

AJ Networks Co., Ltd. and its subsidiaries

Consolidated 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. and its subsidiaries

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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 consolidated financial statements of AJ Networks Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2025, and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the two years in the period ended December 31, 2025, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated 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").

Basis for opinion

We conducted our audit in accordance with Korean Standards on Auditing ("KSA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

(1) Impairment tests on the Cash Generating Unit ("CGU") of AJ Total Vietnam Co., Ltd. – estimation of the recoverable amount

As described in Note 1 to the consolidated financial statements, the net carrying amount of AJ Total Vietnam Co., Ltd. as of December 31, 2025 is KRW 42,455 million. As described in Note 2 to the consolidated financial statements, the Group measures the recoverable amount of CGUs to which goodwill has been allocated at the higher of value-in-use or fair value less costs of disposal.

The Group identified indicators of impairment for CGUs of AJ Total Vietnam Co., Ltd. and estimated the recoverable amount based on value-in-use, as described in Note 1.(4) to the consolidated financial statements.

The calculation of value-in-use involves significant judgments and estimates by management, including estimates of the future cash flows, discount rates, and terminal growth rates. Accordingly, we determined that the estimation of the recoverable amount of CGUs of AJ Total Vietnam Co., Ltd. was a key audit matter.

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 consolidated financial statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 consolidated 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 consolidated financial statements and may result in modifications to this report.

AJ Networks Co., Ltd. and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2025

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

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

AJ Networks Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as of December 31, 2025 and 2024

(in Korean won)

	Notes	December 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	5,35	₩ 156,794,669,521	₩ 105,005,298,611
Trade receivables	35,36	110,286,436,232	111,197,248,052
Inventories	6	28,675,556,478	25,129,909,338
Financial assets at fair value through profit or loss	7	787,253,697	1,886,700,667
Other current financial assets	15,21,35,36	65,315,100,338	39,574,429,620
Other current assets	16	16,312,203,454	21,640,939,199
Deferred tax assets	31	10,370,211	-
		<u>₩ 378,181,589,931</u>	<u>₩ 304,434,525,487</u>
Non-current assets held for sale			
	38	₩ -	₩ 31,951,468,710
		<u>₩ -</u>	<u>₩ 31,951,468,710</u>
Non-current assets			
Financial assets at fair value through profit or loss	7,35	₩ 20,890,785,174	₩ 18,825,892,915
Financial assets at fair value through other comprehensive income	7,35	14,014,113,772	14,350,415,787
Investments in associates	8,36	24,396,688,870	29,349,418,483
Rental assets	10,21	766,293,461,707	772,085,585,192
Property, plant and equipment	11,21	267,891,927,222	269,546,792,811
Intangible assets	13	23,507,866,008	29,151,684,095
Investment properties	14	164,857,056,059	151,409,298,351
Right-of-use assets	12	40,163,768,711	48,517,196,335
Other non-current financial assets	15,35	71,774,956,388	40,616,527,417
Other non-current assets	16	6,521,701,658	6,809,111,985
Deferred tax assets	31	293,087,309	722,516,821
		<u>1,400,605,412,878</u>	<u>1,381,384,440,192</u>
Total assets		<u>₩ 1,778,787,002,809</u>	<u>₩ 1,717,770,434,389</u>
Liabilities			
Current liabilities			
Trade payables	35,36	₩ 43,351,309,708	₩ 37,495,032,258
Short-term borrowings	17,21,35	78,464,830,882	72,699,798,681
Current portion of long-term borrowings	17,21,35	350,980,126,790	193,538,880,255
Current portion of long-term bonds	17,35	201,841,538,369	258,330,808,806
Other current financial liabilities	18,19,21,35,36	45,304,557,989	44,157,678,479
Other current liabilities	18	7,535,897,347	12,446,818,531
Current lease liabilities	12	27,080,012,800	7,169,923,674
Current tax liabilities	31	10,443,587,017	5,179,936,149
Deferred tax liabilities	31	1,044,634,238	-
		<u>₩ 766,046,495,140</u>	<u>₩ 631,018,876,833</u>
Non-current liabilities held for sale			
	38	₩ -	₩ 626,566,920
		<u>₩ -</u>	<u>₩ 626,566,920</u>
Non-current liabilities			
Non-current bonds	17,35	₩ 204,666,966,683	₩ 239,469,254,227
Long-term borrowings	17,21,35	299,033,044,404	354,237,665,908
Other non-current financial liabilities	18,19,21,35	4,161,868,731	6,483,187,946
Other non-current liabilities	18	79,043,708	183,730,790
Non-current lease liabilities	12	43,151,228,560	34,133,280,415
Deferred tax liabilities	31	4,528,555,213	7,894,692,925
		<u>555,620,707,299</u>	<u>642,401,812,211</u>
Total liabilities		<u>₩ 1,321,667,202,439</u>	<u>₩ 1,274,047,255,964</u>
Equity			
Equity attributable to the owners of the Parent Company			
Share capital	1,22	₩ 457,160,166,754	₩ 443,115,993,835
Capital surplus	22	46,822,295,000	46,822,295,000
Capital adjustments	23	57,800,172,117	101,101,027,241
Capital adjustments	23	(30,064,542,425)	(32,295,247,834)
Other capital	23,24	184,251,002	(432,120,476)
Accumulated other comprehensive income	23	67,592,513,762	72,945,564,141
Retained earnings	25	314,825,477,298	254,974,475,763
Non-controlling interest	37	(40,366,384)	607,184,590
Total equity		<u>457,119,800,370</u>	<u>443,723,178,425</u>
Total liabilities and equity		<u>₩ 1,778,787,002,809</u>	<u>₩ 1,717,770,434,389</u>

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

AJ Networks Co., Ltd. and its subsidiaries
Consolidated statements of comprehensive income
for each of the two years in the period ended December 31, 2025

<i>(in Korean won)</i>	Notes	2025	2024
Operating income	4, 27, 36	₩ 1,070,114,469,230	₩ 964,641,517,563
Operating expense	4, 28, 32, 36	<u>998,566,094,245</u>	<u>888,385,237,465</u>
Operating profit	4	71,548,374,985	76,256,280,098
Other income	30	9,255,312,952	17,832,983,536
Other expense	30	3,908,298,785	14,661,691,272
Share of gain (loss) of associates	8, 9	(1,349,454,206)	2,427,677,415
Finance income	29, 34, 35	9,238,417,659	18,208,704,456
Finance costs	29, 34, 35	61,765,959,819	72,194,950,823
Gains on disposal of non-current assets held for sale		-	<u>833,763,946</u>
Profit before income tax		23,018,392,786	28,702,767,356
Income tax expense from continuing operations	31	1,007,783,863	6,954,393,424
Profit from continuing operations		22,010,608,923	21,748,373,932
Discontinued operations			
Profit from discontinued operations	38	6,316,511,294	(147,572,946)
Profit for the year		<u>₩ 28,327,120,217</u>	<u>₩ 21,600,800,986</u>
Owners of the Parent Company			
Profit from continuing operations		22,087,318,665	21,894,392,071
Profit from discontinued operations		<u>6,317,506,446</u>	<u>(142,721,981)</u>
Profit attributable to the owners of the Parent Company		28,404,825,111	21,751,670,090
Non-controlling interests		-	-
Loss from continuing operations		(76,709,742)	(146,018,139)
Loss from discontinued operations		(995,152)	(4,850,965)
Loss attributable to non-controlling interests		(77,704,894)	(150,869,104)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Fair value changes on financial assets measured at fair value through other comprehensive income		₩ (158,234,305)	₩ (207,290,431)
Revaluation surplus		(121,155,878)	107,723,416
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation differences	23	(4,835,452,293)	15,584,682,120
Change in equity under equity method	23	-	(251,993,524)
Loss on valuation of derivatives	23	(227,251,172)	-
Other comprehensive income for the year, net of tax		<u>₩ (5,342,093,648)</u>	<u>₩ 15,233,121,581</u>
Total comprehensive income for the year		<u>₩ 22,985,026,569</u>	<u>₩ 36,833,922,567</u>
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		23,051,774,732	36,967,546,240
Non-controlling interest	37	<u>(66,748,163)</u>	<u>(133,623,673)</u>
		<u>₩ 22,985,026,569</u>	<u>₩ 36,833,922,567</u>
Earnings per share	26		
Basic earnings per share from continuing operations		₩ 494	₩ 488
Basic earnings per share from discontinued operations		141	(3)
Basic earnings per share for the owners of the Parent Company		635	485
Diluted earnings per share from continuing operations		494	488
Diluted earnings per share from discontinued operations		141	(3)
Diluted earnings per share for the owners of the Parent Company		635	485

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

AJ Networks Co., Ltd. and its subsidiaries

Consolidated statements of changes in equity

for each of the two years in the period ended December 31, 2025

(in Korean won)

	Issued capital	Capital surplus	Capital adjustments	Other capital	Accumulated other comprehensive income	Retained earnings	Non-controlling interest	Total equity
Balance as of January 1, 2024	₩ 46,822,295,000	₩ 101,169,895,468	₩ (31,421,318,284)	₩ (437,639,816)	₩ 57,724,837,026	₩ 245,359,592,683	₩ 434,147,613	₩ 419,651,809,690
Total comprehensive income	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	21,751,670,090	(150,869,104)	21,600,800,986
Loss on valuation of financial assets at fair value through other comprehensive income	-	-	-	-	(207,290,431)	-	-	-
Gain (loss) on translation of foreign operations	-	-	-	-	15,572,287,654	-	12,394,466	(207,290,431)
Change in equity under equity method	-	(79,951,506)	-	79,951,506	(251,993,524)	-	-	(251,993,524)
Transactions with the owners								
Stock options	-	11,083,279	-	(74,432,166)	-	-	-	(63,348,887)
Dividends paid	-	-	-	-	-	(12,136,787,010)	-	(12,136,787,010)
Revaluation surplus	-	-	-	-	107,723,416	-	-	107,723,416
Acquisition of treasury stocks	-	-	(873,929,550)	-	-	-	-	873,929,550
Changes in scope of consolidation	-	-	-	-	-	-	311,511,615	311,511,615
Balance as of December 31, 2024	<u>₩ 46,822,295,000</u>	<u>₩ 101,101,027,241</u>	<u>₩ (32,295,247,834)</u>	<u>₩ (432,120,476)</u>	<u>₩ 72,945,564,141</u>	<u>₩ 254,974,475,763</u>	<u>₩ 607,184,590</u>	<u>₩ 443,723,178,425</u>
Balance as of January 1, 2025	₩ 46,822,295,000	₩ 101,101,027,241	₩ (32,295,247,834)	₩ (432,120,476)	₩ 72,945,564,141	₩ 254,974,475,763	₩ 607,184,590	₩ 443,723,178,425
Profit for the year	-	-	-	-	-	28,404,825,111	(77,704,894)	28,327,120,217
Fair value changes on financial assets measured at fair value through other comprehensive inc	-	-	-	-	(158,234,305)	-	-	(158,234,305)
Revaluation surplus	-	-	-	-	(121,155,878)	28,959,924	-	(92,195,954)
Foreign currency translation differences	-	-	-	-	(4,846,409,024)	-	10,956,731	(4,835,452,293)
Change in equity under equity method	-	-	-	814,817,028	-	-	-	814,817,028
Loss on valuation of derivatives	-	-	-	-	(227,251,172)	-	-	(227,251,172)
Transactions with the owners								
Stock options	-	199,144,876	-	(198,445,550)	-	-	-	699,326
Dividends paid	-	-	-	-	-	(12,082,783,500)	-	(12,082,783,500)
Transfer from capital surplus to retained earnings	-	(43,500,000,000)	-	-	-	43,500,000,000	-	-
Changes in scope of consolidation	-	-	2,230,705,409	-	-	-	(580,802,811)	1,649,902,598
Balance as of December 31, 2025	<u>₩ 46,822,295,000</u>	<u>₩ 57,800,172,117</u>	<u>₩ (30,064,542,425)</u>	<u>₩ 184,251,002</u>	<u>₩ 67,592,513,762</u>	<u>₩ 314,825,477,298</u>	<u>₩ (40,366,384)</u>	<u>₩ 457,119,800,370</u>

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

AJ Networks Co., Ltd. and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2025

<i>(in Korean won)</i>	Note	2025	2024
Cash flows from operating activities			
Cash flows generated from operations	33	₩ 126,038,003,541	₩ 103,414,537,966
Interest received		5,854,714,669	5,382,039,391
Interest paid		(59,092,016,960)	(66,982,739,504)
Dividends received		4,685,176,392	2,347,242,860
Income taxes paid		(1,554,124,796)	(10,778,639,186)
Net cash flows provided by operating activities		<u>₩ 75,931,752,846</u>	<u>₩ 33,382,441,527</u>
Cash flows from investing activities			
Increase in short-term financial instruments		(32,164,890,000)	(101,376,100,000)
Decrease in short-term financial instruments		41,242,510,000	93,979,326,000
Increase in short-term loans		(234,000,000)	(17,280,000)
Decrease in short-term loans		91,226,664	85,390,000
Increase in long-term financial instruments		(4,515,230,000)	-
Decrease in long-term financial instruments		2,500,000	114,250,000
Acquisition of financial assets at fair value through other comprehensive income		-	(24,726,229)
Disposal of financial assets at fair value through other comprehensive income		-	873,606,002
Acquisition of financial assets at fair value through profit or loss		(1,507,360,251)	(1,825,887,472)
Disposal of financial assets at fair value through profit or loss		1,113,587,453	716,331,299
Increase in guarantee deposits		(5,980,179,465)	(2,019,364,284)
Decrease in guarantee deposits		1,643,303,855	1,684,225,905
Increase in long-term loans		(10,000,000,000)	(4,622,530,948)
Acquisition of property, plant and equipment (excluding rental assets)		(25,189,403,961)	(34,083,310,723)
Disposal of property, plant and equipment (excluding rental assets)		1,425,040,250	5,330,325,788
Acquisition of intangible assets		(1,951,891,639)	(19,945,390,518)
Disposal of intangible assets		5,335,263	8,670,000
Acquisition of rental assets		(40,654,929,056)	(49,974,532,120)
Disposal of rental assets		2,869,123,832	3,608,472,517
Acquisition of investment properties		(44,740,211)	(16,028,507,291)
Disposal of investment properties		936,112,009	4,851,697,699
Cash outflows due to changes in consolidation scope		(4,425,250,865)	(828,958,739)
Cash inflows due to changes in consolidation scope		22,500,000,000	7,200,000,000
Disposal of non-current assets held for sale		36,075,125,144	3,670,683,963
Receipt of insurance proceeds		-	7,931,544,134
Net cash flows used in investing activities		<u>₩ (18,764,010,978)</u>	<u>₩ (100,692,065,017)</u>
Cash flows from financing activities			
Increase in short-term borrowings		152,522,032,201	104,153,506,681
Repayment of short-term borrowings		(146,757,000,000)	(154,098,117,836)
Repayment of current portion of long-term borrowings		(250,291,830,861)	(323,842,132,077)
Increase in long-term borrowings		354,778,762,032	291,958,399,507
Repayment of long term borrowings		(649,010,186)	(1,744,199,994)
Issue of bonds		166,633,542,381	325,142,702,969
Repayment of bonds		(258,500,000,000)	(174,500,000,000)
Increase in guarantee deposits		1,644,760,394	1,532,475,718
Decrease in guarantee deposits		(911,907,297)	(849,875,362)
Decrease in lease liabilities		(12,012,526,581)	(7,665,710,550)
Acquisition of treasury stocks		-	(873,929,550)
Dividends paid		(12,082,783,500)	(12,136,787,010)
Net cash flows provided by (used in) financing activities		<u>₩ (5,625,961,417)</u>	<u>₩ 47,076,332,496</u>
Net increase (decrease) in cash and cash equivalents		51,541,780,451	(20,233,290,994)
Cash and cash equivalents at the beginning of the year		105,005,298,611	122,102,072,409
Effect of exchange rate changes on cash and cash equivalents		247,590,459	3,136,517,196
Cash and cash equivalents at the end of the year		<u>₩ 156,794,669,521</u>	<u>₩ 105,005,298,611</u>

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

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

1. General information

1.1 General information on the Parent Company

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
	45,252,759	100.00

The consolidated financial statements have been prepared in accordance with KIFRS 1110 *Consolidated Financial Statements* for the purpose of consolidating 22 subsidiaries including AJ Total Co., Ltd (the Company and its subsidiaries, collectively referred to as the "Group").

1.2 Consolidated subsidiaries

Details of the Group's consolidated subsidiaries as of December 31, 2025 are as follows:

	Location	Percentage of ownership		Closing month	Main operation
		Parent Company	Subsidiary		
AJ Total Co., Ltd.	Korea	100.00%	-	December	Franchise management
AJ TOTAL VIETNAM Co., Ltd.	Vietnam	100.00%	-	December	Rental of refrigerated warehouses
AJ DONG NAI COLD Co., Ltd. ¹	Vietnam	-	100.00%	December	Rental of refrigerated and freezer warehouses
AJ SolutionTech Co., Ltd. ²	Korea	100.00%	-	December	Rental of logistics pallets
AJ Rental Co., Ltd.	Vietnam	100.00%	-	December	Machinery rental for Construction and civil engineering
AJ JEONGUK SKY Co., Ltd.	Korea	100.00%	-	December	Machinery rental for Construction and civil engineering
AJ Retail Co., Ltd. ³	Korea	-	100.00%	December	Operation of convenience stores

AJ Networks Co., Ltd. and its subsidiaries
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1.2 Consolidated subsidiaries (cont'd)

	Location	Percentage of ownership		Closing month	Main operation
		Parent Company	Subsidiary		
AJ Rental, Inc.	America	100.00%	-	December	Rental
AJ Rental Dallas, Inc.	America	-	100.00%	December	Rental of industrial safety equipment
AJ Networks America, Inc. ⁴	America	-	100.00%	December	Management consulting
AJ International Togo, Inc. ⁵	America	-	100.00%	December	Management consulting
AJ Rental Georgia LLC. ⁵	America	-	100.00%	December	Rental of real estate
AJ Energy Co., Ltd.	Korea	100.00%	-	December	Oil sales and car wash
AJ Sports Co., Ltd. (formerly Ryu Ga Hyoung Golf Academy Co., Ltd.) ⁶	Korea	100.00%	-	December	Service
AJ Rental Arabia, Ltd.	Saudi Arabia	100.00%	-	December	Rental
AJ ICT Co., Ltd.	Korea	99.83%	-	December	Service
AJ LogisValue Poland Sp. Z.o.o.	Poland	100.00%	-	December	Packaging and logistics agency
AJ ECO SOULTIONS Sp. Z.o.o. ⁷	Poland	-	90.00%	December	Disposal of waste battery and other wastes
AJ TransValue Co., Ltd.	Korea	100.00%	-	December	Rental of logistics pallets
AJ LogisValue Hungary Kft.	Hungary	100.00%	-	December	Logistics packaging and rental of pallets
AJ LogisValue USA Inc.	America	100.00%	-	December	Logistics packaging and rental of pallets
AJ LogisValue India Pvt Ltd.	India	99.99%	-	April	Rental of logistics containers

¹ This is a subsidiary of AJ Total Vietnam Co., Ltd., one of the Company's subsidiaries.

² During the current period, the Company's trade name was changed from AJ Rental Service Co., Ltd.

³ During the current period, the Company acquired 100% of the equity interest in AJ Daewon Co., Ltd.

⁴ This is a subsidiary of AJ Rental, Inc., one of the Company's subsidiaries.

⁵ This is a subsidiary of AJ Networks America, Inc., one of the Company's sub-subsidiaries.

⁶ During the current period, the Company's trade name was changed from Ryu Ga Hyoung Golf Academy Co., Ltd.

⁷ This is a subsidiary of AJ LogisValue Poland Sp. Z.o.o., one of the Company's subsidiaries.

Meanwhile, during the current period, the Group disposed of its entire equity interests in AJ Daewon Co., Ltd., ACE INDUSTRIAL TECH CO., LTD., and AI & Solutions Co., Ltd., and World Consulting Co., Ltd., Four Seasons Consulting Co., Ltd., and TS Global Co., Ltd. As a result, these entities were excluded from the scope of subsidiaries as of December 31, 2025.

AJ Networks Co., Ltd. and its subsidiaries
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1.2 Consolidated subsidiaries (cont'd)

Details of the Group's consolidated subsidiaries as of December 31, 2024 are as follows:

	Location	Percentage of ownership		Closing month	Main operation
		Parent Company	Subsidiary		
AJ Total Co., Ltd.	Korea	100.00%	-	December	Franchise management
AJ Retail Co., Ltd. ¹	Korea	-	100.00%	December	Operation of convenience stores
AJ TOTAL VIETNAM Co., Ltd. ²	Vietnam	100.00%	-	December	Rental of refrigerated warehouses
AJ DONG NAI COLD Co., Ltd. ³	Vietnam	-	100.00%	December	Rental of refrigerated and freezer warehouses
AJ Rental Service Co., Ltd.	Korea	100.00%	-	December	Rental of logistics pallets
AJ Rental Co., Ltd.	Vietnam	100.00%	-	December	Machinery rental for Construction and civil engineering
AJ JEONGUK SKY Co., Ltd.	Korea	100.00%	-	December	Machinery rental for Construction and civil engineering
AJ Daewon Co., Ltd.	Korea	100.00%	-	December	Comprehensive management of real estates and buildings
ACE INDUSTRIAL TECH CO., LTD. ⁴	Korea	-	100.00%	December	Performance tests on machinery and equipment
AI & Solutions Co., Ltd. ⁴	Korea	-	90.00%	December	Development, production, and sales of software
AJ Rental, Inc.	America	100.00%	-	December	Rental
AJ Rental Dallas, Inc. ^{5,6}	America	-	100.00%	December	Rental of industrial safety equipment
AJ Networks America, Inc. ⁵	America	-	100.00%	December	Management consulting
AJ International Togo, Inc. ⁷	America	-	100.00%	December	Management consulting
AJ Rental Georgia LLC. ^{5,8}	America	-	100.00%	December	Rental of real estate
AJ Energy Co., Ltd.	Korea	100.00%	-	December	Oil sales and car wash
World Consulting Co., Ltd.	Korea	100.00%	-	December	Management consulting
Four Seasons Consulting Co., Ltd.	Korea	100.00%	-	December	Management consulting
Ryu Ga Hyoung Golf Academy Co., Ltd.	Korea	100.00%	-	December	Service
AJ Rental Arabia, Ltd.	Saudi Arabia	100.00%	-	December	Rental
AJ ICT Co., Ltd.	Korea	99.83%	-	December	Service
AJ LogisValue Poland Sp. Z.o.o.	Poland	100.00%	-	December	Packaging and logistics agency
AJ ECO SOULTIONS Sp. Z.o.o. ⁹	Poland	-	90.00%	December	Disposal of waste battery and other wastes
AJ TransValue Co., Ltd. ⁸	Korea	100.00%	-	December	Rental of logistics pallets
TS GLOBAL CO.	Korea	70.00%	-	December	Manufacturing, rental and sales of logistics containers
AJ LogisValue Hungary Kft.	Hungary	100.00%	-	December	Logistics packaging and rental of pallets
AJ LogisValue USA Inc.	America	100.00%	-	December	Logistics packaging and rental of pallets
AJ LogisValue India Pvt Ltd. ⁸	India	99.99%	-	April	Rental of logistics containers

¹ This is a subsidiary of AJ Total Co., Ltd., one of the Company's subsidiaries.

² AJ Total Hanoi Co., Ltd. was merged by absorption for the year ended December 31, 2024.

³ This is a subsidiary of AJ Total Vietnam Co., Ltd., one of the Company's subsidiaries.

AJ Networks Co., Ltd. and its subsidiaries
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⁴ This is a subsidiary of AJ Daewon Co., Ltd., one of the Company's subsidiaries.

⁵ This is a subsidiary of AJ Rental, Inc., one of the Company's subsidiaries.

⁶ It has been classified as a non-current asset held for sale.

⁷ This is a subsidiary of AJ Networks America, Inc., one of the Company's sub-subsidiaries.

⁸ It was newly established through investment for the year ended December 31, 2024.

⁹ This is a subsidiary of AJ LogisValue Poland Sp. Z.o.o., one of the Company's subsidiaries.

Meanwhile, for the year ended December 31, 2024, the Group sold all shares of Auto Gallery International, Inc., a subsidiary of AJ Networks America, Inc., and thus it has been excluded from the subsidiaries as of December 31, 2024.

AJ Networks Co., Ltd. and its subsidiaries
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1.3 Summarized financial information

The summarized financial information on consolidated subsidiaries as of and for each of the two years in the period ended December 31, 2025 is as follows:

(in millions of
Korean won)

Subsidiary	As of and for the year ended December 31, 2025						
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)	
AJ Total Co., Ltd. ¹	₩ 23,218	₩ 158	₩ 23,060	₩ 1,992	₩ 891	₩ 891	
AJ Retail Co., Ltd.	4,237	1,192	3,044	11,777	643	643	
AJ Energy Co., Ltd.	38,227	12,080	26,147	298,290	455	455	
AJ SolutionTech Co., Ltd. (formerly AJ Rental Service Co., Ltd.)	4,568	4,707	(139)	23,375	(306)	(306)	
AJ JEONGUK SKY Co., Ltd.	5,481	557	4,924	4,572	(609)	(609)	
AJ Sports Co., Ltd. (formerly Ryu Ga Hyoung Golf Academy Co., Ltd.)	139	37	102	433	(64)	(64)	
AJ ICT Co., Ltd.	10,383	10,195	188	30,231	(2,234)	(2,234)	
AJ TransValue Co., Ltd.	6,967	6,405	562	63,713	55	55	
AJ Rental Co., Ltd.	20,148	5,319	14,829	10,667	1,159	381	
AJ Rental Arabia, Ltd.	128	117	11	125	13	14	
AJ Rental, Inc. ¹	105,695	9,947	95,748	16,369	(7,194)	(9,733)	
AJ TOTAL VIETNAM Co., Ltd. ¹	71,284	28,829	42,455	11,850	(2,604)	(3,884)	
AJ LogisValue Poland Sp. Z.o.o. ¹	7,907	11,240	(3,332)	9,140	(1,737)	(1,997)	
AJ LogisValue Hungary Kft.	21	401	(380)	145	(44)	(89)	
AJ LogisValue USA Inc.	35,376	39,899	(4,523)	17,119	(2,863)	(2,849)	
AJ LogisValue India Pvt. Ltd.	-	-	-	-	(13)	(14)	

¹ Financial information based on consolidated financial statements of subsidiaries.

AJ Networks Co., Ltd. and its subsidiaries
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1.3 Summarized financial information (Cont'd)

(in millions of
Korean won)

Korean won)		As of and for the year ended December 31, 2024								
Subsidiary		Assets		Liabilities		Equity		Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
AJ Total Co., Ltd. ¹	₩	24,308	₩	2,139	₩	22,169	₩	27,686	₩ 604	₩ 604
AJ Energy Co., Ltd.		41,302		15,610		25,692		254,999	154	154
AJ TOTAL VIETNAM Co., Ltd. ¹		78,355		54,727		23,628		10,567	(3,851)	(2,004)
AJ TOTAL HANOI Co., Ltd. ²		-		-		-		-	52	(264)
AJ Rental Service Co., Ltd.		4,474		4,308		166		25,620	(295)	(295)
AJ JEONGUK SKY Co., Ltd.		6,011		477		5,534		6,336	356	356
AJ Rental Co., Ltd.		19,711		5,262		14,449		9,561	1,795	2,882
AJ Rental, Inc. ^{1,3}		117,597		12,144		105,453		24,978	283	13,183
World Consulting Co., Ltd.		621		-		621		-	14	14
Four Seasons Consulting Co., Ltd.		180		355		(175)		-	(14)	(14)
AJ Daewon Co., Ltd. ¹		11,166		4,899		6,267		37,008	1,125	1,125
Ryu Ga Hyoung Golf Academy Co., Ltd.		104		88		16		547	(161)	(161)
AJ Rental Arabia, Ltd.		37		40		(3)		102	(44)	(42)
AJ ICT Co., Ltd.		19,282		16,860		2,422		51,817	(4,144)	(4,144)
AJ LogisValue Poland Sp. Z.o.o. ¹		6,266		7,613		(1,347)		8,917	(1,830)	(1,881)
TS GLOBAL CO.		3,113		594		2,519		7,251	280	280
AJ TransValue Co., Ltd.		6,222		5,715		507		57,234	6	6
AJ LogisValue Hungary Kft.		76		367		(291)		68	(171)	(177)
AJ LogisValue USA Inc.		22,064		23,738		(1,674)		1,683	(2,756)	(2,811)
AJ LogisValue India Pvt. Ltd.		14		-		14		-	(3)	(3)

¹ Financial information based on consolidated financial statements of subsidiaries.

² It was absorbed and merged into AJ Total Vietnam Co., Ltd. for the year ended December 31, 2024.

³ For the year ended December 31, 2024, the subsidiary, AJ Rental Dallas, Inc., has been classified as a non-current asset held for sale, and it includes profit and loss from discontinued operations.

1.4 Impairment of Cash-Generating Unit (CGU)

For the year ended December 31, 2025, the Group considered AJ Total Vietnam Co., Ltd. as a separate CGU and conducted impairments on it. The recoverable amount of all CGUs has been determined based on value-in-use calculation. The estimated future cash flows based on financial budgets approved by management were used in value-in-use calculation.

The impairment loss was not recognized as the recoverable amount of the above goodwill exceeds the carrying amount. The pre-tax discount rate used for major CGUs and perpetual growth rate beyond the period are as follows and the growth rate does not exceed the long-term average growth rate for the industry in which the CGUs operate:

Subsidiary	Weighted average cost of capital	Perpetual growth rate
AJ Total Vietnam Co., Ltd.	9.31%	1.0%

The results of the sensitivity analysis on the recoverable amount in relation to changes in the input variables are as follows:

(in millions of Korean won)

Unobservable significant input variables	Sensitivity to input variables of fair value		
	Changes in input variables	Increase	Decrease
Perpetual growth rate	1.0% ₩	4,816 ₩	(3,781)
Weighted average cost of capital	1.0%	(6,253)	7,836

The weighted average cost of capital that aligns the carrying amount of the CGU with its recoverable amount is 9.36%. There is a potential for impairment due to significant fluctuations in the input variables, and the expected amount of impairment is as follows:

(in millions of Korean won)

Changes in significant input variables	Weighted average cost of capital (increase by 1%)	Perpetual growth rate (decrease by 1%)
Amount of impairment	₩	(5,933) ₩
		(3,462)

1.5 Changes in scope for consolidation

Details of subsidiaries newly included in or excluded from the consolidation for the year ended December 31, 2025 are as follows:

Subsidiary	Reason
AJ Daewon Co., Ltd.	
ACE INDUSTRIAL TECH CO., LTD.	It was excluded from the consolidation scope due to the sale of equity.
AI & Solutions Co., Ltd.	
World Consulting Co., Ltd.	
Four Seasons Consulting Co., Ltd	It was excluded from the consolidation scope due to liquidation.
TS GLOBAL CO.	

2. Material accounting policies

The material accounting policies applied in the preparation of the consolidated 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 Group prepares its consolidated financial statements in Korean in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"), enacted based on the *Act on External Audit of Stock Companies*. The accompanying consolidated 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 shall prevail. The consolidated 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.

The preparation of consolidated financial statements requires the use of material accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated 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 Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

A number of amendments and interpretations are effective for annual periods beginning on or after January 1, 2025. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

2.2.1 New and amended standards and interpretations (cont'd)

Amendments to KIFRS 1021 - *Lack of Exchangeability*

KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* has been amended to clarify how an entity assesses the exchangeability of a currency with another currency and how it determines the spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of the consolidated financial statements to understand how a lack of exchangeability of a currency affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

The amendments had no impact on the Group's consolidated 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 followings:

- 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 that includes December 31, 2029.

The amendments have no material impact on the Group's consolidated financial statements.

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 Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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

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

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

The amendments will be effective for annual periods beginning on or after January 1, 2026. Earlier adoption is permitted, and only the amendments related to the classification of financial assets and associated disclosure requirements may be early adopted. The Group does not plan to early apply the amendments.

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

Annual Improvements to KIFRS - Volume 11

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

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

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

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 amendments are not expected to have a material impact on the Group’s consolidated financial statements.

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

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

2.3 Accounting policies

The Group has prepared its consolidated financial statements in accordance with KIFRS 1110 *Consolidated Financial Statements*.

2.3.1 Consolidation

(a) Business combination

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except for the issuance cost of debt or equity securities accounted for according to KIFRS 1032 and 1109.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

2.3.1 Consolidation (cont'd)

(c) Non-controlling interests

Non-controlling interests in a subsidiary are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(d) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(e) Interests in equity method accounted investees

The Group's interests in equity method accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity method accounted investees, until the date on which significant influence or joint control ceases.

(f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(g) Business combinations under a common control

The assets and liabilities acquired under business combinations under common control are recognized at the carrying amounts recognized previously in the consolidated financial statements of the ultimate parent. The difference between consideration transferred and carrying amounts of net assets acquired is recognized as capital surplus or capital adjustments.

2.3.2 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

If there is a discontinued operation, the Group restates the statement of comprehensive income as if it had been discontinued from the beginning of the comparative period presented.

2.3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent 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 recognized 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 consolidated statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented within "other income or other expenses".

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.

2.3.4 Non-derivative financial assets

(a) Classification

The Group 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.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

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 Group reclassifies debt securities 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 Group 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 Group measures a financial asset at its fair value plus, in the case of a financial asset not measured 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.

A. Debt securities

Subsequent measurement of debt securities depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group 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.

2.3.4 Non-derivative financial assets (cont'd)

- 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 recognized in 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 expense and impairment losses are presented in other expenses.
- Fair value through profit or loss: Assets that do not meet the criteria to be measured at 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 expense in the year in which it arises.

B. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, 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 expense' 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 is not reported separately from other changes in fair value.

(c) Impairment

The Group 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 Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

2.3.4 Non-derivative financial assets (cont'd)

(d) Recognition and derecognition

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

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

(e) Offsetting of financial instruments

Financial assets and liabilities are offset, and presented at the net amount 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 Group or the counterparty.

2.3.5 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 'other income (expenses)' or 'finance income (costs)' based on the nature of transactions.

2.3.6 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 subsequently measured at amortized cost using the effective interest method, less loss allowance. See note 35 for further information about the Group's accounting for trade receivables and note 35 for a description of the Group's accounting policy for impairment.

2.3.7 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.

2.3.8 Non-current assets (or disposal group) held for sale

Non-current assets (or disposal group) 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 of their carrying amount and the fair value less costs to sell.

2.3.9 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 Group'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	
B&T rental assets	1 – 6 years
Rental assets of industrial safety equipment	1 – 15 years
Rental assets of pallets	2 – 10 years

2.3.9 Property, plant and equipment (including rental assets) (cont'd)

The Group 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.

2.3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, including inventories that require a substantial period of time of more than one year to get ready for their intended use or sale, are capitalized as part of the cost of those assets until the assets are substantially ready for their intended use or sale, when borrowings are used to finance the acquisition of qualifying assets.

The amount of borrowing costs eligible for capitalization in relation to specific borrowings is determined as the actual borrowing costs incurred on those borrowings during the capitalization period, less any investment income earned from the temporary investment of those borrowings. Borrowing costs eligible for capitalization in relation to general borrowings are determined by applying a capitalization rate to the expenditures on qualifying assets during the period, to the extent that such expenditures exceed the amounts financed through specific borrowings. Other borrowing costs are recognized as expenses in the period in which they are incurred.

2.3.11 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

2.3.12 Intangible assets

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

2.3.12 Intangible assets (cont'd)

Amortization of intangible assets 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 Group's intangible assets for the year ended December 31, 2025 are as follows:

	Useful lives
Software	1 – 10 years
Others	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.

Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are 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 Group 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.

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 expensed as incurred.

2.3.13 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.

2.3.13 Investment property (cont'd)

A 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).

2.3.14 Impairment of non-financial assets

An impairment test is conducted annually for goodwill or intangible assets with an indefinite useful life, and when there are indicators of impairment for depreciable assets. Investment shares in related parties are tested for impairment only when there are indications 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.

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 Group calculates impairment based on specific financial forecasts/budgets prepared for each cash-generating unit to which the individual assets have been distributed. Financial budgets/forecasts generally cover a period of 5 years, and a terminal growth rate is calculated for longer periods and applied for periods beyond 5 years.

2.3.14 Impairment of non-financial assets(Cont'd)

Impairment loss is 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.

2.3.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group 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.

2.3.16 Financial liabilities

(a) Classification and measurement

The Group'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 a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Group 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 fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

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.

2.3.16 Financial liabilities (cont'd)

(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 amount of a financial liability 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.

2.3.17 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*; or
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*.

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 consolidated statement of financial position.

2.3.18 Compound financial instruments

Compound financial instruments are convertible notes that can be converted into equity instruments at the option of the holder.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option, and subsequently measured at amortized cost until extinguished on conversion or maturity of the bonds. The equity component is recognized initially on the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

2.3.19 Provisions

Provisions for service warranties, restoration, and legal proceedings are recognized when the Group 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.

2.3.20 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 Group 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.

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 consolidated 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 Group 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 Group 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 Group 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 Group 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.

2.3.21 Employee benefits

(a) Post-employment benefits

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

2.3.21 Employee benefits (cont'd)

(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 Group 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 Group 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 Group provide long-term employee benefits to which employees with service period for ten years and above are entitled. 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 Group 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.

2.3.22 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.
- Rendering of services: For revenue from rendering of services in relation to cold storage and real estate rental services, the Group recognizes the allocated transaction price for each performance obligation over the contract period as revenue over the service period.

(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 Group 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.

2.3.23 Leases

(a) Lessor

The Group 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 Group, 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 Group's net investment in the leases. Finance income is allocated to accounting periods to reflect a constant periodic rate of return on the Group'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 Group is an intermediate lessor, the Group accounts for the head lease and sublease as two separate contracts. The Group 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.

The Group recognizes lease payments from operating leases as income on either a straight-line basis or another systematic basis. The Group 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 Group 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 Group 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 KIFRS 1109.

The Group 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 Group 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 Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

2.3.23 Leases (cont'd)

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 Group 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 Group 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 payments 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 Group (the lessee) under residual value guarantees;
- the exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option.

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 Group:

- 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 entity, 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 Group uses that rate as a starting point to determine the incremental borrowing rate.

2.3.23 Leases (cont'd)

The Group 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 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 Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group elected not to apply the revaluation model to buildings held by the Group 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.

(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, plant and equipment leases across the Group. 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 Group and not by the respective lessor.

2.3.24 Earnings per share

The Group calculates basic earnings per common share for profit or loss from continuing operations and for profit or loss for the period and presents them in the statement of comprehensive income. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share are 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.

2.3.25 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 (See Note 4). 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.

2.3.26 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 to acquire assets held for rental purposes without subsequent sale are classified as cash flows from investing activities.

2.3.27 Approval of issuance of the consolidated financial statements

The consolidated financial statements for the year ended December 31, 2025 were approved for issue by the Board of Directors on February 25, 2026 and are subject to change with the approval of shareholders at their Annual General Meeting.

3. Material accounting estimates and assumptions

The preparation of consolidated financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group'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.

3. Material accounting estimates and assumptions (cont'd)

(a) Impairment loss of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations (See Note 13).

(b) Income taxes

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (See Note 31).

The Group 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.

(c) 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 Group 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.

(d) Impairment of financial assets

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

(e) 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.

3. Material accounting estimates and assumptions (cont'd)

(f) Lease

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

- if there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- if any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate); and
- otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

4. Operating segments

The management (senior executives), which conducts strategic decision-making, makes decisions on the Group's operating division. The Board of Directors makes decisions on the resources to be allocated to the division and, to evaluate the division's performance, is conducting review based on the division's operating profit.

Sales are mostly composed of rental revenues, revenue from the sale of goods and others. The Group's operating division is identified on the basis of organization and the type of revenue-creating service. As at the end of the reporting period, the operating segment consists of rental, refrigerated and distribution, and others. Segment information for operating segments for the current and prior periods has been prepared after the allocation of inter-segment transaction adjustments.

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4. Operating segments (cont'd)

The information, by operating division, for each of the two years in the period ended December 31, 2025 was prepared as subsequent to intercompany transaction adjustment.

	2025			
	Rental	Warehouse and distribution	Others	Total
Operating revenue	₩ 693,824,793	₩ 376,166,146	₩ 123,530	₩ 1,070,114,469
Depreciation	155,670,830	6,389,190	7,254	162,067,274
Amortization	3,743,268	130,806	-	3,874,074
Operating profit (loss)	65,341,579	6,391,399	(184,603)	71,548,375

	2024			
	Rental	Warehouse and distribution	Others	Total
Operating revenue	₩ 623,230,859	₩ 341,183,091	₩ 227,568	₩ 964,641,518
Depreciation	154,913,934	4,599,349	3,071	159,516,354
Amortization	2,595,005	133,049	-	2,728,054
Operating profit (loss)	80,819,840	(3,541,722)	(1,021,838)	76,256,280

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

	Revenue from external customers¹		Non-current assets²	
	2025	2024	Dec. 31, 2025	Dec. 31, 2024
Domestic	₩ 1,113,506,004	₩ 988,955,259	₩ 1,371,542,924	₩ 1,359,332,163
Overseas	69,642,553	34,413,626	136,987,664	165,037,516
Consolidation adjustments	(113,034,088)	(58,727,367)	(214,898,118)	(217,500,592)
	<u>₩ 1,070,114,469</u>	<u>₩ 964,641,518</u>	<u>₩ 1,293,632,470</u>	<u>₩ 1,306,869,087</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 from external customers exceeds 10% of the Group's total revenue for each of the two years in the period ended December 31, 2025.

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5. Cash and cash equivalents

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

<i>(in thousands of Korean won)</i>	Dec. 31, 2025	Dec. 31, 2024
Cash on hand	₩ 21,601	₩ 29,253
Bank deposits and others	156,773,069	104,976,046
Total	₩ 156,794,670	₩ 105,005,299

Details of 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 cash equivalents	Bank of America	₩ -	₩ 223,180	Deposit for opening credit cards
	KEB Hana Bank / BIDV Bank	-	391,149	Establishment of pledge for scheduled interest repayment
	Shinhan bank	226,500	-	Establishment of pledge for guarantee deposits and scheduled payment for purchase
Short-term financial instruments	Shinhan bank	905,630	958,490	Establishment of pledge for guarantee deposits and scheduled payment for purchase
	Shinhan bank	4,000,000	-	Establishment of a pledge over receivables
		1,060,000	-	Establishment of a pledge over receivables
	Kookmin Bank	-	15,000,000	ABSTB Trust
Long-term financial instruments	Shinhan bank	4,515,230	653,640	Establishment of pledge for guarantee deposits and scheduled payment for purchase
	Shinhan bank	-	4,000,000	Establishment of a pledge over receivables
	Shinhan bank	2,500	2,500	Guarantee deposit for checking account
	Hana bank	2,000	2,000	Guarantee deposit for checking account
	Citibank Korea Inc	-	2,500	Guarantee deposit for checking account
	Total	₩ 10,711,860	₩ 21,233,459	

6. Inventories

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

<i>(in thousands of Korean won)</i>	Dec. 31, 2025	Dec. 31, 2024
Raw materials	₩ -	₩ 33,512
Merchandises	22,507,798	20,562,410
Less: allowance for valuation of merchandises	(1,711,006)	(236,629)
Supplies	7,947,320	5,445,335
Less: allowance for valuation of supplies	(95,244)	(677,570)
Inventory in transit	26,688	2,851
Total	<u>₩ 28,675,556</u>	<u>₩ 25,129,909</u>

7. Financial assets at fair value

7.1 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>	December 31, 2025		December 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	10,384,783	10,333,584	10,621,932	10,570,734
Total	₩ 14,554,449	₩ 14,014,114	₩ 14,791,598	₩ 14,350,416

Changes in financial assets at fair value through other 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
Balance as of January 1	₩ 14,350,416	₩ 13,447,136
Acquisition	-	24,726
Disposal	-	(924,805)
Loss on valuation	(208,973)	(265,728)
Others	(127,329)	2,069,087
Balance as of December 31	₩ 14,014,114	₩ 14,350,416

7. Financial assets at fair value (cont'd)

7.2 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>	December 31, 2025		December 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		19,939,726		17,945,117
Subtotal		<u>20,890,785</u>		<u>18,825,893</u>
Total	₩	<u>21,678,039</u>	₩	<u>20,712,594</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	₩	20,712,594	₩	19,414,603
Acquisition		1,507,360		1,825,887
Disposal		(1,010,067)		(726,785)
Gain on valuation		746,502		119,175
Others		(278,350)		79,714
Balance as of December 31	₩	<u>21,678,039</u>	₩	<u>20,712,594</u>

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8. Investments in associates

Details of investments in associates as of December 31, 2025 and 2024 are as follows:

(in thousands of
Korean won)

	Ownership	Acquisition cost	Beginning balance	Share of profit (loss) of associates	Others	Ending balance
BNP INC.	25.00%	75,000	902,726	(62,899)	(16,619)	823,208
Darae Parktech Co., Ltd. ¹	37.30%	7,867,982	-	-	-	-
Cha Partners Public Mobility No. 1 private equity partnership	49.38%	7,900,000	7,747,138	263,326	(1,043,590)	6,966,874
Cha Partners Public Mobility No. 2 private equity partnership	49.38%	7,900,000	7,999,976	7,975	(2,637,810)	5,370,141
Cha Partners Public Mobility No. 3 private equity partnership	49.50%	9,900,000	10,130,452	(1,330,639)	(723,492)	8,076,321
A2 PARTNERS RHINOS No. 1 private equity partnership	33.22%	18,503,407	-	-	-	-
MostX Co., Ltd. ²	10.53%	9,078,712	-	-	-	-
Junsymall.com co., Ltd. ³	33.33%	10,000,527	2,569,126	(227,217)	818,236	3,160,145
Total		₩ 71,225,628	₩ 29,349,418	₩ (1,349,454)	₩ (3,603,275)	₩ 24,396,689

¹ The Group has the right to acquire 7.5% of equity stake from the largest shareholder through an additional agreement on March 9, 2021, and it holds the right to demand a joint sale of all shares held by the largest shareholder if certain conditions are not met (See Note 21).

² The shareholding percentage considering only ordinary shares is 15.38%. The Group classified it as an associate with its right to appoint directors at the Board of Directors.

³ Under the convertible bond agreement issued by the associate, Exhibition Mall.com Co., Ltd., on June 25, 2024, convertible bond investors can exercise the drag-along right to the majority shareholder and the Group when certain conditions are satisfied (See Note 21).

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8. Investments in associates (cont'd)

(in thousands of
Korean won)

	December 31, 2024						
	Ownership	Acquisition cost	Beginning balance	Share of profit (loss) of associates	Dividend received	Others	Ending balance
AJ Fleet Link Co., Ltd. ¹	-	₩ 150,000	₩ 177,826	₩ -	₩ -	₩ (177,826)	₩ -
BNP INC.	25.00%	75,000	982,245	(79,519)	-	-	902,726
Darae Parktech Co., Ltd. ²	37.30%	7,867,982	-	-	-	-	-
Cha Partners Public Mobility No. 1 private equity partnership	49.38%	7,900,000	7,615,011	132,127	-	-	7,747,138
Cha Partners Public Mobility No. 2 private equity partnership	49.38%	7,900,000	7,081,502	1,392,474	(474,000)	-	7,999,976
Cha Partners Public Mobility No. 3 private equity partnership	49.50%	9,900,000	9,676,929	1,047,523	(594,000)	-	10,130,452
A2 PARTNERS RHINOS No. 1 private equity partnership	33.20%	18,503,407	-	-	-	-	-
Auto Gallery Holdings, Inc. ⁶	-	18,087,600	9,347,702	493,164	-	(9,840,866)	-
MostX Co., Ltd. ^{3,4}	10.53%	9,078,712	5,145,992	-	-	(5,145,992)	-
Junsymall.com co., Ltd. ⁵	33.33%	10,000,527	3,127,218	(558,092)	-	-	2,569,126
Total		₩ 89,463,228	₩ 43,154,424	₩ 2,427,677	₩ (1,068,000)	₩ (15,164,683)	₩ 29,349,418

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

² The Group has the right to acquire 7.5% of equity stake from the largest shareholder through an additional agreement on March 9, 2021, and it holds the right to demand a joint sale of all shares held by the largest shareholder if certain conditions are not met (See Note 21).

³ For the year ended December 31, 2024, the Group recognized the loss of KRW 5,146 million due to the difference between the recoverable amount and book value in relation with MostX Co., Ltd., and also recognized a derivative asset valuation loss of KRW 1 million and a derivative liability valuation gain of KRW 5,146 million (See Note 21).

⁴ The shareholding percentage considering only ordinary shares is 15.38%. The Group classified it as an associate with its right to appoint directors at the Board of Directors.

⁵ Under the convertible bond agreement issued by the associate, Exhibition Mall.com Co., Ltd., on June 25, 2024, convertible bond investors can exercise the drag-along right to the majority shareholder and the Group when certain conditions are satisfied (See Note 21).

⁶ It was disposed of after being transferred to non-current assets held for sale for the year ended December 31, 2024 (See Note 38).

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8. Investments in associates (cont'd)

The financial information on investments in associates as of and for the year ended December 31, 2025 and 2024 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)
BNP INC.	Korea	December	₩ 5,020,234	₩ 1,728,032	₩ 10,775,288	₩ (318,703)	₩ (318,703)
Darae Parktech Co., Ltd.	Korea	December	8,541,171	12,467,212	24,447,724	(382,450)	(382,450)
Cha Partners Public Mobility No. 1 private equity partnership	Korea	December	66,236,553	51,282,968	83,829,290	605,619	607,329
Cha Partners Public Mobility No. 2 private equity partnership	Korea	December	102,764,254	91,698,952	102,686,492	133,982	133,982
Cha Partners Public Mobility No. 3 private equity partnership	Korea	December	86,856,878	62,852,249	57,222,292	(723,952)	87,974
A2 PARTNERS RHINOS No. 1 private equity partnership	Korea	December	75,310,541	61,716,457	80,866,077	(10,624,158)	(10,598,888)
MostX Co., Ltd.	Korea	December	40,323,906	27,812,790	27,148,971	(6,672,194)	(6,663,802)
Junsymall.com co., Ltd.	Korea	December	28,704,833	19,210,991	91,178,795	(506,577)	(506,577)

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8. Investments in 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)
BNP INC.	Korea	December	₩ 3,653,262	₩ 42,356	₩ 9,982,485	₩ (318,075)	₩ (318,075)
Darae Parktech Co., Ltd.	Korea	December	10,041,010	13,726,563	27,345,420	(758,897)	(758,897)
Cha 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
Cha 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
Cha 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
A2 PARTNERS RHINOS No. 1 private equity partnership	Korea	December	102,753,580	78,560,608	89,601,300	(12,682,604)	(12,677,243)
MostX Co., Ltd.	Korea	December	59,139,560	40,236,505	26,694,587	(22,727,656)	(22,596,966)
Junsymall.com co., Ltd.	Korea	December	27,647,032	19,775,061	90,440,193	(1,198,017)	(1,198,017)

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8. Investments in associates (cont'd)

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

(in thousands of
Korean won)

	December 31, 2025					
	Net assets at the end of the year	Group's share in net assets	Goodwill	Fair value difference	Others ¹	Book amount
BNP INC.	₩ 3,292,202	₩ 823,051	₩ -	₩ -	₩ 157	₩ 823,208
Darae Parktech Co., Ltd.	(3,926,042)	(1,464,368)	2,773,322	268,766	(1,577,720)	-
Cha Partners Public Mobility No. 1 private equity partnership	14,953,585	7,383,332	-	-	(416,458)	6,966,874
Cha Partners Public Mobility No. 2 private equity partnership	11,065,302	5,463,493	-	-	(93,352)	5,370,141
Cha Partners Public Mobility No. 3 private equity partnership	24,004,629	11,882,291	-	-	(3,805,970)	8,076,321
A2 PARTNERS RHINOS No. 1 private equity partnership	13,594,084	4,515,955	-	-	(4,515,955)	-
MostX Co., Ltd.	12,511,116	1,924,792	-	-	(1,924,792)	-
Junsymall.com Co., Ltd.	9,493,842	3,164,298	-	-	(4,153)	3,160,145

¹ Impairment losses are included.

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8. Investments in associates (cont'd)

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

(in thousands of
Korean won)

	December 31, 2024					
	Net assets at the end of the year	Group's share in net assets	Goodwill	Fair value difference	Others ¹	Book amount
BNP INC.	₩ 3,610,906	₩ 902,726	₩ -	₩ -	₩ -	₩ 902,726
Darae Parktech Co., Ltd.	(3,685,553)	(1,374,668)	2,773,322	268,766	(1,667,420)	-
Cha Partners Public Mobility No. 1 private equity partnership	16,372,984	8,084,161	-	-	(337,023)	7,747,138
Cha Partners Public Mobility No. 2 private equity partnership	16,350,660	8,073,138	-	-	(73,162)	7,999,976
Cha Partners Public Mobility No. 3 private equity partnership	26,542,687	13,138,630	-	-	(3,008,178)	10,130,452
A2 PARTNERS RHINOS No. 1 private equity partnership	24,192,972	8,036,905	-	-	(8,036,905)	-
MostX Co., Ltd.	18,903,055	2,908,169	-	-	(2,908,169)	-
Junsymall.com Co., Ltd.	7,871,971	2,623,728	-	-	(54,602)	2,569,126

¹ Impairment losses are included.

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9. Share of profit (loss) of associates

Details of the share of profit (loss) from investments in associates for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of
Korean won)

	2025		2024	
share of profit	₩	271,301	₩	3,065,288
share of loss		(1,620,755)		(637,611)
Total	₩	(1,349,454)	₩	2,427,677

10. Rental assets

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

(in thousands of
Korean won)

	December 31, 2025			December 31, 2024		
	Acquisition cost	Accumulated depreciation ¹	Book amount	Acquisition cost	Accumulated depreciation ¹	Book amount
B&T	₩ 334,847,421	₩ (149,232,238)	₩ 185,615,183	₩ 320,600,392	₩ (155,635,410)	₩ 164,964,982
Pallets	714,852,103	(393,163,959)	321,688,144	677,079,400	(357,165,354)	319,914,046
Construction equipment	470,440,954	(212,873,410)	257,567,544	503,306,027	(216,425,424)	286,880,603
Others	2,073,593	(651,002)	1,422,591	361,823	(35,869)	325,954
Total	₩ 1,522,214,071	₩ (755,920,609)	₩ 766,293,462	₩ 1,501,347,642	(729,262,057)	772,085,585

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	₩ 164,964,982	₩ 319,914,046	₩ 286,880,603	₩ 325,954	₩ 772,085,585
Acquisition	132,399,420	50,068,224	38,333,504	1,783,091	222,584,239
Disposal	(326,493)	(2,193,281)	(16,245,841)	-	(18,765,615)
Depreciation	(61,982,930)	(46,376,886)	(35,453,900)	(628,086)	(144,441,802)
Impairment loss ¹	(260,991)	(555,531)	(1,611,627)	-	(2,428,149)
Transfer ²	(48,670,102)	(352,018)	(13,614,682)	(9,874)	(62,646,676)
Others	(508,703)	1,183,590	(720,513)	(48,494)	(94,120)
Ending balance	₩ 185,615,183	₩ 321,688,144	₩ 257,567,544	₩ 1,422,591	₩ 766,293,462

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

²The reclassification amount includes amounts related to rental assets sold and subsequently reclassified as used goods.

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10. Rental assets (cont'd)

(in thousands of
Korean won)

	2024					
	B&T	Pallets	Industrial safety equipment	Others	Total	
Beginning balance	₩ 164,434,970	₩ 311,961,303	₩ 295,677,959	₩ 1,686,109	₩ 773,760,341	
Acquisition	106,453,590	57,980,694	31,867,239	23,763,977	220,065,500	
Disposal	(9,492,002)	(3,067,593)	(6,638,985)	(236,426)	(19,435,006)	
Depreciation	(64,364,255)	(46,057,347)	(37,471,722)	(35,869)	(147,929,193)	
Impairment loss ^{1,2}	(726,471)	(922,636)	(8,252)	-	(1,657,359)	
Transfer	(32,054,591)	(3,136)	(177,912)	(24,851,837)	(57,087,476)	
Others	713,741	22,761	3,632,276	-	4,368,778	
Ending balance	₩ 164,964,982	₩ 319,914,046	₩ 286,880,603	₩ 325,954	₩ 772,085,585	

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 that occurred for the year ended December 31, 2025 amounts to approximately KRW 657 million, and the related expenses are included in the consolidated statement of comprehensive income.

The Group 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 Group 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	₩ 155,886,693	₩ 129,950,935
1 - 2 years	100,354,457	67,653,858
2 - 3 years	38,475,758	36,234,553
3 - 4 years	12,031,974	12,801,711
4 - 5 years	2,367,951	3,089,511
Over 5 years	203,165	180,572
Total	₩ 309,319,998	₩ 249,911,140

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

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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)

	December 31, 2025			December 31, 2024		
	Acquisition cost	Accumulated depreciation ¹	Book amount	Acquisition cost	Accumulated depreciation ¹	Book amount
Land	₩ 129,677,499	₩ -	₩ 129,677,499	₩ 127,562,864	₩ -	₩ 127,562,864
Buildings	105,309,319	(13,459,300)	91,850,019	100,683,123	(11,219,385)	89,463,738
Structures	6,779,118	(3,083,657)	3,695,461	5,090,011	(2,645,703)	2,444,308
Machinery	51,631,929	(18,927,614)	32,704,315	46,869,045	(14,738,334)	32,130,711
Furniture and fixture	11,038,174	(8,057,490)	2,980,684	10,354,872	(6,903,132)	3,451,740
Vehicles	9,077,067	(6,489,300)	2,587,767	11,545,032	(6,966,525)	4,578,507
Others	110,213	(14,211)	96,002	164,012	(40,888)	123,124
Construction-in progress	4,300,180	-	4,300,180	9,791,801	-	9,791,801
Total	₩ 317,923,499	₩ (50,031,572)	₩ 267,891,927	₩ 312,060,760	₩ (42,513,967)	₩ 269,546,793

¹ Accumulated impairment losses are included.

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

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	Machinery	Furniture and fixture	Vehicles	Others	Construction-in progress	Total
Beginning balance	₩ 127,562,864	₩ 89,463,738	₩ 2,444,308	₩ 32,130,711	₩ 3,451,740	₩ 4,578,507	₩ 123,124	₩ 9,791,801	₩ 269,546,793
Acquisition	-	51,899	818,812	176,261	568,378	172,161	8,273	24,230,006	26,025,790
Disposal	-	-	-	(224,103)	(21,532)	(1,449,669)	-	-	(1,695,304)
Depreciation	-	(2,821,981)	(437,955)	(5,092,001)	(1,596,701)	(804,550)	(13,342)	-	(10,766,530)
Impairment loss	-	-	-	-	-	(152,368)	-	-	(152,368)
Reevaluation	246,924	59,157	-	-	-	-	-	-	306,081
Others ¹	1,867,711	5,097,206	870,296	5,713,447	578,799	243,686	(22,053)	(29,721,627)	(15,372,535)
Ending balance	<u>₩ 129,677,499</u>	<u>₩ 91,850,019</u>	<u>₩ 3,695,461</u>	<u>₩ 32,704,315</u>	<u>₩ 2,980,684</u>	<u>₩ 2,587,767</u>	<u>₩ 96,002</u>	<u>₩ 4,300,180</u>	<u>₩ 267,891,927</u>

¹ Other amounts include transfers of KRW 1,824 million from construction-in-progress assets to intangible assets, KRW 578 million from rental assets to property, plant and equipment, and KRW 10,821 million from land and buildings to investment properties.

(in thousands of
Korean won)

	2024								
	Land	Buildings	Structures	Machinery	Furniture and fixture	Vehicles	Others	Construction-in progress	Total
Beginning balance	₩ 126,728,145	₩ 102,865,771	₩ 2,348,489	₩ 25,879,640	₩ 3,262,545	₩ 6,068,627	₩ 267,754	₩ 12,763,013	₩ 280,183,984
Acquisition ¹	-	3,395	438,501	876,459	1,363,277	242,213	209,700	46,560,322	49,693,867
Disposal	(3,172,093)	(1,115,869)	-	(246,033)	(58,552)	(545,872)	(15,148)	-	(5,153,567)
Depreciation	-	(2,885,185)	(342,283)	(3,743,499)	(1,684,242)	(1,211,971)	(40,894)	-	(9,908,074)
Impairment loss ²	-	(3,573,949)	(16,209)	(382,425)	(13,252)	(5,109)	-	-	(3,990,944)
Reevaluation ³	263,593	(125,501)	-	-	-	-	-	-	138,092
Business combination	-	-	-	-	(30)	(79,966)	(11,120)	-	(91,116)
Others ⁴	3,743,219	(5,704,924)	15,810	9,746,569	581,994	110,585	(287,168)	(49,531,534)	(41,325,449)
Ending balance	<u>₩ 127,562,864</u>	<u>₩ 89,463,738</u>	<u>₩ 2,444,308</u>	<u>₩ 32,130,711</u>	<u>₩ 3,451,740</u>	<u>₩ 4,578,507</u>	<u>₩ 123,124</u>	<u>₩ 9,791,801</u>	<u>₩ 269,546,793</u>

¹ Capitalized borrowing costs amount to KRW 189 million, and the capitalization interest rate used to calculate the capitalizable borrowing costs is 6.1%.

² This includes asset impairment costs of KRW 3,765 million due to fire damages for the year ended December 31, 2024.

³ This includes the revaluation surplus arising from the transfer of property, plant and equipment to investment properties.

⁴ This includes the amount transferred from construction-in-progress assets to intangible assets.

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11. Property, Plant and Equipment (cont'd)

In the prior year, the Group applied the revaluation model to land and buildings, with revaluation dates of March 31, 2023, June 30, 2023, and December 31, 2023.

The fair values were determined using valuation reports prepared by independent and certified professional appraisers.

As of December 31, 2025, the carrying amounts applied by the revaluation model and the cost model for property, plant and equipment are as follows:

(in thousands of Korean won)

		Revaluation model	Cost model	Revaluation base date
Land	Book value	₩ 49,939,649	₩ 29,775,477	2023-03-31
	Book value	51,977,550	32,439,928	2023-12-31
	Book value	27,760,301	27,760,301	
		129,677,500	89,975,706	
Buildings	Acquisition cost	24,251,953	17,871,649	
	Accumulated depreciation	(6,810,459)	(4,102,057)	2023-03-31
	Net book value	17,441,494	13,769,592	
	Acquisition cost	41,216,763	40,643,139	
	Accumulated depreciation	(4,981,840)	(4,911,858)	2023-06-30
	Net book value	36,234,923	35,731,281	
	Acquisition cost	27,683,869	21,185,779	
	Accumulated depreciation	(1,481,891)	(1,148,151)	2023-12-31
	Net book value	26,201,978	20,037,628	
	Acquisition cost	12,156,734	12,156,734	
	Accumulated depreciation	(185,111)	(185,110)	
	Net book value	11,971,623	11,971,624	
		91,850,018	81,510,125	
	Total	₩ 221,527,518	₩ 171,485,831	

Changes in revaluation surplus of property, plant and equipment as of 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	Revaluation¹	Tax effect	Transfer²	End
Revaluation surplus	₩ 48,595,497	₩ 306,081	₩ (326,435)	₩ (28,960)	₩ 48,595,497

¹ This is the revaluation surplus arising from the transfer of property, plant and equipment to investment properties.

² This revaluation surplus was transferred to retained earnings as a result of the disposal of property, plant and equipment.

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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)

	December 31, 2025					
	Land and buildings		Vehicles		Total	
Acquisition amount	₩	44,910,346	₩	10,979,149	₩	55,889,495
Accumulated depreciation		(11,712,564)		(4,013,162)		(15,725,726)
Net carrying amount	₩	33,197,782	₩	6,965,987	₩	40,163,769

(in thousands of Korean won)

	December 31, 2024					
	Land and buildings		Vehicles		Total	
Acquisition amount	₩	52,654,082	₩	10,153,859	₩	62,807,941
Accumulated depreciation		(10,180,997)		(4,109,748)		(14,290,745)
Net carrying amount	₩	42,473,085	₩	6,044,111	₩	48,517,196

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	Others	Ending balance	
Land and buildings	₩ 42,473,085	₩ 1,928,145	₩ (5,777,771)	₩ (5,076,511)	₩ (349,166)	₩ 33,197,782	
Vehicles	₩ 6,044,111	₩ 4,404,262	₩ (2,709,796)	₩ (608,075)	₩ (164,515)	₩ 6,965,987	
	₩ 48,517,196	₩ 6,332,407	₩ (8,487,567)	₩ (5,684,586)	₩ (513,681)	₩ 40,163,769	

(in thousands of Korean won)

	2024						
	Beginning balance	Acquisition	Depreciation	Contract termination	Others	Ending balance	
Land and buildings	₩ 23,517,083	₩ 27,088,290	₩ (5,709,909)	₩ (1,835,363)	₩ (587,016)	₩ 42,473,085	
Vehicles	₩ 4,146,984	₩ 5,251,803	₩ (2,438,563)	₩ (597,958)	₩ (318,155)	₩ 6,044,111	
	₩ 27,664,067	₩ 32,340,093	₩ (8,148,472)	₩ (2,433,321)	₩ (905,171)	₩ 48,517,196	

AJ Networks Co., Ltd. and its subsidiaries
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12. Leases (cont'd)

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

<i>(in thousands of Korean won)</i>	Dec. 31, 2025	Dec. 31, 2024
Current	₩ 27,080,013	₩ 7,169,924
Non-current	43,151,229	34,133,280
Total	<u>₩ 70,231,242</u>	<u>₩ 41,303,204</u>

Changes in lease liabilities 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	Acquisition	Transfer to current portion	Lease payment	Interest expense	Others	Ending balance
Current	₩ 7,169,924	₩ 415,281	₩ 31,352,652	₩ (14,525,397)	₩ 2,425,134	₩ 242,419	₩ 27,080,013
Non-current	34,133,280	46,309,307	(31,352,652)	-	96,912	(6,035,618)	43,151,229
Total	<u>₩ 41,303,204</u>	<u>₩ 46,724,588</u>	<u>₩ -</u>	<u>₩ (14,525,397)</u>	<u>₩ 2,522,046</u>	<u>₩ (5,793,199)</u>	<u>₩ 70,231,242</u>

<i>(in thousands of Korean won)</i>	2024						
	Beginning balance	Acquisition	Transfer to current portion	Lease payment	Interest expense	Others	Ending balance
Current	₩ 6,586,006	₩ 762,159	₩ 8,590,022	₩ (9,287,966)	₩ 1,586,488	₩ (1,066,785)	₩ 7,169,924
Non-current	13,847,293	31,566,266	(8,590,022)	-	35,767	(2,726,024)	34,133,280
Total	<u>₩ 20,433,299</u>	<u>₩ 32,328,425</u>	<u>₩ -</u>	<u>₩ (9,287,966)</u>	<u>₩ 1,622,255</u>	<u>₩ (3,792,809)</u>	<u>₩ 41,303,204</u>

AJ Networks Co., Ltd. and its subsidiaries
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12. Leases (cont'd)

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

*(in thousands of
Korean won)*

		December 31, 2025					
		Less than one month	1-3 months	3 months – 1 year	1-5 years	Over 5 years	Total
Land and buildings	₩	516,163	₩ 1,011,317	₩ 4,257,531	₩ 19,116,165	₩ 7,475,692	₩ 32,376,868
Vehicles		241,673	474,299	2,030,441	5,210,811	-	7,957,224
Others ¹		1,722,620	3,445,239	15,503,576	17,226,195	-	37,897,630
Total	₩	2,480,456	₩ 4,930,855	₩ 21,791,548	₩ 41,553,171	₩ 7,475,692	₩ 78,231,722

¹During the current year, a sublease was entered into and classified as a finance lease, and the related lease receivable was recognized as a financial asset at the lease commencement date.

*(in thousands of
Korean won)*

		December 31, 2024					
		Less than one month	1-3 months	3 months – 1 year	1 – 5 years	Over 5 years	Total
Land and buildings	₩	625,630	₩ 1,234,662	₩ 4,920,493	₩ 20,496,859	₩ 16,448,009	₩ 43,725,653
Vehicles		261,771	507,204	1,768,928	4,331,092	-	6,868,995
Total	₩	887,401	₩ 1,741,866	₩ 6,689,421	₩ 24,827,951	₩ 16,448,009	₩ 50,594,648

The consolidated 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	₩ 5,777,771	₩ 5,709,909
Vehicles	2,709,796	2,438,563
	₩ 8,487,567	₩ 8,148,472
Interest expense relating to lease liabilities	₩ 2,522,046	₩ 1,622,255
Expense relating to short-term leases	1,090,290	2,884,484
Expense relating to leases of low-value assets that are not short-term leases	1,171,732	1,155,720
Expense relating to variable lease payments not included in lease liabilities	1,394,076	4,385,524

The total cash outflow for leases in 2025 was KRW 18,181 million (KRW 17,714 million in 2024).

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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	₩ 46,286,561	₩ 18,196,673
Non-current	41,295,759	22,591,695
Allowance for doubtful accounts	(212,921)	(118,960)
Total	₩ 87,369,399	₩ 40,669,408

The gross investments 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>	December 31, 2025		December 31, 2024	
	Gross investment in lease	Present value of minimum lease payments	Gross investment in lease	Present value of minimum lease payments
Within one year	₩ 53,705,535	₩ 46,286,561	₩ 20,071,722	₩ 18,196,673
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	₩ 101,877,409	₩ 87,582,320	₩ 50,277,578	₩ 40,788,368

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 KRW 29,731 million (KRW 19,304 million in 2024) and KRW 30,876 million (KRW 20,254 million in 2024), and interest income on lease receivables for each of the two years in the period ended December 31, 2025, amounted to KRW 8,430 million and KRW 5,255 million, respectively.

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13. Intangible assets

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

(in thousands of
Korean won)

	December 31, 2025			December 31, 2024		
	Acquisition cost	Accumulated amortization ¹	Book amount	Acquisition cost	Accumulated amortization ¹	Book amount
Goodwill	₩ 308,169	₩ -	₩ 308,169	₩ 6,973,086	₩ (3,086,735)	₩ 3,886,351
Software	28,470,644	(10,684,876)	17,785,768	26,470,971	(6,955,859)	19,515,112
Others	6,953,336	(1,539,407)	5,413,929	13,335,827	(7,585,605)	5,750,222
Total	₩ 35,732,149	₩ (12,224,283)	₩ 23,507,866	₩ 46,779,884	₩ (17,628,199)	₩ 29,151,685

¹ Accumulated impairment losses are included.

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			
	Goodwill	Software	Others	Total
Beginning balance	₩ 3,886,351	₩ 19,515,112	₩ 5,750,222	₩ 29,151,685
Acquisition	-	73,674	-	73,674
Disposal	-	-	(68,453)	(68,453)
Amortization	-	(3,602,286)	(272,322)	(3,874,608)
Impairment loss	-	-	8,243	8,243
Transfer	-	1,824,332	-	1,824,332
Changes in scope of consolidation	(3,578,182)	(898)	(1,044)	(3,580,124)
Others	-	(24,166)	(2,717)	(26,883)
Ending balance	₩ 308,169	₩ 17,785,768	₩ 5,413,929	₩ 23,507,866

(in thousands of Korean won)

	2024			
	Goodwill	Software	Others	Total
Beginning balance	₩ 7,504,945	₩ 3,233,203	₩ 11,621,346	₩ 22,359,494
Acquisition	-	602,033	283,219	885,252
Disposal	-	(8,670)	(3,861,765)	(3,870,435)
Amortization	-	(2,464,395)	(1,829,399)	(4,293,794)
Impairment loss	(1,522,703)	(7,583)	(337,041)	(1,867,327)
Reclassification	(2,217,119)	18,224,947	(80,833)	15,926,995
Changes in scope of consolidation	-	(81,501)	(54,000)	(135,501)
Others	121,228	17,078	8,695	147,001
Ending balance	₩ 3,886,351	₩ 19,515,112	₩ 5,750,222	₩ 29,151,685

13. Intangible assets (cont'd)

Impairment of goodwill

Goodwill is allocated to the Group's CGUs identified according to operating segments for each of the two years in the period ended December 31, 2025:

<i>(in thousands of Korean won)</i>	2025			
	Beginning balance	Increase	Decrease	Ending balance
AJ Jeonkook Sky Co., Ltd	₩ 308,169	₩ -	₩ -	₩ 308,169
AJ Daewon Co., Ltd. ¹	3,578,182	-	(3,578,182)	-
Total	₩ 3,886,351	₩ -	₩ (3,578,182)	₩ 308,169

¹ Disposed of during the current year.

<i>(in thousands of Korean won)</i>	2024			
	Beginning balance	Increase	Decrease³	Ending balance
AJ Jeonkook Sky Co., Ltd	₩ 308,169	₩ -	₩ -	₩ 308,169
AJ Daewon Co., Ltd.	3,578,182	-	-	3,578,182
AJ Rental, Inc. ^{1,3}	2,095,891	121,228	(2,217,119)	-
TS GLOBAL CO. ²	1,522,703	-	(1,522,703)	-
Total	₩ 7,504,945	₩ 121,228	₩ (3,739,822)	₩ 3,886,351

¹ This is a change due to foreign currency translation.

² Impairments were recognized for the year ended December 31, 2024 as the recoverable amount fell below the book value.

³ This includes the transfer to non-current assets held for sale.

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14. Investment properties

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

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
Land	₩	117,345,727	₩	106,930,498
Buildings		47,511,329		44,478,800
Total	₩	164,857,056	₩	151,409,298

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			2024		
	Land	Buildings	Total	Land	Buildings	Total
Beginning balance	₩ 106,930,498	₩ 44,478,800	₩ 151,409,298	₩ 63,928,139	₩ 34,484,421	₩ 98,412,560
Acquisition	-	44,740	44,740	27,766,556	3,746,382	31,512,938
Disposal	(1,075,470)	(142,016)	(1,217,486)	(2,242,759)	(1,301,496)	(3,544,255)
Fair value measurement	2,993,860	1,315,811	4,309,671	2,555,471	(1,990,329)	565,142
Others	8,496,839	1,813,994	10,310,833	14,923,091	9,539,822	24,462,913
Ending balance	₩ 117,345,727	₩ 47,511,329	₩ 164,857,056	₩ 106,930,498	₩ 44,478,800	₩ 151,409,298

During the year ended December 31, 2025, rental income earned from investment properties is KRW 5,072 million (KRW 6,168 million in 2024), and direct operating expenses (including repairs and maintenance) from investment properties that generated rental income are KRW 1,565 million (KRW 1,623 million in 2024).

14. Investment properties (cont'd)

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
Within one year	₩	4,664,808	₩	5,147,739
Between 1 - 2 years		3,938,663		3,371,188
Between 2 - 3 years		2,532,304		2,435,361
Between 3 - 4 years		1,330,788		1,455,692
Between 4 - 5 years		180,000		615,357
Over 5 years		-		70,000
Total	₩	<u>12,646,563</u>	₩	<u>13,095,337</u>

As of December 31, 2025, the Group assessed the fair value of investment properties through subsequent measurement, relying on the fair value evaluation results provided by Gaon Appraisal Corporation, an independent and certified professional appraisal agency.

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

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15. Other financial assets

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

(in thousands of Korean won)

	December 31, 2025	December 31, 2024
Other current financial assets		
Short-term loans	₩ 308,033	₩ 340,260
Allowance for doubtful accounts – short-term loans	(50,000)	(200,000)
Other receivables	2,746,091	2,245,569
Allowance for doubtful accounts – other receivables	(265,302)	(269,290)
Accrued income	593,435	497,013
Current portion of finance lease receivable	46,286,561	18,196,673
Short-term financial instruments	13,750,230	18,301,110
Guarantee deposits	1,946,053	463,095
Total	₩ 65,315,101	₩ 39,574,430
Other non-current financial assets		
Finance lease receivable	₩ 41,295,759	₩ 22,591,695
Allowance for doubtful accounts – finance lease	(212,921)	(118,960)
Long-term other receivables	7,982	6,911
Long-term financial instruments	4,519,730	4,660,640
Long-term loans	14,738,226	4,981,833
Guarantee deposits	11,399,204	8,494,408
Long-term accrued income	26,976	-
Total	₩ 71,774,956	₩ 40,616,527

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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	₩ 588,250	₩ 570,000
Bad debt expenses	93,961	14,242
Other bad debt expenses	-	4,008
Reversal of allowance for other doubtful accounts	(3,988)	-
Other changes	(150,000)	-
Ending balance	<u>₩ 528,223</u>	<u>₩ 588,250</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>	December 31, 2025	December 31, 2024
Other current assets		
Advance payments	₩ 9,709,216	₩ 15,521,176
Allowance of doubtful accounts – advance payments	(32,260)	(32,260)
Prepaid expenses	5,763,646	5,266,685
Prepaid value added taxes	858,465	755,207
Others	13,136	130,131
Total	<u>₩ 16,312,203</u>	<u>₩ 21,640,939</u>
Other non-current assets		
Long-term advance payments	₩ 6,106,673	₩ 6,566,618
Long-term prepaid expenses	415,029	242,494
Total	<u>₩ 6,521,702</u>	<u>₩ 6,809,112</u>

AJ Networks Co., Ltd. and its subsidiaries
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17. Borrowings, etc.

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

(a) Short-term borrowings

(in thousands of Korean won)

	Annual interest rate as of December 31, 2025	December 31, 2025	December 31, 2024
Shinhan Bank ¹	4.35%~4.53%	₩ 5,720,000	₩ 10,050,000
HANA Bank	4.43%	4,500,000	4,500,000
KDB	3.93%~4.05%	29,700,000	29,700,000
Woori Bank	4.81%~5.10%	4,600,000	5,000,000
NH Investment & Securities Co., Ltd.	-	-	20,000,000
NongHyup Bank	-	-	449,799
THE JEONBUK Bank LTD	-	-	3,000,000
EUGENE INVESTMENT & SECURITIES CO., LTD	3.40%~3.80%	23,000,000	-
Shinyoung Securities Co., Ltd.	3.70%	5,000,000	-
KB Securities	3.47%	5,000,000	-
NongHyup Bank	6.62%	944,831	-
Total		₩ 78,464,831	₩ 72,699,799

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

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17. Borrowings, etc. (cont'd)

(b) Long-term borrowings

(in thousands of Korean won)

	Annual interest rate as of	December 31, 2025	December 31, 2025	December 31, 2024
Shinhan Bank ¹	3.7%~5.05%	₩	84,195,238	₩ 83,972,411
Shinhan Bank, National Credit Union Federation of Korea(ABL) ²	4.42%		33,000,000	45,000,000
HANA Bank ¹	3.74%~6.18%		92,868,100	74,705,253
Net One Q Second Co., Ltd. ²	5.10%		7,500,000	17,500,000
Kookmin Bank ¹	4.08%~5.94%		34,430,162	49,897,909
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 ¹	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	-
Busan Bank ¹	4.91%		9,583,180	-
Citi Bank Korea ¹	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 Co., Ltd. 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 Co., Ltd. ¹	4.75%		15,176,344	-
Woori Investment & Securities Co., Ltd.	4.95%		8,750,000	-
Hanmi Bank	7.13%		8,324,558	9,199,004
Subtotal		₩	651,433,262	₩ 549,668,509
Less: current portion of long-term borrowings			(1,420,091)	(1,891,963)
Less: present value discounts account			(350,980,127)	(193,538,880)
Total		₩	299,033,044	₩ 354,237,666

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17. Borrowings, etc. (cont'd)

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

² Securitization borrowings for trade receivables borrowed from Hana Bank and Korea Development Bank by providing the priority beneficiary right to trade receivables in the future as pledge are included.

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
63-2st unsecured privately placed debenture ¹	Aug. 1, 2025	-	-	18,000,000
64-2st unsecured privately placed debenture	Feb. 26, 2025	-	-	2,000,000
64-3st 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	Sep. 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
71th unsecured privately placed debenture	Feb. 27, 2027	4.47%	18,000,000	18,000,000
72th 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	Jun. 18, 2025	-	-	12,000,000
74-1st unsecured privately placed debenture	Apr. 24, 2025	-	-	10,000,000

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17. Borrowings, etc. (cont'd)

<i>(in thousands of Korean won)</i>	Latest maturity date	Annual interest rate as of December 31, 2025	Dec. 31, 2025	Dec. 31, 2024
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	Jun. 5, 2026	5.65%	15,000,000	15,000,000
78th unsecured privately placed debenture	Jun. 28, 2027	4.45%	30,000,000	30,000,000
79th unsecured privately placed debenture	Jul. 1, 2026	5.50%	10,000,000	10,000,000
80-1st unsecured privately placed debenture ¹	Jul. 24, 2026	4.62%	30,000,000	30,000,000
80-2nd unsecured privately placed debenture ¹	Jul. 23, 2027	5.29%	11,000,000	11,000,000
81th 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
83th 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. 8, 2028	4.40%	30,000,000	-

AJ Networks Co., Ltd. and its subsidiaries
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17. Borrowings, etc. (cont'd)

<i>(in thousands of Korean won)</i>	Latest maturity date	Annual interest rate as of December 31, 2025	Dec. 31, 2025	Dec. 31, 2024
91th unsecured privately placed debenture	Sep. 23, 2028	3.12%	₩ 20,000,000	₩ -
92th unsecured privately placed debenture	Aug. 30, 2028	4.70%	10,000,000	-
93th 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)	(587,548)
Less: current portion of bonds			(201,841,538)	(174,248,121)
Total			₩ 204,666,967	₩ 239,469,254

¹ Public offering bonds 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. and its subsidiaries
Notes to the consolidated financial statements
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18. Other financial liabilities and other liabilities

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

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Other current financial liabilities		
Other payables	₩ 24,099,438	₩ 19,840,661
Accrued expenses	10,351,313	15,226,824
Rent deposits	2,152,595	1,106,797
Guarantee deposits	-	5,000
Rental deposits	8,542,967	7,827,663
Financial derivative liabilities (current)	7,732	-
Financial guarantee liabilities	150,513	150,733
Total	<u>₩ 45,304,558</u>	<u>₩ 44,157,678</u>
Other non-current financial liabilities		
Long-term rental deposits	₩ 494,329	₩ 670,592
Financial derivative liabilities	286,041	173,462
Guarantee deposits	2,223,468	2,641,599
Long-term accrued expenses	1,158,031	2,847,022
Long-term financial guarantee liabilities	-	150,513
Total	<u>₩ 4,161,869</u>	<u>₩ 6,483,188</u>

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

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Other current liabilities		
Advance from customers ¹	₩ 3,715,751	₩ 4,271,864
Unearned revenues	-	1,254,473
Withholdings	965,134	1,782,113
Value added tax withheld	2,505,012	5,138,369
Provision for legal proceedings	350,000	-
Total	<u>₩ 7,535,897</u>	<u>₩ 12,446,819</u>
Other non-current liabilities		
Provision for legal proceedings	-	100,000
Unearned revenues	2,454	-
Other provisions	76,590	83,731
Total	<u>₩ 79,044</u>	<u>₩ 183,731</u>

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

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December 31, 2025 and 2024

19. Derivative financial instruments

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

As of December 31, 2025, the Group has entered into an interest rate swap with financial institutions to hedge the interest rate risk.

Details of unsettled derivative instruments held by the Group as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

Type	Period	December 31, 2025	December 31, 2024	Financial institutions
Interest rate swap	May 10, 2023 – May 11, 2026	₩ 2,500,000	₩ 7,500,000	Woori Bank
	May 10, 2023 – May 11, 2026	11,666,655	18,333,315	
	February 27, 2025 – March 02, 2027	25,000,000	-	Citi Bank

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

(in thousands of Korean won)

Type	Financial institution	Dec. 31, 2025 Liabilities	Dec. 31, 2024 Liabilities
Interest rate swap	Woori Bank	₩ 58,268	₩ 173,462
Interest rate swap	Citi Bank	235,505	-
Total		₩ 293,773	₩ 173,462

For the year ended December 31, 2025, the Group recognized a gain on valuation of ₩ 173 million (gain on valuation of ₩ 5,023 million in 2024) in relation to derivatives and recognized other comprehensive valuation loss of ₩ 293 million (nil in 2024) in other comprehensive income, on a pre-tax basis.

AJ Networks Co., Ltd. and its subsidiaries
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19. Derivative financial instruments(cont'd)

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

(in thousands of Korean won)

Interest rate swap	Less than 1 year	1 – 5 years	Total
Nominal cash flows	₩ (256,696)	₩ (45,205)	₩ (301,901)

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

(in thousands of Korean won)

Classification	Hedging relationship	Hedged item	Carrying amount of hedged item	Cumulative gain/(loss) recognized in equity
Liabilities	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 consolidated 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 Group entered into defined contribution pension plans, the Group recognized contributions as expenses during the year. The contributions recognized as expenses amount to ₩ 6,285 million and ₩ 5,473 million for each of the two years in the period ended December 31, 2025, respectively.

AJ Networks Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
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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 and others	₩ 34,430,162	₩ 34,430,162
Shinhan Bank	Facility fund and others	101,695,238	95,195,238
Shinhan Bank, National Credit Union Federation of Korea ¹	ABL	33,000,000	33,000,000
IBK Capital Co., Ltd.	Facility fund	27,991,660	27,991,660
Woori Bank ²	Facility fund and others	33,349,965	33,349,965
KB Kookmin Card Co., Ltd.	Facility fund	7,719,450	7,719,450
HANA Bank ¹	Facility fund and others	104,868,100	104,868,100
Kyongnam Bank Co., Ltd.	Facility fund and others	10,458,331	10,458,331
The Kwangju Bank, Ltd.	Facility fund	3,582,233	3,582,233
NongHyup Bank	Facility fund	53,769,810	52,194,641
BNK Capital Co., Ltd.	Facility fund	1,636,850	1,636,850
KDB Capital Co., Ltd.	Facility fund	11,184,408	11,184,408
SUHYUP Bank	Facility fund and others	9,944,444	6,944,444
Citi Bank Korea ²	Facility fund and others	33,800,000	33,800,000
Hana Capital Co., Ltd.	Facility fund	19,166,667	19,166,667
The Korea Development Bank ¹	Facility fund and others	105,420,000	105,420,000
IM Bank	Facility fund	15,832,890	15,832,890
Busan Bank	Facility fund	9,583,180	9,583,180
Lotte Capital Co., Ltd.	Facility fund	16,829,255	16,829,255
Woori Card Co., Ltd.	Facility fund	6,360,022	6,360,022
Lotte Card Co., Ltd.	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 Co., Ltd.	Facility fund	15,176,344	15,176,344
Woori Investment & Securities	General loans	8,750,000	8,750,000
KB Securities	Electronic short-term bond	5,000,000	5,000,000
Eugene Investment & Securities Co., Ltd.	Electronic short-term bond	23,000,000	23,000,000
Shinyoung Securities Co., Ltd.	Electronic short-term bond	5,000,000	5,000,000
Hanmi Bank	General fund	8,324,558	8,324,558
Total		₩ 740,973,362	₩ 729,898,093

AJ Networks Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
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21. Contingencies and commitments (cont'd)

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, the National Credit Union Federation of Korea, HANA Bank, and the Korea Development Bank.

² The Group 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 valuation loss due to interest rate fluctuations is USD 305,651, and there may be a possibility of providing additional collateral due to this agreement.

(in thousands of Korean won)

Financial institution	Details	Limit	Borrowings
Kookmin Bank	Facility fund and others	₩ 52,738,322	₩ 49,897,909
Shinhan Bank	Facility fund and others	103,165,311	94,022,411
Shinhan Bank, National Credit Union Federation of Korea ¹	ABL	45,000,000	45,000,000
IBK Capital Co., Ltd.	Facility fund	23,338,843	23,338,843
Woori Bank ²	Facility fund and others	31,833,315	31,833,315
THE JEONBUK Bank LTD	General fund	3,000,000	3,000,000
KB Kookmin Card Co., Ltd.	Facility fund	9,827,665	9,827,665
HANA Bank ¹	Facility fund and others	110,788,361	96,705,253
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
Kyongnam Bank Co., Ltd.	Facility fund and others	12,958,327	12,958,327
The Kwangju Bank, Ltd.	Facility fund	2,500,000	2,500,000
NongHyup Bank	Facility fund	53,216,470	50,866,269
BNK Capital Co., Ltd.	Facility fund	3,737,480	3,737,480
KDB Capital Co.	Facility fund	11,844,077	11,844,077
SUHYUP Bank	Facility fund and others	4,250,000	1,250,000
Citi Bank Korea	Facility fund and others	15,520,000	15,520,000
KB CAPITAL.CO. LTD.	Facility fund	8,888,889	8,888,889
Hana Capital Co., Ltd.	Facility fund	8,723,310	8,723,310
The Korea Development Bank ¹	Facility fund and others	117,700,000	117,700,000
Hanmi Bank	General fund	9,199,004	9,199,004
Total		₩ 653,784,930	₩ 622,368,308

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.

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21. Contingencies and commitments (cont'd)

For various contracts, the Group has received guarantees of ₩ 11,182 million (₩ 27,481 million in 2024) from Seoul Guarantee Insurance Co., Ltd. and Korea Finance for Construction as of December 31, 2025.

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

(in thousands of Korean won)

Beneficiary	Guarantor	December 31, 2025	December 31, 2024
Hiparking Co., Ltd. ¹	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

¹ The guarantee amount increased due to the contract extension, and the Group only bears supplementary responsibility related to the guarantee.

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

(in thousands of Korean won)

	December 31, 2025		
	Collateral amount	Borrowing amount	Security right holders
Rental assets ^{1,4}	₩ 400,255,448	₩ 523,813,700	Shinhan Bank, KDB, Kookmin Bank and others
Land, buildings, machinery, and others ²	387,839,815		
Fixed deposit ³	5,860,000	31,000,000	The Korea Development Bank
Equity investments and others	572,951	-	Korea Engineering guarantee insurance, Korea Software Financial Cooperative and others
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

21. Contingencies and commitments (cont'd)

¹ The Group 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 Group 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 Group 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 Group 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 Group has entered into agreements that prohibit the disposal or pledge of rental assets.

(in thousands of Korean won)

	December 31, 2024		
	Collateral amount	Borrowing amount	Security right holders
Rental assets ^{1,4}	₩ 263,334,063	₩ 439,289,664	Shinhan Bank, KDB, Kookmin Bank and others
Land, buildings, machinery, and others ²	443,927,556		
Fixed deposit ³	4,800,000	38,000,000	The Korea Development Bank
Equity investments and others	715,837	554,127	AJU CO., LTD., Korea Engineering guarantee insurance and others
Financial assets at fair value through profit or loss	1,849,018	90,000,000	Kodit 2020 the 15th Securitization Specialty Co., Ltd., and the others

¹ The Group 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 Group 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 Group borrowed a total of ₩ 130.5 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 Group 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 Group has entered into agreements that prohibit the disposal or pledge of rental assets.

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21. Contingencies and commitments (cont'd)

Details of 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 cash equivalents	Bank of America	₩ -	₩ 223,180	Deposit for opening credit cards
	KEB Hana Bank / BIDV Bank	-	391,149	Establishment of pledge for scheduled interest repayment
	Shinhan bank	226,500	-	Establishment of pledge for guarantee deposits and scheduled payment for purchase
Short-term financial instruments	Shinhan bank	905,630	958,490	Establishment of pledge for guarantee deposits and scheduled payment for purchase
	Shinhan bank	4,000,000	-	Establishment of a pledge over receivables
		1,060,000	-	Establishment of a pledge over receivables
	Kookmin Bank	-	15,000,000	ABSTB Trust
Long-term financial instruments	Shinhan bank	4,515,230	653,640	Establishment of pledge for guarantee deposits and scheduled payment for purchase
	Shinhan bank	-	4,000,000	Establishment of a pledge over receivables
	Shinhan bank	2,500	2,500	Guarantee deposit for checking account
	Hana bank	2,000	2,000	Guarantee deposit for checking account
	Citibank Korea Inc	-	2,500	Guarantee deposit for checking account
	Total	₩ 10,711,860	₩ 21,233,459	

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 Group has an agreement in which the Group 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 Group entered into an agreement with Humax Mobility Co., Ltd. and HiParking, the buyers of AJ Park Co., Ltd., in which the buyers jointly guarantee the liability under the replacing lease agreement and the Group bears only supplementary liability.

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

21. Contingencies and commitments (cont'd)

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

	Occurrence condition	Remarks
Call-option	The Group exercises the call-option against the RCPS ¹ held by Most X 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 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 Group distributes an amount that can achieve an IRR of 8% for the acquisition cost of shares up to the remaining amount
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	

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 Group.

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

21. Contingencies and commitments (cont'd)

Right to acquire without considerations

As of December 31, 2025, the Group 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.

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 to the largest shareholder and the Company (the second-largest shareholder), the remaining sales proceeds will be distributed according to the proportion of shareholdings.

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, the Company if the shares of *Junsymall.com., Ltd.* are sold after being converted into common shares.

21. Contingencies and commitments (cont'd)

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

As of December 31, 2025, the Group is involved in 5 litigations as defendant (12 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 value is ₩ 5,061 million (₩ 1,564 million in 2024). The Group recognizes the provision for litigation that is likely to be incurred in the future. As of December 31, 2025, the provision for litigation amounted to ₩ 350 million, while no provision was recognized as of December 31, 2024.

As of December 31, 2025, the Group holds 22 unissued promissory notes received from Shinhan Bank and others.

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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:

(in number of shares and in thousands of Korean won)

	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	₩ 101,101,027	45,252,759	₩ 46,822,295	₩ 101,169,895
Expiry of stock options	-	-	199,145	-	-	11,083
Transfer of changes in equity under equity method	-	-	-	-	-	(79,951)
Capital reduction distribution	-	-	(43,500,000)	-	-	-
Ending balance	₩ 45,252,759	₩ 46,822,295	₩ 57,800,172	₩ 45,252,759	₩ 46,822,295	₩ 101,101,027

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

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

Details of capital adjustments, other components of equity and 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
Capital adjustment		
Treasury shares	₩ (2,084,254)	₩ (2,084,254)
Other capital adjustment	(27,980,288)	(30,210,994)
Total	<u>₩ (30,064,542)</u>	<u>₩ (32,295,248)</u>
Other components of equity		
Share option	₩ 69,211	₩ 267,656
Others using equity method	115,040	(699,776)
Total	<u>₩ 184,251</u>	<u>₩ (432,120)</u>
Other comprehensive income		
Change in financial assets at fair value through other comprehensive Income	₩ (771,068)	₩ (609,415)
Loss on valuation of derivatives	(227,251)	-
Changes in equity under equity method	1,026,195	1,022,776
Gain on translation of foreign operations	19,024,676	23,942,927
Remeasurements of net defined benefit liabilities	(6,221)	(6,221)
Revaluation surplus	48,546,183	48,595,497
Total	<u>₩ 67,592,514</u>	<u>₩ 72,945,564</u>

24. Share-based payments

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

	1st Grant ¹	2nd Grant ¹
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, 2025 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, 2025 to March 28, 2026
Number of shares to be issued	15,702 shares	47,980 shares
Exercise price	₩ 4,650	₩ 6,180

¹ The Group 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.

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24. Share-based payments (cont'd)

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	<u>63,682</u>	<u>₩ 5,803</u>	<u>193,676</u>	<u>₩ 6,015</u>
Exercisable at the end of the reporting period	53,214	₩ 6,030	91,604	₩ 6,093

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	1.4

24. Share-based payments (cont'd)

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

<i>(in Korean won)</i>		2nd Grant		1st Grant
Weighted average fair value of share options granted during the year	₩	1,134.92	₩	736.95
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.

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	₩ 8,922,924
Reserve for business rationalization ²	1,173,040	1,173,040
Retained earnings before appropriation ³	303,600,234	244,878,512
	<u>₩ 314,825,477</u>	<u>₩ 254,974,476</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. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed (in accordance with a resolution of the shareholders' meeting).

² The Group also recorded tax credits from *Tax Reduction and Exemption Control Act* as business rationalization reserve until 2002. The reserve can only be used as reserve for loss carry forwards and equity transfer. However, on December 11, 2002, with amended *Tax Reduction and Exemption Control Act*, the related clause was removed, and the business rationalization reserves are changed to discretionary reserves.

³ For the year ended December 31, 2025, a change in accounting policy related to investment properties led to the retroactive application of fair value for investment properties, resulting in fluctuations in retained earnings.

26. Earnings per share

Details of basic earnings per share 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	
Profit attributable to the ordinary equity holders of the Parent Company	₩	22,087,319	₩	21,894,392
Profit(Loss) from discontinued operation attributable to the ordinary equity holders of the Parent Company		6,317,506		(142,722)
Total	₩	<u>28,404,825</u>	₩	<u>21,751,670</u>
Weighted average number of ordinary shares outstanding <i>(in shares)</i>		<u>44,751,050</u>		<u>44,844,917</u>
Basic earnings per share from continuing operations <i>(in Korean won)</i>	₩	494	₩	488
Basic earnings (losses) per share from discontinued operations <i>(in Korean won)</i>	₩	<u>141</u>	₩	<u>(3)</u>

The Group has issued stock options, but there is no dilutive effect, so basic earnings per share and diluted earnings per share are the same. The number of potential ordinary shares without dilutive effect is 63,682 shares (193,676 shares in 2024) as of December 31, 2025.

27. 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	₩	461,455,170	₩	456,806,021
Revenue from sale of goods		551,022,491		454,832,451
Others		57,636,808		53,003,046
Total	₩	1,070,114,469	₩	964,641,518

The Group 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	₩	425,765,475	₩ 35,689,695	₩ 461,455,170
Others		-	26,276,691	26,276,691
At a point in time				
Revenue from sale of goods		-	551,022,491	551,022,491
Others		-	31,360,117	31,360,117
Total	₩	425,765,475	₩ 644,348,994	₩ 1,070,114,469

<i>(in thousands of Korean won)</i>		2024		
		Lease components	Revenue from contracts with customers	Total
Over time				
Rental revenue	₩	428,978,371	₩ 27,827,650	₩ 456,806,021
Others		-	28,426,800	28,426,800
At a point in time				
Revenue from sale of goods		-	454,832,451	454,832,451
Others		-	24,576,245	24,576,245
Total	₩	428,978,371	₩ 535,663,146	₩ 964,641,517

28. Selling and administrative expenses

Details of 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	₩	52,076,809	₩	50,839,420
Post employment benefits		5,283,603		4,549,514
Employee welfare		9,640,901		9,182,887
Travel		1,019,633		1,171,796
Communications		500,489		487,708
Entertainment		1,400,699		1,744,895
Rents		4,237,305		4,264,836
Depreciation		6,561,539		6,448,846
Commissions and fees		13,881,324		16,689,693
Maintenance of vehicles		1,505,008		1,641,903
Advertisement		622,282		724,589
Amortization		3,570,569		2,401,061
Allowance for doubtful accounts		2,283,394		2,535,254
Taxes and dues		1,315,392		1,201,025
Service		999,681		1,301,088
Freight		847,451		737,885
Others		3,054,184		2,960,529
Total	₩	<u>108,800,263</u>	₩	<u>108,882,929</u>

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29. 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:

<i>(in thousands of Korean won)</i>	2025	2024
Finance income		
Interest income	₩ 4,672,348	₩ 6,304,012
Dividend income	280,284	1,277,378
Gain on foreign currency transaction	1,172,686	454,117
Gain on foreign currency translation	1,351,202	4,834,639
Financial guarantee income	35,941	4,162
Gain on valuation of derivatives	173,462	5,157,799
Gain on valuation of financial assets at fair value through profit or loss	1,448,959	176,597
Gain on disposal of financial assets at fair value through profit or loss	103,536	-
Total	₩ 9,238,418	₩ 18,208,704
Finance costs		
Interest expenses	₩ 57,695,834	₩ 69,070,979
Loss on foreign currency transaction	1,800,087	662,426
Loss on disposal of investment properties	281,374	-
Loss on foreign currency translation	1,286,192	1,895,682
Loss on disposal of financial assets at fair value through profit or loss	16	10,687
Loss on valuation of financial assets at fair value through profit or loss	700,130	64,908
Impairment loss on financial assets at fair value through profit or loss	2,327	-
Loss on disposal of financial assets at fair value through other comprehensive income	-	51,199
Loss on valuation of derivatives	-	134,557
Financial guarantee expenses	-	304,513
Total	₩ 61,765,960	₩ 72,194,951

30. Other Income and Expenses

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

<i>(in thousands of Korean won)</i>	2025	2024
Other income		
Gain on disposal of property, plant and equipment	₩ 1,071,239	₩ 1,554,305
Gains on valuation of investment properties	5,469,526	2,742,551
Gain on disposal of investments in associates	-	1,002,035
Others	2,714,548	12,534,093
Total	₩ 9,255,313	₩ 17,832,984
Other expenses		
Loss on disposal of property, plant and equipment	₩ 26,380	₩ 47,480
Loss on disposal of intangible assets	68,453	2,532
Impairment loss on equity method	-	5,145,992
Loss on valuation of investment properties	1,159,856	2,177,409
Others	2,653,610	7,288,278
Total	₩ 3,908,299	₩ 14,661,691

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31. 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	₩ 12,971,641	₩ 8,644,469
Changes in deferred taxes due to temporary difference	(1,902,444)	256,810
Income tax expense directly reflected in equity	(213,594)	102,299
Additional income tax	242,856	527,111
Income tax refunds	(5,438,057)	-
Others	(529,432)	(1,204,591)
Income tax expense	₩ 5,130,970	₩ 8,326,098
From continuing operations	₩ 1,007,784	₩ 6,954,393
From discontinued operations	4,123,186	1,371,705

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 Group 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	₩ 33,458,090	₩ 29,926,899
From continuing operations	23,018,393	28,702,767
From discontinued operations	10,439,697	1,224,132
Income tax expense calculated at the applicable tax rate	7,255,039	6,706,617
Tax effects of:		
Non-deductible expenses	(1,268,610)	4,119,739
Non-taxable income	267,402	(75,187)
Effect of unrecognized deferred income tax assets and others	(1,122,861)	(2,425,071)
Income tax expense	₩ 5,130,970	₩ 8,326,098
From continuing operations	₩ 1,007,784	₩ 6,954,393
From discontinued operations	4,123,186	1,371,705
Effective tax rate		
From continuing operations	4.4%	24.2%
From discontinued operations	39.5%	112.1%

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31. Income tax expense (cont'd)

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>	December 31, 2025		December 31, 2024	
Deferred tax assets				
Deferred tax assets to be recovered after more than 12 months	₩	22,328,346	₩	-
Deferred tax assets to be recovered within 12 months		6,709,504		722,517
Deferred tax liabilities				
Deferred tax liabilities to be recovered after more than 12 months		(32,921,557)		(891,861)
Deferred tax liabilities to be recovered within 12 months		(1,386,025)		(7,002,832)
Deferred tax assets (liabilities), net	₩	<u>(5,269,732)</u>	₩	<u>(7,172,176)</u>

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	₩ (204,553)	₩ 46,319	₩ (158,234)	₩ (267,168)	₩ 59,877	₩ (207,290)
Loss on valuation of derivatives	(293,773)	66,522	(227,251)	-	-	-
Equity adjustments using equity method	-	-	-	(324,783)	72,790	(251,994)
Revaluation surplus	205,279	(326,435)	(121,156)	138,092	(30,368)	107,723
Total	₩ (293,047)	₩ (213,594)	₩ (506,641)	₩ (453,859)	₩ 102,299	₩ (351,561)

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31. Income tax expense (cont'd)

Changes in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2025 without taking into consideration the offsetting of balances are as follows:

(in thousands of Korean won)

	2025			
	Beginning balance	Profit (loss) for the year	Other comprehensive income	Ending balance
Deferred tax liabilities				
Right-of-use assets	₩ (539,204)	₩ 534,062	₩ -	₩ (5,142)
Advance depreciation provision (land)	(6,682,208)	(198,265)	-	(6,880,473)
Depreciation	3,925,256	(4,156,158)	-	(230,902)
Investment properties	(8,474,262)	(2,156,419)	-	(10,630,681)
Revaluation model	(11,758,547)	652,712	(326,435)	(11,432,270)
Gain (Loss) on valuation of derivatives	(920,167)	(66,581)	66,522	(920,226)
Others	(4,512,986)	4,173,236	46,319	(293,431)
Subtotal	(28,962,118)	(1,217,413)	(213,594)	(30,393,125)
Deferred tax assets				
Investments in subsidiaries	₩ 136,622	₩ 4,260,650	-	₩ 4,397,272
Allowance for doubtful accounts	3,603,345	1,080,784	-	4,684,129
Impairment loss on financial assets available for sale	16,586	160,460	-	177,046
Lease liabilities	196,520	(44,350)	-	152,170
Depreciation	23,140	4,670,872	-	4,694,012
Tax losses carryforward	9,237,141	(9,237,141)	-	-
Loss on obsolescence of inventories	1,722,638	179,060	-	1,901,698
Financial guarantee	30,253	(83,713)	-	(53,460)
Financial instruments at fair value through profit or loss	4,433,313	(38,444)	-	4,394,869
Others	1,109,474	5,569,110	-	6,678,584
Subtotal	20,509,032	6,517,288	-	27,026,320
Total	₩ (8,453,086)	₩ 5,299,875	₩ (213,594)	₩ (3,366,805)
Effect of exclusion of deferred tax recognition	(1,280,910)	3,183,837	-	1,902,927
Recognition of deferred tax assets (liabilities)	₩ (7,172,176)	₩ 2,116,038	₩ (213,594)	₩ (5,269,732)

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31. Income tax expense (cont'd)

(in thousands of Korean won)

	2024			
	Beginning balance	Profit (loss) for the year	Other comprehensive income	Ending balance
Deferred tax liabilities				
Right-of-use assets	₩ (322,626)	₩ (216,578)	₩ -	₩ (539,204)
Advance depreciation provision (land)	(6,809,934)	127,726	-	(6,682,208)
Investments in subsidiaries	(882,689)	809,899	72,790	-
Depreciation	-	3,925,256	-	3,925,256
Investment properties	(8,454,395)	(19,867)	-	(8,474,262)
Revaluation model	(12,009,373)	281,194	(30,368)	(11,758,547)
Others	(1,832,700)	2,942,174	-	1,109,474
Subtotal	(30,311,717)	7,849,804	42,421	(22,419,492)
Deferred tax assets				
Investments in subsidiaries	₩ 8,731,278	₩ (8,594,656)	₩ -	₩ 136,622
Allowance for doubtful accounts	3,441,582	161,763	-	3,603,345
Impairment loss on financial assets available for sale	-	16,586	-	16,586
Lease liabilities	346,129	(149,609)	-	196,520
Depreciation	81,900	(58,760)	-	23,140
Tax losses carryforward	7,693,780	1,543,361	-	9,237,141
Loss on valuation of derivatives	189,279	(1,109,446)	-	(920,167)
Loss on obsolescence of inventories	1,821,320	(98,682)	-	1,722,638
Financial guarantee	(26,170)	56,423	-	30,253
Financial instruments at fair value through profit or loss	4,540,965	(167,529)	59,877	4,433,313
Others	(2,066,093)	(2,446,893)	-	(4,512,986)
Subtotal	24,753,970	(10,847,441)	59,877	13,966,406
Total	₩ (5,557,747)	₩ (2,997,637)	₩ 102,299	₩ (8,453,085)
Effect of exclusion of deferred tax recognition	1,357,619	(2,638,529)	-	(1,280,910)
Recognition of deferred tax assets (liabilities)	₩ (6,915,366)	₩ (359,109)	₩ 102,299	₩ (7,172,176)

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31. 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
Deductible temporary differences		
Investments in associates guarantee fees	₩ 9,538,458	₩ (6,399,717)
Guarantee fees	6,059	-
Tax losses carryforward	6,301,439	9,924,615
Interest income	264,381	-
Financial guarantee	(236,091)	165,092
Others	72,679	410,051
Total	₩ 15,946,925	₩ 4,100,039

The maturity of unused tax losses 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
2028	₩ 347,085	₩ 54,226
2029	551,962	347,085
2030	260,718	589,641
2031	-	260,718
After 2031	5,141,674	15,685,980
Total	₩ 6,301,439	₩ 16,937,650

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.

31. Income tax expense (cont'd)

As the ultimate parent entity of a multinational group subject to the global minimum tax regime, the Group is liable for the payment of any additional top-up taxes arising with respect to constituent entities subject to the global minimum tax.

The Group 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 Group's current income tax expenses as of December 31, 2025.

The Group has applied the exception to the recognition and disclosure of deferred tax assets and liabilities related to the global minimum tax (Pillar Two). Accordingly, the Group does not recognize deferred tax assets and liabilities related to the global minimum tax and does not disclose the related information.

32. Breakdown of expenses by nature

Details of expenses by nature (operating expenses in the consolidated 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
Use of goods and storage products	₩ 468,486,817	₩ 471,625,821
Salaries	66,989,103	64,323,094
Post employment benefits	6,284,649	5,473,329
Employee welfare	12,731,944	12,062,769
Rental	9,773,365	7,795,582
Depreciation	162,067,274	159,516,354
Amortization	3,874,074	2,728,054
Commissions and fees	144,934,434	55,051,069
Maintenance of vehicles	5,242,570	5,215,216
Advertisement	622,282	720,915
Allowance for doubtful accounts	2,283,394	2,535,254
Freight charge	83,110,208	65,901,985
Impairment loss on rental assets	1,872,618	75,443
Other expenses	30,293,362	35,360,352
Total	₩ 998,566,094	₩ 888,385,237

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33. 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
Profit for the year	₩ 28,327,120	₩ 21,600,801
Adjustments for:	207,456,421	229,365,601
Share of loss of associates	1,620,756	637,611
Impairment loss on equity method investments	-	5,145,992
Depreciation	163,695,900	165,985,740
Amortization	3,874,608	4,293,794
Impairment loss	3,486,222	2,744,124
Loss on valuation of inventories	1,801,942	1,004,014
Interest expenses	54,128,086	66,159,262
Lease expenses	2,522,046	2,326,046
Amortization of borrowings and debentures	1,046,770	963,571
Loss on disposal of financial assets at fair value through profit or loss	16	10,687
Loss on valuation of financial assets at fair value through profit or loss	702,457	64,908
Loss on disposal of financial assets at fair value through other comprehensive income	-	51,199
Loss on obsolescence of property, plant and equipment	10,171	5,049,319
Loss on disposal of property, plant and equipment	354,480	158,855
Loss on disposal of intangible assets	68,453	3,861,765
Loss on obsolescence of rental assets	738,007	734,723
Impairment loss on rental assets	1,690,142	-
Impairment loss (reversal) on intangible assets	(14,523)	1,867,327
Other impairment losses	-	4,008
Loss on valuation of investment properties	1,159,856	2,177,409
Loss on disposal of investment properties	281,374	-
Income tax expenses	5,130,970	8,326,098
Share of profit of associates	(271,301)	(3,065,288)
Gain on disposal arising from changes in scope of consolidation	(17,062,370)	(6,086,061)
Gain on disposal of investments in associates	-	(1,002,035)
Miscellaneous gains	(8,829)	(7,971,818)
Gain on disposal of property, plant and equipment	(1,091,916)	(1,635,446)
Interest income	(4,375,468)	(5,169,896)
Gain on valuation of financial assets at fair value through profit or loss	(1,457,541)	(184,083)

33. Cash flows generated from operations (cont'd)

Gain on disposal of financial assets at fair value through profit or loss	(103,536)	(234)
Gain on valuation of investment properties	(5,469,526)	(2,742,551)
Gain on disposal of investment properties	-	(1,307,442)
Gain on disposal of non-current assets held for sale	(6,097,637)	(3,963,530)
Others ¹	1,096,812	(9,072,467)
	<u>207,456,421</u>	<u>229,365,601</u>
Change in operating assets and liabilities:		
Decrease (increase) in trade receivables	20,620,838	(3,183,450)
Decrease (increase) in other current financial assets	1,762,970	(2,925,031)
Decrease in other non-current financial assets	26,346,717	136,315
Decrease (increase) in other current assets	4,912,317	(6,393,988)
Decrease (increase) in other non-current assets	1,253,786	(151,056)
Increase in rental assets	(181,768,827)	(170,090,968)
Decrease in inventories	23,989,606	40,667,277
Increase (Decrease) in trade payables	5,272,839	(8,922,735)
Decrease in other current financial liabilities	(6,802,930)	(1,644,808)
Increase (Decrease) in other non-current financial liabilities	(704,641)	361,132
Increase (Decrease) in other current liabilities	(4,630,671)	4,582,862
Increase in other non-current liabilities	2,459	13,587
Others	-	(1,000)
	<u>(109,745,537)</u>	<u>(147,551,863)</u>
Cash generated from operations	<u>₩ 126,038,004</u>	<u>₩ 103,414,538</u>

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

33. Cash flows generated from operations (cont'd)

Details of 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 ₩	399,755,115 ₩	264,480,349
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 to current portion of lease liabilities	30,513,264	8,590,022
Increase in right-of-use assets and lease liabilities	5,146,521	32,328,425
Increase in revaluation surplus of property, plant and equipment	-	138,092
Increase in valuation gain on investment property	-	565,142
Acquisition of investment property through loan repayment in kind	-	5,157,600
Acquisition of investment property through settlement of assets held-for-sale in kind	-	10,326,831
Capital reduction distribution	43,500,000	-

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33. Cash flows 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	₩ 620,476,345	₩ 109,602,953	₩ (1,601,296)	₩ 728,478,002
Debentures	497,800,063	(91,866,458)	574,900	406,508,505
Lease liabilities	41,303,203	(12,012,527)	40,940,565	70,231,241
Leasehold deposits	3,748,396	732,853	(105,186)	4,376,063
Total	₩ 1,163,328,007	₩ 19,013,439	₩ 27,252,365	₩ 1,209,593,811

<i>(in thousands of Korean won)</i>	2024			
	Beginning balance	Cash flows	Non-cash effects	Ending balance
Borrowings	₩ 701,505,640	₩ (83,572,543)	₩ 2,543,248	₩ 620,476,345
Debentures	346,412,451	150,642,703	744,909	497,800,063
Lease liabilities	20,433,299	(7,665,711)	28,535,615	41,303,203
Leasehold deposits	2,935,423	682,600	130,373	3,748,396
Total	₩ 1,071,286,813	₩ 60,087,049	₩ 31,954,145	₩ 1,163,328,007

34. Financial risk management

The Group'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 Group monitors and manages the financial risk arising from the Group'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.

34. Financial risk management (cont'd)

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group'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 Group 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 Group 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 and others, and the Group has established a policy to manage foreign exchange risk on functional currency.

b) Interest rate risk

The Group is exposed to interest rate. The risk is composed of the changes in amount of accounts including finance assets and liabilities, and changes in interest income (expense) from investment and borrowings. The interest rate risk is borne by the interest-bearing liabilities and assets, such as debentures or loan. The purpose of the Group's interest rate risk management is to mitigate the interest rate risk and minimize the net interest expense, further to optimize the enterprise value.

34. Financial risk management (cont'd)

c) Price risk

The Group's activities are exposed to price risk related to financial assets at fair value through other comprehensive income by changes of market price. Stocks held by the Group are traded in public market.

(d) Management of capital risk

The objectives of the Group's capital management are to safeguard the Group'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 Group 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 consolidated 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 Group as of December 31, 2025 and 2024 is as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
Cash and cash equivalents ¹	₩	156,773,069	₩	104,976,046
Trade receivables		110,286,436		111,197,248
Financial assets at fair value through profit or loss		1,738,313		2,767,477
Other financial assets		137,090,057		80,190,957
Financial guarantee contracts ²		12,861,845		17,555,659

¹ Cash on hand is excluded.

² This amount represents the total amount that payments can be made in the future due to the financial guarantee contract.

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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>			More than 3 months past due	More than 6 months past due	More than 1 year past due	Total
	Current					
As of December 31, 2025						
Expected loss rate	0.41%		2.01%	58.47%	95.19%	
Gross carrying amount – trade receivables	₩ 97,532,927	₩	11,577,615	₩ 2,593,360	₩ 15,125,331	₩ 126,829,233
Loss allowance	395,392		232,620	1,516,313	14,398,471	16,542,796
As of December 31, 2024						
Expected loss rate	0.23%		9.57%	29.07%	93.90%	
Gross carrying amount – trade receivables	₩ 104,218,779	₩	4,256,521	₩ 3,519,354	₩ 14,361,041	₩ 126,355,695
Loss allowance	242,655		407,202	1,022,906	13,485,684	15,158,447

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	₩	15,158,447	₩ 13,799,987
Impairment loss		3,350,255	2,723,219
Write-off		(1,860,383)	(1,438,210)
Exchange difference		(60,004)	73,451
Changes in scope of consolidation		(45,519)	-
Ending balance	₩	<u>16,542,796</u>	<u>₩ 15,158,447</u>

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

(b) Liquidity risk

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

(in thousands of Korean won)

	December 31, 2025			
	Within 1 year	1~2 years	Over 2 years	Total
Trade payables	₩ 43,351,310	₩ -	₩ -	₩ 43,351,310
Long and short-term borrowings	443,310,996	223,528,091	97,401,146	764,240,233
Debentures	216,577,227	99,707,190	114,432,683	430,717,100
Other financial liabilities	45,829,317	2,161,531	1,720,749	49,711,597
Financial guarantee contracts ¹	12,861,845	-	-	12,861,845

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 Group can be required to make payments.

(in thousands of Korean won)

	December 31, 2024			
	Within 1 year	1~2 years	Over 2 years	Total
Trade payables	₩ 37,495,032	₩ -	₩ -	₩ 37,495,032
Long and short-term borrowings	264,792,321	240,851,589	156,442,440	662,086,350
Debentures	279,804,340	169,469,913	80,895,790	530,170,043
Other financial liabilities	41,172,383	3,351,136	4,488,147	49,011,666
Financial guarantee contracts ¹	17,555,659	-	-	17,555,659

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 Group can be required to make payments.

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>	December 31, 2025		December 31, 2024	
	Increase	Decrease	Increase	Decrease
USD/won	₩ 440,135	₩ (440,135)	₩ 150,512	₩ (150,512)
VND/won	(36,104)	36,104	(239,068)	239,068
JPY/won	866	(866)	3,269	(3,269)
SAR/won	78	(78)	640	(640)
HUF/won	(3,398)	3,398	3,451	(3,451)
PLN/won	88,025	(88,025)	104,214	(104,214)
INR/won	-	-	141	(141)
EUR/won	-	-	147	(147)

(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>	December 31, 2025		December 31, 2024	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Interest expenses	₩ (6,876,200)	₩ 6,876,200	₩ (5,860,665)	₩ 5,860,665
Interest income	850,691	(850,691)	523,486	(523,486)

(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>	December 31, 2025	December 31, 2024
Total borrowings	₩ 1,205,738,463	₩ 1,159,579,612
Less: cash and cash equivalents	<u>156,794,670</u>	<u>105,005,299</u>
Net liabilities(a)	1,048,943,793	1,054,574,313
Equity(b)	<u>457,119,800</u>	<u>443,723,178</u>
Total capital(c=a+b)	<u>₩ 1,506,063,593</u>	<u>₩ 1,498,297,491</u>
Equity ratio(a/c)	69.65%	70.38%

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

(f) Fair value

a) Fair value and carrying amount

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

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	₩ 156,794,670	₩ - ¹	₩ 105,005,299	₩ - ¹
Trade receivables	110,286,436	- ¹	111,197,248	- ¹
Financial assets at fair value through profit or loss	21,678,039	21,678,039	20,712,594	20,712,594
Financial assets at fair value through other comprehensive income	14,014,114	14,014,114	14,350,416	14,350,416
Other financial assets	137,090,057	- ¹	80,190,957	- ¹
Financial assets total	₩ 439,863,316	₩	₩ 331,456,514	₩
Financial liabilities				
Trade payables	₩ 43,351,310	₩ - ¹	₩ 37,495,032	₩ - ¹
Borrowings	728,478,002	728,650,213	620,476,345	621,770,401
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)	49,172,654	- ¹	50,467,405	- ¹
Financial liabilities total	₩ 1,227,804,244	₩	₩ 1,206,412,307	₩

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

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

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

(in thousands of
Korean won)

	December 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	₩ 21,678,039	₩ -	₩ -	₩ -	₩			21,678,039
Financial assets at fair value through other comprehensive income	-	14,014,114	-	-				14,014,114
Total	₩ 21,678,039	₩ 14,014,114	₩ -	₩ -	₩			35,692,153
Financial assets not measured at fair value								
Cash and cash equivalents	₩ -	₩ -	₩ 156,794,670	₩ -	₩			156,794,670
Trade receivables	-	-	110,286,436	-				110,286,436
Other financial assets	-	-	137,090,057	-				137,090,057
Total	₩ -	₩ -	₩ 404,171,163	₩ -	₩			404,171,163
Financial liabilities measured at fair value								
Derivative financial liabilities	₩ 293,773	₩ -	₩ -	₩ -	₩			293,773
Financial liabilities not measured at fair value								
Trade payables	₩ -	₩ -	₩ 43,351,310	₩ -	₩			43,351,310
Borrowings	-	-	728,478,002	-				728,478,002
Debentures	-	-	406,508,505	-				406,508,505
Other financial liabilities (except for derivatives and financial guarantee liabilities)	-	-	49,022,141	-				49,022,141
Financial guarantee liabilities	-	-	-	150,513				150,513
Total	₩ -	₩ -	₩ 1,227,359,958	₩ 150,513	₩			1,227,510,471

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

(in thousands of
Korean won)

	December 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	₩ 20,712,594	₩ -	₩ -	₩ -	₩ 20,712,594			
Financial assets at fair value through other comprehensive income	-	14,350,416	-	-	14,350,416			
Total	₩ 20,712,594	₩ 14,350,416	₩ -	₩ -	₩ 35,063,010			
Financial assets not measured at fair value								
Cash and cash equivalents	₩ -	₩ -	₩ 105,005,299	₩ -	₩ 105,005,299			
Trade receivables	-	-	111,197,248	-	111,197,248			
Other financial assets	-	-	80,190,957	-	80,190,957			
Total	₩ -	₩ -	₩ 296,393,504	₩ -	₩ 296,393,504			
Financial liabilities measured at fair value								
Derivative financial liabilities	₩ 173,462	₩ -	₩ -	₩ -	₩ 173,462			
Financial liabilities not measured at fair value								
Trade payables	₩ -	₩ -	₩ 37,495,032	₩ -	₩ 37,495,032			
Borrowings	-	-	620,476,345	-	620,476,345			
Debentures	-	-	497,800,063	-	497,800,063			
Other financial liabilities (except for derivatives and financial guarantee liabilities)	-	-	50,166,158	-	50,166,158			
Financial guarantee liabilities	-	-	-	301,246	301,246			
Total	₩ -	₩ -	₩ 1,205,937,598	₩ 301,246	₩ 1,206,238,844			

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>	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 21,678,039	₩ 21,678,039
Financial assets at fair value through other comprehensive income	3,680,530	-	10,333,584	14,014,114
Derivative financial liabilities	-	293,773	-	293,773

<i>(in thousands of Korean won)</i>	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 20,712,594	₩ 20,712,594
Financial assets at fair value through other comprehensive income	3,779,682	-	10,570,734	14,350,416
Derivative financial liabilities	-	173,462	-	173,462

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

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in 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).

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

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

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024	Valuation techniques
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Derivative financial liabilities	₩ 293,773	₩ 173,462	DCF model ¹
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¹ The interest rate used for discounting expected cash flows was determined by adding a credit spread to the year-end government bond yield.

The valuation techniques and the 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		Valuation techniques	Inputs
	December 31, 2025	December 31, 2024		

Financial assets at fair value through profit or loss	₩ 21,678,039	₩ 20,712,594	Net asset value method, DCF model and others	Discount rate adjusted for credit risk
Financial assets at fair value through other comprehensive income	10,333,584	10,570,734		

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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	₩ 10,570,734	₩ 20,712,594
Total profit or loss		
Amount recognized in profit or loss	-	746,502
Purchases	-	1,507,360
Sales	-	(1,010,067)
Others	(237,150)	(278,350)
Ending balance	₩ 10,333,584	₩ 21,678,039

(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	₩ 9,401,726	₩ 19,414,602	₩ 669	₩ 5,146,661
Total profit or loss				
Amount recognized in profit or loss	-	119,175	(669)	(5,146,661)
Purchases	24,726	1,825,887	-	-
Sales	(924,805)	(726,784)	-	-
Others	2,069,087	79,714	-	-
Ending balance	₩ 10,570,734	₩ 20,712,594	₩ -	₩ -

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 (changes by 1%)	Unfavorable changes (changes by 1%)	Favorable changes (changes by 1%)	Unfavorable changes (changes by 1%)
Financial assets at fair value through profit or loss ¹	₩ 216,730	₩ (216,730)	₩ 207,126	₩ (194,146)
Financial assets at fair value through other comprehensive income ¹	103,336	(103,336)	105,707	(94,017)

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

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>	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Borrowings	₩ -	₩ -	₩ 728,650,213	₩ 728,650,213
Debentures	-	-	406,145,121	406,145,121

<i>(in thousands of Korean won)</i>	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Borrowings	₩ -	₩ -	₩ 621,770,401	₩ 621,770,401
Debentures	-	-	499,909,116	499,909,116

The valuation techniques and the significant 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		Valuation techniques	Valuation techniques
	Dec. 31, 2025	Dec. 31, 2024		
Borrowings	₩ 728,650,213	₩ 621,770,401	Discount rate considering credit risk	DCF model
Debentures	406,145,121	499,909,116		

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

(g) 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:

<i>(in thousands of Korean won)</i>	2025		
	Finance income	Finance costs	Other comprehensive income
Assets at amortized cost	₩ 7,196,235	₩ -	₩ -
Financial assets at fair value through profit or loss	1,552,495	702,473	-
Financial assets at fair value through other comprehensive income	280,284	-	(158,234)
Liabilities at amortized cost	-	60,782,112	-
Financial guarantee liabilities	35,941	-	-
Derivatives	173,462	-	-
Loss on disposal of investment properties	-	281,374	-
Total	₩ 9,238,417	₩ 61,765,959	₩ (158,234)

<i>(in thousands of Korean won)</i>	2024		
	Finance income	Finance costs	Other comprehensive income
Assets at amortized cost	₩ 11,592,768	₩ -	₩ -
Financial assets at fair value through profit or loss	176,597	75,595	-
Financial assets at fair value through other comprehensive income	1,277,378	51,199	(207,290)
Liabilities at amortized cost	-	71,629,087	-
Financial guarantee liabilities	4,162	304,513	-
Derivatives	5,157,799	134,557	-
Total	₩ 18,208,704	₩ 72,194,951	₩ (207,290)

36. Related party transactions

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

Type	December 31, 2025
Associates	Cha Partners Public Mobility No. 1 Private Equity Partnership Cha Partners Public Mobility No. 2 Private Equity Partnership Cha Partners Public Mobility No. 3 Private Equity Partnership Darae Parktech Co., Ltd. Most X Co., Ltd. BNP INC. Junsymall.com Co., Ltd. A2 Partners Rhinos No.1 Limited Partnership
Type	December 31, 2024
Associates	Cha Partners Public Mobility No. 1 Private Equity Partnership Cha Partners Public Mobility No. 2 Private Equity Partnership Cha Partners Public Mobility No. 3 Private Equity Partnership Darae Parktech Co., Ltd. Most X Co., Ltd. BNP INC. Junsymall.com Co., Ltd. A2 Partners Rhinos No.1 Limited Partnership

For the year ended December 31, 2024, the Group disposed of its entire interests in Auto Gallery Holdings, Inc. and AJ Fleet Link Co., Ltd. and these entities were excluded from the related parties.

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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	Operating expenses	Disposal of non-current assets
Associates			
Darae Parktech Co., Ltd.	₩ 30,171	₩ -	₩ -
Most X Co., Ltd.	840	-	-
Junsymall.com Co., Ltd.	9,368,126	1,183,555	10,676
Total	₩ 9,399,137	₩ 1,183,555	₩ 10,676

(in thousands of Korean won)	2024				
	Operating revenue	Non-operating revenue	Operating expenses	Purchase of non-current assets	Disposal of non-current assets
Associates					
Auto Gallery Holdings, Inc. ¹	₩ 64,098	₩ 77,926	₩ 121,199	₩ 31,250,835	₩ 811,710
Darae Parktech Co., Ltd.	36,096	-	-	-	-
Most X Co., Ltd.	1,368	-	-	-	-
Junsymall.com Co., Ltd.	8,180,378	25,680	3,739,525	2,145	1,789
AJ Fleet Link Co., Ltd. ²	22,825	-	-	-	-
Total	₩ 8,304,765	₩ 103,606	₩ 3,860,724	₩ 31,252,980	₩ 813,499

¹ The transactions with Auto Gallery Holdings, Inc. for the year ended December 31, 2025 are those made prior to disposal.

² The transactions with AJ Fleet Link Co., Ltd. for the year ended December 31, 2025 are those made prior to disposal.

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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)*

	December 31, 2025			
	Receivables			Payables
	Trade receivables	Other receivables	Guarantee deposits	Trade payables and others
Associates				
Darae Parktech Co., Ltd.	₩ 957	₩ -	₩ -	₩ -
Most X Co., Ltd.	66	-	-	-
AJ Junsymall Co., Ltd.	1,083,241	108,532	440,000	15,510
Total	₩ 1,084,264	₩ 108,532	₩ 440,000	₩ 15,510

*(in thousands of
Korean won)*

	December 31, 2024		
	Receivables		
	Trade receivables	Other receivables	Guarantee deposits
Associates			
Darae Parktech Co., Ltd.	₩ 9,768	₩ -	₩ -
Most X Co., Ltd.	99	-	-
AJ Junsymall Co., Ltd.	855,575	108,532	440,000
Total	₩ 865,442	₩ 108,532	₩ 440,000

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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)

	2025	
	Loan transactions	Loan transactions
	Collections	Lending
Associates		
Cha Partners Public Mobility No. 1 Private Equity Partnership	₩ 1,043,590	-
Cha Partners Public Mobility No. 2 Private Equity Partnership	2,637,810	
Cha Partners Public Mobility No. 3 Private Equity Partnership	723,492	
Key management personnel	-	₩ 10,000,000
Total in Korean won	₩ 4,404,892	₩ 10,000,000
Total in USD	-	-

(in thousands of Korean won)

	2024	
	Loan transactions	Dividends transactions
	Collections	Dividends received
Associates		
Auto Gallery Holdings, Inc. ¹	USD 4,000,000	-
Cha Partners Public Mobility No. 2 Private Equity Partnership	₩ -	₩ 474,000
Cha Partners Public Mobility No. 3 Private Equity Partnership	-	594,000
Total in Korean won	₩ -	₩ 1,068,000
Total in USD	USD 4,000,000	-

¹ Transactions with Auto Gallery Holdings, Inc. during the current period are those made prior to disposal.

As of December 31, 2025, there are no guarantees being provided for the related parties.

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

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37. Information on non-controlling interests

(a) Changes in accumulated non-controlling interests

Profits (losses) allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group for each of the two years in the period ended December 31, 2025 are as follows:

*(in thousands of
Korean won)*

		2025			
		Non-controlling interest rate	Accumulated non-controlling interests at the beginning of the year	Profit (loss) allocated to non-controlling interests	Accumulated non-controlling interests at the end of the year
AJ ICT Co., Ltd.	0.17%	₩	3,697	₩ (3,686)	₩ -
AJ Daewon Co., Ltd. ¹	-		19,158	(995)	(18,163)
AJ LogisValue Poland Sp. z o.o. ²	10.00%		21,688	(73,024)	10,959
TS Global Co., Ltd. ³	-		562,640	-	(562,640)
Total		₩	607,183	₩ (77,705)	₩ (569,844)

¹ Disposed during the year

² It is 10% non-controlling interests of AJ Eco Solutions Sp. Z.o.o., which occurred from the subsidiary of AJ LogisValue Poland Sp. z o.o.

³ Liquidated during the year

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37. Information on non-controlling interests (cont'd)

(in thousands of
Korean won)

	Non-controlling interest rate	2024			
		Accumulated non-controlling interests at the beginning of the year	Profit (loss) allocated to non-controlling interests	Others	Accumulated non-controlling interests at the end of the year
AJ Rental, Inc. ¹	39.97%	₩ (311,511)	₩ -	₩ 311,511	₩ -
AJ ICT Co., Ltd.	0.17%	10,631	(6,934)	-	3,697
AJ Daewon Co., Ltd. ²	10.00%	24,009	(4,851)	-	19,158
AJ LogisValue Poland Sp. z o.o. ³	10.00%	75,576	(66,282)	12,394	21,688
TS Global Co., Ltd.	30.00%	635,443	(72,803)	-	562,640
		₩ 434,148	₩ (150,870)	₩ 323,905	₩ 607,183

¹ The 39.97% non-controlling interest of Auto Gallery International, Inc., a subsidiary of AJ rental Inc., was disposed of for the year ended December 31, 2025.

² It is 10% non-controlling interests of AI&Solution Co., Ltd., which occurred from the subsidiary of AJ Daewon Co., Ltd.

³ It is 10% non-controlling interests of AJ Eco Solutions Sp. Z.o.o., which occurred from the subsidiary of AJ LogisValue Poland Sp. z o.o.

(b) Transactions with non-controlling interests

The effects of transactions with non-controlling interests on the equity attributable to the owners of the Parent Company for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025	2024
Changes in scope of consolidation	₩ (580,803)	₩ 311,512
Net effect on equity	₩ (580,803)	₩ 311,512

38. Non-current assets held for sale and discontinued operations

During the prior year, the Group's subsidiary, AJ Rental, Inc., decided to transfer the business of its subsidiary, AJ Rental Dallas, Inc. As a result of this decision, the assets and liabilities of AJ Rental Dallas, Inc. were classified as non-current assets and liabilities held for sale and were disposed of in March of the prior year.

During the current year, the Group decided to dispose of its entire equity interests in its subsidiary, AJ Daewon Co., Ltd. (excluding AJ Retail Co., Ltd.). As a result of this decision, the disposal of AJ Daewon Co., Ltd. (excluding AJ Retail Co., Ltd.) was completed during the current year.

Details of assets and liabilities classified as held for sale as of December 31, 2024 are as follows:

(in thousands of Korean won)

December 31, 2024

Current assets		
Trade receivables	₩	1,922,441
Inventories		13,042
Non-current assets		
Property, plant and equipment		27,626,533
Intangible assets		2,389,453
Total assets	₩	<u>31,951,469</u>
Current liabilities		
Borrowings and debentures	₩	534,742
Other current liabilities		91,825
Total liabilities	₩	<u>626,567</u>

38. Non-current assets held for sale and discontinued operations (cont'd)

The Group's subsidiary, AJ Total Co., Ltd., resolved on October 21, 2024 to sell its chicken franchise and F&B store operation business units, and the sale was completed during the prior year. The gains and losses related to this sale met the criteria for discontinued operations and, accordingly, the related profit or loss for the prior year has been presented as discontinued operations.

The Group resolved to dispose of its subsidiary, AJ Maintenance Partners Co., Ltd., and reported such decision to the board of directors on July 26, 2024. The disposal was completed during the prior year. As the disposal met the criteria for discontinued operations, the related profit or loss for the prior year has been presented as discontinued operations.

During the prior year, the Group's subsidiary, AJ Rental, Inc., decided to transfer the business of its subsidiary, AJ Rental Dallas, Inc., and the disposal was completed during the current year. As the disposal met the criteria for discontinued operations, the related profit or loss for both the current and prior years has been presented as discontinued operations.

During the current year, the Group decided to dispose of its entire equity interests in its subsidiary, AJ Daewon Co., Ltd. (excluding AJ Retail Co., Ltd.), and the disposal was completed during the current year. As the disposal met the criteria for discontinued operations, the related profit or loss for both the current and prior years has been presented as discontinued operations.

The Group decided to liquidate its subsidiary, TS Global Co., Ltd., and the liquidation was completed on May 22, 2025. As the liquidation met the criteria for discontinued operations, the related profit or loss for both the current and prior years has been presented as discontinued operations.

The Group decided to liquidate its subsidiaries, World Consulting Co., Ltd. and Four Seasons Consulting Co., Ltd., and the liquidation was completed on November 19, 2025. As the liquidation met the criteria for discontinued operations, the related profit or loss for both the current and prior years has been presented as discontinued operations. During the current year, the Group's subsidiary, AJ Rental, Inc., decided to dispose of its rental business division, and the disposal was completed during the current year. As the disposal met the criteria for discontinued operations, the related profit or loss for both the current and prior years has been presented as discontinued operations.

The consolidated statements of comprehensive income, presented for comparative purpose, have been restated to present discontinued operations separately from continuing operations. Details are as follows:

38. Non-current assets held for sale and discontinued operations (cont'd)

<i>(in thousands of Korean won)</i>	2025	2024
Profit of discontinued operation		
Operating revenue	₩ 33,334,770	₩ 97,632,806
Operating expense	(44,809,329)	(98,616,312)
Operating profit	(11,474,559)	(983,506)
Other income	23,269,146	9,735,819
Other expenses	(1,072,386)	(6,033,305)
Finance income	(274,907)	(1,085,997)
Finance costs	(7,597)	(408,879)
Profit before income tax of discontinued operation	10,439,697	1,224,132
Effect of income tax	(4,123,186)	(1,371,705)
Profit (Loss) for the year from discontinued operation	₩ 6,316,511	₩ (147,573)

Details of cash flows from discontinued operations 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
Net cash inflows from operating activities	₩ 9,742,973	₩ 3,511,944
Net cash outflows from investing activities	(27,128,668)	(856,218)
Net cash outflows from financing activities	(852,339)	(584,172)
Net increase in cash and cash equivalents	₩ 36,019,302	₩ 2,071,555