receivables	\ 16,118	\ (315)	\ 1,500	\ 3	\ 17,306
	Short-term loans	-	-	1	1	2
	Accounts receivable	28,266	4,802	(664)	27	32,431
	Accrued income	37,711	6,249	(1)	7,254	51,213
	Sub total	\ 82,095	\ 10,736	\ 836	\ 7,285	\ 100,952
Non-current	Trade receivables	\ 451,999	\ 27,425	\ 209	\ 18,297	\ 497,930
	Long-term loans	868,195	39,362	30	46,257	953,844
	Accounts receivable	290,909	(10,060)	-	10,075	290,924
	Accrued income	33,549	19,382	-	(19,382)	33,549
	Deposits	1,526	-	(8)	1	1,519
Sub total	\ 1,646,178	\ 76,109	\ 231	\ 55,248	\ 1,777,766	
Total		\ 1,728,273	\ 86,845	\ 1,067	\ 62,533	\ 1,878,718

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

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

As of December 31, 2023

Category		Beginning balance	(Reversal of) provisions for credit losses		Other (*2)	Ending balance
			Individual assessment	Collective assessment (*1)		
			(Korean won in millions)			
Current	Trade receivables	\ 17,499	\ (2,568)	\ 1,187	\ -	\ 16,118
	Short-term loans	13	-	(13)	-	-
	Accounts receivable	38,472	(22,312)	7,569	4,537	28,266
	Accrued income	362	37,345	4	-	37,711
	Sub total	\ 56,346	\ 12,465	\ 8,747	\ 4,537	\ 82,095
Non-current	Trade receivables	\ 475,876	\ (27,590)	\ 655	\ 3,058	\ 451,999
	Long-term loans	848,134	7,659	(14)	12,416	868,195
	Accounts receivable	266,296	23,799	-	814	290,909
	Accrued income	33,189	360	-	-	33,549
	Deposits	1,813	(165)	(122)	-	1,526
Sub total	\ 1,625,308	\ 4,063	\ 519	\ 16,288	\ 1,646,178	
Total		\ 1,681,654	\ 16,528	\ 9,266	\ 20,825	\ 1,728,273

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

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

(*2) Including changes due to the foreign currency translation.

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

As of December 31, 2024

(Korean won in millions)						
Category		6 months- 1 year	1 year- 2 years	2 years- 3 years	More than 3 years	Total
Current	Trade receivables	31,423	33,351	4,087	10,314	79,175
	Short-term loans	-	-	21	5,963	5,984
	Accounts receivable	75,627	9,746	9,788	25,469	120,630
	Accrued income	15,437	21,766	-	523	37,726
	Short-term deposits	-	-	-	-	-
Total		122,487	64,863	13,896	42,269	243,515

As of December 31, 2023

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

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

As of December 31, 2024

(Korean won in millions)							
Category		Less than 6 months	6 months- 1 year	1 year- 2 years	2 years- 3 years	More than 3 years	Total
Current	Trade receivables	\ -	\ -	\ -	\ -	\ -	\ -
	Accounts receivable	14,768	2,585	3,805	2,578	11,256	34,992
	Accrued income	-	-	-	-	-	-
	Total	\ 14,768	\ 2,585	\ 3,805	\ 2,578	\ 11,256	\ 34,992
Non-current	Trade receivables	\ 28,421	\ -	\ 58,440	\ 144	\ 483,547	\ 570,552
	Long-term loans	36,404	2,806	26,028	22,516	1,318,675	1,406,429
	Accounts receivable	7,866	4,641	22,718	166	545,940	581,331
	Accrued income	-	-	360	-	33,189	33,549
	Deposits	-	-	-	-	1,475	1,475
Total		\ 72,691	\ 7,447	\ 107,546	\ 22,826	\ 2,382,826	\ 2,593,336

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

As of December 31, 2023

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

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

10. Other assets:

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

		(Korean won in millions)	
Category		December 31, 2024	December 31, 2023
Current	Prepaid payments	\ 96,313	\ 114,944
	Prepaid expenses	37,287	39,897
	Prepaid construction expenses	46,517	63,848
	Subtotal	\ 180,117	\ 218,689
Non-current	Prepaid expenses	\ 28,189	\ 15,811
	Prepaid construction expenses	92,309	19,192
	Subtotal	\ 120,498	\ 35,003
Total		\ 300,615	\ 253,692

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11. Inventories:

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

Category	(Korean won in millions)					
	December 31, 2024			December 31, 2023		
	Acquisition cost	Allowance	Carrying value	Acquisition cost	Allowance	Carrying value
Merchandise	\ 38	\ -	\ 38	\ 72	\ -	\ 72
Supplies	26,540	-	26,540	27,314	-	27,314
Land	255,032	-	255,032	254,669	-	254,669
Residential construction	4,397	-	4,397	13,617	-	13,617
Unfinished housing	480	-	480	839	-	839
Materials	851	-	851	720	-	720
Total	\ 287,338	\ -	\ 287,338	\ 297,231	\ -	\ 297,231

12. Lease receivables:

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

	(Korean won in millions)			
	2024		2023	
	Current	Non-current	Current	Non-current
Lease receivables	\ 643	\ 83	\ 500	\ 720
Present value discounts	(7)	(3)	(9)	(24)
Total	\ 636	\ 80	\ 491	\ 696

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

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

	(Korean won in millions)	
	December 31, 2024	December 31, 2023
Within a year	\ 643	\ 500
More than a year and within two years	64	641
More than 2 years and within 3 years	19	61
More than 3 years and within 4 years	-	18
Total lease fee	\ 726	\ 1,220
Gross lease investment	\ 726	\ 1,220
Unrealized interest income	(10)	(33)
Present value of total cash flows	716	1,187
Net lease investment	\ 716	\ 1,187

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

12. Lease receivables (cont'd)

(Korean won in millions)		
	2024	2023
Financial lease net investment financial profit	\ 17	\ 30
Income related to variable lease fees not included in the net lease investment measurement	\ 285	\ 277

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

13. Property, plant and equipment:

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

As of December 31, 2024

(Korean won in millions)								
Sortation	Land	Buildings	Structures	Machinery	Vehicle	Others	CIP	Total
Acquisition cost	\ 6,329	\ 9,234	\ 1,706	\ 15,619	\ 1,729	\ 40,470	\ -	\ 75,087
Accumulated depreciation	-	(3,034)	(628)	(6,458)	(1,577)	(31,380)	-	(43,077)
Accumulated impairment	(1)	(28)	-	-	-	-	-	(29)
Carrying value	\ 6,328	\ 6,172	\ 1,078	\ 9,161	\ 152	\ 9,090	\ -	\ 31,981

As of December 31, 2023

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

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

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

For the year ended December 31, 2024

(Korean won in millions)								
Sortation	Land	Buildings	Structures	Machinery	Vehicle	Others	Construction in progress	Total
Beginning balance	\ 29,919	\ 69,623	\ 1,163	\ 10,682	\ 456	\ 11,237	\ 1,091	\ 124,171
Acquisition	-	-	-	4,144	-	2,322	1,265	7,731
Transfer (*1)	(23,591)	(63,221)	-	-	-	763	(2,356)	(88,405)
Disposal	-	-	-	(1,972)	(73)	(558)	-	(2,603)
Depreciation	-	(230)	(85)	(4,611)	(290)	(4,664)	-	(9,880)
Effect of foreign currency translation	-	-	-	918	59	(10)	-	967
Ending balance	\ 6,328	\ 6,172	\ 1,078	\ 9,161	\ 152	\ 9,090	\ -	\ 31,981

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

For the year ended December 31, 2023

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

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

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14. Investment property:

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

As of December 31, 2024

(Korean won in millions)					
Sortation	Land	Buildings	Others	Right-of-use assets	Total
Acquisition cost	\ 276,727	\ 224,647	\ 9,573	\ 21,041	\ 531,988
Accumulated depreciation	-	(64,308)	(7,326)	(11,716)	(83,350)
Accumulated impairment	(8,874)	(18,014)	-	-	(26,888)
Carrying value	\ 267,853	\ 142,325	\ 2,247	\ 9,325	\ 421,750

As of December 31, 2023

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

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

For the year ended December 31, 2024

(Korean won in millions)					
Sortation	Land	Buildings	Others	Right-of-use assets	Total
Beginning balance	\ 244,462	\ 84,027	\ 2,455	\ 12,194	\ 343,138
Acquisition	-	61	-	-	61
Disposal	23,591	63,221	-	-	86,812
Transfer (*1)	(200)	(98)	-	-	(298)
Depreciation	-	(4,886)	(208)	(2,869)	(7,963)
Ending balance	\ 267,853	\ 142,325	\ 2,247	\ 9,325	\ 421,750

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

For the year ended December 31, 2023

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

14. Investment property (cont'd)

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

Sortation	(Korean won in millions)	
	2024	2023
Rental income (*1)	\ 15,657	\ 16,272
Expenses on operating investment property	(11,814)	(8,622)
Total	\ 3,843	\ 7,650

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

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

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

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

Sortation	(Korean won in millions)			
	December 31, 2024		December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
Land	\ 267,853	\ 308,488	\ 244,462	\ 285,059
Buildings	142,325	158,432	84,027	88,140
Others	2,247	2,247	2,455	2,455
Right-of-use assets	9,325	9,325	12,194	12,195
Total	\ 421,750	\ 478,492	\ 343,138	\ 387,849

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

15. Intangible assets:

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

As of December 31, 2024

(Korean won in millions)				
Sortation	Software	Membership	Intangible assets under development	Total
Acquisition cost	\ 53,431	\ 11,515	\ 355	\ 65,301
Accumulated amortization	(48,028)	-	-	(48,028)
Accumulated impairment	-	(85)	-	(85)
Carrying value	\ 5,403	\ 11,430	\ 355	\ 17,188

As of December 31, 2023

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

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

For the year ended December 31, 2024

(Korean won in millions)				
Sortation	Software	Membership	Intangible assets under development	Total
Beginning balance	\ 6,284	\ 11,430	\ -	\ 17,714
Acquisition	1,053	-	414	1,467
Transfer (*1)	1,652	-	(59)	1,593
Amortization	(3,586)	-	-	(3,586)
Ending balance	\ 5,403	\ 11,430	\ 355	\ 17,188

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

For the year ended December 31, 2023

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

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

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16. Investment in subsidiaries, associates and joint ventures:

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

Company	Location	Main business	Term-end date	(Korean won in millions)			
				2024		2023	
				Ownership (%)	Carrying value	Ownership (%)	Carrying value
DL Construction Co., Ltd. (*1)	Korea	General construction	Dec.31	100.00	\ 352,638	100.00	\ 352,273
Osan Landmark Project Co., Ltd. (*2)	Korea	Real estate property development	Dec.31	48.00	-	48.00	-
Incheon Dohwa1 NEWSTAY REIT Co., Ltd.	Korea	Real estate property development	Dec.31	100.00	300	100.00	300
DL Saudi Arabia Co., Ltd.	Saudi Arabia	Industrial plant construction	Dec.31	99.99	-	99.99	-
PT. DLENC UTAMA CONSTRUCTION	Indonesia	Industrial plant construction	Dec.31	100.00	-	100.00	-
DALIN (Nanjing) Construction	China	Industrial plant construction	Dec.31	100.00	5,437	100.00	5,437
DL USA, Inc.	USA	General architecture construction	Dec.31	100.00	-	100.00	-
DL INSAAT GELISTIRME A.S.	Türkiye	Civil engineering	Dec.31	100.00	38,383	100.00	38,383
Daelim RUS LLC	Russia	Industrial plant construction	Dec.31	100.00	4,527	100.00	4,527
NS Partners Co., Ltd.	Korea	Real estate property development	Dec.31	100.00	-	100.00	-
CARBONCO PTE. Ltd.	Singapore	Professional science and technology services	Dec.31	100.00	45,369	100.00	20,068
DL Engineering & Construction Malaysia Sdn. Bhd.	Malaysia	Industrial plant construction	Dec.31	100.00	-	100.00	-
DL E&C FZCO	UAE	Industrial plant construction	Dec.31	100.00	1,549	100.00	1,549
Subtotal					\ 448,203		\ 422,537

(*1) As of December 31, 2023, the Company secured 100% of ownership of DL Construction through the approval of a comprehensive share exchange with DL E&C.

(*2) The number of shares in the entity held by the Company is less than a majority, but the entity is classified as a subsidiary because the Company is deemed to have de facto control over the entity.

(2) Details of investment in associates and joint ventures as of and for the years ended December 31, 2024 and 2023 is as follows:

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16. Investment in subsidiaries, associates and joint ventures (cont'd)

(Korean won in millions)								
Classification	Company	Location	Main business	Term-end date	2024		2023	
					Ownership (%)	Carrying amount	Ownership (%)	Carrying amount
Associates	Godeok Gangil 10 PFV Co., Ltd.	Korea	Real estate property development	Dec.31	25.10	\ 1,255	25.10	\ 1,255
	Hyoje PFV Co., Ltd. (*1)	Korea	Real estate property development	Dec.31	66.00	16,500	66.00	16,500
	UnsanUijeongbu Project PFV Co., Ltd. (*2)	Korea	Real estate property development	Dec.31	50.00	47,023	50.00	4,750
	Gwacheon Jisan One PFV Co., Ltd. (*3)	Korea	Real estate property development	Dec.31	-	-	0.67	30
	Daejeon Munhwa PFV Co., Ltd. (*4)	Korea	Real estate property development	Dec.31	50.00	16,625	50.00	16,625
	Incheon Inha PFV Co., Ltd. (*4)	Korea	Real estate property development	Dec.31	50.00	25,175	50.00	25,175
	Jeonju Wansan PFV Co., Ltd. (*4)	Korea	Real estate property development	Dec.31	50.00	10,450	50.00	10,450
	Together Daejeon Munhwa PFV Co., Ltd. (*5)	Korea	Real estate property development	Dec.31	43.48	17,000	43.48	17,000
	DLENC Philippines, Inc.	Philippines	Industrial plant construction	Dec.31	40.00	-	40.00	-
	NeuRizer Ltd. (*6)	Australia	Ammonia and urea production	Jun.30	3.29	177	7.11	1,460
	Songpa Bokjeong Station Layered City PFV Co., Ltd. (*7)	Korea	Real estate property development	Dec.31	42.10	20,000	42.10	20,000
	TK Private Equity Limited Partnership (*8)	Korea	Collective Investment (Real estate)	Dec.31	79.75	26,000	79.75	26,000
	Soopirang Corporation Co., Ltd. (*14)	Korea	Real estate property development	Dec.31	-	-	30.00	512
Seongnam MICE PFV Co., Ltd. (*9)	Korea	Real estate property development	Dec.31	5.50	275	5.50	275	
Seongnam MICE AMC Co., Ltd. (*10)	Korea	Real estate property development	Dec.31	19.90	60	0.00	-	
Joint Ventures	Luoma Inc. (*11)	Korea	Financial investment	Dec.31	28.79	20,000	28.79	20,000
	DIAP-DAELIM JOINT VENTURE PTE. LTD (*11)	Singapore	Civil engineering	Dec.31	49.00	5,913	49.00	5,913
	OMZ-Daelim LLC	Russia	Industrial plant construction	Dec.31	48.00	243	48.00	243
	Igis Haeundae General Private Equity REIT No. 1 (*12)	Korea	Collective Investment (Real estate)	Feb.28	33.33	3,000	33.33	3,000
	Jemulpo Station Urban Complex Project Entrusted Management REIT (*13)	Korea	Real estate property development	Dec.31	53.00	159	53.00	159

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(Korean won in millions)								
Classification	Company	Location	Main business	Term-end date	2024		2023	
					Ownership (%)	Carrying amount	Ownership (%)	Carrying amount
Total						\ 209,855		\ 169,347

- (*1) Classified as an associate due to restrictions on exercising voting rights regarding key financial and operating policies, in accordance with the shareholders' agreement and the articles of incorporation.
- (*2) The share of voting rights of The Company is 50%, and the share of non-voting preferred stocks is 47.5%. The Company participated in the capital increase of large, specialized Ulsan Uijeongbu Project PFV Co., Ltd. (KRW 42.273 million) for the year ended December 31, 2024.
- (*3) The Company disposed of its equity interest during the current period.
- (*4) The Company holds 50.00% of the voting shares and 47.50% including non-voting preferred shares.
- (*5) The Company holds 43.48% of the voting shares and 56.67% including non-voting preferred shares.
- (*6) Although the equity interest is less than 20%, the Company exercises significant influence through participation in the investee's board of directors and thus classifies it as an associate.
- (*7) The Company holds 42.10% of the voting shares and 50.00% including non-voting preferred shares.
- (*8) Classified as an associate due to restrictions on exercising voting rights regarding key financial and operating policies, pursuant to the shareholders' agreement and the articles of incorporation.
- (*9) Classified as an associate as the Company exercises significant influence through board participation.
- (*10) Although the equity interest is less than 20%, the Company exercises significant influence through board participation and therefore classifies it as an associate. The Company made a new investment in the investee company for the year ended December 31, 2024
- (*11) Regardless of the percentage of interests with voting right held by the Company, major activities related to the investees require the consent of all investors, and accordingly, the investees are classified as joint ventures.
- (*12) Relevant activities of the private real estate investment trust are subject to unanimous consent of all beneficiaries, indicating joint control; hence, it is classified as a joint venture investment.
- (*13) Although the equity interest exceeds 50%, unanimous investor consent is required for major relevant activities, resulting in its classification as a joint venture.
- (*14) The Company sold the investee for the year ended December 31, 2024.

17. Right-of-use assets:

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

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

As of December 31, 2024

(Korean won in millions)					
Category	Real estate	Vehicles	Machinery	Others	Total
Acquisition cost	\ 116,006	\ 8,347	\ 15,794	\ 2,936	\ 143,083
Accumulated amortization	(87,148)	(3,432)	(7,568)	(876)	(99,024)
Carrying value	\ 28,858	\ 4,915	\ 8,226	\ 2,060	\ 44,059

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

As of December 31, 2023

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

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

For the year ended December 31, 2024

(Korean won in millions)					
Category	Real estate	Vehicles	Machinery	Others	Total
Beginning balance	\ 39,581	\ 5,632	\ 12,639	\ 656	\ 58,508
Acquisition	15,041	2,473	9,629	2,883	30,026
Disposal	(838)	(809)	(2,210)	-	(3,857)
Depreciation	(25,180)	(2,413)	(11,845)	(1,479)	(40,917)
Effects of foreign currency translation	254	32	13	-	299
Ending balance	\ 28,858	\ 4,915	\ 8,226	\ 2,060	\ 44,059

For the year ended December 31, 2023

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

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

(Korean won in millions)		
Category	2024	2023
Depreciation expense on right-of-use assets (*1)	43,785	47,230
Interest expense on lease liabilities	2,250	2,688
Expense relating to short-term leases	53,646	48,689
Expense relating to leases of low-value assets	879	823
Profit from relending lease of the right-of-use asset	5,037	4,672

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

The total cash outflows from leases for each of the two years in the period ended December 31, 2024 amount to KRW 105,478 million and KRW 103,508 million, respectively.

18. Trade and other accounts payables:

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

		(Korean won in millions)	
		December 31, 2024	December 31, 2023
Current	Trade payables (*1)	\ 730,622	\ 672,791
	Accounts payable (*2)	268,265	275,153
	Accrued expenses	28,765	25,798
	Leasehold deposits received	2,679	2,194
	Subtotal	\ 1,030,331	\ 975,936
Non-current	Long-term accounts payable	4,938	-
	Long-term leasehold deposits received	9,034	9,188
	Subtotal	\ 13,972	\ 9,188
Total		\ 1,044,303	\ 985,124

(*1) The financial liabilities include obligations related to supplier finance agreements. The Company has entered into B2B Plus loan agreements with Woori Bank, Shinhan Bank, NongHyup Bank, and SC First Bank, and there are no extended payment terms, collateral provided or guarantees associated with these agreements. (Refer to Note 29)

		(Korean won in millions)	
Category		2024	2023
The carrying value of trade payables as part of the supplier finance arrangements	\	84,491	\ 129,080
Of which have paid to the suppliers	\	14,763	\ 18,920

(*2) The financial liabilities include those related to supplier finance arrangements. The Company has entered into a purchasing card agreement with Woori Card. The payments made to the card company are originally intended for the purchase of goods or services in the ordinary course of business, without any change in their underlying nature. The settlement period with the card company is within the normal operating cycle, not exceeding six months, and no collateral has been provided in relation to this arrangement (refer to Note 29).

		(Korean won in millions)	
Category		2024	2023
The carrying value of accounts payable as part of the supplier finance arrangements	\	80,000	-
Of which have paid to the suppliers	\	80,000	-

19. Borrowings and Debentures:

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

(Korean won in millions)				
Classification	Creditor	Term-end interest rate (%)	December 31, 2024	December 31, 2023
Short-term borrowings				
General loans	Standard Chartered Bank	-	\ -	\ 30,000
Total			\ -	\ 30,000
Long-term borrowings				
General loans	Woori Hansoup Co., Ltd.(*1)	2.71 – 4.59	\ 125,000	\ 125,000
Operating loans	Korea Housing & Urban Guarantee	-	3,256	3,411
Subtotal			\ 128,256	\ 128,411
Less: Current maturities of long-term debt			\ (50,155)	\ (75,155)
Total			\ 78,101	\ 53,256

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

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

(Korean won in millions)						
Description	Issued date	Maturity date	Term-end interest rate(%)	Dec. 31, 2024	Dec. 31, 2023	Guarantee Status
1-1 Public	Jun. 16, 2021	Jun. 14, 2024	-	\ -	\ 200,000	Unsecured
1-2 Public (*1)	Jun. 16, 2021	Jun. 16, 2026	2.14	95,000	95,000	Unsecured
2-1 Public(*1)	Jul. 09, 2024	Jul. 09, 2026	3.53	120,000	-	Unsecured
2-2 Public(*1)	Jul. 09, 2024	Jul. 09, 2027	3.65	80,000	-	Unsecured
265 Private(*1)	Aug. 05, 2020	Aug. 05, 2027	2.44	30,000	30,000	Unsecured
266 Private(*1)	Aug. 10, 2020	Aug. 10, 2027	2.45	50,000	50,000	Unsecured
Total				\ 375,000	\ 375,000	

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

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

(Korean won in millions)						
Category	2024			2023		
	Par value	Discount on Issuance	Carrying Value	Par value	Discount on Issuance	Carrying Value
Current	\ -	\ -	\ -	\ 200,000	\ (84)	\ 199,916
Non-Current	375,000	(683)	374,317	175,000	(232)	174,768
Total	\ 375,000	\ (683)	\ 374,317	\ 375,000	\ (316)	\ 374,684

19. Borrowings and Debentures (cont'd)

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

(Korean won in millions)			
Years	Long-term borrowings	Debentures (par value)	Total
2026	\ 75,155	\ 215,000	\ 290,155
2027	155	160,000	160,155
2028 and thereafter	2,791	-	2,791
Total	\ 78,101	\ 375,000	\ 453,101

20. Retirement benefit plan:

(1) Defined contribution retirement pension

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

The Company recognized KRW 15,369 million and KRW 14,217 million of contribution portion under its defined contribution plan in the separate statements of income for each of the two years in the period ended December 31, 2024, respectively.

(2) Defined benefits retirement pension

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

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

(Korean won in millions)				
	2024		2023	
Present value of defined benefit obligation	\	180,600	\	166,447
Fair value of plan assets		(178,434)		(179,635)
Net defined benefit assets	\	2,166	\	(13,188)

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20. Retirement benefit plan (cont'd)

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

For the year ended December 31, 2024

(Korean won in millions)			
	Present value of defined benefit obligations	Fair value of plan assets	Total
Beginning balance	\ 166,447	\ (179,636)	\ (13,189)
Profit or loss			
Current service cost	\ 25,695	\ -	\ 25,695
Interest cost (income)	7,360	(8,248)	(888)
Subtotal	\ 33,055	\ (8,248)	\ 24,807
Other comprehensive income	-	366	366
Return on plan assets	\ (956)	\ -	\ (956)
Actuarial changes (demographic)	7,578	-	7,578
Actuarial changes (financial)	8,916	-	8,916
Subtotal	\ 15,538	\ 366	\ 15,904
Employer's contribution	\ -	\ (18,000)	\ (18,000)
Benefit paid	(35,298)	28,119	(7,179)
Other (including the effects of relocation from/to related parties)	858	(1,035)	(177)
Ending balance	\ 180,600	\ (178,434)	\ 2,166

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(Korean won in millions)			
	Present value of defined benefit obligations	Fair value of plan assets	Total
Beginning balance	\ 147,556	\ (172,755)	\ (25,199)
Profit or loss			
Current service cost	\ 22,133	\ -	\ 22,133
Interest cost (income)	7,160	(8,753)	(1,593)
Subtotal	\ 29,293	\ (8,753)	\ 20,540
Other comprehensive income			
Return on plan assets	\ -	\ (2,246)	\ (2,246)
Actuarial changes (demographic)	(6)	-	(6)
Actuarial changes (financial)	6,324	-	6,324
Actuarial changes (empirical)	8,510	-	8,510
Subtotal	\ 14,828	\ (2,246)	\ 12,582
Employer's contribution	-	(15,000)	(15,000)
Benefit paid	(25,482)	19,705	(5,777)
Other (including the effects of relocation from/to related parties)	252	(587)	(335)
Ending balance	\ 166,447	\ (179,636)	\ (13,189)

20. Retirement benefit plan (cont'd)

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

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

Detail	(Korean won in millions)	
	2024	2023
Current service cost	\ 25,695	\ 22,133
Interest cost	7,360	7,160
Interest income	(8,248)	(8,753)
Total cost included in employee benefits	\ 24,807	\ 20,540

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

	2024	2023
Discount rate	4.12%	4.93%
Expected salary increase rate (including inflation)	5.48%	5.37%

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

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

	(Korean won in millions)			
	2024		2023	
	Increase in rate	Decrease in rate	Increase in rate	Decrease in rate
1% change in discount rate	\ (7,142)	\ 7,768	\ (8,088)	\ 8,921
1% change in expected salary increase rate	\ 7,804	\ (7,305)	\ 9,041	\ (8,338)

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

The Company is expected to contribute 19,551 million KRW in the next period related to the defined benefits plan.

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21. Other liabilities:

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

(Korean won in millions)			
		December 31, 2024	December 31, 2023
Current	Advances received	\ 19,553	\ 51,931
	Withholdings	16,193	50,605
	Unearned revenue	30	596
	Total	\ 35,776	\ 103,132

22. Provisions:

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

For the year ended December 31, 2024

(Korean won in millions)								
	Changes						Liquidity	
	Beginning balance	Additional provisions	Utilization	Reversal	Other	Ending balance	Current	Non-current
Litigations (*1)	\ 4,864	\ 1,364	\ (6)	\ (20)	\ -	\ 6,202	\ 6,202	\ -
Completion cost, etc. (*2, 3)	181,475	70,486	(98,934)	(62,101)	1,173	92,099	92,099	-
Restoration (*4)	697	-	-	-	-	697	-	697
Construction loss	35,988	2,756	(16,747)	122	53	22,172	22,172	-
Construction warranty	83,802	41,559	(42,106)	(4,745)	4,133	82,643	31,708	50,935
Total	\ 306,826	\ 116,165	\ (157,793)	\ (66,744)	\ 5,359	\ 203,813	\ 152,181	\ 51,632

- (*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 6.7 billion of provision for the construction financial guarantee to provide supplementary funds with respect to the public-private partnership in Daegu Green Energy Center.
- (*4) The Company recognizes expected costs for restoration of long-term leased office building at the reporting date.

For the year ended December 31, 2023

(Korean won in millions)								
	Changes						Liquidity	
	Beginning balance	Additional provisions	Utilization	Reversal	Other	Ending balance	Current	Non-current
Litigations (*1)	\ 3,624	\ 3,292	\ (1,187)	\ (865)	\ -	\ 4,864	\ 4,864	\ -
Completion cost, etc. (*2, 3)	143,073	121,832	(90,953)	(10,358)	17,881	181,475	181,475	-
Restoration (*4)	697	-	-	-	-	697	-	697
Construction loss	42,170	9,803	(15,474)	(501)	(10)	35,988	35,988	-
Construction warranty	87,745	42,637	(44,189)	(4,350)	1,959	83,802	26,866	56,936
Total	\ 277,309	\ 177,564	\ (151,803)	\ (16,074)	\ 19,830	\ 306,826	\ 249,193	\ 57,633

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

22. Provisions (cont'd)

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

23. Lease liabilities:

(1) Lease contracts

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

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

(Korean won in millions)				
	December 31, 2024		December 31, 2023	
	Total cash outflow	Present value of the outflow	Total cash outflow	Present value of the outflow
Within a year	\ 45,640	\ 45,027	\ 43,757	\ 43,119
More than a year and within five years	21,778	20,436	47,226	45,022
More than five years	141	114	-	-
Total	\ 67,559	\ 65,577	\ 90,983	\ 88,141

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

(Korean won in millions)		
	December 31, 2024	December 31, 2023
Current liabilities	\ 45,027	\ 43,119
Non-current liabilities	20,550	45,022
Total	\ 65,577	\ 88,141

24. Capital stock and other paid-in capital

(1) Capital

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

Korean won			
Description	Common Stock (*1)	Preferred Stock Class 1(*2)	Preferred Stock Class 2(*3)
Number of authorized shares	90,000,000	30,000,000	30,000,000
Par value per share	\ 5,000	\ 5,000	\ 5,000
Total number of shares issued	38,693,623	2,113,885	2,111,951
Capital	\ 208,163,500,000	\ 10,569,425,000	\ 10,559,755,000

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

- (*1) 2,939,077 common shares held as treasury shares by the Company were retired on February 8, 2024 with consideration. As a result, there is a difference of KRW 14,695 million between the capital stock and the total face value of the issued stock.
- (*2) Preferred stocks of a Company are non-voting stocks that are entitled to a dividend of 1% more than the cash dividend for common stocks based on the par value. However, if the prescribed dividend is not paid for the preferred stocks in any fiscal year, they are deemed to have voting rights until the end of the shareholders' meeting at which a resolution to receive preferred dividends is passed.
- (*3) The preferred stock of the Company is a non-voting stock with cumulative and participating rights to dividends and is converted into common stock upon expiration of the term. However, if the prescribed dividend is not paid for the preferred stock in any fiscal year, the voting rights are deemed to be retained until the end of the shareholders' meeting at which a resolution to receive preferred dividends is passed.

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

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

- (*1) Preferred stocks of the Company are non-voting stocks that are entitled to a dividend of 1% more than the cash dividend for common stocks based on the par value. However, if the prescribed dividend is not paid for the preferred stocks in any fiscal year, they are deemed to have voting rights until the end of the shareholders' meeting at which a resolution to receive preferred dividends is passed.
- (*2) The preferred stock of the Company is a non-voting stock with cumulative and participating rights to dividends and is converted into common stock upon expiration of the term. However, if the prescribed dividend is not paid for the preferred stock in any fiscal year, the voting rights are deemed to be retained until the end of the shareholders' meeting at which a resolution to receive preferred dividends is passed.

(2) Other Paid-in capital

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

	(Korean won in millions)	
	December 31, 2024	December 31, 2023
Additional paid-in capital	\ 3,255,243	\ 3,162,075
Other capital surplus	-	107,864
Treasury stock	(16,481)	(105,146)
Total	\ 3,238,762	\ 3,164,793

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

	(Korean won in millions)	
	2024	2023
Beginning balance	\ 3,164,793	\ 3,129,869
Other variations	(107,864)	-
Acquisition of treasury stocks	88,665	(72,940)
All-inclusive share swap	93,168	107,864
Ending balance	\ 3,238,762	\ 3,164,793

25. Retained earnings:

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

(Korean won in millions)		
	December 31, 2024	December 31, 2023
Legal reserve:		
Earned surplus reserve (*1)	\ 12,048	\ 10,029
Voluntary reserve:		
Other voluntary reserve	\ 1,000	\ 1,000
Unappropriated retained earnings	\ 873,326	\ 817,152
Total	\ 886,374	\ 828,181

(*1) The *Commercial Act* of the Republic of Korea 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) Changes in retained earnings for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
Beginning balance	\ 828,181	\ 728,167
Net income	198,636	151,713
Retirement of treasury stock	(108,312)	-
Dividend	(20,182)	(42,282)
Remeasurement of defined benefit plan	(11,949)	(9,417)
Ending balance	\ 886,374	\ 828,181

26. Dividends:

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

For the year ended December 31, 2024

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

For the year ended December 31, 2023

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

26. Dividends (cont'd)

(2) The separate statements of appropriations of retained as of December 31, 2024 and 2023, are as follows

DL E&C CO., LTD.
STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Planned disposal date (current): March 24, 2025
Date of disposal (prior): March 21, 2024

Period	2024		2023	
I. RETAINED EARNINGS BEFORE APPROPRIATIONS:		\ 873,326		\ 817,152
Unappropriated retained earnings forwarded from prior year	794,952		674,857	
Remeasurement of defined benefit plan	(11,950)		(9,417)	
Retirement of treasury shares	(108,312)		-	
Net income	198,636		151,712	
II. TRANSFER TO DISCRETIONARY RESERVES:		\ -		\ -
III. TOTAL		\ 873,326		\ 817,152
IV. APPROPRIATIONS:		\ 25,331		\ 22,200
Earned surplus reserves	2,303		2,018	
Dividends	23,028		20,182	
Cash dividends	23,028		20,182	
Dividends per share (%):				
Common stock: Current year KRW 540 (10.8%)	20,706		18,024	
Prior year KRW 500 (10%)				
Preferred stock: Current year KRW 590 (11.8%)	1,212		1,129	
Prior year KRW 550 (11%)				
Preferred stock 2: Current year KRW 540 (10.8%)	1,110		1,028	
Prior year KRW 500 (10%)				
V. UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEAR		\ 847,995		\ 794,952

(*1) The dividends payment and appropriation of legal reserve for the year ended December 31, 2024 is scheduled to be approved at the shareholders' meeting to be held on March 24, 2025.

27. Accumulated other comprehensive income:

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

(Korean won in millions)		
	December 31, 2024	December 31, 2023
Gain on valuation of FVTOCI debt instruments	\ 391	\ 878
Loss on overseas operations translation	(199,748)	(178,688)
Total	\ (199,357)	\ (177,810)

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

(Korean won in millions)		
	2024	2023
Beginning balance	\ (177,810)	\ (159,023)
Gain (loss) on valuation of FVTOCI debt instruments	\ (487)	\ 703
Gain (loss) on valuation	(659)	943
Tax effect	172	(240)
Loss on overseas operations translation	\ (21,060)	\ (19,490)
Ending balance	\ (199,357)	\ (177,810)

28. Collaterals and guarantees:

(1) Collaterals

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

(Korean won in millions)						
Financial institution	Pledged assets	Carrying value	Pledged amount	Relevant debt	Amount of debt	Description
Construction Guarantee	Investment certificates	\ 35,536	\ 35,536	-	-	Guarantee and loan commitment

2) As of December 31, 2024, the Company provides equity instruments and beneficiary certificates measured at FVTPL (carrying amount: KRW 65,523 million) as collaterals to Korea Development Bank and other for the entities established pursuant to the *Act on Public-Private Partnerships in Infrastructure*. No liabilities are relevant to those collaterals.

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

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

The Company provides corresponding financial institutions credit enhancements, which amount to total of KRW 1,995,377 million (KRW 1,840,912 million in 2023) on December 31, 2024. The exposure to independent projects amounts to KRW 1,685,313 million (KRW 1,682,503 million in 2023), and the exposure to consortium projects amounts to KRW 360,065 million (KRW 158,409 million in 2023). The exposure of the credit enhancements for the related parties is KRW 972,880 million (KRW 429,800 million in 2023), which entirely belongs to the other projects.

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

28. Collaterals and guarantees (cont'd)

Comprehensive summary: Independent projects

Project	Type	Guarantee limit	Guarantee amount	2024	Balance of loans						2023
					Maturity						
					Within 3 months	3 - 6 months	6 - 12 months	1-2 years	2 - 3 years	More than 3 years	
Improvement	Bridge loan	∧	-	-	-	-	-	-	-	-	-
	Original PF	1,403,834	662,433	549,187	73,742	2,994	-	-	380,236	92,215	1,231,703
	Subtotal	∧	1,403,834	549,187	73,742	2,994	-	-	380,236	92,215	1,231,703
Other	Bridge loan	∧	527,500	468,000	78,000	100,000	270,000	20,000	-	-	450,800
	Original PF	484,380	445,380	342,600	-	-	52,600	-	-	290,000	-
	Subtotal	∧	1,011,880	972,880	78,000	100,000	322,600	20,000	-	290,000	450,800
Total		∧	2,415,714	1,635,313	151,742	102,994	322,600	20,000	380,236	382,215	1,682,503

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

Comprehensive summary: Consortium project (Aggregate)

Project	Type	Guarantee limit	Guarantee amount	2024	Balance of loans						2023
					Maturity						
					Within 3 months	3 - 6 months	6 - 12 months	1-2 years	2 - 3 years	More than 3 years	
Improvement	Bridge loan	∧	-	-	-	-	-	-	-	-	-
	Original PF	390,600	369,165	307,637	-	-	-	307,637	-	-	131,338
	Subtotal	∧	390,600	369,165	307,637	-	-	307,637	-	-	131,338
Other	Bridge loan	∧	-	-	-	-	-	-	-	-	-
	Original PF	-	-	-	-	-	-	-	-	-	171,100
	Subtotal	∧	-	-	-	-	-	-	-	-	171,100
Total		∧	390,600	369,165	307,637	-	-	307,637	-	-	302,438

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

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

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

28. Collaterals and guarantees (cont'd)

Comprehensive summary: Consortium project (Attributed to the Company)

Project	Type	Guarantee limit	Guarantee amount	2024	Balance of loans							2023	
					Maturity								
					Within 3 months	3 - 6 months	6 - 12 months	1-2 years	2 - 3 years	More than 3 years			
Improvement	Bridge loan	∕	-	∕	-	∕	-	∕	-	∕	-	∕	-
	Original PF	370,566	360,065	300,054	-	-	300,054	-	-	-	-	124,189	
	Subtotal	∕	370,566	∕	300,054	∕	-	∕	300,054	∕	-	∕	124,189
Other	Bridge loan	∕	-	∕	-	∕	-	∕	-	∕	-	∕	-
	Original PF	-	-	-	-	-	-	-	-	-	-	34,220	
	Subtotal	∕	-	∕	-	∕	-	∕	-	∕	-	∕	34,220
Total		∕	370,566	∕	300,054	∕	-	∕	300,054	∕	-	∕	158,409

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

(*2) Applied to consortium projects, the Company's guarantee ratio has been reflected accordingly.

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

28. Collaterals and guarantees (cont'd)

2) Details of contingent liabilities from construction PF loans (not including completion guarantees, interim payment loans and SOC)
 2-1) The following are the 15 guarantees for PF loans, which the Company provides regarding the improvement of projects at the reporting date of the current year:

Project	Location	Construction objective	PF type	Enhancement type	Guarantee limit	The Company's share	Guarantee amount (**)	Debtor	Relationship	Creditor	Balance of loans (**)		Terms		Maturity of ABS	Securitization	Completion guarantee	Notes		
											2024	2023	First disbursement	Maturity						
																			2024	2023
Improvement	Special metropolitan city	Apartment	Original PF	*A	86,160	100%	85,461	Association	N/A	Syndication	71,218	45,709	'20.06	'25.04	-	PF Loan	-			
		Apartment	Original PF	*A	124,560	100%	86,844	Association	N/A	Syndication	72,370	74,898	'22.06	'27.03	-	PF Loan	-			
		Apartment	Original PF	*A	115,200	100%	48,825	Association	N/A	Syndication	40,687	21,186	'22.07	'27.05	-	PF Loan	-			
		Apartment	Original PF	*A	28,200	100%	13,211	Association	N/A	Other	11,009	11,178	'22.09	'27.07	-	PF Loan	-			
		Apartment	Original PF	*A	60,744	100%	31,656	Association	N/A	Syndication	23,080	22,263	'22.09	'27.07	-	PF Loan	-			
		Apartment	Original PF	*A	60,000	100%	44,726	Association	N/A	Other	37,272	38,925	'22.10	'27.08	-	PF Loan	-			
		Apartment	Original PF	*A	180,000	100%	125,756	Association	N/A	Syndication	104,797	73,876	'22.10	'27.08	-	PF Loan	-			
		Apartment	Original PF	*A	56,400	100%	25,411	Association	N/A	Syndication	21,176	21,965	'23.08	'28.08	-	PF Loan	-			
		Apartment	Original PF	*A	360,000	100%	85,247	Association	N/A	Syndication	71,039	57,698	'23.08	'28.08	-	PF Loan	-			
		The loans above can be repaid early. No credit enhancement is omitted.																		
		Metropolitan city	Apartment	Original PF	*A	-	-	-	-	Association	N/A	Syndication	-	-	'20.10	'24.04	-	-	-	(2)
			Apartment	Original PF	*A	92,520	100%	62,756	Association	N/A	Syndication	52,297	44,033	'23.06	'27.03	-	PF Loan	-		
			Apartment	Original PF	*A	215,520	100%	46,467	Association	N/A	Syndication	38,723	32,473	'22.07	'27.05	-	PF Loan	-		
		The loans above can be repaid early. No credit enhancement is omitted.																		
		City	Apartment	Original PF	*A	-	-	-	-	Association	N/A	Syndication	-	-	'21.03	'24.09	-	-	-	(2)
Apartment	Original PF		*A	-	-	-	-	Association	N/A	Securities	-	-	'20.07	'24.11	'24.11	ABS	-			
Apartment	Original PF		*A	10,890	100%	2,777	Association	N/A	Bank	2,524	2,055	'22.07	'25.03	-	PF Loan	-				
Apartment	Original PF		*A	-	-	-	-	Association	N/A	Syndication	-	-	'22.05	'25.07	-	PF Loan	-			
Apartment	Original PF		*A	13,640	100%	3,294	Association	N/A	Bank	2,994	2,550	'22.07	'25.07	-	PF Loan	-				
PF loans can be repaid early, but ABS cannot be due to the condition of lump-sum repayment at maturity. No credit enhancement is omitted.																				
Total of independent projects																				
Metropolitan city	Apartment	Original PF	*A	358,800	100%	354,720	Association	N/A	Syndication	295,600	119,990	'23.06	'26.03	'26.03	'26.03	PF Loan/ABCP	-	(3)		
The loans above can be repaid early. No credit enhancement is omitted.																				
City	Apartment	Original PF	*A	31,800	37%	5,345	Association	N/A	Syndication	4,454	4,199	'22.04	'26.08	'26.08	PF Loan	-	(4)			
The loans above can be repaid early. No credit enhancement is omitted.																				
Total of consortium projects																				
Gross total																				
360,065																				
1,794,434																				
1,241,889																				
1,355,892																				

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

DL E&C Co., Ltd.
Notes to the separate financial statements
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28. Collaterals and guarantees (cont'd)

- * A: Joint and several guarantee
- (*1) Attributed to the Company
- (*2) Completed construction
- (*3) Overlapped credit provisions
- (*4) Non-overlapped credit provisions

2-2) The following are the 8 guarantees for PF loans, which the Company provides regarding the other projects at the reporting date of the current year:

Project	Location	Construction objective	PF type	Enhancement type	Guarantee limit	The Company's share	Guarantee amount (*1)	Debtor	Relationship	Creditor	Balance of loans (*1)		Terms		Maturity of ABS	Securitization	Completion guarantee	Notes
											2024	2023	First disbursement	Maturity				
	Special metropolitan city	Office	Bridge loan	*B	∕	-	∕	Developer	Associate	Syndication	∕	115,000	23.06	'24.06	-	-	∕	
	Office	Original PF		*B	416,000	100.00%	377,000	Developer	Associate	Syndication	290,000	-	'24.06	'28.02	-	PF Loan	290,000 (*2)	
	The loans above can be repaid early.																	
	Apartment	Bridge loan		*B	∕	-	∕	Developer	N/A	Other	∕	21,000	'23.11	'24.11	-	-	∕	
	Apartment	Bridge loan		*B	∕	-	∕	Developer	Other related	Syndication	∕	95,000	'24.05	'24.11	-	-	∕	
	Apartment	Bridge loan		*B	∕	-	∕	Developer	Associate	Syndication	∕	50,000	'23.11	'24.11	-	-	∕	
	Apartment	Bridge loan		*B	114,000	100.00%	114,000	Developer	Other related	Syndication	95,000	-	'24.11	'25.11	'25.11	PF Loan/ABCP	∕	
	Apartment	Bridge loan		*B	149,500	100.00%	149,500	Developer	Associate	Other	115,000	-	'24.11	'25.11	'25.11	ABCP	∕	
	Apartment	Bridge loan		*B	26,000	100.00%	26,000	Developer	Associate	Other	20,000	-	'24.11	'26.10	-	PF Loan	∕	
	Officeriel*	Bridge loan		*B	68,380	100.00%	68,380	Developer	Subsidiary	Syndication	52,600	-	'24.01	'26.01	-	PF Loan	∕	
	The loans above can be repaid early. No credit enhancement is omitted.																	
Other	Apartment	Bridge loan		*B	∕	-	∕	Developer	Subsidiary	Other	∕	20,000	'23.07	'24.07	-	-	∕	
	Apartment	Bridge loan		*B	∕	-	∕	Developer	Subsidiary	Other	∕	53,000	'23.07	'24.07	-	-	∕	
	Apartment	Bridge loan		*B	∕	-	∕	Developer	Subsidiary	Other	∕	31,800	'23.09	'24.07	-	-	∕	
	Apartment	Bridge loan		*B	∕	-	∕	Developer	Associate	Other	∕	30,000	'23.04	'24.10	-	-	∕	
	Apartment	Bridge loan		*B	∕	-	∕	Developer	Associate	Other	∕	35,000	'23.08	'24.10	-	-	∕	
	Apartment	Bridge loan		*B	78,000	100.00%	78,000	Developer	Associate	Syndication	78,000	-	'24.04	'25.04	'25.04	ABCP	∕	
	Apartment	Bridge loan		*B	100,000	100.00%	100,000	Developer	Subsidiary	Other	100,000	-	'24.07	'25.07	'25.07	ABCP	∕	
	Apartment	Bridge loan		*B	60,000	100.00%	60,000	Developer	Associate	Syndication	60,000	-	'24.08	'25.08	'25.08	ABCP	∕	
	The loans above can be repaid early. No credit enhancement is omitted.																	
	Total of independent projects																	
	Logistic facility	Original PF		*C	∕	-	∕	Developer	N/A	Syndication	∕	810,600	'23.09	'24.05	-	-	∕	290,000
	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																	
					∕	-	∕				∕	34,220					∕	
	Gross total																	
					∕	-	∕				∕	810,600					∕	290,000

28. Collaterals and guarantees (cont'd)

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

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

* B: Supplementary funding arrangements

* C: Assumption of obligations

(*1) Attributed to the Company

(*2) Simultaneous undertaking of completion guarantee

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

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)							
		2024				2023			
		Num ber	Limit of loans	Balance of loans	Guarantee amount	Num ber	Limit of loans	Balance of loans	Guarantee amount
Improve ment	Aggregate	20	\ 6,864,180	\ 4,821,800	\ 2,645,003	20	\ 4,605,726	\ 4,028,600	\ 2,032,515
	Attributed to the company	20	5,990,688	3,241,050	1,784,531	20	4,019,631	2,788,181	1,349,902
Other	Aggregate	15	2,268,178	3,304,900	2,373,372	20	3,050,537	4,482,600	2,451,510
	Attributed to the company	15	2,268,178	3,304,900	2,373,372	20	3,050,537	4,482,600	2,451,510
Total	Aggregate	35	\ 9,132,358	\ 8,126,700	\ 5,018,375	40	\ 7,656,263	\ 8,511,200	\ 4,484,025
	Attributed to the company	35	8,258,866	6,545,950	4,157,904	40	7,070,168	7,270,781	3,801,411

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

(*2) 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

As of December 31, 2024, the Company provides credit enhancements such as supplementary funding arrangements or finance provision to the aggregate extent of KRW 144,809 million (2023: KRW 157,685 million) with respect to SOC concessionaires. The Company also is obliged to render supplementary funds to SOC concessionaires when those entities are exposed to shortage of minimal funds to maintain the businesses.

(Number, Korean won in millions)						
Detail	2024			2023		
	Number	Aggregate	Attributed	Number	Aggregate	Attributed
Guarantee limit	10	\ 597,659	\ 144,809	10	\ 600,371	\ 157,685

28. Collaterals and guarantees (cont'd)

5) Contingent liabilities on interim payment loans

As of December 31, 2024, the Company guarantees KRW 71,938 million (2023: KRW 122,280) of customer's interim payment loans related to the improvement projects and guarantees KRW 506,455 million (2023: KRW 1,087,904 million) of customer's interim payment loans related to the other projects.

Project		2024				2023			
		Number	Limit of loans	Balance of loans	Guarantee amount	Number	Limit of loans	Balance of loans	Guarantee amount
Improve ment	Aggregate	3	\ 679,680	\ 59,949	\ 71,938	4	\ 656,400	\ 656,400	\ 131,280
	Attributed to the company	3	679,680	59,949	71,938	4	611,400	611,400	122,280
Other	Aggregate	8	2,502,190	424,138	506,455	11	2,759,800	2,759,800	1,100,360
	Attributed to the company	8	2,502,190	424,138	506,455	11	2,697,521	2,697,521	1,087,904
Total	Aggregate	11	\ 3,181,870	\ 484,086	\ 578,393	15	\ 3,416,200	\ 3,416,200	\ 1,231,640
	Attributed to the company	11	3,181,870	484,086	578,393	15	3,308,921	3,308,921	1,210,184

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

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

6) Others

6-1) As of December 31, 2024, the Company has established a financial guarantee debt of KRW6,401 million by reliably estimating the possible losses for each project for PF loans and payment guarantees provided for redevelopment, reconstruction and association project loans.

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

6-3) Each newly established company (The 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 (7)".

(3) Contingent liabilities from other than Project Finance loans

The Company submits payment guarantees, such as guarantee of construction contract, guarantee of lotting-out and warranty from guarantee provider, to customers. Those guarantees amount KRW 13,628,311 million (KRW 13,506,025 million in 2023) at the reporting date.

1) Comprehensive summary

(Korean won in millions)							
Case	Applicant/Beneficiary	Guarantee	Guarantee limit	Guarantee amount	Gurantor	Relationship	Other
As an instructing party (*1)	KOREIT, etc.	Lotting-out, etc.	\ 4,286,121	\ 4,286,121	HUG, etc.	N/A	-
As an applicant (*2)	-	Contract, etc.	\ 9,342,190	\ 9,342,190	CG, etc.	N/A	-
Total			\ 13,628,311	\ 13,628,311			

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

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

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28. Collaterals and guarantees (cont'd)

2) As an instructing party

(Korean won in millions)						
Applicant/Beneficiary	Guarantee	Guarantee limit	Guarantee amount	Gurantor	Relation ship	Notes
Korea Real Estate Investment & Trust Co., Ltd.	Lotting-out	\ 362,250	\ 362,250	HUG	N/A	Domestic
Daehan Real Estate Investment & Trust Co., Ltd.	Lotting-out	386,425	386,425	HUG	N/A	Domestic
Korea Asset Investment & Trust Co., Ltd.	Lotting-out	576,898	576,898	HUG	N/A	Domestic
Hana Asset Trust Co., Ltd.	Lotting-out	350,968	350,968	HUG	N/A	Domestic
Shinhan Asset Trust Co., Ltd.	Lotting-out	218,291	218,291	HUG	N/A	Domestic
Koramco REITs Management & Trust Co., Ltd.	Lotting-out	389,369	389,369	HUG	N/A	Domestic
Korea Trust Co., Ltd.	Lotting-out	111,421	111,421	HUG	N/A	Domestic
Mugunghwa Trust Co., Ltd.	Lotting-out	817,613	817,613	HUG	N/A	Domestic
Shin Young Real Estate Trust Co., Ltd.	Lotting-out	95,988	95,988	HUG	N/A	Domestic
Goyang Seongsu Innovative District Regeneration Project REIT	Lotting-out	5,249	5,249	HUG	N/A	Domestic
Hwaseong Dongtan Gyeongnam Hadong Rural Housing REIT	Lotting-out	\ 226,104	\ 226,104	HUG	N/A	Domestic
Korea Real Estate Investment & Trust Co., Ltd.	Lotting-out	22,952	22,952	HUG	N/A	Domestic
Hyundai Engineering & Construction Co., Ltd.	Contract	665	665	Construction Guarantee	N/A	Domestic
Seonam Green Energy Co., Ltd.	Performance bond, business license guarantee	1,207	1,207	Construction Guarantee	N/A	Domestic
Lotte Engineering & Construction Co., Ltd.	Warranty bond	5,536	5,536	Construction Guarantee	N/A	Domestic
DL Construction Co., Ltd.	Warranty bond	1,472	1,472	Construction Guarantee	Subsidiary	Domestic
DL Construction Co., Ltd.	Performance bond	78,325	78,325	Construction Guarantee	Subsidiary	Domestic
GS Engineering & Construction Corp.	Warranty bond	7,593	7,593	Construction Guarantee	N/A	Domestic
GS Engineering & Construction Corp.	Construction equipment rental payment guarantee	97	97	Construction Guarantee	N/A	Domestic
DL Construction Co., Ltd.	Construction equipment rental payment guarantee	2,960	2,960	Construction Guarantee	Subsidiary	Domestic
SK ecoplant Co., Ltd.	Construction equipment rental payment guarantee	1,284	1,284	Construction Guarantee	N/A	Domestic
Kolon Global Corp.	Subcontract payment guarantee	495	495	Construction Guarantee	N/A	Domestic
Daewoo E&C Co., Ltd.	Subcontract payment guarantee	2,698	2,698	Construction Guarantee	N/A	Domestic
DL Construction Co., Ltd.	Subcontract payment guarantee	452,414	452,414	Construction Guarantee	Subsidiary	Domestic
Shindongah Construction Co., Ltd.	Subcontract payment guarantee	5,395	5,395	Construction Guarantee	N/A	Domestic
Jinheung Construction Co., Ltd.	Subcontract payment guarantee	91	91	Construction Guarantee	N/A	Domestic
Kumho E&C Co., Ltd.	Subcontract payment guarantee	39,457	39,457	Construction Guarantee	N/A	Domestic
SK ecoplant Co., Ltd.	Subcontract payment guarantee	183	183	Construction Guarantee	N/A	Domestic
Youngjin General Construction Co., Ltd.	Subcontract payment guarantee	19,173	19,173	Construction Guarantee	N/A	Domestic

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(Korean won in millions)						
Applicant/Beneficiary	Guarantee	Guarantee limit	Guarantee amount	Guarantor	Relationship	Notes
HJ Heavy Industries & Construction Co., Ltd.	Subcontract payment guarantee	39,758	39,758	Construction Guarantee	N/A	Domestic
Hwanhee General Construction Co., Ltd.	Subcontract payment guarantee	2,191	2,191	Construction Guarantee	N/A	Domestic
Ilchang Construction Co., Ltd.	Subcontract payment guarantee	1,445	1,445	Construction Guarantee	N/A	Domestic
GS Engineering & Construction Corp.	Subcontract payment guarantee	57,421	57,421	Construction Guarantee	N/A	Domestic
Hanbando Construction Co., Ltd.	Subcontract payment guarantee	2,733	2,733	Construction Guarantee	N/A	Domestic
Total		\ 4,286,121	\ 4,286,121			

3) As an applicant

(Korean won in millions)						
Guarantor	Guarantee	Guarantee limit	Guarantee amount	Relationship	Notes	
STX E&C Co., Ltd. and other	Warranty bond, etc.	\ 35,587	\ 35,587	Including subsidiary	Domestic	
Construction Guarantee	Contract, etc.	6,285,844	6,285,844	N/A	Domestic	
Housing & Urban Guarantee	Lotting-out, etc.	1,714,035	1,714,035	N/A	Domestic	
Seoul Guarantee Insurance Company	Contract, etc.	883,038	883,038	N/A	Domestic	
Export-Import Bank of Korea	Performance bond, etc.	228,241	228,241	N/A	Overseas	
KEB Hana Bank	Performance bond, etc.	372	372	N/A	Overseas	
Woori Bank	Performance bond, etc.	21,483	21,483	N/A	Overseas	
HSBC Seoul	Performance bond, etc.	90,971	90,971	N/A	Overseas	
National Bank of Kuwait	Other, etc.	7,685	7,685	N/A	Overseas	
Mashreq Bank	Other	20	20	N/A	Overseas	
Riyad Bank	Performance bond, etc.	68,356	68,356	N/A	Overseas	
Construction Guarantee	Performance bond, etc.	6,558	6,558	N/A	Overseas	
Total		\ 9,342,190	\ 9,342,190			

29. Commitments and contingencies:

(1) Promissory notes and checks

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

(2) Pending litigations

The Company has been accused in 123 lawsuits pending (amount of KRW 183,578 million) regarding a claim for damages and filed a complaint with 48 lawsuits pending (amount of KRW 339,618 million) regarding completion bill and damages for delay. The pending lawsuits' influence on the separate financial statements are unpredictable at the reporting date. When the Company lost in the first or second level trial, it had set up for the provisions (see Note 22.)

(3) Loan agreements with the related parties

1) Regarding DL Saudi Arabia Co.,Ltd., Inc.'s lack of capital, the Company's board of directors has concluded a \$220 million loan agreement. Details of the main agreements are as follows:

	Description
1. Counterparty	DL Saudi Arabia Co., Ltd.
2. Loan amount	USD 220 Mil.
3. Term of contract	USD 60 Mil. 2024.01.29 ~ 2026.01.29 , 4.6% per year
	USD 60 Mil. 2024.03.28 ~ 2026.03.28 , 4.6% per year
	USD 40 Mil. 2024.09.06 ~ 2026.09.06 , 4.6% per year
	USD 30 Mil. 2024.11.08 ~ 2026.11.08 , 4.6% per year
	USD 30 Mil. 2024.12.10 ~ 2026.12.10 , 4.6% per year
4. Date of board of directors' resolution	USD 60 Mil. 2023.12.21
	USD 60 Mil. 2023.12.21
	USD 40 Mil. 2023.12.21
	USD 30 Mil. 2023.12.21
	USD 30 Mil. 2023.12.21
5. Method of repayment	Principal and interest bullet payment

The balance of the loan related to the above details is KRW 323,400 million as of December 31, 2024.

2) Regarding DL USA, Inc.'s lack of capital, the Company's board of directors has concluded a \$24.2 million loan agreement. Details of the main agreements are as follows:

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

The balance of the loan related to the above details is KRW 35,574 million as of December 31, 2024.

29. Commitments and contingencies (cont'd)

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

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

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

4) Regarding Daelim RUS LLC, Inc.'s lack of capital, the Company's board of directors has concluded a \$950 million loan agreement. Details of the main agreements are as follows:

	Description
1. Counterparty	Daelim RUS LLC.
2. Loan amount	RUB 950 Mil.
3. Term of contract	RUB 250 Mil. 2024.05.30 ~ 2028.05.30 , 4.6% per year RUB 700 Mil. 2024.07.20 ~ 2028.07.20 , 4.6% per year
4. Date of board of directors' resolution	RUB 250 Mil. 2024.05.22 RUB 700 Mil. 2024.05.22
5. Method of repayment	Principal and interest bullet payment

The balance of the loan related to the above details is KRW 12,635 million as of December 31, 2024.

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

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

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

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

6) The Company's board of directors, regarding Osan Landmark Project Co., Ltd.'s business operating, has executed a loan in the amount of KRW 614,000 million. Details of the main agreements are as follows:

	Description					
1. Counterparty	Osan Landmark Project Co., Ltd.					
2. Loan amount	KRW 614,000 Mil.					
3. Term of contract	KRW 6,500 Mil.	2024.01	~	2025.01	, 4.6% per year	(*1)
	KRW 400 Mil.	2024.02	~	2025.02	, 4.6% per year	(*1)
	KRW 10,500 Mil.	2024.03	~	2025.03	, 4.6% per year	(*1)
	KRW 19,000 Mil.	2024.04	~	2024.04	, 4.6% per year	
	KRW 151,300 Mil.	2024.05	~	2025.05	, 4.6% per year	
	KRW 321,700 Mil.	2024.06	~	2025.06	, 4.6% per year	
	KRW 51,000 Mil.	2024.07	~	2025.06	, 4.6% per year	
	KRW 17,200 Mil.	2024.07	~	2025.07	, 4.6% per year	
	KRW 15,400 Mil.	2024.09	~	2025.09	, 4.6% per year	
	KRW 500 Mil.	2024.10	~	2025.10	, 4.6% per year	
	KRW 20,500 Mil.	2024.12	~	2025.12	, 4.6% per year	
4. Date of board of directors' resolution	KRW 6,500 Mil.	2023.12.19				(*1)
	KRW 400 Mil.	2023.12.19				(*1)
	KRW 10,500 Mil.	2023.12.19				(*1)
	KRW 19,000 Mil.	2024.03.27				
	KRW 151,300 Mil.	2024.03.27				
	KRW 321,700 Mil.	2024.03.27				
	KRW 51,000 Mil.	2024.03.27				
	KRW 17,200 Mil.	2024.06.21				
	KRW 15,400 Mil.	2024.06.21				
	KRW 500 Mil.	2024.09.25				
	KRW 20,500 Mil.	2024.09.25				
5. Method of repayment	Principal and interest bullet payment					

(*1) The maturity was extended for a year by a resolution of environmental, social and governance committee ("ESG committee") on December 24, 2024.

29. Commitments and contingencies (cont'd)

The balance of the loan is KRW 614,000million as of December 31, 2024. The loans are transactions that require the resolution of the board of directors pursuant to the paragraph (3) of the Article 542-9 of the Commercial Act and to the Article 26 of the Monopoly Regulation and Fair Trade Act, and both acts permit the board of directors to delegate its authority to the committee within the board of directors. To avoid double resolutions by the board of directors and the committee, the board of directors had resolved the relevant authority to ESG committee (formerly governance committee) on May 22, 2022, and the committee has approved the transactions thereafter.

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

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

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

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

	Description
1. Counterparty	Igis Haeundae General Private REIT No.1
2. Loan amount	KRW 33,500 Mil.
3. Term of contract	KRW 27,500 Mil. 2022.11.30 ~ 2028.01.30 , 20% per year KRW 6,000 Mil. 2023.05.26 ~ 2028.01.30 , 20% per year
4. Date of board of directors' resolution	KRW 33,500 Mil. Approved by CEO only
5. Method of repayment	Principal and interest bullet payment

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

29. Commitments and contingencies (cont'd)

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

	Description
1. Counterparty	NS Partners Co., Ltd.
2. Loan amount	KRW 7,900 Mil.
3. Term of contract	KRW 3,100 Mil. 2023.11.29 ~ 2026.01.15 , 7% per year
	KRW 500 Mil. 2024.01.31 ~ 2026.01.30 , 7% per year
	KRW 800 Mil. 2024.03.15 ~ 2026.01.30 , 7% per year
	KRW 700 Mil. 2024.06.17 ~ 2026.01.30 , 7% per year
	KRW 14 Mil. 2024.07.04 ~ 2026.01.30 , 7% per year
	KRW 886 Mil. 2024.09.13 ~ 2026.01.30 , 7% per year
	KRW 900 Mil. 2024.10.11 ~ 2026.01.30 , 7% per year
	KRW 1,000 Mil. 2024.12.16 ~ 2026.01.30 , 7% per year
4. Date of board of directors' resolution	KRW 7,900 Approved by CEO only
5. Method of repayment	Principal and interest bullet payment

The balance of the loan related to the above details is KRW 7,900 million as of December 31, 2024.

(4) Commitments to financial institutions

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

(Korean won in millions, Foreign currencies in thousands)					
Description	Financial Institution	Credit line		Balance outstanding	
Bank overdraft (*1)	Woori Bank	KRW	5,000	KRW	-
General loans	SC Bank and others	KRW	359,100	KRW	-
Commercial paper discount	Woori Bank and others	KRW	250,000	KRW	-
B2B note discount	Woori Bank and others	KRW	135,000	KRW	14,763
Purchasing Card Arrangement	Woori Card	KRW	80,000	KRW	80,000
Letter of credit (sight and usance)	Woori Bank and others	USD	70,200	USD	-
Payment guarantee in foreign currency	Woori Bank and others	USD	1,245,394	USD	280,016
Payment guarantee in Korean won	Woori Bank and others	KRW	895,184	KRW	895,184

(*1) The overdraft is composed of KRW 5 billion from Woori Bank and is included in Woori Bank's comprehensive credit limit.

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

29. Commitments and contingencies (cont'd)

(5) Derivatives

1) A currency forward contract

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

As of December 31, 2024

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

As of December 31, 2023

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

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

As of December 31, 2024

	(Korean won in millions)			
	Trading purpose			
	Gain on valuation	Loss on valuation	Asset	Liability
Currency forward	\ 1,091	\ 5,410	\ 424	\ 5,465
Option	7,939	230	28,684	17,890
Total	\ 9,030	\ 5,640	\ 29,108	\ 23,355

As of December 31, 2023

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

29. Commitments and contingencies (cont'd)

(6) Other commitments

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

1) The Company provides put options for financial investors in relation to the Osan Se-ma Apartment complex development project

2) The Company holds a put option agreement to sell its equity interests in SOC project companies, including Sudogwon West Expressway Co., Ltd., to financial investors as of December 31, 2024.

3) The indenture for the Company's unsecured public bonds (amounting to KRW 295 billion as of December 31, 2024) includes covenants such as the maintenance of certain financial ratios, restrictions on the creation of security interests, limitations on asset disposals, and changes in control. Breach of these covenants may result in the loss of the benefit of term (acceleration).

4) The Company provides put options to financial investors for the Project Financing Vehicles (Incheon Inha PFV, Jeonju Wansan PFV, Daejeon Culture PFV, Ulsan Uijeongbu PFV).

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

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

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

30. Revenue:

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

Description	(Korean won in millions)			
	2024		2023	
	Progress basis	Delivery basis	Progress basis	Delivery basis
Construction contract revenue	\ 5,217,942	\ -	\ 4,489,477	\ -
Construction revenue	15,683	5,962	351,050	7,088
Sales of apartment	\ 5,233,625	\ 5,962	\ 4,840,527	\ 7,088
Revenue from the rendering of services	29,738	-	70,636	-
Other revenue	29,160	8,621	13,192	236,664
Total	\ 5,292,523	\ 14,583	\ 4,924,355	\ 243,752

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31. Nature of expenses:

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

	(Korean won in millions)	
	2024	2023
Cost of raw material	\ 1,298,301	\ 1,128,142
Cost of outsourcing	2,409,873	2,334,376
Salaries	498,464	472,156
Retirement benefit	40,176	33,164
Employee welfare	52,852	52,499
Depreciation	58,760	60,903
Amortization of intangible assets	3,586	4,774
Commissions	357,260	351,550
Taxes and dues	73,295	81,963
Other expenses	249,032	426,781
Total	\ 5,041,599	\ 4,946,308

32. Selling and administrative expenses:

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

	(Korean won in millions)	
	2024	2023
Selling expenses:		
Advertisement	\ 7,683	\ 8,656
Bad debt expenses(reversal)	29,133	(29,175)
Freight	71	60
Commissions	83,085	63,209
Warranty	(22)	(4,946)
Subtotal	\ 119,950	\ 37,804
Administrative expenses:		
Salaries	\ 159,522	\ 146,465
Employee welfare	17,363	17,778
Insurance	12,590	11,928
Rents	23,936	23,738
Others	25,953	25,623
Subtotal	\ 239,364	\ 225,532
Research and development expenses	\ 42,819	\ 67,311
Total	\ 402,133	\ 330,647

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33. Other income and expenses:

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

(Korean won in millions)		
	2024	2023
1) Other Income		
Dividends from subsidiaries, associates and joint ventures	\ 4,936	\ 11,690
Other dividend income	229	911
Rental revenue	33	52
Gain on foreign currency transactions	18,158	17,840
Gain on foreign currency translation	69,828	18,554
Gain on disposal of financial assets at FVTOCI	-	16
Gain on valuation of financial assets at FVTPL	4,558	3,993
Gain on disposal of property, plant and equipment	3,042	187
Gain on disposal of investment properties	136	-
Gain on derivative transactions	14	215
Gain on derivative valuation	9,030	5,825
Reversal of other provisions	37,548	10,107
Reversal of financial guarantee contract liabilities	841	-
Others	18,546	5,087
Total	\ 166,899	\ 74,477
2) Other Income		
Donations	\ 13,513	\ 7,808
Bad debt expense	59,093	51,504
Loss on foreign currency transactions	21,350	24,867
Loss on foreign currency translation	42,696	29,532
Loss on disposal of financial assets at FVTOCI	200	1,665
Loss on valuation of financial assets at FVTPL	1,594	402
Loss on disposal of property, plant and equipment	568	10
Loss on disposal of intangible assets	-	-
Loss on disposal of investment properties	-	-
Loss on derivative transactions	1,725	3,466
Loss on derivative valuation	5,640	3,672
Loss on disposal of financial assets	835	3,734
Contribution to other provisions	31,342	3,252
Contribution to financial guarantee liabilities	83	(701)
Loss on impairment of assets	1,281	11,520
Others	27,746	14,317
Total	\ 207,666	\ 155,048

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34. Finance income and expenses:

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

(Korean won in millions)		
	2024	2023
1) Finance Income		
Interest income :		
Cash and Cash equivalents	\ 9,821	\ 7,399
Short-term and long-term financial instruments	24,933	43,729
Loan and other accounts receivable	40,557	55,262
Financial assets at FVOCI	43	456
Others	167	281
Subtotal	\ 75,521	\ 107,127
Gain on foreign currency transaction	\ 16,424	\ 12,316
Gain on foreign currency translation	73,407	12,297
Total	\ 165,352	\ 131,740
2) Finance expenses		
Interest expenses :		
Borrowing	\ 12,795	\ 16,600
Debenture	9,308	7,766
Advances received	2,671	2,241
Lease	2,250	2,688
Subtotal	\ 27,024	\ 29,295
Loss on foreign currency transaction	\ 7,207	\ 11,005
Loss on foreign currency translation	46,682	9,981
Total	\ 80,913	\ 50,281

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

(Korean won in millions)		
	2024	2023
1) Finance Income		
Cash and cash equivalents	\ 52,457	\ 29,912
Short-term and long-term financial instruments	24,933	43,729
Loan and other accounts receivable	87,752	57,362
Financial assets at FVOCI	43	456
Other assets	167	281
Total	\ 165,352	\ 131,740
2) Finance expenses		
Cash and cash equivalents	\ 6,382	\ 14,417
Borrowing	12,795	16,599
Debenture	9,308	7,766
Other assets	46,526	10,204
Other debts	5,902	1,294
Total	\ 80,913	\ 50,281

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35. Income tax expense:

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

(Korean won in millions)		
	2024	2023
Current income tax expense (including additional income tax and tax refunds)	\ 85,431	\ 12,161
Changes in temporary differences (*1)	20,987	55,888
Changes in net deferred tax assets (liabilities) directly charged to shareholders' equity (*2)	4,125	2,926
Income tax expense	\ 110,543	\ 70,975
(*1) Deferred tax assets from temporary differences, net at the end of year	421,045	442,032
Deferred tax assets from temporary differences, net at the beginning of year	442,032	497,920
Changes in deferred tax from temporary differences	(20,987)	(55,888)

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

(Korean won in millions)						
	2024			2023		
	Gross	Tax effect	Net amount	Gross	Tax effect	Net amount
Gain (loss) on valuation of financial instruments measured at FVTOCI	\ (659)	\ 172	\ (487)	\ 943	\ (240)	\ 703
Remeasurement of defined benefit plan	\ (15,903)	\ 3,954	\ (11,949)	\ (12,582)	\ 3,166	\ (9,416)
Total	\ (16,562)	\ 4,126	\ (12,436)	\ (11,639)	\ 2,926	\ (8,713)

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

(Korean won in millions)		
Detail	2024	2023
Income before income tax expense	\ 309,180	\ 222,687
Income tax expense at statutory tax rates	70,959	50,979
Adjustments:	-	-
Non-taxable income	(707)	(1,002)
Non-deductible expenses	1,873	3,637
Additional income tax (tax refunds) and others	(12,507)	(45,325)
Tax credit	(495)	(467)
Surtax on undistributed corporate earnings	-	(6,753)
Not recognized as deferred tax assets	7,480	72,400
Others	43,941	(2,494)
Income tax expense	\ 110,544	\ 70,975
Effective tax rate (income tax expense / income before income tax expense)	35.75%	31.87%

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35. Income tax expense (cont'd)

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

As of and for the year ended December 31, 2024

(Korean won in millions)				
	Beginning balance	Increase (decrease)	Ending balance	Deferred tax assets (liabilities)
Investments in subsidiaries, associates and joint ventures	\ 313,144	\ 13,627	\ 326,771	\ 1,099
Valuation of marketable securities	21,570	(2,305)	19,265	4,733
Revaluation of property, plant and equipment	(92,537)	-	(92,537)	(22,736)
Valuation of derivatives	(3,086)	(7,719)	(10,805)	(2,655)
Depreciation of property, plant and equipment in excess of deductible expenses	16,270	(4,782)	11,488	2,823
Provisions	268,122	(80,287)	187,835	46,151
Impairment loss	25,575	(634)	24,941	6,128
Bad debt expense in excess of deductible expenses	1,766,235	126,920	1,893,155	403,769
Loss (gain) on foreign currency translation	7,081	(1,532)	5,549	1,363
Accrued income	(143,075)	(22,631)	(165,706)	(40,714)
Others	120,747	(34,935)	85,812	21,084
Total	\ 2,300,046	\ (14,278)	\ 2,285,768	\ 421,045

As of and for the year ended December 31, 2023

(Korean won in millions)				
	Beginning balance	Increase (decrease)	Ending balance	Deferred tax assets (liabilities)
Investments in subsidiaries, associates and joint ventures	\ 288,518	\ 24,626	\ 313,144	\ 986
Valuation of marketable securities	31,212	(9,642)	21,570	5,477
Revaluation of property, plant and equipment	(92,537)	-	(92,537)	(23,495)
Valuation of derivatives	2,466	(5,552)	(3,086)	(783)
Depreciation of property, plant and equipment in excess of deductible expenses	19,491	(3,221)	16,270	4,131
Provisions	239,083	29,039	268,122	68,076
Impairment loss	26,155	(580)	25,575	6,493
Bad debt expense in excess of deductible expenses	1,713,305	52,930	1,766,235	385,019
Loss (gain) on foreign currency translation	10,184	(3,103)	7,081	1,798
Accrued income	(89,159)	(53,916)	(143,075)	(36,327)
Others	109,440	11,307	120,747	30,657
Total	\ 2,258,158	\ 41,888	\ 2,300,046	\ 442,032

35. Income tax expense (cont'd)

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

(Korean won in millions)		
	2024	2023
Investments in subsidiaries and joint ventures	\ 322,297	\ 309,261
Bad debt expense in excess of deductible expenses	249,815	249,815
Total	\ 572,112	\ 559,076

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

(Korean won in millions)		
Detail	2024	2023
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	\ 81,910	\ 101,146
Deferred tax assets to be recovered after 12 months	463,159	457,794
Subtotal	\ 545,069	\ 558,940
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	(29,192)	(24,892)
Deferred tax liabilities to be settled after 12 months	(94,832)	(92,016)
Subtotal	\ (124,024)	\ (116,908)
Total	\ 421,045	\ 442,032

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

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

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

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

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

36. Earnings per share:

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

1) Basic earnings per share of common stock

	Korean won	
	2024	2023
Net income	\ 198,636,223,094	\ 151,712,794,893
Dividend on preferred stock and residual income available for preferred shareholders	19,378,242,555	10,174,952,653
Net income available for common shareholders	179,257,980,539	141,537,842,240
Weighted-average number of common stocks outstanding	38,217,350 shares	37,558,158 shares
Basic earnings per common stock	\ 4,690	\ 3,768

2) Basic earnings per share of preferred stock

	Korean won	
	2024	2023
Dividend on preferred stock and residual income available for preferred shareholders	\ 9,734,793,744	\ 10,174,952,653
Weighted-average number of preferred shares outstanding	2,053,543 shares	4,130,079 shares
Basic earnings per preferred stock (*1)	\ 4,740	\ 2,464

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

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

37. Related-party transactions:

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

Type	Name of the related parties
The parent of the entity having a significant influence over the Company	Daelim Co., Ltd.
The entity having a significant influence over the Company	DL Holdings Co., Ltd.
Subsidiaries	DL Construction Co., Ltd., Osan Landmark Project Co., Ltd., Incheon Dohwa 1 NEWSTAY Entrusted Management REIT Co., Ltd., DL Saudi Arabia Co., Ltd., PT. DLENC UTAMA CONSTRUCTION, DALIN (Nanjing) Construction Project Management Co., Ltd., NS Partners Co., Ltd., DL USA, Inc., DL INSAAT GELISTIRME A.S., Daelim RUS LLC, CARBONCO PTE. LTD., DL Engineering & Construction Malaysia Sdn. Bhd., DLE&C FZCO
Associates	Godeok Gangil 10 PFV Co., Ltd., Hyoje PFV Co., Ltd., Ulsan Uijeongbu Project PFV Co., Ltd., Incheon Inha PFV Co., Ltd., Daejeon Munhwa PFV Co., Ltd., Jeonju Wansan PFV Co., Ltd., Gwacheon Jisan One PFV Co., Ltd., Together Daejeon Munhwa PFV Co., Ltd., Songpa Bokjeong Station Layered City PFV Co., Ltd., TK Private Equity Limited Partnership, Seongnam MICE PFV Co., Ltd., Seongnam MICE AMC Co., Ltd., DLENC Philippines, Inc., NeuRizer Ltd.
Joint ventures	Luoma Inc., Igis Haeundae General Private REIT No. 1, DIAP-DAELIM JOINT VENTURE PTE. LTD., OMZ-Daelim LLC., Jemulpo Station Urban Complex Project Entrusted Management REIT Co., Ltd.
Others	DL Chemical Co., Ltd., DL Motors Co., Ltd., GLAD Hotels & Resorts Co., Ltd., Songdo Power Co., Ltd., DL Energy Co., Ltd., Chungjin Project Co., Ltd., Chungjin Asset Management Company, Co., Ltd., DL FnC Co., Ltd., Yeongju Eco Power Co., Ltd., Cochrane SPC Co., Ltd., Eco One Energy Co., Ltd., Heungkuk Highclass Private Real Estate Equity Fund No.12, Koramco Private REIT No.112, Samho Citron City Co., Ltd., Namwon Theme Park Co., Ltd., Asan Dogo Industrial Complex Development Co., Ltd., Epyunse (Shanghai) Trade Agency Co., Ltd., Daelim Investment & Management Co., Ltd., Saubukbyeon Urban Development Co., Ltd., Haeryong Industrial Complex Development Co., Ltd., Myungjin PT Co., Ltd., Incheon Geumsong Rental Housing Entrusted Management REIT Co., Ltd., Millmerran Co., Ltd., Gasan DCSL1 Co., Ltd., Yeochun NCC Co., Ltd., Polymirae Co., Ltd., D-Rex Polymer LLC., DL Energy Global Co., Ltd., OV Co., Ltd., Geumo Island Wind Power Co., Ltd., Pocheon Power Co., Ltd., Haenam Naesari Solar Power Co., Ltd., TK X Holdings Ltd., Gimhae Daedong Logistics Co., Ltd., Daelim Vietnam Ltd., Canakkale Motorway and Bridge Construction, Investment and Operation Inc., DE NILES LLC., Woodland Global Fund Management Pte. Ltd., Woodland Global Investment #1 Pte. Ltd., DAELIM CHEMICAL USA, INC., DAELIM CHEMICAL USA LLC., CARIFLEX PTE. LTD., Cariflex Netherlands B.V., Cariflex Brazil Industria e Comercio de Produtos Petroquimico Ltda., DE Cochrane SpA., DE Energia SpA., Indeck Niles Development LLC., Indeck Niles Asset Management LLC., Daehan Wind Power Company PSC., InfraCo Asia Keenjhar Wind Pte. Ltd., InfraCo Asia Indus Wind Pte. Ltd., DLC US Holdings LLC., Kraton Corporation, DL Energy America Inc., Infra Equity Power Holdings LLC., CPV Fairview LLC., KB Blind General Private REIT No.2, Haeundae Central PFV Co., Ltd., Roof One Energy Co., Ltd., DLC BTT Corporation, Notark Corporation, Gimpo G-Valley Development Co., Ltd., YNCC 1st Securitization Specialty Co., Ltd., etc.
Large business group affiliates (*1)	Deoksong-Naegak Expressway Co., Ltd., Daelim No.7 Masan Hoewon Newstay Entrusted Management REIT Co., Ltd., Humphreys SLQ 1 Co., Ltd., Jeju Aero Space Hotel Co., Ltd., Daelim No.5 Cheonan Wonseongdong Newstay Entrusted Management REIT Co., Ltd., etc.

37. Related-party transactions (cont'd)

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

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

Classification	Entity	Reason for change
Included	Seongnam MICE AMC Co., Ltd.	Identified as an affiliate of the Company in January 2024.
Excluded	Gwacheon Jisan One PFV Co., Ltd.	Excluded in March 2024 as the Company disposed of its equity interest.
Excluded	Indeck Niles Asset Management LLC.	Excluded in March 2024 due to reclassification by DL Energy (from joint venture to associate).
Included	Roof One Energy Co., Ltd.	Identified as an other related party in April 2024 as it was newly invested by DL Energy.
Included	DLC BTT CORPORATION	Identified as an other related party in April 2024 as it was newly invested by DL Chemical.
Included	Notark Corporation	Identified as an other related party in April 2024 as it was newly invested by DLC BTT CORPORATION.
Included	Gimpo G-Valley Development Co., Ltd.	Identified as an affiliate of the Company in April 2024 as it is an affiliate of DL Construction Co., Ltd.
Excluded	Daelim EMA Management Limited	Excluded in June 2024 as DL Energy disposed of its equity interest.
Excluded	EMA Power Investment Limited	Excluded in June 2024 as DL Energy disposed of its equity interest.
Excluded	Hwaseong JDC LLC.	Excluded in July 2024 as DL Construction disposed of its equity interest.
Others	Gimhae Daedong Logistics Co., Ltd.	Redwood Logis Co., Ltd. changed its legal name to Gimhae Daedong Logistics Co., Ltd. in September 2024.
Excluded	Soopirang Corporation Co., Ltd.	Excluded in November 2024 as the Company disposed of its equity interest.
Others	Highway Solar Co., Ltd.	Excluded in December 2024 as DL Energy disposed of its equity interest.

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

Type	Name of the related party	(Korean won in millions)			
		Sales and others (*1)		Purchases and others (*1)	
		2024	2023	2024	2023
The parent of the entity having a significant influence over the Company	Daelim Co., Ltd.	\ 37,918	\ 13,524	\ 99,691	\ 118,507
The entity having a significant influence over the Company	DL Holdings Co., Ltd.	1,680	1,799	11,376	12,098
Subsidiaries	DL Construction Co., Ltd.	108,236	65,542	100,153	124,263

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(Korean won in millions)					
Type	Name of the related party	Sales and others (*1)		Purchases and others (*1)	
		2024	2023	2024	2023
	Osan Landmark Project Co., Ltd.	28,008	27,502	-	-
	DL Saudi Arabia Co., Ltd.	14,336	14,312	-	-
	DALIN (Nanjing) Construction Project Management Co., Ltd.	490	96	-	-
	DL Engineering & Construction Malaysia Sdn. Bhd.	174	1,122	-	-
	DL USA, Inc. (*2)	14,921	25,547	-	-
	DL INSAAT GELISTIRME A.S.	909	1,948	-	-
	Daelim RUS LLC	5,771	7,189	-	-
	CARBONCO PTE. LTD.	850	727	-	71
	DLE&C FZCO	202	184,909	-	-
	NS Partners Co., Ltd. (*2)	354	-	-	-
Associates	Godeok Gangil 10 PFV Co., Ltd. (*2)	54,087	59,042	-	-
	Hyoje PFV Co., Ltd. (*2)	12,114	540	-	-
	Ulsan Uijeongbu PFV Co., Ltd.	907	-	-	-
	Daejeon Munhwa PFV Co., Ltd.	293	311	-	-
	Incheon Inha PFV Co., Ltd.	439	426	-	-
	Jeonju Wansan PFV Co., Ltd.	200	194	-	-
	Gwacheon Jisan One PFV Co., Ltd. (*2) (*3)	21	58,836	77	22
	Together Daejeon Munhwa PFV Co., Ltd.	-	300	-	-
	DLENC Philippines, Inc.	568	740	-	-
	NeuRizer Ltd. (*2)	-	6,851	-	-
Joint ventures	DIAP-DAELIM JOINT VENTURE PTE. LTD. (*2)	31	127	90	3
	Igis Haeundae General Private REIT No.1	7,438	5,500	-	-
Others	DL Chemical Co., Ltd. (*2)	1,582	16,351	131	185
	GLAD Hotels & Resorts Co., Ltd.	4,694	4,105	1,027	3,570
	Polymirae Co., Ltd.	-	-	3	3
	Songdo Power Co., Ltd.	3	6	-	-
	DL Energy Co., Ltd.	64	43	-	-
	Chungjin Project Co., Ltd.	297	8,501	-	-

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(Korean won in millions)					
Type	Name of the related party	Sales and others (*1)		Purchases and others (*1)	
		2024	2023	2024	2023
	Daelim Investments & Management Co., Ltd.	16	10	-	-
	D-Rex Polymer LLC (*2)	20	3,416	-	-
	OV Co., Ltd.	10	12	-	70
	Haeundae Cental PFV Co., Ltd.	-	7,000	-	-
	CARIFLEX PTE. LTD. (*2)	60,970	204,336	-	-
Large business group affiliates	Daelim No.7 Masan Hoewon Newstay Entrusted Management REIT Co., Ltd.	291	291	-	-
	Deoksong-Naegak Expressway Co., Ltd.	2,536	3,740	69	60
	Daelim No. 5 Cheonan-Wonseong-dong Newstay REIT Co., Ltd.	\ -	\ 32	\ -	\ -

(*1) Sales and purchases include proportional cost allocation of joint contracts.

(*2) Progress sales, less progress billing (KRW (21,654) million in 2024; KRW 28,382 million in 2023) are excluded due to the application of stage-of-completion method and foreign currency transaction gains/losses.

(Korean won in millions)		
Name of the related party	2024	2023
Hyoje PFV Co., Ltd.	\ 7,040	\ -
Godeok Gangil 10 PFV Co., Ltd.	(31,392)	40,411
Gwacheon Jisan One PFV Co., Ltd.	1,293	(3,031)
DIAP-DAELIM JOINT VENTURE PTE. LTD.	1,830	2,158
NeuRizer LTD.	(61)	1,988
CARIFLEX PTE. LTD.	16,032	12,381
DL USA, Inc.	(16,191)	(25,525)
DL Chemical Co., Ltd.	(312)	-
NS Partners Co., Ltd.	107	-
Total	\ (21,654)	\ 28,382

(*3) Gwacheon Jisan One PFV Co., Ltd. was disposed of in March 2024 and the transaction amounts disclosed relate to the period prior to the disposal.

37. Related-party transactions (cont'd)

(3) Major outstanding balances of receivables and payables between the Company and the related parties as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)					
Type	Name of the related party	Accounts Receivables (*1)		Accounts Payables (*1)	
		2024	2023	2024	2023
The parent of the entity having a significant influence over the Company	Daelim Co., Ltd.	\ 4,318	\ 1,778	\ 12,224	\ 12,487
The entity having a significant influence over the Company	DL Holdings Co., Ltd.	732	1,328	4,270	4,779
Subsidiaries	DL Construction Co., Ltd.	22,843	15,680	11,008	20,784
	Osan Landmark Project Co., Ltd.	615,551	602,051	-	-
	NS Partners Co., Ltd. (*2)	8,275	3,100	-	-
	DL Saudi Arabia Co., Ltd.	549,712	533,091	-	-
	DAIN (Nanjing) Construction Project Management Co., Ltd.	292	-	-	-
	DL Engineering & Construction Malaysia Sdn. Bhd.	2,538	2,220	3,191	2,766
	DL USA, Inc. (*2)	35,819	33,531	-	-
	DL INSAAT GELISTIRME A.S.	973	789	-	-
	Daelim RUS LLC	20,714	14,600	-	-
	CARBONCO PTE. LTD.	31	282	-	-
	DLE&C FZCO	-	-	-	10,745
Associates	Godeok Gangil 10 PFV Co., Ltd. (*2)	-	22,858	-	-
	Hyoje PFV Co., Ltd.	51,856	39,681	-	-
	Ulsan Uijeongbu PFV Co., Ltd.	517	-	-	-
	Daejeon Munhwa PFV Co., Ltd.	55	27	-	-
	Incheon Inha PFV Co., Ltd.	41	-	-	-
	Jeonju Wansan PFV Co., Ltd.	19	-	-	-
	Gwacheon Jisan One PFV Co., Ltd. (*2)	-	11,378	-	20
	DLENC Philippines, Inc.	16,019	16,540	1,471	1,277
NeuRizer LTD. (*2)	28,421	24,994	-	-	
Joint ventures	DIAP-DAELIM JOINT VENTURE PTE. LTD. (*2)	1	85	2	284
	Igis Haeundae General Private REIT No.1	46,905	39,467	-	-
Others	DL Chemical Co., Ltd. (*2)	20	843	12	15
	GLAD Hotels & Resorts Co., Ltd.	1,509	1,340	120	331
	Songdo Power Co., Ltd.	1	3	2	-
	DL Energy Co., Ltd.	9	4	4	-

DL E&C Co., Ltd.
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(Korean won in millions)					
Type	Name of the related party	Accounts Receivables (*1)		Accounts Payables (*1)	
		2024	2023	2024	2023
	Chungjin Project Co., Ltd.	20	746	-	-
	Daelim Investments & Management Co., Ltd.	1	2	-	-
	D-Rex Polymer LLC (*2)	1	3	-	-
	OV Co., Ltd.	1	-	-	-
	CARIFLEX PTE. LTD. (*2)	278	18,944	-	-
Large business group affiliates	Daelim No.7 Masan Hoewon Newstay Entrusted Management REIT Co., Ltd.	43	43	-	-
	Deoksong-Naegak Expressway Co., Ltd.	\ 56,428	\ 28,286	\ -	\ -

(*1) Loans and borrowings were included.

(*2) The contract assets amounted to KRW 23,941 million and KRW 42,200 million for each of the two years in the period ended December 31, 2024, respectively, and the contract liabilities that amounted to KRW 57,833 million and KRW 54,438 million for each of the two years in the period ended December 31, 2024, respectively, are excluded due to the application of stage- of- completion method.

(Korean won in millions)				
Name of the related party	Contract assets		Contract liabilities	
	2024	2023	2024	2023
Hyoje PFV Co., Ltd.	\ 7,040	\ -	\ -	\ -
Godeok Gangil 10 PFV Co., Ltd.	-	31,392	-	-
Gwacheon Jisan One PFV Co., Ltd.	-	-	-	1,293
NS Partners Co., Ltd.	5,791	5,684	-	-
DIAP-DAELIM JOINT VENTURE PTE. LTD.	6,954	5,124	-	-
NeuRizer LTD.	-	-	498	437
CARIFLEX PTE. LTD.	4,156	-	-	11,876
DL USA, Inc.	-	-	57,023	40,832
DL Chemical Co., Ltd.	-	-	312	-
Total	\ 23,941	\ 42,200	\ 57,833	\ 54,438

Meanwhile, changes in the provisions for credit losses on above related parties for each of the two years in the period ended December 31, 2024 are as follows:

For the year ended December 31, 2024

(Korean won in millions)						
Type	Name of the related party	Receivable	Beginning balance	Credit loss (reversal)	Other (*1)	Ending balance
Subsidiaries	Osan Landmark Project Co., Ltd.	Loan	\ 289,183	\ 14,366	\ -	\ 303,549
		Accounts receivable	1,551	-	-	1,551
	DL Saudi Arabia Co., Ltd.	Trade receivables	119,218	-	16,698	135,916
		Loan	283,668	-	39,732	323,400
		Accounts receivable	84,177	(13,249)	18,503	89,431

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(Korean won in millions)						
Type	Name of the related party	Receivable	Beginning balance	Credit loss (reversal)	Other (*1)	Ending balance
	DL USA, Inc.	Loan	31,204	-	4,371	35,575
	DL Engineering & Construction Malaysia Sdn. Bhd.	Trade receivables	985	117	141	1,243
Associate	DLENC Philippines, Inc.	Trade receivables	2,508	118	358	2,984
		Loan	10,315	-	1,445	11,760
		Accounts receivable	2,439	47	342	2,828
Large-scale business group affiliate	Deoksong-Naegak Expressway Co., Ltd.	Loan	15,706	25,000	-	40,706
		Accounts receivable	\ 11,029	\ 4,693	\ -	\ 15,722

(*1) Presenting changes due to foreign currency conversion, etc.

For the year ended December 31, 2023

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

(*1) Presenting changes due to foreign currency conversion, etc.

37. Related-party transactions (cont'd)

(4) Major changes in loans to the related parties for each of the two years in the period ended December 31, 2024 are as follows

For the year ended December 31, 2024

Korean won (in millions)						
Type	Name of the related party	Beginning balance	Rent	Repayment	Other (*1)	Ending balance
Subsidiaries	Osan Landmark Project Co., Ltd.	\ 600,500	\ 13,500	\ -	\ -	\ 614,000
	DL Saudi Arabia Co., Ltd.	283,668	-	-	39,732	323,400
	DL USA, Inc.	31,203	-	-	4,371	35,574
	Daelim RUS LLC	13,842	-	-	(1,207)	12,635
	NS Partners Co., Ltd.	3,100	4,800	-	-	7,900
Joint venture	Igis Haeundae General REIT No.1	33,500	-	-	-	33,500
Associates	Hyoje PFV Co., Ltd.	39,600	-	-	-	39,600
	DLENC Philippines, Inc.	10,315	-	-	1,445	11,760
Large business group affiliate	Deoksong-Naegak Expressway Co., Ltd.	\ 15,706	\ 25,000	\ -	\ -	\ 40,706

(*1) Presenting changes due to foreign currency conversion, etc.

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37. Related-party transactions (cont'd)

For the year ended December 31, 2023

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

(*1) Presenting changes due to foreign currency conversion, etc.

(5) Major equity transactions to the related parties for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)					
Description	Type	Name of the related party	Transactions	2024	2023
Investment	Subsidiary	CARBONCO PTE. LTD.	Capital increase with consideration	\ 25,301	\ -
		DLE&C FZCO	Cash investment due to establishment	-	1,550
		NS Partners Co., Ltd.	Acquisition	-	1
	Associate	Ulsan Uijeongbu PFV Co., Ltd.	Capital increase with consideration	42,273	-
		Seongnam MICE AMC Co., Ltd.	Cash investment due to establishment	60	-
		Incheon Inha PFV Co., Ltd.	Capital increase with consideration	-	22,800
		Daejeon Munhwa PFV Co., Ltd.	Capital increase with consideration	-	14,250
		Jeonju Wansan PFV Co., Ltd.	Capital increase with consideration	-	8,075
		TK Private Equity Limited Partnership	Cash investment due to establishment	-	26,000
		Soopirang Corporation Co., Ltd.	Acquisition	-	512
		Seongnam MICE PFV Co., Ltd.	Cash investment due to establishment	-	275
		Jemulpo Station Urban Complex Project Entrusted Management REIT Co., Ltd.	Cash investment due to establishment	-	159
	Recovery of Investment	Associate	Gwacheon Jisan One PFV Co., Ltd.	Sale of Shares	30
Soopirang Corporation Co., Ltd.			Sale of Shares	512	-
Purchase	Other	DL Holdings Co., Ltd.	Purchase of shares of SOC entities	\ -	\ 28,994

37. Related-party transactions (cont'd)

(6) Compensations for key management personnel for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
Short-term employee benefits	\ 17,732	\ 20,336
Severance and retirement benefits	4,135	4,530
Total	\ 21,867	\ 24,866

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

(7) The Company is contingently liable for construction performance guarantees and payment guarantees of its associated companies. The details of guarantees as of December 31, 2024 and 2023 are as follows:

Name of the related party	Currency	Guarantee amount		Related project	Period of guarantee
		2024	2023		
DL Construction Co., Ltd.	KRW in millions	79,796	66,698	Beomil Dist.3, etc.	2021.07.14 ~ Release of obligations
DLENC Philippines, Inc.	USD in thousands	4,670	4,670	Philippines Pagbilao	2014.05.22 ~ Release of obligations
DL Saudi Arabia Co., Ltd.	USD in thousands	52,892	55,042	Saudi Ma'aden Ammonia	2018.11.01 ~ Release of obligations
DLE&C FZCO	USD in thousands	679,606	766,411	Russia BCC	2021.12.29 ~ Release of obligations
DL Engineering & Construction Malaysia Sdn.Bhd.	USD in thousands	-	5,551	Malaysia NBL	2021.03.30 ~ Release of obligations
Daelim RUS LLC	USD in thousands	411,072	481,919	Russia AORC HCU, etc.	2021.03.09 ~ Release of obligations
DIAP-DAELIM JOINT VENTURE PTE. LTD.	USD in thousands	43,574	45,740	Singapore TTP1	2015.02.26 ~ Release of obligations
DL USA, Inc. (*1)	USD in thousands	222,624	383,709	US USGC II	2022.07.01 ~ Release of obligations
Canakkale Motorway and Bridge Construction, Investment and Operation Inc.	USD in thousands	780	935	Turkiye Canakkale Bridge	2017.03.09 ~ Release of obligations
DL INSAAT GELISTIRME (*2)	USD in thousands	140,400	161,805	Turkiye Canakkale Bridge	2020.11.16 ~ Release of obligations
CARBONCO PTE.LTD (*3)	USD in thousands	-	-	-	2024.07.01 ~ Release of obligations

(*1) The Company has provided a parent company guarantee that guarantees all liabilities and obligations arising from any contractual activities undertaken by DL USA, Inc. in connection with the CPChem USGC II Project in the United States.

(*2) As a shareholder of the SPC and an EPC contractor for the Canakkale Bridge project in Türkiye, the Company has provided comprehensive parent company guarantees to three joint venture partners – SK Ecoplant, Limak, and Yapi Merkezi – for the subsidiary’s performance obligations of the local entity under arrangements such as the shareholders’ agreement and the EPC JV agreement, without a fixed cap.

(*3) The Company has provided a parent company guarantee in connection with performance bonds required for future projects to be undertaken by CARBONCO PTE. LTD. (Limit: USD 26 million).

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37. Related-party transactions (cont'd)

In addition to the above, the Company remains jointly and severally liable in accordance with Article 530-9 (1) of the *Commercial Act* of Korea for performance bonds and payment guarantees that had been provided by Daelim Industrial Co., Ltd. (the entity having existed before split-off) to its related parties, together with DL Holdings Co., Ltd. (the surviving company after split-off) and DL Chemical Co., Ltd. (the newly incorporated company after split-off).

(8) Details of collaterals the Company provides in favor of the related parties as of December 31, 2024 and 2023 are as follows (included in Note 28 (1) Collaterals 2))

(Korean won in millions)					
Name of the related party	Pledged assets	Collateral amount		Purpose	Lender
		2024	2023		
Deoksong-Naegak Expressway Co., Ltd. (*1)	Stock	\ -	\ -	Borrowed capital finance agreement	Industrial Bank of Korea and others

(*1) The amount of decrease related to shares of Deoksong Naegak Expressway Co., Ltd. totaling KRW 242.36 million is included.

(9) Details of capital deficiency support obligations in favor of the related parties as of December 31, 2024 and 2023 are as follows (included in Note 28. (2) 2)):

(Korean won in millions)					
Name of the related party	Obligation amount		Project	Purpose	Financial institutions
	2024	2023			
Osan Landmark Project Co., Ltd.	\ 100,000	\ 108,800	Osan Sema District Apartment Housing Development Project	Borrowed capital finance agreement	SPC-YKSM Co., Ltd.
NS Partners Co., Ltd	68,380	-	Incheon Hang-dong Officetel Development Project	Borrowed capital finance agreement	SPC-MJ Hang-dong 3rd Co., Ltd, etc
Hyoje PFV Co., Ltd.	416,000	156,000	Hyojedong Officetel construction	Borrowed capital finance agreement	Woori Bank, etc.
Together Daejeon Munhwa PFV Co., Ltd.	175,500	65,000	Daejeon Say Department Store Site Development Project	Borrowed capital finance agreement	SPC-For Munhwa 1st Co., Ltd., etc.
Soopirang orporation Co., Ltd.	-	78,000	Cheonan Eopseongdong Urban Development Project	Borrowed capital finance agreement	KDB Capital Co., Ltd., etc.
Ulsan Uijeongbu PFV Co., Ltd.	78,000	-	Uijeongbu/Ulsan Homeplus Site Development Project	Borrowed capital finance agreement	SPC-Woori DL 1st Co., Ltd.
Incheon Inha PFV Co., Ltd.	27,000	-	Incheon Homeplus Site Development Project	Borrowed capital finance agreement	SPC-ForHP 1st Co., Ltd.
Daejeon Munhwa PFV Co., Ltd.	18,500	-	Daejeon Homeplus Site Development Project	Borrowed capital finance agreement	SPC-Guard DL 7th Co., Ltd.
Jeonju Wansan PFV Co., Ltd.	14,500	-	Jeonju Homeplus Site Development Project	Borrowed capital finance agreement	SPC-Gaonhae 7th Co., Ltd.
Haeundae Central PFV Co., Ltd.	\ 114,000	\ 102,000	Haeundae Jungdong Apartment Housing Development Project	Borrowed capital finance agreement	SPC-YKS 2nd Co., Ltd., etc.

In addition to the above, the Company shall be jointly and severally responsible for the capital deficiency support obligations which Daelim Industrial Co., Ltd. (the entity having existed before split-off) provided to its related parties, together with DL holdings Co., Ltd. and DL Chemical Co., Ltd., the surviving company after split-off and the newly incorporated company after split-off, respectively.

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38. Supplemental cash flow information:

(1) Adjustments to reconcile net income to net cash provided by operating activities for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
Adjustments:		
1. Tax expense	\ 110,544	\ 70,974
2. Interest expense	27,024	29,295
3. Interest income	(75,520)	(107,126)
4. Loss on foreign currency translation	89,377	39,513
5. Gain on foreign currency translation	(143,236)	(30,851)
6. Dividend income	(5,165)	(12,601)
7. Depreciation	9,882	11,084
8. Depreciation of right of use assets	40,916	44,361
9. Depreciation expenses on Investment properties	7,963	5,444
10. Amortization Expenses on Intangible Assets	3,586	5,297
11. Severance benefits	40,177	20,540
12. Bad debt expense(reversal)	29,134	(29,175)
13. Other bad debt expense	59,093	51,504
14. Loss on disposal of property, plant and equipment	568	10
15. Gain on disposal of property, plant and equipment	(3,042)	(187)
16. Loss on disposal of lease assets	31	186
17. Gain on disposal of lease assets	(83)	(123)
18. Gain on valuation of FVTPL	(4,558)	(3,993)
19. Loss on valuation of FVTPL	1,594	402
20. Loss on disposal of FVTOCI	200	1,665
21. Gain on disposal of FVTPL	-	(16)
22. Gain on disposal of Investment properties	(136)	-
23. Loss on valuation of derivatives	5,640	3,672
24. Gain on valuation of derivatives	(9,030)	(5,825)
25. Loss on disposal of financial instruments	835	3,734
26. Contribution to provision for construction loss (Reversal of provision for construction loss)	2,878	9,302
27. Contribution to provision for construction warranties (Reversal of provision for construction warranties)	40,214	37,947
28. Contribution to other provision	9,728	113,900
29. Contribution to financial guarantee contract liabilities (Reversal of financial guarantee contract liabilities)	(758)	(701)
30. Miscellaneous Gain	-	(1,203)
31. Impairment loss on assets	1,281	11,520
Total	\ 239,137	\ 268,549

38. Supplemental cash flow information (cont'd)

(2) Cash flows from net working capital for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
Changes in net working capital:		
1. Decrease (increase) in trade receivables	\ (57,030)	\ (101,640)
2. Decrease (increase) in contract assets	(132,966)	(130,598)
3. Decrease (increase) in other accounts receivable	(56,187)	88,768
4. Decrease (increase) in accrued income	21,477	(935)
5. Decrease (increase) in advance payments	17,818	(28,866)
6. Decrease (increase) in prepaid expenses	(7,579)	(19,318)
7. Decrease (increase) in prepaid construction expenses	103,953	(21,885)
8. Decrease (increase) in inventories	9,893	65,092
9. Decrease (increase) in financial lease receivables	486	462
10. Decrease (increase) in long-term trade receivables	2,350	3,589
11. Decrease (increase) in long-term accounts receivable	35,852	(21,818)
12. Decrease (increase) in long-term prepaid expenses	-	11,216
13. Decrease (increase) in long-term prepaid construction expenses	(161,713)	(15,730)
14. Decrease (increase) in deposits	-	18,910
15. Decrease (increase) in derivative assets	256	-
16. Increase (decrease) in trade payables	55,911	(8,247)
17. Increase (decrease) in accounts payable	(24,924)	21,883
18. Increase (decrease) in long-term accounts payable	4,998	-
19. Increase (decrease) in advance received	(35,049)	6,908
20. Increase (decrease) in unearned revenue	(566)	(1,972)
21. Increase (decrease) in contract liabilities	(80,890)	102,884
22. Increase (decrease) in withholdings received	(34,548)	(12,006)
23. Increase (decrease) in accrued expenses	1,553	1,983
24. Increase (decrease) in long-term advance received	-	(936)
25. Increase (decrease) in other provisions	(116,307)	(60,223)
26. Increase (decrease) in pension benefit obligation	(7,356)	(25,230)
27. Increase (decrease) in financial guarantee liabilities	-	827
28. Decrease (increase) in pension plan assets	(18,000)	4,119
29. Increase (decrease) in provision for construction warranties	(41,372)	(41,890)
30. Increase (decrease) in derivative liabilities	(9)	(4,558)
31. Others	(18,560)	(6,010)
Total	\ (538,509)	\ (175,221)

38. Supplemental cash flow information (cont'd)

(3) Major non-cash transactions of investment activities and financing activities for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
Reclassification of assets under construction	\ 2,509	\ 1,167
Reclassification of the current portion of long-term borrowings	50,155	155,155
Reclassification of the current portion of debentures	-	199,908
Reclassification of the current portion of lease liabilities	38,832	35,680
Reclassification to investment property of property, plant and equipment	86,812	-
Acquisition of leases	27,896	(31,158)
Reclassification to assets held for sale	-	20,828
Acquisition of subsidiary shares	-	(107,864)

(4) The adjustments of liabilities in financing activities for each of the two years in the period ended December 31, 2024 are as follows:

For the year ended December 31, 2024

(Korean won in millions)				
	Beginning balance	Cash flows	Others(*1)	Ending balance
Short-term borrowings	\ 30,000	\ (30,000)	\ -	\ -
Current portion of long-term liabilities	275,071	(275,155)	50,239	50,155
Long-term borrowings	53,256	75,000	(50,155)	78,101
Long-term debentures	174,768	199,267	282	374,317
Leasehold deposits	11,382	331	-	11,713
Lease liabilities	88,140	(48,703)	26,140	65,577
Dividends payable	-	(20,182)	20,182	-
Total liabilities in financial activities	\ 632,617	\ (99,442)	\ 46,688	\ 579,863

(*1) Including the effects of foreign currency translation of debt, current portion, amortization, etc.

For the year ended December 31, 2023

(Korean won in millions)				
	Beginning balance	Cash flows	Others(*1)	Ending balance
Short-term borrowings	\ 59,458	\ (29,458)	\ -	\ 30,000
Current portion of long-term liabilities	30,155	(110,155)	355,071	275,071
Long-term borrowings	208,304	-	(155,048)	53,256
Long-term debentures	374,420	-	(199,652)	174,768
Leasehold deposits	7,660	3,418	304	11,382
Lease liabilities	113,962	(53,996)	28,174	88,140
Dividends payable	-	(42,282)	42,282	-
Total liabilities in financial activities	\ 793,959	\ (232,473)	\ 71,131	\ 632,617

(*1) Including the effects of foreign currency translation of debt, current portion, amortization, etc.

39. Adjusted operating income:

Other income and expense that are not classified as operating income and expense in the separate statements of income occur on the Company's own business circumstances. Details of the adjusted results of operations included in the income and expenses for each of the two years in the period ended December 31, 2024 are as follows:

(Korean won in millions)		
	2024	2023
Operating income	\ 265,507	\ 221,799
Dividend income	5,165	12,601
Donation	(13,513)	(7,808)
Bad debt expense	(59,093)	(51,504)
Gain (loss) on foreign currency transactions	(3,192)	(7,027)
Gain (loss) on foreign currency translation	27,132	(10,979)
Gain (loss) on valuation of investment assets	2,964	3,591
Gain (loss) on disposal of investment assets	(200)	(1,649)
Gain (loss) on disposal of property, plant and equipment	2,474	177
Gain (loss) on disposal of investment property	136	-
Gain (loss) on disposal of intangible assets	-	-
Gain (loss) on derivative transaction	(1,711)	(3,251)
Gain (loss) on derivative valuations	3,390	2,153
Gain (loss) on disposal of leased assets	52	(63)
Contribution (reversal) of financial guarantee contract liabilities	758	701
Reversal to other provisions	6,205	6,855
Gain (loss) on disposal of financial instruments	(835)	(3,734)
Impairment loss on assets	(1,281)	(11,520)
Others	(9,218)	(9,114)
Adjusted operating income	\ 224,740	\ 141,228

40. Risk management:

(1) Capital risk management

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

In addition, the Company 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 Company as of December 31, 2024 and 2023 are as follows:

(Korean won in millions)		
	2024	2023
Total borrowings	\ 502,572	\ 533,095
Less: Cash and cash equivalents	(848,608)	(1,152,565)
Borrowings, net	(346,036)	(619,470)
Total shareholders' equity	\ 4,155,073	\ 4,029,762
Net borrowings-to-equity ratio	-8.33%	-15.37%

40. Risk management (cont'd)

(2) Financial risk management

The Company is exposed to various risks, such as market risk (interest rate risk, price risk and foreign exchange risk), credit risk and liquidity risk, regarding financial instruments. The Company's risk management aims to identify potential risks affecting its financial performance and to decrease, eliminate and avoid those risks to the acceptable level. Meanwhile, the Company uses derivatives to avoid specific risks, such as foreign exchange risk.

1) Market risk

The Company is exposed principally to financial risk derived from fluctuations in foreign exchange and interest rate. Hence, it is engaged in various derivative contracts, including foreign exchange forwards, to manage those risks.

The exposure to the market risks is measured by the value-at-risk method with sensitivity analyses. There are no changes in the Company's exposure to the market risks and how the Company measures and manages those risks.

A. Interest rate risk

The Company borrows funds at fixed interest rate and floating interest rate, which exposing the Company to the interest rate risk. In order to manage the interest rate risk, the Company maintains balances between fixed-rate borrowings and floating-rate borrowings or participates in foreign exchange swap contracts. Hedging activities are reviewed regularly to adjust defined risk aversion appropriately, and the Company maintains the optimal hedging strategies to be applied.

The Company is not exposed to any cash flow risk arising from interest rate fluctuations on its floating-rate borrowings.

B. Price risk

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

C. Foreign exchange risk

The Company is exposed to foreign exchange risks due to existence of transactions denominated in foreign currency. The foreign exchange risk exposure is managed using derivative contracts to the level that the approved policies permit. The carrying amount of assets and liabilities exposed to the foreign exchange risks at the reporting date is as follows:

(Korean won in millions)				
	December 31, 2024		December 31, 2023	
Assets	\	1,222,955	\	994,169
Liabilities	\	65,735	\	66,748

The Company regularly monitors the changes in foreign currency internally. A sensitivity analysis on the above assets and liabilities assuming a 10% increase and 10% decrease in foreign currency rates (before tax effect) as of December 31, 2024 and 2023 is as follows:

40. Risk management (cont'd)

(Korean won in millions)				
	10% increase in Korean won against foreign currency		10% decrease in Korean won against foreign currency	
	Net income	Shareholders' equity	Net income	Shareholders' equity
2024	\ 115,722	\ 115,722	\ (115,722)	\ (115,722)
2023	\ 92,742	\ 92,742	\ (92,742)	\ (92,742)

2) Credit risk

Credit risk represents the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company sets and operates policies to review client's credit and receive sufficient collaterals to reduce the risk. The Company 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 Company as of December 31, 2024 is as follows:

:

(Korean won in millions)			
Classification of financial instruments	Account	Carrying values	Maximum exposed amounts
Financial assets at fair value	Financial assets at FVTPL	\ 98,925	\ 98,925
	Financial assets at FVTOCI	1,755	1,755
	Derivative assets	29,108	29,108
Financial assets at amortized cost	Cash and cash equivalents	848,608	848,608
	Short-term financial assets	73,225	73,225
	Trade receivables	594,452	594,452
	Short-term loans	20,983	20,983
	Accounts receivable	398,142	398,142
	Accrued income	74,607	74,607
	Deposit (current)	16,992	16,992
	Financial assets at amortized cost	251	251
	Long-term financial instruments	1,513	1,513
	Long-term trade receivables	250,560	250,560
	Long-term loans	878,092	878,092
	Long-term accounts receivable	414,669	414,669
	Long-term accrued income	14,303	14,303
Deposits (non-current)	352,336	352,336	
Other assets	Lease liabilities (current)	636	636
	Lease liabilities (non-current)	80	80
	Total	\ 4,069,237	\ 4,069,237

40. Risk management (cont'd)

Details of the Company's exposure to credit risk from guarantee and the commitment provided by the Company as of December 31, 2024 are as follows:

(Korean won in millions)			
Classification of financial instruments	Financial guarantee contract liabilities	Maximum exposed amounts	
Private enterprise	\	-	1,011,880
Redevelopment and reconstruction business	3,284		1,774,400
Lotting out and union housing finance personal loan	-		484,086
SOC business	-		162,809
Others	3,117		206,379
Total	\	6,401	\ 3,639,554

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

3) Liquidity risk

The Company establishes short-term and mid- to long-term fund management plans to manage liquidity risks and continuously analyzes and monitors the cash outflow budgets and actual cash outflow to match the maturity structure of the financial liabilities and the financial assets. The management believes that the Company is capable of repaying the financial liabilities with cash flows from operating activities and the financial assets held.

The Company's financial assets and liabilities by residual contractual maturity as of December 31, 2024 are classified as follows:

Financial assets

(Korean won in millions)				
	Less than 1 year	1 year-2 years	More than 2 years	Total
Cash and cash receivables	\ 848,608	\ -	\ -	\ 848,608
Financial assets measured at fair value	170	-	129,618	129,788
Short-term financial instruments	73,225	-	-	73,225
Trade receivables	611,758	-	-	611,758
Short-term loans	20,984	-	-	20,984
Accounts receivable	430,590	-	-	430,590
Accrued income	125,820	-	-	125,820
Deposit (current)	16,992	-	-	16,992
Lease receivables (current)	643	-	-	643
Financial assets at amortized cost	-	251	-	251
Long-term financial instruments	-	-	1,513	1,513
Long-term trade receivables	-	556,308	192,182	748,490
Long-term loans	-	1,291,273	540,663	1,831,936
Long-term accounts receivable	-	606,721	98,906	705,627
Long-term accrued income	-	-	47,852	47,852
Deposits (non-current)	-	145,926	207,929	353,855
Lease receivables (non-current)	-	64	19	83
Total	\ 2,128,790	\ 2,600,543	\ 1,218,682	\ 5,948,015

40. Risk management (cont'd)

Financial liabilities

(Korean won in millions)				
	Less than 1 year	1 year-2 years	More than 2 years	Total
Trade payables	\ 730,622	\ -	\ -	\ 730,622
Accounts payable	268,265	-	-	268,265
Leasehold deposits received	2,679	-	-	2,679
Accrued expenses	28,765	-	-	28,765
Lease liabilities (current)	45,640	-	-	45,640
Current portion of long-term liabilities (*1)	51,369	-	-	51,369
Debentures (*1)	11,142	224,067	163,655	398,864
Long-term borrowings (*1)	-	80,022	2,946	82,968
Long-term accounts payable	-	-	4,938	4,938
Long-term leasehold deposits received	-	-	9,034	9,034
Derivative liabilities	4,854	3,463	15,037	23,354
Lease liabilities (non-current)	-	9,379	12,540	21,919
Financial guarantee contract liabilities and supplementary finance agreement	6,401	-	-	6,401
Total	\ 1,149,737	\ 316,931	\ 208,150	\ 1,674,818

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

The above analysis on the financial assets is based on non-discounted contractual cash flows (not considering credit losses), and each cash flows are allocated the earliest date when the Company is obliged to repay the cash, including the interests.

The Company believes that the likelihood of disbursing the guarantee amount of the financial guarantee contracts is less than the likelihood of not disbursing the amount based on the projection as of December 31, 2024. However, the projection can be modified due to the events or the changes in circumstances that make variations to the likelihood for the beneficiary to charge the claims to the Company.

41. Non-current assets held for sale:

The Company reclassified land and buildings related to the Gwangju Station commercial facilities, amounting to KRW 298 million, as investment property held for sale in accordance with the sales contract, and completed the sale in the period ended December 31, 2024.

The Company classified the investment asset related to the shares of Seoul Tunnel Co., Ltd. as an asset held for sale, amounting to 20,828 million won in accordance with the sales contract in the period ended December 31, 2023.

Assets held for sale as of the end of December 31, 2024 and 2023 are as follows:

(Korean won in millions)		
Sortation	2024	2023
Non-current assets held for sale	\ 20,828	\ 20,828

42. Subsequent events:

(1) The Company approved the commitment to completion guarantee (promising compensation for damages of principal and interest i.e., KRW 140 billion of project financing, if the contractual obligation is not fulfilled) related to Yeouido ACRO One at the Finance Committee in January 2025.

(2) The Company approved the extension of maturity of the loan (USD 24.2 million) for DL USA Inc, at the finance committee meeting in February 2025.

(3) The Company approved the extension of maturity of the existing loan (USD 8 million) and maturity of interest (USD 1.4 million) for DLENC Philippines Inc. (the subsidiary domiciled in the Philippines) for a two-year term, as well as the execution of a new loan (USD 2 million), at the finance committee meeting in February 2025.

Audit opinion on internal control over financial reporting

The accompanying independent auditor's audit report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of DL E&C Co., Ltd. (referred to as the "Company") and the separate financial statements of the Company for the year ended December 31, 2024 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's audit report on internal control over financial reporting
2. Report on the Operating Status of the Internal Control over Financial Reporting (ICFR)



Shape the future
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Independent auditor's audit report on internal control over financial reporting

(English translation of a report originally issued in Korean)

DL E&C Co., Ltd.
The Shareholders and Board of Directors

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting (“ICFR”) of DL E&C Co., Ltd.’s (referred to as the “Company”) based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea (the “ICFR Committee”) as of December 31, 2024

In our opinion, the Company’s ICFR has been effectively designed and operated, in all material respects, as of December 31, 2024 in accordance with the *Conceptual Framework for Design and Operation of ICFR*.

We also have audited, in accordance with Korean Standards on Auditing (“KSA”), the separate statement of financial position as of December 31, 2024 and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information of the Company and our report dated March 14, 2025 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

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

Responsibilities of management and those charged with governance for ICFR

Management is responsible for designing, implementing, and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying Report on the Operating Status of the Internal Control over Financial Reporting.

Those charged with governance are responsible for overseeing the Company’s ICFR process.

Auditor’s responsibilities for the audit of ICFR

Our responsibility is to express an opinion of the Company’s ICFR based on our audit. We conducted our audit in accordance with KSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR was maintained in all material respects.

An audit of ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operating effectiveness of ICFR based on obtaining an understanding of ICFR and the assessed risk.

ICFR definition and inherent limitations

A company's ICFR is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). The ICFR of the company and its subsidiaries includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of separate financial statements in accordance with KIFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the separate financial statements.

Because of its inherent limitations, ICFR may not prevent or detect misstatements of the separate financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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



March 14, 2025

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

Report on the Operation Status of the Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

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

We, as the Chief Executive Officer and the Internal Accounting Manager assessed the operating status of the Company's Internal Control over Financial Reporting ("ICFR") for the year ending December 31, 2024. Design and operation of ICFR is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Accounting Manager (collectively, "We", "Our" or "Us").

We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.

We used the *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee") as the criteria for design and operation of the Company's ICFR. In addition, we conducted an evaluation of ICFR based on the *Standard for Evaluation and Reporting of ICFR* of the Enforcement Decree of the Regulations on External Audit and Accounting.

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2024, in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

(Appendix) Internal Control Activities Implemented by the Company in Response to Fraud Risks Related to Funds, Including Misappropriation

February 13, 2025

DL E&C Co., Ltd.

President & CEO Sang Shin, Pak

Internal Accounting Manager Jung Hwan, Lee

* For the signature of CEOs and Internal Accounting Manager, refer to the Report on the Operation Status of the Internal Control over Financial Reporting in Korean language attached below

(Appendix) Internal Control Activities Implemented by the Company in Response to Fraud Risks Related to Funds, Including Misappropriation

The Company has designed and operates its internal accounting control system in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' to prevent and detect errors or irregularities that may lead to misstatements in the financial statements.

The control activities performed by the Company are described based on the format provided in the attachment to the 'Guidelines for the Evaluation and Reporting of Internal Accounting Control Systems' issued and revised by the Financial Supervisory Service. Please note that the description does not encompass all controls implemented by the Company in response to fraud risks.

Category	Internal Control Activities Performed by the Company	Actual Implementation and Inspection Results (Test Scope / Period)
Entity-Level Controls (ELCs)	Fraud Prevention System Operation Implementing the fraud prevention program to prevent fund-related fraud; regular operation of monitoring systems to detect and respond to abnormal transactions	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.2)
	Fraud Risk Assessment Reinforcement of system-based controls such as electronic approval process for expenditures and internal delegation of authority	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.2)
	Management of Segregation of Duties Verifying segregation of duties and system access rights to ensure that approval and execution authority are not concentrated	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.2)
	Monitoring Monitoring by using automated systems to detect unusual payment activity	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.2)
Cash and Treasury Controls(Bank Account Management, Cash Inflow and Outflow Management, Financing Activities etc.)	Account Registration/Modification Required documentation and approval procedures for changing seal certificates or bank account information	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.2)
	Account Status Management Managing company funds via cash management systems and pre-approval procedures for new or additional usage	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.2)
	Account Completeness Check Performed account listing checks such as verifying the accuracy and completeness of registered accounts in the cash management system, including accounts under the name of financial institutions	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.2)
	Corporate Seal Control Verified that using the corporate seal has controlled by authorized manager and company's internal regulations.	Test performed; No significant deficiencies were identified (test dates: 24.12, 25.2)
	Payment Request Entry Restriction Vendor Master was used to restrict payment input rights to registered users only, in accordance with internal rules	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.2)
	Review of Funds Execution Verified that payment requests cannot proceed to final approval unless all required supporting documents are submitted	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.2)
	Segregation of Duties for Fund Disbursement and Journal Approval Verified that withdrawal requests in the payment system require dual authorization from accounting staff and department head	Test performed; No significant deficiencies were identified (test dates: 24.12, 25.2)

Category	Internal Control Activities Performed by the Company	Actual Implementation and Inspection Results (Test Scope / Period)
	Daily Monitoring of Cash Inflows and Outflows Verified that company reviews daily cash balance between bank accounts and cash management system.	Test performed; No significant deficiencies were identified (test dates: 24.12, 25.2)
	Review of Fundraising Activities or Review of Financing Verified required documents such as company seal certificate, power of attorney, and board of directors' resolution for fund withdrawals	Test performed; No significant deficiencies were identified (test dates: 24.8, 24.12, 25.2)
Other Process-Level Controls	Vendor Master Creation and Update Review Verified that Vendor Master creation/updates (e.g., account registration, certification, approval) go through a proper approval process	Test performed; No significant deficiencies were identified (test dates: 24.8, 25.2)

내부회계관리제도 운영실태 보고서

디엘이앤씨주식회사 주주, 이사회 및 감사위원회 귀중

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

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

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

본 대표이사 및 내부회계관리자는 내부회계관리제도의 설계 및 운영을 위해 내부회계관리제도 운영위원회에서 발표한 '내부회계관리제도 설계 및 운영 개념체계'를 준거기준으로 사용하였습니다. 또한 내부회계관리제도의 설계 및 운영실태를 평가함에 있어 외부감사 및 회계 등에 관한 규정 시행세칙 '내부회계관리제도 평가 및 보고 기준'을 평가기준으로 사용하였습니다.

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

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

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

(붙임) 횡령 등 자금 관련 부정위험에 대응하기 위해 회사가 수행한 내부통제 활동

2025년 2월 13일

대 표 이 사

박 상 신

박상신(인)

내부회계관리자

이 정 환

이정환(인)

(붙임) 횡령 등 자금 관련 부정위험에 대응하기 위해 회사가 수행한 내부통제 활동

당사는 '내부회계관리제도 설계 및 운영 개념체계'에 따라 재무제표의 왜곡을 초래할 수 있는 오류나 부정행위를 예방하고 적발할 수 있도록 내부회계관리제도를 설계 및 운영하고 있습니다.

회사가 수행한 통제활동은 금융감독원이 제·개정된 '내부회계관리제도 평가 및 보고 가이드라인 (내부회계관리제도 운영실태보고서) 붙임 서식'에 따라 기술하였으며, 당사에서 운영하고 있는 부정위험에 대응하는 모든 통제를 포함하고 있지는 아니합니다.

구 분	회사가 수행한 통제활동	설계·운영 실태 점검 결과 (수행부서, 수행 시기 등)
전사적 수준 통제	<부정 방지 제도 운영> 경영진은 횡령 사고 등의 부정 방지를 위해 내부고발자 제도(익명제보채널) 및 부정방지 및 모니터링 프로그램을 운영하며, 동 프로그램 준수에 대한 경영진의 의지를 전 임직원에게 전사 공지를 통해 정기적으로 전달하고 있음	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.8월, '25.2월)
	<부정위험 평가> 경영진은 업무 프로세스 변화 등을 고려하여 잠재적 부정위험에 대한 식별 및 평가를 최신화하고 이를 통제에 적절히 반영함. 과거 부정 사고 발생 건 존재 시 해당 사항을 고려함	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.8월, '25년.2월)
	<업무분장 현황 관리> 경영진은 거래수준 통제활동의 설계(신규 및 변경)시 내부회계관리지침에 따라 업무분장 및 접근권한(제한)을 고려함. 내부회계관리제도 전담조직은 업무 프로세스의 변화 등을 고려하여 통제의 업무분장 설계가 최신화 되어 적절하게 운영될 수 있도록 관리함	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.8월, '25년.2월)
	<모니터링> 회사는 중복거래 및 특정거래처에 대한 동일금액의 자금신청에 대한 중복여부 검토 자동 알림 모니터링 시스템을 구축하여 운용함	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.8월, '25년.02월)
자금통제 (입출금 계좌관리, 입출금 관리, 자금조달 등)	<계좌 등록/변경> 자금팀장은 계좌등록 및 변경 시 사유를 검토하여 승인함	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.8월, '25년.02월)
	<계좌 현황 관리> 자금팀장은 자금시스템 상 등록된 회사 명의 계좌에 대해 용도, 해지 여부 등 현황 검토 후 승인함	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.8월, '25.2월)
	<계좌 완전성 검토> 자금팀장은 자금시스템 상 미등록된 회사명의 계좌를 파악하기 위해 거래 금융기관에 대해 회사 명의 사업장의 사업자등록번호로 전수 조회하여 계좌의 완전성을 검토하고 승인한다.	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.8월, '25.2월)

구 분	회사가 수행한 통제활동	설계·운영 실태 점검 결과 (수행부서, 수행 시기 등)
	<인감 사용통제> 행정운영지원팀장은 법인·사용인감의 물리적 접근을 제한하고 날인목적 및 요청부서 승인 기안 검토 후, 사용대장 상 관련 사항 기재 및 서명 후 날인함	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.12월, '25.2월)
	<자금 집행 제한, 팜뱅킹> 자금시스템 상 Vendor Master에 등록되지 않은 계좌로 이체가 불가하도록 설정되어 있음	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.8월, '25.2월)
	<자금 집행 검토> 자금팀장은 사내직무권한에 따라 검토 및 승인된 지급 요청서에 대해 거래처, 계좌 등의 일치 여부를 검토 후 승인함	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.8월, '25.2월)
	<자금 집행 전표 승인 업무분장> 자금 전표 기표자와 승인자는 분리되어 있으며, 자금 집행 승인권자와 자금 전표 최종 승인권자가 분리되어 있음	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.12월, '25.2월)
	<일일자금 입출금내역 관리> 자금팀장은 자금시스템 혹은 일일 자금 마감보고서 상 잔액과 입출금 내역이 은행조회내역과 일치하는지 검토하며, 차이 존재 시 소명내역의 적정성을 검토 후 승인함	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.12월, '25.2월)
	<자금 조달 검토> 자금팀장은 차입 및 사채발행 품의서 상 주요 요건의 적정성을 검토하고 승인하며, 이사회 결의를 요하는 경우 이사회에 상정함	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.8월, '24.12월, '25.2월)
기타업무 수준통제	<Vendor Master 생성·변경 검토> Vendor 등록은 외주, 구매 등 관련부서에서 주요 정보를 검토 및 등록하여 기준정보시스템을 통해 관리되며, 등록된 거래처에 대해 자금팀장은 통장사본, 사업자등록증, 인감증명서 등의 주요정보의 일치여부를 검토 후 계좌번호 등록을 승인함	테스트 수행 결과, 중요한 취약점이 발견되지 않음 (내부회계진단팀, '24.8월, '25.2월)