# SK ecoengineering Co., Ltd.

## Separate Financial Statements

**December 31, 2024 and 2023**

(With Independent Auditors' Report Thereon)

# Contents


| | Page |
|---|---|
| **Independent Auditors' Report** | 1 |
| **Financial Statements** | |
| Separate Statements of Financial Position | 3 |
| Separate Statements of Comprehensive Income | 5 |
| Separate Statements of Changes in Equity | 6 |
| Separate Statements of Cash Flows | 7 |
| Notes to the Separate Financial Statements | 8 |
| Independent Auditor's Review Report on Internal Control over Financial Reporting | 61 |
| Management's Report on the Effectiveness of Internal Control over Financial Reporting | 62 |

KPMG SAMJONG

KPMG SAMJONG Accounting Corp.
152, Teheran-ro, Gangnam-gu, Seoul 06236
(Yeoksam-dong, Gangnam Finance Center 27th Floor)
Republic of Korea

Tel +82 (2) 2112 0100
Fax +82 (2) 2112 0101
www.kr.kpmg.com

# Independent Auditors' Report

Based on a report originally issued in Korean

To the Shareholders and Board of Directors of

SK ecoengineering Co., Ltd.

## Opinion

We have audited the separate financial statements of SK ecoengineering Co., Ltd ("the Company"), which comprise the separate statements of financial position as of December 31, 2024 and 2023, the separate statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising of material accounting policy information and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2024 and 2023, and its separate financial performance and its separate cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

## Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in 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.

## Emphasis of Matters

Without qualifying our opinion, we draw attention to following:

A. Related parties

As described in Note 31 to the separate financial statements, the Company's significant transactions with related parties for the year ended December 31, 2024, are KRW 1,566 billion. Also, in connection with these transactions, outstanding balances with related parties as of December 31, 2024, are KRW 109.8 billion in receivables.

## Other Matters

The procedures and practices utilized in the Republic of Korea to audit such separate financial statements may differ from those generally accepted and applied in other countries.

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

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

In preparing the separate financial statements, management 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.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls

- Evaluate the appropriateness of accounting policies used in the preparation of the separate financial statements 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 auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
Seoul, Korea
March 10, 2025

This report is effective as of March 10, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

# SK ecoengineering Co., Ltd.
# Separate Statements of Financial Position

**As of December 31, 2024 and 2023**

| *Korean won in thousands* | *Note* | | 2024 | 2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets:** | | | | |
| Cash and cash equivalents | *5* | ₩ | 241,212,102 | 140,731,065 |
| Trade and other receivables | *5,6,31* | | 116,893,120 | 311,816,575 |
| Contract assets | *6,24* | | 181,371,756 | 193,288,990 |
| Other current assets | *7* | | 17,745,908 | 53,578,201 |
| Current income tax assets | | | 13,054,411 | 15,750,750 |
| Current derivative instruments assets | *5,16* | | 4,158,801 | 1,097,733 |
| **Total current assets** | | | 574,436,098 | 716,263,314 |
| **Non-current assets:** | | | | |
| Long-term financial instruments | *5* | | 2,000 | 2,000 |
| Financial assets at fair value through profit or loss | *5,32* | | 18,791,768 | 18,248,541 |
| Financial assets at fair value through other comprehensive income | *5,31,32* | | 112,875,130 | 111,247,630 |
| Long-term trade and other receivables | *5,6* | | 7,222,790 | 10,304,066 |
| Property, plant and equipment | *8,31* | | 3,401,279 | 4,725,388 |
| Right-of-use assets | *9* | | 6,975,815 | 9,906,964 |
| Intangible assets | *10,31* | | 6,955,827 | 5,396,147 |
| Deferred tax assets | *18* | | 19,386,515 | 1,590,073 |
| Non-current derivative instruments assets | *5,16* | | - | 1,907 |
| Defined benefits assets, net | *17* | | 9,074,179 | 14,593,553 |
| Investments in subsidiaries | *12* | | 34,378,912 | 34,378,912 |
| **Total non-current assets** | | | 219,064,215 | 210,395,181 |
| **Total assets** | | ₩ | 793,500,313 | 926,658,495 |

*See accompanying notes to the financial statements.*

# SK ecoengineering Co., Ltd.
## Separate Statements of Financial Position, Continued

**As of December 31, 2024 and 2023**

| *Korean won in thousands* | *Note* | | 2024 | 2023 |
|---|---|---|---|---|
| **Liabilities** | | | | |
| **Current liabilities:** | | | | |
| Trade and other payables | *5,11,31,32* | ₩ | 145,470,148 | 306,175,906 |
| Short-term borrowings | *5,13* | | 100,000,000 | - |
| Current long-term borrowings | *5,13* | | 106,865,242 | 4,000,000 |
| Current lease liabilities | *5,9,32* | | 3,528,501 | 3,617,607 |
| Current portion of provisions | *14* | | 4,507,578 | 4,772,792 |
| Current tax liabilities | | | 5,894,410 | 13,083,541 |
| Other current liabilities | *15* | | 6,001,400 | 1,922,714 |
| Contract liabilities | *24* | | 122,062,623 | 193,489,145 |
| Current derivative instruments liabilities | *5,16,32* | | 4,694,182 | 2,422,966 |
| **Total current liabilities** | | | 499,024,084 | 529,484,671 |
| **Non-current liabilities:** | | | | |
| Long-term borrowings | *5,13* | | 47,890,494 | 94,738,596 |
| Non-current lease liabilities | *5,9,32* | | 5,034,649 | 8,268,943 |
| Non-current derivative instruments liabilities | *5,16,32* | | 17,292,209 | 4,419,761 |
| Non-current portion of provisions | *14* | | 1,106,729 | 1,080,803 |
| Other non-current liabilities | *15* | | 739,620 | 723,959 |
| **Total non-current liabilities** | | | 72,063,701 | 109,232,062 |
| **Total liabilities** | | ₩ | 571,087,785 | 638,716,733 |
| **Equity** | | | | |
| Share capital | *1,19* | ₩ | 75,512,200 | 75,512,200 |
| Other paid-up capital | *20* | | 74,087,776 | 74,087,776 |
| Retained earnings | *21,31* | | 61,181,235 | 132,596,304 |
| Other components of equity | *22* | | 11,631,317 | 5,745,482 |
| **Total equity** | | | 222,412,528 | 287,941,762 |
| **Total liabilities and equity** | | ₩ | 793,500,313 | 926,658,495 |

*See accompanying notes to the financial statements.*

# SK ecoengineering Co., Ltd.
# Separate Statements of Comprehensive Income

**For the years ended December 31, 2024 and 2023**

| *Korean won in thousands* | *Note* | | 2024 | 2023 |
|---|---|---|---|---|
| **Sales** | *23,24,31* | ₩ | 1,577,731,808 | 2,660,971,667 |
| **Cost of sales** | *26,31* | | (1,441,876,247) | (2,462,223,725) |
| **Gross profit** | | | 135,855,561 | 198,747,942 |
| Selling, general and administrative expenses | *25,26,31* | | (101,873,836) | (59,784,210) |
| **Operating profit** | | | 33,981,725 | 138,963,732 |
| Finance income | *5,28* | | 21,989,747 | 45,937,681 |
| Finance expenses | *5,28* | | (44,973,910) | (37,994,050) |
| Other income | *27* | | 1,417,869 | 1,748,875 |
| Other costs | *27* | | (235,076) | (900,727) |
| **Profit before tax** | | | 12,180,355 | 147,755,511 |
| Income tax expense | *18* | | (10,747,653) | (63,637,162) |
| **Profit for the year** | | | 1,432,702 | 84,118,349 |
| **Other comprehensive income (loss)** | | | | |
| **Items that will not be reclassified to profit or loss** | | | | |
| Remeasurements of net defined benefit liability | *17* | | (1,189,341) | (5,707,834) |
| Net gain on valuation of FVOCI | *5* | | 1,251,548 | 6,379,684 |
| **Items that may be reclassified to profit or loss** | | | | |
| Net gain on cash flow hedges | *16,22* | | 1,776,352 | 32,064 |
| Exchange differences on translation of foreign operations | *22* | | 2,857,935 | 7,821,415 |
| **Other comprehensive income (loss) for the year, net of tax** | | | 4,696,494 | 8,525,329 |
| **Total comprehensive income for the year** | | ₩ | 6,129,196 | 92,643,678 |

*See accompanying notes to the financial statements.*

# SK ecoengineering Co., Ltd.
# Separate Statements of Changes in Equity

**For the years ended December 31, 2024 and 2023**

| *Korean won in thousands* | | Share capital | Other paid-up capital | Retained earnings | Other components of equity | Total |
|---|---|---|---|---|---|---|
| **As of January 1, 2023** | ₩ | 75,512,200 | 74,087,776 | 128,440,762 | (8,487,681) | 269,553,057 |
| **Comprehensive income:** | | | | | | |
| Profit for the period | | - | - | 84,118,349 | - | 84,118,349 |
| Remeasurements of net defined benefit liability | | - | - | (5,707,834) | - | (5,707,834) |
| Net gain on valuation of FVOCI | | - | - | - | 6,379,684 | 6,379,684 |
| Net gain on cash flow hedges | | - | - | - | 32,064 | 32,064 |
| Exchange differences on translation of foreign operations | | - | - | - | 7,821,415 | 7,821,415 |
| **Total comprehensive income for the year** | | - | - | 78,410,515 | 14,233,163 | 92,643,678 |
| **Transaction with owners, recorded directly in equity:** | | | | | | |
| Dividends for redeemable convertible preferred shares | | - | - | (28,964,233) | - | (28,964,233) |
| Redemption of redeemable convertible preferred shares | | - | - | (45,290,740) | - | (45,290,740) |
| **Total transaction with owners, recorded directly in equity** | | - | - | (74,254,973) | - | (74,254,973) |
| **As of December 31, 2023** | ₩ | 75,512,200 | 74,087,776 | 132,596,304 | 5,745,482 | 287,941,762 |
| **As of January 1, 2024** | ₩ | 75,512,200 | 74,087,776 | 132,596,304 | 5,745,482 | 287,941,762 |
| **Comprehensive income:** | | | | | | |
| Profit for the period | | - | - | 1,432,702 | - | 1,432,702 |
| Remeasurements of net defined benefit liability | | - | - | (1,189,341) | - | (1,189,341) |
| Net gain on valuation of FVOCI | | - | - | - | 1,251,548 | 1,251,548 |
| Net gain on cash flow hedges | | - | - | - | 1,776,352 | 1,776,352 |
| Exchange differences on translation of foreign operations | | - | - | - | 2,857,935 | 2,857,935 |
| **Total comprehensive income (loss) for the year** | | - | - | 243,361 | 5,885,835 | 6,129,196 |
| **Transaction with owners, recorded directly in equity:** | | | | | | |
| Dividends for redeemable convertible preferred shares | | - | - | (26,292,842) | - | (26,292,842) |
| Redemption of redeemable convertible preferred shares | | - | - | (45,365,588) | - | (45,365,588) |
| **Total transaction with owners, recorded directly in equity** | | - | - | (71,658,430) | - | (71,658,430) |
| **As of December 31, 2024** | ₩ | 75,512,200 | 74,087,776 | 61,181,235 | 11,631,317 | 222,412,528 |

*See accompanying notes to the financial statements.*

# SK ecoengineering Co., Ltd.
# Separate Statements of Cash Flows

**For the years ended December 31, 2024 and 2023**

| *Korean won in thousands* | *Note* | | 2024 | 2023 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| **Cash generated from operations** | | | | |
| Profit for the year | | ₩ | 1,432,702 | 84,118,349 |
| Adjustments | *29* | | 72,517,175 | 63,551,552 |
| Change in operating assets and liabilities | *29* | | (9,963,657) | (182,721,619) |
| Interest received | | | 2,892,549 | 3,372,780 |
| Interest paid | | | (13,278,659) | (6,057,851) |
| Dividends received | | | 183,390 | 261,738 |
| Income taxes paid | | | (33,482,866) | (54,208,186) |
| **Net cash inflow (outflow) from operating activities** | | | 20,300,634 | (91,683,237) |
| **Cash flows from investing activities** | | | | |
| Proceeds from disposal of derivatives | | | 183,745 | 1,230,001 |
| Proceeds from disposals of property, plant and equipment | | | 20,976 | 55,854 |
| Acquisitions of financial instruments_FVPL | | | - | (330) |
| Acquisitions of financial instruments_FVOCI | | | - | (102,951,552) |
| Increase in short-term loans | | | - | (1,312,466) |
| Acquisitions of property, plant and equipment | | | (219,934) | (631,643) |
| Acquisitions of intangible assets | | | (5,841,780) | (3,795,391) |
| Increase in deposits provided | | | (79,330) | (77,773) |
| Acquisitions of investments in subsidiaries | | | - | (33,728,834) |
| **Net cash inflow (outflow) from investing activities** | | | (5,936,323) | (141,212,134) |
| **Cash flows from financing activities** | | | | |
| Increase in short-term borrowings | | | 494,067,554 | 37,972,436 |
| Proceeds from long-term borrowings | | | 59,228,364 | 98,932,475 |
| Government grants received | | | 150,000 | - |
| Repayment of short-term borrowings | | | (394,067,554) | (103,077,245) |
| Repayment of current long-term borrowings | | | (4,000,000) | (333,333) |
| Repayment of lease liabilities | | | (3,873,746) | (5,057,634) |
| RCPS dividends paid | | | (26,292,842) | (28,964,233) |
| Redemption of RCPS | | | (45,365,588) | (45,290,740) |
| **Net cash inflow (outflow) from financing activities** | | | 79,846,188 | (45,818,274) |
| Effects of exchange rate changes on cash and cash equivalents | | | 6,270,538 | 9,055,879 |
| **Net increase (decrease) in cash and cash equivalents** | | | 100,481,037 | (269,657,766) |
| Cash and cash equivalents at the beginning of the year | | | 140,731,065 | 410,388,831 |
| **Cash and cash equivalents at the end of the year** | | ₩ | 241,212,102 | 140,731,065 |

*See accompanying notes to the financial statements.*

**For the years ended December 31, 2024 and 2023**

## 1. General Information

SK ecoengineering Co., Ltd. (the "Company"), a member of the SK group of companies, was incorporated on October 20, 2021 in accordance with the laws of the Republic of Korea to engage in engineering and construction activities in the Republic of Korea as well as in foreign countries, and the head office location of the company is 6, Yulgok-ro, Jongno-gu, Seoul. the Company merged with K-solutions business group, P-solutions business group, Gas & Power business group, Battery business group and Industrial business group divided from SK Ecoplant Co., Ltd. on February 1, 2022.

As of December 31, 2024, the Company has total share capital amounts to 75,512,200 thousand and detail of shareholders are as follows:

| Shareholder | Types of stocks | Number of stocks held | Ownership Percentage |
|---|---|---|---|
| SK Ecoplant Co., Ltd | common stocks | 7,551,182 | 55.60% |
| Eco Energy Holdings Inc. | preferred stocks | 6,030,000 | 44.40% |
| **Total** | | 13,581,182 | 100.00% |

## 2. Basis of preparation

The financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"), enacted by the *Act on External Audit of Stock Companies* .

The financial statements of the Company are separate financial statements in accordance with K-IFRS 1027 "Separate Financial Statements". Separate financial statements are financial statements in which the parent company, the investor of associates or the participant in a joint venture presents investment assets with accounting treatment based on direct equity investment rather than based on the reported performance and net assets of the investee.

The separate financial statements were authorized for issue by the Board of Directors on February 14, 2025, and are expected to be submitted for approval at the shareholders' meeting to be held on March 31, 2025.

### (1) Basis of measurement

The separate financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position, as described in the accounting policy below.

(a) Financial assets and liabilities measured at fair value through profit or loss
(b) Financial assets measured at fair value through other comprehensive income
(c) Derivative instruments assets and liabilities
(d) Defined benefit assets(liabilities) measured at the present value of the defined benefit obligation less the fair value of the plan assets
(e) Provisions for recoveries related to right-of-use assets

### (2) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The separate financial statements are presented in Korean won, which is the Company's functional and presentational currency.

### (3) Use of estimates and judgments

The preparation of the separate financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period prospectively.

## 2. Basis of preparation, Continued

**1) Judgments**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

· Note 9 - Right-of-use assets: Whether a lessee is reasonably certain to exercise an option to extend a lease

**2) Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next fiscal year is included in the following notes:

· Note 17 - Employee benefits: key actuarial assumptions
· Note 18 - Income taxes: use of deductible temporary differences, effects of tax on corporate cash reserves
· Note 24 - Construction contracts: The uncertainty in connection with the estimated costs

**3) Measurement of fair value**

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS including the level in the fair value hierarchy in which such valuation techniques should be classified.

Significant valuation issues are reported to the Company's internal auditor.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

• Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.
• Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly.
• Level 3 – inputs for the assets or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Information about the assumptions made in measuring fair values is included in the following note:

· Note 5 – Financial instruments

## 3. Changes in Accounting Policies

New and amended standards and interpretations that have been applied from the year beginning on January 1, 2024 are as follows.

**(1) Amendments to K-IFRS 1001 Presentation of Financial Statements**

This amendment only affects the presentation of current and non-current liabilities in the statement of financial position and clarify that the classification of current or non-current liabilities is based on an entity's rights existing at the end of the reporting period, rather than on expectations about whether an entity will exercise its right to defer settlement of liabilities. And the amendment explains that the right exists if the borrowing agreement is in compliance at the end of the reporting period and clarifies the definition as settlement being the transfer of cash, equity instruments, other assets or services to the counterparty. Meanwhile, the application of this amendment will not have a material impact on the Company's financial position or results of operations.

**(2) Amendments to K-IFRS 1116 Leases**

This amendment was made to add subsequent measurement requirements for post-sale lease transactions that meet the requirements of IFRS 15. It clarifies that the liabilities arising from such transactions are lease liabilities, and requires that lease liabilities and lease payments be calculated without recognizing any profit or loss on the right-of-use assets that are still held. Meanwhile, the application of this amendment will not have a material impact on the Company's financial position or results of operations.

**(3) Amendments to K-IFRS 1001 Presentation of Financial Statements**

This amendment requires disclosure in the notes to enhance comparability and understandability of financial statements with respect to Crypto-Assets. Meanwhile, the application of this amendment will not have a material impact on the Company's financial position or results of operations.

**(4) Amendments to K-IFRS 1007 Statement of Cash Flows and K-IFRS 1107 Financial Instruments: Disclosures**

This amendment requires disclosure of information about an entity's liabilities and cash flows for supplier financing arrangements, and include, as an example of quantitative disclosure, other factors that allow consideration of the liquidity risk of financial instruments. Meanwhile, the application of this amendment will not have a material impact on the Company's financial position or results of operations.

## 4. Summary of Material Accounting Policies

**(1) Business combination between companies under common control**

In the case of a combination of corporate entities or businesses under common control, the acquired assets and assumed liabilities are recognized at the carrying amount in the financial statements. The Company adds or subtracts the difference between the consideration transferred and the carrying amount of the acquired net assets from capital surplus.

**(2) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term investments in highly liquid securities that are readily convertible to known amounts of cash with maturities of three months or less from the acquisition date and which are subject to an insignificant risk of changes in value.

## 4. Summary of Material Accounting Policies, Continued

### (3) Non-derivative financial assets

#### 1) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

#### 2) Classification and subsequent measurement

**Initial Recognition**
On initial recognition, a financial asset is classified as measured at amortized cost, debt instruments measured at fair value through other comprehensive income, equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

**Assessment of the objective of the business Model**
The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

**Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest**
In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

## 4. Summary of Material Accounting Policies, Continued

| **Financial assets – Subsequent measurement and gains and losses** | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including an interest or dividend income, are recognized in profit or loss. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. |

**3) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the separate statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**(4) Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts to hedge its foreign currency risks, interest rate risks, respectively. A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives that are not designated as a hedging instrument are measured at fair value, and changes therein are recognized in profit or loss.

The Company designate specific derivative assets and non-derivative financial liabilities as hedging instruments to hedge the volatility of cash flows associated with likely future forecast transactions arising from changes in exchange rates and interest rates.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

## 4. Summary of Material Accounting Policies, Continued

### (5) Impairment for financial assets

The Company recognizes loss allowances for expected credit losses on:
- financial assets measured at amortized cost

If credit risk has increased significantly since the initial recognition, a loss allowance for lifetime expected credit loss is required to be measured at the end of every reporting period. If credit risk has not increased significantly since the initial recognition, a loss allowance is measured based on 12-month expected credit loss.

If the financial instrument has low credit risk at the end of the reporting period, the Company may assume that the credit risk has not increased significantly since initial recognition. However, a loss allowance for lifetime expected credit losses is required for trade receivables that do not contain a significant financing component.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 12 months past due.

The Company considers a financial asset to be in default when:
- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 12 months past due.

The Company considers debt securities to have low credit risk if their credit risk rating is at a level that is internationally understood as the definition of 'investment grade'.

**Credit-impaired financial assets**
At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**Evidence that a financial asset is credit-impaired includes the following observable data:**
- significant financial difficulty of the debtor
- a breach of contract such as a default or being more than 240 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

**Presentation of allowance for ECL in the separate statement of financial position**
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

**Write-off**
The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

## 4. Summary of Material Accounting Policies, Continued

### (6) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for considerations.

#### 1) As a lessee

At inception or reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, the Company applies the practical simplicity of not separating the non-lease elements to real estate leases and accounts for the non-lease elements related to the lease elements as a single lease element.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.
The Company determines its incremental borrowing rate by obtaining interest rates from various external sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

**Short-term leases and low-value assets**
The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 2) As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

### (7) Financial Liabilities

Financial liabilities are recognized in the separate statement of financial position only when they become a party to a contract of a financial instrument and are classified as FVTPL or other financial liabilities at initial recognition and measured at fair value.

### (8) Employee benefits

#### 1) Retirement benefits: Defined contribution plans

For defined contribution plans, when an employee has rendered service to the Company during a period, the contribution payable to the defined contribution plan in exchange for the work services is recognized in profit or loss for the current period, except when it is included in the cost of assets.

## 4. Summary of Material Accounting Policies, Continued

**2) Retirement benefits: Defined benefit plans**

Defined benefit liabilities are calculated annually by independent actuaries using the projected unit credit method. If the net amount calculated by subtracting the fair value of plan assets from the present value of the defined benefit obligation is an asset, the asset is recognized to the extent of the present value of economic benefits available through refunds from the plan or reductions in future contributions to the plan.

**(9) Revenue from contracts with customers**

Revenue is measured based on the consideration promised in the contract with the customer. The Company recognizes revenue when the control over a good or service is transferred to the customer.

The following are the revenue recognition policies for performance obligations in the contracts with customers in accordance with K-IFRS 1115.

**1) Construction contracts**

In the case of construction contracts where the Company renders construction services for plants, etc., the customer controls the assets as they are being constructed. This is because under those contracts, the Company performs construction or design services to meet the customer's specifications, and if a contract is terminated by the customer, the Company is entitled to reimbursement of all costs incurred to date, including a reasonable margin. When the outcome of the contract can be reliably estimated, the Company recognizes the contract revenue and contract cost as revenue and costs based on the progress of the contract activities as of the end of the reporting period. The percentage of completion is determined based on the proportion that contract costs incurred for work performed excluding contract cost incurred that do not reflect the stage of completion to date bear to the estimated total contract costs.

**2) Service**

Revenue for the services performance included in the Company's product sales contracts is recognized over the period during which the services are provided. Revenue is measured by reference to the degree to which the service has been completed. The billing date and payment terms are based on the contract.

**(10) Finance income and finance costs**

The Company's finance income and finance costs include:

- interest income
- interest expense
- Dividend income
- Net Gain(loss) on financial assets measured at fair value
- Gain or loss on change of lease contracts
- Gain or loss on derivative instruments assets and liabilities
- Lease interest expenses
- Finance service fee
- the foreign currency gain or loss on financial assets and financial liabilities

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

## 4. Summary of Material Accounting Policies, Continued

### (11) Supplier Finance arrangements

The Company participates in supplier finance arrangements under which suppliers transfer trade receivables received from the Company by banks to finance companies in return for which payment is received. Under these arrangements, the financial institutions pay the Company's payables to suppliers on our behalf and the Company then repays the financial institutions. The objective of this transaction is to streamline the payment process and provide faster payment terms to suppliers compared to the payment due dates of the related payables.

The Company has not removed the payables because these agreements do not relieve or substantially modify the Company of liability for the payables. From the Company's perspective, the payment due will be extended compared to the normal payment due of other suppliers not participating in the arrangements, and the supplier can benefit from early settlement. Additionally, the Company incurred additional interest from the financial institutions on this transaction and, as a result, the Company included the amounts subject to the commitments within the amounts of short-term borrowings since the nature and function of the financial liabilities are the same as short-term borrowings. All payables under supplier finance agreements are classified as current liabilities as of December 31, 2024 and 2023.

### (12) New and amended standards not yet adopted by the Company

A number of new standards are effective for annual periods beginning after January 1, 2024 and earlier application is permitted but the Company has not early adopted the new or amended standards in preparing these financial statements. It is not expected to have a material impact on our financial statements.

- Lack of exchangeability (K-IFRS 1021 “The Effects of Changes in Foreign Exchange Rates”)
- Classification and Measurement of Financial Instruments (K-IFRS 1109 “Financial Instruments” and K-IFRS 1107 “Financial Instruments: Disclosures”)
- Annual Improvements to K-IFRS (K-IFRS 1007 “Statement of Cash Flows”, KIFRS 1101 “First-time adoption of K-IFRS”, K-IFRS 1107 “Financial Instruments: Disclosures”, K-IFRS 1109 “Financial Instruments”, K-IFRS 1110 “Consolidated Financial Statements”)

## 5. Financial Instruments by Category

### (1) Financial assets

Details of financial assets as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | | | |
|---|---|---|---|---|---|---|
| | | Financial assets measured at fair value through profit or loss | Financial assets measured at fair value through other comprehensive income | Financial assets measured at amortized cost | Derivative assets designated as hedging instrument | Total |
| **Current assets:** | | | | | | |
| Cash and cash equivalents | ₩ | - | - | 241,212,102 | - | 241,212,102 |
| Trade receivables | | - | - | 53,709,704 | - | 53,709,704 |
| Non-trade receivables | | - | - | 9,771,464 | - | 9,771,464 |
| Accrued revenues | | - | - | 395,025 | - | 395,025 |
| Rental deposits provided | | - | - | 2,141,259 | - | 2,141,259 |
| Business deposits provided | | - | - | 49,405,593 | - | 49,405,593 |
| Short-term loans | | - | - | 1,470,074 | - | 1,470,074 |
| Current derivative instruments assets | | 3,048,683 | - | - | 1,110,118 | 4,158,801 |
| **Subtotal (Current)** | | 3,048,683 | - | 358,105,221 | 1,110,118 | 362,264,022 |
| **Non-current assets:** | | | | | | |
| Long-term financial instruments | | - | - | 2,000 | - | 2,000 |
| Financial assets at fair value through profit or loss | | 18,791,768 | - | - | - | 18,791,768 |
| Financial assets at fair value through other comprehensive income | | - | 112,875,130 | - | - | 112,875,130 |
| Long-term loans | | - | - | 3,613,349 | - | 3,613,349 |
| Rental Deposits provided | | - | - | 3,609,441 | - | 3,609,441 |
| Non-current derivative instruments assets | | - | - | - | - | - |
| **Subtotal (Non-current)** | | 18,791,768 | 112,875,130 | 7,224,790 | - | 138,891,688 |
| | ₩ | 21,840,451 | 112,875,130 | 365,330,011 | 1,110,118 | 501,155,710 |

## 5. Financial Instruments by Category, Continued

| | | 2023 | | | | |
|---|---|---|---|---|---|---|
| | | Financial assets measured at fair value through profit or loss | Financial assets measured at fair value through other comprehensive income | Financial assets measured at amortized cost | Derivative assets designated as hedging instrument | Total |
| **Current assets:** | | | | | | |
| Cash and cash equivalents | ₩ | - | - | 140,731,065 | - | 140,731,065 |
| Trade receivables | | - | - | 291,938,882 | - | 291,938,882 |
| Non-trade receivables | | - | - | 10,987,112 | - | 10,987,112 |
| Accrued revenues | | - | - | 37,983 | - | 37,983 |
| Rental deposits provided | | - | - | 2,608,827 | - | 2,608,827 |
| Business deposits provided | | - | - | 4,954,307 | - | 4,954,307 |
| Short-term loans | | - | - | 1,289,464 | - | 1,289,464 |
| Current derivative instruments assets | | 735,681 | - | - | 362,052 | 1,097,733 |
| **Subtotal (Current)** | | 735,681 | - | 452,547,640 | 362,052 | 453,645,373 |
| **Non-current assets:** | | | | | | |
| Long-term financial instruments | | - | - | 2,000 | - | 2,000 |
| Financial assets at fair value through profit or loss | | 18,248,541 | - | - | - | 18,248,541 |
| Financial assets at fair value through other comprehensive income | | - | 111,247,630 | - | - | 111,247,630 |
| Long-term loans | | - | - | 3,265,625 | - | 3,265,625 |
| Rental Deposits provided | | - | - | 7,038,441 | - | 7,038,441 |
| Non-current derivative instruments assets | | - | - | - | 1,907 | 1,907 |
| **Subtotal (Non-current)** | | 18,248,541 | 111,247,630 | 10,306,066 | 1,907 | 139,804,144 |
| | ₩ | 18,984,222 | 111,247,630 | 462,853,706 | 363,959 | 593,449,517 |

## 5. Financial Instruments by Category, Continued

### (2) Financial liabilities

Details of financial liabilities as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | Financial liabilities at fair value through profit or loss | Financial liabilities measured at amortized cost | Derivative liabilities designated as hedging instrument | Total |
| **Current liabilities:** | | | | | |
| Trade payables | ₩ | - | 87,810,806 | - | 87,810,806 |
| Non-trade payables | | - | 15,369,441 | - | 15,369,441 |
| Accrued expenses | | - | 31,966,776 | - | 31,966,776 |
| Short-term borrowings | | - | 100,000,000 | - | 100,000,000 |
| Current long-term borrowings | | - | 106,865,242 | - | 106,865,242 |
| Guarantee deposit withholdings | | - | 10,323,125 | - | 10,323,125 |
| Current lease liabilities | | - | 3,528,501 | - | 3,528,501 |
| Current derivative instruments liabilities | | 805,068 | - | 3,889,114 | 4,694,182 |
| **Subtotal (Current)** | | 805,068 | 355,863,891 | 3,889,114 | 360,558,073 |
| **Non-current liabilities:** | | | | | |
| Long-term borrowings | | - | 47,890,494 | - | 47,890,494 |
| Non-current lease liabilities | | - | 5,034,649 | - | 5,034,649 |
| Non-current derivative instruments liabilities | | 17,292,209 | - | - | 17,292,209 |
| **Subtotal (Non-current)** | | 17,292,209 | 52,925,143 | - | 70,217,352 |
| | ₩ | 18,097,277 | 408,789,034 | 3,889,114 | 430,775,425 |

## 5. Financial Instruments by Category, Continued

| | | 2023 | | | |
|---|---|---|---|---|---|
| | | Financial liabilities at fair value through profit or loss | Financial liabilities measured at amortized cost | Derivative liabilities designated as hedging instrument | Total |
| **Current liabilities:** | | | | | |
| Trade payables | ₩ | - | 233,979,346 | - | 233,979,346 |
| Non-trade payables | | - | 19,561,460 | - | 19,561,460 |
| Accrued expenses | | - | 13,073,456 | - | 13,073,456 |
| Current long-term borrowings | | - | 4,000,000 | - | 4,000,000 |
| Guarantee deposit withholdings | | - | 39,561,644 | - | 39,561,644 |
| Current lease liabilities | | - | 3,617,607 | - | 3,617,607 |
| Current derivative instruments liabilities | | 499,001 | - | 1,923,965 | 2,422,966 |
| **Subtotal (Current)** | | 499,001 | 313,793,513 | 1,923,965 | 316,216,479 |
| **Non-current liabilities:** | | | | | |
| Long-term borrowings | | - | 94,738,596 | - | 94,738,596 |
| Non-current lease liabilities | | - | 8,268,943 | - | 8,268,943 |
| Non-current derivative instruments liabilities | | 3,029,320 | - | 1,390,441 | 4,419,761 |
| **Subtotal (Non-current)** | | 3,029,320 | 103,007,539 | 1,390,441 | 107,427,300 |
| | ₩ | 3,528,321 | 416,801,052 | 3,314,406 | 423,643,779 |

## 5. Financial Instruments by Category, Continued

### (3) Profit and loss of financial instruments by Category

Details of profit and loss of financial instruments by Category for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| **Financial assets measured at fair value through profit and loss** | | | |
| Dividend income | ₩ | 183,390 | 261,738 |
| Gain and loss on valuation – profit and loss | | 543,227 | 548,395 |
| **Financial assets measured at fair value through other comprehensive income** | | | |
| Gain and loss on valuation – other comprehensive income (before tax) | | 1,627,500 | 8,296,078 |
| **Financial assets measured at amortized cost** | | | |
| Reversal of allowance for doubtful accounts | | - | 34,468 |
| Interest income | | 3,515,885 | 3,281,571 |
| Foreign exchange profit and loss | | 10,664,095 | 23,786,686 |
| Loss on disposition of trade receivables | | (203,820) | (875,980) |
| **Financial liabilities measured at amortized cost** | | | |
| Interest expense | | (15,910,811) | (5,580,051) |
| Foreign exchange profit and loss | | (6,163,413) | (14,365,510) |
| Gain and loss on change of lease contract | | 5,110 | (6,988) |
| **Derivative instruments designated at hedging instruments** | | | |
| Gain and loss on transaction and valuation of derivative instruments | | (3,088,515) | 1,172,980 |
| Gain and loss on valuation – other comprehensive income (before tax) | | 2,309,951 | 48,376 |
| **Derivative instruments for trading** | | | |
| Gain and loss on transaction and valuation of derivative instruments | | (12,072,210) | (1,155,191) |
| | ₩ | (18,589,611) | 15,446,572 |

## 5. Financial Instruments by Category, Continued

### (4) Fair value measurement hierarchy

1) The measurements by fair value level for each type of financial instrument measured at fair value as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets:** | | | | | |
| Financial assets at fair value through profit or loss | ₩ | - | - | 18,791,768 | 18,791,768 |
| Financial assets at fair value through other comprehensive income | | - | - | 112,875,130 | 112,875,130 |
| Derivative instruments assets | | - | 4,158,801 | - | 4,158,801 |
| | ₩ | - | 4,158,801 | 131,666,898 | 135,825,699 |
| **Financial liabilities:** | | | | | |
| Derivative instruments liabilities | ₩ | - | 21,986,391 | - | 21,986,391 |

| | | 2023 | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets:** | | | | | |
| Financial assets at fair value through profit or loss | ₩ | - | - | 18,248,541 | 18,248,541 |
| Financial assets at fair value through other comprehensive income | | - | - | 111,247,630 | 111,247,630 |
| Derivative instruments assets | | - | 1,099,640 | - | 1,099,640 |
| | ₩ | - | 1,099,640 | 129,496,171 | 130,595,811 |
| **Financial liabilities:** | | | | | |
| Derivative instruments liabilities | ₩ | - | 6,842,727 | - | 6,842,727 |

The following table presents the valuation technique and the inputs used for major financial instruments classified as Level 2 as of December 31, 2024 (Korean won in thousands).

| | | 2024 | | |
|---|---|---|---|---|
| | | Fair Value | Valuation Technique | Level 2 inputs |
| Derivative instruments assets | ₩ | 4,158,801 | Present value method | Currency forward exchange rate, discount rate, etc. |
| Derivative instruments liabilities | | 21,986,391 | | |

## 5. Financial Instruments by Category, Continued

The following table presents the valuation technique and the inputs used for major financial instruments classified as Level 3 as of December 31, 2024 (Korean won in thousands).

| | 2024 | | | |
|---|---|---|---|---|
| | Fair Value | Valuation Technique | Level 3 inputs | Correlation between input variables and fair value measurements |
| **Financial assets at fair value through profit or loss** | | | | |
| Member's contribution | ₩ 18,791,768 | Net asset valuation method | Fair value of net worth | As net worth increases, fair value increases. |
| **Financial assets at fair value through other comprehensive income** | | | | |
| Redeemable convertible preferred shares | 112,875,130 | DCF method | Future cash flow | As future cash flow increases, fair value increases. |
| | | | Risk adjusted discount rate | As discount rate increases, fair value decreases. |
| | | Tsiveriotis-Fernandes and Hull | Volatility of underlying assets | As volatility increases, fair value increases. |

2) Valuation techniques and inputs

Descriptions of the financial instruments categorized within Level 2 and Level 3 of the fair value hierarchy and the valuation techniques and the inputs used in the fair value measurements of them are as follows.

a. Currency forwards and swap

Fair value of currency forwards and swap is measured based on forward exchange rate quoted in the current market at the end of the reporting period, which has the same remaining period of derivatives to be measured. If the forward exchange rate, which has the same remaining period of currency forwards and swap, is not quoted in the current market, fair value is measured using estimates of similar period of forward exchange rate by applying interpolation method with quoted forward exchange rates. The discount rate used to measure the fair value of currency forwards and swap was determined using the yield curve derived from the interest rates quoted in the market as of the end of the reporting period.

b. Debt instruments

Fair value of debt instruments is measured applying Net asset valuation method. It is measured by dividing the total capital of the issuer of debt instruments by the total number of investments.

c. Redeemable convertible preferred shares

Fair value of redeemable convertible preferred shares was measured by adding the fair value of equity securities without conversion rights and the fair value of conversion rights, which are embedded derivatives. Fair value of equity securities without conversion rights is measured by discounting future cash flows by applying the market interest rate applicable to companies with similar credit ratings to the company being evaluated and fair value of conversion rights was measured by using option pricing model. Stock price volatility, a significant input variable used to measure the fair value of conversion rights, was estimated based on past stock price movements. The Company determined that fair value of the conversion rights accounts for a significant proportion of the fair value of the entire redeemable convertible preferred shares, and classified the fair value measurement of the entire redeemable convertible preferred shares as level 3 in the fair value hierarchy.

## 6. Trade and other receivables

Details of trade and other receivables as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | 2023 | |
|---|---|---|---|---|---|
| | | Current | Non-current | Current | Non-current |
| **Trade receivables:** | | | | | |
| Trade receivables and contract assets (*) | ₩ | 235,081,460 | - | 485,227,872 | - |
| **Other receivables:** | | | | | |
| Non-trade receivables | | 9,771,464 | - | 10,987,113 | - |
| Accrued income | | 395,026 | - | 37,983 | - |
| Rental deposits provided | | 2,141,259 | 3,609,441 | 2,608,827 | 7,038,441 |
| Business deposits provided | | 49,405,593 | - | 4,954,307 | - |
| Loans | | 1,470,074 | 3,613,349 | 1,289,464 | 3,265,625 |
| **Sub total** | | 63,183,416 | 7,222,790 | 19,877,694 | 10,304,066 |
| | ₩ | 298,264,876 | 7,222,790 | 505,105,566 | 10,304,066 |

(*) In the statement of financial position, the contract assets are distinct from trade receivables, but due to its nature, it is included in this note. Amount of the contract assets is KRW 181,371,756 thousand as of December 31, 2024 (KRW 193,288,990 thousand as of December 31, 2023).

## 7. Other current assets

Details of other current assets as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Advance payments | ₩ | 10,765,055 | 17,255,165 |
| Pre-paid expenses | | 6,707,228 | 2,357,707 |
| Pre-paid construction on costs | | 273,625 | 2,761,721 |
| VAT receivables | | - | 31,203,608 |
| | ₩ | 17,745,908 | 53,578,201 |

## 8. Property, plant and equipment

(1) Changes in property, plant and equipment ("PP&E") for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | | | |
|---|---|---|---|---|---|---|
| | | Vehicles | Tools and appliances | Equipment | Leasehold improvements | Total |
| **Beginning balance** | ₩ | 22,599 | 35,600 | 204,894 | 4,462,294 | 4,725,387 |
| Acquisition | | - | - | - | 219,934 | 219,934 |
| Disposals | | (21,304) | (29,291) | (1,592) | - | (52,187) |
| Depreciation | | (1,968) | (3,695) | (52,469) | (1,434,391) | (1,492,523) |
| Others (*) | | 683 | (40) | 26 | (1) | 668 |
| **Ending balance** | ₩ | 10 | 2,574 | 150,859 | 3,247,836 | 3,401,279 |
| Acquisition cost | ₩ | 10 | 4,680 | 255,008 | 7,073,913 | 7,333,611 |
| Accumulated depreciation | | - | (2,106) | (104,149) | (3,826,077) | (3,932,332) |

(*) Others consist of net foreign exchange differences, etc.

| | | 2023 | | | | |
|---|---|---|---|---|---|---|
| | | Vehicles | Tools and appliances | Equipment | Leasehold improvements | Total |
| **Beginning balance** | ₩ | 79,838 | 7,235 | 45,027 | 5,211,404 | 5,343,504 |
| Acquisition | | - | 37,907 | 12,741 | 580,995 | 631,643 |
| Disposals | | (46,860) | - | (26,481) | - | (73,341) |
| Depreciation | | (19,603) | (7,287) | (60,857) | (1,330,104) | (1,417,851) |
| Others | | 9,224 | (2,255) | 234,464 | - | 241,433 |
| **Ending balance** | ₩ | 22,599 | 35,600 | 204,894 | 4,462,295 | 4,725,388 |
| Acquisition cost | ₩ | 37,443 | 42,862 | 259,754 | 6,432,309 | 6,772,368 |
| Accumulated depreciation | | (14,844) | (7,262) | (54,860) | (1,970,014) | (2,046,980) |

(2) As of December 31, 2024, there are no assets being provided as collateral in relation to borrowings.

## 9. Right-of-use assets and lease

(1) Details of right-of-use assets and lease liabilities as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| **Right-of-use assets:** | | | |
| Properties | ₩ | 6,857,063 | 9,572,317 |
| Vehicles | | 118,752 | 327,815 |
| Others | | - | 6,832 |
| | ₩ | 6,975,815 | 9,906,964 |
| **Lease liabilities:** | | | |
| Current liabilities | | 3,528,501 | 3,617,607 |
| Non-current liabilities | | 5,034,649 | 8,268,943 |
| | ₩ | 8,563,150 | 11,886,550 |

(2) The amounts recognized in profit or loss relating to lease for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Depreciation expenses of right-of-use assets | ₩ | 3,377,132 | 4,290,947 |
| Interest expenses on lease liabilities | | 472,606 | 651,284 |
| Expense relating to short-term leases | | 10,195,938 | 20,476,056 |
| Expense relating to leases of low-value assets | | 223,354 | 641,871 |
| Loss on change of lease contracts | | - | 7,126 |
| Gain on change of lease contracts | | (5,110) | (138) |
| | ₩ | 14,263,920 | 26,067,146 |

(3) Changes in right-of-use assets for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | Properties | Vehicles | Others | Total |
| **Beginning balance** | ₩ | 9,572,317 | 327,815 | 6,832 | 9,906,964 |
| Acquisition | | 317,514 | 216,897 | - | 534,411 |
| Depreciation | | (3,052,559) | (428,855) | (6,832) | (3,488,246) |
| Other(*) | | 19,791 | 2,895 | - | 22,686 |
| **Ending balance** | ₩ | 6,857,063 | 118,752 | - | 6,975,815 |

(*) Other consists of net foreign exchange differences.

## 9. Right-of-use assets and lease, Continued

| | | 2023 | | | |
|---|---|---|---|---|---|
| | | Properties | Vehicles | Others | Total |
| **Beginning balance** | ₩ | 12,403,161 | 667,522 | 219,586 | 13,290,269 |
| Acquisition | | 1,082,884 | 71,106 | - | 1,153,990 |
| Cancellation of contracts | | - | (7,914) | - | (7,914) |
| Depreciation | | (3,913,728) | (420,201) | (212,754) | (4,546,683) |
| Other(*) | | - | 17,302 | - | 17,302 |
| **Ending balance** | ₩ | 9,572,317 | 327,815 | 6,832 | 9,906,964 |

(*) Other consists of net foreign exchange differences.

(4) Changes in lease liabilities for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | |
|---|---|---|---|
| | | Current | Non-current |
| **Beginning balance** | ₩ | 3,617,607 | 8,268,943 |
| Acquisition | | - | 534,411 |
| Payments | | (3,873,746) | - |
| Interest expenses | | - | 472,606 |
| Payments of Interest | | (472,606) | - |
| Other(*) | | - | 18,624 |
| Transfer to current liabilities | | 4,257,246 | (4,257,246) |
| Cancellation of contracts | | - | (2,689) |
| **Ending balance** | ₩ | 3,528,501 | 5,034,649 |

(*) Other consists of net foreign exchange differences.

| | | 2023 | |
|---|---|---|---|
| | | Current | Non-current |
| **Beginning balance** | ₩ | 4,251,826 | 11,521,673 |
| Acquisition | | - | 1,153,990 |
| Payments | | (5,057,634) | - |
| Interest expenses | | - | 651,284 |
| Payments of Interest | | (651,284) | - |
| Other(*) | | - | 17,620 |
| Transfer to current liabilities | | 5,074,699 | (5,074,699) |
| Cancellation of contracts | | - | (925) |
| **Ending balance** | ₩ | 3,617,607 | 8,268,943 |

(*) Other consists of net foreign exchange differences.

## 9. Right-of-use assets and lease, Continued

(5) Total cash outflows for lease for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Cash flows from operating activities | ₩ | 10,891,898 | 21,769,211 |
| Cash flows from financing activities | | 3,873,746 | 5,057,634 |

(6) Some lease contracts include renewable options which can extend the lease by one year. For the efficiency of the Company's operations, the Company strives to include renewable options for our new lease, if possible. The renewable options can only be exercised by the lessee. The Company evaluates whether it is quite certain to exercise the renewable options on the lease commencement date. The Company re-evaluates whether it is fairly certain to exercise the renewable options when a significant event occurs or there is a significant change in the situation within our control.

## 10. Intangible Assets

Changes in intangible assets for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | | | |
|---|---|---|---|---|---|---|
| | | Software | Industrial rights | Construction in Progress | Memberships | Total |
| **Beginning balance** | ₩ | 3,496,990 | - | 1,669,160 | 229,997 | 5,396,147 |
| Acquisition | | 2,345,773 | - | 2,549,327 | - | 4,895,100 |
| Amortization | | (3,334,946) | (474) | - | - | (3,335,420) |
| Transfer from (to) other accounts | | 2,238,036 | 5,562 | (2,243,598) | - | - |
| **Ending balance** | ₩ | 4,745,853 | 5,088 | 1,974,889 | 229,997 | 6,955,827 |

| | | 2023 | | | |
|---|---|---|---|---|---|
| | | Software | Construction in Progress | Memberships | Total |
| **Beginning balance** | ₩ | 481,471 | 2,558,334 | 229,997 | 3,269,802 |
| Acquisition | | 2,177,845 | 2,564,226 | - | 4,742,071 |
| Amortization | | (2,641,526) | - | - | (2,641,526) |
| Transfer from (to) other accounts | | 3,453,400 | (3,453,400) | - | - |
| Other | | 25,800 | - | - | 25,800 |
| **Ending balance** | ₩ | 3,496,990 | 1,669,160 | 229,997 | 5,396,147 |

## 11. Trade and other payables

Details of trade and other payables as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| **Trade payables** | ₩ | 87,810,806 | 233,979,346 |
| **Other payables :** | | | |
| Non-trade payables | | 15,369,441 | 19,561,460 |
| Accrued expenses | | 31,966,776 | 13,073,456 |
| Guarantee deposit withholdings | | 10,323,125 | 39,561,644 |
| **Sub total** | | 57,659,342 | 72,196,560 |
| | ₩ | 145,470,148 | 306,175,906 |

## 12. Investments in subsidiaries

Details of investments in subsidiaries as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | 2023 | |
|---|---|---|---|---|---|
| **Company** | **Location** | **Share ratio** | **Carrying amount** | **Share ratio** | **Carrying amount** |
| Ecoengineering Canada Ltd. | Canada | 100% | ₩ 34,378,912 | 100% | ₩ 34,378,912 |
| BY Second Co.,Ltd.(*) | Korea | - | - | - | - |

(*) The Company included structured entity in the consolidation target by comprehensively considering the criteria for determining control, such as ‘power’, ‘variable returns’, and ‘link between power and variable returns’, rather than judging by the ownership interest.

## 13. Borrowings

(1) Details of short-term borrowings as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| Type of borrowings | Financial institution | Interest rate | Maturity | | 2024 | 2023 |
|---|---|---|---|---|---|---|
| Korean won borrowings | NongHyup Bank | 5.50% | 2025-04-23 | ₩ | 40,000,000 | - |
| | Woori Bank | 5.43% | 2025-05-16 | | 10,000,000 | - |
| | Korea Investment & Securities Co., Ltd. | 6.10% | 2025-01-24 | | 50,000,000 | - |
| | | | | ₩ | 100,000,000 | - |

(2) Details of current long-term borrowings as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| Type of borrowings | Financial institution | Interest rate | Maturity | | 2024 | 2023 |
|---|---|---|---|---|---|---|
| Korean won borrowings | KOOKMIN BANK | 6.64% | 2026-05-26(*1) | ₩ | 4,000,000 | 4,000,000 |
| | LOTTE CAPITAL CO., LTD. | 5.43% | 2025-09-14 | | 20,000,000 | - |
| | IBK Capital Corporation | 5.43% | 2025-09-14 | | 20,000,000 | - |
| | Woori Investment Bank Co.,Ltd | 6.17% | 2025-09-14 | | 20,000,000 | - |
| | LOTTE CARD Co.,ltd. | 5.43% | 2025-09-14 | | 10,000,000 | - |
| | Suhyup Bank | 5.94% | 2025-09-14 | | 5,000,000 | - |
| | KDB Capital Corp. | 5.58% | 2025-09-14 | | 5,000,000 | - |
| | WOORI FINANCIAL CAPITAL CO., LTD. | 5.20% | 2025-11-10 | | 10,000,000 | - |
| | BY Second Co.,Ltd.(*2) | 5.24% | 2026-11-16(*1) | | 13,500,000 | - |
| | Total current long-term borrowings | | | | 107,500,000 | 4,000,000 |
| | Less: Present value discount | | | | (634,758) | - |
| | Net carrying amount | | | ₩ | 106,865,242 | 4,000,000 |

(*1) Borrowing has the condition of repaying in installments by the maturity date.
(*2) As of December 31, 2024, the Company has an agreement that includes a trigger clause to reinforce the creditor's credit. As a result, if the Company's credit rating falls by more than 3 grades, early repayment may be made on the borrowing.

## 13. Borrowings, Continued

(3) Details of long-term borrowings as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| Type of borrowings | Financial institution | Interest rate | Maturity | | 2024 | 2023 |
|---|---|---|---|---|---|---|
| Korean won borrowings | KOOKMIN BANK | 6.64% | 2026-05-26(*1) | ₩ | 5,666,667 | 9,666,667 |
| | LOTTE CAPITAL CO., LTD. | 5.43% | 2025-09-14 | | 20,000,000 | 20,000,000 |
| | IBK Capital Corporation | 5.43% | 2025-09-14 | | 20,000,000 | 20,000,000 |
| | Woori Investment Bank Co.,Ltd | 6.17% | 2025-09-14 | | 20,000,000 | 20,000,000 |
| | LOTTE CARD Co.,ltd. | 5.43% | 2025-09-14 | | 10,000,000 | 10,000,000 |
| | Suhyup Bank | 5.94% | 2025-09-14 | | 5,000,000 | 5,000,000 |
| | KDB Capital Corp. | 5.58% | 2025-09-14 | | 5,000,000 | 5,000,000 |
| | WOORI FINANCIAL CAPITAL CO., LTD. | 5.20% | 2025-11-10 | | 10,000,000 | 10,000,000 |
| | SBI SAVINGS BANK(*2) | 6.20% | 2026-06-05 | | 10,000,000 | - |
| | MIRAE ASSET SECURITIES CO.,LTD.(*2) | 6.00% | 2026-05-07 | | 20,000,000 | - |
| | BY Second Co.,Ltd.(*2) | 5.24% | 2026-11-16(*1) | | 30,000,000 | - |
| | Total long-term borrowings | | | | 155,666,667 | 99,666,667 |
| | Less: Present value discount | | | | (910,931) | (928,071) |
| | Transfer to current portion | | | | (106,865,242) | (4,000,000) |
| | Net carrying amount | | | ₩ | 47,890,494 | 94,738,596 |

(*1) Borrowing has the condition of repaying in installments by the maturity date.
(*2) As of December 31, 2024, the Company has an agreement that includes a trigger clause to reinforce the creditor's credit. As a result, if the Company's credit rating falls by more than 3 grades, early repayment may be made on the borrowing.

(4) Details of supplier finance arrangements as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| **The carrying amounts of the financial liabilities that are part of a supplier finance arrangement:** | | | |
| The carrying amounts which suppliers have already received payment from the finance providers | ₩ | - | - |
| **The range of payment due dates:** | | | |
| The financial liabilities that are part of a supplier finance arrangement | | 150 Days | 150 Days |
| Comparable trade payables that are not part of a supplier finance arrangement | | 90 Days | 90 Days |

The amount paid to financial institutions is deemed to be significantly extended compared to the normal payment date of the Company, and is therefore considered to be a borrowing, and is presented in the cash flow from financing activities. As of December 31, 2024 and 2023, there are no amounts related to supplier financing agreements, so there are no non-cash changes, and there are no amounts paid by financial institutions to suppliers.

## 14. Provisions

Changes in provisions for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | | | |
|---|---|---|---|---|---|---|
| | | Beginning Balance | Contribution | Decrease | Reversal | Ending Balance |
| **Current:** | | | | | | |
| Provision for onerous contracts | ₩ | 525,531 | - | - | (48,813) | 476,718 |
| Provision for construction warranties | | 4,247,261 | 486,525 | (702,926) | - | 4,030,860 |
| **Sub total** | | 4,772,792 | 486,525 | (702,926) | (48,813) | 4,507,578 |
| **Non-current:** | | | | | | |
| Provision for recoveries | | 1,080,803 | 25,926 | - | - | 1,106,729 |
| | ₩ | 5,853,595 | 512,451 | (702,926) | (48,813) | 5,614,307 |

| | | 2023 | | | | |
|---|---|---|---|---|---|---|
| | | Beginning Balance | Contribution | Decrease | Reversal | Ending Balance |
| **Current:** | | | | | | |
| Provision for onerous contracts | ₩ | 10,020,457 | - | - | (9,494,926) | 525,531 |
| Provision for construction warranties | | 3,800,176 | 680,005 | (232,920) | - | 4,247,261 |
| **Sub total** | | 13,820,633 | 680,005 | (232,920) | (9,494,926) | 4,772,792 |
| **Non-current:** | | | | | | |
| Provision for recoveries | | 1,046,855 | 33,948 | - | - | 1,080,803 |
| | ₩ | 14,867,488 | 713,953 | (232,920) | (9,494,926) | 5,853,595 |

## 15. Other liabilities

Details of other liabilities as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| **Other current liabilities:** | | | |
| Withholdings | ₩ | 2,897,782 | 1,922,714 |
| Value added tax payables | | 3,103,618 | - |
| | ₩ | 6,001,400 | 1,922,714 |
| **Other non-current liabilities:** | | | |
| Other long-term employee benefits | ₩ | 739,620 | 723,959 |

## 16. Derivative assets and liabilities

(1) Details of derivative assets and liabilities as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | 2023 | |
|---|---|---|---|---|---|
| | | Current | Non-current | Current | Non-current |
| **Forward and swap contract:** | | | | | |
| Assets | ₩ | 4,158,801 | - | 1,097,733 | 1,907 |
| Liabilities | | 4,694,182 | 17,292,209 | 2,422,966 | 4,419,761 |

(2) The Company enters into derivative transaction such as currency forwards and currency swaps in order to avoid the risk of exchange rate fluctuations of foreign currency assets and liabilities. Details of major derivative instruments held by the Company for trading or hedging purposes as of the end of the current period.

| Purpose of transaction | Type of derivatives | Financial institution |
|---|---|---|
| Cash flow hedges | Currency forwards and swaps | KEB Hana Bank, Woori Bank, Standard Chartered Bank Korea Ltd, etc. |
| Held for trading | Currency forwards and swaps | KEB Hana Bank, HSBC, Standard Chartered Bank Korea Ltd, etc. |

(3) The amounts of the effective portion of the hedging instruments as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| The effective portion of gain and loss on the hedging instrument recognized in OCI | ₩ | (1,673,444) | 230,891 |
| The amount of reclassification adjustment from the cash flow hedge reserve to PL | | 3,983,395 | (182,515) |
| The cash flow hedge reserve (*) | | 2,309,951 | 48,376 |

(*) The amount is before deduction of deferred tax effects.

(4) The amount of the ineffective portion of gain or loss on the hedging instrument is KRW 505,923 thousand as of December 31, 2024 (KRW 323,126 thousand as of December 31, 2023).

## 17. Retirement benefit plan

(1) The expenses related to the retirement benefit plans recognized in the statements of profit or loss for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Expenses related to the defined benefit plans | ₩ | 7,159,773 | 7,550,112 |
| Payment for defined contribution plan | | 2,730,994 | 2,389,973 |
| Termination benefits | | 25,384,548 | 70,339 |
| | ₩ | 35,275,315 | 10,010,424 |

(2) The amounts of net defined benefit assets and net defined benefit liabilities recognized in the statements of financial position related to the retirement benefit plans as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Fair value of plan assets | ₩ | (76,476,207) | (89,421,612) |
| Present value of funded defined benefit obligations | | 67,402,028 | 74,828,059 |
| Net defined benefit liabilities (assets) | | (9,074,179) | (14,593,553) |

(3) Changes in the defined benefit obligations and the fair value of plan assets for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | |
|---|---|---|---|---|
| | | Defined benefit obligations | Fair value of plan assets | Total |
| **Beginning balance** | ₩ | 74,828,059 | (89,421,612) | (14,593,553) |
| Pension cost charged to profit or loss: | | | | |
| Current service cost | | 7,718,090 | - | 7,718,090 |
| Interest cost(income) | | 2,883,308 | (3,441,625) | (558,317) |
| **Sub Total** | | 10,601,398 | (3,441,625) | 7,159,773 |
| Remeasurements: | | | | |
| Return on plan assets | | - | 418,665 | 418,665 |
| Actuarial gains and losses, etc | | 1,127,940 | - | 1,127,940 |
| **Sub Total** | | 1,127,940 | 418,665 | 1,546,605 |
| Contribution by employer | | - | (3,000,000) | (3,000,000) |
| Benefits paid | | (4,135,228) | 3,953,331 | (181,897) |
| Transfer | | (4,814,227) | 4,809,120 | (5,107) |
| Others (*) | | (10,205,914) | 10,205,914 | - |
| **Ending balance** | ₩ | 67,402,028 | (76,476,207) | (9,074,179) |

(*) It consists of the amount that was converted to the Defined Contribution plan.

## 17. Retirement benefit plan, Continued

| | | 2023 | | |
|---|---|---|---|---|
| | | Defined benefit obligations | Fair value of plan assets | Total |
| **Beginning balance** | ₩ | 64,687,928 | (83,744,979) | (19,057,051) |
| Pension cost charged to profit or loss: | | | | |
| Current service cost | | 8,367,353 | - | 8,367,353 |
| Interest cost(income) | | 3,379,733 | (4,196,974) | (817,241) |
| **Sub Total** | | 11,747,086 | (4,196,974) | 7,550,112 |
| Remeasurements: | | | | |
| Return on plan assets | | - | (66,146) | (66,146) |
| Actuarial gains and losses, etc | | 7,600,001 | - | 7,600,001 |
| **Sub Total** | | 7,600,001 | (66,146) | 7,533,855 |
| Contribution by employer | | - | (10,500,000) | (10,500,000) |
| Benefits paid | | (4,836,857) | 4,716,388 | (120,469) |
| Transfer | | 1,954,786 | (1,954,786) | - |
| Others(*) | | (6,324,885) | 6,324,885 | - |
| **Ending balance** | ₩ | 74,828,059 | (89,421,612) | (14,593,553) |

(*) It consists of the amount that was converted to the Defined Contribution plan.

(4) Plan assets as of December 31, 2024 and 2023 consist of the following (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Insurance product | ₩ | 6,475,729 | 33,222,038 |
| Time deposit, etc. | | 69,944,007 | 56,138,542 |
| Contribution to national pension plan | | 56,471 | 61,032 |
| | ₩ | 76,476,207 | 89,421,612 |

(5) The principal actuarial assumptions as of December 31, 2024 and 2023 are as follows:

| Purpose of transaction | 2024 | 2023 |
|---|---|---|
| Salary growth rate | 3.99% | 4.01% |
| Discount rate | 3.90% | 4.47% |

(6) The weighted average maturity of the defined benefit obligations is 4.433 years as of December 31, 2024.

(7) The sensitivity analysis of the defined benefit obligations as of December 31, 2024 to changes in the weighted principal assumptions is as follows (Korean won in thousands):

| | Effect on defined benefit obligations | | |
|---|---|---|---|
| | The extent of fluctuations in the assumption | The effects on increasing assumption | The effects on decreasing assumption |
| Discount rate | 0.50% | (1,450,311) | 1,516,515 |
| Future wage growth rate | 0.50% | 1,542,660 | (1,488,179) |

The above sensitivity analysis is based on an estimate of the impact on defined benefit obligations if major actuarial assumptions change within the reasonable extent possible as of December 31, 2024.

## 18. Income taxes

(1) The Company calculated corporate income tax expense by adding the current period adjustments to the accumulated tax expense (income), reflecting deferred tax expense (income) due to changes in temporary differences and considering adjustments not related to the profit or loss.

(2) Pillar Two income taxes

As a result of the Pillar Two Model Rules, the Company is required to pay an additional tax on the difference between the aggregate effective tax rate of the jurisdiction in which each of the Company's fixed establishments is located and the minimum tax rate of 15%. The Company has evaluated the impact of the implementation of Pillar Two Model Rules in all jurisdictions in which each of the Company's fixed establishments is located based on an annual estimate for 2024, and has determined that all jurisdictions will either pass the transitional exemption provisions or have an effective tax rate of 15% or greater.

So, the Company judged that will not be liable for additional Pillar Two income taxes, and therefore, no amounts has been recognized as current tax expense for the year ended December 31, 2024.

Additionally, the Company has applied the temporary exception, in IAS 12, about deferred tax assets and liabilities related to Pillar Two income taxes.

(3) Calculation of income tax expense recognized in the statements of profit or loss for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Income tax payment (including additional payment and refund) | ₩ | 29,954,876 | 65,092,058 |
| Changes in deferred tax due to temporary differences | | (17,796,442) | 1,008,958 |
| Deferred tax directly charged or credited to equity | | (1,410,781) | (2,463,854) |
| **Income tax expense(income)** | ₩ | 10,747,653 | 63,637,162 |

(4) The calculated income tax expense based on statutory rate to the actual amount of taxes recorded by the Company for the years ended December 31, 2024, and 2023 were as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Profit before income tax | ₩ | 12,180,355 | 147,755,511 |
| Income tax expense computed at statutory rate | | 2,523,694 | 33,669,523 |
| **Adjustments:** | | | |
| Income not subjected to tax | | (366,156) | (2,639,777) |
| Expenses not deductible for tax purpose | | 154,243 | 102,710 |
| Temporary differences caused by applicable tax rate | | - | 11,655 |
| Tax on non-reflux income | | (5,263,215) | 7,345,917 |
| Foreign tax credit | | 13,513,852 | 26,315,095 |
| Others | | 185,235 | (1,167,961) |
| Income tax expenses | ₩ | 10,747,653 | 63,637,162 |
| **Effective income tax rate** | | 88.24% | 43.07% |

## 18. Income taxes, Continued

(5) Details of deferred tax directly charged or credited to equity for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Remeasurement gain (loss) on defined benefit plans | ₩ | 357,266 | 1,826,019 |
| Net gain (loss) on valuation of FVOCI | | (375,953) | (1,916,394) |
| Net gain (loss) on cash flow hedges | | (533,599) | (16,312) |
| Exchange differences on translation of foreign operations | | (858,495) | (2,357,167) |
| | ₩ | (1,410,781) | (2,463,854) |

(6) The Company recognized the deferred tax assets in full, judging that the tax effect could be realized because the sum of the expected taxable income and temporary difference to be added exceeds the deductible temporary difference utilized in each reporting period. Meanwhile, deferred tax assets are measured at the tax rates that are expected to apply to the period when the asset is realized based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

(7) The movement in deferred income tax assets and liabilities for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | Beginning balance | Effect on profit or loss | Effect on other comprehensive income | Ending balance |
| Net gain (loss) on valuation of derivatives | ₩ | 1,326,653 | 3,325,119 | (533,599) | 4,118,173 |
| Provision for onerous contracts | | 121,398 | (11,276) | - | 110,122 |
| Provision for construction warranties | | 981,117 | (49,989) | - | 931,128 |
| Defined benefit obligation | | 13,732,582 | (2,235,112) | 357,266 | 11,854,736 |
| Plan assets | | (14,843,700) | 2,710,742 | - | (12,132,958) |
| Financial assets measured at FVPL | | (191,124) | (125,486) | - | (316,610) |
| Financial assets measured at FVOCI | | (1,916,394) | - | (375,953) | (2,292,347) |
| Right-of-use assets | | (2,288,508) | 677,095 | - | (1,611,413) |
| Lease liabilities | | 2,995,458 | (761,717) | - | 2,233,741 |
| Exchange differences on translation of foreign operations | | (984,986) | - | (858,495) | (1,843,481) |
| Annual allowance | | 1,358,341 | (261,363) | - | 1,096,978 |
| Depreciation | | 441,269 | 844,702 | - | 1,285,971 |
| Others | | 857,967 | 15,094,508 | - | 15,952,475 |
| | ₩ | 1,590,073 | 19,207,223 | (1,410,781) | 19,386,515 |

## 18. Income taxes, Continued

| | | 2023 | | | |
|---|---|---|---|---|---|
| | | Beginning balance | Effect on profit or loss | Effect on other comprehensive income | Ending balance |
| Net gain (loss) on valuation of derivatives | ₩ | 1,748,685 | (405,720) | (16,312) | 1,326,653 |
| Provision for onerous contracts | | 2,324,746 | (2,203,348) | - | 121,398 |
| Provision for construction warranties | | 881,641 | 99,476 | - | 981,117 |
| Defined benefit obligation | | 10,479,909 | 1,426,654 | 1,826,019 | 13,732,582 |
| Plan assets | | (16,456,355) | 1,612,655 | - | (14,843,700) |
| Financial assets measured at FVPL | | (64,724) | (126,400) | - | (191,124) |
| Financial assets measured at FVOCI | | - | - | (1,916,394) | (1,916,394) |
| Right-of-use assets | | (3,083,342) | 794,834 | - | (2,288,508) |
| Lease liabilities | | 3,902,322 | (906,864) | - | 2,995,458 |
| Exchange differences on translation of foreign operations | | 1,372,181 | - | (2,357,167) | (984,986) |
| Annual allowance | | 526,668 | 831,673 | - | 1,358,341 |
| Depreciation | | 328,352 | 112,917 | - | 441,269 |
| Others | | 638,948 | 219,019 | - | 857,967 |
| | ₩ | 2,599,031 | 1,454,896 | (2,463,854) | 1,590,073 |

## 19. Share capital

Details of issued capital as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Number of shares authorized | | 160,000,000 shares | 160,000,000 shares |
| Number of ordinary shares issued | | 7,551,182 shares | 7,551,182 shares |
| Number of preferred shares issued | | 6,030,000 shares | 6,791,257 shares |
| Par value (in won) | | 5,000 | 5,000 |
| Ordinary share capital | ₩ | 37,755,910 | 37,755,910 |
| Preferred share capital (*) | ₩ | 37,756,290 | 37,756,290 |

(*) These preferred shares are convertible, redeemable preferred shares with voting rights. The redemption right is held by the Company, and the convertible right can be exercised at a rate of 1 ordinary share per 1 preferred share after 1-year from the date of issuance. And the conversion ratio may be adjusted according to the conversion price adjustment. These preferred shares are cumulative and participatory, and carry preferential dividends according to the dividend rate of 6.35% until one month from the date of the general shareholders' meeting in the fourth year after issuance.

## 20. Other paid-up capital

Details of other paid-up capital as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Additional paid in capital | ₩ | 74,087,776 | 74,087,776 |

## 21. Retained earnings

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

| | | 2024 | 2023 |
|---|---|---|---|
| Legal reserves | ₩ | 5,525,707 | 2,896,423 |
| Unappropriated retained earnings | | 55,655,528 | 129,699,881 |
| | ₩ | 61,181,235 | 132,596,304 |

(2) The statements of appropriation of retained earnings for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | 2023 | |
|---|---|---|---|---|---|
| **I. Unappropriated retained earnings** | ₩ | | 55,655,528 | | 129,699,881 |
| 1. Unappropriated retained earnings carried over from prior year | | 55,412,167 | | 51,289,366 | |
| 2. Profit for the period | | 1,432,702 | | 84,118,349 | |
| 3. Remeasurement gain (loss) on defined benefit plans | | (1,189,341) | | (5,707,834) | |
| **II. Transfer from discretionary reserve** | | | - | | - |
| 1. Reserve fund of redemption carried from previous year | | - | | - | |
| **III. Appropriation of retained earnings** | | | (48,094,222) | | (74,287,714) |
| 1. Legal reserves (*) | | (2,313,535) | | (2,629,284) | |
| 2. Dividends for RCPS | | (23,135,347) | | (26,292,842) | |
| 3. Redemption of RCPS | | (22,645,340) | | (45,365,588) | |
| **IV. Unappropriated retained earnings carried forward to subsequent year (I+II+III)** | ₩ | | 7,561,306 | | 55,412,167 |

(*) The Korean Commercial Act requires the Company to appropriate, as an earned surplus reserve, an amount equal to a minimum of 10% of annual cash dividends paid, until the reserve equals 50% of share capital. The reserve is not available for cash dividends payment but may be transferred to share capital or used to reduce accumulated deficit.

The scheduled date of appropriation of retained earnings for the current year is March 31, 2025, and the confirmed date of appropriation of retained earnings for the previous year is March 29, 2024.

## 22. Other components of equity

Details of other components of equity as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| The cash flow hedge reserve | ₩ | (2,136,873) | (3,913,225) |
| Exchange differences on translation of foreign operations | | 6,136,958 | 3,279,023 |
| Net Gain (loss) on valuation of FVOCI | | 7,631,232 | 6,379,684 |
| | ₩ | 11,631,317 | 5,745,482 |

**For the years ended December 31, 2024 and 2023**

## 23. Revenue from contracts with customers

(1) Set out below is the disaggregation of the Company's revenue from contracts with customers for the years ended December 31, 2024 and 2023 (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| **1. Total sales** | ₩ | 1,577,731,808 | 2,660,971,667 |
| **2. Type of goods or service:** | | | |
| Construction sales | | 1,564,435,179 | 2,654,660,372 |
| Service sales | | 13,296,629 | 6,311,295 |
| | ₩ | 1,577,731,808 | 2,660,971,667 |
| **3. Timing of revenue recognition:** | | | |
| Revenue recognized at a point in time | ₩ | - | - |
| Revenue recognized over time | | 1,577,731,808 | 2,660,971,667 |
| | ₩ | 1,577,731,808 | 2,660,971,667 |

(2) Information about major customers who account for more than 10% of the revenue recognized in their contracts with customers for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | |
|---|---|---|---|
| | | Sales | Ratio |
| SK Gas Co., Ltd.(*) | ₩ | 311,488,398 | 19.74% |
| SK multi utility Co., Ltd. | | 167,003,367 | 10.59% |
| SK On Co., Ltd. | | 235,590,363 | 14.93% |
| SK Battery America, Inc. | | 192,145,964 | 12.18% |
| | ₩ | 906,228,092 | 57.44% |

(*) It is an amount that includes revenue from Ulsan GPS Corporation, a subsidiary of SK Gas Co., Ltd.

| | | 2023 | |
|---|---|---|---|
| | | Sales | Ratio |
| SK Gas Co., Ltd.(*) | ₩ | 516,779,359 | 19.42% |
| SK on Hungary Kft | | 308,031,210 | 11.58% |
| | ₩ | 824,810,569 | 31.00% |

(*) It is an amount that includes revenue from Ulsan GPS Corporation, a subsidiary of SK Gas Co., Ltd.

## 24. Construction contracts

(1) The amounts recognized as revenue related to construction contracts for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| **Contract work:** | | | |
| Plant | ₩ | 1,564,435,179 | 2,654,660,372 |

(2) Details of contract assets and liabilities as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| **Contract assets:** | | | |
| <Unclaimed construction> | | | |
| Plant | ₩ | 181,371,756 | 193,288,990 |
| **Contract liabilities:** | | | |
| <Overclaimed construction> | | | |
| Plant | ₩ | 122,062,623 | 193,489,145 |

(3) Details of construction contracts in progress or completed for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | | | | |
|---|---|---|---|---|---|---|
| | | Accumulated revenue | Accumulated cost | Accumulated profit | Progress billing amount | Retention |
| Plant | ₩ | 9,643,773,404 | 8,948,650,288 | 695,123,116 | 9,584,464,271 | 49,405,593 |

| | | 2023 | | | | |
|---|---|---|---|---|---|---|
| | | Accumulated revenue | Accumulated cost | Accumulated profit | Progress billing amount | Retention |
| Plant | ₩ | 9,099,646,342 | 8,359,636,278 | 740,010,064 | 9,099,846,497 | 4,954,307 |

(4) The amount of change in profit or loss due to changes in accounting estimates related to contracts that apply the progress criteria by the cost-based input method for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| **Plant:** | | | |
| Changes in estimated construction revenues | ₩ | 705,366,033 | 529,033,410 |
| Changes in estimated construction costs | | 642,200,185 | 472,409,007 |
| Impact on current profit and loss | | 52,238,756 | 23,696,630 |
| Impact on future profit and loss | | 10,927,092 | 32,927,773 |
| Changes in unclaimed construction | | (61,874,689) | 7,647,663 |
| Changes in over claimed construction | | (114,113,445) | (16,048,967) |
| Provision for construction losses | | 476,718 | 525,531 |

The impact on current and future profit and loss is calculated based on the total construction costs estimated based on situations that occurred from the start of the construction contract until the current period and the total construction revenue as of the end of the current period. And the estimates of total construction cost and revenue may vary in the future period.

## 24. Construction contracts, Continued

(5) Among the contracts that apply the progress criteria by the cost-based input method, the construction contracts of which the total contract revenues exceed 5% of current year's revenues are as follows (Korean won in thousands):

| | | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Unclaimed construction | | Trade receivables | |
| Contract | Customer Name | Contract date | Contractual completion deadline | Progress rate (%) | Total | Provision for losses | Total | Provision for losses |
| SKBA Phase 2 Project | SK Battery America | 2020.07 | 2024.07 | 99.95% | - | - | - | - |
| SKOH2 Project | SK on Hungary Kft. | 2021.04 | 2023.06 | 100.00% | 11,398,021 | - | 8,378,909 | - |
| Poland LiBS Project | SK hi-tech Battery Materials Poland | 2019.08 | 2021.10 | 99.98% | - | - | - | - |
| Poland LiBS ph-2 Project | | 2021.02 | 2023.05 | 97.81% | - | - | - | - |
| Poland LiBS ph-3&4 Project | | 2021.06 | 2024.12 | 96.68% | - | - | 12,745,961 | - |
| GEP1 Project | IGE Co., Ltd. | 2021.05 | 2023.04 | 97.69% | - | - | 164,023 | - |
| Smart energy center construction Project (Icheon) | SK hynix Inc. | 2020.01 | 2022.12 | 99.47% | - | - | - | - |
| Smart energy center construction Project (Cheongju) | | 2020.01 | 2024.05 | 96.02% | - | - | - | - |
| Construction of Yeoju Natural Gas Power Plant | Yeoju Energy Service | 2018.08 | 2023.08 | 99.83% | - | - | 550,000 | - |
| Ulsan GPS CCPP Project | Ulsan GPS Corporation | 2022.03 | 2024.08 | 99.35% | 97,129,825 | - | 2,939,699 | - |
| Ulsan LNG-Oil Terminal Project | Korea Energy terminal Co.,Ltd. | 2020.06 | 2024.06 | 99.41% | - | - | - | - |
| Ulsan SKMU Project | SK multi utility Co., Ltd. | 2022.06 | 2025.06 | 98.37% | 54,509,846 | - | - | - |
| CEC Phase1 Project | SK Gas Co., Ltd. | 2022.09 | 2024.10 | 92.46% | - | - | - | - |
| CEC Phase2 Project | | 2022.07 | 2025.09 | 42.61% | - | - | - | - |
| SK siltron N-Project | SK Siltron Co., Ltd. | 2022.07 | 2026.12 | 90.35% | 1,612,233 | - | - | - |
| Daejeon Infra Construction Project | SK On Co., Ltd. | 2022.08 | 2024.04 | 87.99% | 3,976,373 | - | - | - |
| Seosan 3rd Plant Battery Project | | 2023.05 | 2025.07 | 78.32% | 2,198,597 | - | - | - |
| GVC(Global Validation Center) Project | SK Battery America, Inc. | 2023.01 | 2024.12 | 78.70% | - | - | 5,511,928 | - |
| Indonesia L Project | PT. SKPLASMA CORE INDONESIA | 2023.03 | 2026.02 | 18.40% | - | - | - | - |
| | | | | | 170,824,895 | - | 30,290,520 | - |

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

| Contract name | Location | Participatory ratio | Main contractor |
|---|---|---|---|
| Ulsan GPS CCPP Project | Korea | 51.00% | SK ecoengineering Co., Ltd. |
| Ulsan LNG-Oil Terminal Project | Korea | 49.00% | DAEWOO ENGINEERING & CONSTRUCTION CO.,LTD |
| Ulsan LNG Terminal Project | Korea | 49.00% | DAEWOO ENGINEERING & CONSTRUCTION CO.,LTD |
| Boryeong LNG Terminal Project | Korea | 45.00% | GS Engineering & Construction Corp |
| Seosan 3rd Plant Battery Project | Korea | 40.00% | HYUNDAI ENGINEERING & CONSTRUCTION CO.,LTD |

**For the years ended December 31, 2024 and 2023**

## 25. Selling, general and administrative expenses

Details of selling, general and administrative expenses for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Salaries expenses | ₩ | 38,189,304 | 25,189,319 |
| Severance benefits | | 29,472,233 | 2,864,817 |
| Employee benefits | | 6,939,954 | 3,478,545 |
| Travel expenses | | 217,627 | 350,483 |
| Vehicle maintenance expenses | | 49,932 | 78,888 |
| Communication expenses | | 224,288 | 114,297 |
| Publication expenses | | 36,753 | 40,197 |
| Repairs expenses | | 22,183 | 84,741 |
| Taxes and dues | | 2,527,008 | 2,070,605 |
| Insurance premium | | 809,776 | 893,236 |
| Leasing fees | | 158,688 | 91,528 |
| Utilities expenses | | 1,368,883 | 393,842 |
| Commissions | | 13,178,243 | 15,403,359 |
| Training and research expenses | | 729,800 | 88,494 |
| Advertising expenses | | 5,309,364 | 6,286,813 |
| Depreciation expenses of PP&E | | 685,518 | 1,158,197 |
| Amortization expenses | | 33,319 | 5,460 |
| Depreciation expenses of right-in-use | | 1,353,999 | 808,228 |
| Supplies expenses | | 37,543 | 44,655 |
| Entertainment expenses | | 22,544 | 36,771 |
| Conference expenses | | 47,656 | 63,185 |
| Warranty expenses | | 459,221 | 238,550 |
| | ₩ | 101,873,836 | 59,784,210 |

## 26. Expenses classified based on nature of expense

Details of expenses classified based on nature of expense for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Use of raw materials | ₩ | 306,782,230 | 600,580,340 |
| Employee benefits | | 179,867,206 | 174,407,466 |
| Outsourcing expenses | | 884,067,066 | 1,514,395,937 |
| Commissions | | 109,125,183 | 154,543,169 |
| Insurance premium | | 13,160,037 | 18,573,847 |
| Safety management expenses | | 3,843,720 | 12,276,881 |
| Taxes and dues | | 8,412,631 | 7,932,292 |
| Depreciation and amortization | | 8,031,559 | 8,317,156 |
| Advertising expenses | | 5,309,364 | 6,287,308 |
| Other expenses | | 25,151,087 | 24,693,539 |
| | ₩ | 1,543,750,083 | 2,522,007,935 |

## 27. Other income and expenses

Details of other income and expenses for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| **Other income:** | | | |
| Others | ₩ | 1,417,869 | 1,713,855 |
| Gains on disposal of PP&E | | - | 552 |
| Reversal of allowances for doubtful accounts | | - | 34,468 |
| **Total** | | 1,417,869 | 1,748,875 |
| **Other expenses:** | | | |
| Losses on disposal of PP&E | | 31,212 | 18,039 |
| Others | | 44 | 6,708 |
| Losses on disposal of trade receivables | | 203,820 | 875,980 |
| **Total** | ₩ | 235,076 | 900,727 |

## 28. Finance income and expenses

Details of finance income and expenses for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| **Finance income:** | | | |
| Interest income | ₩ | 3,515,885 | 3,281,571 |
| Dividend income | | 183,390 | 261,738 |
| Gains on foreign currency transaction | | 4,741,504 | 15,512,314 |
| Gains on foreign currency translation | | 7,018,973 | 15,585,852 |
| Gains on valuation of derivatives | | 3,443,943 | 3,067,501 |
| Gains on derivatives transactions | | 2,531,931 | 7,680,172 |
| Gains on valuation of FVPL | | 549,011 | 548,395 |
| Gains on change of lease contracts | | 5,110 | 138 |
| **Total** | ₩ | 21,989,747 | 45,937,681 |
| **Finance expenses:** | | | |
| Interest expenses | ₩ | 15,412,279 | 4,894,820 |
| Interest expenses on lease liabilities | | 498,532 | 685,231 |
| Losses on foreign currency transaction | | 6,355,772 | 15,160,151 |
| Losses on foreign currency translation | | 904,022 | 6,516,838 |
| Losses on valuation of derivatives | | 15,193,975 | 4,279,713 |
| Losses on derivatives transactions | | 5,942,624 | 6,450,171 |
| Losses on valuation of FVPL | | 5,784 | - |
| Losses on change of lease contracts | | - | 7,126 |
| Finance service fee | | 660,922 | - |
| **Total** | ₩ | 44,973,910 | 37,994,050 |

## 29. Information on the statement of cash flows

(1) Adjustments to reconcile profit for the period to net cash flows provided by operating activities for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Losses on foreign currency translation | ₩ | 904,022 | 6,516,838 |
| Depreciation expenses of PP&E | | 1,492,523 | 1,417,851 |
| Amortization expenses | | 3,335,420 | 2,641,526 |
| Losses on disposal of PP&E | | 31,212 | 18,039 |
| Depreciation expenses of right-in-use | | 3,488,246 | 4,546,683 |
| Interest expenses | | 15,412,279 | 4,894,820 |
| Interest expenses on lease liabilities | | 498,532 | 685,231 |
| Losses on change of lease contracts | | - | 7,126 |
| Contribution to provisions for construction warranties | | 486,525 | 680,005 |
| Losses on transaction of derivatives | | 5,942,624 | 6,450,171 |
| Losses on valuation of derivatives | | 15,193,975 | 4,279,713 |
| Losses on valuation of FVPL | | 5,784 | - |
| Severance benefits | | 32,259,774 | 7,550,112 |
| Long-term employee benefits | | 15,662 | 181,588 |
| Income tax expenses | | 10,747,653 | 63,637,162 |
| Gains on foreign currency translation | | (7,018,973) | (15,585,852) |
| Dividend income | | (183,390) | (261,738) |
| Interest income | | (3,515,885) | (3,281,571) |
| Gains on valuation of derivatives | | (3,443,943) | (3,067,501) |
| Gains on valuation of FVPL | | (549,011) | (548,395) |
| Gains on change of lease contracts | | (5,110) | (138) |
| Gains on transaction of derivatives | | (2,531,931) | (7,680,172) |
| Reversal of allowances for doubtful accounts | | - | (34,468) |
| Reversal of provisions for onerous contracts | | (48,813) | (9,494,926) |
| Gains on disposal of PP&E | | - | (552) |
| | ₩ | 72,517,175 | 63,551,552 |

## 29. Information on the statement of cash flows, Continued

(2) Working capital adjustments for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Decrease (increase) in trade receivables | ₩ | 243,777,993 | 168,550,458 |
| Decrease (increase) in contract assets | | 11,917,232 | (8,396,751) |
| Decrease (increase) in other current receivables | | (296,945) | (6,839,857) |
| Decrease (increase) in prepaid expenses | | (4,338,461) | (831,875) |
| Decrease (increase) in advance payments | | 8,978,206 | 21,617,391 |
| Decrease (increase) in rental deposits provided | | 4,236,479 | (1,531,369) |
| Decrease (increase) in business deposits provided | | (44,451,285) | 64,253,131 |
| Decrease (increase) in VAT receivables | | 31,203,607 | (25,209,289) |
| Decrease (increase) in long-term loans | | (347,724) | (909,639) |
| Decrease (increase) in derivative instruments designated as hedging instruments | | (950,016) | (3,598,986) |
| Increase (decrease) in trade payables | | (147,852,186) | (110,399,571) |
| Increase (decrease) in contract liabilities | | (71,426,522) | (230,144,547) |
| Increase (decrease) in other current liabilities | | 3,928,686 | (183,890) |
| Increase (decrease) in non-trade payables | | (3,260,263) | (12,767,249) |
| Increase (decrease) in guarantee deposit withholdings | | (29,917,564) | (26,176,758) |
| Increase (decrease) in accrued expenses | | (7,274,964) | 700,571 |
| Increase (decrease) in current portion of provisions | | (702,926) | (232,920) |
| Benefits paid from benefit obligations | | (4,135,228) | (4,836,857) |
| Benefits paid from plan assets | | 3,953,331 | 4,716,388 |
| Contribution to plan assets by employer | | (3,000,000) | (10,500,000) |
| Transfer on defined benefit obligations | | (4,814,227) | 1,954,786 |
| Transfer on plan assets | | 4,809,120 | (1,954,786) |
| | ₩ | (9,963,657) | (182,721,619) |

(3) Major non-cash transactions not stated on the statement of cash flows for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Acquisition of asset by lease | ₩ | 534,411 | 1,153,990 |
| Transfer of lease liabilities to current portion | | 4,257,246 | 5,074,699 |
| Transfer of borrowings to current portion | | 106,865,242 | 4,333,333 |
| Transfer of construction in-progress to tangible assets | | 2,243,598 | 3,453,400 |
| Increase (decrease) in other payables due to acquisition of facility resources | | (946,680) | 946,680 |
| Termination benefits payables | | 25,100,000 | - |

## 30. Contingencies and commitments

(1) Guarantees provided by financial institution as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| Financial institution | Descriptions | | 2024 | 2023 |
|---|---|---|---|---|
| Construction Guarantee | Guarantees for construction | ₩ | 42,145,195 | 88,251,453 |
| Engineering Guarantee Insurance | | | 43,916,828 | 132,054,042 |
| Seoul Guarantee Insurance | | | 135,943 | 1,119,679 |
| KOOKMIN BANK | | | 10,633,705 | 15,581,794 |
| Woori Bank | | | 8,337,784 | 17,406,900 |
| **Total** | | ₩ | 105,169,455 | 254,413,868 |

(2) Details of the performance guarantees provided by third parties as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| Financial institution | Descriptions | | 2024 | 2023 |
|---|---|---|---|---|
| Seoul Guarantee Insurance | Performance guarantee | ₩ | 1,353,426 | 4,324,350 |
| Construction Guarantee | | | 532,132,577 | 461,092,108 |
| Engineering Guarantee Insurance | | | 159,625,112 | 151,639,557 |
| **Total** | | ₩ | 693,111,115 | 617,056,015 |

(3) Details of the commitments as of December 31, 2024 and 2023 are as follows (Each foreign currency unit in thousands and Korean won in thousands):

| | | 2024 | | |
|---|---|---|---|---|
| Financial institution | Description | Currency | Limit of commitments | Execution amount |
| KOOKMIN BANK | Comprehensive foreign currency payment guarantee | USD | 25,000 | 7,234 |
| Construction Guarantee | Upper limit of assurance | KRW | 1,724,383,000 | 574,277,772 |
| | Upper limit of financing | KRW | 10,050,000 | - |
| Engineering Guarantee Insurance | Upper limit of assurance | KRW | 789,220,772 | 203,541,939 |
| KEB Hana Bank | Upper limited of exemption for deposit of derivative transaction | USD | 30,000 | 17,280 |
| | Secured loan of credit sales | KRW | 5,000,000 | - |
| | Coexistence payment system | KRW | 15,000,000 | 546,083 |
| | Limited loan agreement | KRW | 10,000,000 | - |
| Suhyup Bank | Limited loan agreement | KRW | 10,000,000 | - |
| BUSAN BANK | Open L/C | USD | 15,000 | 1,198 |
| | Limited loan agreement | KRW | 20,000,000 | - |
| NongHyup Bank | Limited loan agreement | KRW | 15,000,000 | - |
| | Coexistence payment system | KRW | 20,000,000 | - |
| Standard Chartered Bank Korea Ltd | Limited loan agreement | KRW | 50,000,000 | - |
| Woori Bank | Foreign currency payment guarantee | USD | 5,672 | 5,672 |
| | Limit of derivative transaction | USD | 20,000 | 93 |
| WOORI FINANCIAL CAPITAL CO., LTD. | Limited loan agreement | KRW | 18,000,000 | - |
| BY Second Co.,Ltd. | Securitization of construction receivables | KRW | 30,000,000 | 30,000,000 |

## 30. Contingencies and commitments, Continued

| | | 2023 | | |
|---|---|---|---|---|
| **Financial institution** | **Description** | **Currency** | **Limit of commitments** | **Execution amount** |
| KOOKMIN BANK | Comprehensive foreign currency payment guarantee | USD | 25,000 | 7,879 |
| Construction guarantee | Upper limit of assurance | KRW | 1,724,383,000 | - |
| | Upper limit of financing | KRW | 10,050,000 | - |
| KEB Hana Bank | Secured loan of credit sales | KRW | 15,000,000 | 12,221,537 |
| | Limited loan agreement | KRW | 10,000,000 | - |
| Suhyup Bank | Limited loan agreement | KRW | 10,000,000 | - |
| BUSAN BANK | Open L/C | USD | 15,000 | EUR 3,456 |
| | Limited loan agreement | KRW | 20,000,000 | - |
| NongHyup Bank | Limited loan agreement | KRW | 15,000,000 | - |
| Woori Bank | Limit of derivative transaction | USD | 20,000 | 522 |

(4) Contingencies, etc.

1) As of December 31, 2024, the Company provided ordering organization and cooperative with 21 blank checks as collateral in relation to the construction contracts.

2) As of December 31, 2024, there is 3 pending litigation cases as defendants in relation to payment, etc., and the litigation value is approximately KRW 67,588 million. The Company has not recognized in its financial statements the impact of litigation cases which the ultimate outcome cannot be predicted as of December 31, 2024.

(5) For some contracts, the Company has obligations to return a portion of the construction fee already paid if the Company fails to fulfil its completion responsibility obligations.

(6) Financial assets with restricted use

Details of financial instruments with restricted use as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 | Reasons for use restriction |
|---|---|---|---|---|
| Financial assets measured at FVPL | ₩ | 18,725,336 | 18,182,601 | Collateral of performance guarantee |

(7) Supplier finance arrangements

As part of the supplier financing arrangements, the Company settles up for trade payables, etc., incurred in the course of its main business activities through corporate purchase-only card agreements concluded with certain financial institutions, and pays the settlement amount to the card company on the expiration date of the credit provision period under such agreements. As of December 31,2024, there were no payables under supplier financing arrangements.

(8) Details of guarantees provided by the Company as of December 31, 2024 is as follows (Korean won in thousands):

| Financial institution | Kind of guarantees | | Limit of guarantees | Amounts of guarantees | Description |
|---|---|---|---|---|---|
| BY Second Co.,Ltd. | ABL | ₩ | 30,000,000 | 30,000,000 | Funding Supplement Agreement |

Meanwhile, there are no guarantees provided by the Company as of December 31, 2023.

**For the years ended December 31, 2024 and 2023**

## 31. Related party disclosures

(1) Parent and subsidiaries which are in related party relationship with the Company as of December 31, 2024 are as follows:

| Relationship | Related parties |
|---|---|
| Ultimate controlling company | SK Inc. |
| Parent company | SK ecoplant Co., Ltd. |
| Subsidiary | Ecoengineering Canada Ltd., BY Second Co.,Ltd. |
| Associate (*1) | Eco Energy Holdings Inc. |
| Other related parties (*2) | ABSOLICS INC DE, SK Battery America, Inc., SK Hi-Tech Battery MATERIALS Poland, SK Hi-Tech Battery Materials(Jiang Su) Co.,Ltd., SK on Hungary Kft., SK Gas Co., Ltd., SK multi utility Co., Ltd., SK Energy Co. Ltd., SK Innovation Co., Ltd., Boryeong LNG Terminal Co., Ltd., IGE Co., Ltd., SK E&S Co., Ltd., SK Enmove Co., Ltd., SK On Co., Ltd., SK Geo Centric Co., Ltd., SK picglobal Co.,LTD., SK hynix Inc., Yeoju Energy Service, Ulsan GPS Corporation, ULSAN PP CO., LTD, Korea Energy terminal Co.,Ltd., KOREA NEXLENE COMPANY, SK Incheon Petrochem Co.,Ltd, SK PINX Co.,Ltd., SKEC Nanjing Ltd., Ko-one energy service co.,ltd., Chungcheong energy service Co.,Ltd, Narae Energy Service Co., SK shieldus Co.,Ltd, SK Networks Co., Ltd., HAPPYNARAE Co., Ltd., SK Magic Co., Ltd, SK RENT A CAR CO.,LTD, SK TELECOM CO.,LTD, SK Broadband Co., Ltd., SK m&service Co.,Ltd., SK Siltron Co., Ltd., SK ie technology Co., Ltd., SK ON(YANCHENG) CO., LTD, SK Forest Co. Ltd., Environment Management Corporation CO.,LTD, honam environmental energy corporation, Sunlake Co., Ltd, TES Sustainable Battery Solutions B.V., SK Nexilis Co., Ltd., Yeongnam energy service, SK Chemicals Co., Ltd., TES-ENVIROCORP PTE. LTD., etc. |

(*1) The associate has a significant influence on the Company by holding more than 20% of the shares.
(*2) Other related parties is not a related party as defined in K-IFRS No.1024 paragraph 9. But they are classified as a related parties by the Securities and Future Commission' resolution that large business group affiliates are the substantial related party as defined in K-IFRS No.1024 paragraph 10.

(2) Significant transactions with related parties for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | | 2024 | | |
|---|---|---|---|---|---|
| Relationship | Related parties | | Revenues | Expenses | Acquisition of facility resources |
| Ultimate controlling company | SK Inc. | ₩ | - | 5,893,858 | 1,432,038 |
| Parent company | SK ecoplant Co., Ltd. | | 10,816,865 | 23,385,286 | 161,000 |
| Subsidiary | Ecoengineering Canada Ltd. | | 5,068,982 | - | - |
| Other related parties | ABSOLICS INC DE | | 11,917,466 | - | - |
| | SK Battery America, Inc. | | 192,145,964 | - | - |
| | SK Hi-Tech Battery MATERIALS Poland | | 73,815,020 | - | - |
| | SK on Hungary Kft. | | 42,157,557 | - | - |
| | SK Gas Co., Ltd. | | 173,147,463 | 635,439 | - |
| | SK multi utility Co., Ltd., | | 167,003,367 | - | - |
| | SK Energy Co. Ltd. | | 18,169,818 | - | - |
| | SK Innovation Co., Ltd. | | 175,777 | 232,175 | - |
| | Boryeong LNG Terminal Co., Ltd. | | 10,002,170 | - | - |
| | IGE Co., Ltd. | | 15,697,447 | - | - |
| | SK E&S Co., Ltd. | | 975,994 | 27,359 | - |
| | SK On Co., Ltd. | | 235,590,363 | - | - |
| | SK Geo Centric Co., Ltd. | | 18,652,226 | - | - |
| | SK hynix Inc. | | 107,622,642 | - | - |
| | Yeoju Energy Service | | 51,736,036 | - | - |
| | Ulsan GPS Corporation | | 138,340,935 | - | - |
| | Korea Energy terminal Co.,Ltd. | | 64,515,990 | - | - |

## 31. Related party disclosures, Continued

| | | 2024 | | |
|---|---|---|---|---|
| **Relationship** | **Related parties** | **Revenues** | **Expenses** | **Acquisition of facility resources** |
| Other related parties (Continued) | SK Incheon Petrochem Co.,Ltd | 95,000 | - | - |
| | SK PINX Co.,Ltd. | - | 30,000 | - |
| | SKEC Nanjing Ltd. | 3,744,495 | 56,876 | - |
| | Chungcheong energy service Co.,Ltd | - | 180 | - |
| | Narae Energy Service Co. | - | 420,000 | - |
| | SK shieldus Co.,Ltd | - | 1,029,997 | - |
| | SK Networks Co., Ltd. | - | 909 | - |
| | HAPPYNARAE Co., Ltd. | - | 2,714,842 | - |
| | SK Magic Co., Ltd | - | 3,540 | - |
| | SK RENT A CAR CO.,LTD. | - | - | - |
| | SK TELECOM CO.,LTD. | - | 8,354 | - |
| | SK Broadband Co., Ltd. | - | 26,958 | - |
| | SK m&service Co.,Ltd. | - | 23,057 | - |
| | SK Siltron Co., Ltd. | 135,052,102 | - | - |
| | SK ie technology Co., Ltd. | 527,925 | - | - |
| | SK ON(YANCHENG) CO., LTD | 3,641,146 | - | - |
| | SK Forest Co. Ltd. | - | 63,587 | - |
| | Sunlake Co., Ltd | 51,528 | - | - |
| | TES Sustainable Battery Solutions B.V. | 266,584 | - | - |
| | SK Nexilis Co., Ltd. | 1,836,472 | - | - |
| | Yeongnam energy service | - | 3,651 | - |
| | SK Chemicals Co., Ltd. | - | 656,801 | - |
| | renewliquid Honam Co., Ltd. | - | 41,412 | - |
| | SK leaveo Co., Ltd. | 23,857,213 | - | - |
| | SK Bioscience Co.,Ltd | 16,890,592 | - | - |
| | renewland Cheongju Co.,Ltd. | - | 3,205 | - |
| | Netruck Corporation | - | 14,218 | - |
| | SK Nexilis poland | 43,918 | - | - |
| | PT. SKPLASMA CORE INDONESIA | 42,438,839 | - | - |
| | | ₩ 1,565,997,896 | 35,271,704 | 1,593,038 |

**For the years ended December 31, 2024 and 2023**

## 31. Related party disclosures, Continued

| | | | 2023 | | |
|---|---|---|---|---|---|
| Relationship | Related parties | | Revenues | Expenses | Acquisition of facility resources |
| Ultimate controlling company | SK Inc. | ₩ | - | 5,782,668 | 680,800 |
| Parent company | SK ecoplant Co., Ltd. | | 6,720,483 | 28,096,515 | - |
| Subsidiary | Ecoengineering Canada Ltd. | | 481,568 | - | - |
| Other related parties | ABSOLICS INC DE | | 83,453,768 | - | - |
| | SK Battery America, Inc. | | 102,958,771 | - | - |
| | SK Hi-Tech Battery MATERIALS Poland | | 222,197,271 | - | - |
| | SK Hi-Tech Battery Materials(Jiang Su) Co.,Ltd. | | - | - | - |
| | SK on Hungary Kft. | | 308,031,210 | - | - |
| | SK Gas Co., Ltd. | | 173,216,112 | - | - |
| | SK multi utility Co., Ltd., | | 216,225,379 | - | - |
| | SK Energy Co. Ltd. | | 24,747,403 | - | - |
| | SK Innovation Co., Ltd. | | 5,964,450 | 356,358 | - |
| | Boryeong LNG Terminal Co., Ltd. | | 19,208,477 | - | - |
| | IGE Co., Ltd. | | 184,556,540 | - | - |
| | SK E&S Co., Ltd. | | 582,036 | - | - |
| | SK Enmove Co., Ltd | | 41,717 | - | - |
| | SK On Co., Ltd. | | 205,525,461 | - | - |
| | SK Geo Centric Co., Ltd. | | 23,613,305 | - | - |
| | SK picglobal Co.,LTD. | | 1,026,140 | 1,381,033 | - |
| | SK hynix Inc. | | 231,283,183 | - | - |
| | Yeoju Energy Service | | 90,075,104 | - | - |
| | Ulsan GPS Corporation | | 343,563,248 | - | - |
| | ULSAN PP CO., LTD | | 3,612,461 | - | - |
| | Korea Energy terminal Co.,Ltd. | | 121,190,180 | - | - |
| | KOREA NEXLENE COMPANY | | - | - | - |
| | SK Incheon Petrochem Co.,Ltd | | 44,947 | 146,579 | - |
| | SK PINX Co.,Ltd. | | - | 30,000 | - |
| | SKEC Nanjing Ltd. | | 3,217,690 | 50,308 | - |
| | Ko-one energy service co.,ltd. | | - | 336 | - |
| | Chungcheong energy service Co.,Ltd | | - | 305 | - |
| | Narae Energy Service Co. | | - | 653,850 | - |
| | SK shieldus Co.,Ltd | | - | 2,898,910 | 18,400 |
| | SK Networks Co., Ltd. | | - | 66,558 | - |
| | HAPPYNARAE Co., Ltd. | | - | 9,277,647 | 6,022 |
| | SK Magic Co., Ltd | | - | 910 | - |
| | SK RENT A CAR CO.,LTD | | - | 414,353 | - |
| | SK TELECOM CO.,LTD | | - | 16,021 | - |
| | SK Broadband Co., Ltd. | | - | 57,353 | - |
| | SK m&service Co.,Ltd. | | - | 40,086 | - |
| | SK Siltron Co., Ltd. | | 259,591,163 | - | - |
| | SK ie technology Co., Ltd. | | 1,145,591 | - | - |
| | SK ON(YANCHENG) CO., LTD | | 1,387,875 | - | - |
| | SK Forest Co. Ltd. | | - | 1,637,735 | - |
| | Environment Management Corporation CO.,LTD | | - | 543,048 | - |
| | honam environmental energy corporation | | - | 326,076 | - |
| | Sunlake Co., Ltd | | 2,102,756 | - | - |
| | TES Sustainable Battery Solutions B.V. | | 241,595 | - | - |

## 31. Related party disclosures, Continued

| | | 2023 | | |
|---|---|---|---|---|
| **Relationship** | **Related parties** | **Revenues** | **Expenses** | **Acquisition of facility resources** |
| Other related parties (Continued) | SK Nexilis Co., Ltd. | 4,057,278 | - | - |
| | Yeongnam energy service | - | 1,139 | - |
| | SK Chemicals Co., Ltd. | 120,000 | 291,799 | - |
| | SK Bioscience Co.,Ltd | 126,637 | - | - |
| | renewenergy Metro Co., Ltd | 39,599 | - | - |
| | renewland Cheongju Co.,Ltd. | - | 392,045 | - |
| | | W 2,640,349,398 | 52,461,632 | 705,222 |

## 31. Related party disclosures, Continued

(3) Outstanding balances with related parties as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | | Receivables (*) | | Payables (*) | |
|---|---|---|---|---|---|---|
| | | | 2024 | 2023 | 2024 | 2023 |
| Ultimate controlling Company | SK Inc. | ₩ | - | - | 154,440 | 628,980 |
| Parent company | SK ecoplant Co., Ltd. | | 4,685,393 | 531,654 | 6,816,574 | 9,148,578 |
| Subsidiary | Ecoengineering Canada Ltd. | | 4,000,982 | 1,788,267 | - | - |
| | BY Second Co.,Ltd. | | - | - | 29,675,186 | - |
| Other related parties | SK Innovation Co., Ltd. | | - | - | - | 58,410 |
| | Netruck Corporation | | - | - | 1,624 | - |
| | SK Energy Co. Ltd. | | 4,192,400 | 300 | - | - |
| | SK Geo Centric Co., Ltd. | | - | 853,769 | - | - |
| | SK Siltron Co., Ltd. | | - | 151,603,320 | - | - |
| | SK Battery America, Inc. | | 12,830,673 | 5,573,540 | - | - |
| | SK ON Hungary Kft. | | 8,378,909 | 5,296,791 | - | - |
| | SK Hi-Tech Battery MATERIALS Poland | | 12,745,961 | 49,874,190 | - | - |
| | SK On Co., Ltd. | | 2,571,800 | 8,748,300 | - | - |
| | SK Forest Co. Ltd. | | - | - | 250 | - |
| | renewenergy Metro Co., Ltd | | - | 26,039 | - | - |
| | SKEC Nanjing Ltd. | | 2,148,323 | 532,061 | 46,801 | 70,089 |
| | honam environmental energy corporation | | - | - | - | 98,937 |
| | SK leaveo Co., Ltd. | | 7,633,999 | - | - | - |
| | SK Nexilis Co., Ltd. | | - | 1,232,000 | - | - |
| | SK Nexilis poland | | 103,737 | - | - | - |
| | SK E&S Co., Ltd. | | 17,638 | - | - | - |
| | Yeongnam energy service | | - | - | 761 | 175 |
| | SK Gas Co., Ltd. | | 221,131 | 2,895,311 | - | - |
| | Narae Energy Service Co. | | - | - | - | 92,400 |
| | Ulsan GPS Corporation | | 43,933,966 | 6,332,900 | - | - |
| | Yeoju Energy Service | | 550,000 | 550,000 | - | - |
| | IGE Co., Ltd. | | 164,023 | 603,481 | - | 273,137 |
| | SK Chemicals Co., Ltd. | | - | - | 40,554 | 34,233 |
| | SK Bioscience Co.,Ltd | | 5,668,266 | 50,820 | - | - |
| | SK shieldus Co.,Ltd | | - | - | 887 | 1,420,636 |
| | SK Networks Co., Ltd. | | - | - | - | 638 |
| | HAPPYNARAE Co., Ltd. | | - | - | 269,118 | 1,038,401 |
| | SK Magic Co., Ltd | | - | - | 1,188 | 1,151 |
| | SK RENT A CAR CO.,LTD | | - | - | - | 45,253 |
| | SK TELECOM CO.,LTD | | 200 | 200 | - | - |
| | SK Broadband Co., Ltd. | | 185 | - | - | - |
| | SK hynix Inc. | | - | 62,696,000 | - | - |
| | SK m&service Co.,Ltd. | | - | - | 3,404 | 4,620 |
| | | ₩ | 109,847,586 | 299,188,943 | 37,010,787 | 12,915,638 |

(*) Receivables and payables do not include contract assets and contract liabilities.

## 31. Related party disclosures, Continued

(4) Details of financial transactions with related parties for the year ended December 31, 2024 and 2023 as follows (Korean won in thousands):

| | | | 2024 | | |
|---|---|---|---|---|---|
| | | | Dividends for RCPS | Redemption of RCPS | Borrowing |
| Associate | Eco Energy Holdings Inc. | ₩ | 26,292,842 | 45,365,588 | - |
| Subsidiary | BY Second Co.,Ltd. | | - | - | 30,000,000 |
| | | ₩ | 26,292,842 | 45,365,588 | 30,000,000 |

| | | | 2023 | | | |
|---|---|---|---|---|---|---|
| | | | Investment | Dividends for RCPS | Redemption of RCPS | Loan |
| Associate | Eco Energy Holdings Inc. | ₩ | - | 28,964,233 | 45,290,740 | - |
| Subsidiary | Ecoengineering Canada Ltd. | | 33,728,834 | - | - | 1,312,466 |
| Other related parties | TES-ENVIROCORP PTE. LTD. | | 102,951,552 | - | - | - |
| | | ₩ | 136,680,386 | 28,964,233 | 45,290,740 | 1,312,466 |

(5) Details of guarantees provided by the Company for related parties as of December 31, 2024 is as follows (Korean won in thousands):

| | | | Limit of guarantees | Amounts of guarantees | Description |
|---|---|---|---|---|---|
| Subsidiary | BY Second Co.,Ltd. | ₩ | 30,000,000 | 30,000,000 | Funding Supplement Agreement |

Meanwhile, there are no guarantees provided by the Company for related parties as of December 31, 2023.

(6) For the years ended December 31, 2022, the Company has merged the business division divided from SK ecoplant Co., Ltd. by a special resolution of the general shareholders' meeting pursuant to Article 530-3, paragraph 1 and 2 of The Korean Commercial Act. Accordingly, in accordance with Article 530-9, paragraph 1 of the same Act, SK ecoplant Co., Ltd. is responsible for jointly repaying the pre-division debt of the Company.

(7) Compensation paid or payable to key management personnel

Compensation for directors and Key management personnel is determined by the board of directors, considering individual performance and market trends. Key management personnel include all directors (regardless of whether they are executive directors) and those directly or indirectly who have authority and responsibility for the planning, command, and control of the relevant corporate activities. Details of compensation paid or payable to key management personnel for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Salary expenses | ₩ | 478,802 | 404,089 |
| Severance benefits | | 113,778 | 247,500 |
| | ₩ | 592,580 | 651,589 |

## 32. Financial risk management

The Company's major financial liabilities consist of trade payables and other payables, which were incurred to raise funds for operational activities. In addition, the Company have various financial assets such as trade receivables and non-trade receivables arising from operating activities.

The major risks that may arise from financial assets and financial liabilities are market risk, credit risk, and liquidity risk. Key management of the Company maintains management policies for each risk and ensures that their operations are in line with the policies, as described below.

### (1) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

1) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's hedging activities are regularly assessed to properly align interest rate status with defined risk tendencies and ensure that optimal hedging strategies are applied. The impact of market interest rates fluctuation on the Company is considered insignificant.

2) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk due to sales and purchases and regularly measures the foreign currency risk of changes in Korean won exchange internally.

Details of foreign currency financial assets and liabilities as of December 31, 2024 and 2023 are as follows (Each foreign currency in thousands and Korean won in thousands):

| | | 2024 | | |
|---|---|---|---|---|
| | Currency | Amount in foreign currency in thousands | | Amount in Korean won in thousands |
| Foreign currency financial assets (*) | EUR | 9,432 | ₩ | 14,418,660 |
| | HUF | 2,296 | | 8,540 |
| | PLN | 149,827 | | 53,537,622 |
| | USD | 10,499 | | 15,433,678 |
| | SGD | 104,410 | | 112,875,130 |
| | Others | | | 45,871,553 |
| **Total (Assets)** | | | ₩ | 242,145,183 |
| Foreign currency financial liabilities (*) | EUR | 1,335 | ₩ | 2,040,734 |
| | PLN | 38,171 | | 13,639,805 |
| | USD | 13,324 | | 19,586,536 |
| | Others | | | 8,291,200 |
| **Total (Liabilities)** | | | ₩ | 43,558,275 |

(*) Derivative financial assets and liabilities contracted to avoid foreign exchange risk are excluded.

## 32. Financial risk management, Continued

| | | 2023 | | |
|---|---|---|---|---|
| | Currency | Amount in foreign currency in thousands | | Amount in Korean won in thousands |
| Foreign currency financial assets (*) | EUR | 29,029 | ₩ | 41,412,555 |
| | HUF | 152,754 | | 569,772 |
| | PLN | 185,215 | | 60,955,990 |
| | USD | 6,015 | | 7,756,341 |
| | SGD | 113,883 | | 111,247,630 |
| | Others | | | 604,551 |
| **Total (Assets)** | | | ₩ | 222,546,839 |
| Foreign currency financial liabilities (*) | EUR | 29,476 | ₩ | 42,050,699 |
| | HUF | 216 | | 807 |
| | PLN | 47,876 | | 15,756,434 |
| | USD | 13,275 | | 17,117,404 |
| | Others | | | 1,134,734 |
| **Total (Liabilities)** | | | ₩ | 76,060,078 |

(*) Derivative financial assets and liabilities contracted to avoid foreign exchange risk are excluded.

Effect of changes in foreign currency on profit before tax for the year ended December 31, 2024 is as follows (Korean won in thousands):

| | | 2024 | |
|---|---|---|---|
| | | Increase (10%) | Decrease (10%) |
| Increase (decrease) in profit before tax | ₩ | 19,858,691 | (19,858,691) |

3) Other price risk

The Company is exposed to price risk related to financial instruments. Details of financial instruments exposed to price risk as of December 31, 2023 and 202 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Financial assets measured at FVPL | ₩ | 18,791,768 | 18,248,541 |
| Financial assets measured at FVOCI | | 112,875,130 | 111,247,630 |

### (2) Credit risk

The Company is exposed to credit risk that one of the parties to the financial instruments will incur financial losses to the other party for failing to fulfill its obligations. In order to manage credit risk, the Company's management is transacting with customers whose credit rating is above a certain level.

The maximum exposure due to credit risk is the same as the book value and maximum guarantee amount of all financial instruments (excluding equity instruments) including cash and cash equivalents deposited in a financial institution, trade and other receivables.

## 32. Financial risk management, Continued

### (3) Liquidity risk

Liquidity risk is the risk of not being able to raise funds to meet all financial contractual commitments by maturity. In order to manage liquidity risk, the Company establishes short-term and mid- to long-term fund management plans and checks liquidity strategies and plans to manage risks due to insufficient funds.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as of December 31, 2024 and 2023. The amount include interest expenses and exclude effects of setoff agreements (Korean won in thousands):

| | | 2024 | | | | |
|---|---|---|---|---|---|---|
| | | Book value | On demand | Less than 3 months | 3-12 months | 1-5 years |
| Trade payables | ₩ | 87,810,806 | 87,810,806 | 87,810,806 | - | - |
| Non-trade payables | | 15,369,441 | 15,369,441 | 15,369,441 | - | - |
| Accrued expenses | | 31,966,776 | 31,966,776 | 1,401,234 | 30,565,542 | - |
| Borrowings | | 254,755,735 | 264,897,583 | 55,424,813 | 159,730,865 | 49,741,905 |
| Guarantee deposit withholdings | | 10,323,125 | 10,323,125 | - | 10,323,125 | - |
| Lease liabilities | | 8,563,150 | 9,004,521 | 1,263,969 | 2,692,179 | 5,048,373 |
| Derivative liabilities | | 21,986,391 | 21,986,391 | 3,642,505 | 1,051,677 | 17,292,209 |
| | ₩ | 430,775,424 | 441,358,643 | 164,912,768 | 204,363,388 | 72,082,487 |

| | | 2023 | | | | |
|---|---|---|---|---|---|---|
| | | Book value | On demand | Less than 3 months | 3-12 months | 1-5 years |
| Trade payables | ₩ | 233,979,346 | 233,979,346 | 233,979,346 | - | - |
| Non-trade payables | | 19,561,460 | 19,561,460 | 19,561,460 | - | - |
| Accrued expenses | | 13,073,456 | 13,073,456 | 332,950 | 12,740,506 | - |
| Borrowings | | 98,738,596 | 109,754,888 | 2,169,449 | 7,428,889 | 100,156,550 |
| Guarantee deposit withholdings | | 39,561,644 | 39,561,644 | - | 39,561,644 | - |
| Lease liabilities | | 11,886,550 | 12,781,110 | 1,349,006 | 2,622,722 | 8,809,382 |
| Derivative liabilities | | 6,842,727 | 6,842,727 | 401,325 | 2,021,641 | 4,419,761 |
| | ₩ | 423,643,779 | 435,554,631 | 257,793,536 | 64,375,402 | 113,385,693 |

In accordance with the supplier financing agreements concluded between the Company and financial institutions, if a supplier who has supplied the Company with goods and services transfers its accounts receivable to the financial institution within the payment deadline, the Company will pay the payment to the financial institution. These agreements are for the purpose of streamlining the payment process and providing early payment terms to the supplier, but do not relieve the Company of liability for the payables, and therefore does not remove the payables.

## 32. Financial risk management, Continued

### (4) Capital management

The purpose of the Company's capital management is to maintain a sound financial structure. The Company uses the debt-to-equity ratio as an indicator of capital management, which is calculated by dividing total debt by total equity. As of December 31, 2024, the Company maintains a debt-to-equity ratio of 256.77%, and most of the liabilities arise from business activities, so the repayment burden is not large.

The Company's debt-to-equity ratio as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

| | | 2024 | 2023 |
|---|---|---|---|
| Total debt | ₩ | 571,087,785 | 638,716,733 |
| Total equity | | 222,412,528 | 287,941,762 |
| **Debt-to-equity ratio** | | 256.77% | 221.82% |

KPMG SAMJONG

KPMG SAMJONG Accounting Corp.
152, Teheran-ro, Gangnam-gu, Seoul 06236
(Yeoksam-dong, Gangnam Finance Center 27th Floor)
Republic of Korea

Tel +82 (2) 2112 0100
Fax +82 (2) 2112 0101
www.kr.kpmg.com

# Independent Auditor's

# Review Report on Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
SK ecoengineering Co., Ltd.

We have reviewed the accompanying Management's Report on the Effectiveness of Internal Controls over Financial Reporting (the "ICFR Report") of SK ecoengineering Co., Ltd. (the "Company") as of December 31, 2024. The Company's management is responsible for designing and maintaining effective ICFR and for its assessment of the effectiveness of ICFR. Our responsibility is to review management's assessment and issue a report based on our review. In the accompanying report of management's assessment of ICFR, it is stated that: "Based on the assessment of the operational status of the ICFR by Company's Chief Executive Officer and Internal Accounting Manager, 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 (the "Conceptual Framework"). issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea (the "ICFR Committee")."

We conducted our review in accordance with ICFR Review Standards issued by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform the review to obtain assurance of a level less than that of an audit as to whether the Company's ICFR Report is free of material misstatement. Our review consists principally of obtaining an understanding of the Company's ICFR, inquiries of company personnel about the details of the report, and tracing to related documents we considered necessary in the circumstances.

A company's ICFR 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 Korean International Financial Reporting Standards ("K-IFRS"). A company's ICFR 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 financial statements in accordance with K-IFRS, 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) regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.
Because of its inherent limitations, ICFR may not prevent or detect material misstatements in the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review of the Company's ICFR Report, nothing has come to our attention that causes us to believe that the ICFR Report as of December 31, 2024 is not prepared in all material respects, in accordance with the Management Guideline for Evaluation and Reporting of Internal Control over Financial Reporting issued by the ICFR Committee.

This report applies to the Company's ICFR in existence as of December 31, 2024. We did not review the Company's ICFR subsequent to December 31, 2024. This report has been prepared for Korean regulatory purposes, pursuant to the Act on External Audit of Stock Companies, Etc. and may not be appropriate for other purposes or for other users.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
March 10, 2025

# Management's Report on the Effectiveness of Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Audit Committee of
SK ecoengineering Co., Ltd.

We, as the chief executive officer ("CEO") and the internal accounting control officer ("IACO") of SK ecoengineering Co., Ltd. (the "Company"), have assessed the status of the design and operations of the Company's Internal Control over Financial Reporting ("ICFR") as of December 31, 2024.

The Company's management, including CEO and IACO, is responsible for the design and operations of its ICFR.

We, as the CEO and the IACO, have assessed whether the ICFR has been effectively designed and is operating to prevent and detect any error or fraud, which may cause any misstatement of the separate financial statements, for the purpose of establishing the reliability of separate financial statements preparation and presentation for external uses.

We, as the CEO and the IACO, 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. And we conducted an evaluation of ICFR based on the 'Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting' established by the ICFR Committee.

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, as the CEO and ICFR officer, confirm that this report does not contain or present any false statement or omit to state a fact necessary to be presented herein. We also confirm that this report does not contain or present any statement which might cause material misunderstandings to the readers, and we have reviewed and verified this report with sufficient care.

February, 14, 2025

Young-gyu Song
Chief Executive Officer

Soon-jong Kim
Internal Control over Financial Reporting Officer