

AJ Networks Co., Ltd.

Separate financial statements
for each of the two years in the period ended December 31, 2025
with the independent auditor's report

AJ Networks Co., Ltd.

Table of contents

Independent auditor's report

	Page
Separate financial statements	
Separate statements of financial position	1
Separate statements of comprehensive income	2
Separate statements of changes in equity	3
Separate statements of cash flows	4
Notes to the separate financial statements	5

Audit opinion on internal control over financial reporting

Independent auditor's report on internal control over financial reporting

Management's report on the effectiveness of internal control over financial reporting



Shape the future
with confidence

EY Han Young
2-3F, 7-8F, Taeyoung Building, 111 Yeouigongwon-ro,
Yeongdeungpo-gu, Seoul 07241 Korea

Tel: +82 2 3787 6600
Fax: + 82 2 783 5890
ey.com/kr

Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors

AJ Networks Co., Ltd.

Opinion

We have audited the separate financial statements of AJ Networks Co., Ltd. (the "Company"), which comprise the separate statements of financial position as of December 31, 2025 and 2024, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for each of the two years in the period ended December 31, 2025, and the notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2025, in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Company's internal control over financial reporting ("ICFR") as of December 31, 2025 based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 18, 2026 expressed an unqualified opinion thereon.

Basis for opinion

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

Key audit matter

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

(1) Impairment tests on investments in the subsidiary, AJ Total Vietnam Co., Ltd. - estimation of the recoverable amount

As described in Note 7 to the separate financial statements, as of December 31, 2025, the book value of investments in the subsidiary, AJ Total Vietnam Co., Ltd., is KRW41,787 million. As described in Note 2 to the separate financial statements, the Company assesses at the end of each reporting period whether there is an indication that the relevant asset may be impaired, and when there is an indication of impairment, the Company estimates the recoverable amount that is the higher of the asset's fair value less costs to sell and its value-in-use, and then compares the recoverable amount with its book value. Based on the conclusion that the investments in the subsidiary show an indication of impairment, the Company estimated the recoverable amount based on the value-in-use as described in Note 7. We identified the estimate of the recoverable amount of investments in the subsidiary as a key audit matter, because the assessment of the recoverable amount is accompanied by significant management judgments and estimations, especially on the estimated future cash

flows, discount rates, perpetual growth rates and others.

The main audit procedures that we have conducted for this key audit matter are as follows:

- Obtain an understanding of and assess internal controls related to processes for reviewing the recoverable amount.
- Examine the independence and qualification of external specialists engaged in management's evaluation.
- Assess the valuation models used by management in calculating the value-in-use by engaging the auditor's specialists.
- Evaluate the key assumptions used by management in calculating the value-in-use.
- Recalculate the recoverable amount based on the valuation model methodology suggested by management
- Assess the sensitivity of value-in-use, driven by changes in discount rates and terminal growth rates.

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

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

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

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

Auditor's responsibilities for the audit of the separate financial statements

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jong Seok Lee.



March 18, 2026

This audit report is effective as of March 18, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying separate financial statements and may result in modifications to this report.

AJ Networks Co., Ltd.

Separate financial statements
for each of the two years in the period ended December 31, 2025
with the independent auditor's report

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

Jungho, Kwag
Chief Executive Officer
AJ Networks Co., Ltd.

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

1. General Information

AJ Networks Co., Ltd. (the “Company”), the parent company, was incorporated on February 10, 2000 to engage in the business of long-and-short-term lease and sale of telecommunication equipment, OA equipment and special industrial equipment. The Company acquired and merged with “AJU L&F holdings”, which was its parent company, on December 30, 2013, as the date of merger, and changed its name from AJU Rental Co., Ltd to AJ Networks Co., Ltd. In addition, the Company has been listed on the Korea Stock Exchange since August 21, 2015.

The Company’s initial capital was 10,000 million Korean won and, after a number of capital increases, its paid-in capital is 46,822 million Korean won as of December 31, 2025. The Company’s major stockholders as of December 31, 2025 are as follows:

	Number of shares	Percentage of ownership (%)
Moon Jee Whe	10,977,640	24.26
Moon Sun Woo	10,977,634	24.26
Moon Duck Young	3,000,000	6.63
Treasury shares	501,709	1.11
Others	19,795,776	43.74
	<u>45,252,759</u>	<u>100.00</u>

2. Material accounting policies

The material accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Company prepares statutory financial statements in Korean in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”), enacted by the *Act on External Audit of Stock Companies*. The accompanying separate financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The separate financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value:
- assets held for sale – measured at fair value less costs to sell; and
- defined benefit pension plans – plan assets measured at fair value.

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

2.1 Basis of preparation (cont'd)

The preparation of separate financial statements requires the use of critical accounting estimates.

Management also needs to exercise judgement in applying The Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 3.

2.2 Changes in accounting policies and disclosures

2.2.1 New and amended standards and interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2025. The Company has not adopted any other standard early, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations are applied for the first time from 2025; however, they do not have a material impact on the Company's separate financial statements.

Amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates - Lack of exchangeability*

For annual reporting periods beginning on or after January 1, 2025, the amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

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

Amendments to KIFRS 1117 *Insurance Contracts - Disclosure of Methods for Estimating Inputs Used to Measure Insurance Contract*

The amendments to KIFRS 1117 *Insurance Contracts*, effective for annual reporting periods ending on or after December 31, 2025, specify disclosure requirements applied when the entity with insufficient historical data or experience available is required to use principle-based estimation techniques in accordance with insurance-related laws and regulations. If the entity uses the estimation techniques for inputs in measuring insurance contracts different from the principle-based estimation techniques as required by insurance-related laws and regulations and the information about such differences is judged to be relevant and material to users of financial statements, the entity is required to disclose the following

- the methods that the entity used for estimating inputs based on its significant judgment and the basis of such judgment, and the difference between the estimation technique used by the entity and the principle-based estimation techniques required by laws and regulations; and
- the impact of applying the principle-based estimation techniques required by laws and regulations on the estimates of future cash flows, insurance contract margins, insurance revenues and insurance service expenses.

However, the amendments will remain effective until the annual reporting period ending December 31, 2029. The amendments do not have a material impact on the Company's financial statements.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.2 Changes in accounting policies and disclosures (cont'd)

2.2.2 Standards issued but not yet effective

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

Amendments to KIFRS 1109 and KIFRS 1107 - *Classification and Measurement of Financial Instruments*

The amendments to KIFRS 1109 and KIFRS 1107 *Classification and Measurement of Financial Instruments* include:

- a clarification that a financial liability is derecognized on the "settlement date" and the introduction of an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date;
- additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;
- clarifications on what constitute "non-recourse features" and what are the characteristics of contractually linked instruments; and
- the introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments measured at fair value through other comprehensive income (OCI).

The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Company does not plan to early adopt the amendments.

Annual Improvements to KIFRS - Volume 11

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

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

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted and must be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.2.2 Standards issued but not yet effective (cont'd)

Amendments to KIFRS 1109 and KIFRS 1107 - *Contracts Referencing Nature-dependent Electricity*

The amendments to KIFRS 1109 and KIFRS 1107 - *Contracts Referencing Nature-dependent Electricity* have been issued and include the followings:

- clarification of the application of the “own-use” requirements for in-scope contracts;
- amendments to the designation requirements for a hedged item in a cash flow hedging relationship for in scope contracts; and
- addition of new disclosure requirements to enable investors to understand the effect of these contracts on an entity’s financial performance and cash flows.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted and must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the disclosure amendments to KIFRS 1107 must be implemented alongside the amendments to KIFRS 1109. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Company is currently assessing the impact that the amendments will have on the primary financial statements and the notes to the financial statements.

KIFRS 1118 *Presentation and Disclosure in Financial Statements*

KIFRS 1118 has been issued, which replaces KIFRS 1001 *Presentation of Financial Statements*. KIFRS 1118 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified “roles” of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to KIFRS 1007 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from “profit or loss” to “operating profit or loss” and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

KIFRS 1118, and the amendments to the other standards, are effective for annual reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. KIFRS 1118 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.3 Investments in subsidiaries

The separate financial statements of the Company are the separate financial statements prepared in accordance with KIFRS 1027 *Separate Financial Statements*. Investments in subsidiaries are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. If there is objective evidence of impairment for the investment in the subsidiary, the Company recognizes the difference between the recoverable amount of the subsidiary and its book amount as impairment loss.

2.4 Investments in associates

Associates are entities over which the Company has significant influence but no control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. If there is objective evidence of impairment for the investment in the associate, the Company recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges, or are attributable to monetary part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

2.6 Financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- financial assets at fair value through profit or loss (“FVPL”);
- financial assets at fair value through other comprehensive income (“FVOCI”); and
- financial at amortized cost.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.6 Financial assets (cont'd)

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flow:

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt securities, this will depend on the business model in which the investment is held. The Company reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of non-designated equity investment are recognized in profit or loss.

(b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.6 Financial assets (cont'd)

A. Debt securities

Subsequent measurement of debt securities depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt securities into one of the following three measurement categories:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income or other expenses and impairment losses are presented in other expenses
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of comprehensive income within 'other income' or 'other expenses' in the year in which it arises.

B. Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments, which are held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'other income' or 'other expenses' in the statement of comprehensive income as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.6 Financial assets (cont'd)

(c) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt securities carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Company applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

(d) Recognition and derecognition

Regular-way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Company commits to purchase or sell the assets. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Company classified the financial liability as “borrowings” in the statement of financial position.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.6 Financial assets (cont'd)

(e) Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.7 Derivative instruments

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss within 'finance income (costs)' based on the nature of transactions.

2.8 Trade receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are measured, less loss allowance (The additional information on the impairment of accounts receivable can be found in Note 35).

2.9 Inventories

The unit cost of inventories is determined by the specific identification method, and inventories are valued at the lower of cost and net realizable value. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amounts of inventories recognized as an expense in the period in which the reversal occurs.

2.10 Non-current assets (or disposal company) held for sale

Non-current assets (or disposal company) are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.11 Property, plant and equipment (including rental assets)

Land and buildings are measured at fair value, based on the amount appraised by an independent external evaluator. Revaluations are carried out periodically at the end of the reporting period to ensure that the book value of assets does not significantly differ from fair value. Property, plant and equipment, excluding land and buildings, are presented deducting accumulated depreciation and accumulated impairment losses from the historical cost. The historical cost includes expenses directly related to the acquisition of the assets.

When the book value of an asset increases through revaluation, the increase is recognized as other comprehensive income and, after deducting deferred corporate tax, is incremented to capital under the heading of "Revaluation Surplus". However, if there is a previously recognized revaluation decrease for the same asset, up to that amount, the revaluation increase is recognized in profit or loss. If the book value of an asset decreases by revaluation, the decrease is recognized in profit or loss, but if there is a balance of revaluation surplus for the asset, the revaluation decrease is recognized in other comprehensive income up to that amount. Property, plant and equipment, excluding land and buildings, are depreciated over the estimated useful economic life using the straight-line method for the amount deducted from the acquisition cost by the residual value.

The estimated useful lives of the Company's property, plant and equipment and rental assets for the year ended December 31, 2025 are as follows:

	Useful lives
Property, plant and equipment	
Buildings	20, 40 years
Structures	8 years
Furniture and fixture	2 – 5 years
Vehicles	4, 8 years
Machinery	4 – 10 years
Facilities	4 years
Rental assets	
IT rental assets	1 – 6 years
Industrial safety equipment rental assets	1 – 15 years
Pallets rental assets	2 – 10 years

The Company reviews depreciation methods, residual values and economic useful lives of tangible assets at each year end and adjusts them if necessary. If the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount of the asset is immediately reduced to its recoverable amount.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized as other income or other expenses. Upon disposal, the revaluation surplus in relation with assets held for sale is transferred to retained earnings.

For rental assets, when the rental contract is terminated and held for sale, the carrying amount of rental assets is transferred to inventories.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.12 Borrowing cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a year or more to get ready for their intended use or sale, are added to the costs (specific and general borrowing costs) of those assets.

The amount of specific borrowing cost that can be capitalized is calculated by deducting the income generated from the temporary operation of funds during the capitalization period from the borrowing cost incurred from the specific borrowing. On the other hand, the borrowing cost that can be capitalized for general borrowing is calculated by applying the capitalization interest rate to the portion exceeding the average expenditure for specific borrowing over the average expenditure for qualifying assets during the accounting period.

2.13 Intangible assets

Intangible assets are measured initially at cost and, subsequently, are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets except for goodwill is calculated on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for intended use. The residual value of intangible assets is zero. However, as useful lives of intangible assets are not foreseeable to the periods over which memberships are expected to be available for use, this intangible asset is determined as having indefinite useful lives and not amortized.

The estimated useful lives of the Company's intangible assets for the year ended December 31, 2025 are as follows:

	Useful lives
Software	1 – 10 years
Other intangible assets	2 – 5 years

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

(a) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.13 Intangible assets (cont'd)

(b) Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are not recognized as assets but expense as incurred.

2.14 Investment property

Investment properties that the Company holds to earn rental income, capital gains, or both, are initially measured at cost, including transaction costs at the time of initial recognition. After initial recognition, investment properties are measured at fair values reflecting the current market conditions as of the end of the reporting period, and the gains or losses arising from changes in fair values are recognized in profit or loss of the period in which they occur.

Replacement of investment properties only occurs when the purpose of a property changes. If an investment property is replaced by owner-occupied property or inventories, the deemed cost is its fair value at the date of change in use, and if an owner-occupied property is replaced by an investment property, the difference between book value at the date of change in use and fair value is accounted for in the same way as the revaluation accounting treatment under KIFRS 1016. If inventories and construction in progress are replaced by investment properties, the difference between the book value and the fair value at the date of change in use is recognized in profit or loss.

When investment properties are to be disposed of or when no further economic benefit is expected from the discontinuance of use and disposal of the properties, they are removed from the consolidated statement of financial position. The gain or loss from the disposal or interruption of investment properties is the difference between the net disposal amount and the carrying amount and is recognized as profit or loss for the period of disposal (the accounting of sale after lease contracts applies KIFRS 1116 to be recognized as a loss on disposal).

2.15 Impairment of non-financial assets

Impairment tests are conducted annually for goodwill and intangible assets with an indefinite useful life, and when there are signs indicating asset impairment for depreciable assets. For assets such as shares in subsidiaries and associates, impairment tests are conducted when there are signs that the carrying amount may not be recoverable. Impairment loss is recognized when the carrying amount exceeds the recoverable amount (the higher of net fair value and value-in-use or fair value less costs to sell), and for assets other than goodwill, the potential for reversal is reviewed at each reporting period end.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.15 Impairment of non-financial assets (cont'd)

The recoverable amount of an asset is the higher of its value-in-use and its net fair value and is determined for each individual asset, unless cash inflow of that individual asset is not largely independent of the cash inflow from other assets or groups of assets, in which case it is determined by the cash-generating unit to which it belongs. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and its carrying amount is reduced to its recoverable amount.

The value-in-use is estimated using the present value discounted at a pre-tax discount rate that reflects the time value of money and the risks specific to the asset of the projected future cash flows. The net fair value considers recent transaction prices and if such transactions are identified any valuation model is applied. These calculations include valuation multiples, market capitalization of public stocks, or other fair value indicators.

The Company calculates impairment amounts based on specific financial budgets/forecasts prepared for each cash-generating unit to which individual assets are allocated. Financial budget/forecast typically covers a period of five years and for longer periods, a perpetual growth rate is calculated and applied to periods beyond the five years.

Impairment losses are recognized in profit or loss consistent with expense items related to the function of the impaired asset. For assets, excluding goodwill, indications as to whether a previously recognized impairment loss no longer exists, or has decreased, are assessed at each reporting period end and when such indications exist, recoverable amounts are estimated. A previously recognized impairment loss for an asset, excluding goodwill, is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The recovery reverses to the net carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years and is recognized in profit or loss.

2.16 Financial liabilities

(a) Classification and measurement

The Company's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade and other payables', and 'borrowings' in the statement of financial position.

Borrowings are initially recognized at the amount net of transaction costs incurred at fair value and are subsequently measured at amortized cost. The difference between the received consideration (after deducting transaction costs) and the repayment amount is recognized in profit or loss over the period using the effective interest method. Fees paid to obtain a borrowing limit are recognized as transaction costs of

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.16 Financial liabilities (cont'd)

the borrowings to the extent that they are probable to execute the borrowing, either in part or in full. In this case, the fees are deferred until the borrowing is executed. Fees related to the borrowing limit agreement that do not have evidence of a high probability of execution, either in part or in full, are recognized as prepaid expenses for services providing liquidity and are amortized over the related borrowing limit period.

Preferred shares that require mandatory redemption on a specific date are classified as liabilities. Interest expenses on these preferred shares using the effective interest method are recognized in the statement of comprehensive income as finance costs, together with interest expenses recognized from other financial liabilities.

(b) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amounts of financial liabilities extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

2.17 Provisions

Provisions for service warranties, restoration, and legal proceedings are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

2.18 Current and deferred tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.18 Current and deferred tax (cont'd)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Company recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, the Company recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

2.19 Employee benefits

(a) The Company operates a defined contribution plan ("DC plan"). A DC plan is a retirement pension plan in which the Company pays a fixed amount of contributions to a separate fund and the contributions are recognized as an expense when employees provide services.

(b) Share-based payments

Equity-settled share-based payment is recognized at fair value of equity instruments granted, and employee benefit expense is recognized over the vesting period. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are recognized as share capital (nominal value) and share premium.

Certain entities within the Company provide long-term employee benefits that are entitled to employees with service period for ten years and above. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Company recognizes service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent qualified actuary.

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

2.20 Revenue recognition

(a) Revenue from contracts with customers

Revenue is recognized when revenue is reliably measured, it is probable that future economic benefits will flow to the Branch, and the associated costs can be measured reliably.

- Sale of goods: Revenue from sales of goods is recognized when the products have been delivered to the customer.

(b) Interest income

Interest income is recognized using the effective interest method according to the time passed. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

2.21 Leases

(a) Lessor

The Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company, a manufacturer or dealer lessor, recognizes the following for each of its finance leases:

- revenue being the fair value of the underlying asset, or, if lower, the present value of the lease payments accruing to the lessor, discounted using a market rate of interest; and
- the cost of sale being the cost, or carrying amount if different, of the underlying asset less the present value of the unguaranteed residual value.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. In case of financial lease receivables of which credit is impaired, however, finance income is calculated by referring to amortized cost (that is, the amount net of provision for impairment).

In case where the Company is an intermediate lessor, the Company accounts for the head lease and sublease as two separate contracts. The Company classifies the sublease as a finance lease or an operating lease depending on the right-of-use assets arising from the head lease, not an underlying asset.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.21 Leases (cont'd)

The Company recognizes lease payments from operating leases as income on either a straight-line basis or another systematic basis. The Company applies another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The Company adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term on the same basis as the lease income.

After initial recognition, the Company reviews the estimated non-guaranteed residual value on a regular basis and recognizes the expected credit loss of lease receivables as loss allowance by applying the requirements for derecognition and impairment of Korean KIFRS 1109.

The Company allocates the promised amount of consideration to each component by applying KIFRS 1115 in case where lease and non-lease components are included in contracts.

(b) Lessee

The Company leases various offices, warehouses, retail stores, equipment and cars. Lease contracts are typically made for fixed periods but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Company determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Company should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date;
- amounts expected to be payable by the Company (the lessee) under residual value guarantees;
- the exercise price of a purchase option if the Company (the lessee) is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects The Company (the lessee) exercising that option.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.21 Leases (cont'd)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing; and
- makes adjustments specific to the lease, for example term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company uses that rate as a starting point to determine the incremental borrowing rate.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Company elected not to apply the revaluation model to buildings held by the Company that are presented in the right-of-use assets.

Payments associated with short-term leases of all equipment and vehicles and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT-equipment and small items of office furniture.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.21 Leases (cont'd)

(c) Variable lease payments

Variable payment terms are used for a variety of reasons, including minimizing the fixed costs. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

(d) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

2.22 Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is calculated by dividing profit for the period by sum of weighted average number of ordinary shares outstanding and weighted average number of potential dilutive ordinary shares. The potential dilutive shares are reflected in the calculation for dilutive earnings per share when there are dilutive effects.

2.23 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months [or the normal operating cycle of the Company] after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.24 Financial guarantee contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under KIFRS 1109 *Financial Instruments*; and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

2.24 Financial guarantee contracts (cont'd)

The fair value of a financial guarantee contract is determined based on the market price of similar financial instruments, comparing the interest rates of borrowings with and without financial guarantees, or based on the amount to be paid for financial guarantees.

The related liability is recognized as 'other financial liabilities' in the statement of financial position.

2.25 Segment reporting

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (Note 9). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions.

2.26 Business combination of entities under a common control

The Company applies the book amount method to account for business combinations of entities under a common control. Identifiable assets acquired and liabilities assumed in a business combination are measured at their book amounts on the consolidated financial statements of the Ultimate Parent Company. However, if the consolidated financial statements are not available, the Company applies the carrying amount of assets and liabilities accounted on acquiree's separate financial statements. In addition, the difference between the sum of consolidated book amounts of the assets and liabilities transferred and accumulated other comprehensive income; and the consideration paid is recognized as capital surplus.

2.27 Classification of cash flows for rental assets

Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale are classified as cash flows from operating activities. However, cash payments made for the acquisition of assets held for leasing to others without the intention of subsequent sale are classified as cash flows from investing activities.

2.28 Approval of issuance of the separate financial statements

The 2025 separate financial statements were approved for issue by the Board of Directors on February 10, 2026 and are subject to change with the approval of shareholders at their Annual General Meeting.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

3. Material accounting estimates and assumptions

The preparation of separate financial statements requires the Company to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Company's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant Notes.

(a) Income taxes

The income tax on the Company's taxable income is calculated by applying tax laws of various nations and the decisions of tax authorities, resulting in uncertainty in the final tax effect calculation.

The Company is subject to additional corporate tax calculated according to the method prescribed by tax law if it does not utilize a certain amount of taxable income for investments, wage increases, etc. during a specific period. Therefore, when measuring current and deferred corporate tax for that period, the tax effects resulting from this must be reflected, and the corporate tax burden may vary each year according to the level of investments, wage increases, etc., leading to uncertainty in the final tax effect calculation.

(b) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(c) Impairment of financial assets

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(d) Impairment of non-financial assets

The recoverable amount used to assess impairment of non-financial assets, including rental assets, property, plant and equipment, and intangible assets, is determined as the higher of value-in-use and fair value less costs of disposal.

.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

4. Cash and cash equivalents

Details of cash and cash equivalents as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	Dec. 31, 2025	Dec. 31, 2024
Bank deposits and others	₩ 77,139,439	₩ 64,821,709
Total	₩ 77,139,439	₩ 64,821,709

5. Inventories

Details of inventories as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	Dec. 31, 2025	Dec. 31, 2024
Merchandises	₩ 16,600,973	₩ 15,979,874
Less: allowance for valuation of merchandises	(1,129,421)	(157,270)
Supplies	7,770,141	5,164,935
Less: allowance for valuation of supplies	(95,244)	(677,570)
Inventory in transit	26,688	2,850
Total	₩ 23,173,137	₩ 20,312,819

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

6. Financial assets at fair value

6.1 Financial assets at fair value through other comprehensive income

Details of financial assets at fair value through other comprehensive income as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025		Dec. 31, 2024	
	Acquisition cost	Carrying amount	Acquisition cost	Carrying amount
Marketable equity securities				
K-Top Reits Co., Ltd.	₩ 4,169,666	₩ 3,680,530	₩ 4,169,666	₩ 3,779,682
Non-marketable equity securities				
Others	690,017	638,818	690,017	638,818
Total	<u>₩ 4,859,683</u>	<u>₩ 4,319,348</u>	<u>₩ 4,859,683</u>	<u>₩ 4,418,500</u>

Changes in financial assets at fair value for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Balance as of January 1	₩ 4,418,500	₩ 4,735,427
Loss on valuation	(208,973)	(265,728)
Others	109,821	(51,199)
Balance as of December 31	<u>₩ 4,319,348</u>	<u>₩ 4,418,500</u>

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

6.2 Financial assets at fair value through profit or loss

Details of financial assets at fair value through profit or loss as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025		Dec. 31, 2024	
Current:				
Debt instruments	₩	533,168	₩	968,242
Trust instruments		254,086		918,459
Subtotal		<u>787,254</u>		<u>1,886,701</u>
Non-current:				
Debt instruments		951,059		880,776
Equity securities		19,366,774		17,029,280
Subtotal		<u>20,317,833</u>		<u>17,910,056</u>
Total	₩	<u>21,105,087</u>	₩	<u>19,796,757</u>

Changes in financial assets at fair value through profit or loss for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Balance as of January 1	₩	19,796,757	₩	18,411,966
Acquisition		1,507,360		1,825,887
Disposal		(1,010,067)		(619,926)
Gain on valuation		730,004		99,116
Others		81,033		79,714
Balance as of December 31	₩	<u>21,105,087</u>	₩	<u>19,796,757</u>

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

7. Investments in subsidiaries and associates

Changes in investments in subsidiaries and associates for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

(in thousands of Korean won)

	2025							
					Share of profit (loss) of subsidiaries and associates	Others	Ending balance	
	Ownership	Acquisition cost	Beginning balance	Acquisition (Disposal)				
Subsidiaries								
AJ Total Co., Ltd.	100.00%	₩ 13,052,736	₩ 22,837,073	₩ -	₩ (109,287)	₩ -	₩ 22,727,786	
AJ Retail Co., Ltd. ¹	100.00%	3,401,590	-	3,401,590	642,945	-	4,044,535	
AJ Energy Co., Ltd.	100.00%	15,000,000	25,485,720	-	471,006	-	25,956,726	
World Consulting Co., Ltd. ²	-	650,000	620,703	(411,824)	(208,879)	-	-	
Four Seasons Consulting Co., Ltd. ²	-	500,000	-	(12,154)	12,154	-	-	
AJ Sports Co., Ltd. ³	100.00%	650,000	16,294	150,000	(63,850)	-	102,444	
AJ Daewon Co., Ltd. ⁴	-	13,256,229	11,357,748	(7,462,403)	213,601	(4,108,946)	-	
AJ ICT Co., Ltd.	99.83%	2,202,562	2,230,998	-	(2,164,497)	-	66,501	
AJ TOTAL VIETNAM Co., Ltd.	100.00%	24,039,481	22,959,653	-	(2,604,174)	21,431,379	41,786,858	
AJ Rental, Inc.	100.00%	87,105,510	105,452,806	-	(7,194,261)	(2,510,254)	95,748,291	
AJ Solution Tech Co., Ltd. ⁵	100.00%	439,555	166,635	-	(166,635)	-	-	
AJ JEONGUK SKY Co., Ltd.	100.00%	6,000,000	5,533,742	-	(609,469)	-	4,924,273	
AJ Rental Co., Ltd	100.00%	11,542,477	14,448,258	-	1,159,414	(778,318)	14,829,354	
AJ Rental Arabia, Ltd.	100.00%	160,820	-	-	8,697	2,208	10,905	
AJ LogisValue Poland Sp. Z.o.o	100.00%	1,988,325	-	-	-	-	-	
TS GLOBAL CO. ²	-	4,132,372	1,133,178	(1,357,113)	223,935	-	-	
AJ LogisValue USA Inc.	100.00%	1,302,397	-	-	-	-	-	
AJ LogisValue Hungary Kft.	100.00%	10,260	-	-	-	-	-	
AJ Transvalue Co., Ltd.	100.00%	500,000	506,478	-	55,393	-	561,871	
AJ LogisValue India Pvt. Ltd.	99.99%	15,900	14,068	-	(13,356)	(712)	-	
Subtotal		185,950,214	212,763,354	(5,691,904)	(10,347,263)	14,035,357	210,759,544	
Associates								
Tcha Partners Public Mobility No. 1 private equity partnership	49.38%	7,900,000	7,747,138	-	263,326	(1,043,590)	6,966,874	
Tcha Partners Public Mobility No. 2 private equity partnership	49.38%	7,900,000	7,999,976	-	7,975	(2,637,810)	5,370,141	
Tcha Partners Public Mobility No. 3 private equity partnership	49.50%	9,900,000	10,130,452	-	(1,330,639)	(723,492)	8,076,321	
MostX Co., Ltd. ⁶	10.53%	9,078,712	-	-	-	-	-	
A2 PARTNERS RHINOS No. 1 private equity partnership	33.22%	18,503,407	-	-	-	-	-	
Darae Parktech Co., Ltd. ⁷	37.30%	7,867,982	-	-	-	-	-	
Junsymall.com Co.,Ltd. ⁸	33.33%	23,428,955	2,550,527	-	(204,465)	818,236	3,164,298	
Subtotal		84,579,056	28,428,093	-	(1,263,803)	(3,586,656)	23,577,634	
Total		₩ 270,529,270	₩ 241,191,447	₩ (5,691,904)	₩ (11,611,066)	₩ 10,448,701	₩ 234,337,178	

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

¹ Acquisition from AJ Daewon Co., Ltd for the year ended December 31, 2025.

² Liquidated for the year ended December 31, 2025.

³ The entity's name was changed from Ryu Ga Hyoung Golf Academy Co., Ltd. to AJ Sports Co., Ltd. for the year ended December 31, 2025.

⁴ Disposed of for the year ended December 31, 2025.

⁵ The entity's name was changed from AJ Rental Service Co., Ltd. to AJ Solution Tech Co., Ltd. for the year ended December 31, 2025.

⁶ The equity interests, considering only common shares, are 15.38%. Since the Company holds the right to appoint members to the Board of Directors, it has been classified as an associate.

⁷ The Company has the right to acquire shares equivalent to 7.5% of the equity interests from the majority shareholder without consideration based on the additional agreement dated March 9, 2021. In the event of non-fulfillment of the requirements, the Company holds a tag-along right for the entire shares held by the majority shareholder (See Note 21).

⁸ Based on the convertible bond agreement issued on June 25, 2024 by Jeonsimol.com Co., Ltd., the Company's associate, the convertible bond investors may exercise tag-along rights with the majority shareholder and the Company upon meeting certain conditions (See Note 21).

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

7. Investments in subsidiaries and associates (cont'd)

(in thousands of
Korean won)

(in thousands of Korean won)	2024														
	Ownership		Acquisition cost		Beginning balance		Acquisition (Disposal)		Share of profit (loss) of subsidiaries and associates		Others		Impairment loss		Ending balance
Subsidiaries															
AJ Total Co., Ltd.	100.00%	₩	13,052,736	₩	22,232,633	₩	-	₩	604,440	₩	-	₩	-	₩	22,837,073
AJ Energy Co., Ltd.	100.00%		15,000,000		25,315,839		-		169,881		-		-		25,485,720
AJ Maintenance Partners Co., Ltd. ¹	-		5,633,519		2,095,880		(2,535,899)		440,019		-		-		-
World Consulting Co., Ltd.	100.00%		650,000		606,749		-		13,954		-		-		620,703
Four Seasons Consulting Co., Ltd.	100.00%		500,000		-		-		-		-		-		-
Ryu Ga Hyoung Golf Academy Co., Ltd.	100.00%		500,000		177,207		-		(160,913)		-		-		16,294
AJ Daewon Co., Ltd.	100.00%		13,256,229		11,083,866		-		273,882		-		-		11,357,748
AJ ICT Co., Ltd.	99.83%		2,202,562		6,302,628		-		(4,071,630)		-		-		2,230,998
AJ TOTAL VIETNAM Co., Ltd ²	100.00%		24,039,481		17,523,523		-		(3,850,949)		9,287,079		-		22,959,653
AJ TOTAL HANOI Co.,Ltd. ²	-		6,970,424		7,304,501		-		51,777		(7,356,278)		-		-
AJ Rental, Inc.	100.00%		87,105,510		92,269,395		-		282,737		12,900,674		-		105,452,806
AJ Rental Service Co., Ltd.	100.00%		439,555		461,602		-		(294,967)		-		-		166,635
AJ JEONGUK SKY Co., Ltd.	100.00%		6,000,000		5,177,378		-		356,364		-		-		5,533,742
AJ Rental Co., Ltd	100.00%		11,542,477		11,565,766		-		1,795,280		1,087,212		-		14,448,258
AJ Rental Arabia, Ltd.	100.00%		160,820		38,810		-		(38,810)		-		-		-
AJ LogisValue Poland Sp. Z.o.o	100.00%		1,988,325		-		992,310		(992,310)		-		-		-
TS GLOBAL CO.	70.00%		3,422,485		3,404,307		-		(246,260)		-		(2,024,869)		1,133,178
AJ LogisValue USA	100.00%		1,302,397		1,137,115		-		(1,137,115)		-		-		-
AJ LogisValue Hungary Kft.	100.00%		10,260		-		-		-		-		-		-
AJ Transvalue Co., Ltd. ³	100.00%		500,000		-		500,000		6,478		-		-		506,478
AJ LogisValue India Pvt. Ltd. ³	99.99%		15,900		-		15,900		(2,960)		1,128		-		14,068
Subtotal			194,292,680		206,697,199		(1,027,689)		(6,801,102)		15,919,815		(2,024,869)		212,763,354
Associates															
Tcha Partners Public Mobility No. 1 private equity partnership	49.38%		7,900,000		7,615,011		-		132,127		-		-		7,747,138
Tcha Partners Public Mobility No. 2 private equity partnership	49.38%		7,900,000		7,081,502		-		1,392,474		(474,000)		-		7,999,976
Tcha Partners Public	49.50%		9,900,000		9,676,929		-		1,047,523		(594,000)		-		10,130,452

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

(in thousands of
Korean won)

(in thousands of Korean won)	2024							
	Ownership	Acquisition cost	Beginning balance	Acquisition (Disposal)	Share of profit (loss) of subsidiaries and associates	Others	Impairment loss	Ending balance
Mobility No. 3 private equity partnership								
Auto Gallery Holdings, Inc. ⁴	-	18,087,600	9,347,701	-	493,164	(9,840,865)	-	-
MostX Co., Ltd. ⁵	10.53%	9,078,712	5,145,992	-	-	-	(5,145,992)	-
A2 PARTNERS RHINOS								
No. 1 private equity partnership	33.22%	18,503,407	-	-	-	-	-	-
Darae Parktech Co., Ltd. ⁶	37.30%	7,867,982	-	-	-	-	-	-
Junsymall.com Co.,Ltd. ⁷	33.33%	23,428,955	3,084,915	-	(534,388)	-	-	2,550,527
Subtotal		102,666,656	41,952,050	-	2,530,900	(10,908,865)	(5,145,992)	28,428,093
Total		₩ 296,959,336	₩ 248,649,249	₩ (1,027,689)	₩ (4,270,202)	₩ 5,010,950	₩ (7,170,861)	₩ 241,191,447

¹ Disposed of for the year ended December 31, 2024.

² For the year ended December 31, 2024, AJ Total Hanoi Co., Ltd., the Company's subsidiary was merged into its subsidiary, AJ Total Vietnam Co., Ltd.

³ Newly established through investment for the year ended December 31, 2024.

⁴ Reclassified as assets held for sale for the year ended December 31, 2024 and then disposed for the year ended December 31, 2024.

⁵ The equity interests, considering only common shares, are 15.38%. Since the Company holds the right to appoint members to the Board of Directors, it has been classified as an associate.

⁶ The Company has the right to acquire shares equivalent to 7.5% of the equity interests from the majority shareholder without consideration based on the additional agreement dated March 9, 2021. In the event of non-fulfillment of the requirements, the Company holds a tag-along right for the entire shares held by the majority shareholder (See Note 21).

⁷ Based on the convertible bond agreement issued on June 25, 2024 by Jeonsimol.com Co., Ltd., the Company's associate, the convertible bond investors may exercise tag-along rights with the majority shareholder and the Company upon meeting certain conditions (See Note 21).

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

7. Investments in subsidiaries and associates (cont'd)

The financial information on investments in associates as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025 is as follows:

(in thousands of Korean won)	As of and for the year ended December 31, 2025											
	Location	Closing month		Assets	Liabilities	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)				
AJ Total Co., Ltd. ¹	Korea	December	₩	23,217,835	₩	158,007	₩	1,991,897	₩	891,021	₩	891,021
AJ Retail Co., Ltd.	Korea	December		4,236,720		1,192,492		11,776,923		642,945		642,945
AJ Energy Co., Ltd.	Korea	December		38,226,999		12,080,278		298,290,447		454,918		454,918
AJ Rental, Inc. ¹	USA	December		105,695,159		9,946,867		16,368,822		(7,194,261)		(9,733,475)
AJ Sports Co., Ltd.	Korea	December		139,090		36,646		432,551		(63,850)		(63,850)
AJ ICT Co., Ltd.	Korea	December		10,383,304		10,195,210		30,231,221		(2,234,118)		(2,234,118)
AJ TOTAL VIETNAM Co., Ltd.	Vietnam	December		71,283,981		28,828,856		11,849,780		(2,604,174)		(3,884,355)
Tcha Partners Public Mobility No. 1 private equity partnership	Korea	December		66,236,553		51,282,968		83,829,290		605,619		607,329
Tcha Partners Public Mobility No. 2 private equity partnership	Korea	December		102,764,254		91,698,952		102,686,492		133,982		133,982
Tcha Partners Public Mobility No. 3 private equity partnership	Korea	December		86,856,878		62,852,249		57,222,292		(723,952)		87,974
MostX Co., Ltd.	Korea	December		40,323,906		27,812,790		27,148,971		(6,672,194)		(6,663,802)
A2 PARTNERS RHINOS No. 1 private equity partnership ¹	Korea	December		75,310,541		61,716,457		80,866,077		(10,624,158)		(10,598,888)
Darae Parktech Co., Ltd.	Korea	December		8,541,171		12,467,212		24,447,724		(382,450)		(382,450)
Junsymall.com Co.,Ltd.	Korea	December		28,704,833		19,210,991		91,178,795		(506,577)		(506,577)
AJ LogisValue Poland Sp. Z.o.o ¹	Poland	December		7,907,222		11,239,700		9,140,301		(1,736,943)		(1,996,502)
AJ LogisValue Hungary Kft.	Hungary	December		20,663		400,736		144,816		(44,041)		(88,735)
AJ LogisValue USA Inc.	USA	December		35,376,143		39,899,172		17,118,506		(2,863,391)		(2,848,947)
AJ Solution Tech Co., Ltd.	Korea	December		4,567,551		4,706,993		23,375,270		(306,078)		(306,078)
AJ JEONGUK SKY Co., Ltd.	Korea	December		5,481,300		557,027		4,572,208		(609,469)		(609,469)
AJ Rental Co., Ltd	Vietnam	December		20,147,872		5,318,518		10,667,456		1,159,414		381,096
AJ Rental Arabia, Ltd.	Saudi	December		128,100		117,195		124,676		13,465		13,650
AJ Transvalue Co., Ltd.	Korea	December		6,966,658		6,404,787		63,712,954		55,393		55,393
AJ LogisValue India Pvt. Ltd.	India	December		-		-		-		(13,356)		(14,068)

¹ It is summarized financial information of the consolidated financial statements.

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

7. Investments in subsidiaries and associates (cont'd)

(in thousands of
Korean won)

	As of and for the year ended December 31, 2024						
	Location	Closing month	Assets	Liabilities	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
AJ Total Co., Ltd. ¹	Korea	December	₩ 24,307,642	₩ 2,138,835	₩ 27,686,264	₩ 604,440	₩ 604,440
AJ Energy Co., Ltd.	Korea	December	41,301,560	15,609,756	254,999,082	153,793	153,793
AJ Rental, Inc. ¹	USA	December	117,596,634	12,143,827	24,977,854	282,737	13,183,411
World Consulting Co., Ltd.	Korea	December	620,703	-	-	13,953	13,953
Four Seasons Consulting Co., Ltd.	Korea	December	179,727	355,238	-	(14,047)	(14,047)
Ryu Ga Hyoung Golf Academy Co., Ltd.	Korea	December	104,479	88,185	547,292	(160,913)	(160,913)
AJ Daewon Co., Ltd. ¹	Korea	December	11,166,201	4,898,826	37,007,593	1,124,682	1,124,682
AJ ICT Co., Ltd.	Korea	December	19,282,206	16,859,995	51,817,001	(4,144,498)	(4,144,498)
AJ TOTAL VIETNAM Co., Ltd.	Vietnam	December	78,354,898	54,726,979	10,567,333	(3,850,948)	(2,004,275)
Tcha Partners Public Mobility No. 1 private equity partnership	Korea	December	63,543,195	47,170,211	85,686,222	1,105,430	1,105,430
Tcha Partners Public Mobility No. 2 private equity partnership	Korea	December	87,233,879	70,883,219	96,075,222	2,481,293	2,481,293
Tcha Partners Public Mobility No. 3 private equity partnership	Korea	December	88,690,934	62,148,248	57,336,952	1,655,880	1,655,880
MostX Co., Ltd.	Korea	December	59,139,560	40,236,505	26,694,587	(22,727,656)	(22,596,966)
A2 PARTNERS RHINOS No. 1 private equity partnership ¹	Korea	December	102,753,580	78,560,608	89,601,300	(12,682,604)	(12,677,243)
Darae Parktech Co., Ltd.	Korea	December	10,041,010	13,726,563	27,345,420	(758,897)	(758,897)
Junsymall.com Co.,Ltd.	Korea	December	27,647,032	19,775,061	90,440,193	(1,198,017)	(1,198,017)
AJ LogisValue Poland Sp. Z.o.o ¹	Poland	December	6,266,183	7,613,117	8,917,349	(1,829,521)	(1,881,184)
AJ LogisValue Hungary Kft.	Hungary	December	76,081	339,259	67,578	(171,445)	(176,671)
AJ LogisValue USA Inc.	USA	December	22,063,762	23,737,844	1,682,801	(2,756,230)	(2,811,197)
TS GLOBAL CO.	Korea	December	3,112,560	593,583	7,251,335	279,607	279,607
AJ Rental Service Co., Ltd.	Korea	December	4,474,449	4,307,813	25,620,490	(294,967)	(294,967)
AJ JEONGUK SKY Co., Ltd.	Korea	December	6,010,830	477,088	6,335,829	356,364	356,364
AJ Rental Co., Ltd	Vietnam	December	19,710,660	5,262,401	9,561,084	1,795,280	2,882,492
AJ Rental Arabia, Ltd.	Saudi	December	36,756	39,501	102,207	(43,578)	(41,555)
AJ Transvalue Co., Ltd.	Korea	December	6,221,898	5,715,420	57,234,430	6,478	6,478
AJ LogisValue India Pvt. Ltd.	India	December	14,068	-	-	(2,961)	(1,832)

¹ It is summarized financial information of the consolidated financial statements.

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

7. Investments in subsidiaries and associates (cont'd)

The tables below provide the unrecognized share of losses of subsidiaries or associates, both for the reporting period and cumulatively, because the Company has stopped recognizing its share of losses of the subsidiaries or associates by applying the equity method as of December 31, 2025 and 2024:

(in thousands of Korean won)

	December 31, 2025		December 31, 2024	
	Unrecognized loss	Unrecognized changes	Unrecognized loss	Unrecognized changes
Four Seasons Consulting Co., Ltd.	₩ -	₩ -	₩ (175,511)	₩ -
AJ LogisValue Poland Sp. Z.o.o	(3,018,635)	(313,843)	(1,354,717)	(12,701)
AJ LogisValue Hungary Kft.	(330,188)	(49,886)	(288,538)	25,361
AJ LogisValue USA inc.	(4,482,506)	(40,523)	(1,619,115)	(54,967)
AJ Rental Arabia, Ltd.	-	-	(4,768)	2,023
AJ Solution Tech Co., Ltd.	(139,443)	-	-	-
MostX Co., Ltd.	(4,953,032)	86,637	(3,930,779)	40,369
Darae Parktech Co., Ltd.	(662,142)	-	(434,560)	-

The tables below provide a reconciliation of the summarized financial information presented to the carrying amount of its interest in the subsidiaries and associates as of December 31, 2025 and 2024 as follows:

(in thousands of Korean won)

	December 31, 2025					
	Net assets	Goodwill	Fair value difference	Intergroup transactions	Others ¹	Book amount
AJ Total Co., Ltd.	₩ 23,059,828	₩ -	₩ -	₩ (332,042)	₩ -	₩ 22,727,786
AJ Retail Co., Ltd.	3,044,228	1,000,307	-	-	-	4,044,535
AJ Energy Co., Ltd.	26,146,722	-	-	(189,996)	-	25,956,726
AJ Rental Inc.	95,748,291	-	-	-	-	95,748,291
AJ Sports Co., Ltd.	102,444	-	-	-	-	102,444
AJ ICT Co., Ltd.	187,774	-	-	(121,273)	-	66,501
AJ TOTAL VIETNAM Co., Ltd.	42,455,124	-	-	-	(668,266)	41,786,858
Tcha Partners Public Mobility No. 1 private equity partnership ²	7,383,332	-	-	-	(416,458)	6,966,874
Tcha Partners Public Mobility No. 2 private equity partnership ²	5,463,493	-	-	-	(93,352)	5,370,141
Tcha Partners Public Mobility No. 3 private equity partnership ²	11,882,291	-	-	-	(3,805,970)	8,076,321
MostX Co., Ltd. ²	1,924,792	-	-	-	(1,924,792)	-

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

(in thousands of Korean won)	December 31, 2025					
	Net assets	Goodwill	Fair value difference	Intergroup transactions	Others ¹	Book amount
A2 PARTNERS RHINOS No. 1 private equity partnership ²	4,515,955	-	-	-	(4,515,955)	-
Darae Parktech Co., Ltd. ²	(1,464,368)	2,773,322	268,766	-	(1,577,720)	-
Junsymall.com Co.,Ltd ²	3,164,298	-	-	-	-	3,164,298
AJ LogisValue Poland Sp. Z.o.o ²	(3,352,963)	-	-	-	3,352,963	-
AJ LogisValue Hungary Kft.	(380,074)	-	-	-	380,074	-
AJ LogisValue USA Inc.	(4,523,029)	-	-	-	4,523,029	-
AJ Solution Tech Co., Ltd.	(139,443)	-	-	-	139,443	-
AJ JEONGUK SKY Co., Ltd.	4,924,273	-	-	-	-	4,924,273
AJ Rental Co., Ltd	14,829,354	-	-	-	-	14,829,354
AJ Rental Arabia, Ltd.	10,905	-	-	-	-	10,905
AJ Transvalue Co., Ltd.	561,871	-	-	-	-	561,871

¹ Others include impairment losses.

² The amount is net of non-controlling interests attributable to the net assets of subsidiaries and associates.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

7. Investments in subsidiaries and associates (cont'd)

(in thousands of Korean won)	December 31, 2024					
	Net assets	Goodwill	Fair value difference	Intergroup transactions	Others ¹	Book amount
AJ Total Co., Ltd.	₩ 22,168,807	₩ -	₩ -	₩ 668,266	₩ -	₩ 22,837,073
AJ Energy Co., Ltd.	25,691,804	-	-	(206,084)	-	25,485,720
AJ Rental Inc.	105,452,806	-	-	-	-	105,452,806
World Consulting Co., Ltd.	620,703	-	-	-	-	620,703
Four Seasons Consulting Co., Ltd.	(175,511)	-	-	-	175,511	-
Ryu Ga Hyoung Golf Academy Co., Ltd.	16,294	-	-	-	-	16,294
AJ Daewon Co., Ltd. ²	6,248,218	3,578,181	449,765	-	1,081,584	11,357,748
AJ ICT Co., Ltd.	2,418,093	-	-	(187,095)	-	2,230,998
AJ TOTAL VIETNAM Co., Ltd	23,627,919	-	-	-	(668,266)	22,959,653
Tcha Partners Public Mobility No. 1 private equity partnership ²	8,084,161	-	-	-	(337,023)	7,747,138
Tcha Partners Public Mobility No. 2 private equity partnership ²	8,073,138	-	-	-	(73,162)	7,999,976
Tcha Partners Public Mobility No. 3 private equity partnership ²	13,138,630	-	-	-	(3,008,178)	10,130,452
MostX Co., Ltd. ²	2,753,861	-	-	-	(2,753,861)	-
A2 PARTNERS RHINOS No. 1 private equity partnership ²	8,036,905	-	-	-	(8,036,905)	-
Darae Parktech Co., Ltd. ²	(1,374,668)	2,773,322	268,766	-	(1,667,420)	-
Junsymall.com Co.,Ltd ²	2,623,728	-	-	(73,201)	-	2,550,527
AJ LogisValue Poland Sp. Z.o.o ²	(1,367,418)	-	-	-	1,367,418	-
AJ LogisValue Hungary Kft.	(263,177)	-	-	-	263,177	-
AJ LogisValue USA Inc.	(1,674,082)	-	-	-	1,674,082	-
TS GLOBAL CO.	1,763,284	-	-	(450,457)	(179,649)	1,133,178
AJ Rental Service Co., Ltd.	166,635	-	-	-	-	166,635
AJ JEONGUK SKY Co., Ltd.	5,533,742	-	-	-	-	5,533,742
AJ Rental Co., Ltd	14,448,258	-	-	-	-	14,448,258
AJ Rental Arabia, Ltd.	(2,745)	-	-	-	2,745	-
AJ Transvalue Co., Ltd.	506,478	-	-	-	-	506,478
AJ LogisValue India Pvt. Ltd.	14,068	-	-	-	-	14,068

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

7. Investments in subsidiaries and associates (cont'd)

¹ Others include impairment losses.

² The amount is net of non-controlling interests attributable to the net assets of subsidiaries and associates.

Impairment of investments in subsidiaries

For the year ended December 31, 2025, a cash-generating unit assessment was conducted for AJ TOTAL VIETNAM Co., Ltd., the subsidiary. The recoverable amount of the cash-generating unit was determined based on the calculation of value in use, which utilized cash flow projections based on the management's business plan.

For AJ TOTAL VIETNAM Co., Ltd., the subsidiary, the recoverable amount exceeded the carrying amount, and therefore, no impairment loss was recognized. The pre-tax discount rate used for the major cash-generating units and the terminal growth rate beyond the projection period that are as follows. This growth rate does not exceed the long-term average growth rate of the industry to which the cash-generating unit belongs.

<i>(in percentage, %)</i>	Weighted average cost of capital	Perpetual growth rate
AJ TOTAL VIETNAM Co., Ltd.	9.31%	1.00%

The sensitivity analysis on the recoverable amount due to changes in input variables is as follows:

<i>(in thousands of Korean Won)</i>	Changes in input variable	Increase	Decrease
Perpetual growth rate	1.00%	4,816,492	(3,781,429)
Weighted average cost of capital	1.00%	(6,252,509)	7,835,991

The weighted average cost of capital that aligns the book value of subsidiary investments with equity value is 9.46%. There is a possibility of impairment based on the changes in significant inputs and the expected impairment is as follows:

<i>(in thousands of Korean Won)</i>	Weighted average cost of capital (1% Increase)	Perpetual growth rate (1% Decrease)
Change in significant input variables		
Impairment amount	(4,491,068)	(3,045,224)

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

8. Gain or loss on Investments in Subsidiaries and Associates

The details of the gain or loss on investments in subsidiaries and associates for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Share of profit of subsidiaries and associates	₩	3,058,447	₩	7,060,098
Share of loss of subsidiaries and associates		14,669,513		11,330,300
	₩	(11,611,066)	₩	(4,270,202)

9. Operating segments

Sales are mostly composed of rental revenues, revenue from the sale of goods and others. The operating segment is identified on the basis of organization and the type of revenue-generating service. As of December 31, 2025, the operating segment consists of Logis, industrial safety equipment, B&T and others.

The information on profit or loss by each operating segment reported to the management for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in thousands of Korean won)</i>	2025					
	Logis	Industrial safety equipment	B&T	Others	Total	
Operating revenue	₩ 328,034,316	₩ 133,740,156	₩ 228,861,043	₩ 7,641,025	₩ 698,276,540	
Depreciation	54,081,621	35,079,467	60,654,468	306,134	150,121,690	
Amortization	1,435,615	1,138,747	1,057,385	4	3,631,751	
Operating profit	36,066,250	12,666,008	19,741,977	6,617,430	75,091,665	

<i>(in thousands of Korean won)</i>	2024					
	Logis	Industrial safety equipment	B&T	Others	Total	
Operating revenue	₩ 287,671,911	₩ 124,791,638	₩ 191,661,407	₩ 7,553,423	₩ 611,678,379	
Depreciation	58,671,255	27,557,393	62,700,273	888,953	149,817,874	
Amortization	774,648	806,168	674,391	234,151	2,489,358	
Operating profit (loss)	42,353,358	25,820,132	26,456,630	(11,479,004)	83,151,116	

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

9. Operating segments (cont'd)

The information on assets by each operating segment reported to the management as of December 31, 2025 and 2024 is as follows:

(in thousands of
Korean won)

	Dec. 31, 2025				
	Logis	Industrial safety equipment	B&T	Others	Total
Rental assets	₩ 321,017,940	₩ 250,910,465	₩ 177,218,021	₩ -	₩ 749,146,426
Trade receivables	56,847,505	14,831,332	22,228,875	1,928,637	95,836,349

(in thousands of
Korean won)

	Dec. 31, 2024				
	Logis ¹	Industrial safety equipment	B&T	Others	Total
Rental assets ¹	₩ 321,009,781	₩ 262,256,838	₩ 155,765,404	₩ -	₩ 739,032,023
Trade receivables	39,935,115	17,342,127	19,226,686	1,111,167	77,615,095

¹ As of December 31, 2024, the forklift rental assets amounting to 63,908 million KRW in the Logis segment were transferred to the industrial safety equipment segment.

The information on assets and revenues by each operating segment reported to the management as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025 is as follows:

(in thousands of
Korean won)

	Revenue from external customers ¹		Non-current assets ²	
	2025	2024	Dec. 31, 2025	Dec. 31, 2024
Domestic	₩ 679,122,533	₩ 608,858,562	₩ 1,336,887,767	₩ 1,321,874,027
Foreign	19,154,007	2,819,817	-	-
	<u>₩ 698,276,540</u>	<u>₩ 611,678,379</u>	<u>₩ 1,336,887,767</u>	<u>₩ 1,321,874,027</u>

¹ Revenue is attributed to the country based on the customer's location.

² The amount excludes financial instruments and deferred tax assets.

There is no customer whose revenue exceeds 10% of the Company's total revenue for each of the two years in the period ended December 31, 2025.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

10. Rental assets

Details of rental assets as of December 31, 2025 and 2024 are as follows:

(in thousands of
Korean won)

	Dec. 31, 2025			Dec. 31, 2024		
	Acquisition cost	Accumulated depreciation ¹	Book amount	Acquisition cost	Accumulated depreciation ¹	Book amount
B&T	₩ 316,733,291	₩ (140,937,862)	₩ 175,795,429	₩ 303,763,378	₩ (148,236,553)	₩ 155,526,825
Pallets	712,400,827	(391,382,887)	321,017,940	676,175,391	(355,562,650)	320,612,741
Industrial safety equipment	459,906,035	(208,995,570)	250,910,465	469,281,720	(206,666,724)	262,614,996
Others	2,073,593	(651,001)	1,422,592	313,330	(35,869)	277,461
Total	₩ 1,491,113,746	₩ (741,967,320)	₩ 749,146,426	₩ 1,449,533,819	₩ (710,501,796)	₩ 739,032,023

¹ Accumulated impairment losses are included.

Changes in rental assets for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of
Korean won)

	2025				
	B&T	Pallets	Industrial safety equipment	Others	Total
Beginning balance	₩ 155,526,825	₩ 320,612,741	₩ 262,614,996	₩ 277,461	₩ 739,032,023
Acquisition	127,824,098	49,420,225	36,488,386	1,783,091	215,515,800
Disposal	(326,493)	(1,861,424)	(58,290)	-	(2,246,207)
Depreciation	(58,647,039)	(46,246,053)	(33,073,528)	(628,086)	(138,594,706)
Impairment loss ¹	(260,991)	(555,531)	(1,545,660)	-	(2,362,182)
Transfer	(48,320,971)	(352,018)	(13,515,439)	(9,874)	(62,198,302)
Ending balance	₩ 175,795,429	₩ 321,017,940	₩ 250,910,465	₩ 1,422,592	₩ 749,146,426

¹ An impairment loss is recognized for assets that are not used or sold for a long period after the term of the rental.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

10. Rental assets (cont'd)

(in thousands of
Korean won)

	2024				
	B&T	Pallets	Industrial safety equipment	Others	Total
Beginning balance	₩ 156,723,194	₩ 311,952,614	₩ 254,178,448	₩ 1,401,189	₩ 724,255,445
Acquisition	102,123,291	58,352,974	22,820,147	23,763,977	207,060,389
Disposal	(9,492,002)	(3,067,593)	(2,571,756)	-	(15,131,351)
Depreciation	(61,437,706)	(45,699,484)	(32,619,935)	(35,869)	(139,792,994)
Impairment loss ^{1,2}	(726,471)	(922,636)	(8,252)	-	(1,657,359)
Transfer	(31,663,481)	(3,134)	20,816,344	(24,851,836)	(35,702,107)
Ending balance	₩ 155,526,825	₩ 320,612,741	₩ 262,614,996	₩ 277,461	₩ 739,032,023

¹ An impairment loss is recognized for assets that are not used or sold for a long period after the term of the rental.

² The asset impairment cost due to the fire during the previous period is approximately 657 million KRW, and the related expenses are included in the statements of comprehensive income.

The Company has entered into an agreement to provide operating leases with a number of customers for rental assets. Future lease payments expected to be received by the Company through operating lease contracts for rental assets as of December 31, 2025 and 2024 are as follows.

(in thousands of Korean won)

	Dec. 31, 2025	Dec. 31, 2024
Within one year	₩ 155,366,062	₩ 129,490,647
1 - 2 years	99,940,040	67,290,680
2 - 3 years	38,205,553	35,983,078
3 - 4 years	11,843,575	12,642,543
4 - 5 years	2,259,774	3,018,063
Over 5 years	177,095	159,460
Total	₩ 307,792,099	₩ 248,584,471

Future lease payments for the logis business expected at the end of the reporting period were excluded due to the nature of the agreement for which the contract period has not been determined.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

11. Property, plant and equipment

Details of property, plant and equipment as of December 31, 2025 and 2024 are as follows:

(in thousands of
Korean won)

	Dec. 31, 2025			Dec. 31, 2024		
	Acquisition cost	Accumulated depreciation ¹	Book amount	Acquisition cost	Accumulated depreciation ¹	Book amount
Land	₩ 118,701,091	₩ -	₩ 118,701,091	₩ 103,827,938	₩ -	₩ 103,827,938
Buildings	60,648,248	(7,826,927)	52,821,321	45,582,556	(6,490,042)	39,092,514
Structures	3,309,645	(1,243,020)	2,066,625	1,679,364	(1,003,124)	676,240
Furniture and fixture	9,793,537	(7,360,413)	2,433,124	8,648,933	(6,005,196)	2,643,737
Machinery	25,115,334	(11,460,571)	13,654,763	17,932,566	(8,074,353)	9,858,213
Vehicles	7,498,507	(5,576,553)	1,921,954	7,468,428	(5,190,403)	2,278,025
Others	156,914	-	156,914	148,641	-	148,641
Construction-in progress	1,539,466	-	1,539,466	7,521,396	-	7,521,396
Total	₩ 226,762,742	₩ (33,467,484)	₩ 193,295,258	₩ 192,809,822	₩ (26,763,118)	₩ 166,046,704

¹ Accumulated impairment losses are included.

Changes in property, plant and equipment for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of
Korean won)

	2025								
	Land	Buildings	Structures	Furniture and fixture	Machinery	Vehicles	Others	Construction-in progress	Total
Beginning balance	₩ 103,827,938	₩ 39,092,514	₩ 676,240	₩ 2,643,737	₩ 9,858,213	₩ 2,278,025	₩ 148,641	₩ 7,521,396	₩ 166,046,704
Acquisition	-	51,899	759,979	463,136	169,770	172,161	8,273	23,897,169	25,522,387
Disposal	-	-	-	(2,289)	-	(32,679)	-	-	(34,968)
Depreciation	-	(1,304,997)	(239,896)	(1,347,178)	(3,386,218)	(501,586)	-	-	(6,779,875)
Transfer ¹	14,873,153	14,981,905	870,302	675,718	7,012,998	6,033	-	(29,879,099)	8,541,010
Ending balance	₩ 118,701,091	₩ 52,821,321	₩ 2,066,625	₩ 2,433,124	₩ 13,654,763	₩ 1,921,954	₩ 156,914	₩ 1,539,466	₩ 193,295,258

¹ The transfer amount includes 1,824 million KRW transferred from assets under construction to intangible assets and 578 million KRW transferred from rental assets to property, plant and equipment. Additionally, it includes 9,590 million KRW transferred from investment properties to land and buildings.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

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

(in thousands of
Korean won)

	2024									
	Land	Buildings	Structures	Furniture and fixture	Machinery	Vehicles	Others	Construction-in progress	Total	
Beginning balance	₩ 96,181,542	₩ 51,161,884	₩ 438,525	₩ 2,331,790	₩ 3,572,561	₩ 2,915,500	₩ 132,095	₩ 12,759,695	₩ 169,493,592	
Acquisition ¹	-	-	287,500	1,001,590	567,419	-	16,546	41,837,173	43,710,228	
Disposal	-	-	-	(3,124)	-	(118,217)	-	-	(121,341)	
Depreciation	-	(1,302,137)	(146,007)	(1,347,658)	(1,920,373)	(669,820)	-	-	(5,385,995)	
Transfer ²	7,325,719	(7,041,157)	112,431	674,391	8,021,031	155,671	-	(47,075,472)	(37,827,386)	
Impairment Loss ³	-	(3,573,949)	(16,209)	(13,252)	(382,425)	(5,109)	-	-	(3,990,944)	
Revaluation ⁴	320,677	(152,127)	-	-	-	-	-	-	168,550	
Ending balance	₩ 103,827,938	₩ 39,092,514	₩ 676,240	₩ 2,643,737	₩ 9,858,213	₩ 2,278,025	₩ 148,641	₩ 7,521,396	₩ 166,046,704	

¹ The capitalized borrowing cost is 189 million KRW, and the capitalization interest rate used to determine the capitalizable borrowing cost is 6.1%.

² The transfer amount includes 18,231 million KRW transferred from assets under construction to intangible assets and 873 million KRW transferred to rental assets. Additionally, it includes 19,323 million KRW transferred from land and buildings to investment properties.

³ The asset impairment cost due to fire loss during the previous period amounts to 3,765 million KRW.

⁴ The revaluation surplus resulting from the transfer of tangible assets to investment properties is included.

The Company periodically conducts a revaluation of land and buildings in accordance with the revaluation model for tangible assets so that the carrying amounts do not materially differ from fair values. As of December 31, 2025, the book values applying the revaluation model and the cost model for tangible assets are as follows:

(in thousands of Korean won)		Revaluation model	Cost model	Revaluation base date
Land	Book value	₩ 49,456,572	₩ 29,292,400	Mar. 31, 2023
	Book value	41,484,218	29,355,168	Dec. 31, 2023
	Book value	27,760,301	27,760,301	
	Sub-total	118,701,091	86,407,869	
Buildings	Acquisition Cost	23,794,199	17,799,362	
	Accumulated depreciation	(6,459,267)	(4,079,193)	Mar. 31, 2023
	Net Book value	17,334,932	13,720,169	
	Acquisition Cost	24,697,315	19,050,960	
	Accumulated depreciation	(1,182,549)	(1,032,515)	Dec. 31, 2023
	Net Book value	23,514,766	18,018,445	
	Acquisition Cost	12,156,734	12,156,734	
	Accumulated depreciation	(185,111)	(185,110)	
	Net Book value	11,971,623	11,971,624	
	Sub-total	52,821,321	43,710,238	
Total		₩ 171,522,412	₩ 130,118,107	

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

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

Changes in revaluation surplus of property, plant and equipment for the year ended December 31 2025 are as follows. There are restrictions on the dividends distributed to shareholders arising from asset revaluation.

(in thousands of Korean won)

	2025			
	Beginning	Revaluation	Tax effect	End
Revaluation surplus	₩ 38,816,715	₩ -	₩ (326,435)	₩ 38,490,280

12. Leases

- Leases as lessee

Details of right-of-use assets as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	Dec. 31, 2025		
	Buildings	Vehicles	Total
Acquisition amount	₩ 12,708,028	₩ 7,530,191	₩ 20,238,219
Accumulated depreciation	(5,862,653)	(2,655,193)	(8,517,846)
Net carrying amount	₩ 6,845,375	₩ 4,874,998	₩ 11,720,373

(in thousands of Korean won)

	Dec. 31, 2024		
	Buildings	Vehicles	Total
Acquisition amount	₩ 18,276,133	₩ 6,995,427	₩ 25,271,560
Accumulated depreciation	(5,510,752)	(2,917,459)	(8,428,211)
Net carrying amount	₩ 12,765,381	₩ 4,077,968	₩ 16,843,349

Changes in the right-of-use assets for each the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025					
	Beginning balance	Acquisition	Depreciation	Contract termination	Replacement	Ending balance
Buildings	₩ 12,765,381	₩ 1,340,848	₩ (2,796,297)	₩ (4,469,422)	₩ 4,865	₩ 6,845,375
Vehicles	4,077,968	3,377,338	(1,950,812)	(595,816)	(33,680)	4,874,998
Total	₩ 16,843,349	₩ 4,718,186	₩ (4,747,109)	₩ (5,065,238)	₩ (28,815)	₩ 11,720,373

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

12. Leases (cont'd)

(in thousands of
Korean won)

	2024					
	Beginning balance	Acquisition	Depreciation	Contract termination	Replacement	Ending balance
Buildings	₩ 11,726,706	₩ 5,506,514	₩ (3,002,752)	₩ (1,235,039)	₩ (230,048)	₩ 12,765,381
Vehicles	3,108,300	3,223,319	(1,636,133)	(507,790)	(109,728)	4,077,968
Total	₩ 14,835,006	₩ 8,729,833	₩ (4,638,885)	₩ (1,742,829)	₩ (339,776)	₩ 16,843,349

Details of lease liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	Dec.31, 2025	Dec. 31, 2024
Current	₩ 23,669,215	₩ 4,966,012
Non-current	24,231,829	12,293,307
Total	₩ 47,901,044	₩ 17,259,319

Changes in lease liabilities for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of
Korean won)

	2025						
	Beginning balance	Acquisition ¹	Transfer to current portion	Lease payment	Interest expense	Termination of lease contract	Ending balance
Current	₩ 4,966,012	₩ -	₩ 27,744,992	₩ (10,506,782)	₩ 1,464,993	₩ -	₩ 23,669,215
Non-current	12,293,307	45,110,366	(27,744,992)	-	-	(5,426,852)	24,231,829
Total	₩ 17,259,319	₩ 45,110,366	₩ -	₩ (10,506,782)	₩ 1,464,993	₩ (5,426,852)	₩ 47,901,044

¹ The amount includes lease liabilities arising from sublease arrangements entered into during the current period. The sublease is classified as a finance lease, and the related lease receivable was recognized as a financial asset at the commencement date of the sublease.

(in thousands of
Korean won)

	2024						
	Beginning balance	Acquisition	Transfer to current portion	Lease payment	Interest expense	Termination of lease contract	Ending balance
Current	₩ 4,929,783	₩ -	₩ 5,271,655	₩ (5,576,817)	₩ 665,103	₩ (323,712)	₩ 4,966,012
Non-current	10,325,991	8,729,833	(5,271,655)	-	-	(1,490,862)	12,293,307
Total	₩ 15,255,774	₩ 8,729,833	₩ -	₩ (5,576,817)	₩ 665,103	₩ (1,814,574)	₩ 17,259,319

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

12. Leases (cont'd)

The maturity profile on lease liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of
Korean won)

	Dec. 31, 2025					
	Less than one month	1-3 months	3 months – 1 year	1-5 years	Over 5 years	Total
Buildings	₩ 261,740	₩ 521,481	₩ 2,130,739	₩ 4,825,086	₩ 258,000	₩ 7,997,046
Vehicles	176,235	346,989	1,516,710	3,581,105	-	5,621,039
Others ¹	1,722,620	3,445,239	15,503,576	17,226,195	-	37,897,630
Total	₩ 2,160,595	₩ 4,313,709	₩ 19,151,025	₩ 25,632,386	₩ 258,000	₩ 51,515,715

¹ For the year ended December 31, 2025, the Company entered into a sublease arrangement, which is classified as a finance lease. Accordingly, the lease receivable related to the sublease was recognized as a financial asset at the commencement date of the lease.

(in thousands of
Korean won)

	Dec. 31, 2024					
	Less than one month	1-3 months	3 months – 1 year	1-5 years	Over 5 years	Total
Buildings	₩ 393,016	₩ 769,280	₩ 2,869,750	₩ 9,378,262	₩ 2,944,220	₩ 16,354,528
Vehicles	195,352	383,381	1,306,627	2,789,903	-	4,675,263
Total	₩ 588,368	₩ 1,152,661	₩ 4,176,377	₩ 12,168,165	₩ 2,944,220	₩ 21,029,791

The separate statements of comprehensive income show the following amounts relating to leases:

(in thousands of Korean won)

	2025	2024
Depreciation of right-of-use assets		
Properties	₩ 2,796,297	₩ 3,002,752
Vehicles	1,950,812	1,636,133
	₩ 4,747,109	₩ 4,638,885
Interest expense relating to lease liabilities	₩ 1,464,993	₩ 665,103
Expense relating to short-term leases	1,056,032	1,146,732
Expense relating to leases of low-value assets that are not short-term leases	1,167,455	1,128,031
Expense relating to variable lease payments not included in lease liabilities	1,394,076	1,393,852

The total cash outflow for leases in 2025 was 14,124 million KRW (9,245 million KRW in 2024).

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

12. Leases (cont'd)

- Leases as lessor

Details of lease receivables as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025		Dec. 31, 2024	
Current	₩	46,172,956	₩	18,156,964
Non-current		41,295,759		22,591,695
Allowance for doubtful accounts		(212,921)		(118,960)
Total	₩	<u>87,255,794</u>	₩	<u>40,629,699</u>

The gross investment in the lease and present value of minimum lease payments for finance lease receivables as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025		Dec. 31, 2024	
	Gross investment in the lease	Present value of minimum lease payments	Gross investment in the lease	Present value of minimum lease payments
Within one year	₩ 53,591,535	₩ 46,172,956	₩ 20,031,722	₩ 18,156,964
Between 1 and 2 years	37,612,475	32,241,453	14,517,935	10,428,806
Between 2 and 3 years	8,158,766	7,131,010	10,689,761	8,385,463
Between 3 and 4 years	1,930,606	1,516,102	3,916,165	2,968,458
Between 4 and 5 years	469,761	407,141	1,081,995	808,968
Later than five years	266	53	-	-
Total	<u>₩ 101,763,409</u>	<u>₩ 87,468,715</u>	<u>₩ 50,237,578</u>	<u>₩ 40,748,659</u>

For the year ended December 31, 2025, there was no income from variable lease payments not included in the net investment in the lease. Sales and costs for lease receivables for the year ended December 31, 2025, amounted to 29,487 million KRW (19,304 million KRW in 2024) and 30,639 million KRW (20,254 million KRW in 2024), and interest income on lease receivables for each of the two years in the period ended December 31, 2025, amounted to 8,426 million KRW and 5,253 million KRW, respectively.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

13. Investment properties

Details of investment properties as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025		Dec. 31, 2024	
Land	₩	75,077,692	₩	77,881,777
Buildings		42,781,675		44,310,738
Total	₩	<u>117,859,367</u>	₩	<u>122,192,515</u>

Changes in investment properties for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		
	Land	Building	Total
Beginning balance	₩ 77,881,777	₩ 44,310,738	₩ 122,192,515
Fair value measurement ¹	3,352,759	1,904,193	5,256,952
Transfer	<u>(6,156,844)</u>	<u>(3,433,256)</u>	<u>(9,590,100)</u>
Ending balance	<u>₩ 75,077,692</u>	<u>42,781,675</u>	<u>117,859,367</u>

<i>(in thousands of Korean won)</i>	2024		
	Land	Building	Total
Beginning balance	₩ 63,982,898	₩ 38,883,498	₩ 102,866,396
Fair value measurement ¹	2,180,606	(2,177,601)	3,005
Transfer	<u>11,718,273</u>	<u>7,604,841</u>	<u>19,323,114</u>
Ending balance	<u>₩ 77,881,777</u>	<u>44,310,738</u>	<u>122,192,515</u>

¹ Fair value assessment of the lease usage portion of AJ Building and AJ Vision Tower, which were purchased before previous year, is included.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

13. Investment properties (cont'd)

In 2025, operating income from investment properties is 5,675 million KRW(5,537 million KRW in 2024), and operating expenses from investment properties, including maintenance and repair costs, are 1,565 million KRW (1,551 million KRW in 2024).

The future minimum lease payments expected to be received in relation to the operating lease agreement for investment properties as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025		Dec. 31, 2024	
Within one year	₩	3,079,667	₩	3,334,748
Between 1 - 2 years		2,595,136		2,024,551
Between 2 - 3 years		1,439,115		1,681,152
Between 3 - 4 years		528,017		1,379,328
Between 4 - 5 years		-		538,993
Total	₩	<u>7,641,935</u>	₩	<u>8,958,772</u>

As of December 31, 2025, the Company measured the subsequent measurement of investment properties at fair value, relying on the results of the fair value assessment by an independent and authorized professional appraisal institute, Gaon Appraisal Agency, for determining the fair value of the investment properties.

The fair values of the investment properties as of December 31, 2025 and 2024 are classified as Level 3 in the fair value hierarchy.

14. Intangible assets

Details of intangible assets as of December 31, 2025 and 2024 are as follows:

	Dec. 31, 2025			Dec. 31, 2024		
	Cost	Accumulated amortization	Book amount	Cost	Accumulated amortization	Book amount
Software	₩ 27,593,642	₩ (9,909,898)	₩ 17,683,744	₩ 25,714,310	₩ (6,457,575)	₩ 19,256,735
Others	<u>5,236,869</u>	<u>(700,835)</u>	<u>4,536,034</u>	<u>5,408,486</u>	<u>(701,268)</u>	<u>4,707,218</u>
Total	₩ <u>32,830,511</u>	₩ <u>(10,610,733)</u>	₩ <u>22,219,778</u>	₩ <u>31,122,796</u>	₩ <u>(7,158,843)</u>	₩ <u>23,963,953</u>

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

14. Intangible assets (cont'd)

Changes in intangible assets for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of
Korean won)

	2025			2024		
	Software	Others	Total	Software	Others	Total
Beginning balance	₩ 19,256,735	₩ 4,707,218	₩ 23,963,953	₩ 2,733,106	₩ 4,917,355	₩ 7,650,461
Acquisition	55,000	-	55,000	574,822	18,737	593,559
Amortization	(3,452,323)	(179,428)	(3,631,751)	(2,275,006)	(214,351)	(2,489,357)
Impairment						
Reversal(loss)	-	8,244	8,244	(7,583)	(14,523)	(22,106)
Reclassification	1,824,332	-	1,824,332	18,231,396	-	18,231,396
Ending balance	₩ 17,683,744	₩ 4,536,034	₩ 22,219,778	₩ 19,256,735	₩ 4,707,218	₩ 23,963,953

15. Other financial assets

Details of other financial assets as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	Dec. 31, 2025	Dec. 31, 2024
Other current financial assets		
Other receivables	₩ 1,334,130	₩ 1,630,550
Allowance for doubtful accounts – other receivables	(265,233)	(265,233)
Current Long-term other receivables	299,464	196,121
Accrued income	887,697	659,317
Allowance for doubtful accounts – Accrued income	(29,312)	-
Short-term financial instruments	5,251,990	15,958,490
Short-term loans	14,429,710	12,628,695
Allowance for doubtful accounts – Short-term loans	(4,536,680)	-
Current long-term financial instruments	4,653,640	-
Current long-term guarantee deposits	1,875,407	390,077
Current portion of finance lease receivable	46,172,955	18,156,964
Sub-total	₩ 70,073,768	₩ 49,354,981
Other non-current financial assets		
Long-term loans ¹	₩ 6,460,886	₩ 10,551,603
Long-term other receivables	75,744	183,630
Guarantee deposits	10,531,054	7,753,149
Long-term accrued income	37,827	1,023,422
Long-term financial instruments	4,519,730	4,660,640
Finance lease receivable	41,295,759	22,591,695
Allowance for doubtful accounts – finance lease	(212,922)	(118,960)
Sub-total	₩ 62,708,078	₩ 46,645,179
Total	132,781,846	96,000,160

¹ This is the amount net of the present value discount.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

15. Other financial assets (cont'd)

Changes in allowance for doubtful accounts of other financial assets for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Beginning balance	₩ 384,193	₩ 369,951
Other bad debt expenses	4,659,954	14,242
Ending balance	<u>₩ 5,044,147</u>	<u>₩ 384,193</u>

16. Other assets

Details of other assets as of December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025	Dec. 31, 2024
Other current assets		
Advance payments	₩ 7,026,242	₩ 10,148,944
Allowance of doubtful accounts – advance payments	(32,260)	(32,260)
Prepaid expenses	4,891,778	4,061,971
Current long-term prepaid expenses	-	95,000
Sub-total	<u>₩ 11,885,760</u>	<u>₩ 14,273,655</u>
Other non-current assets		
Long-term advance payments	₩ 6,106,673	₩ 6,343,438
Long-term prepaid expenses	2,202,714	6,260,597
Sub-total	<u>₩ 8,309,387</u>	<u>₩ 12,604,035</u>
Total	<u>₩ 20,195,147</u>	<u>₩ 26,877,690</u>

There is no change in provisions for impairment for other assets for each of the two years in the period ended December 31, 2025.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

17. Borrowings, etc.

Details of short and long-term borrowings as of December 31, 2025 and 2024 are as follows:

(a) Short-term borrowings

<i>(in thousands of Korean won)</i>	Annual interest rate as of			
	December 31, 2025	Dec. 31, 2025	Dec. 31, 2024	
Shinhan bank ¹	4.37%~4.53%	₩ 5,000,000	₩ 5,000,000	
HANA Bank	4.43%	4,500,000	4,500,000	
KDB ¹	4.01%~4.05%	21,700,000	21,700,000	
Woori bank	4.81%	1,000,000	1,000,000	
THE JEONBUK Bank LTD	-	-	3,000,000	
EUGENE INVESTMENT & SECURITIES CO., LTD	3.40%~3.80%	23,000,000	-	
NH Investment & Securities Co., Ltd.	-	-	20,000,000	
SHINYOUNG SECURITIES CO., LTD.	3.70%	5,000,000	-	
KB Securities	3.47%	5,000,000	-	
Total		₩ 65,200,000	₩ 55,200,000	

¹ Property, plant and equipment and, rental assets are pledged as collateral for above short-term borrowings.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

17. Borrowings, etc. (cont'd)

(b) Long-term borrowings

<i>(in thousands of Korean won)</i>	Annual interest rate as of December 31, 2025		
		Dec. 31, 2025	Dec. 31, 2024
Shinhan bank ¹	3.7%~5.05%	₩ 84,195,238	₩ 83,961,111
Shinhan bank, National Credit Union Federation of Korea(ABL) ²	4.42%	33,000,000	45,000,000
HANA Bank ¹	3.74%~4.66%	72,213,636	48,456,061
Net One Q Second Co., Ltd. ²	5.10%	7,500,000	17,500,000
Kookmin Bank ¹	4.11%~5.94%	33,238,889	47,372,223
NongHyup Bank ¹	3.63%~5.04%	51,249,810	50,416,470
KDB ¹	3.63%	20,000,000	20,000,000
KDB(ABL) ²	4.34%~5.42%	61,000,000	68,000,000
Suhyup bank	4.81%	6,944,444	1,250,000
Woori bank ¹	4.36%~5.80%	28,749,965	26,833,315
Kyongnam Bank Co., Ltd. ¹	4.67%~4.93%	10,458,331	12,958,327
The Kwangju Bank, Ltd.	4.38%~4.69%	3,582,233	2,500,000
IM Bank	4.63%~4.86%	15,832,890	-
BNK Busan Bank ¹	4.91%	9,583,180	-
Citi bank Korea ^{1,3}	4.77%~4.80%	33,800,000	15,520,000
Lotte Capital Co., Ltd. ¹	4.17%~4.25%	16,829,255	-
IBK Capital Co., Ltd. ¹	5.05%~5.27%	27,991,660	23,338,843
KB Capital	-	-	8,888,889
Hana Capital Co., Ltd. ¹	4.58%	19,166,667	8,723,310
BNK Capital Co., Ltd. ¹	4.10%	1,636,850	3,737,480
KDB Capital Co., Ltd. ¹	4.97%~5.05%	11,184,408	11,844,077
Woori Card Co., Ltd. ¹	4.88%	6,360,022	-
KB Kookmin Card Co., Ltd. ¹	4.77%~5.83%	7,719,450	9,827,665
Lotte Card ¹	5.02%	1,599,695	-
BC Card Co., Ltd ¹	4.71%	11,000,000	-
JB Woori Capital Co., Ltd. ¹	5.13%	22,500,000	5,555,556
Shinhan Capital ¹	4.75%	15,176,344	-
Woori Investment & Securities Co., Ltd ¹	4.95%	8,750,000	-
Subtotal		₩ 621,262,967	₩ 511,683,327
Less: present value discounts account		(1,420,091)	(1,891,963)
Less: current portion of long-term borrowings		(340,877,057)	(185,745,643)
Total		₩ 278,965,819	₩ 324,045,721

¹ Property, plant and equipment and, rental assets are pledged as collateral for above long-term borrowings.

² Securitization borrowings for trade receivables borrowed from Shinhan bank, National Credit Union Federation of Korea, HANA Bank and KDB by providing the priority beneficiary right to trade receivables in the future as pledge are included.

³ In connection with the long-term borrowings from Citibank Korea the Company is subject to certain financial covenants, including requirements to maintain specified debt-to-equity ratios and interest coverage ratios.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

17. Borrowings, etc. (cont'd)

Details of debentures outstanding as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Latest maturity date	Annual interest rate as of December 31, 2025	Dec. 31, 2025	Dec. 31, 2024
53rd unsecured privately placed debenture	Nov. 4, 2025	-	-	30,000,000
61-5th unsecured privately placed debenture	May. 26, 2025	-	-	6,000,000
63-1st unsecured privately placed debenture ¹	Jan. 31, 2025	-	-	17,000,000
63-2nd unsecured privately placed debenture ¹	Aug. 1, 2025	-	-	18,000,000
64-2nd unsecured privately placed debenture	Feb. 26, 2025	-	-	2,000,000
64-3rd unsecured privately placed debenture	Mar. 7, 2025	-	-	11,000,000
65th unsecured privately placed debenture	Mar. 13, 2025	-	-	19,000,000
66th unsecured privately placed debenture	Sept. 25, 2025	-	-	42,000,000
68th unsecured privately placed debenture	Oct. 31, 2025	-	-	27,500,000
69th unsecured privately placed debenture	Mar. 26, 2025	-	-	15,000,000
70-1st unsecured privately placed debenture ¹	Feb. 7, 2025	-	-	19,000,000
70-2nd unsecured privately placed debenture ¹	Feb. 6, 2026	5.84%	30,000,000	30,000,000
71st unsecured privately placed debenture	Feb. 27, 2027	4.47%	18,000,000	18,000,000
72nd unsecured privately placed debenture	Mar. 28, 2026	4.58%	21,000,000	21,000,000
73-1st unsecured privately placed debenture	Oct. 27, 2025	-	-	10,000,000
73-2nd unsecured privately placed debenture	June. 18, 2025	-	-	12,000,000
74-1st unsecured privately placed debenture	Apr. 24, 2025	-	-	10,000,000
74-2nd unsecured privately placed debenture	Apr. 25, 2025	-	-	10,000,000
74-3rd unsecured privately placed debenture	Aug. 26, 2025	-	-	10,000,000
75th unsecured privately placed debenture	Apr. 30, 2026	5.65%	10,000,000	10,000,000
76th unsecured privately placed debenture	May. 4, 2026	5.80%	10,000,000	10,000,000
77th unsecured privately placed debenture	June. 5, 2026	5.65%	15,000,000	15,000,000

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

<i>(in thousands of Korean won)</i>	Latest maturity date	Annual interest rate as of December 31, 2025	Dec. 31, 2025	Dec. 31, 2024
debenture				
78th unsecured privately placed debenture	June. 28, 2027	4.45%	30,000,000	30,000,000
79th unsecured privately placed debenture	July. 1, 2026	5.50%	10,000,000	10,000,000
80-1st unsecured privately placed debenture ¹	July. 24, 2026	4.62%	30,000,000	30,000,000
80-2nd unsecured privately placed debenture ¹	July. 23, 2027	5.29%	11,000,000	11,000,000
81st unsecured privately placed debenture	Sep. 21, 2026	4.40%	10,000,000	10,000,000
82-1st unsecured privately placed debenture ¹	Nov. 6, 2026	4.60%	25,000,000	25,000,000
82-2nd unsecured privately placed debenture ¹	Nov. 5, 2027	4.97%	11,000,000	11,000,000
83rd unsecured privately placed debenture	Nov. 28, 2027	3.57%	9,000,000	9,000,000
84th unsecured privately placed debenture	Aug. 28, 2026	4.40%	11,000,000	-
85-1st unsecured privately placed debenture ¹	Feb. 19, 2027	4.27%	14,000,000	-
85-2nd unsecured privately placed debenture ¹	Feb. 21, 2028	5.41%	20,000,000	-
86th unsecured privately placed debenture	Mar. 30, 2026	3.80%	10,000,000	-
87-1st unsecured privately placed debenture	May. 25, 2026	3.64%	10,000,000	-
87-2nd unsecured privately placed debenture	Oct. 23, 2026	4.00%	10,000,000	-
88th unsecured privately placed debenture	Jan. 10, 2028	4.60%	5,000,000	-
89th unsecured privately placed debenture	Sep. 29, 2028	3.35%	20,000,000	-
90th unsecured privately placed debenture	Sep. 08, 2028	4.40%	30,000,000	-
91st unsecured privately placed debenture	Sep. 23, 2028	3.12%	20,000,000	-
92nd unsecured privately placed debenture	Aug. 30, 2028	4.70%	10,000,000	-
93rd unsecured privately placed debenture	Apr. 24, 2028	4.60%	7,000,000	-
Subtotal			₩ 407,000,000	₩ 498,500,000
Less: discounts on debentures			(491,495)	(699,937)
Less: current portion of bonds			(201,841,538)	(258,330,809)
Total			₩ 204,666,967	₩ 239,469,254

¹ Public offering Debentures are subject to conditions such as maintaining the financial ratio, the restriction in provision of collateral, the restriction in disposal of assets, and the restriction in changing corporate governance

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

18. Other financial liabilities and other liabilities

Details of other financial liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	Dec. 31, 2025	Dec. 31, 2024
Other current financial liabilities		
Other payables	₩ 23,848,797	₩ 20,043,603
Accrued expenses	8,050,271	11,222,609
Financial guarantee liabilities	355,510	280,150
Financial derivative liabilities	7,732	-
Current-rental deposits	8,491,196	7,348,851
Current-security deposits	976,910	410,814
Total	₩ 41,730,416	₩ 39,306,027
Other non-current financial liabilities		
Long-term rental deposits	₩ 135,456	₩ 389,267
Long-term security deposits	2,268,360	2,549,770
Long-term deposit	6,584	64,153
Long-term financial guarantee liabilities	-	334,144
Long-term accrued expenses	1,278,342	378,427
Financial derivative liabilities	286,041	173,462
Total	₩ 3,974,783	₩ 3,889,223

Details of other liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	Dec. 31, 2025	Dec. 31, 2024
Other current liabilities		
Deferred revenue	₩ -	₩ 1,252,736
Advance from customers ¹	2,562,744	3,621,967
Withholdings	716,361	658,233
Value added tax withheld	1,660,784	3,518,185
Total	₩ 4,939,889	₩ 9,051,121
Other non-current liabilities		
Provision for restoration	₩ 76,590	₩ 83,731
Total	₩ 76,590	₩ 83,731

¹ Includes contract liabilities under KIFRS 1115 *Revenue from contracts with customers*.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

19. Derivative Financial Instruments

The Company enters into interest rate swap contracts with financial institutions in order to hedge its exposure to interest rate risk arising from fluctuations in interest rates.

Details of derivative instruments entered into with financial institutions as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

Type	Contract period	Dec. 31, 2025	Dec. 31, 2024	Financial institutions
Interest rate swaps	May.10, 2023 ~ May.11, 2026	₩ 2,500,000	₩ 7,500,000	Woori bank
	Sep.24, 2024 ~ Sep.24, 2027	11,666,655	18,333,315	
	Feb.27, 2025 ~ Mar.02, 2027	25,000,000		- Citi bank Korea

Details of derivative financial instrument contracts as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

Type	Financial institutions	Dec. 31, 2025 Liability	Dec. 31, 2024 Liability
Interest rate swap	Woori bank	₩ 58,268	₩ 173,462
Interest rate swap	Citi bank Korea	235,505	-
Total		<u>₩ 293,773</u>	<u>₩ 173,462</u>

For the year ended December 31, 2025, the Company recognized a gain on valuation of 173 million KRW (gain on valuation 5,023 million KRW in 2024) in relation to derivatives and recognized other valuation losses of KRW 294 million (valuation losses nil in 2024 in other comprehensive income).

The maturity analysis of future cash flows of derivative financial instruments designated as hedging instruments as of December 31, 2025 is as follows:

(in thousands of Korean won)

	Dec. 31, 2025
Within one year	₩ (256,696)
1 ~ 5 years	(45,205)
Total	<u>₩ (301,901)</u>

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

19. Derivative Financial Instruments (cont'd)

As of December 31, 2025, the effects of cash flow hedge items on the statement of financial position are as follows:

Classification	Hedging relationship	Hedged item	Carrying amount of hedged item	Cumulative gain/(loss) recognized in equity
abilities	Cash flow hedge	Borrowings	₩ 39,166,655	₩ (293,773)

As of December 31, 2025, the effects of hedged items in cash flow hedge relationships on the Company statement of financial position are as follows:

Hedged item	Effective portion of cash flow hedge recognized in other comprehensive income
Current portion of long-term borrowings, long-term borrowings	₩ (293,773)

20. Post-employment benefits

As the Company entered into defined contribution pension plans, the Company recognized contributions as expenses during the year. The contributions recognized as expenses amounting to 4,669 million KRW and 4,061 million KRW for each of the two years in the period ended December 31, 2025, respectively.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

21. Contingencies and commitments

Details of commitments and contingencies with financial institutions as of December 31, 2025 are as follows:

(in thousands of Korean won)

Financial institution	Details	Limit	Borrowings
Kookmin Bank	Facility fund	₩ 32,405,556	₩ 32,405,556
	General fund	833,333	833,333
Shinhan bank	Facility fund	73,495,238	73,495,238
	Credit fund	6,500,000	-
	General fund	15,700,000	15,700,000
Shinhan bank, National Credit Union Federation of Korea ¹	ABL	33,000,000	33,000,000
	Facility fund	72,213,636	72,213,636
HANA Bank ¹	General fund	4,500,000	4,500,000
	ABL	7,500,000	7,500,000
NongHyup Bank	Facility fund	51,249,810	51,249,810
	General fund	6,944,444	6,944,444
Suhyup bank	Credit fund	3,000,000	-
	Facility fund	26,249,965	26,249,965
Woori bank ²	General fund	3,500,000	3,500,000
	Facility fund	20,000,000	20,000,000
KDB ¹	General fund	21,700,000	21,700,000
	ABL	61,000,000	61,000,000
Kyongnam Bank Co., Ltd.	Facility fund	9,000,000	9,000,000
	General fund	1,458,331	1,458,331
IM Bank	Facility fund	15,832,890	15,832,890
	Facility fund	8,800,000	8,800,000
Citi bank Korea ²	General fund	25,000,000	25,000,000
	Facility fund	3,582,233	3,582,233
The Kwangju Bank, Ltd.	Facility fund	9,583,180	9,583,180
BNK Busan Bank	Facility fund	16,829,255	16,829,255
Lotte Capital Co., Ltd.	Facility fund	27,991,660	27,991,660
IBK Capital Co., Ltd.	Facility fund	19,166,667	19,166,667
Hana Capital Co., Ltd.	Facility fund	1,636,850	1,636,850
BNK Capital Co., Ltd.	Facility fund		

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

KDB Capital Co., Ltd.	Facility fund	11,184,408	11,184,408
Woori Card Co., Ltd	Facility fund	6,360,022	6,360,022
KB Kookmin Card Co., Ltd.	Facility fund	7,719,450	7,719,450
Lotte Card	Facility fund	1,599,695	1,599,695
BC Card Co., Ltd	Facility fund	11,000,000	11,000,000
JB Woori Capital Co., Ltd.	Facility fund	22,500,000	22,500,000
Shinhan Capital	Facility fund	15,176,344	15,176,344
Woori Investment & Securities Co., Ltd	General fund	8,750,000	8,750,000
KB Securities	Short-term debt securities	5,000,000	5,000,000
EUGENE INVESTMENT & SECURITIES CO., LTD	Short-term debt securities	23,000,000	23,000,000
SHINYOUNG SECURITIES CO., LTD.	Short-term debt securities	5,000,000	5,000,000
Total		₩ 695,962,967	₩ 686,462,967

¹ The balance includes funds borrowed, incorporating the proceeds from the securitization of accounts receivable, by pledging priority rights over future accounts receivable to Shinhan bank, National Credit Union Federation of Korea, Hana Bank and the Korea Development Bank.

² The Company has entered into an interest rate swap agreement to convert some of its borrowings from floating interest rates to fixed interest rates. The maximum limit for derivative instrument evaluation loss due to interest rate fluctuations is USD 305,651, and there may be a possibility of providing additional collateral due to this agreement.

Details of commitments and contingencies with financial institutions as of December 31, 2024 are as follows:

(in thousands of Korean won)

Financial institution	Details	Limit	Borrowings
Kookmin Bank	Facility fund	₩ 43,205,556	₩ 43,205,556
	General fund	4,166,667	4,166,667
Shinhan bank	Facility fund	64,861,111	64,861,111
	Credit fund	6,500,000	-
	General fund	24,100,000	24,100,000
Shinhan bank, National Credit Union Federation of Korea ¹	ABL	45,000,000	45,000,000
THE JEONBUK BANK LTD	General fund	3,000,000	3,000,000
HANA Bank ¹	Facility fund	48,456,061	48,456,061
	General fund	4,500,000	4,500,000
	ABL	17,500,000	17,500,000
NongHyup Bank	Facility fund	50,416,470	50,416,470
Suhyup bank	Facility fund	1,250,000	1,250,000
	Credit fund	3,000,000	-
Woori bank ²	Facility fund	19,333,315	19,333,315
	General fund	8,500,000	8,500,000
KDB ¹	Facility fund	20,000,000	20,000,000
	General fund	21,700,000	21,700,000

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

	ABL	68,000,000	68,000,000
Kyongnam Bank Co., Ltd.	Facility fund	9,000,000	9,000,000
	General fund	3,958,327	3,958,327
Citi bank Korea	Facility fund	15,520,000	15,520,000
The Kwangju Bank, Ltd.	Facility fund	2,500,000	2,500,000
IBK Capital Co., Ltd.	Facility fund	23,338,843	23,338,843
Hana Capital Co., Ltd.	Facility fund	8,723,310	8,723,310
BNK Capital Co., Ltd.	Facility fund	3,737,480	3,737,480
KDB Capital Co., Ltd.	Facility fund	11,844,077	11,844,077
KB CAPITAL.CO. LTD.	Facility fund	8,888,889	8,888,889
KB Kookmin Card Co., Ltd.	Facility fund	9,827,665	9,827,665
JB Woori Capital Co., Ltd.	Facility fund	5,555,556	5,555,556
NH Investment & Securities Co., Ltd.	Electronic short-term bond	20,000,000	20,000,000
Total		<u>₩ 576,383,327</u>	<u>₩ 566,883,327</u>

¹ The balance includes funds borrowed, incorporating the proceeds from the securitization of accounts receivable, by pledging priority rights over future accounts receivable to Shinhan bank, National Credit Union Federation of Korea, Hana Bank and the Korea Development Bank.

² The Company has entered into an interest rate swap agreement to convert some of its borrowings from floating interest rates to fixed interest rates. The maximum limit for derivative instrument evaluation loss due to interest rate fluctuations is USD 669,911, and there may be a possibility of providing additional collateral due to this agreement.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

21. Contingencies and commitments (cont'd)

Details of payment guarantees provided by the third parties are as follows:

(in thousands of Korean won)

Guarantor	Details	Dec. 31, 2025	Dec. 31, 2024
Seoul Guarantee Insurance Co., Ltd.	Performance guarantees and others	₩ 8,926,216	₩ 8,867,115

Details of payment guarantees provided by the Company to others other than the related parties as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

Beneficiary	Guarantor	Guaranteed amount	
		Dec. 31, 2025	Dec. 31, 2024
Hiparking Co., Ltd.	Korea Parking Operation Co., Ltd.	₩ 8,142,135	₩ 10,952,179
Aju E-parking Nonhyeon III Co., Ltd.	Korea Private Concession Fund III	4,551,401	6,074,140
APS Co., Ltd.	Korea Finance for Construction	168,309	524,117
	Seoul Guarantee Insurance Co., Ltd.	-	5,223
Total		₩ 12,861,845	₩ 17,555,659

Payment guarantees provided to related parties are disclosed in Note 36.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

21. Contingencies and commitments (cont'd)

Details of assets pledged as collaterals as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	Dec. 31, 2025		
	Collateral amount	Borrowing amount	Security right holders
Rental assets ^{1,4}	₩ 400,255,448	₩	Hana bank and others
Land and buildings ²	265,500,000	504,195,069	NongHyup Bank, Shinhan bank, Kookmin Bank and the others
Time deposit ³	4,800,000	31,000,000	KDB
Financial assets at fair value through profit or loss	1,484,227	88,000,000	Kodit 2024 the 24th Securitization Specialty Co., Ltd. and the others

¹ The Company has entered into sales and leaseback contracts of rental assets with some financial institutions, such as IBK Capital, that include conditions for acquisition without considerations after the end of the lease period. the Company recognizes these contracts as collateralized borrowings based on their substance, and the amount secured by collateral for the above rental assets is set at 100% to 130% of balance of borrowings.

² The Company borrowed a total of ₩ 113.7 billion from Shinhan Bank, Nonghyup Bank, Hana Bank, and the Korea Development Bank, and pledged the AJ building amounting to ₩ 168 billion, which is 120% of the borrowed amount, as a security.

³ The Company has entered into a collateral rights agreement (₩ 4.8 billion) on its fixed deposit of ₩ 4 billion in Shinhan Bank for the ABL borrowing of ₩ 40 billion from the Korea Development Bank.

⁴ The Company has entered into agreements that prohibit the disposal or pledge of rental assets.

(in thousands of Korean won)

	Dec. 31, 2024		
	Collateral amount	Borrowing amount	Security right holders
Rental assets ^{1,4}	₩ 263,334,063	₩	Hana bank and others
Land and buildings ²	249,449,400	395,591,666	NongHyup Bank, Shinhan bank, Kookmin Bank and the others
Time deposit ³	4,800,000	38,000,000	KDB
Financial assets at fair value through profit or loss	1,849,018	90,000,000	Kodit 2023 the 17th Securitization Specialty Co., Ltd. and the others

¹ The Company has entered into sales and leaseback contracts of rental assets with some financial institutions, such as IBK Capital, that include conditions for acquisition without considerations after the end of the lease period. The Company recognizes these contracts as collateralized borrowings based on their substance, and the amount secured by collateral for the above rental assets is set at 100% to 130% of balance of borrowings.

² The Company borrowed a total of 130.5 KRW billion from Shinhan Bank, Nonghyup Bank, Hana Bank, and the Korea Development Bank, and pledged the AJ building amounting to 168 billion KRW, which is 120% of the borrowed amount, as a security.

³ The Company has entered into a collateral rights agreement (4.8 billion KRW) on its fixed deposit of 4 billion KRW in Shinhan Bank for the ABL borrowing of 40 billion KRW from the Korea Development Bank.

⁴ The Company has entered into agreements that prohibit the disposal of pledge of rental assets.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

21. Contingencies and commitments (cont'd)

Financial instruments which are restricted in use as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Financial institutions	Dec. 31, 2025	Dec. 31, 2024	Description
Cash and equivalent	Shinhan Bank	₩ 226,500	₩ -	Establishment of pledge for guaranteed deposits
		905,630	958,490	Establishment of pledge for guaranteed deposits
Short-term financial instruments	Shinhan Bank	4,000,000	-	Establishment of pledge for collaterals
	Kookmin Bank	-	15,000,000	Asset-backed short-term bond (ABSTB) trust
Long-term financial instruments		4,515,230	653,640	Establishment of pledge for guaranteed deposits
	Shinhan Bank	-	4,000,000	Establishment of pledge for collaterals
		2,500	2,500	Establishment of pledge for
	Hana Bank	2,000	2,000	deposits for checking accounts
	Citibank Korea Inc	-	2,500	and other
		₩ 9,651,860	₩ 20,619,130	

In relation to the six parking towers, including Eastern City Tower operated by AJ Park Co., Ltd., a subsidiary that was sold for the year ended December 31, 2021, the Company has an agreement in which the Company assumes contractual obligations, such as payment of rental deposits, rent and management expenses, to the lessor on the condition that the lease is terminated before the lease period. In this regard, the Company entered into an agreement with the buyer that Humax Mobility Co., Ltd. and HiParking, the buyers of AJ Park Co., Ltd., in which the buyer jointly guarantees the liability under the replacing lease agreement, and the Company bears only supplementary liability.

The Company provides payment guarantee for the guarantee insurance agreement between APS Co., Ltd. (formerly AJ Autoparking Systems), which was sold for the year ended December 31, 2023, and Korea Finance for Construction and Seoul Guarantee Insurance. In relation to these payment guarantees, the Company has entered into a firm commitment with the purchasing company, Autronic Co., Ltd. which will fully indemnify any losses incurred from the payment guarantees.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

21. Contingencies and commitments (cont'd)

Call-option and drag-along (Most X Co., Ltd.)

	Occurrence condition	Remarks
Call-option	The Company exercises the call-option against the RCPS ¹ held by Modu Rental Holdings Co., Ltd. for 5 years from 24 months after the closing date of the transaction.	Exercise price: Amount that can achieve IRR 8% of the call-option.
Drag-along	If the management performance of Most X Co., Ltd. does not meet the performance target, the qualifying listing period (four years from the closing date of the transaction) has elapsed and the target company does not meet the requirements for listing, so IPO is not made and the deadline for qualifying listing has passed.	Condition that when an investor exercises an option, [Amount that can achieve IRR 8% of the target] is preferentially repaid to the investor up to the total proceeds, and the Company distributes an amount that can achieve an IRR of 8% for the acquisition cost of shares up to the remaining amount.

¹ Currently, all RCPSs have been converted to ordinary shares, and the call-option is still effective on the ordinary shares.

On December 23, 2019, in accordance with the shareholders' agreement entered into between AJ Capital Partners Co., Ltd. and Modu Rental Holdings Co., Ltd., AJ Capital Partners Co., Ltd. was granted call options for all or part of the redeemable convertible preferred shares of Most X Co., Ltd. held by Modu Rental Holdings Co., Ltd. In addition, AJ Capital Partners Co., Ltd. has granted a drag-along right to Modu Rental Holdings Co., Ltd. if Modu Rental Holdings Co., Ltd. sells its shares of Most X Co., Ltd. Subsequently, following the absorption merger of AJ Capital Partners Co., Ltd.'s Most X-related division on March 31, 2021, all contracts were transferred to the Company.

For the year ended December 31, 2024, as a result of impairment test on investments in associates, the Company recognized impairment losses on investments in associates amounting to 5,146 million KRW, and valuation losses and gains on derivatives of 1 million KRW and 5,147 million KRW, respectively. Accordingly, there are no remaining balances as of December 31, 2025 and 2024.

Right to acquire without considerations

As of December 31, 2025, The Company holds the right to acquire without considerations the greater of 17,915 shares from the largest shareholder's holdings or the number of shares equivalent to 7.5% of DaRae Park Tech Co., Ltd.'s total issued shares at the time of transfer, in relation to the associate, DaRae Park Tech Co., Ltd.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

21. Contingencies and commitments (cont'd)

Put-option (Junsymall.com., Ltd.)

	Occurrence condition	Remarks
Drag-along	If the sale of the Company's management rights is not completed within 5 years from the issuance date of the convertible bonds, or if early redemption is not made despite the investor's early redemption request.	If the investor exercises the option after converting to common stock, [Amount that can achieve an IRR of 10% from the issuance of convertible bonds] will be preferentially repaid to the investor. After distributing the sales proceeds based on the purchase price for the largest shareholder and AJ Networks Inc. (the second-largest shareholder) the remaining sales proceeds will be distributed according to the proportion of shares.

On June 25, 2024, based on the terms of the investment agreement for the issuance of convertible bonds of *Junsymall.com., Ltd.*, the investors, MIP Digital Realistic Content Investment Fund and Smart Healthcare MIP Investment Fund, were granted the drag-along right, which can be exercised jointly with the largest shareholder and the second-largest shareholder, AJ Networks Inc. if the shares of *Junsymall.com., Ltd.* are sold after being converted into common shares.

As of December 31, 2025, 32,381 ordinary shares (acquisition cost of 9.1 billion KRW) of Most X Co., Ltd. among investments in associates held by the Company are provided as collateral to Mirae Asset Daewoo Co., Ltd. and Shinhan Capital Co., Ltd. for borrowing limit amounting to 18.6 billion KRW (42 billion KRW in 2024).

As of December 31, 2025, the Company is involved in 3 litigation as defendant (1 litigation in 2024), including litigations for non-existence of obligations related to rental fees. The outcome of these litigation cases cannot be predicted. The total litigation amount is 1,419 million KRW (389 million KRW in 2024).

As of December 31, 2025, the Company holds 22 unissued promissory Notes that were issued by Shinhan Bank.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

22. Share capital and capital surplus

As of December 31, 2025, the total number of shares issued, the number of issued shares and the amount per share are 100,000,000 shares, 45,252,759 shares and ₩ 1,000, respectively.

Changes in share capital and reserves for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won and in number of shares)</i>	2025			2024		
	Number of shares issued	Share capital	Capital surplus	Number of shares issued	Share capital	Capital surplus
Beginning balance	₩ 45,252,759	₩ 46,822,295	₩ 104,228,729	₩ 45,252,759	₩ 46,822,295	₩ 104,297,597
Expiry of stock options	-	-	199,145	-	-	11,083
Transfer of changes in equity under equity method	-	-	(7,356)	-	-	(79,951)
Transfer to retained earnings	-	-	(43,500,000)	-	-	-
Ending balance	<u>₩ 45,252,759</u>	<u>₩ 46,822,295</u>	<u>₩ 60,920,518</u>	<u>₩ 45,252,759</u>	<u>₩ 46,822,295</u>	<u>₩ 104,228,729</u>

For the year ended December 31, 2023, the Company retired 1,569,536 ordinary shares. Accordingly, the Company's aggregate par value of issued shares differs from paid-in capital as of December 31, 2025 and 2024.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

23. Capital adjustment, other comprehensive income and other components of equity

Details of capital adjustment, other components of equity and other comprehensive income as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	Dec. 31, 2025	Dec. 31, 2024
Capital adjustment		
Treasury shares	₩ (2,084,254)	₩ (2,084,254)
Other capital adjustment	(26,516,922)	(26,516,922)
Total	<u>₩ (28,601,176)</u>	<u>₩ (28,601,176)</u>
Other comprehensive income		
Change in financial assets at fair value through other comprehensive income	₩ (1,911,514)	₩ (1,749,860)
Changes in fair value of derivatives	(227,251)	-
Changes in equity under equity method	25,438,368	30,002,205
Revaluation Surplus	38,490,280	38,816,715
Total	<u>₩ 61,789,883</u>	<u>₩ 67,069,060</u>
Other components of equity		
Share option	₩ 69,211	₩ 267,656
Others capital adjustment	(1,874,183)	(2,692,419)
Total	<u>₩ (1,804,972)</u>	<u>₩ (2,424,763)</u>

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

24. Share-based payments

Details of share-based payment arrangements granted by the Company as of December 31, 2025 are as follows:

	1st Grant¹	2nd Grant¹
Grant date	March 30, 2021	March 29, 2022
Grant method	Issuance of shares, distributing treasury shares or payment of cash	
Vesting condition and exercisable period	- 1st-5th: The options are exercisable if the employees have completed service for two years after the grant date. The options have a contractual option term of five years at the rate of 20% per annum. - In the 5th, the remaining share options are collectively exercised. - The exercise period is from March 30, 2023 to March 29, 2028.	- 1st-2nd: The options are exercisable if the employees have completed service for one year after the grant date. The options have a contractual option term of two years at the rate of 50% per annum. - In the 2nd, the remaining share options are collectively exercised. - The exercise period is from March 29, 2024 to March 28, 2026.
Number of shares to be issued	15,702 shares	47,980 shares
Exercise price	₩ 4,650	₩ 6,180

¹ The Company measured the cost of the share options granted for each of the two years in the period ended December 31, 2025, by fair value approach using the option pricing model approach.

Changes in the number of share options outstanding and their related weighted average exercise prices for each of the two years in the period ended December 31, 2025 are as follows:

	2025		2024	
	Number of options (in shares)	Average exercise price per share option (in Korean won)	Number of options (in shares)	Average exercise price per share option (in Korean won)
Beginning balance	193,676	₩ 6,015	374,490	₩ 5,826
Cancelled	(38,390)	6,180	(165,914)	5,625
Forfeited	(91,604)	6,093	(14,900)	4,650
Ending balance	63,682	₩ 5,803	193,676	₩ 6,015
Exercisable at the end of the reporting period	53,214	₩ 6,030	91,604	₩ 6,093

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

24. Share-based payments (cont'd)

The expiry dates and exercise prices of share options outstanding as of December 31, 2025 and 2024 are as follows:

Grant date	Exercisable period	Expiry date	Exercise price per share (in Korean won)	Number of shares (in shares)	
				Dec. 31, 2025	Dec. 31, 2024
Mar. 30, 2021	Mar. 30, 2024	Mar. 29, 2025	4,650	-	5,234
Mar. 30, 2021	May 30, 2025	Mar. 29, 2026	4,650	5,234	5,234
Mar. 30, 2021	Mar. 30, 2026	Mar. 29, 2027	4,650	5,234	5,234
Mar. 30, 2021	Mar. 30, 2027	Mar. 29, 2028	4,650	5,234	5,234
Mar. 29, 2022	Mar. 29, 2024	Mar. 28, 2025	6,180	-	86,370
Mar. 29, 2022	Mar. 29, 2025	Mar. 28, 2026	6,180	47,980	86,370
				<u>63,682</u>	<u>193,676</u>
Weighted average remaining period of share options outstanding at the end of the reporting period				1.0	1.4

The Company measured the cost of the share options granted by fair value using the binomial model approach. The related assumptions and variables to measure the cost of the share options granted are as follows:

(in Korean won)	2nd Grant		1st Grant	
Weighted average fair value of share options granted during the year	₩	1,133.92	₩	735.95
Weighted average share price at grant date	₩	6,180	₩	4,435
Price volatility		30.6%		31.1%
Dividend yield		4.37%		4.74%
Risk-free interest rate		2.95%		1.78%

For the year ended December 31, 2025, the reversal of expenses related to share-based payments amounted to ₩ 699 thousand (expenses of ₩ 63,349 thousand in 2024). All amounts are related to equity-settled share-based payments.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

25. Retained earnings

Retained earnings as of December 31, 2025 and 2024 consist of:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025	Dec. 31, 2024
Legal reserves ¹	₩ 10,052,203	₩ 8,843,924
Reserve for business rationalization ²	1,173,040	1,173,040
Retained earnings before appropriation ³	312,698,008	253,861,134
	<u>₩ 323,923,251</u>	<u>₩ 263,878,098</u>

¹ The Commercial Act of the Republic of Korea requires the Parent Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued 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 The Company recorded tax credits based on the Restriction of Special Taxation Act as a business rationalization reserve until 2002. The reserve can only be used as a reserve for loss carry forwards or transfer to ordinary shares. However, on December 11, 2002, Restriction of Special Taxation Act has been amended and accordingly, the related clause was removed, and the business rationalization reserves were changed to discretionary reserves.

³ During the current year, pursuant to Article 461-2 of the Commercial Act of Korea, the Company transferred capital reserves to retained earnings based on a resolution of the shareholders' meeting.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

25. Retained earnings (cont'd)

The appropriation of retained earnings for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Retained earnings	₩	₩ 312,698,008	₩	₩ 253,861,133
Unappropriated retained earnings carried over from prior year	240,570,071		228,862,373	
Changes in equity under the equity method ¹	(3,419)		-	
Transfer to retained earnings	43,500,000		-	
Profit for the year	28,631,356		24,998,760	
Appropriation of retained earnings		16,244,632		13,291,062
Cash dividends (Dividends (ratio) per share:				
Ordinary share: ₩330 (33%) in 2025,	14,767,847		12,082,784	
Ordinary share: ₩270 (27%) in 2024,				
Earned profit reserves	₩ 1,476,785	₩	₩ 1,208,278	₩
Unappropriated retained earnings to be carried forward	₩	₩ 296,453,376	₩	₩ 240,570,071

¹ The reclassification of changes in equity under the equity method resulting from the discontinuation of the equity method and disposal of a subsidiary amounted to approximately KRW 3 million.

Details of calculations of dividends for each of the two years in the period ended December 31, 2025 are as follows:

(dividend date: December 31, 2025 and 2024)
(in thousands of Korean won)

	2025	2024
Ordinary shares		
Numbers of share for dividend <i>(in shares)</i>	44,751,050	44,751,050
Dividend rate (based on par value)	33%	27%
Dividend amount	₩ 14,767,847	₩ 12,082,784

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

26. Earnings per share

The basic earnings per share (EPS) is calculated by dividing the Company's net income for the period by the weighted average number of ordinary shares outstanding, excluding shares repurchased and held as treasury stock.

Basic earnings per share for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in Korean won)</i>	2025	2024
Profit for the year	₩ 28,631,356,288	₩ 24,998,759,920
Weighted average number of ordinary shares outstanding <i>(in shares)</i>	44,751,050	44,844,917
Basic earnings per share	₩ 640	₩ 557

As the Company issued the share options with no dilutive effect, basic earnings per share is identical to diluted earnings per share. The number of potential ordinary shares without dilutive effect is 63,682 shares (193,676 shares in 2024) as of December 31, 2025

27. Selling and administrative expenses

Selling and administrative expenses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Salaries	₩ 42,893,673	₩ 40,657,405
Post employment benefits	4,669,430	4,061,846
Employee welfare	8,306,728	7,898,951
Travel	710,648	777,446
Communications	431,900	424,463
Entertainment	1,149,291	1,386,660
Rents	171,463	45,736
Depreciation	3,092,993	3,668,831
Commissions and fees	13,005,743	12,573,330
Maintenance of vehicles	1,376,842	1,529,969
Advertisement	561,009	705,163
Amortization	3,465,426	2,294,433
Allowance for doubtful accounts	3,163,373	1,299,903
Others	2,764,824	2,825,396
Total	₩ 85,763,343	₩ 80,149,532

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

28. Finance income and costs

Details of finance income and costs for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025	2024
Finance income		
Interest income	₩ 3,632,667	₩ 5,236,719
Dividend income	280,284	1,277,378
Gain on foreign currency transaction	1,136,025	415,255
Gain on foreign currency translation	1,335,775	4,514,645
Financial guarantee income	176,496	201,798
Gain on valuation of financial assets at fair value through profit or loss	1,430,134	164,024
Gain on disposal of financial assets at fair value through profit or loss	103,536	-
Financial guarantee cost reversal	118,782	35,227
Gain on valuation of derivatives	173,462	5,157,799
Total	₩ 8,387,161	₩ 17,002,845
Finance costs		
Interest expenses	₩ 54,423,316	₩ 65,644,384
Loss on foreign currency transaction	1,122,531	571,869
Loss on foreign currency translation	997,419	1,476,579
Loss on valuation of derivatives	-	134,557
Financial guarantee expense	-	304,513
Loss on valuation of financial assets at fair value through profit or loss	700,130	64,908
Loss on disposal of financial assets at fair value through profit or loss	16	10,687
Loss on disposal of financial assets at fair value through other comprehensive income	-	51,199
Total	₩ 57,243,412	₩ 68,258,696

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

29. Other income and expenses

Details of other income and expenses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Other income				
Gain on disposal of property, plant and equipment	₩	1,050,939	₩	1,491,264
Miscellaneous gain		1,499,397		10,646,870
Gain on cancellation of right-of-use assets		395,449		150,098
Reversal of impairment loss on intangible assets		14,523		-
Gain on valuation of investment property		6,172,951		2,361,606
Gain on disposal of subsidiaries		15,253,139		4,928,178
Gain on disposal of associates		-		1,002,035
Total	₩	24,386,398	₩	20,580,051
Other expenses				
Loss on disposal of property, plant and equipment	₩	7,271	₩	32,394
Other bad debt expense		4,565,992		-
Donations		190,433		408,090
Miscellaneous loss		309,482		746,331
Loss from shrinkage of property, plant and equipment		-		4,913,580
Loss on cancellation of right-of-use assets		52,116		34,488
Loss from shrinkage of intangible assets		6,280		-
Impairment loss on intangible assets		-		22,107
Impairment loss on equity method		-		7,170,861
Loss on valuation of investment property		916,000		2,358,601
Loss on impairment of rental assets		555,531		657,026
Loss on shrinkage of inventories		-		283,457
Total	₩	6,603,105	₩	16,626,935

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

30. Income tax expense

Income tax expense for each of the two years in the period ended December 31, 2025 consists of:

<i>(in thousands of Korean won)</i>	2025	2024
Current tax payables and others	₩ 10,351,438	₩ 6,513,230
Changes in deferred taxes due to temporary difference	(1,255,277)	478,177
Income tax expense directly reflected in capital	(212,593)	21,371
Additional income tax	242,856	337,326
Income tax refund	(5,350,138)	-
Income tax expense	₩ 3,776,286	₩ 7,350,104

A reconciliation of income before income taxes at the statutory tax rate of the Republic of Korea to income tax expense at the effective income tax rate of the Company for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Profit before income tax expense	₩ 32,407,642	₩ 32,348,864
Income tax expense calculated at the applicable tax rate	7,024,165	7,010,588
Tax effects of:		
Non-deductible expense	725,085	4,569,947
Non-taxable income	(2,013,626)	(450,208)
Tax credits	267,402	54,319
Effect of unrecognized deferred income tax assets and others	3,465,031	(4,327,678)
Others	(5,691,771)	493,136
Income tax expense	₩ 3,776,286	₩ 7,350,104
Effective tax rate	11.65%	22.72%

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

30. Income tax expense (cont'd)

The aggregate current and deferred taxes relating to items that are charged or credited directly to equity for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025			2024		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ (208,973)	₩ 47,320	₩ (161,653)	₩ (265,728)	₩ 58,438	₩ (207,290)
Loss on valuation of derivatives	(293,773)	66,522	(227,251)	-	-	-
Equity adjustments using equity method	(4,563,838)	-	(4,563,838)	15,139,669	-	15,139,669
Change in revaluation surplus	-	(326,435)	(326,435)	168,550	(37,067)	131,483
Total	<u>₩ (5,066,584)</u>	<u>₩ (212,593)</u>	<u>₩ (5,279,177)</u>	<u>₩ 15,042,491</u>	<u>₩ 21,371</u>	<u>₩ 15,063,862</u>

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

30. Income tax expense (cont'd)

Major accumulated temporary differences and movements in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025					
	Accumulated temporary differences			Deferred tax assets (liabilities)		
	Beginning balance	Increase (decrease)	Ending balance	Beginning balance	Ending balance	
Advance depreciation provision	₩ (30,385,459)	₩ -	₩ (30,385,459)	₩ (6,682,208)	₩ (6,880,474)	
Rental assets	17,848,993	2,880,632	20,729,625	3,925,256	4,694,010	
Allowance for doubtful accounts	13,498,634	6,527,602	20,026,236	2,968,548	4,534,735	
Gain (loss) on valuation of available- for-sale securities	927,194	(145,326)	781,868	203,904	177,046	
Unconfirmed expenses	6,924,495	(1,025,648)	5,898,847	1,522,798	1,335,733	
Derivative liabilities	(4,184,200)	120,311	(4,063,889)	(920,167)	(920,226)	
Derivative assets	5,975,280	-	5,975,280	1,314,052	1,353,040	
Loss on shrinkage of inventories	7,833,211	-	7,833,211	1,722,638	1,773,750	
Special taxation on partnership enterprises	366,520	3,097,469	3,463,989	80,603	784,385	
Dividend income	9,401,313	4,404,892	13,806,205	2,067,487	3,126,273	
Interest income (tax investigations)	264,381	-	264,381	58,141	59,866	
Equity method investment	9,873,416	12,276,408	22,149,824	1,570,799	4,397,272	
Financial assets at fair value through profit or loss	20,159,241	(808,969)	19,350,272	4,433,313	4,381,669	
Financial guarantee	165,092	(401,183)	(236,091)	36,306	(53,460)	
Investment property	(35,493,987)	(5,256,951)	(40,750,938)	(7,805,649)	(9,227,630)	
Revaluation model	(50,028,247)	-	(50,028,247)	(11,001,946)	(11,328,381)	
Others	57,815	27,360	85,175	12,714	19,288	
Total	₩ (26,796,308)	₩ 21,696,597	₩ (5,099,711)	(6,493,411)	(1,773,104)	
Effect of exclusion of deferred tax recognition				(1,280,910)	2,184,121	
Recognition of deferred tax assets (liabilities)				₩ (5,212,501)	₩ (3,957,225)	

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

30. Income tax expense (cont'd)

(in thousands of
Korean won)

(in thousands of Korean won)	2024					
	Accumulated temporary differences			Deferred tax assets (liabilities)		
	Beginning balance	Increase (decrease)	Ending balance	Beginning balance	Ending balance	
Advance depreciation provision	₩ (30,385,459)	₩ -	₩ (30,385,459)	₩ (6,809,934)	₩ (6,682,208)	
Rental assets	15,568,555	2,280,438	17,848,993	3,489,197	3,925,256	
Allowance for doubtful accounts	13,106,458	392,176	13,498,634	2,937,396	2,968,548	
Gain (loss) on valuation of available- for-sale securities	610,267	316,927	927,194	136,772	203,904	
Undefined expenses	8,435,948	(1,511,453)	6,924,495	1,890,649	1,522,798	
Derivative financial liabilities	844,549	(5,028,749)	(4,184,200)	189,279	(920,167)	
Derivative financial assets	5,969,773	5,507	5,975,280	1,337,935	1,314,052	
Loss on shrinkage of inventories	8,126,604	(293,393)	7,833,211	1,821,320	1,722,638	
Special taxation for partnership firm	(162,348)	528,868	366,520	(36,385)	80,603	
Dividend income	8,333,313	1,068,000	9,401,313	1,867,647	2,067,487	
Interest income (tax investigations)	264,381	-	264,381	59,253	58,141	
Equity method investment	26,852,952	(16,979,536)	9,873,416	5,752,240	1,570,799	
Financial assets at fair value through profit or loss	20,261,475	(102,234)	20,159,241	4,540,965	4,433,313	
Financial guarantee	(89,760)	254,852	165,092	(20,117)	36,306	
Investment property	(35,490,982)	(3,005)	(35,493,987)	(7,954,175)	(7,805,649)	
Revaluation model	(49,859,697)	(168,550)	(50,028,247)	(11,174,465)	(11,001,946)	
Others	1,271,068	(1,213,253)	57,815	284,870	12,714	
Total	₩ (6,342,903)	₩ (20,453,405)	₩ (26,796,308)	(1,687,553)	(6,493,411)	
Effect of exclusion of deferred tax recognition				3,046,769	(1,280,910)	
Recognition of deferred tax assets (liabilities)				₩ (4,734,323)	₩ (5,212,501)	

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

30. Income tax expense (cont'd)

Details of deductible (taxable) temporary differences not recognized as deferred tax assets (liabilities) as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025	Dec. 31, 2024
Investments accounted for using equity method and others ¹	₩ 9,538,458	₩ (6,399,717)
Payment guarantee commission ¹	6,059	6,059
Temporary reserves of overseas local entities ¹	20,567	20,567
Interest income ¹	264,381	264,381
Financial guarantee ²	(236,091)	165,092
Deemed acquisition tax ¹	52,112	119,044
Total	₩ 9,645,486	₩ (5,824,574)

¹ The Company does not recognize any deferred tax assets (liabilities), because the Company is able to control the timing of the reversal of taxable temporary differences on subsidiaries, and it is probable that the temporary difference will not reverse in the foreseeable future.

² As an unconfirmed asset related to the payment guarantee of affiliates, there will be no tax effect in the future, and therefore, deferred tax was not recognized.

The analysis on deferred tax assets and liabilities as of December 31, 2025 and 2024 is as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025	Dec. 31, 2024
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	₩ 21,648,992	₩ 18,660,655
Deferred tax assets to be recovered within 12 months	6,685,934	7,394,613
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	(31,619,628)	(30,429,821)
Deferred tax liabilities to be recovered within 12 months	(672,523)	(837,948)
Net deferred tax assets (liability)	₩ (3,957,225)	₩ (5,212,501)

The global minimum tax under Pillar Two Model Rules apply to multinational enterprises (MNE) with annual revenue in excess of EUR 750 million in at least two of the four fiscal years immediately preceding the tested fiscal year. The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

The Pillar Two Model Rules were adopted in the Republic of Korea at the end of 2023 and are applicable starting from January 1, 2024.

According to these rules, the Company is considered an MNE to which the Pillar Two Model Rules shall be applied.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

30. Income tax expense (cont'd)

The Company has performed an assessment of its potential exposure to Pillar Two income taxes and its constituent entities are subject to transitional safe harbor relief, thereby having no material impact on the Company's current income tax expenses as of December 31, 2025.

In addition, The Company applies the exemption from the recognition and disclosure of deferred tax assets and liabilities related to the global minimum tax, and accordingly does not recognize deferred tax assets and liabilities arising from the global minimum tax, nor disclose related information.

31. Breakdown of expenses by nature

Details of expenses by nature (operating expenses in the separate statements of comprehensive income) for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Good issued and use of stored goods, and others	₩ 239,901,486	₩ 168,208,648
Salaries	42,893,673	40,657,405
Post-employment benefits	4,669,430	4,061,846
Employee welfare	8,306,728	7,898,951
Rental	4,785,281	4,125,001
Depreciation	150,121,690	149,817,874
Amortization	3,631,751	2,489,357
Commissions and fees	121,049,653	114,844,358
Maintenance of vehicles	3,529,305	3,787,548
Advertisement	561,009	705,163
Allowance for doubtful accounts	3,163,373	1,299,903
Freight	24,693,272	13,683,152
Impairment loss on rental assets	1,806,651	75,443
Other expenses	14,071,573	16,872,614
Total	₩ 623,184,875	₩ 528,527,263

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

32. Cash flows generated from operations

Details of cash flows generated from operating activities for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		2024 ¹	
Profit for the year	₩	28,631,356	₩	24,998,760
Adjustments for:				
Share of loss of subsidiaries and associates		14,669,513		11,330,300
Impairment loss of subsidiaries and associates		-		7,170,861
Depreciation		150,121,690		149,817,874
Depreciation of intangible assets		3,631,751		2,489,357
Impairment loss		3,163,373		1,299,903
Loss on foreign currency translation		997,419		1,476,579
Loss on valuation of inventories		1,299,716		924,656
Interest expenses		54,423,316		65,644,384
Loss on valuation of financial assets at fair value through profit or loss		700,130		64,908
Loss on disposal of financial assets at fair value through profit or loss		16		10,687
Other bad debt expense		4,565,992		-
Loss on valuation of derivatives		-		134,557
Loss on physical loss of rental assets		738,007		734,723
Loss on impairment of rental assets		1,624,176		-
Loss on valuation of investment property		916,000		2,358,601
Income tax expense		3,776,286		7,350,104
Gain on valuation of financial assets at fair value through profit or loss		(1,430,134)		(164,024)
Share of profit of subsidiaries and associates		(3,058,447)		(7,060,099)
Miscellaneous gain		-		(7,931,544)
Interest income		(3,632,667)		(5,236,719)
Dividend income		(280,284)		(1,277,378)
Gain on valuation of derivatives		(173,462)		(5,157,799)
Gain on disposal of non-current assets held for sale		-		(770,684)
Financial guarantee expense		-		304,513
Gain on disposal of investments in subsidiaries		(15,253,139)		(4,928,178)
Gain on disposal of investments in associates		-		(1,002,035)
Gain on foreign currency translation		(1,335,775)		(4,514,645)
Gain on valuation of investment property		(6,172,951)		(2,361,606)
Others ¹		(1,731,605)		3,393,533
		<u>207,558,921</u>		<u>214,100,829</u>

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

<i>(in thousands of Korean won)</i>	2025	2024 ¹
Change in operating assets and liabilities:		
Increase (decrease) in trade receivables	₩ (21,161,897)	₩ (11,373,212)
Increase (decrease) in other current financial assets	376,726	9,353,119
Increase (decrease) in other non-current financial assets	26,021,868	(7,502,659)
Increase (decrease) in other current assets	2,361,925	(6,181,572)
Increase (decrease) in other non-current assets	188,013	(33,668)
Increase (decrease) in rental assets	(174,534,378)	(157,085,858)
Increase (decrease) in inventories	25,102,416	40,614,582
Increase (decrease) in trade payables	9,808,085	(4,062,379)
Increase (decrease) in other current financial liabilities	4,622,552	(513,266)
Increase (decrease) in other current liabilities	(4,107,060)	4,314,246
	<u>(131,321,750)</u>	<u>(132,470,667)</u>
Cash generated from operations	<u>₩ 104,868,527</u>	<u>₩ 106,628,922</u>

¹ Others include inventory shrinkage loss of ₩ 283 million arising from fire damage for the year ended December 31, 2024.

Significant non-cash transactions for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Transfer to current portion of long-term borrowings	₩ 398,551,772	₩ 256,687,112
Transfer to current portion of debentures	201,992,634	258,469,106
Other payables related to acquisition of property, plant and equipment	(163,046)	(517,484)
Other payables related to acquisition of intangible assets	(880,352)	(2,932,098)
Transfer of long-term loans to current portion of loans	-	8,896,860
Transfer to current portion of lease liabilities	27,744,992	5,271,655
New increase in lease liabilities and right-of-use assets (investment properties)	4,718,186	8,729,833
Increase in revaluation gain of Property, Plant and Equipment	-	168,550
Transfer of capital surplus to retained earnings	43,500,000	-

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

32. Cash generated from operations (cont'd)

Changes in liabilities arising from financing activities for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025			
	Beginning balance	Cash flows	Non-cash effects	Ending balance
Borrowings	₩ 564,991,364	₩ 119,579,642	₩ 471,870	₩ 685,042,876
Debentures	497,800,063	(91,866,458)	574,900	406,508,505
Lease liabilities	17,259,320	(9,041,789)	39,683,514	47,901,045
	<u>₩ 1,080,050,747</u>	<u>₩ 18,671,395</u>	<u>₩ 40,730,284</u>	<u>₩ 1,139,452,426</u>

<i>(in thousands of Korean won)</i>	2024			
	Beginning balance	Cash flows	Non-cash effects	Ending balance
Borrowings	₩ 648,709,757	₩ (83,937,055)	₩ 218,662	₩ 564,991,364
Debentures	346,412,451	150,642,703	744,909	497,800,063
Lease liabilities	15,255,774	(4,911,714)	6,915,260	17,259,320
	<u>₩ 1,010,377,982</u>	<u>₩ 61,793,934</u>	<u>₩ 7,878,831</u>	<u>₩ 1,080,050,747</u>

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

33. Operating revenue

Details of operating revenues for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Rental revenue	₩	450,359,558	₩	444,828,492
Revenue from sale of goods		209,082,686		141,871,914
Others		38,834,296		24,977,973
Total	₩	698,276,540	₩	611,678,379

The Company has recognized the following amounts relating to revenue in the statements of comprehensive income for each of the two years in the period ended December 31, 2025:

<i>(in thousands of Korean won)</i>	2025			
	Lease components		Revenue from contracts with customers	
				Total
Over time				
Rental revenue	₩	415,363,925	₩	34,995,633
At a point in time				
Revenue from sale of goods		-		209,082,686
Revenue from sale of others		-		38,834,296
Total	₩	415,363,925	₩	282,912,615

<i>(in thousands of Korean won)</i>	2024			
	Lease components		Revenue from contracts with customers	
				Total
Over time				
Rental revenue	₩	417,751,095	₩	27,077,397
At a point in time				
Revenue from sale of goods		-		141,871,914
Others		-		24,977,973
Total	₩	417,751,095	₩	193,927,284

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

34. Financial risk management

The Company's activities are exposed to a variety of financial risks: market risk (comprised of foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company monitors and manages the financial risk arising from the Company's underlying operations in accordance with the risk management policies and programs.

Risk management is carried out under policies approved by the Board of Directors. The Board reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.

Credit risk is borne by not only the credit risk arisen by customers with receivables and firm contracts but cash and cash equivalent, financial derivatives, financial institution deposit and financial guarantee liabilities. For customers, credit risk is assessed by considering customer's financial condition, past experience and other factors.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. To maintain adequate sources of liquidity, the Company manages liquidity risk by analyzing and adjusting expected cash outflows periodically.

(c) Market risk

Market risk is the risk of fluctuations in fair value of financial instrument and future cash flow by changes of market price. The purpose for managing market price is to optimize profits, while manage and control on exposure to market risk within acceptable limits.

a) Foreign exchange risk

The major currencies are denominated in dollars, yuan, yen and zloty, and the Company has established a policy to manage foreign exchange risk on functional currency.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

34. Financial risk management (cont'd)

b) Interest rate risk

The Company is exposed to interest rate risk arising from changes in the amounts of financial assets and liabilities, as well as changes in interest income and expenses from investments and borrowings.

The interest rate risk is borne by the interest-bearing liabilities and assets, such as debentures or loan. The purpose of the Company's interest rate risk management is to mitigate the interest rate risk and minimize the net interest expense, further to optimize the enterprise value.

c) Price risk

The Company's activities are exposed to price risk related to marketable securities held by the Company due to changes in market prices.

(d) Management of capital risk

The objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. As for this to be maintained, the Company uses debt ratio as indicator of capital management. Net debts are the amount obtained by subtracting cash and cash equivalents from total borrowings (including short-term and long-term borrowings in the statement of financial position) and total capital consists with net debts and capital.

35. Risk management of financial instruments

(a) Credit risk

a) Exposure to credit and counterparty risk

The carrying amounts of financial assets represent the maximum exposure to credit risk. The maximum exposure to credit risk of the Company as of December 31, 2025 and 2024 is as follows:

<i>(in thousands of Korean won, and in VND)</i>	Dec. 31, 2025		Dec. 31, 2024	
Cash and cash equivalents	₩	77,139,439	₩	64,821,709
Trade receivables		95,836,349		77,615,095
Financial assets at fair value through profit or loss		1,738,313		2,767,477
Other financial assets		132,781,846		96,000,160
Financial guarantee contracts ¹		23,181,845		22,355,659
	VND	844,536,154,909	VND	798,036,154,909

¹ This amount represents the total amount that payments can be made in the future due to the financial guarantee contract.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

35. Risk management of financial instruments (cont'd)

b) Loss allowance

Details of loss allowances for trade receivables as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Current	More than 3 months past due	More than 6 months past due	More than 1 year past due	Total
As of December 31, 2025					
Expected loss rate	0.42%	11.11%	65.94%	100.00%	
Gross carrying amount – trade receivables	₩ 85,939,119	₩ 10,676,463	₩ 2,265,297	₩ 10,784,749	₩ 109,665,628
Loss allowance	364,647	1,186,171	1,493,712	10,784,749	13,829,279
As of December 31, 2024					
Expected loss rate	0.20%	13.97%	71.09%	100.00%	
Gross carrying amount – trade receivables	₩ 76,339,398	₩ 1,497,260	₩ 471,942	₩ 11,281,631	₩ 89,590,231
Loss allowance	148,879	209,147	335,479	11,281,631	11,975,136

Changes in loss allowance for trade receivables for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Beginning balance	₩ 11,975,135	₩ 12,015,606
Impairment loss	3,069,412	1,326,187
Write-off	(1,215,268)	(1,366,658)
Ending balance	₩ 13,829,279	₩ 11,975,135

Impairment loss and reversal of provisions for impaired receivables are included in selling and administrative expenses in the separate statement of comprehensive income.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

35. Risk management of financial instruments (cont'd)

(b) Liquidity risk

The aggregate maturities of the Company's financial liabilities, including estimated interest, as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won and in VND)	Dec. 31, 2025			
	Within 1 year	1~2 years	Over 2 years	Total
Trade payables	₩ 37,087,433	₩ -	₩ -	₩ 37,087,433
Long and short-term borrowings	428,687,754	218,829,898	71,214,504	718,732,156
Debentures	216,577,227	99,707,190	114,432,683	430,717,100
Other financial liabilities	43,336,854	856,881	3,117,902	47,311,637
Financial guarantee contracts ¹	23,181,845	-	-	23,181,845
	VND 844,536,154,909	-	-	VND 844,536,154,909

¹ This amount represents the total amount that payments that can be made in the future due to the financial guarantee contract, and the maximum amount of guarantee is allocated to the earliest period in which the Company can be required to make payments.

(in thousands of Korean won and in VND)	Dec. 31, 2024			
	Within 1 year	1~2 years	Over 2 years	Total
Trade payables	₩ 27,280,566	₩ -	₩ -	₩ 27,280,566
Long and short-term borrowings	264,346,680	230,185,332	112,069,357	606,601,369
Debentures	279,804,340	169,469,913	80,895,790	530,170,043
Other financial liabilities	39,025,877	1,602,592	1,952,487	42,580,956
Financial guarantee contracts ¹	22,355,659	-	-	22,355,659
	VND 798,036,154,909	-	-	VND 798,036,154,909

¹ This amount represents the total amount that payments that can be made in the future due to the financial guarantee contract, and the maximum amount of guarantee is allocated to the earliest period in which the Company can be required to make payments.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

35. Risk management of financial instruments (cont'd)

(c) Foreign exchange risk

If the value of currency changes by 1% with all other variables held constant, the profit after income taxes and equity would have been affected as of December 31, 2025 and 2024 as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025		Dec. 31, 2024	
	1% Increase	1% Decrease	1% Increase	1% Decrease
USD/won	₩ 149,257	₩ (149,257)	₩ 227,239	₩ (227,239)
EUR/won	-	-	147	(147)
JPY/won	829	(829)	3,269	(3,269)
HUF/won	434	(434)	3,195	(3,195)
PLN/won	65,984	(65,984)	71,335	(71,335)

(d) Interest rate risk

If interest rate changes by 100bp with all other variables held constant, the profit after income taxes and equity would have been affected as of December 31, 2025 and 2024 as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025		Dec. 31, 2024	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Interest expenses	₩ (6,202,473)	₩ 6,202,473	₩ (5,374,849)	₩ 5,374,849
Interest income	60,061	(60,061)	50,882	(50,882)

(e) Capital risk

Details of the debt to equity ratio as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025	Dec. 31, 2024
Total borrowings	₩ 1,139,452,425	₩ 1,080,050,747
Less: cash and cash equivalents	77,139,439	64,821,709
Net liabilities	1,062,312,986	1,015,229,038
Equity	463,049,799	450,972,243
Total capital	₩ 1,525,362,785	₩ 1,466,201,281
Equity ratio	69.64%	69.24%

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

35. Risk management of financial instruments (cont'd)

(f) *Fair value*

a) Fair value and Carrying amount

i) Details of the carrying amounts and fair values of financial instruments as of December 31, 2025 and 2024 are as follows.

(in thousands of Korean won)	Dec. 31, 2025		Dec. 31, 2024	
	Carrying amounts	Fair values ¹	Carrying amounts	Fair values ¹
Financial assets	₩ 77,139,439	₩ ¹	₩ 64,821,709	₩ ¹
Cash and cash equivalents	95,836,349	¹	77,615,095	¹
Trade receivables	21,105,087	21,105,087	19,796,757	19,796,757
Financial assets at fair value through profit or loss	4,319,348	4,319,348	4,418,500	4,418,500
Financial assets at fair value through other comprehensive income	132,781,846	¹	96,000,160	¹
Total	331,182,069		262,652,221	
Financial liabilities				
Trade payables	37,087,433	¹	27,280,566	¹
Borrowings	685,042,876	685,215,086	564,991,364	566,285,420
Debentures	406,508,505	406,145,121	497,800,063	499,909,116
Derivative financial liabilities	293,773	293,773	173,462	173,462
Other financial liabilities (except for derivatives liabilities)	45,411,426	¹	43,021,787	¹
Total	1,174,344,013		1,133,267,242	

¹ The financial instruments whose carrying amount is a reasonable approximation of fair value are excluded from the fair value disclosures.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

35. Risk management of financial instruments (cont'd)

ii) Details of the carrying amounts of financial assets and liabilities by category as of December 31, 2025 and 2024 are as follows:

(in thousands of
Korean won)

(in thousands of Korean won)	Dec. 31, 2025									
	Carrying amount									
	Fair value through profit or loss		Fair value through other comprehensive income		Amortized cost		Financial guarantee liabilities		Total	
Financial assets measured at fair value										
Financial assets at fair value through profit or loss	₩	21,105,087	₩	-	₩	-	₩	-	₩	21,105,087
Financial assets at fair value through other comprehensive income		-		4,319,348		-		-		4,319,348
Total	₩	21,105,087	₩	4,319,348	₩	-	₩	-	₩	25,424,435
Financial assets not measured at fair value										
Cash and cash equivalents	₩	-	₩	-	₩	77,139,439	₩	-	₩	77,139,439
Trade receivables		-		-		95,836,349		-		95,836,349
Other financial assets		-		-		132,781,846		-		132,781,846
Total	₩	-	₩	-	₩	305,757,634	₩	-	₩	305,757,634
Financial liabilities measured at fair value										
Derivative financial liabilities	₩	293,773	₩	-	₩	-	₩	-	₩	293,773
	₩	293,773	₩	-	₩	-	₩	-	₩	293,773
Financial liabilities not measured at fair value										
Trade payables	₩	-	₩	-	₩	37,087,433	₩	-	₩	37,087,433
Borrowings		-		-		685,042,876		-		685,042,876
Debentures		-		-		406,508,505		-		406,508,505
Other financial liabilities (except for derivatives and financial guarantee liabilities)	₩	-	₩	-	₩	45,055,916	₩	-	₩	45,055,916
Financial guarantee liabilities		-		-		-		355,510		355,510
Total	₩	-	₩	-	₩	1,173,694,730	₩	355,510	₩	1,174,050,240

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

35. Risk management of financial instruments (cont'd)

(in thousands of
Korean won)

	Dec. 31, 2024							
	Carrying amount							
	Fair value through profit or loss		Fair value through other comprehensive income		Amortized cost		Financial guarantee liabilities	Total
Financial assets measured at fair value								
Financial assets at fair value through profit or loss	₩	19,796,757	₩	-	₩	-	₩	19,796,757
Financial assets at fair value through other comprehensive income		-		4,418,500		-		4,418,500
Total	₩	19,796,757	₩	4,418,500	₩	-	₩	24,215,257
Financial assets not measured at fair value		-						
Cash and cash equivalents	₩	-	₩	-	₩	64,821,709	₩	64,821,709
Trade receivables		-		-		77,615,095		77,615,095
Other financial assets		-		-		96,000,160		96,000,160
Total	₩		₩	-	₩	238,436,964	₩	238,436,964
Financial liabilities measured at fair value								
Derivative financial liabilities	₩	173,462	₩	-	₩	-	₩	173,462
	₩	173,462	₩	-	₩	-	₩	173,462
Financial liabilities not measured at fair value		-						
Trade payables	₩	-	₩	-	₩	27,280,566	₩	27,280,566
Borrowings		-		-		564,991,364		564,991,364
Debentures		-		-		497,800,063		497,800,063
Other financial liabilities (except for derivatives and financial guarantee liabilities)	₩	-	₩	-	₩	42,407,494	₩	42,407,494
Financial guarantee liabilities		-		-		-	614,293	614,293
Total	₩	-	₩	-	₩	1,132,479,487	₩	1,133,093,780

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

35. Risk management of financial instruments (cont'd)

b) Fair value hierarchy

The fair values of financial instruments by fair value hierarchy as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 21,105,087	₩ 21,105,087
Financial assets at fair value through other comprehensive income	3,680,530	-	638,818	4,319,348
Derivative financial liabilities	-	293,773	-	293,773

<i>(in thousands of Korean won)</i>	Dec. 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 19,796,757	₩ 19,796,757
Financial assets at fair value through other comprehensive income	3,779,681	-	638,819	4,418,500
Derivative financial liabilities	-	173,462	-	173,462

There are no significant transfers between levels 1, 2 and 3.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

35. Risk management of financial instruments (cont'd)

The valuation techniques and the unobservable inputs used in measuring Level 2 fair values as of December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025	Dec. 31, 2024	Valuation techniques
Derivative financial liabilities	293,773	173,462	Discount Rate Considering Credit Risk ¹

¹ The fair value of interest rate swaps was calculated by the present value of future estimated cash flows according to the predictable yield curve, and the interest rate used to discount the expected cash flows was determined by adding the credit spread to the current government bond yield at the end of the current period.

The valuation techniques and unobservable inputs used in measuring the fair value of hierarchy Level 3 instruments as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Fair value		Significant but unobservable input variables	Valuation techniques
	Dec. 31, 2025	Dec. 31, 2024		
Financial assets at fair value through profit or loss	₩ 21,105,087	₩ 19,796,757	Discount Rate Considering Credit Risk	Net asset value method and DCF model
Financial assets at fair value through other comprehensive income	638,818	638,818		

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

35. Risk management of financial instruments (cont'd)

Changes in the fair value hierarchy level 3 for recurring fair value measurements for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025			
	Financial assets			
	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	
Beginning balance	₩	638,818	₩	19,796,757
Total profit or loss				
Amount recognized in profit or loss		-		730,004
Amount recognized in other comprehensive income		-		-
Purchases		-		1,507,360
Sales		-		(1,010,067)
Others		-		81,033
Ending balance	₩	638,818	₩	21,105,087

(in thousands of Korean won)

	2024							
	Financial assets						Financial liabilities	
	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss		Derivatives		Derivatives	
Beginning balance	₩	690,017	₩	18,411,966	₩	669	₩	5,146,661
Total profit or loss								
Amount recognized in profit or loss		-		99,116		(669)		(5,146,661)
Amount recognized in other comprehensive income		(51,199)		-		-		-
Purchases		-		1,825,887		-		-
Sales		-		(619,926)		-		-
Others		-		79,714		-		-
Ending balance	₩	638,818	₩	19,796,757	₩	-	₩	-

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

35. Risk management of financial instruments (cont'd)

The sensitivity analysis on the effect on comprehensive income before income tax from changes in inputs for each financial instrument for each of the two years in the period ended December 31, 2025 is as follows:

(in thousands of Korean won)

	2025		2024	
	Favorable changes (increase by 1%)	Unfavorable changes (decrease by 1%)	Favorable changes (increase by 1%)	Unfavorable changes (decrease by 1%)
Financial assets				
Financial assets at fair value through profit or loss ¹	₩ 211,051	₩ (211,051)	₩ 197,968	₩ (197,968)
Financial assets at fair value through other comprehensive income profit or loss ¹	6,388	(6,388)	6,388	(6,388)

¹ Changes in their fair value are calculated by increasing or decreasing the growth rate, which are significant unobservable inputs, by 1%.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

35. Risk management of financial instruments (cont'd)

c) Financial instruments not measured at fair value, and for which fair value is disclosed

Financial instruments that are measured at amortized cost but for which fair value is disclosed are classified by levels in the fair value hierarchy as of December 31, 2025 and 2024 as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025			
	Level 1	Level 2	Level 3	Total
Borrowings	₩ -	₩ -	₩ 685,215,086	₩ 685,215,086
Debentures	-	-	406,145,121	406,145,121

<i>(in thousands of Korean won)</i>	Dec. 31, 2024			
	Level 1	Level 2	Level 3	Total
Borrowings	₩ -	₩ -	₩ 566,285,420	₩ 566,285,420
Debentures	-	-	499,909,116	499,909,116

The Company has not disclosed the fair value hierarchy for financial instruments, as their carrying amounts, which are disclosed as fair values, are considered to be a reasonable approximation of fair values.

The valuation techniques and the significant unobservable inputs used in measuring the fair value of hierarchy Level 3 financial instruments, which are measured at amortized cost but whose fair values are disclosed as of December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	Fair value		Significant but unobservable input variables	Valuation techniques
	Dec. 31, 2025	Dec. 31, 2024		
Borrowings	₩ 685,215,086	₩ 566,285,420	Discount rate considering credit risk	DCF models
Debentures	406,145,121	499,909,116		

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

35. Risk management of financial instruments (cont'd)

d) Net gains or losses by category of financial instruments

Net gains or losses on each category of financial instruments for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025		
	Finance income	Finance costs	Other comprehensive income
Assets at amortized cost	₩ 6,104,468	₩ -	₩ -
Financial assets at fair value through profit or loss	1,533,670	700,146	-
Financial assets at fair value through other comprehensive income	280,284	-	(161,193)
Liabilities at amortized cost	-	54,028,111	-
Financial guarantee liabilities	295,277	-	-
Derivatives	173,462	-	(226,604)
Total	₩ 8,387,161	₩ 54,728,257	₩ (387,797)

(in thousands of Korean won)

	2024		
	Finance income	Finance costs	Other comprehensive income
Assets at amortized cost	₩ 10,166,619	₩ -	₩ -
Financial assets at fair value through profit or loss	1,064,624	75,595	-
Financial assets at fair value through other comprehensive income	376,778	51,199	(207,290)
Liabilities at amortized cost	-	67,692,832	-
Financial guarantee liabilities	237,025	304,513	-
Derivatives	5,157,799	134,557	-
Total	₩ 17,002,845	₩ 68,258,696	₩ (207,290)

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

36. Related party transactions

Details of the Company's related parties as of December 31, 2025 and 2024 are as follows:

Type	Dec. 31, 2025
Subsidiaries	AJ Solution Tech Co., Ltd ¹ AJ JEONGUK SKY Co., Ltd. AJ Rental Arabia, Ltd. AJ Rental Co., Ltd. AJ LogisValue Poland Sp. Z.o.o. AJ Eco Soultions Sp. Z.o.o. AJ LogisValue Hungary Kft. AJ Dong Nai Cold Co., Ltd. AJ International TOGO, Inc. AJ Rental, Inc. AJ Rental Dallas Inc. AJ Networks America, Inc. AJ Total Co., Ltd AJ LogisValue USA Inc. AJ Energy Co., Ltd. AJ Retail Co., Ltd. ² AJ LogisValue India Pvt. Ltd. AJ ICT Co., Ltd. AJ Total Vietnam Co., Ltd. AJ Sports Co., Ltd ³ AJ TransValue Co., Ltd. AJ Rental Georgia LLC.
Associates	Most X Co., Ltd. Darae Parktech Co., Ltd. Junsymall.com Co., Ltd. A2 Partners Rhinos No.1 Limited Partnership Tcha Partners Public Mobility No. 1 Private Equity Partnership Tcha Partners Public Mobility No. 2 Private Equity Partnership Tcha Partners Public Mobility No. 3 Private Equity Partnership
Others	BNP INC.

¹ In 2025, the entity name was changed from AJ Rental Service Co., Ltd. to AJ Solution Tech Co., Ltd.

² In 2025, acquired from AJ Daewon Co., Ltd. during the current period.

³ In 2025, the entity name was changed from Ryu Ga-Hyoung Golf Academy Co., Ltd. to AJ Sports Co., Ltd.

Meanwhile, in 2025, the Company disposed of AJ Daewon Co., Ltd., ACE Industrial Tech Co., Ltd., and AI & Solutions Co., Ltd., and liquidated TS Global Co., Ltd., World Consulting Co., Ltd., and Four Season Consulting Co., Ltd., thereby excluding them from related parties as of December 31, 2025.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

36. Related party transactions (cont'd)

Type	Dec. 31, 2024
Subsidiaries	AJ Solution Tech Co., Ltd (formerly AJ Rental Service Co., Ltd.) AJ JEONGUK SKY Co., Ltd. AJ Rental Arabia, Ltd. AJ Rental Co., Ltd. AJ LogisValue Poland Sp. Z.o.o. AJ ECO SOLUTIONS Sp. Z.o.o. AJ LogisValue Hungary Kft. TS GLOBAL CO. AJ International TOGO, Inc. AJ Rental, Inc. AJ Rental Dallas Inc. AJ Networks America, Inc AJ Total Co., Ltd AJ LogisValue USA Inc. AJ Energy Co., Ltd. AJ Daewon Co., Ltd. AJ LogisValue India Pvt Ltd. ¹ World Consulting Co., Ltd. AJ Retail Co., Ltd. ACE INDUSTRIAL TECH CO., LTD. AI & Solutions Co., Ltd. Four season Consulting Co., Ltd AJ ICT Co., Ltd. AJ Total Vietnam Co., Ltd. ² AJ Sports Co., Ltd (formerly Ryu Ga-Hyoung Golf Academy Co., Ltd.) AJ TransValue Co., Ltd. ¹ AJ Rental Georgia LLC. ¹ AJ Dong Nai Cold Co., Ltd.
Associates	Most X Co., Ltd. Darae Parktech Co., Ltd. Junsymall.com Co., Ltd. A2 Partners Rhinos No.1 Limited Partnership Tcha Partners Public Mobility No. 1 Private Equity Partnership Tcha Partners Public Mobility No. 2 Private Equity Partnership Tcha Partners Public Mobility No. 3 Private Equity Partnership
Others	BNP INC.

¹ In 2024, the entity was newly established with an investment.

² In 2024, AJ Total Vietnam Co., Ltd. merged with AJ Total Hanoi Co., Ltd.

Meanwhile, in 2024, the Company sold all of its shares in Auto Gallery International, Inc., AJ Maintenance Partners Co., Ltd., and Auto Gallery Holdings, Inc., thereby excluding them from related parties as of the end of the prior period.

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

36. Related Party Transactions (cont'd)

Details of major transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of
Korean won)

	2025				
	Operating revenue	Non-operating revenue	Operating expenses	Purchase of non-current assets	Disposal of non-current assets
Subsidiaries					
AJ Total Co., Ltd.	₩ 14,982	₩ -	₩ -	₩ -	-
AJ Energy Co., Ltd.	323,147	8,342	-	-	-
AJ Solution Tech Co., Ltd. ¹	382,742	-	23,375,270	-	-
AJ JEONGUK SKY Co., Ltd.	1,165,073	-	131,930	-	-
AJ Daewon Co., Ltd. ²	318,590	-	801,226	-	-
ACE INDUSTRIAL TECH CO., LTD. ²	10,370	-	-	-	-
AJ Sports Co., Ltd. ³	241,277	-	318,480	-	-
AJ ICT Co., Ltd.	519,794	115,618	3,102,966	-	-
AJ Total Vietnam Co., Ltd.	81,213	1,062,093	-	-	-
AJ RENTAL ARABIA	-	-	124,676	-	-
AJ Rental Co., Ltd.	891,693	3,887	-	-	-
AJ Rental Inc.	112,218	-	-	-	-
AJ LogisValue Poland Sp Z.o.o.	59,788	353,565	-	-	-
AJ Eco Soutlions Sp. Z.o.o.	993,275	-	298,862	-	-
AJ LogisValue Hungary Kft	596	15,461	-	-	-
TS GLOBAL CO. ⁴	21,186	-	132,247	1,047,715	-
AJ Dong Nai Cold Co., Ltd.	6,470	-	-	-	-
AJ LogisValue USA Inc	14,826,928	120,582	831,101	-	-
AJ TransValue Co., Ltd.	263,604	-	63,681,931	-	-
AJ Retail Co., Ltd.	80,642	-	-	-	-
Associates					
Most X Co., Ltd.	840	-	-	-	-
Darae Parktech Co., Ltd.	30,171	-	-	-	-
Junsymall.com Co., Ltd.	9,368,126	-	1,183,555	-	10,676
Total	29,712,725	1,679,548	93,982,244	1,047,715	10,676

¹ In 2025, the entity name was changed from AJ Rental Service Co., Ltd. to AJ Solution Tech Co., Ltd.

² The transactions with AJ Daewon Co., Ltd. And ACE INDUSTRIAL TECH CO., LTD for the year ended December 31, 2025 are those made prior to disposal.

³ In 2025, the entity name was changed from Ryu Ga-Hyoung Golf Academy Co., Ltd. to AJ Sports Co., Ltd.

⁴ The transactions with TS GLOBAL CO. for the year ended December 31, 2025 are those made prior to its liquidation.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

36. Related Party Transactions (cont'd)

(in thousands of
Korean won)

	2024				
	Operating revenue	Non-operating revenue	Operating expenses	Purchase of non-current assets	Disposal of non-current assets
Subsidiaries					
AJ Total Co., Ltd.	₩ 288,173	₩ -	₩ 407	₩ -	₩ -
AJ Energy Co., Ltd.	439,354	-	-	-	460
AJ Rental Service Co., Ltd.	450,600	-	25,560,691	-	-
AJ JEONGUK SKY Co., Ltd.	1,036,294	-	44,918	-	-
AJ Maintenance Partners Co., Ltd. ¹	369,464	1,544	439,249	396,904	-
AJ Daewon Co., Ltd.	622,630	-	1,554,288	-	-
ACE INDUSTRIAL TECH CO., LTD	24,228	-	-	-	-
Ryu Ga Hyoung Golf Academy Co., Ltd.	259,829	-	319,889	-	-
AJ ICT Co., Ltd.	679,569	339,332	1,517,339	-	-
AJ Total Vietnam Co., Ltd.	64,467	881,353	-	-	-
AJ RENTAL ARABIA	-	-	-	-	-
AJ Rental Co., Ltd.	29,003	20,268	-	-	-
AJ Rental Inc.	78,110	-	-	-	-
AJ LogisValue Poland Sp Z.o.o.	28,054	294,770	-	-	-
AJ LogisValue Hungary Kft	179	14,215	-	-	-
TS GLOBAL CO.	510,263	-	858,250	2,762,319	-
AJ Dong Nai Cold Co., Ltd.	4,886	-	-	-	-
AJ LogisValue USA Inc	1,284,174	63,650	109,270	-	-
AJ TransValue Co., Ltd. ^{2,3}	244,804	-	56,810,050	-	-
AJ Retail Co., Ltd.	982	-	-	-	-
Associates					
Most X Co., Ltd.	1,368	-	-	-	-
Darae Parktech Co., Ltd.	34,296	-	-	-	-
Auto Gallery Holdings, Inc. ¹	-	77,926	-	-	-
Junsymall.com Co., Ltd.	8,180,378	25,680	3,739,525	2,145	1,789
Total	₩ 14,631,105	₩ 1,718,738	₩ 90,953,876	₩ 3,161,368	₩ 2,249

¹ The transactions with AJ Maintenance Partners Co., Ltd. and Ltd. and Auto Gallery Holdings, Inc. for the year ended December 31, 2024 are those made prior to disposal.

² For the year ended December 31, 2024, the entity was newly established with an investment.

³ For the year ended December 31, 2024, the pallet transportation transactions of AJ Rental Service Co., Ltd. were transferred to AJ Trans Value Co., Ltd., resulting in an increase in operating expenses.

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

36. Related Party Transactions (cont'd)

Details of outstanding balances arising from sales/purchases of goods and services with the related parties as of December 31, 2025 and 2024 are as follows:

(in thousands of
Korean won)

	Dec. 31, 2025					
	Receivables				Payables	
	Trade receivables	Other receivables	Loans	Accrued income and others	Trade payables and others	Borrowings and others
Subsidiaries						
AJ Total Co., Ltd.	₩ 484	₩ -	₩ -	₩ -	₩ -	-
AJ Retail Co., Ltd.	7,183	-	-	-	-	-
AJ Energy Co., Ltd.	68,088	11,531	-	-	-	6,658
AJ Solution Tech Co., Ltd. ¹	26,400	1,619	-	-	2,180,856	-
AJ JEONGUK SKY Co., Ltd.	195,534	455	-	-	6,020	-
AJ Sports Co., Ltd. ²	20,744	2,595	-	-	29,450	-
AJ ICT Co., Ltd. ³	62,575	22,689	1,500,000	-	259,543	13,729
AJ Total Vietnam Co., Ltd.	83,288	495,920	8,609,400	10,850	-	171,769
AJ Rental Co., Ltd.	102,363	19,027	-	-	-	12,840
AJ Rental Inc.	43,111	-	-	-	-	-
AJ LogisValue Poland Sp. Z.o.o. ⁴	51,013	-	8,979,750	199,254	-	-
AJ Eco Soutlions Sp. Z.o.o.	795,674	-	-	-	-	-
AJ LogisValue Hungary Kft. ⁵	623	-	362,710	29,312	-	-
AJ Dong Nai Cold Co., Ltd.	4,191	-	-	-	-	-
AJ LogisValue USA Inc	14,300,262	-	3,587,250	82,660	50,818	-
AJ TransValue Co., Ltd.	24,164	-	-	-	6,192,887	-
Associates						
Most X Co., Ltd.	₩ 66	₩ -	₩ -	₩ -	₩ -	-
Darae Parktech Co., Ltd.	957	-	-	-	-	-
Junsymall.com Co., Ltd.	1,083,241	108,532	-	440,000	15,510	-
Total	16,869,961	662,368	23,039,110	762,076	8,735,084	204,996

¹ In 2025, the entity name was changed from AJ Rental Service Co., Ltd. to AJ Solution Tech Co., Ltd.

² In 2025, the entity name was changed from Ryu Ga-Hyoung Golf Academy Co., Ltd. to AJ Sports Co., Ltd.

³ In 2025, an allowance for doubtful loans was recognized for the loans amounting to KRW 1,500,000 thousand.

⁴ In 2025, an allowance for doubtful loans was recognized for the loans amounting to PLN 6,700,000.

⁵ In 2025, an allowance for doubtful loans was recognized for the loans amounting to HUF 83,000,000.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

(in thousands of
Korean won)

	Dec. 31, 2024					
	Receivables				Payables	
	Trade receivables	Other receivables	Loans	Accrued income and others	Trade payables and others	Borrowings and others
Subsidiaries						
AJ Total Co., Ltd.	₩ 9,772	₩ -	₩ -	₩ -	₩ 50	₩ -
AJ Retail Co., Ltd.	592	-	-	-	-	-
AJ Energy Co., Ltd.	73,969	2,324	-	-	-	-
AJ Rental Service Co., Ltd.	225,720	205,289	100,000	-	2,236,207	-
AJ JEONGUK SKY Co., Ltd.	186,253	1,706	-	-	51,299	-
AJ Daewon Co., Ltd.	74,189	7,582	-	-	-	-
ACE INDUSTRIAL TECH CO., LTD	1,249	208	-	-	-	-
Ryu Ga Hyoung Golf Academy Co., Ltd.	23,962	2,611	-	-	29,450	-
AJ ICT Co., Ltd.	85,322	18,370	3,000,000	-	236,269	7,693
AJ Total Vietnam Co., Ltd.	32,848	734,760	16,758,000	1,023,422	-	321,742
AJ Rental Co., Ltd.	14,398	14,858	-	-	-	14,858
AJ Rental Inc.	41,147	-	-	-	-	-
AJ LogisValue Poland Sp. Z.o.o.	9,262	-	6,967,935	165,517	-	-
AJ LogisValue Hungary Kft.	173	-	308,760	10,749	-	-
TS GLOBAL CO.	53,635	-	-	-	573,733	-
AJ Dong Nai Cold Co., Ltd.	2,374	-	-	-	-	-
AJ LogisValue USA Inc.	54,535	-	2,352,000	67,694	3,491	-
AJ TransValue Co., Ltd. ¹	24,164	-	-	-	5,690,768	-
Associates						
Most X Co., Ltd.	99	-	-	-	-	-
Darae Parktech Co., Ltd.	9,108	-	-	-	-	-
Junsymall.com Co., Ltd.	855,575	108,532	-	440,000	12,696	-
Total	1,778,346	₩ 1,096,240	₩ 29,486,695	₩ 1,707,382	₩ 8,833,963	₩ 344,293

¹ For the year ended December 31, 2024, the entity was newly established with an investment.

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2025 and 2024

36. Related party transactions (cont'd)

Details of financial transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of
Korean won and
In USD, PLN)

Subsidiaries

	2025		
	Loan transactions		Dividends
	Loans	Collections	Receipt
AJ ICT Co., Ltd.	₩ -	₩ 1,500,000	₩ -
AJ Total Vietnam Co., Ltd. ¹	USD 10,500,000	-	-
AJ LogisValue Poland Sp. z.o.o.	PLN 3,000,000	-	-
AJ LogisValue USA Inc.	USD 900,000	-	-

Associates

Tcha Partners Public Mobility No. 1 Private Equity Partnership	-	-	₩ 1,043,590
Tcha Partners Public Mobility No. 2 Private Equity Partnership	-	-	₩ 2,637,810
Tcha Partners Public Mobility No. 3 Private Equity Partnership	-	-	₩ 723,492
Total in Korean won	-	₩ 1,500,000	₩ 4,404,892
Total in USD	USD 11,400,000	-	-
Total in PLN	PLN 3,000,000	-	-

¹ In 2025, the loan to AJ Total Vietnam Co., Ltd. was acquired from AJ Total Co., Ltd.

(in thousands of
Korean won and
In USD, PLN)

Subsidiaries

	2024		
	Loan transactions		Dividends
	Loans	Collections	Receipt
AJ ICT Co., Ltd.	₩ 8,600,000	₩ 5,600,000	-
AJ Maintenance Partners Co., Ltd. ¹	1,000,000	1,000,000	-
AJ LogisValue Poland Sp. z.o.o.	PLN 4,000,000	-	-
AJ LogisValue USA Inc.	USD 1,600,000	-	-

Associates

Auto Gallery Holdings, Inc. ¹	-	USD 4,000,000	-
Tcha Partners Public Mobility No. 2 Private Equity Partnership	-	-	₩ 474,000
Tcha Partners Public Mobility No. 3 Private Equity Partnership	-	-	594,000
Total in Korean won	₩ 9,600,000	₩ 6,600,000	₩ 1,068,000
Total in USD	USD 1,600,000	USD 4,000,000	-
Total in PLN	PLN 4,000,000	-	-

¹ The transactions with AJ Maintenance Partners Co., Ltd. and Ltd. and Auto Gallery Holdings, Inc. are those made prior to disposal.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

36. Related party transactions (cont'd)

Contribution transactions with the related parties for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won and In USD)</i>	2025	
	Contribution transactions	
	Contribution in cash and others	
Subsidiaries		
AJ Sports Co., Ltd. ¹	₩	150,000
AJ Total Vietnam Co., Ltd. ²	USD	15,900,000
Total in Korean won	₩	150,000
Total in USD	USD	15,900,000

¹ In 2025, the entity name was changed from Ryu Ga-Hyoung Golf Academy Co., Ltd. to AJ Sports Co., Ltd.

² In 2025, a loan amounting to USD 15,900,000 to AJ Total Vietnam Co., Ltd. was converted into equity.

<i>(in thousands of Korean won and In PLN, INR)</i>	2024	
	Contribution transactions	
	Contribution in cash and others	
Subsidiaries		
AJ TranValue Co., Ltd. ¹	₩	500,000
AJ LogisValue Poland Sp. Z.o.o.	PLN	3,000,000
AJ LogisValue India Pvt Ltd. ¹	INR	999,990
Total in Korean won	₩	500,000
Total in PLN	PLN	3,000,000
Total in INR	INR	999,990

¹ For the year ended December 31, 2024, the entity was newly established with an investment.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

36. Related party transactions (cont'd)

Details of payment guarantees, and collateral provided by the Company for the related parties as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won and in VND)	December 31, 2025				
	Guaranteed amount		Executed amount		Guaranteed by
AJ Rental Co., Ltd.	VND	52,800,000,000	VND	21,818,181,828	Kookmin Bank Hanoi
	VND	96,000,000,000	VND	36,355,221,784	Hana Bank Ho Chi Minh
AJ Total Vietnam Co., Ltd.	VND	90,000,000,000	VND	60,678,522,422	Hana Bank Ho Chi Minh
	VND	90,000,000,000	VND	60,678,522,419	Shinhan Bank Vietnam
	VND	90,000,000,000	VND	60,678,522,419	Daegu Bank Ho Chi Minh
	VND	40,000,000,000	VND	26,968,232,180	Woori Bank Vietnam
	VND	40,000,000,000	VND	26,968,232,180	Busan Bank Ho Chi Minh
	VND	206,475,104,909	VND	63,326,920,421	Hana Bank Ho Chi Minh
	VND	139,261,050,000	VND	42,712,042,384	Hana Bank Hanoi
AJ ICT Co., Ltd.	₩	4,320,000	₩	3,600,000	Woori Bank
AJ Energy Co., Ltd.	₩	6,000,000	₩	720,000	Shinhan Bank
Total in Korean won	₩	10,320,000	₩	4,320,000	
Total in VND	VND	844,536,154,909	VND	400,184,398,037	

(in thousands of Korean won and in VND)	December 31, 2024				
	Guaranteed amount		Executed amount		Guaranteed by
AJ Rental Co., Ltd.	VND	102,300,000,000	VND	43,772,727,249	Kookmin Bank Hanoi
AJ Total Vietnam Co., Ltd.	VND	90,000,000,000	VND	74,307,093,847	Hana Bank Ho Chi Minh
	VND	90,000,000,000	VND	74,307,093,844	Shinhan Bank Vietnam
	VND	90,000,000,000	VND	74,307,093,844	Daegu Bank Ho Chi Minh
	VND	40,000,000,000	VND	33,025,375,042	Woori Bank Vietnam
	VND	40,000,000,000	VND	33,025,375,042	Busan Bank Ho Chi Minh
	VND	206,475,104,909	VND	99,108,050,353	Hana Bank Ho Chi Minh
	VND	139,261,050,000	VND	66,845,304,000	Hana Bank Hanoi
AJ ICT Co., Ltd.	₩	4,800,000	₩	4,000,000	Woori Bank
Total in Korean won	₩	4,800,000	₩	4,000,000	
Total in VND	VND	798,036,154,909	VND	498,698,113,221	

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2025 and 2024

36. Related party transactions (cont'd)

The key management personnel include registered officers. Details of compensations for major executives for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025	2024
Short-term employee benefits	₩ 3,272,200	₩ 2,832,617
Post-employment benefits	866,987	565,117
Share-based payments	-	8,000
Total	₩ 4,139,187	₩ 3,405,734

Audit opinion on internal control over financial reporting

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of AJ Networks Co., Ltd. (the "Company") and the separate financial statements of the Company for the year ended December 31, 2025 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's report on internal control over financial reporting
2. Management's report on the effectiveness of internal control over financial reporting

Independent auditor's report on internal control over financial reporting (English translation of a report originally issued in Korean)

The Shareholders and Board of Directors
AJ Networks Co., Ltd.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting ("ICFR") of AJ Networks Co., Ltd. (the "Company") based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2025.

In our opinion, the Company's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2025 in accordance with the *Conceptual Framework for Design and Operation of ICFR*.

We also have audited, in accordance with Korean Standards on Auditing ("KSA"), the separate statement of financial position as of December 31, 2025, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and the notes to the separate financial statements, including material accounting policy information, of the Company, and our report dated March 18, 2026 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

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

Responsibilities of management and those charged with governance for ICFR

Management is responsible for designing, implementing and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying Management's report on the effectiveness of ICFR.

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

Auditor's responsibilities for the audit of ICFR

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

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

ICFR definition and inherent limitations

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jong Seok Lee.



March 18, 2026

This audit report is effective as of March 18, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Company's ICFR and may result in modifications to this report.

Management's report on the effectiveness of internal control over financial reporting

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors AJ Networks Co., Ltd.

We, as Chief Executive Officer ("CEO") and Officer of Internal Control over Financial Reporting ("ICFR") of AJ Networks Co., Ltd. (the "Company"), assessed the effectiveness of the design and operation of the Company's ICFR for the year ended December 31, 2025.

The design and operation of ICFR is the responsibility of the Company's management, including the CEO and ICFR Officer.

We assessed whether the Company's ICFR has been effectively designed and operated in order to prevent and detect errors or frauds that may result in a misstatement of the separate financial statements to ensure preparation and disclosure of reliable financial statements.

We used, as the basis for the design and operation of the Company's ICFR, the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR. In assessing the design and operation of ICFR, we used, as the evaluation criteria, the Appendix 6 of the *Implementation Guidelines for the Regulation on External Audit and Accounting, etc.*, the *Standard for Evaluation and Reporting of ICFR*.

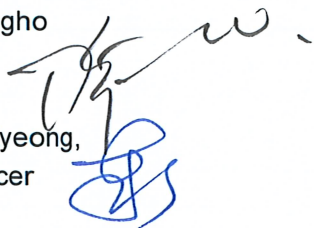
Based on our evaluation, we concluded that the Company's ICFR is effectively designed and operated as of December 31, 2025, in all material respects, in accordance with the Conceptual Framework for Design and Operation of ICFR.

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

March 3, 2026

Kwag Jungho
CEO

Lee TaeKyeong,
ICFR Officer

Handwritten signatures of Kwag Jungho and Lee TaeKyeong. Kwag Jungho's signature is in black ink and is located above Lee TaeKyeong's signature, which is in blue ink.

(Attachments) Internal control activities performed by the Company in response to treasury fraud risks such as embezzlements, etc.

The Company has designed and operates ICFR in accordance with *Conceptual Framework for Design and Operation of ICFR* in order to prevent and detect errors or fraud that may cause misstatements to its consolidated financial statements.

The disclosure of control activities performed by the Company below is made in accordance with the attached *Guideline for Evaluation and Reporting of ICFR* (Management's report on the effectiveness of the ICFR) enacted by the Financial Supervisory Services, and does not include all of the Company's operating controls in response to fraud risks.

Classification	Control activities performed by the Company	Design and operation effectiveness assessment result
Company-level controls	<Operation of fraud prevention programs> In order to prevent frauds such as embezzlements, etc., management operates an internal whistleblower program (anonymous reporting channel) and a fraud prevention and monitoring program, and regularly communicates management's commitment to compliance with the programs to all employees by sending out the Company-wide notifications.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Feb 2026)
	<Risk Assessment Distinguished risks> The Company identifies risks of potential omissions, errors, and fraud that may occur in financial reporting. Based on the results of the risk assessment, the Company identifies and evaluates relevant control activities in accordance with the processes documented in the Internal Accounting Control System (ICFR) scoping (scope selection) documentation. In addition, based on the results of the risk assessment, the Company prepares an annual plan for the operation of the Internal Accounting Control System, obtains approval from the Head of Internal Accounting Control and the Chief Executive Officer (CEO), and reports the plan to the Audit Committee.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Feb 2026)

Company-level controls	<Management of segregation of duties> Management takes into account segregation of duties and access authority (limitation) when designing control activities (i.e. creation or modification of controls) at a transaction level. The team in charge of ICFR ensures the up-to-date design of duty segregation in control activities by considering changes in the work process.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Feb 2026)
	<Evaluation and Monitoring of the Internal Accounting Control System> The Company classifies deficiencies identified through evaluations according to their significance and manages them on an ongoing basis. In addition, the results of the evaluation of the operation status of the Internal Accounting Control System are reported to management, the Audit Committee, and the Board of Directors, and the Audit Committee reviews such results and reports them to the Board of Directors.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Feb, 2026)
Treasury controls	<Registration /modification of bank accounts> When is registering a new bank account modifying an existing account, the Finance team leader reviews the reason of registration/modification of accounts and approve such changes.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Sep 2025, Dec 2025)
	<Management of bank accounts> The Finance team leader reviews the current state of the Company's bank accounts registered in ERP, such as purpose or closing of accounts, and approves such information.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Aug 2025)
	<Reporting and Approval of Seal Usage Status> The Head of the Human Resources Team reviews the status of corporate seal usage submitted by the relevant staff member and approves the report accordingly.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Sep 2025, Dec 2025)

Treasury controls	<Restriction on payment execution, firm banking> The Company's system shall only allow the transfer to vendors having bank accounts registered in the Company's Vendor Master in ERP.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Dec 2025)
	<Review and Approval of payment> The Finance team reviews the details of fund transfer requests prepared by the Finance Management staff by comparing them against the supporting documentation, and approves the fund transfer requests accordingly.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Sep 2025, Dec 2025)
	<Assignment of Authority for Fund Execution> Authority for the execution of fund transactions is appropriately assigned to designated responsible personnel.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Dec 2025)
	<Management of withdrawal and deposit records (daily basis)> The Finance team leader reconciles the balances and deposit/withdrawal details recorded in the Company's ERP or daily closing report with the records retrieved from the banking system(CMS) and, if any differences are identified, shall review whether the reason of such differences is appropriate.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Sep 2025, Dec 2025)
	<Review of borrowings> The Finance team leader reviews and approves the appropriateness of the key requirements in borrowings proposals. If Board of Directors' resolution is required, the proposal is submitted to the Board of Directors.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Sep 2025, Dec 2025)

Treasury controls	<Review of issuing bonds> Chief Executive Officer reviews and approves the appropriateness of the key requirements in bond issuance proposals. If Board of Directors' resolution is required, the proposal is submitted to the Board of Directors	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Sep 2025, Dec 2025)
	<Approval of Registration and Modification of Bank Account Information> The Business units leader and the Finance Team leader review the key information (e.g., business registration number, bank account details, etc.) stated in the Vendor Master creation/modification request by verifying it against supporting documentation, and approve the registration or modification accordingly.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Sep 2025, Dec 2025)
	<Monitoring of Financial Institution Accounts> The Finance team staff reviews the status of bank accounts maintained with financial institutions (e.g., banks, securities companies, etc.) with which the Company conducts transactions, verifies consistency with the Company's management policy, and reports the review results to the Finance Team leader.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Dec 2025)
Other task-level controls	<Confirmation of quantity of rental assets inventories through physical count> The Business units leader receives the physical count report and reviews the qualification approval, defects in the physical count process, if any, and the appropriateness of the reason for the discrepancies.	As a result of the assessment, no material weaknesses have been identified. (Internal accounting team, external experts Sep 2025, Dec 2025)