SK ecoengineering Co., Ltd. and its subsidiaries

Consolidated Financial Statements

December 31, 2024 and 2023

(With Independent Auditors' Report Thereon)

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the year 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in 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 transactions with related parties as disclosed in Note 30:

As described in Note 30 to the consolidated financial statements, the Group's significant transactions with related parties for the periods ended December 31, 2024, are KRW 1,561 billion in revenues. Also, in concerning with these transactions, outstanding balances with related parties as of December 31, 2023, are KRW 107 billion in receivables.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 consolidated 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 consolidated 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. and its subsidiaries
Consolidated 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	*1,6*	₩	249,936,452	141,459,103
Trade and other receivables	*6,7,30*		131,994,471	312,678,024
Contract assets	*7,23*		181,286,256	193,288,990
Other current assets	*8*		19,157,432	53,586,437
Current income tax assets			13,096,201	15,750,750
Current derivative instruments assets	*6,16*		4,158,801	1,097,733
Total current assets			599,629,613	717,861,037
Non-current assets:				
Long-term financial instruments	*6*		2,000	2,000
Financial assets at fair value through profit or loss	*6*		18,791,768	18,248,541
Financial assets at fair value through other comprehensive income	*6*		147,748,648	144,441,432
Long-term trade and other receivables	*6,7*		8,587,559	10,308,793
Property, plant and equipment	*9*		3,466,979	4,774,876
Right-of-use assets	*10*		7,169,216	9,927,834
Intangible assets	*11*		6,955,827	5,396,147
Deferred tax assets	*18*		19,386,515	1,590,073
Non-current derivative instruments assets	*6,16*		-	1,907
Defined benefits assets, net	*17*		9,074,179	14,593,553
Total non-current assets			221,182,691	209,285,156
Total assets		₩	820,812,304	927,146,193

See accompanying notes to the financial statements.

SK ecoengineering Co., Ltd. and its subsidiaries
Consolidated 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	*6,12*	₩	157,536,073	306,510,429
Short-term borrowings	*6,13*		100,000,000	-
Current long-term borrowings	*6,13*		106,865,242	4,000,000
Current lease liabilities	*6,10*		3,528,501	3,617,607
Current portion of provisions	*14*		4,507,578	4,772,792
Current tax liabilities			6,909,892	13,122,401
Other current liabilities	*15*		6,001,401	2,037,889
Contract liabilities	*23*		130,866,232	193,489,145
Current derivative instruments liabilities	*6,16*		4,694,182	2,422,966
Total current liabilities			520,909,101	529,973,229
Non-current liabilities:				
Long-term borrowings	*6*		47,890,494	94,738,596
Non-current lease liabilities	*6,10*		5,217,667	8,290,676
Non-current derivative instruments liabilities	*6,16*		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			72,246,719	109,253,795
Total liabilities		₩	593,155,820	639,227,024
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*		64,952,724	133,001,667
Other components of equity	*22*		13,103,784	5,317,526
Equity attributable to the owners of the Company			227,656,484	287,919,169
Non-controlling interests			-	-
Total equity			227,656,484	287,919,169
Total liabilities and equity		₩	820,812,304	927,146,193

See accompanying notes to the financial statements.

SK ecoengineering Co., Ltd. and its subsidiaries
Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

Korean won in thousands	*Note*		2024	2023
Sales	*5,23,30*	₩	1,608,042,628	2,662,931,013
Cost of sales	*23,25*		(1,466,643,194)	(2,462,223,725)
Gross profit			141,399,434	200,707,288
Selling, general and administrative expenses	*24,25*		(102,913,875)	(61,496,560)
Operating profit			38,485,559	139,210,728
Finance income	*6,27*		21,869,809	46,229,666
Finance expenses	*6,27*		(45,013,370)	(37,997,600)
Other income	*26*		1,425,942	1,889,915
Other costs	*26*		(235,077)	(1,133,264)
Profit before tax			16,532,863	148,199,445
Income tax expense	*18*		(11,734,036)	(63,675,732)
Profit for the year			4,798,827	84,523,713
Profit for the period attributable to owners of parent			4,798,827	84,523,713
Profit for the period attributable to non-controlling interests			-	-
Other comprehensive income (loss)				
Items that will not be reclassified to profit or loss				
Remeasurements of net defined benefit liability			(1,189,340)	(5,707,835)
Net gain(loss) on valuation of FVOCI	*6*		1,251,548	6,379,684
Items that may be reclassified to profit or loss				
Net gain (loss) on cash flow hedges			1,776,352	32,064
Exchange differences on translation of foreign operations			4,758,358	7,393,459
Other comprehensive income (loss) for the year, net of tax			6,596,918	8,097,372
Total comprehensive income for the year			11,395,745	92,621,085
Total comprehensive income attributable to owners of parent			11,395,745	92,621,085
Total comprehensive income attributable to non-controlling interests		₩	-	-

See accompanying notes to the financial statements.

SK ecoengineering Co., Ltd. and its subsidiaries
Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

Korean won in thousands		Equity attributable to the owners of the Company					Non-controlling interests	Total
		Share capital	Other paid-up capital	Retained earnings	Other components of equity	Sub-total		
As of January 1, 2023	₩	75,512,200	74,087,776	128,440,762	(8,487,681)	269,553,057	-	269,553,057
Comprehensive income:								
Profit for the period		-	-	84,523,713	-	84,523,713	-	84,523,713
Remeasurement gain (loss) on defined benefit plans		-	-	(5,707,835)	-	(5,707,835)	-	(5,707,835)
Net gain(loss) on valuation of FVOCI		-	-	-	6,379,684	6,379,684	-	6,379,684
Net gain (loss) on cash flow hedges		-	-	-	32,064	32,064	-	32,064
Exchange differences on translation of foreign operations		-	-	-	7,393,459	7,393,459	-	7,393,459
Total comprehensive income for the year		-	-	78,815,878	13,805,207	92,621,085	-	92,621,085
Transaction with owners, recorded directly in equity:								
Dividends for redeemable convertible preferred shares		-	-	(28,964,233)	-	(28,964,233)	-	(28,964,233)
Redemption of redeemable convertible preferred shares		-	-	(45,290,740)	-	(45,290,740)	-	(45,290,740)
Total transaction with owners, recorded directly in equity		-	-	(74,254,973)	-	(74,254,973)	-	(74,254,973)
As of December 31, 2023	₩	75,512,200	74,087,776	133,001,667	5,317,526	287,919,169	-	287,919,169
As of January 1, 2024	₩	75,512,200	74,087,776	133,001,667	5,317,526	287,919,169	-	287,919,169
Comprehensive income:								
Profit for the period		-	-	4,798,827	-	4,798,827	-	4,798,827
Remeasurement of net on defined benefit plans		-	-	(1,189,340)	-	(1,189,340)	-	(1,189,340)
Net gain on valuation of FVOCI		-	-	-	1,251,548	1,251,548	-	1,251,548
Net gain on cash flow hedges		-	-	-	1,776,352	1,776,352	-	1,776,352
Exchange differences on translation of foreign operations		-	-	-	4,758,358	4,758,358	-	4,758,358
Total comprehensive income (loss) for the year		-	-	3,609,487	7,786,258	11,395,745	-	11,395,745
Transaction with owners, recorded directly in equity:								
Dividends for redeemable convertible preferred shares		-	-	(26,292,842)	-	(26,292,842)	-	(26,292,842)
Redemption of redeemable convertible preferred shares		-	-	(45,365,588)	-	(45,365,588)	-	(45,365,588)
Total transaction with owners, recorded directly in equity		-	-	(71,658,430)	-	(71,658,430)	-	(71,658,430)
As of December 31, 2024	₩	75,512,200	74,087,776	64,952,724	13,103,784	227,656,484	-	227,656,484

See accompanying notes to the financial statements.

SK ecoengineering Co., Ltd. and its subsidiaries
Consolidated 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		₩	4,798,827	84,523,713
Adjustments	*28*		73,675,696	63,524,318
Change in operating assets and liabilities	*28*		(6,617,086)	(183,147,044)
Interest received			2,894,045	3,374,551
Interest paid			(13,279,670)	(6,059,708)
Dividends received			183,390	261,738
Income taxes paid			(33,562,320)	(54,208,186)
Net cash inflow (outflow) from operating activities			28,092,882	(91,730,618)
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			-	(136,145,354)
Increase in short-term loans			-	(1,299,535)
Acquisitions of property, plant and equipment			(233,259)	(681,547)
Acquisitions of intangible assets			(5,841,780)	(3,795,391)
Increase in deposits provided			(79,330)	(77,774)
Net cash inflow (outflow) from investing activities			(5,949,648)	(140,714,076)
Cash flows from financing activities				
Increase in short-term borrowings			494,067,554	37,961,276
Proceeds from long-term borrowings			59,228,364	98,932,475
Government grants received			150,000	-
Repayment of short-term borrowings			(394,067,554)	-
Repayment of current long-term borrowings			(4,000,000)	(103,410,578)
Repayment of lease liabilities			(3,907,618)	(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			79,812,316	(45,829,434)
Effects of exchange rate changes on cash and cash equivalents			6,521,799	9,344,400
Net increase (decrease) in cash and cash equivalents			108,477,349	(268,929,728)
Cash and cash equivalents at the beginning of the year			141,459,103	410,388,831
Cash and cash equivalents at the end of the year		₩	249,936,452	141,459,103

See accompanying notes to the financial statements.

For the years ended December 31, 2024 and 2023

1. General Information

General Information on SK ecoengineering Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") in accordance with Korean International Financial Reporting Standard ("K-IFRS") 1110 "Consolidated Financial Statements" is as follows:

(1) The Company

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) Subsidiaries

The subsidiary as of December 31, 2024 and 2023 is as follows:

			Share ratio	
Company	Location	Main business	Dec. 31, 2024	Dec. 31, 2023
Ecoengineering Canada Ltd.	Canada	Construction	100.00%	100.00%
BY Second Co.,Ltd.(*)	Korea	Other financial industry	-	-

(*) 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.

(3) Changes in consolidated companies

The subsidiaries newly included in or excluded from the consolidated companies during the current year are as follows:

	Subsidiaries	Reasons
Included	BY Second Co.,Ltd.	Substantive control

(4) Financial information of subsidiaries

Summarized financial information of subsidiaries as of December 31, 2024 is as follows (Korean won in thousands):

		Total assets	Total liabilities	Sales	Profit for the year
Ecoengineering Canada Ltd.	₩	66,927,465	27,432,054	35,379,801	3,306,001
BY Second Co.,Ltd.	₩	30,000,000	30,000,000	1,251,317	-

2. Basis of preparation

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

The consolidated 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 consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the consolidated 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 and 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

These consolidated financial statements are presented in Korean Won, which is the Group's functional currency which is the currency of the primary economic environment in which the Group operates.

(3) Use of estimates and judgments

The preparation of the consolidated 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.

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 10 - 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 23 - Construction contracts: The uncertainty in connection with the estimated costs

2. Basis of preparation, Continued

3) Measurement of fair value

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group 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 Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group 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 Group 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 6 – 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 Group'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 Group's financial position or results of operations.

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

This amendment provides for 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 Group'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 Group's financial position or results of operations.

4. Summary of Material Accounting Policies

(1) Elimination of internal transactions

Transactions within the Group, related balances, income and expenses, and unrealized gains and losses (excluding foreign exchange gains and losses) are all eliminated when preparing consolidated financial statements. Meanwhile, the Group is eliminating its share of unrealized gains arising from transactions with investments using equity method. And unrealized losses are eliminated in the same manner as unrealized gains, unless there is evidence of asset impairment.

4. Summary of Material Accounting Policies, Continued

(2) 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 Group adds or subtracts the difference between the consideration transferred and the carrying amount of the acquired net assets from capital surplus.

(3) 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) 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 Group 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 Group 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 Group 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 Group'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 Group'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.

4. Summary of Material Accounting Policies, Continued

2) Classification and subsequent measurement, Continued

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 Group 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 Group 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 Group's claim to cash flows from specified assets (e.g. non-recourse features).

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 consolidated statement of financial position when, and only when, the Group 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. Summary of Material Accounting Policies, Continued

(5) Derivative financial instruments

The Group 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 is not designated as a hedging instrument are measured at fair value, and changes therein are recognized in profit or loss.

The Group 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 Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

(6) Impairment for financial assets

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

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

The Group 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'.

4. Summary of Material Accounting Policies, Continued

Credit-impaired financial assets
At each reporting date, the Group 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 Group on terms that the Group 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 consolidated 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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group 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 Group 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 Group's procedures for recovery of amounts due.

(7) 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 Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, the Group 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

4. Summary of Material Accounting Policies, Continued

2) As a lessor

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

(8) Financial Liabilities

Financial liabilities are recognized in the consolidated 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.

(9) Employee benefits

1) Retirement benefits: Defined contribution plans

For defined contribution plans, when an employee has rendered service to the Group 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.

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.

(10) Revenue from contracts with customers

Revenue is measured based on the consideration promised in the contract with the customer. The Group 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 No. 1115.

1) Construction contracts

In the case of construction contracts where the Group renders construction services for plants, etc., the customer controls the assets as they are being constructed. This is because under those contracts, the Group performs construction or design services to meet the customer's specifications, and if a contract is terminated by the customer, the Group 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 Group 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.

4. Summary of Material Accounting Policies, Continued

2) Service

Revenue for the services performance included in the Group'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.

(11) Finance income and finance costs

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

(12) Supplier Finance arrangements

The Group participates in supplier finance arrangements under which suppliers transfer trade receivables received from the Group by banks to finance companies in return for which payment is received. Under these arrangements, the financial institutions pay the Group's payables to suppliers on our behalf and the Group 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 Group has not removed the payables because these agreements do not relieve or substantially modify the Group of liability for the payables. From the Group'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 Group incurred additional interest from the financial institutions on this transaction and, as a result, the Group 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.

(13) New and amended standards not yet adopted by the Group

A number of new standards are effective for annual periods beginning after January 1, 2024 and earlier application is permitted but the Group has not early adopted the new or amended standards in preparing these financial statements. It is not expected to have a material impact on the Group’s 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”, K IFRS 1101 “First-time adoption of KIFRS”, K-IFRS 1107 “Financial Instruments: Disclosures”, K-IFRS 1109 “Financial Instruments”, K-IFRS 1110 “Consolidated Financial Statements”)

5. Segment information

(1) General information of segments

The Group makes decisions on resources to be allocated to the operating segments and evaluates the performance of the operating segments based on the operating profit. And the Group classifies operating segments based on internal reporting data that is periodically reviewed by the chief operating decision maker (Board of directors). As of the end of the current year, the main businesses by operating segment are as follows.

Segments	Nature of business
Plant	Construction of industrial, power generation and environment plants

(2) Details of the Group's segment as of and for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

		Plant	
		2024	2023
Sales	₩	1,608,042,628	2,662,931,013
Gross profit		141,399,434	200,707,288
Operating profit		38,485,559	139,210,728
Non-current assets(*)		17,592,021	20,098,857

(*) Financial instruments, deferred tax assets and net defined benefit assets are excluded.

(3) Set out below is the disaggregation of the Group's segment revenue from contracts with customers for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

		2024	2023
1. Total sales	₩	1,608,042,628	2,662,931,013
2. Type of goods or service:			
Construction sales		1,579,898,177	2,654,660,372
Service sales		28,144,451	8,270,641
	₩	1,608,042,628	2,662,931,013
3. Timing of revenue recognition:			
Revenue recognized at a point in time	₩	-	-
Revenue recognized over time		1,608,042,628	2,662,931,013
	₩	1,608,042,628	2,662,931,013

(4) 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	19.37%
SK multi utility Co., Ltd.		167,003,367	10.39%
SK On Co., Ltd.		235,590,363	14.65%
SK Battery America, Inc.		192,145,964	11.95%
	₩	906,228,092	56.36%

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

5. Segment information, Continued

		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.

6. 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	₩	-	-	249,936,452	-	249,936,452
Trade receivables		-	-	69,749,980	-	69,749,980
Non-trade receivables		-	-	9,244,412	-	9,244,412
Accrued revenues		-	-	1,453,226	-	1,453,226
Rental deposits provided		-	-	2,141,259	-	2,141,259
Business deposits provided		-	-	49,405,593	-	49,405,593
Current derivative instruments assets		3,048,682	-	-	1,110,119	4,158,801
Subtotal (Current)		3,048,682	-	381,930,923	1,110,119	386,089,724
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		-	147,748,648	-	-	147,748,648
Long-term loans		-	-	4,966,205	-	4,966,205
Rental Deposits provided		-	-	3,621,355	-	3,621,355
Subtotal (Non-current)		18,791,768	147,748,648	8,589,560	-	175,129,976
	₩	21,840,450	147,748,648	390,520,483	1,110,119	561,219,700

6. 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	₩	-	-	141,459,103	-	141,459,103
Trade receivables		-	-	292,429,442	-	292,429,442
Non-trade receivables		-	-	10,569,203	-	10,569,203
Accrued revenues		-	-	828,551	-	828,551
Rental deposits provided		-	-	2,608,827	-	2,608,827
Business deposits provided		-	-	4,954,307	-	4,954,307
Short-term loans		-	-	1,287,694	-	1,287,694
Current derivative instruments assets		735,681	-	-	362,052	1,097,733
Subtotal (Current)		735,681	-	454,137,127	362,052	455,234,860
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		-	144,441,432	-	-	144,441,432
Long-term loans		-	-	3,265,625	-	3,265,625
Rental Deposits provided		-	-	7,043,168	-	7,043,168
Non-current derivative instruments assets		-	-	-	1,907	1,907
Subtotal (Non-current)		18,248,541	144,441,432	10,310,793	1,907	173,002,673
	₩	18,984,222	144,441,432	464,447,920	363,959	628,237,533

6. 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	₩	-	98,361,889	-	98,361,889
Non-trade payables		-	15,382,963	-	15,382,963
Accrued expenses		-	32,000,279	-	32,000,279
Short-term borrowings		-	100,000,000	-	100,000,000
Current long-term borrowings		-	106,865,242	-	106,865,242
Guarantee deposit withholdings		-	11,790,943	-	11,790,943
Current lease liabilities		-	3,528,501	-	3,528,501
Current derivative instruments liabilities		805,069	-	3,889,113	4,694,182
Subtotal (Current)		805,069	367,929,817	3,889,113	372,623,999
Non-current liabilities:					
Long-term borrowings		-	47,890,494	-	47,890,494
Non-current lease liabilities		-	5,217,667	-	5,217,667
Non-current derivative instruments liabilities		17,292,209	-	-	17,292,209
Subtotal (Non-current)		17,292,209	53,108,161	-	70,400,370
	₩	18,097,278	421,037,978	3,889,113	443,024,369

		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	₩	-	234,310,200	-	234,310,200
Non-trade payables		-	19,561,460	-	19,561,460
Accrued expenses		-	13,077,125	-	13,077,125
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	314,128,036	1,923,965	316,551,002
Non-current liabilities:					
Long-term borrowings		-	94,738,596	-	94,738,596
Non-current lease liabilities		-	8,290,676	-	8,290,676
Non-current derivative instruments liabilities		3,029,320	-	1,390,441	4,419,761
Subtotal (Non-current)		3,029,320	103,029,272	1,390,441	107,449,033
	₩	3,528,321	417,157,308	3,314,406	424,000,035

6. 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		3,548,262	3,283,342
Foreign exchange profit and loss		10,511,595	24,064,131
Loss on disposition of trade receivables		(203,820)	(875,980)
Financial liabilities measured at amortized cost			
Interest expense		(15,911,822)	(5,581,908)
Foreign exchange profit and loss		(6,201,676)	(14,354,433)
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)
	₩	(18,749,008)	15,735,008

(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

6. Financial Instruments by Category, Continued

		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		

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.

The Group determines that the difference from the fair value of the book value of financial instruments that were not subsequently measured at fair value in the consolidated statement of financial position as of December 31, 2024 and 2023 is not material. As of December 31, 2024 and 2023, the book value of financial instruments that were not subsequently measured at fair value are as follows (Korean won in thousands):

Category	Financial instruments		December 31, 2024	December 31, 2023
Financial assets at FVOCI	Equity instruments	₩	34,873,518	33,193,802

6. Financial Instruments by Category, Continued

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 Group 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.

7. Trade and other receivables

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

		December 31, 2024		December 31, 2023	
		Current	Non-current	Current	Non-current
Trade receivables:					
Trade receivables and contract assets (*)	₩	251,036,237	-	485,718,432	-
Other receivables:					
Non-trade receivables		9,244,412	-	10,569,203	-
Accrued income		1,453,226	-	828,551	-
Rental deposits provided		2,141,259	3,621,354	2,608,827	7,043,168
Business deposits provided		49,405,593	-	4,954,307	-
Loans		-	4,966,205	1,287,694	3,265,625
Sub total		62,244,490	8,587,559	20,248,582	10,308,793
	₩	313,280,727	8,587,559	505,967,014	10,308,793

(*) 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 181,286,256 thousand as of December 31, 2024 (KRW 193,288,990 thousand as of December 31, 2023).

8. Other current assets

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

		December 31, 2024	December 31, 2023
Advance payments	₩	10,765,055	17,255,165
Pre-paid expenses		6,765,286	2,365,943
Pre-paid construction on costs		273,625	2,761,721
VAT receivables		1,353,466	31,203,608
	₩	19,157,432	53,586,437

For the years ended December 31, 2024 and 2023

9. 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	254,383	4,462,294	4,774,876
Acquisition		-	-	13,325	219,934	233,259
Disposals		(21,304)	(29,290)	(1,592)	-	(52,186)
Depreciation		(1,968)	(3,695)	(52,469)	(1,434,391)	(1,492,523)
Others (*)		683	(41)	2,911	-	3,553
Ending balance	₩	10	2,574	216,558	3,247,837	3,466,979
Acquisition cost	₩	10	4,680	321,144	7,073,914	7,399,748
Accumulated depreciation		-	(2,106)	(104,586)	(3,826,077)	(3,932,769)

(*) 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	62,646	580,994	681,547
Disposals		(46,860)	-	(26,481)	-	(73,341)
Depreciation		(19,603)	(7,287)	(61,270)	(1,330,104)	(1,418,264)
Others(*)		9,224	(2,255)	234,461	-	241,430
Ending balance	₩	22,599	35,600	254,383	4,462,294	4,774,876
Acquisition cost	₩	37,443	42,862	309,658	6,432,309	6,822,272
Accumulated depreciation		(14,844)	(7,262)	(55,275)	(1,970,015)	(2,047,396)

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

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

10. 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):

		December 31, 2024	December 31, 2023
Right-of-use assets:			
Properties	₩	7,050,464	9,593,187
Vehicles		118,752	327,815
Others		-	6,832
	₩	7,169,216	9,927,834
Lease liabilities:			
Current liabilities		3,528,501	3,617,607
Non-current liabilities		5,217,667	8,290,676
	₩	8,746,168	11,908,283

(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	₩	3,400,029	4,313,545
Interest expenses on lease liabilities		473,617	653,141
Expense relating to short-term leases		10,195,938	20,587,016
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)
	₩	14,287,828	26,202,561

(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	₩	9,593,187	327,815	6,832	9,927,834
Acquisition		512,941	216,898	-	729,839
Depreciation		(3,075,455)	(428,855)	(6,832)	(3,511,142)
Other(*)		19,791	2,894	-	22,685
Ending balance	₩	7,050,464	118,752	-	7,169,216

(*) Other consists of net foreign exchange differences.

10. 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		1,137,905	71,106	-	1,209,011
Cancellation of contracts		-	(7,914)	-	(7,914)
Depreciation		(3,936,326)	(420,201)	(212,754)	(4,569,281)
Other(*)		(11,553)	17,302	-	5,749
Ending balance	₩	9,593,187	327,815	6,832	9,927,834

(*) 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	8,290,676
Acquisition		-	729,839
Payments		(3,907,618)	-
Interest expenses		-	473,617
Payments of Interest		(473,617)	-
Other(*)		-	18,353
Transfer to current liabilities		4,292,129	(4,292,129)
Cancellation of contracts		-	(2,689)
Ending balance	₩	3,528,501	5,217,667

(*) Other consists of net foreign exchange differences.

		2023	
		Current	Non-current
Beginning balance	₩	4,251,826	11,521,673
Acquisition		-	1,175,723
Payments		(5,057,634)	-
Interest expenses		-	653,141
Payments of Interest		(653,141)	-
Other(*)		-	17,620
Transfer to current liabilities		5,076,556	(5,076,556)
Cancellation of contracts		-	(925)
Ending balance	₩	3,617,607	8,290,676

(*) Other consists of net foreign exchange differences.

10. 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	₩	10,892,909	21,882,027
Cash flows from financing activities		3,907,618	5,057,634

(6) Some lease contracts include renewable options which can extend the lease by one year. For the efficiency of the Group's operations, the Group strives to include renewable options for our new lease, if possible. The renewable options can only be exercised by the lessee. The Group evaluates whether it is quite certain to exercise the renewable options on the lease commencement date. The Group 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.

11. 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)	-	-
Others		25,800	-	-	25,800
Ending balance	₩	3,496,990	1,669,160	229,997	5,396,147

12. Trade and other payables

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

		December 31, 2024	December 31, 2023
		Current	Current
Trade payables	₩	98,361,889	234,310,200
Other payables :			
Non-trade payables		15,382,963	19,561,460
Accrued expenses		32,000,279	13,077,125
Guarantee deposit withholdings		11,790,942	39,561,644
Sub total		59,174,184	72,200,229
	₩	157,536,073	306,510,429

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		December 31, 2024	December 31, 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		December 31, 2024	December 31, 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%	2025-09-13		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	-
	IBK Capital Corporation & LOTTE CAPITAL 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 Group 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.

(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		December 31, 2024	December 31, 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	-
	IBK Capital Corporation & LOTTE CAPITAL 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 Group 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):

		December 31, 2024	December 31, 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 Group, 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):

		December 31, 2024	December 31, 2023
Other current liabilities:			
Withholdings	₩	2,897,782	1,922,714
VAT payables		3,103,619	115,175
	₩	6,001,401	2,037,889
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):

		December 31, 2024		December 31, 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 Group 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 Group 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):

		December 31, 2024	December 31, 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):

		December 31, 2024	December 31, 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 4.649 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 Group 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 Group is required to pay an additional tax on the difference between the aggregate effective tax rate of the jurisdiction in which each of the Group's fixed establishments is located and the minimum tax rate of 15%. The Group has evaluated the impact of the implementation of Pillar Two Model Rules in all jurisdictions in which each of the Group'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 Group 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 Group 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)	₩	30,941,259	65,130,628
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	₩	11,734,036	63,675,732

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

		2024	2023
Profit before income tax	₩	16,532,863	148,199,445
Income tax expense computed at statutory rate		3,433,368	33,772,072
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)	7,350,311
Foreign tax credit		13,513,852	26,315,095
Others		261,944	(1,236,334)
Income tax expenses	₩	11,734,036	63,675,732
Effective income tax rate (*)		70.97%	42.97%

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 Group 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 (*)	₩	5,525,708	2,896,423
Unappropriated retained earnings		59,427,016	130,105,244
	₩	64,952,724	133,001,667

(*) The Korean Commercial Act requires the Group 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.

(2) Details of dividends paid by the Group for the years ended December 31, 2024 and 2023 are as follows (Korean won in thousands):

		Redeemable convertible preferred shares	
		2024	2023
Dividend per share (won)	₩	3,837	3,872
Dividend rate		77%	70%
Number of shares issued	₩	6,030,000	6,791,257
Total dividend	₩	23,135,347	26,292,842

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		7,609,425	2,851,067
Net Gain (loss) on valuation of FVOCI		7,631,232	6,379,684
	₩	13,103,784	5,317,526

23. 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	₩	1,579,898,177	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):

		December 31, 2024	December 31, 2023
Contract assets:			
<Unclaimed construction>			
Plant	₩	181,286,256	193,288,990
Contract liabilities:			
<Overclaimed construction>			
Plant	₩	130,866,232	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	₩	9,659,194,860	8,962,848,402	696,346,458	9,608,774,836	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	₩	705,357,027	529,033,410
Changes in estimated construction costs		642,196,761	472,409,007
Impact on current profit and loss		52,234,571	23,696,630
Impact on future profit and loss		10,925,695	32,927,773
Changes in unclaimed construction		(61,874,689)	7,647,663
Changes in over claimed construction		(114,109,260)	(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.

23. 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):

					December 31, 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	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	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

24. 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	₩	38,758,766	25,986,453
Severance benefits		29,472,233	2,864,817
Employee benefits		7,000,643	3,610,590
Travel expenses		245,262	408,527
Vehicle maintenance expenses		58,638	88,071
Communication expenses		229,761	120,809
Publication expenses		36,753	40,691
Repairs expenses		22,516	85,619
Taxes and dues		2,542,420	2,080,138
Insurance premium		873,747	908,834
Leasing fees		285,094	202,488
Utilities expenses		1,387,496	393,842
Commissions		13,296,954	15,919,493
Training and research expenses		729,860	88,494
Advertising expenses		5,309,364	6,286,813
Depreciation expenses of PP&E		685,518	1,158,610
Amortization expenses		33,319	5,460
Depreciation expenses of right-in-use		1,376,896	830,826
Supplies expenses		38,382	63,994
Entertainment expenses		22,543	37,704
Conference expenses		48,489	75,737
Warranty expenses		459,221	238,550
	₩	102,913,875	61,496,560

25. 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		184,575,871	175,336,645
Outsourcing expenses		895,962,778	1,514,395,937
Commissions		116,595,239	155,059,302
Insurance premium		13,563,030	18,589,445
Safety management expenses		3,843,720	12,276,881
Taxes and dues		8,448,782	7,941,825
Depreciation and amortization		8,054,456	8,340,167
Advertising expenses		5,309,364	6,287,308
Other expenses		26,421,599	24,912,435
	₩	1,569,557,069	2,523,720,285

26. 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	₩	1,425,942	1,854,895
Gains on disposal of PP&E		-	552
Reversal of allowances for doubtful accounts		-	34,468
Total		1,425,942	1,889,915
Other expenses:			
Losses on disposal of PP&E		31,212	18,039
Others		45	239,245
Losses on disposal of trade receivables		203,820	875,980
Total	₩	235,077	1,133,264

27. 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	₩	3,548,262	3,283,342
Dividend income		183,390	261,738
Gains on foreign currency transaction		4,746,798	15,512,314
Gains on foreign currency translation		6,861,364	15,876,066
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	₩	21,869,809	46,229,666
Finance expenses:			
Interest expenses	₩	15,412,279	4,894,820
Interest expenses on lease liabilities		499,543	687,088
Losses on foreign currency transaction		6,371,220	15,160,151
Losses on foreign currency translation		927,023	6,518,531
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	₩	45,013,370	37,997,600

28. 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	₩	927,023	6,518,531
Depreciation expenses of PP&E		1,492,523	1,418,264
Amortization expenses		3,335,420	2,641,526
Losses on disposal of PP&E		31,212	18,039
Depreciation expenses of right-in-use		3,511,142	4,569,281
Interest expenses		15,412,279	4,894,820
Interest expenses on lease liabilities		499,543	687,088
Losses on change of lease contracts		-	7,126
Contribution to provisions for onerous contracts		-	-
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		32,259,773	7,550,112
Long-term employee benefits		15,661	181,587
Income tax expenses		11,734,036	63,675,732
Other expenses		-	232,537
Gains on foreign currency translation		(6,861,364)	(15,876,066)
Dividend income		(183,390)	(261,738)
Interest income		(3,548,262)	(3,283,342)
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)
Other revenues		-	(32,916)
	₩	73,675,696	63,524,318

28. 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	₩	228,740,382	168,550,459
Decrease (increase) in contract assets		12,002,732	(8,396,751)
Decrease (increase) in other current receivables		(304,423)	(7,703,075)
Decrease (increase) in prepaid expenses		(4,386,493)	(840,110)
Decrease (increase) in advance payments		8,978,206	21,617,391
Decrease (increase) in rental deposits provided		4,229,724	(1,531,369)
Decrease (increase) in business deposits provided		(44,451,286)	64,253,131
Decrease (increase) in VAT receivables		28,877,505	(25,209,289)
Decrease (increase) in long-term loans		(347,724)	(909,639)
Decrease (increase) in derivative instruments designated as hedging instruments		(950,015)	(3,598,986)
Increase (decrease) in trade payables		(138,013,436)	(110,068,717)
Increase (decrease) in contract liabilities		(62,876,680)	(230,144,547)
Increase (decrease) in other current liabilities		3,928,686	(183,890)
Increase (decrease) in non-trade payables		(3,247,117)	(12,767,251)
Increase (decrease) in guarantee deposit withholdings		(28,490,557)	(26,176,758)
Increase (decrease) in accrued expenses		(7,309,289)	700,571
Increase (decrease) in VAT payables		892,629	115,175
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)
	₩	(6,617,086)	(183,147,044)

(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	₩	729,839	1,209,011
Transfer of lease liabilities to current portion		4,292,129	5,076,556
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	-

29. 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):

				December 31, 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	-

29. Contingencies and commitments, Continued

		December 31, 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 Group 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 Group 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 Group has obligations to return a portion of the construction fee already paid if the Group 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	₩	18,182,601	18,182,601	Collateral of performance guarantee

(7) Supplier finance arrangements

As part of the supplier financing arrangements, the Group 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.

For the years ended December 31, 2024 and 2023

30. Related party disclosures

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

Relationship	Related parties
Ultimate controlling company	SK Inc.
Parent company	SK ecoplant Co., Ltd.
Associate (*1)	Eco Energy Holdings Inc.
Other related parties (*2)	ABSOLICS INC DE, SK Battery America, 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 Group 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
Other related parties	ABSOLICS INC DE		11,917,466	-	-
	SK Battery America		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	-	-
	SK Incheon Petrochem Co.,Ltd		95,000	-	-

30. Related party disclosures, Continued

		2024		
Relationship	**Related parties**	**Revenues**	**Expenses**	**Acquisition of facility resources**
Other related parties	SK PINX Co.,Ltd.	-	30,000	-
(Continued)	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	-	-
		₩ 1,560,928,914	35,271,704	1,593,038

For the years ended December 31, 2024 and 2023

30. Related party disclosures, Continued

			2023		
Relationship	**Related parties**		**Revenues**	**Expenses**	**Acquisition of facility resources**
Ultimate controlling company	SK Inc.	W	-	5,782,668	680,800
Parent company	SK ecoplant Co., Ltd.		6,720,483	28,096,515	-
Other related parties	ABSOLICS INC DE		83,453,768	-	-
	SK Battery America		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 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	-	-
	SK Nexilis Co., Ltd.		4,057,278	-	-

30. Related party disclosures, Continued

		2023		
Relationship	**Related parties**	**Revenues**	**Expenses**	**Acquisition of facility resources**
Other related parties	Yeongnam energy service	-	1,139	-
(Continued)	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	-
		₩ 2,639,867,830	52,461,632	705,222

30. 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 (*)	
			Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 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
Other related parties	World Energy GH2 Limited Partnership		1,601,121	1,289,400	-	-
	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
		₩	107,447,725	298,690,076	7,335,601	12,915,638

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

30. 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
Associate	Eco Energy Holdings Inc.	₩	26,292,842	45,365,588

			2023			
			Investment	Loan	Dividends for RCPS	Redemption of RCPS
Associate	Eco Energy Holdings Inc.	₩	-	-	28,964,233	45,290,740
Other related parties	TES-ENVIROCORP PTE. LTD.		102,951,552	-	-	-
	World Energy GH2 Limited Partnership		33,193,802	1,287,694	-	-
		₩	136,145,354	1,287,694	28,964,233	45,290,740

(5) There are no guarantees provided by the Group for related parties as of December 31, 2024 and 2023.

(6) For the years ended December 31, 2022, the Group 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 Group.

(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	₩	630,568	404,089
Severance benefits		129,243	247,500
	₩	759,811	651,589

31. Financial risk management

The Group's major financial liabilities consist of trade payables and other payables, which were incurred to raise funds for operational activities. In addition, the Group 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 Group 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 Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group'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 Group 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 Group 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):

		December 31, 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	35,577		52,298,718
	SGD	104,410		112,875,130
	Others			73,715,935
Total (Assets)			₩	306,854,605
Foreign currency financial liabilities (*)	EUR	1,335	₩	2,040,734
	PLN	38,171		13,639,805
	USD	14,375		21,130,743
	Others			22,344,419
Total (Liabilities)			₩	59,155,701

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

31. Financial risk management, Continued

		December 31, 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 are as follows (Korean won in thousands):

		2024	
		Increase (10%)	Decrease (10%)
Increase (decrease) in profit before tax	₩	24,769,890	(24,769,890)

3) Other price risk

The Group is exposed to price risk related to financial instruments. Details of financial instruments exposed to price risk as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

		Dec. 31, 2024	Dec. 31, 2023
Financial assets measured at FVPL	₩	18,791,768	18,248,541
Financial assets measured at FVOCI		147,748,648	144,441,432

(2) Credit risk

The Group 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 Group'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.

31. 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 Group 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 Group'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	₩	98,361,889	98,361,889	98,361,889	-	-
Non-trade payables		15,382,963	15,382,963	15,382,963	-	-
Accrued expenses		32,000,279	32,000,279	1,434,737	30,565,542	-
Borrowings		254,755,736	264,897,583	55,424,813	159,730,865	49,741,905
Guarantee deposit withholdings		11,790,942	11,790,942	-	11,790,942	-
Lease liabilities		8,746,168	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
	₩	443,024,368	453,424,568	175,510,876	205,831,205	72,082,487

		2023				
		Book value	On demand	Less than 3 months	3-12 months	1-5 years
Trade payables	₩	234,310,200	234,310,200	234,310,200	-	-
Non-trade payables		19,561,460	19,561,460	19,561,460	-	-
Accrued expenses		13,077,125	13,077,125	336,619	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
	₩	423,978,302	435,889,154	258,128,059	64,375,402	113,385,693

In accordance with the supplier financing agreements concluded between the Group and financial institutions, if a supplier who has supplied the Group with goods and services transfers its accounts receivable to the financial institution within the payment deadline, the Group 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 Group of liability for the payables, and therefore does not remove the payables.

31. Financial risk management, Continued

(4) Capital management

The purpose of the Group's capital management is to maintain a sound financial structure. The Group 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 Group maintains a debt-to-equity ratio of 260.55%, and most of the liabilities arise from business activities, so the repayment burden is not large.

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

		2024	2023
Total debt	₩	593,155,820	639,227,024
Total equity		227,656,484	287,919,169
Debt-to-equity ratio		260.55%	222.02%