# LS ELECTRIC CO., LTD.
# AND ITS SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS
## AS OF AND FOR THE YEAR ENDED
## DECEMBER 31, 2025

## ATTACHMENT: INDEPENDENT AUDITORS' REPORT

## LS ELECTRIC CO., LTD.

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# INDEPENDENT AUDITORS' REPORT

Based on a report originally issued in Korean

To the shareholders and the board of directors of
LS ELECTRIC CO., LTD.:

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of LS ELECTRIC CO., LTD. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2025, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, including material accounting policies.

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 its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We also have audited, in accordance with KSAs, the Group's Internal Control over Financial Reporting for Consolidation Purposes ("ICFR") as of December 31, 2025 based on the criteria established in Conceptual Framework for Designing and Operating Internal Control over Financial Reporting issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea, and our report dated March 18, 2026 expressed an unmodified opinion on the effectiveness of the Group's internal control over financial reporting.

### Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

Key audit matter is such matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2025. This 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 this matter.

Uncertainty in the estimation of total contract costs for overseas projects

As described in Note 19.(5) to the consolidated financial statements, uncertainty in estimating the total contract costs of contracts for which revenue is recognized over time using a cost-based input method affects current and future profit or loss, as well as contract assets and contract liabilities. In addition, as explained in Note 3.(2) to the consolidated financial statements, total contract costs are estimated based on estimation of future costs, including labor costs and material costs.

Considering the Group's processes for estimating total contract costs and the nature of the products being manufactured, the risk of significant changes due to product design modifications is limited. However, fluctuations in material costs resulting from external environmental factors, such as changes in raw material prices, are considered risk factors that may significantly increase the uncertainty in estimating total contract costs. In light of these risk factors, unlike domestic projects for which changes in total contract costs are not significant, the estimation of total contract costs for overseas projects requires a higher level of professional knowledge due to the influence of external environments and involves the risk that cost changes arising during project execution may not be reflected in total contract costs in a timely manner.

Accordingly, we determined that uncertainty in the estimation of total contract costs for overseas projects is a key audit matter in view of its potential impact on current and future profit or loss.

The primary procedures we performed to address this key audit matter included the following:

- Evaluating the appropriateness of the design and the operating effectiveness of internal controls related to the timely update and accuracy of estimated total contract costs
- Performing retrospective testing of changes in estimated total contract costs for major projects completed during the current year
- Inquiring into the causes of significant changes in estimated total contract costs and inspecting relevant supporting documentation
- Evaluating the appropriateness of the Group's estimation of total contract costs for major overseas projects through inquiries and inspection of related documents
- Inquiring into and assessing the causes of cost incurrence after year-end for projects completed during the current year

**Other Matters**

The consolidated financial statements of the Group for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on March 17, 2025.

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 auditors' 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 auditors' report is Sang Ho Roh.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 18, 2026

This report is effective as of March 18, 2026, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

# LS ELECTRIC CO., LTD. AND ITS SUBSIDIARIES (the “Group”)

## CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

The accompanying consolidated financial statements, including all footnote disclosures, were prepared by, and are the responsibility of, the Group.

**Ja-Kyun Koo, Dae-Seok Chae**
**Chief Executive Officer**
**LS ELECTRIC CO., LTD.**

**The headquarters address:**
: 127, LS-ro, Dongan-gu, Anyang-si, Gyeonggi-Do, Korea
**Telephone number:**
: 02-2034-4913

LS ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2025 AND 2024

| | Korean won | |
|---|---|---|
| | December 31, 2025 | December 31, 2024 |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents (Notes 5, 29 and 36) | ₩ 762,716,704,001 | ₩ 660,104,319,206 |
| Financial institution deposits (Notes 29, 34 and 36) | 35,195,447,194 | 34,839,985,350 |
| Current derivative assets (Notes 29, 36 and 37) | 72,899,163,131 | 4,783,609,726 |
| Current financial assets measured at FVTPL (Notes 29 and 36) | 30,000,000,000 | 30,000,000,000 |
| Trade receivables (Notes 6, 29, 33 and 36) | 982,451,569,183 | 1,020,194,855,217 |
| Other receivables (Notes 6, 29, 33 and 36) | 53,443,760,886 | 49,881,031,242 |
| Contract assets (Note 19) | 671,619,713,780 | 562,774,410,417 |
| Other current assets (Note 8) | 193,318,250,198 | 177,702,415,297 |
| Inventories (Note 7) | 552,890,167,663 | 510,013,227,555 |
| Current tax assets | 2,311,366,755 | 1,897,798,173 |
| Total current assets | 3,356,846,142,791 | 3,052,191,652,183 |
| NON-CURRENT ASSETS: | | |
| Long-term trade receivables (Notes 6, 29, 34 and 36) | 10,393,160,721 | - |
| Long-term financial institution deposits (Notes 29, 34 and 36) | 8,746,233,426 | 8,594,553,984 |
| Financial assets measured at FVTPL (Notes 29 and 36) | 139,988,789,503 | 120,887,663,246 |
| Derivative assets (Notes 29, 36 and 37) | 2,588,194,754 | 1,451,818,524 |
| Financial assets measured at FVTOCI (Notes 29, 34 and 36) | 54,114,181,871 | 16,279,910,309 |
| Long-term other receivables (Notes 6, 29, 33 and 36) | 34,525,351,059 | 33,449,630,334 |
| Investments in associates (Note 14) | 17,511,484,085 | 3,712,639,314 |
| Deferred tax assets (Note 31) | 73,851,890,137 | 82,920,304,189 |
| Other non-current assets (Notes 8) | 11,270,992,992 | 11,697,924,311 |
| Defined benefit assets (Note 17) | 33,128,507,885 | 38,781,148,888 |
| Property, plant and equipment (Notes 9) | 979,436,135,669 | 860,538,950,350 |
| Investment property (Notes 10) | 5,521,248,571 | 5,958,800,931 |
| Intangible assets (Notes 11 and 41) | 174,713,532,062 | 188,101,702,616 |
| Right-of-use assets (Notes 12) | 54,044,472,846 | 60,630,765,205 |
| Total non-current assets | 1,599,834,175,581 | 1,433,005,812,201 |
| TOTAL ASSETS | ₩ 4,956,680,318,372 | ₩ 4,485,197,464,384 |

(continued)

LS ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF DECEMBER 31, 2025 AND 2024

| | Korean won | |
|---|---|---|
| | December 31, 2025 | December 31, 2024 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Current derivative liabilities (Notes 29, 36, 37 and 38) | ₩ 52,891,642,566 | ₩ 93,943,930,511 |
| Trade payables (Notes 29, 33 and 36) | 440,038,796,896 | 408,029,178,566 |
| Other payables (Notes 29, 33 and 36) | 254,326,239,195 | 214,344,010,155 |
| Contract liabilities (Note 19) | 414,782,129,621 | 353,263,093,895 |
| Short-term borrowings (Notes 9, 15, 29, 36 and 40) | 302,192,853,551 | 381,317,577,700 |
| Current portion of long-term borrowings (Notes 15, 29, 36 and 40) | 267,188,468,729 | 223,356,163,926 |
| Liability for convertible redeemable preferred stock (Notes 36, 38 and 40) | 3,265,561,499 | 8,606,691,845 |
| Current lease liabilities (Notes 12, 29, 36 and 40) | 27,349,964,089 | 25,609,408,013 |
| Current tax liabilities | 52,249,893,292 | 69,669,480,797 |
| Current provisions (Notes 16 and 34) | 36,493,253,094 | 51,324,666,920 |
| Other current liabilities (Note 18) | 13,881,110,027 | 16,885,596,182 |
| Total current liabilities | 1,864,659,912,559 | 1,846,349,798,510 |
| NON-CURRENT LIABILITIES: | | |
| Derivative liabilities (Notes 29, 36 and 37) | - | 490,530,180 |
| Financial liabilities measured at FVTPL (Notes 29, 34 and 36) | 91,986,625,206 | 91,986,625,206 |
| Long-term other payables (Notes 29, 33 and 36) | 1,032,761,564 | 7,582,449,882 |
| Long-term borrowings (Notes 15, 29, 36 and 40) | 773,010,797,653 | 569,352,169,191 |
| Deferred tax liabilities (Note 31) | 16,093,431,111 | 6,775,879,762 |
| Lease liabilities (Notes 12, 29, 36 and 40) | 19,825,822,716 | 26,999,092,289 |
| Defined benefit liabilities (Note 17) | 5,024,121,382 | 4,612,028,425 |
| Provisions (Notes 16 and 34) | 13,568,770,712 | 11,392,098,394 |
| Other non-current liabilities (Notes 18, 29, 34 and 36) | 30,179,223,093 | 29,564,709,097 |
| Total non-current liabilities | 950,721,553,437 | 748,755,582,426 |
| TOTAL LIABILITIES | 2,815,381,465,996 | 2,595,105,380,936 |
| EQUITY: | | |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY: | | |
| Issued capital (Note 20) | 150,000,000,000 | 150,000,000,000 |
| Capital surplus (Note 21) | (18,068,636,595) | (24,046,857,767) |
| Other capital items (Note 21) | (9,711,087,130) | (11,201,427,883) |
| Other components of equity (Note 22) | 8,366,530,252 | (19,470,621,327) |
| Retained earnings (Note 23) | 1,939,179,544,999 | 1,743,475,249,718 |
| | 2,069,766,351,526 | 1,838,756,342,741 |
| NON-CONTROLLING INTERESTS | 71,532,500,850 | 51,335,740,707 |
| TOTAL EQUITY | 2,141,298,852,376 | 1,890,092,083,448 |
| TOTAL LIABILITIES AND EQUITY | ₩ 4,956,680,318,372 | ₩ 4,485,197,464,384 |

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

LS ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | Korean won | |
|---|---|---|
| | Year ended December 31, 2025 | Year ended December 31, 2024 |
| Revenue (Notes 4, 22, 24, 25 and 33) | ₩ 4,965,798,552,980 | ₩ 4,551,837,252,467 |
| Cost of sales (Notes 22, 25, 27 and 33) | (3,914,425,271,574) | (3,644,246,452,559) |
| Gross profit | 1,051,373,281,406 | 907,590,799,908 |
| Selling, general and administrative expenses (Notes 6, 19, 25, 27, 29 and 33) | (624,966,138,389) | (517,873,677,591) |
| Operating income | 426,407,143,017 | 389,717,122,317 |
| Other income (Notes 4, 12, 26, 29, 33 and 37) | 291,505,273,634 | 176,386,377,352 |
| Other expenses (Notes 4, 6, 26, 29, 33 and 37) | (252,422,530,570) | (212,280,341,765) |
| Financial income (Notes 4, 28 and 29) | 29,265,824,487 | 39,322,527,755 |
| Financial expenses (Notes 4, 28 and 29) | (60,129,920,354) | (55,346,279,717) |
| Gain (loss) on valuation of equity method (Notes 4 and 14) | (420,111,262) | (59,186,542) |
| Other non-operating income (expenses) (Notes 4 and 30) | (24,135,378,004) | (4,373,597,790) |
| Profit before income tax expense (Note 4) | 410,070,300,948 | 333,366,621,610 |
| Income tax expense (Note 31) | (125,813,567,776) | (91,149,742,542) |
| Profit from continuing operations | 284,256,733,172 | 242,216,879,068 |
| Gain (loss) of discontinued operations (Note 39) | - | 21,119,700 |
| Profit for the year | 284,256,733,172 | 242,237,998,768 |
| Other comprehensive income (loss): | | |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Remeasurements of defined benefit plan | (4,779,029,104) | (9,499,972,640) |
| Gain (loss) on valuation of investments in equity instruments measured at FVTOCI | 28,461,853,374 | (200,645,974) |
| Items that may be reclassified subsequently to profit or loss: | | |
| Changes in investment valuation using equity method | (52,384,947) | 37,453,701 |
| Gain (loss) on valuation of cash flow hedging derivatives | 16,892,216,427 | (50,629,858,590) |
| Overseas operation translation | (2,749,675,475) | 30,846,936,101 |
| Total comprehensive income | ₩ 322,029,713,447 | ₩ 212,791,911,366 |
| Profit for the year attributable to: | | |
| Owners of the Company | ₩ 286,623,001,987 | ₩ 238,715,669,205 |
| Non-controlling interests | (2,366,268,815) | 3,522,329,563 |
| Total comprehensive income attributable to: | | |
| Owners of the Company | ₩ 309,675,103,760 | ₩ 207,640,718,875 |
| Non-controlling interests | 12,354,609,687 | 5,151,192,491 |
| Earnings per share (Note 32): | | |
| Basic and diluted earnings per share | ₩ 9,647 | ₩ 8,078 |

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

LS ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Korean won

| | Attributable to owners of the company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Issued capital | Capital surplus | Other capital items | Other components of equity | Retained earnings | Subtotal | Non-controlling shares | Total |
| Balance at January 1, 2024 | ₩ 150,000,000,000 | ₩ (12,564,027,366) | ₩ (23,226,864,160) | ₩ 1,668,980,239 | ₩ 1,596,891,858,077 | ₩ 1,712,769,946,790 | ₩ 11,272,356,373 | ₩ 1,724,042,303,163 |
| Profit for the year | - | - | - | - | 238,715,669,205 | 238,715,669,205 | 3,522,329,563 | 242,237,998,768 |
| Annual dividends | - | - | - | - | (82,196,928,800) | (82,196,928,800) | (574,202,590) | (82,771,131,390) |
| Disposal of treasury shares | - | - | 13,063,423,313 | - | - | 13,063,423,313 | - | 13,063,423,313 |
| Gain on disposal of treasury shares | - | 44,683,456,277 | - | - | - | 44,683,456,277 | - | 44,683,456,277 |
| Changes in consolidated scope | - | (56,166,286,678) | - | - | - | (56,166,286,678) | 35,486,394,433 | (20,679,892,245) |
| Gain (loss) on valuation of investments in equity instruments measured at FVTOCI | - | - | - | (200,645,974) | - | (200,645,974) | - | (200,645,974) |
| Reclassification on disposal of financial assets measured at FVTOCI | - | - | - | 447,221,444 | (447,221,444) | - | - | - |
| Changes in investment valuation using equity method | - | - | - | 37,453,701 | - | 37,453,701 | - | 37,453,701 |
| Gain (loss) on valuation of cash flow hedging derivatives | - | - | - | (50,629,858,590) | - | (50,629,858,590) | - | (50,629,858,590) |
| Remeasurements of defined benefit plan | - | - | - | - | (9,488,127,320) | (9,488,127,320) | (11,845,320) | (9,499,972,640) |
| Overseas operation translation | - | - | - | 29,206,227,853 | - | 29,206,227,853 | 1,640,708,248 | 30,846,936,101 |
| Increase (decrease) through share-based payment transactions | - | - | (1,037,987,036) | - | - | (1,037,987,036) | - | (1,037,987,036) |
| Balance as of December 31, 2024 | ₩ 150,000,000,000 | ₩ (24,046,857,767) | ₩ (11,201,427,883) | ₩ (19,470,621,327) | ₩ 1,743,475,249,718 | ₩ 1,838,756,342,741 | ₩ 51,335,740,707 | ₩ 1,890,092,083,448 |
| Balance at January 1, 2025 | ₩ 150,000,000,000 | ₩ (24,046,857,767) | ₩ (11,201,427,883) | ₩ (19,470,621,327) | ₩ 1,743,475,249,718 | ₩ 1,838,756,342,741 | ₩ 51,335,740,707 | ₩ 1,890,092,083,448 |
| Profit for the year | - | - | - | - | 286,623,001,987 | 286,623,001,987 | (2,366,268,815) | 284,256,733,172 |
| Annual dividends | - | - | - | - | (86,133,656,900) | (86,133,656,900) | (1,288,341,199) | (87,421,998,099) |
| Disposal of treasury shares | - | - | 1,408,822,570 | - | - | 1,408,822,570 | - | 1,408,822,570 |
| Gain on disposal of treasury shares | - | 6,821,797,182 | - | - | - | 6,821,797,182 | - | 6,821,797,182 |
| Changes in consolidated scope | - | (840,771,342) | - | - | - | (840,771,342) | 9,133,098,935 | 8,292,327,593 |
| Gain (loss) on valuation of investments in equity instruments measured at FVTOCI | - | - | - | 15,207,167,716 | - | 15,207,167,716 | 13,254,685,658 | 28,461,853,374 |
| Reclassification on disposal of financial assets measured at FVTOCI | - | - | - | - | - | - | - | - |
| Changes in investment valuation using equity method | - | (4,757,089) | - | (52,384,947) | - | (57,142,036) | - | (57,142,036) |
| Gain (loss) on valuation of cash flow hedging derivatives | - | - | - | 16,892,216,427 | - | 16,892,216,427 | - | 16,892,216,427 |
| Remeasurements of defined benefit plan | - | - | - | - | (4,785,049,806) | (4,785,049,806) | 6,020,702 | (4,779,029,104) |
| Overseas operation translation | - | - | - | (4,209,847,617) | - | (4,209,847,617) | 1,460,172,142 | (2,749,675,475) |
| Increase (decrease) through share-based payment transactions | - | 1,952,421 | 81,518,183 | - | - | 83,470,604 | (2,607,280) | 80,863,324 |
| Balance as of December 31, 2025 | ₩ 150,000,000,000 | ₩ (18,068,636,595) | ₩ (9,711,087,130) | ₩ 8,366,530,252 | ₩ 1,939,179,544,999 | ₩ 2,069,766,351,526 | ₩ 71,532,500,850 | ₩ 2,141,298,852,376 |

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

LS ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | Korean won | |
|---|---|---|
| | Year ended December 31, 2025 | Year ended December 31, 2024 |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| **Continuing operations** | | |
| Profit from continuing operations for the year | ₩ 284,256,733,172 | ₩ 242,216,879,068 |
| **Additions of expenses not involving cash inflows:** | | |
| Retirement benefits | 24,420,558,973 | 20,507,723,814 |
| Depreciation of property, plant and equipment | 89,679,900,834 | 77,024,987,253 |
| Depreciation of investment properties | 95,783,116 | 31,346,433 |
| Amortization of intangible assets | 15,821,720,105 | 11,923,304,566 |
| Depreciation of right-of-use assets | 26,718,810,029 | 24,789,564,210 |
| Bad debt expenses | 53,737,853,510 | 10,800,213,922 |
| Other bad debt expenses | 5,774,288,422 | 2,633,242,793 |
| Accrual of provision | 1,090,664,880 | 37,199,033,639 |
| Loss on foreign exchange translations | 30,554,385,137 | 11,859,948,439 |
| Loss on valuation of inventories | 5,443,643,530 | 8,070,290,249 |
| Impairment loss on property, plant and equipment | 1,029,893,065 | - |
| Loss on disposal of property, plant and equipment | 1,102,468,725 | 974,519,920 |
| Impairment loss on intangible assets | 594,291,880 | 4,785,741,773 |
| Loss on disposal of intangible assets | 219,779,469 | 26,350,285 |
| Loss on disposal of other investment properties | 637,429,078 | - |
| Loss on lease transactions | 521,295 | 4,776,056 |
| Interest expenses | 49,897,758,369 | 41,400,473,062 |
| Interest expense on lease liabilities | 2,297,655,862 | 2,365,735,076 |
| Income tax expense | 125,813,567,776 | 91,149,742,542 |
| Loss on transactions of derivatives | - | 92,589,721,967 |
| Loss on valuation of derivatives | 26,447,853,672 | 45,347,956,881 |
| Loss on valuation of financial assets measured at FVTPL | 7,725,926,052 | 9,814,094,789 |
| Loss on disposals of financial assets measured at FVTPL | 207,542,215 | 1,765,974,290 |
| Loss on disposals of financial assets measured at FVTOCI | 1,037,856 | - |
| Loss on valuation of equity method | 420,111,262 | 53,850,524 |
| Loss on disposal of associates and joint ventures | 263,320 | - |
| Loss on disposals of trade receivables | - | 2,500 |
| Share-based payment | 10,511,632,895 | 103,319,014 |
| Others | 19,338,795,558 | 33,000,095,095 |
| | 499,584,136,885 | 528,222,009,092 |
| **Deduction of items not involving cash outflows:** | | |
| Gain on foreign exchange translations | 29,572,585,888 | 54,698,805,721 |
| Reversals of impairment loss on property, plant and equipment | - | - |
| Gain on disposal of property, plant and equipment | 203,700,791 | 542,562,787 |
| Reversals of impairment loss on intangible assets | 15,248,640 | 30,280,000 |
| Gain on disposal of intangible assets | 5,872,856 | 101,309,967 |
| Gain on termination of lease contract | 5,929,487 | 71,105,252 |
| Interest income | 22,060,224,149 | 21,979,880,842 |
| Dividend income | 2,591,880,631 | 6,630,206,136 |
| Reversals of allowance for doubtful accounts | 1,525,568,795 | 184,396,352 |
| Reversals of allowance for other doubtful accounts | 115,079,882 | 1,407,576,483 |
| Gain on disposal of financial assets measured at FVTPL | - | 57,303,548 |
| Gain on valuation of financial assets measured at FVTPL | 4,542,008,694 | 10,655,137,229 |
| Gain on transactions of derivatives | - | 25,511,303,409 |
| Gain on valuation of derivatives | 62,644,698,831 | 15,804,813,678 |
| Gain on valuation of equity method | - | (5,336,018) |
| Reversals of loss on valuation of inventories | 5,370,478,743 | 2,076,866,982 |
| Reversal of provision | - | 36,347,643,768 |
| Gain on disposal of associates, and joint ventures | 1,078,417,402 | 1,987,282,780 |
| Bargain purchase gain | - | 443,266,100 |
| Others | 253,976,642 | - |
| | (129,985,671,431) | (178,524,405,016) |
| **Changes in operating assets and liabilities:** | | |
| Trade receivables | (31,352,021,854) | (158,691,619,104) |
| Other receivables | (9,216,963,655) | (6,136,267,090) |
| Derivative assets/liabilities | (60,420,714,713) | (93,352,436,567) |
| Contract assets | (88,753,066,354) | (25,943,022,894) |
| Other current assets | (25,404,344,235) | 25,979,851,977 |
| Inventories | (75,332,021,799) | 76,544,065,771 |
| Long-term other receivables | (183,849,900) | 170,130,459 |

(continued)

LS ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | Korean won | |
|---|---|---|
| | Year ended December 31, 2025 | Year ended December 31, 2024 |
| Other non-current assets | ₩ 3,018,166,842 | ₩ (2,036,342,911) |
| Trade payables | 39,489,067,276 | (19,132,877,496) |
| Other payables | 37,853,622,131 | 23,014,507,891 |
| Contract liabilities | 58,634,917,078 | 18,161,818,269 |
| Other current liabilities | 11,658,821,533 | (55,439,964,798) |
| Current provisions | (12,961,534,372) | (604,727,642) |
| Net defined benefit liabilities | (25,150,944,371) | (18,300,478,920) |
| Long-term other liabilities | 4,654,557,095 | 6,667,796,805 |
| Other non-current liabilities | (1,038,147,467) | 1,894,217,289 |
| Provisions | (669,050,000) | - |
| Overseas operations translation | - | 1,866,100,772 |
| Other operating assets and liabilities | (220,838,540) | - |
| | (175,394,345,305) | (225,339,248,189) |
| Interest income received | 16,657,354,196 | 20,794,907,098 |
| Dividend income received | 2,029,290,938 | 1,711,478,984 |
| Income taxes refund | - | 52,548,639 |
| Interest expenses paid | 51,882,100,351 | 45,681,605,652 |
| Income taxes paid | 145,317,012,216 | 113,128,103,413 |
| Net cash provided by continuing operating activities | 299,948,385,888 | 230,324,460,611 |
| **Discontinued operations** | - | (177,538,482) |
| Net cash provided by operating activities | 299,948,385,888 | 230,146,922,129 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| **Continuing operations:** | | |
| **Cash inflows from investing activities:** | | |
| Decrease in financial institution deposits | 41,307,000,969 | 31,098,139,276 |
| Decrease in other receivables | 1,828,270,446 | 2,545,301,618 |
| Disposal of current financial assets measured at FVTPL | - | 3,091,575,548 |
| Decrease in long-term other receivables | 5,119,030,689 | 4,528,200,278 |
| Disposal of non-current financial assets measured at FVTPL | 1,033,839,716 | 11,763,375,128 |
| Disposal of non-current financial assets measured at FVOCI | - | 4,900,389,808 |
| Disposal of current derivative assets/liabilities | - | 121,992,867 |
| Disposal of property, plant and equipment | 616,388,349 | 1,435,068,247 |
| Disposal of intangible assets | 359,281,617 | 277,272,727 |
| Receipt of government grants | 144,933,393 | - |
| Disposal of subsidiaries, associates, and joint ventures | 1,965,630,827 | 2,807,850,000 |
| | 52,374,376,006 | 62,569,165,497 |
| **Cash outflows from investing activities:** | | |
| Acquisition of financial institution deposits | 38,721,599,426 | 29,931,040,080 |
| Increase in other receivables | 1,334,859,148 | 2,832,982,800 |
| Acquisition of long-term financial institution deposits | 370,074,612 | 609,730,656 |
| Increase in long-term other receivables | 9,590,932,545 | 4,834,722,333 |
| Acquisition of current financial assets measured at FVTPL | - | 33,000,000,000 |
| Acquisition of non-current financial assets measured at FVTPL | 23,998,867,032 | 20,005,865,299 |
| Acquisition of non-current financial assets measured at FVTOCI | 369,612,856 | 152,532,000 |
| Acquisition of associates and joint ventures | 15,028,397,704 | 291,576,120 |
| Acquisition of property, plant and equipment | 200,850,433,496 | 145,243,521,908 |
| Acquisition of intangible assets | 8,716,133,787 | 6,360,666,242 |
| Acquisition of investment properties | - | 3,493,274,478 |
| Increase in other non-current assets | 3,132,910,525 | 3,085,447,356 |
| Net increase in cash resulting from business combination | - | 68,551,198,023 |
| | (302,113,821,131) | (318,392,557,295) |
| **Discontinued operations** | - | 26,700,000 |
| Net cash used in investing activities | (249,739,445,125) | (255,796,691,798) |

(continued)

LS ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | Korean won | |
|---|---|---|
| | Year ended December 31, 2025 | Year ended December 31, 2024 |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| **Continuing operations:** | | |
| **Cash inflows from financing activities:** | | |
| Proceeds from short-term borrowings | ₩ 407,936,035,663 | ₩ 515,049,436,447 |
| Proceeds from long-term borrowings | 473,565,535,000 | 240,104,236,837 |
| Cash inflows from consolidated capital transactions | 27,163,830 | 795,723,663 |
| Disposal of treasury shares | - | 63,391,363,750 |
| Increase in other non-current liabilities | 5,000,000 | - |
| Continuing operations | 881,533,734,493 | 819,340,760,697 |
| **Cash outflows from financing activities:** | | |
| Payment of dividends | 87,399,833,619 | 82,801,912,022 |
| Repayment of short-term borrowings | 483,171,772,528 | 488,269,542,011 |
| Repayment of current lease liabilities | 25,929,187,983 | 23,963,554,233 |
| Repayment of current portion of long-term borrowings | 222,632,935,000 | 140,440,000,000 |
| Repayment of long-term borrowings | 3,294,823,800 | 1,659,404,000 |
| Cash outflows for consolidated capital transactions | - | 9,476,800 |
| Decrease in other non-current liabilities | 15,000,000 | - |
| Others | 76,978,500 | 155,204,169 |
| | (822,520,531,430) | (737,299,093,235) |
| **Discontinued operations** | - | - |
| Net cash provided by financing activities | 59,013,203,063 | 82,041,667,462 |
| Net increase in cash and cash equivalents | 109,222,143,826 | 56,391,897,793 |
| Cash and cash equivalents at beginning of year | 660,104,319,206 | 583,925,062,424 |
| Effect of exchange rate changes on cash and cash equivalents | (6,609,759,031) | 19,787,358,989 |
| Cash and cash equivalents at end of year | ₩ 762,716,704,001 | ₩ 660,104,319,206 |

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

## 1. GENERAL:

LS ELECTRIC CO., LTD. (the "Company"), the parent company in accordance with Korean International Financial Reporting Standards ("K-IFRSs") 1110, *Consolidated Financial Statements*, was incorporated on July 24, 1974 to manufacture. Sale and maintain electronic instruments, copper pipes and automatic machinery, and operate plants located in Cheongju-si, Chungcheongbuk-do, Cheonan-si, Chungcheongnam-do and Busan. The Company listed its common shares on the Korean Stock Exchange in July 1994.

On July 1, 2008, the Company's largest shareholder, LS Cable & System Ltd., split into LS Corp., LS Cable & System Ltd. and LS Mtron Co., Ltd. As a result, LS Corp. became the largest shareholder of the Company and its subsidiaries (the "Group") and holds a 48.46% share of the Company as of December 31, 2025.

Meanwhile, On April 1, 2010, the Company spun off its metal pipe division to establish LS Metal Co., Ltd. In addition, on April 1, 2022, the Company conducted a corporate spin-off of its EV Relay business division and thereby established LS e-Mobility Solutions Co., Ltd.

The Company changed its name from LS IS CO., Ltd. to LS ELECTRIC CO., LTD. in March 2020.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES:

(1) Basis of Preparation

The Group has prepared the consolidated financial statements in accordance with the K-IFRSs.

The principal accounting policies are set out below. Except for the effect of the Amendments to K-IFRSs and new interpretations set out below, the principal accounting policies used to prepare the consolidated financial statements as of and for the year ended December 31, 2025, are consistent with the accounting policies used to prepare the consolidated financial statements as of and for the year ended December 31, 2024.

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for certain non-current assets and financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is based on the fair value of the consideration given.

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going-concern basis of accounting in preparing the consolidated financial statements.

1) New and amended standards and interpretations adopted by the Group

The Group has newly applied the following amended standards and interpretations effective for the annual reporting period beginning on January 1, 2025, and the amendments to these standards and interpretations do not have any material impact on the Group's financial statements.

Amendments to K-IFRS 1021 *The Effects of Changes in Foreign Exchange Rates* and K-IFRS 1101 *First-Time Adoption of Korean International Financial Reporting Standards – Lack of Exchangeability*

The amendments to Korean Accounting Standards No. 1021 *"Effects of Changes in Foreign Exchange Rates"* and No. 1101 *"First-time Adoption of Korean International Financial Reporting Standards"* require an assessment of the exchangeability with other currencies and, when exchangeability is lacking, an estimate of the spot exchange rate. These amendments are intended to help users of financial statements understand the risks and impacts that entities are exposed to when a currency lacks exchangeability with other currencies.

2) New and amended standard, and interpretations not yet adopted by the Group

The following are the standards and interpretations that have been issued and announced but are not yet effective for annual reporting periods beginning on or after January 1, 2025, and that the Group has not early adopted.

Amendments to K-IFRS 1107 *Financial Instruments: Disclosures* and K-IFRS 1109 *Financial Instruments*

These amendments clarify the criteria for assessing whether contractual cash flows are solely payments of principal and interest when evaluating the contractual cash flow characteristics, and introduce additional disclosure requirements regarding fair value changes and realized gains or losses by type of equity investments measured at fair value through other comprehensive income (FVOCI). In addition, a new condition has been added that allows a financial liability to be derecognized before the settlement date when it is settled in cash through an electronic payment system.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, and early application is permitted.

K-IFRS Annual Improvements

These annual improvement amend certain provisions of the standards listed below with the aim of enhancing and consistency in financial reporting .

① K-IFRS 1007 'Statement of Cash Flows'
② K-IFRS 1101 'First-time Adoption of Korean International Financial Reporting Standards'
③ K-IFRS 1107 'Financial Instruments: Disclosures'
④ K-IFRS 1109 'Financial Instruments'
⑤ K-IFRS 1110 'Consolidated Financial Statements'

These amendments are effective for annual reporting periods beginning on or after January 1, 2026, and early application is permitted.

The Group considers that the above new and amended standards will not have a material impact on the consolidated financial statements.

(2) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and entities (including structured entities) controlled by the parent company (and its subsidiaries). Control is achieved where the Group 1) has the power over the investee; 2) is exposed, or has rights, to variable returns from its involvement with the investee; and 3) has the ability to use its power to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee

unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time the decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired, or disposed of, during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at either 1) fair value or 2) at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition, plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable K-IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS 1109 Financial Instruments, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

(3) Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results of operations and financial position of each group entity are expressed in Korean won, which is the functional currency of the entity and the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements of the Group's entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

- exchange differences on foreign currency borrowings related to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Korean won using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period; in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests, as appropriate).

On the disposal of a foreign operation (i.e., disposal of the Group's entire interest in a foreign operation or disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences with respect to that operation attributable to the Company are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognized, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e., no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests in equity and is not recognized in profit or loss. For all other partial disposals (i.e., of associates or joint ventures not involving a change in accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

(4) Cash and cash equivalents

In the consolidated statements of financial position, cash and bank balances comprise cash (i.e., cash on hand and demand deposits) and cash equivalents. Cash equivalents are short term (generally with an original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank balances for which the Group's use is subject to third-party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting the use of bank balances are disclosed in Note 35.(2). If the contractual restrictions on the use of cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the consolidated statements of financial position.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts that are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statements of financial position.

(5) Financial instruments

Financial assets and financial liabilities are recognized in the Group's consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

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

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

1) Classification of financial assets

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets other than those above are measured subsequently at FVTPL.

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

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

1-1) Amortized cost and effective interest method

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

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus the principal repayments, plus the cumulative amortization, using the effective interest method, of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognized in profit or loss and presented as financial income(see Note 28).

1-2) Debt instruments classified as at FVTOCI

The debt instruments are initially measured at fair value, plus transaction costs. Subsequently, changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses, impairment gains or losses and interest income calculated using the effective interest method are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these debt instruments had been measured at amortized cost. All other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and accumulated under the heading of investments' revaluation reserve. When these debt instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

1-3) Equity instruments designated as at FVTOCI

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

A financial asset is held for trading if:

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

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

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with K-IFRS 1109, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'financial income' line item (see Note 28) in profit or loss.

1-4) Financial assets at FVTPL

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

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (1-3) above).
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see (1-1) and (1-2) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation

eliminates or significantly reduces a measurement or recognition inconsistency (so-called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes dividends from financial asset, which are presented as 'financial income' (see Note 29). Fair value is determined in accordance with the methods described in Note 36.

2) Foreign exchange gains and losses

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

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other income' or 'other expenses' (see Note 26).
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'Other income and expenses' line item. Other exchange differences are recognized in other comprehensive income and accumulated in the valuation gains(losses) reserve.
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other income' or 'other expenses'.
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income and accumulated in the valuation gains(losses) reserve.

3) Impairment of financial assets

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

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

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4) Derecognition of financial assets

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

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument, which the Group has elected on initial recognition to measure at FVTOCI,

the cumulative gain or loss previously accumulated in the investments' revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(6) Inventories

Except for goods in transit to which the specific identification method is applied, the cost is determined using the weighted-average method. The acquisition cost of inventories includes the purchase cost, conversion costs, and other costs necessary to bring the inventories to a condition suitable for use. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of further completion and the costs necessary to make the sale.

(7) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence, which is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale; in which case, it is accounted for in accordance with K-IFRS 1105. Under the equity method, an investment in an associate or a joint venture is recognized initially in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of K-IFRS 1028 Investments in Associates are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS 1036 as a single asset by comparing its recoverable amount (higher of value in use and fair value, less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with K-IFRS 1109. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the

gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture, but the Group continues to use the equity method, it reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest, if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, the Group applies K-IFRS 1105 to a portion of investment in an associate or a joint venture that meets the criteria to be classified as held for sale.
The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement of fair value upon such changes in ownership interests.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies K-IFRS 1109, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying K-IFRS 1109 to long-term interests, the Group does not take into account adjustments to their carrying amount required by K-IFRS 1028 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with K-IFRS 1028).

(8) Interests in joint operations

A joint operation is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group, as a joint operator, recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses related to its interest in a joint operation in accordance with the K-IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting these transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which it is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

(9) Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or groups of CGUs) that are expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently, if there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any

impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill resulting from the acquisition of an associate is described in Note 2. (8).

(10) Property, plant and equipment

The Group does not depreciate land and some other tangible assets. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

| | Estimated useful lives (years) |
|---|---|
| Buildings | 10–40 |
| Structures | 20–40 |
| Machinery | 10–20 |
| Vehicles | 5 |
| Tools and equipment | 5 |
| Furniture and fixtures | 5 |

(11) Intangible assets

1) Intangible assets acquired separately

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

2) Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

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

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

3) Intangible assets acquired in a business combination

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

4) Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortized on a straight-line basis over their estimated useful lives.

(12) Financial liabilities and equity instruments

1) Classification of financial liabilities and equity

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

2) Equity instruments

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

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

3) Compound Financial Instruments

The compound financial instruments issued by the consolidated entity are convertible redeemable preferred stock liabilities that can be converted into equity instruments at the holder's option. The embedded equity conversion feature of these compound financial instruments is not closely related to the host contract and, therefore, is recognized separately as a derivative (such as the conversion option).

At initial recognition, the carrying amount of the host contract is recognized as the amount after deducting the fair value of the derivative (such as the conversion option) and it is measured at amortized cost. The derivative (such as the conversion option) is initially recognized at fair value and subsequently remeasured at fair value at the end of each reporting period.

4) Financial liabilities

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

5) Financial liabilities measured at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities represent contingent consideration in a business combination, are held for trading, or are designated as at FVTPL.

A financial liability is classified as held for trading if:

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

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

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

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy).

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

6) Financial liabilities measured subsequently at amortized cost

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

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

7) Financial guarantee contracts

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

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

- The amount of the loss allowance determined in accordance with K-IFRS 1109 (see financial assets above); and
- The amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out above.

8) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'other income and expenses' line item in profit or loss (see Note 27) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as hedging instruments for a hedge of foreign currency risk foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

9) Derecognition of financial liabilities

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

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

(13) Leases

1) The Group as lessee

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line item in the consolidated statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost, less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under K-IFRS 1037. To the extent that the costs related to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the consolidated statements of financial position.

The Company applies K-IFRS 1036 *Impairment of Assets* to determine whether its right-of-use assets are impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, K-IFRS 1116 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

2) The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from an operating lease is recognized as income on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on the same basis as rental income over the lease term. Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of K-IFRS 1109, recognizing an allowance for ECLs on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets, for which interest income is calculated with reference to their amortized cost (i.e., after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies K-IFRS 1115 to allocate the consideration under the contract to each component.

(14) Derivatives

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

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

1) Embedded derivative

Derivatives embedded in host contracts, which are not derivatives, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, separate financial instruments with the same conditions as embedded derivatives meet the definition of derivatives and the hybrid instruments are not measured at FVTPL.

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

2) Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

3) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the consolidated statements of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship; when the hedging instrument expires or is sold, terminated or exercised; or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

4) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the 'Other gains and losses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss in the same line of the consolidated statements of comprehensive income as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship; when the hedging instrument expires or is sold, terminated or exercised; or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

(15) Retirement benefit expenses

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. In the case of defined benefit retirement benefit plans, the defined benefit obligation is measured at the end of each reporting period by an independent actuary using the projected unit credit method.

(16) Government grants

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

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

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

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

(17) Revenue recognition

The Group recognizes revenue from the following major sources:

- Sale of goods: Independent sale of goods that are not incidental to the service.
- Construction Contract: Installation and maintenance of electrical equipment and systems and automation equipment and systems. The provision of incidental goods to perform such services is also included.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

1) Sale of goods – Electrical equipment and systems, automation equipment and systems and metal pipe, etc.

Revenue is recognized when the control of the goods is transferred, being at the point the customer receives the manufactured goods and merchandises. Based on accumulated previous experience, revenue is recognized as the net amount estimated at the time of sale, less than quantity rebates and trade discounts. Also, the Group recognizes provision for sales warranty for estimated returns amount due to goods defects.

Sales-related warranties associated with goods cannot be purchased separately, and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with K-IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*.

2) Construction contract

The tasks that are developed to suit the customer's characteristics are recognized as revenue over time because the assets the Group has created do not have an alternative use to themselves, and they have the right to enforceable payment for performance completed. Therefore, revenue from construction contracts is recognized over time on a cost-based input method (i.e., based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs). The directors consider that this input method is an appropriate measure of the progress toward complete satisfaction of these performance obligations under K-IFRS 1115.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that are probable to be recovered. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is issued an invoice for the related milestone payment. The Group will recognize a contract asset for any work performed. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognized to date under the cost-based input method, then the Group recognizes a contract liability for the difference amounts received before the related work is performed, which are included in the consolidated statements of financial position as a contract liability.

The Group estimates an amount of variable consideration using the expected value or the most likely amount, depending on which method the entity expects to better predict the amount of consideration to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. A refund liability is measured at the amount of consideration received (or receivable) to which the entity does not expect to be entitled.

In addition, the Group generally allocates the transaction price to all performance obligations in proportion to the relative stand-alone selling prices of the goods or services underlying each of those performance obligations at contract inception. To determine the stand-alone selling price of the distinct good or service underlying each performance obligation in the contract, the Group generally applies ‘Adjusted market assessment approach’ and, with exceptional cases, applies expected cost, plus a margin approach an entity could forecast its expected costs of satisfying a performance obligation and then add an appropriate margin for that good or service.

(18) Accounting Treatment related to the Emission Rights Cap and Trade Scheme

The Group accounts for the greenhouse gas emission rights and emission liabilities arising from the enforcement of the Act on the Allocation And Trading Of Greenhouse-gas Emission Permits as follows:

1) Emission rights allowances

Emission rights allowances consist of emission rights allowances allocated by the government free of charge and the purchased allowances. Emission rights allowances are measured at cost, which the Group paid to purchase by adding other costs that are normally incurred and are directly attributable to the acquisition.

The Group classifies the emission rights allowances held to settle obligations as intangible assets and the emission rights held to take short-term trading profit as current assets. The amounts of emission rights classified as intangible assets are carried at cost, less accumulated impairment losses, after initial recognition. Emission rights allowances classified as current assets are remeasured to fair value at the end of each reporting period, with changes in fair value recognized in profit or loss. Emission rights allowances are derecognized upon submission, disposal or when no future economic benefits are expected from use.

2) Emissions liabilities

Emission liabilities are the present obligation of the Group to submit emission rights to the government and are recognized when it is probable to transfer the economic benefit to settle the obligation and a reliable estimate can be made of the amount of the obligation. Emission liabilities are measured by adding the carrying amount of allowances held for the relevant performance year to be submitted to the government and the expenditure expected to meet the emission obligations in excess of the number of allowances held. Emission liabilities are derecognized when they are submitted to the government.

(19) Investment properties

Investment property is initially measured at cost, including transaction costs incurred upon acquisition, and is subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

While land is not depreciated, all other investment property is depreciated based on the respective assets' estimated useful lives ranging from 10–40 years using the straight-line method.

## 3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision, and in future periods if the revision affects both current and future periods.

The following are the critical judgments, other than those involving estimations, that management has made in applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

(1) Uncertainties related to estimation of total contract revenue

Total contract revenue, despite that it is measured by the contract price agreed at first, is affected by a variety of uncertainties that depend on the outcome of future events due to potential modifications of the contract. The Group classifies to contract revenue when customers are likely to approve the change in the contract revenue according to the change in contract conditions, and when the amount of revenue can be reliably measured.

(2) Uncertainties related to estimation of total contract cost

Contract revenue is subject to the stage of completion of construction contract, measured by cumulative contract costs incurred, and the total contract cost is estimated based on future forecasts for costs of materials, labor and project periods. The Group, on a regular basis, examines changes in estimated total contract cost and reflects these changes in calculating the stage of completion as of the end of reporting period.

(3) Calculation of loss allowance

In measuring ECLs, the Group uses reasonable and supportable forward-looking information; such information is based on assumptions about the future fluctuations of different economic variables and how such variables affect with each other. The default loss rate is an estimate of the amount of loss when a default occurs. This is based on the difference between the contractual cash flow and the cash flow expected to be received by the creditor and takes into account the cash flow associated with collateral and credit enhancement. The probability of default is a key input variable for measuring ECLs. The probability of default is an estimation of the likelihood of default over a given time horizon with past information, assumptions and expectations about future circumstances. Details of the loss allowance for trade and other receivables are in Note 6, and details of the loss allowance for contract assets are in Note 19.

(4) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value-in-use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at the end of the period is ₩85,665 million. Details of the goodwill are explained in Note 12.

(5) Provisions

Provisions for sales warranties are recognized upon sale of the related products and are estimated using historical warranty data and probability-weighted outcomes.

Provisions for construction warranties are recognized over the construction period based on estimated obligations arising during the contractually specified defect-liability period.

If the estimated total contract costs exceed total contract revenue, the expected loss on the unperformed portion of the contract is recognized as a provision for losses on construction contracts.

Provisions for environmental restoration are recognized when contamination occurs, in accordance with the Group's environmental policies and legal requirements.

## 4. OPERATING SEGMENT:

(1) The Group divides its operating segments based on the nature of products sold and/or services rendered to be reported to the chief operating decision maker. Each segment is the measure reported for primary segment information, and the accounting policy of each segment is the same as the one described in the material accounting policies.

(2) Details of revenue and profit (loss) before income tax expenses for each business sector for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Revenue | | Profit (loss) before income tax expenses | |
|---|---|---|---|---|
| Operating segment | Year ended December 31, 2025 | Year ended December 31, 2024 | Year ended December 31, 2025 | Year ended December 31, 2024 |
| Electricity | ₩ 5,023,408 | ₩ 4,067,572 | ₩ 404,087 | ₩ 358,467 |
| Automation | 579,190 | 590,160 | 9,919 | 7,968 |
| Metal pipe | 643,469 | 617,768 | 8,557 | 10,625 |
| IT | 136,933 | 117,110 | 6,574 | 6,451 |
| Subtotal | 6,383,000 | 5,392,610 | 429,137 | 383,511 |
| Other income | - | - | 291,505 | 176,386 |
| Other expenses | - | - | (252,423) | (212,280) |
| Financial income | - | - | 29,266 | 39,323 |
| Financial expenses | - | - | (60,130) | (55,346) |
| Gain on valuation of equity method | - | - | (420) | (59) |
| Other non-operating expenses | - | - | (24,135) | (4,374) |
| Consolidation adjustments | (1,417,201) | (840,773) | (2,730) | 6,206 |
| Total | ₩ 4,965,799 | ₩ 4,551,837 | ₩ 410,070 | ₩ 333,367 |

Segment profit from each segment is reported without distributing other income, other expenses, financial income, financial expenses, gain (loss) on valuation of equity method and other non-operating expenses. Segment profit is a reporting measurement to the chief operating decision maker to allocate resources and assess performance.

(3) Assets by reportable segments of the Group as of December 31, 2024 and 2025, are as follows (Unit: Korean won in millions):

| Operating segment | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Electricity | ₩ 2,825,352 | ₩ 2,428,778 |
| Automation | 514,209 | 306,731 |
| Metal pipe | 332,277 | 336,609 |
| IT | 75,310 | 70,152 |
| Subtotal | 3,747,148 | 3,142,270 |
| Common segment and consolidation adjustments (*) | 1,209,532 | 1,342,927 |
| Total | ₩ 4,956,680 | ₩ 4,485,197 |

(*) The common segment comprises research and development activities, the supporting function and other operating segment that do not meet the criteria for reportable segment. Consolidation adjustments are elimination of internal transactions between assets for each business sector.

For the purpose of managing segment performance and allocating resources by chief operating decision maker:

- All assets are distributed to segments, except for investments in associates; financial assets measured at FVTPL; financial assets measured at FVTOCI; financial assets measured at amortized cost; current tax assets; and deferred tax assets.
- Liabilities for each operating segment are not disclosed, since they are not reported to the chief operating decision maker on a regular basis.

(4) Details of regional revenue before elimination of internal transactions for the years ended December 31, 2025 and 2024, and non-current assets of reporting segments of the Group as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Sales (*2) | | Non-current assets (*1)(*2) | |
|---|---|---|---|---|
| By region | Year ended December 31, 2025 | Year ended December 31, 2024 | December 31, 2025 | December 31, 2024 |
| Korea | ₩ 2,724,089 | ₩ 2,476,073 | ₩ 935,603 | ₩ 845,731 |
| China | 293,417 | 277,456 | 22,714 | 32,795 |
| Others in Asia | 993,050 | 881,570 | 69,447 | 105,524 |
| North America | 1,879,090 | 1,300,149 | 91,238 | 32,997 |
| Europe | 385,577 | 356,512 | 227 | 278 |
| Others | 107,777 | 100,850 | - | - |
| | ₩ 6,383,000 | ₩ 5,392,610 | ₩ 1,119,229 | ₩ 1,017,325 |

(*1) Investments in associates, financial instruments, deferred income tax assets and other financial assets are excluded.
(*2) The above financial information is the amount before intercompany eliminations.

(5) There is no customer account for more than 10% of sales.

## 5. CASH AND CASH EQUIVALENTS:

The cash and cash equivalents in the consolidated statements of cash flows are the same as the cash and cash equivalents in the consolidated statements of financial position. Details of cash and cash equivalents as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Cash on hand | ₩ 191 | ₩ 32,128 |
| Bank deposits | 762,526 | 627,976 |
| Total | ₩ 762,717 | ₩ 660,104 |

## 6. TRADE AND OTHER RECEIVABLES:

(1) Details of risk profile of trade receivables and other receivables based on the Group's provision matrix as of December 31, 2025 and 2024, are as follows. (Unit: Korean won in millions):

| | | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Trade receivables | | | Other receivables | | |
| | | Total carrying amount | ECL rate | Loss allowance | Total carrying amount | ECL rate | Loss allowance |
| Not past due | | ₩ 567,522 | 0.34% | ₩ 1,943 | ₩ 53,628 | - | ₩ - |
| Days past due | Less than six months | 294,370 | 0.49% | 1,441 | 11,880 | 15.54% | 1,846 |
| | Six months - one year | 34,755 | 5.65% | 1,964 | 5,457 | 2.65% | 145 |
| | One year - three years | 154,725 | 40.51% | 62,679 | 19,271 | 3.43% | 661 |
| | More than three years | 32,831 | 71.06% | 23,331 | 42,213 | 99.09% | 41,828 |
| | | 516,681 | | 89,415 | 78,821 | | 44,480 |
| | Total | ₩ 1,084,203 | | ₩ 91,358 | ₩ 132,449 | | ₩ 44,480 |

| | | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Trade receivables | | | Other receivables | | |
| | | Total carrying amount | ECL rate | Loss allowance | Total carrying amount | ECL rate | Loss allowance |
| Not past due | | ₩ 540,124 | 0.33% | ₩ 1,802 | ₩ 66,311 | - | ₩ - |
| Days past due | Less than six months | 299,199 | 1.43% | 4,267 | 7,664 | 8.41% | 645 |
| | Six months - one year | 133,928 | 4.20% | 5,628 | 4,348 | - | - |
| | One year - three years | 54,272 | 11.56% | 6,273 | 7,239 | 21.94% | 1,588 |
| | More than three years | 34,647 | 69.29% | 24,005 | 35,879 | 100.00% | 35,879 |
| | | 522,046 | | 40,173 | 55,130 | | 38,112 |
| | Total | ₩ 1,062,170 | | ₩ 41,975 | ₩ 121,441 | | ₩ 38,112 |

(2) Changes in the loss allowance for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | |
|---|---|---|
| | Trade receivables | Other receivables |
| Balance as of January 1, 2025 | ₩ 41,974 | ₩ 38,112 |
| Impairment loss | 50,726 | 6,261 |
| Amounts written off | (1,384) | - |
| Effect of foreign currency translation | 49 | 107 |
| Other decrease | (7) | - |
| Balance as of December 31, 2025 | ₩ 91,358 | ₩ 44,480 |

| | Year ended December 31, 2024 | |
|---|---|---|
| | Trade receivables | Other receivables |
| Balance as of January 1, 2024 | ₩ 31,231 | ₩ 41,150 |
| Impairment loss | 9,462 | 1,226 |
| Amounts written off | (2,559) | (4,427) |
| Changes in consolidated scope | 2,622 | 30 |
| Effect of foreign currency translation | 1,141 | 133 |
| Other increase | 78 | - |
| Balance as of December 31, 2024 | ₩ 41,975 | ₩ 38,112 |

## 7. INVENTORIES:

Details of inventories as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | | |
|---|---|---|---|
| | Acquisition cost | Valuation allowance | Carrying amount |
| Finished goods | ₩ 123,511 | ₩ (6,640) | ₩ 116,871 |
| Merchandise | 59,753 | (7,186) | 52,567 |
| Semifinished goods | 20,809 | (665) | 20,144 |
| Work in progress | 40,218 | - | 40,218 |
| Raw materials | 268,432 | (25,651) | 242,781 |
| Supplies | 6,193 | (184) | 6,009 |
| Inventories in transit | 74,249 | - | 74,249 |
| Others | 51 | - | 51 |
| Total | ₩ 593,216 | ₩ (40,326) | ₩ 552,890 |

| | December 31, 2024 | | |
|---|---|---|---|
| | Acquisition cost | Valuation allowance | Carrying amount |
| Finished goods | ₩ 133,056 | ₩ (4,001) | ₩ 129,055 |
| Merchandise | 75,641 | (6,110) | 69,531 |
| Semifinished goods | 15,859 | (727) | 15,132 |
| Work in progress | 53,526 | (147) | 53,379 |
| Raw materials | 226,903 | (29,081) | 197,822 |
| Supplies | 5,022 | (187) | 4,835 |
| Inventories in transit | 40,249 | - | 40,249 |
| Others | 10 | - | 10 |
| Total | ₩ 550,266 | ₩ (40,253) | ₩ 510,013 |

The cost of inventories recognized as an expense in the current and prior periods includes ₩ 73 million and ₩9,624 million, respectively, of valuation loss on inventories.

## 8. OTHER ASSETS:

Details of other assets as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Advance payments | ₩ 16,038 | ₩ 7,134 | ₩ 15,875 | ₩ 6,240 |
| Contract costs | 127,347 | - | 127,056 | - |
| Prepaid expenses | 20,125 | 4,137 | 15,521 | 5,458 |
| Prepaid value-added tax | 29,808 | - | 19,250 | - |
| Total | ₩ 193,318 | ₩ 11,271 | ₩ 177,702 | ₩ 11,698 |

## 9. PROPERTY, PLANT AND EQUIPMENT:

(1) Details of the Group's property, plant and equipment as of December 31, 2025 and 2024, is as follows (Unit: Korean won in millions):

| | December 31, 2025 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land | Buildings | Structure | Machinery | Vehicle | Tools and equipment | Furniture and Fixtures | Construction in progress | Other assets | Total |
| Acquisition cost | ₩ 212,679 | ₩ 498,207 | ₩ 42,807 | ₩ 616,441 | ₩ 10,567 | ₩ 256,638 | ₩ 269,180 | ₩ 106,112 | ₩ 1,332 | ₩ 2,013,963 |
| Accumulated depreciation | - | (245,885) | (15,338) | (361,658) | (6,860) | (206,861) | (194,492) | - | (93) | (1,031,187) |
| Accumulated impairment | (81) | (114) | (301) | (689) | (4) | (488) | (169) | - | - | (1,846) |
| Government subsidies | - | (443) | (122) | (523) | - | (80) | (326) | - | - | (1,494) |
| Carrying amount | ₩ 212,598 | ₩ 251,765 | ₩ 27,046 | ₩ 253,571 | ₩ 3,703 | ₩ 49,209 | ₩ 74,193 | ₩ 106,112 | ₩ 1,239 | ₩ 979,436 |

| | December 31, 2024 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land | Buildings | Structure | Machinery | Vehicle | Tools and equipment | Furniture and Fixtures | Construction in progress | Other assets | Total |
| Acquisition cost | ₩ 203,578 | ₩ 468,412 | ₩ 47,912 | ₩ 536,793 | ₩ 9,811 | ₩ 241,178 | ₩ 242,801 | ₩ 72,505 | ₩ 1,344 | ₩ 1,824,334 |
| Accumulated depreciation | - | (234,203) | (13,728) | (337,597) | (5,848) | (195,618) | (174,394) | - | (73) | (961,461) |
| Accumulated impairment | (81) | (163) | (373) | (818) | - | (92) | (177) | - | - | (1,704) |
| Government subsidies | - | (152) | (2) | (245) | - | (8) | (223) | - | - | (630) |
| Carrying amount | ₩ 203,497 | ₩ 233,894 | ₩ 33,809 | ₩ 198,133 | ₩ 3,963 | ₩ 45,460 | ₩ 68,007 | ₩ 72,505 | ₩ 1,271 | ₩ 860,539 |

(2) Changes in property, plant and equipment for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land | Buildings | Structure | Machinery | Vehicle | Tools and equipment | Furniture and Fixtures | Construction in progress | Other assets | Total |
| Beginning balance | ₩ 203,497 | ₩ 233,894 | ₩ 33,809 | ₩ 198,133 | ₩ 3,963 | ₩ 45,460 | ₩ 68,007 | ₩ 72,505 | ₩ 1,271 | ₩ 860,539 |
| Acquisition | 1,261 | 18,585 | 2,813 | 23,121 | 1,128 | 15,091 | 17,754 | 123,430 | - | 203,183 |
| Disposals | - | (61) | (22) | (839) | (87) | (203) | (257) | (52) | - | (1,521) |
| Depreciation | - | (14,832) | (1,888) | (31,299) | (1,233) | (15,678) | (24,726) | - | (24) | (89,680) |
| Transfers | - | 14,199 | (7,636) | 64,850 | - | 4,991 | 12,545 | (89,879) | - | (930) |
| Government grants | - | - | - | (19) | - | - | (8) | - | - | (27) |
| Impairment loss | - | - | - | (620) | (4) | (403) | (3) | - | - | (1,030) |
| Effect of foreign currency translation | (620) | 266 | (30) | 317 | (64) | 86 | 164 | 108 | (8) | 219 |
| Others (*) | 8,460 | (286) | - | (73) | - | (135) | 717 | - | - | 8,683 |
| Ending balance | ₩ 212,598 | ₩ 251,765 | ₩ 27,046 | ₩ 253,571 | ₩ 3,703 | ₩ 49,209 | ₩ 74,193 | ₩ 106,112 | ₩ 1,239 | ₩ 979,436 |

(*) The amount represents changes in account reclassification.

| | Year ended December 31, 2024 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land | Buildings | Structure | Machinery | Vehicle | Tools and equipment | Furniture and Fixtures | Construction in progress | Other assets | Total |
| Beginning balance | ₩ 165,174 | ₩ 195,709 | ₩ 18,455 | ₩ 157,717 | ₩ 2,782 | ₩ 38,421 | ₩ 55,989 | ₩ 46,614 | ₩ 1,282 | ₩ 682,143 |
| Acquisition | 178 | 5,310 | 10,603 | 16,802 | 811 | 13,659 | 19,089 | 87,916 | - | 154,368 |
| Disposals | - | - | (38) | (1,310) | (32) | (239) | (287) | - | - | (1,906) |
| Depreciation | - | (14,992) | (1,334) | (24,459) | (978) | (14,192) | (21,046) | - | (24) | (77,025) |
| Transfers | - | 19,807 | 326 | 36,186 | 485 | 4,844 | 12,318 | (73,966) | - | - |
| Changes in consolidated scope | 37,597 | 16,012 | 1,691 | 8,850 | 825 | 493 | 1,731 | 28,257 | - | 95,456 |
| 548Effect of foreign currency translation | 548 | 3,381 | 55 | 2,807 | 70 | 424 | 179 | 668 | 13 | 8,145 |
| Others (*) | - | 8,667 | 4,051 | 1,540 | - | 2,050 | 34 | (16,984) | - | (642) |
| Ending balance | ₩ 203,497 | ₩ 233,894 | ₩ 33,809 | ₩ 198,133 | ₩ 3,963 | ₩ 45,460 | ₩ 68,007 | ₩ 72,505 | ₩ 1,271 | ₩ 860,539 |

(*) The amount represents changes in account reclassification.

(3) Component of collateral

As of December 31, 2025, the Group has provided property, plant and equipment as collateral related to long-term borrowings and short-term borrowings limited to the obligation of ₩62,681 million.

## 10. INVESTMENT PROPERTIES:

(1) Details of investment properties as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | |
|---|---|---|---|
| | Land | Buildings | Total |
| Acquisition cost | ₩ 2,778 | ₩ 5,109 | ₩ 7,887 |
| Accumulated depreciation | - | (2,365) | (2,365) |
| Carrying amount | ₩ 2,778 | ₩ 2,744 | ₩ 5,522 |

| | Year ended December 31, 2024 | | |
|---|---|---|---|
| | Land | Buildings | Total |
| Acquisition cost | ₩ 2,778 | ₩ 3,807 | ₩ 6,585 |
| Accumulated depreciation | - | (626) | (626) |
| Carrying amount | ₩ 2,778 | ₩ 3,181 | ₩ 5,959 |

(2) Changes in investment properties for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | |
|---|---|---|---|
| | Land | Buildings | Total |
| Beginning balance | ₩ 2,778 | ₩ 3,181 | ₩ 5,959 |
| Acquisition | - | - | - |
| Depreciation | - | (96) | (96) |
| Disposal | - | (637) | (637) |
| Other changes | - | 286 | 286 |
| Foreign currency translation | - | 10 | 10 |
| Ending balance | ₩ 2,778 | ₩ 2,744 | ₩ 5,522 |

| | Year ended December 31, 2024 | | |
|---|---|---|---|
| | Land | Buildings | Total |
| Beginning balance | ₩ - | ₩ - | ₩ - |
| Acquisition | 2,066 | 1,427 | 3,493 |
| Depreciation | - | (31) | (31) |
| Changes in consolidated scope | 712 | 1,785 | 2,497 |
| Ending balance | ₩ 2,778 | ₩ 3,181 | ₩ 5,959 |

(3) Details recognized in profit or loss related to investment properties for the year ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Rental income | ₩ 181 | ₩ 87 |
| Operating expenses | 165 | 31 |

(4) As of the end of the year, the fair value of investment properties does not differ materially from the carrying amount.

(5) Component of collateral

As of December 31, 2025, the Group has provided investment properties as collateral related to short-term borrowings limited to the obligation of ₩1,320 million.

## 11. INTANGIBLE ASSETS:

(1) Details of intangible assets as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Development costs | Intellectual property rights | Goodwill | Membership | Others | Total |
| Acquisition cost | ₩ 64,090 | ₩ 14,597 | ₩ 100,973 | ₩ 19,145 | ₩ 66,642 | ₩ 265,447 |
| Accumulated amortization | (29,965) | (3,346) | - | - | (28,466) | (61,777) |
| Accumulated impairment | (12,986) | (46) | (15,308) | (117) | (358) | (28,815) |
| Government grants | (11) | (11) | - | - | (118) | (140) |
| Carrying amount | ₩ 21,128 | ₩ 11,194 | ₩ 85,665 | ₩ 19,028 | ₩ 37,700 | ₩ 174,715 |

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Development costs | Intellectual property rights | Goodwill | Membership | Others | Total |
| Acquisition cost | ₩ 63,756 | ₩ 16,120 | ₩ 128,168 | ₩ 19,476 | ₩ 43,286 | ₩ 270,806 |
| Accumulated depreciation | (26,817) | (4,113) | - | - | (23,952) | (54,882) |
| Accumulated impairment | (11,953) | (46) | (15,308) | (120) | (247) | (27,674) |
| Government grants | (45) | (13) | - | - | (90) | (148) |
| Carrying amount | ₩ 24,941 | ₩ 11,948 | ₩ 112,860 | ₩ 19,356 | ₩ 18,997 | ₩ 188,102 |

(2) Changes in intangible assets for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Development costs | Industrial property rights | Goodwill | Membership | Others | Total |
| Beginning balance | ₩ 24,941 | ₩ 11,948 | ₩ 112,860 | ₩ 19,356 | ₩ 18,997 | ₩ 188,102 |
| Additions from separate acquisitions | 2,166 | 70 | - | - | 3,604 | 5,840 |
| Increase due to internal development | 1,821 | 2,076 | - | - | - | 3,897 |
| Disposals | - | (242) | - | (331) | - | (573) |
| Amortization | (7,330) | (2,663) | - | - | (5,829) | (15,822) |
| Government grants | - | - | - | - | (119) | (119) |
| Reversal of impairment loss | (470) | - | - | 3 | (112) | (579) |
| Effect of foreign currency translation | - | - | (662) | - | (350) | (1,012) |
| Transfers | - | 5 | - | - | 925 | 930 |
| Others (*) | - | - | (26,533) | - | 20,584 | (5,949) |
| Ending balance | ₩ 21,128 | ₩ 11,194 | ₩ 85,665 | ₩ 19,028 | ₩ 37,700 | ₩ 174,715 |

(*) This represents reclassification of accounts and changes arising from the fair value measurement of identifiable net assets in connection with a prior-year business combination (see Note 41).

| | Year ended December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Development costs | Industrial property rights | Goodwill | Membership | Others | Total |
| Beginning balance | ₩ 25,782 | ₩ 12,354 | ₩ 29,525 | ₩ 17,823 | ₩ 8,270 | ₩ 93,754 |
| Additions from separate acquisitions | 153 | 2 | - | 1,022 | 3,563 | 4,740 |
| Increase due to internal development | 3,146 | 2,229 | - | - | - | 5,375 |
| Disposals | - | (25) | - | (176) | (1) | (202) |
| Changes in consolidated scope | 2,581 | 64 | 89,951 | 657 | 1,332 | 94,585 |
| Amortization | (6,824) | (2,677) | - | - | (2,423) | (11,924) |
| Reversal of impairment loss | - | - | (4,785) | 30 | - | (4,755) |
| Effect of foreign currency translation | - | - | 833 | - | 297 | 1,130 |
| Transfers | 103 | - | - | - | (103) | - |
| Others (*) | - | 1 | (2,664) | - | 8,062 | 5,399 |
| Ending balance | ₩ 24,941 | ₩ 11,948 | ₩ 112,860 | ₩ 19,356 | ₩ 18,997 | ₩ 188,102 |

(*) This represents reclassification of accounts and changes arising from the fair value measurement of identifiable net assets in connection with a prior-year business combination (see Note 41).

(3) The carrying amount of goodwill allocated to CGUs as of December 31, 2025 and 2024, is as follows (Unit: Korean won in millions):

| | December 31, 2025 | | |
|---|---|---|---|
| | Acquisition cost | Accumulated impairment loss | Carrying amount |
| LS ELECTRIC Vietnam Co., Ltd. | ₩ 1,843 | ₩ - | ₩ 1,843 |
| LS ENERGY SOLUTIONS LLC | 9,522 | (9,522) | - |
| LS MECAPION CO., LTD. | 4,518 | (4,518) | - |
| LS-Sauter Co., Ltd. | 470 | - | 470 |
| AC&T SYSTEM Co., Ltd. | 7,249 | - | 7,249 |
| MCM Engineering, Inc. | 6,622 | - | 6,622 |
| PT. SYMPHOS ELECTRIC | 7,777 | - | 7,777 |
| L.FEMS Co., Ltd | 449 | - | 449 |
| CX Solution Corporation | 991 | - | 991 |
| LS Power Solution Co., Ltd. (formerly KOC Electric Co., Ltd.) | 26,735 | - | 26,735 |
| LS E&M Co., Ltd. | 3,756 | - | 3,756 |
| LS THiRA-UTECH Co., Ltd. (formerly THiRA-UTECH Co., Ltd.) | 29,773 | - | 29,773 |
| JescoEg | 1,268 | (1,268) | - |
| Total | ₩ 100,973 | ₩ (15,308) | ₩ 85,665 |

| | December 31, 2024 | | |
|---|---|---|---|
| | Acquisition cost | Accumulated impairment loss | Carrying amount |
| LS ELECTRIC Vietnam Co., Ltd. | ₩ 1,843 | ₩ - | ₩ 1,843 |
| LS ENERGY SOLUTIONS LLC | 9,522 | (9,522) | - |
| LS MECAPION CO., LTD. | 4,518 | (4,518) | - |
| LS-Sauter Co., Ltd. | 470 | - | 470 |
| AC&T SYSTEM Co., Ltd. | 7,249 | - | 7,249 |
| MCM Engineering, Inc. | 6,784 | - | 6,784 |
| PT. SYMPHOS ELECTRIC | 8,277 | - | 8,277 |
| L.FEMS Co., Ltd | 449 | - | 449 |
| CX Solution Corporation | 991 | - | 991 |
| LS Power Solution Co., Ltd. (formerly KOC Electric Co., Ltd.) | 35,461 | - | 35,461 |
| LS E&M Co., Ltd. | 3,756 | - | 3,756 |
| LS THiRA-UTECH Co., Ltd. (formerly THiRA-UTECH Co., Ltd.) | 47,580 | - | 47,580 |
| JescoEg | 1,268 | (1,268) | - |
| Total | ₩ 128,168 | ₩ (15,308) | ₩ 112,860 |

(4) Goodwill is tested for impairment annually. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted. The calculation of value in use is estimated based on the business plan for the next three or five years, which is approved by the management on the basis of past sales performance and future industrial forecasts.

The key assumptions applied to the calculation of the value in use of the major CGUs are as follows:

| | AC&T SYSTEM Co., Ltd. | MCM Engineering, Inc. | PT. SYMPHOS ELECTRIC | LS E&M Co., Ltd. | LS Power Solution Co.,Ltd. (formerly KOC Electric Co.,Ltd.) | LS THiRA-UTECH Co.,Ltd. (formerly THiRA-UTECH Co., Ltd.) |
|---|---|---|---|---|---|---|
| Discount rate | 12.67% | 12.93% | 14.56% | 14.19% | 15.54% | 11.51% |
| Growth rate | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |

(5) The results of the sensitivity analysis on the recoverable amount of major cash generating units are as follows (Unit: Korean won in millions):

1) A change in the discount rate

| | Increase (decrease) of reclaimable amount | |
|---|---|---|
| | On the rise of 0.5% | On the falls of 0.5% |
| LS THiRA-UTECH Co., Ltd. (formerly THiRA-UTECH Co., Ltd.) | ₩ (11,283) | ₩ 12,463 |
| LS Power Solution Co., Ltd. (formerly KOC Electric Co., Ltd.) | (5,705) | 6,134 |

Even if the discount rate used in the estimation is 0.5% higher than management's estimate, the consolidated entity has no amount to recognize impairment losses on the goodwill carrying amount.

2) A Change in the growth rate

| | Increase (decrease) of reclaimable amount | |
|---|---|---|
| | On the rise of 0.5% | On the falls of 0.5% |
| LS THiRA-UTECH Co., Ltd. (formerly THiRA-UTECH Co., Ltd.) | ₩ 7,818 | ₩ (7,108) |
| LS Power Solution Co., Ltd. (formerly KOC Electric Co., Ltd.) | 3,374 | (3,150) |

Even if the growth rate used in the estimation is 0.5% lower than management's estimate, the consolidated entity has no amount to recognize impairment losses on the goodwill carrying amount.

(6) The costs related to research and development for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Cost of sales | ₩ 60,045 | ₩ 64,859 |
| Selling and administrative expenses | 93,134 | 85,789 |
| Total | ₩ 153,179 | ₩ 150,648 |

## 12. LEASE:

(1) The Group as lessee

The Group leases land, buildings, vehicles, etc. Legal ownership of the leased assets is held by the lessor as collateral for the lease liabilities.

1) Details of right-of-use assets as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Land | Buildings | Structures | Machinery | Vehicles | Tools and Equipment | Total |
| Acquisition cost | ₩ 10,865 | ₩ 155,749 | ₩ 213 | ₩ 473 | ₩ 18,342 | ₩ 227 | ₩ 185,869 |
| Accumulated depreciation | (2,257) | (115,230) | (144) | (361) | (13,656) | (177) | (131,825) |
| Carrying amount | ₩ 8,608 | ₩ 40,519 | ₩ 69 | ₩ 112 | ₩ 4,686 | ₩ 50 | ₩ 54,044 |

| | December 31, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Land | Buildings | Structures | Machinery | Vehicles | Tools and Equipment | Total |
| Acquisition cost | ₩ 11,405 | ₩ 142,865 | ₩ 213 | ₩ 500 | ₩ 15,864 | ₩ 198 | ₩ 171,045 |
| Accumulated depreciation | (2,111) | (96,849) | (119) | (185) | (11,028) | (122) | (110,414) |
| Carrying amount | ₩ 9,294 | ₩ 46,016 | ₩ 94 | ₩ 315 | ₩ 4,836 | ₩ 76 | ₩ 60,631 |

2) Changes in the Group's right-of-use assets for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Land | Buildings | Structures | Machinery | Vehicles | Tools and Equipment | Total |
| Beginning balance | ₩ 9,294 | ₩ 46,016 | ₩ 94 | ₩ 315 | ₩ 4,836 | ₩ 76 | ₩ 60,631 |
| Additions | - | 6,712 | - | - | 2,923 | - | 9,635 |
| Disposal | - | (28) | - | - | (166) | - | (194) |
| Depreciation | (148) | (23,051) | (25) | (203) | (3,236) | (55) | (26,718) |
| Lease modification | - | 10,943 | - | - | 368 | 29 | 11,340 |
| Others | - | (36) | - | - | 36 | - | - |
| Effect of foreign currency translation | (538) | (37) | - | - | (75) | - | (650) |
| Ending balance | ₩ 8,608 | ₩ 40,519 | ₩ 69 | ₩ 112 | ₩ 4,686 | ₩ 50 | ₩ 54,044 |

| | Year ended December 31, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Land | Buildings | Structures | Machinery | Vehicles | Tools and Equipment | Total |
| Beginning balance | ₩ 9,025 | ₩ 51,941 | ₩ 118 | ₩ 294 | ₩ 3,937 | ₩ 108 | ₩ 65,423 |
| Additions | - | 7,467 | - | 232 | 2,801 | - | 10,500 |
| Disposal | - | (35) | - | - | (369) | - | (404) |
| Depreciation | (240) | (21,517) | (24) | (211) | (2,766) | (32) | (24,790) |
| Lease modification | - | 6,275 | - | - | 318 | - | 6,593 |
| Others | (29) | 1 | - | - | 1 | - | (27) |
| Changes in consolidated scope | - | 873 | - | - | 801 | - | 1,674 |
| Effect of foreign currency translation | 538 | 1,011 | - | - | 113 | - | 1,662 |
| Ending balance | ₩ 9,294 | ₩ 46,016 | ₩ 94 | ₩ 315 | ₩ 4,836 | ₩ 76 | ₩ 60,631 |

3) The amounts recognized in profit or loss for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Interest expense on lease liabilities | ₩ 2,298 | ₩ 2,366 |
| Expense relating to short-term leases | 1,317 | 2,300 |
| Expense relating to leases of low-value assets | 571 | 327 |

As of December 31, 2025, the Group is committed to ₩538 million for short-term leases. In addition, there is no cost equivalent to variable lease payments. The total cash outflow for leases amounts to ₩30,111 million and ₩28,955 million for the years ended December 31, 2025 and 2024, respectively.

4) Lease liabilities as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Current liabilities | ₩ 27,350 | ₩ 25,610 |
| Non-current liabilities | 19,826 | 26,999 |
| Total | ₩ 47,176 | ₩ 52,609 |

(2) The Group as lessor

The Group has office building lease contracts. Payment schedule related to the operating lease contracts as of December 31, 2025 and 2024, is as follows (Unit: Korean won in millions):

| | Company | Less than 1 year | 1 year– 5 years | Total |
|---|---|---|---|---|
| December 31, 2025 | Infineon Technologies Power Semitech Co., Ltd. and others | ₩ 800 | ₩ 2,282 | ₩ 3,082 |
| December 31, 2024 | Infineon Technologies Power Semitech Co., Ltd. and others | ₩ 1,091 | ₩ 3,701 | ₩ 4,792 |

The Group recognized the amount of ₩882 million and ₩1,122 million as rental profit related to operating lease contracts for the years ended December 31, 2025 and 2024, respectively.

## 13. INVESTMENTS IN SUBSIDIARIES:

(1) Details of investments in subsidiaries as of December 31, 2025 and 2024, is as follows:

| Companies | Major business activities | Location of incorporation | Ownership holder | Proportion of ownership interest and voting power held by the Group | | Closing date |
|---|---|---|---|---|---|---|
| | | | | December 31, 2025 | December 31, 2024 | |
| LS Metal Co., Ltd. | Copper pipes and stainless-steel pipe manufacturing and sales | Korea | The Company | 100.00% | 100.00% | December 31 |
| LS MECAPION CO., LTD. | Industrial process control equipment manufacturing and sales | Korea | The Company | 100.00% | 100.00% | December 31 |
| LS-Sauter Co., Ltd. | Machinery manufacturing and sales | Korea | The Company | 90.00% | 90.00% | December 31 |
| AC&T SYSTEM Co., Ltd. | Wired communication equipment manufacturing | Korea | The Company | 100.00% | 100.00% | December 31 |
| LS ITC Co., Ltd. | Integrated IT system advisory and construction service | Korea | The Company | 100.00% | 100.00% | December 31 |
| LS ELECTRIC (Dalian) Co., Ltd. | Electrical equipment manufacturing and sales | China | The Company | 100.00% | 100.00% | December 31 |
| LS ELECTRIC (WUXI) Co., Ltd. | Electrical equipment manufacturing and sales | China | The Company | 100.00% | 100.00% | December 31 |
| LS ELECTRIC Middle East FZE | Electronic instrument import, export and direct sales | UAE | The Company | 100.00% | 100.00% | December 31 |
| LS ELECTRIC Japan Co., Ltd. | Solar, electrical and automatic equipment sales | Japan | The Company | 99.99% | 99.99% | December 31 |
| LS ELECTRIC Europe B.V. | Sales of automatic equipment | Netherlands | The Company | 100.00% | 100.00% | December 31 |
| LS ELECTRIC America Inc. | Electrical and automatic equipment sales | USA | LS Electric Americas Holdings | 100.00% | 100.00% | December 31 |
| LS ENERGY SOLUTIONS LLC. | Electrical and automatic equipment sales | USA | LS Electric Americas Holdings | 100.00% | 100.00% | December 31 |
| LS ELECTRIC Vietnam Co., Ltd. | Electrical equipment manufacturing and sales | Vietnam | The Company | 100.00% | 100.00% | December 31 |
| LS Metal VINA LLC | Copper pipes and stainless-steel pipe manufacturing and sales | Vietnam | LS Metal Co., Ltd. | 100.00% | 100.00% | December 31 |
| LS ELECTRIC Investment (China) Co., Ltd. | Electrical and automatic equipment sales | China | The Company | 100.00% | 100.00% | December 31 |
| LS ELECTRIC INDUSTRY TRADE Co., Ltd. | Electrical and automatic equipment sales | Turkey | The Company | 100.00% | 100.00% | December 31 |
| MCM Engineering II, Inc. | Electrical equipment manufacturing | USA | LS Electric Americas Holdings | 100.00% | 100.00% | December 31 |
| LS E-MOBILITY SOLUTION Co. Ltd. | Electrical equipment manufacturing | Korea | The Company | 100.00% | 100.00% | December 31 |
| LS e-Mobility Solutions(Wuxi)CO., LTD. | Electrical equipment manufacturing | China | LS e-Mobility Solutions | 100.00% | 100.00% | December 31 |
| LS E-MOBILITY SOLUTIONS AMERICA INC. (*6) | Electrical equipment manufacturing | USA | LS e-Mobility Solutions | 100.00% | 100.00% | December 31 |
| LS ELECTRIC Americas Holdings | Investment and property rental | USA | The Company | 100.00% | 100.00% | December 31 |
| LS ELECTRIC IBERIA S.L. | Electronic and automatic equipment sales | Spain | The Company | 100.00% | 100.00% | December 31 |
| LS Electric(Lishui) Co., LTD. | Electrical equipment manufacturing | China | LS ELECTRIC Investment (China) Co., Ltd. | 51.00% | 51.00% | December 31 |
| LS e-Mobility Solutions MEXICO | Electrical equipment manufacturing | Mexico | LS e-Mobility Solutions | 100.00% | 100.00% | December 31 |
| LS Automation Solution Otomasyon Sistemleri (*13) | Automatic equipment manufacturing and sales | Turkey | The Company | 60.67% | 51.00% | December 31 |
| PT. LS ELECTRIC INDONESIA | Sales of electrical equipment | Indonesia | The Company | 100.00% | 100.00% | December 31 |
| PT. SYMPHOS ELECTRIC | Transformer manufacturing and sales equipment sales | Indonesia | PT. LS ELECTRIC INDONESIA (China) Co., Ltd.. | 50.01% | 50.01% | December 31 |
| LS Yeongjong Sky Solar Co., Ltd. | Management and operation of solar power plants | Korea | The Company | 100.00% | 100.00% | December 31 |
| ET Solar (*1) | Solar Power Generation Industry | Korea | The Company | 90.00% | 10.00% | December 31 |
| CX Solution Corporation. (*2) | the construction industry | Korea | The Company | 51.00% | 51.00% | December 31 |
| L.FEMS Co., Ltd. (*3) | Energy Saving and System Lease Project | Korea | The Company | 90.00% | 90.00% | December 31 |

| Companies | Major business activities | Location of incorporation | Ownership holder | Proportion of ownership interest and voting power held by the Group | | Closing date |
|---|---|---|---|---|---|---|
| | | | | December 31, 2025 | December 31, 2024 | |
| LS E&M Co., Ltd. (*4) | Logistics Automation System, Industrial Electric Machinery Manufacturing | Korea | The Company | 80.00% | 80.00% | December 31 |
| LS Power Solution Co., Ltd. (formerly KOC ELECTRIC CO., LTD) (*2,10) | Manufacturing of Transformers and Electrical and Electronic Equipment Systems | Korea | The Company | 51.00% | 51.00% | December 31 |
| JescoEg (*5) | SRF fuel manufacturing industry | Korea | The Company | 100.00% | 100.00% | December 31 |
| PT. PURA MAYUNGAN (*7) | Electrical control and distribution equipment industry, electrical equipment installation | Indonesia | PT. LS ELECTRIC INDONESIA Co., Ltd.. | 60.00% | 60.00% | December 31 |
| PT. PUMA ELEKTRIK NIAGA (*7) | general trade, exports, imports, services | Indonesia | PT. PURA MAYUNGAN | 99.00% | 99.00% | December 31 |
| PT. PRIMA MEGA KONTRAKTOR (*7) | Trade, Industry, Services, Transport and Agriculture | Indonesia | PT. PUMA ELEKTRIK NIAGA | 99.00% | 99.00% | December 31 |
| LS THiRA-UTECH Co., Ltd (formerly THiRA-UTECH Co., Ltd.). (*8,9,11) | Software development and supply business | Korea | The Company | 31.82% | 31.85% | December 31 |
| THiRA-ARTROBO (*8) | Manufacture of switchboard and electric automatic control panel | Korea | THIRA-UTECH CO., LTD. | 100.00% | 100.00% | December 31 |
| THiRA-Robotics. (*8,12) | Self-driving logistics robot | Korea | THIRA-UTECH CO., LTD. | 56.44% | 52.14% | December 31 |
| THiRA CORPORATION (*8) | IT consulting industry | USA | THIRA-UTECH CO., LTD. | 100.00% | 100.00% | December 31 |
| LS ELECTRIC INVESTMENT, LLC (*6) | Investment business | USA | LS ELECTRIC Americas Holdings | 100.00% | 100.00% | December 31 |

(*1) During the prior period, a new company was established with a 90% equity contribution.

(*2) During the prior period, 51% of the shares were acquired, and the company was newly consolidated as a subsidiary.

(*3) During the prior period, an additional 80% of shares were acquired, and the company was newly consolidated as a subsidiary.

(*4) During the prior period, 80% of the shares were acquired, and the company was newly consolidated as a subsidiary.

(*5) During the prior period, 100% of the shares were acquired through the enforcement of a pledge, and the company was newly consolidated as a subsidiary.

(*6) During the prior period, 100% of the shares were contributed to establish a new company.

(*7) During the prior period, 60% of the shares of PT. PURA MAYUNGAN were acquired, and the company was newly consolidated as a subsidiary.

(*8) During the prior period, 31.85% of the shares were acquired, and the company was newly consolidated as a subsidiary. Although the ownership interest is less than a majority, the company concluded that it has control, as it holds a majority of favorable seats on the board of directors—the body that directs the relevant activities—based on the shareholders' agreement, the composition of the board of directors, and historical shareholder meeting attendance rates, and is able to defend against the removal of such board seats.

(*9) During the current period, the exercise of share options resulted in a change in the company's ownership interest

(*10) During the current period, the entity changed its corporate name from KOC ELECTRIC CO., LTD. to LS Power Solution Co., Ltd.

(*11) During the current period, the entity changed its corporate name from THiRA-UTECH Co., Ltd. to LS THiRA-UTECH Co., Ltd.

(*12) During the current period, LS THiRA-UTECH Co., Ltd. participated in a rights issue and the company's ownership interest in Tira Robotics Co., Ltd. Increased

(*13) During the current period, the Group participated in a rights issue and the group's ownership interest in LS Automation Solution Otomasyon Sistemleri increased.

(2) Summary of financial position of subsidiaries as of December 31, 2025, is as follows (Unit: Korean won in millions):

| Companies | Current assets | Non-current assets | Assets | Current liabilities | Non-current liabilities | Liabilities | Equity |
|---|---|---|---|---|---|---|---|
| LS Metal Co., Ltd. (*2) | ₩ 223,584 | ₩ 108,693 | ₩ 332,277 | ₩ 94,018 | ₩ 636 | ₩ 94,654 | ₩ 237,623 |
| LS MECAPION CO., LTD. | 18,817 | 14,507 | 33,324 | 14,099 | 549 | 14,648 | 18,676 |
| LS-Sauter Co., Ltd. | 18,224 | 1,617 | 19,841 | 8,937 | 5 | 8,942 | 10,899 |
| AC&T SYSTEM Co., Ltd. | 23,687 | 7,641 | 31,328 | 2,681 | 141 | 2,822 | 28,506 |
| LS ITC Co., Ltd. | 56,018 | 19,292 | 75,310 | 37,532 | 3,890 | 41,422 | 33,888 |
| LS E-MOBILITY SOLUTION Co. Ltd. (*2) | 56,385 | 80,737 | 137,122 | 80,655 | 11,415 | 92,070 | 45,052 |
| LS ELECTRIC (Dalian) Co., Ltd. | 62,830 | 3,848 | 66,678 | 46,760 | 46 | 46,806 | 19,872 |
| LS ELECTRIC (WUXI) Co., Ltd. | 89,734 | 14,316 | 104,050 | 21,100 | 182 | 21,282 | 82,768 |
| LS ELECTRIC Investment (China) Co., Ltd. (*2) | 120,732 | 36,530 | 157,262 | 128,581 | 101 | 128,682 | 28,580 |
| LS ELECTRIC Vietnam Co., Ltd. | 76,235 | 21,007 | 97,242 | 58,032 | 779 | 58,811 | 38,431 |
| LS ELECTRIC Middle East FZE | 37,520 | 547 | 38,067 | 30,311 | 318 | 30,629 | 7,438 |
| LS ELECTRIC INDUSTRY TRADE Co., Ltd. | 41,907 | 454 | 42,361 | 40,281 | 231 | 40,512 | 1,849 |
| LS ELECTRIC Europe B.V. | 16,614 | 688 | 17,302 | 8,100 | 388 | 8,488 | 8,814 |
| LS ELECTRIC IBERIA S.L. | 46,809 | 700 | 47,509 | 42,952 | 320 | 43,272 | 4,237 |
| LS ELECTRIC Japan Co., Ltd. | 29,753 | 1,239 | 30,992 | 26,048 | 2,579 | 28,627 | 2,365 |
| LS Automation Solution Otomasyon Sistemleri | 1,285 | 109 | 1,394 | 112 | - | 112 | 1,282 |
| PT. LS ELECTRIC INDONESIA (*2) | 64,977 | 26,883 | 91,860 | 28,605 | 2,729 | 31,334 | 60,526 |
| LS ELECTRIC Americas Holdings (*2) | 699,009 | 72,024 | 771,033 | 649,931 | 4,015 | 653,946 | 117,087 |
| LS Yeongjong Sky Solar Co., Ltd. | 1,192 | 18,874 | 20,066 | 912 | 17,611 | 18,523 | 1,543 |
| ET Solar | 1,029 | 10,027 | 11,056 | 547 | 8,710 | 9,257 | 1,799 |
| CX Solution Corporation. | 3,718 | 2,311 | 6,029 | 2,354 | 911 | 3,265 | 2,764 |
| L.FEMS Co., Ltd. | 3,230 | 21,927 | 25,157 | 138 | 25,497 | 25,635 | (478) |
| LS E&M Co., Ltd. | 9,104 | 4,333 | 13,437 | 2,068 | 310 | 2,378 | 11,059 |
| LS Power Solution Co., Ltd. (formerly KOC ELECTRIC CO., LTD) | 81,203 | 89,510 | 170,713 | 59,828 | 8,791 | 68,619 | 102,094 |
| LS THiRA-UTECH Co., Ltd. (formerly THiRA-UTECH Co., Ltd.) (*2) | 44,483 | 73,218 | 117,701 | 33,019 | 8,866 | 41,885 | 75,816 |

(*1) The summarized financial information is the amount before intercompany eliminations.
(*2) Financial information based on the consolidated financial statements of intermediate parent.

(3) Summary of financial performance of subsidiaries for the year ended December 31, 2025, is as follows (Unit: Korean won in millions):

| Companies | Sales | Operating income (loss) | Net income (loss) | Other comprehensive income (loss) | Total comprehensive income (loss) |
|---|---|---|---|---|---|
| LS Metal Co., Ltd. (*2) | ₩ 643,469 | ₩ 8,557 | ₩ (1,126) | ₩ (107) | ₩ (1,233) |
| LS MECAPION CO., LTD. | 33,343 | (2,692) | (3,250) | - | (3,250) |
| LS-Sauter Co., Ltd. | 46,206 | 2,148 | 1,763 | - | 1,763 |
| AC&T SYSTEM Co., Ltd. | 20,643 | 2,068 | 2,145 | - | 2,145 |
| LS ITC Co., Ltd. | 136,933 | 6,574 | 5,265 | - | 5,265 |
| LS E-MOBILITY SOLUTION Co. Ltd. (*2) | 65,364 | (29,235) | (30,536) | 146 | (30,390) |
| LS ELECTRIC (Dalian) Co., Ltd. | 31,280 | (5,797) | (6,638) | 222 | (6,416) |
| LS ELECTRIC (WUXI) Co., Ltd. | 73,317 | (4,860) | (4,008) | 1,340 | (2,668) |
| LS ELECTRIC Investment (China) Co., Ltd. (*2) | 87,227 | (38,081) | (32,457) | (147) | (32,604) |
| LS ELECTRIC Vietnam Co., Ltd. | 194,468 | 17,721 | 12,918 | (1,610) | 11,308 |
| LS ELECTRIC Middle East FZE | 86,991 | 2,873 | 2,555 | (96) | 2,459 |
| LS ELECTRIC INDUSTRY TRADE Co., Ltd. | 47,477 | (958) | (1,518) | (689) | (2,207) |
| LS ELECTRIC Europe B.V. | 24,155 | (156) | (76) | 825 | 749 |

| Companies | Sales | Operating income (loss) | Net income (loss) | Other comprehensive income (loss) | Total comprehensive income (loss) |
|---|---|---|---|---|---|
| LS ELECTRIC IBERIA S.L. | 89,373 | 2,849 | 1,949 | 299 | 2,248 |
| LS ELECTRIC Japan Co., Ltd. | 24,213 | (991) | (1,698) | 4 | (1,694) |
| LS Automation Solution Otomasyon Sistemleri | 1,128 | (559) | (292) | (314) | (606) |
| PT. LS ELECTRIC INDONESIA (*2) | 113,777 | 15,615 | 12,038 | (5,517) | 6,521 |
| LS ELECTRIC Americas Holdings (*2) | 947,237 | 66,585 | 44,358 | (1,267) | 43,091 |
| LS Yeongjong Sky Solar Co., Ltd. | 2,089 | 786 | (86) | - | (86) |
| ET Solar | 1,490 | 755 | 177 | - | 177 |
| CX Solution Corporation. | 11,050 | 355 | 421 | - | 421 |
| L.FEMS Co., Ltd. | 2,165 | 711 | (368) | - | (368) |
| LS E&M Co., Ltd. | 20,510 | 2,887 | 1,826 | 1 | 1,827 |
| LS Power Solution Co., Ltd. (formerly KOC ELECTRIC CO., LTD) | 148,371 | 21,973 | 16,698 | - | 16,698 |
| LS THiRA-UTECH Co., Ltd. (formerly THiRA-UTECH Co., Ltd.) (*2) | 58,834 | (5,466) | (12,187) | 28,207 | 16,020 |

(*1) The summarized financial information is the amount before intercompany eliminations.
(*2) Financial information based on the consolidated financial statements of intermediate parent.

(4) Summary of cash flows of subsidiaries for the year ended December 31, 2025, is as follows (Unit: Korean won in millions):

| Companies | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Net increase in cash and cash equivalents | Cash and cash equivalents at beginning of year | Effect of exchange rate changes on cash and cash equivalents | Cash and cash equivalents at end of year |
|---|---|---|---|---|---|---|---|
| LS Metal Co., Ltd. (*2) | ₩ (41,488) | ₩ (2,746) | ₩ 16,513 | ₩ (27,721) | ₩ 32,571 | ₩ (174) | ₩ 4,676 |
| LS MECAPION CO., LTD. | 1,752 | (789) | (334) | 629 | 1,034 | (11) | 1,652 |
| LS-Sauter Co., Ltd. | 2,782 | (82) | (930) | 1,770 | 3,951 | (6) | 5,715 |
| AC&T SYSTEM Co., Ltd. | 3,711 | (3,983) | (1,117) | (1,389) | 4,634 | - | 3,245 |
| LS ITC Co., Ltd. | 9,199 | (5,730) | (2,453) | 1,016 | 9,580 | (13) | 10,583 |
| LS E-MOBILITY SOLUTION Co. Ltd. (*2) | (21,230) | (10,704) | 30,423 | (1,511) | 23,681 | (129) | 22,041 |
| LS ELECTRIC (Dalian) Co., Ltd. | 3,722 | (101) | (6,212) | (2,591) | 5,471 | 3 | 2,883 |
| LS ELECTRIC (WUXI) Co., Ltd. | 9,203 | 4,898 | (556) | 13,545 | 11,695 | 680 | 25,920 |
| LS ELECTRIC Investment (China) Co., Ltd. (*2) | 22,866 | (145) | (8,864) | 13,857 | 2,852 | 381 | 17,090 |
| LS ELECTRIC Vietnam Co., Ltd. | 35,079 | (545) | (21,903) | 12,631 | 2,047 | (133) | 14,545 |
| LS ELECTRIC Middle East FZE | 9,461 | (18) | (12,050) | (2,607) | 5,017 | (203) | 2,207 |
| LS ELECTRIC INDUSTRY TRADE Co., Ltd. | (2,104) | (1) | - | (2,105) | 3,124 | 309 | 1,328 |
| LS ELECTRIC Europe B.V. | 2,130 | (2) | (1,086) | 1,042 | 123 | 62 | 1,227 |
| LS ELECTRIC IBERIA S.L. | (7,582) | (22) | - | (7,604) | 10,021 | (943) | 1,474 |
| LS ELECTRIC Japan Co., Ltd. | (486) | (399) | 2,040 | 1,155 | 18,135 | (395) | 18,895 |
| LS Automation Solution Otomasyon Sistemleri | (475) | (21) | 228 | (268) | 816 | (141) | 407 |
| PT. LS ELECTRIC INDONESIA (*2) | 5,328 | (1,820) | (1,443) | 2,065 | 6,591 | (509) | 8,147 |
| LS ELECTRIC Americas Holdings (*2) | 135,722 | (34,897) | 1,914 | 102,739 | 55,041 | (398) | 157,382 |
| LS Yeongjong Sky Solar Co., Ltd. | 371 | (4,065) | 4,342 | 648 | 113 | - | 761 |
| ET Solar. | 723 | (585) | (446) | (308) | 1,254 | - | 946 |
| CX Solution Corporation | (506) | 54 | 500 | 48 | 883 | - | 931 |
| L.FEMS Co., Ltd. | (1,363) | (9,628) | 11,341 | 350 | 503 | - | 853 |
| LS E&M Co., Ltd. (formerly Korea E&M Co., Ltd.) | 2,049 | (346) | 377 | 2,080 | 1,052 | 18 | 3,150 |
| LS Power Solution Co., Ltd. (formerly KOC ELECTRIC CO., LTD) | 20,842 | (10,112) | (10,199) | 531 | 18,495 | (278) | 18,748 |
| LS THiRA-UTECH Co., Ltd. (formerly THiRA-UTECH Co., Ltd.) (*2) | (6,866) | 854 | (4,918) | (10,930) | 30,883 | (4) | 19,949 |

(*1) The summarized financial information is the amount before intercompany eliminations.
(*2) Financial information based on the consolidated financial statements of intermediate parent.

(5) Summary of ownership interest of non-controlling interests, financial position, financial performance and dividends that are vested to non-controlling interests is as follows (Unit: Korean won in millions):

| Companies | Equity ratio of non-controlling interests | Cumulative non-controlling interests | Net income allocated to non-controlling interests | Comprehensive income allocated to non-controlling interests | Dividends paid to non-controlling interests |
|---|---|---|---|---|---|
| LS-Sauter Co., Ltd. | 10.00% | ₩ 959 | ₩ 176 | ₩ 176 | ₩ 48 |
| ET Solar. | 10.00% | 180 | 18 | 18 | - |
| CX Solution Corporation. | 49.00% | 1,359 | 206 | 206 | - |
| L.FEMS Co., Ltd. | 10.00% | (48) | (37) | (37) | - |
| LS Automation Solution Otomasyon Sistemleri | 39.33% | 504 | (115) | (238) | - |
| PT. SYMPHOS ELECTRIC | 49.99% | 17,813 | 5,110 | 4,212 | 815 |
| LS Electric (Lishui) Co. ,LTD. | 49.00% | 4,521 | (521) | (505) | - |
| LS THiRA-UTECH Co., Ltd. (*2) (*3) | 46.96% | 36,187 | (8,813) | 4,434 | - |
| PT. PURA MAYUNGAN (*3) | 40.00% | 9,574 | 244 | (456) | 422 |

(*1) The summarized financial information is the amount before intercompany eliminations.
(*2) This is a share ratio considering put options granted to non-controlling interest.
(*3) Financial information based on the consolidated financial statements of intermediate parent.

## 14. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES:

(1) The details of associates and joint ventures as of December 31, 2025 and 2024, are as follows :

| Company | Category | Location of incorporation | Major business activities | Proportion of ownership interest and voting power held by the Group | |
|---|---|---|---|---|---|
| | | | | December 31, 2025 | December 31, 2024 |
| Kunlun_cangzhou new energy technology (*1) | Associate | China | Electrical equipment manufacturing and sales | 19.00% | 19.00% |
| KCNC (*1),(*5) | Associate | Korea | CNC R&D | 15.47% | 16.83% |
| Boxing (Wuxi) Energy Ltd. (*1) | Associate | China | Investment in solar power plants | 19.90% | 19.90% |
| SL Energy Solution | Associate | Korea | Hydrogen power generation business | 29.90% | 29.90% |
| FASTPUMP Co., Ltd. (*2) | Associate | Korea | Manufacturing of hydraulic equipment | 31.00% | 31.00% |
| EnerCrest, LLC (*3) | Joint venture | U.S.A. | Battery Energy Storage System (BESS) business development | 50.00% | - |
| Formation Labs Co., Ltd. (*4) | Associate | Korea | Application Software Development and Supply Industry | - | 40.00% |
| SAHAKO CO., LTD. (*4) | Associate | Vietnam | Electrical equipment sales | - | 30.00% |

(*1) Although the ownership interest is less than 20%, it was classified as an associate company due to significant influence, such as the authority to appoint directors.
(*2) During the prior period, it was classified as an associate company due to a business combination.
(*3) During the current period, LS ELECTRIC INVESTMENT, LLC, the group's subsidiary, made a 50% equity contribution and was newly included.
(*4) During the current period, it was disposed of and therefore excluded from the group's associates.
(*5) During the current period, the ownership interest changed due to a capital increase.

(2) Changes in investments in associates and joint ventures for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| Companies | Beginning balance | Acquisition | Gain (loss) on equity method | Changes in other equity | Foreign currency conversion adjustment | Disposal | Ending balance |
| SAHAKO CO., LTD. | ₩ 488 | ₩ - | ₩ 4 | ₩ (52) | ₩ 5 | ₩ (445) | ₩ - |
| SL Energy Solution | 4 | 595 | (48) | - | - | - | 551 |
| KCNC | 2,145 | - | (98) | - | 14 | - | 2,061 |
| Boxing (Wuxi) Energy Ltd. | 382 | - | - | - | 7 | - | 389 |
| Formation Labs Co., Ltd. | 693 | - | (226) | - | - | (467) | - |
| EnerCrest, LLC (*1) | - | 14,434 | (52) | - | 128 | - | 14,510 |
| Total | ₩ 3,712 | ₩ 15,029 | ₩ (420) | ₩ (52) | ₩ 154 | ₩ (912) | ₩ 17,511 |

(*1) During the current period, LS ELECTRIC INVESTMENT, LLC, the Company's subsidiary, made a 50% equity contribution and was newly included.

Year ended December 31, 2024

| Companies | Beginning balance | Acquisition | Gain (loss) on equity method | Changes in other equity | Foreign currency conversion adjustment | Ending balance |
|---|---|---|---|---|---|---|
| SAHAKO CO., LTD. | ₩ 447 | ₩ - | ₩ 4 | ₩ 37 | ₩ - | ₩ 488 |
| SL Energy Solution | 15 | - | (11) | - | - | 4 |
| KCNC | 2,197 | - | (52) | - | - | 2,145 |
| Boxing (Wuxi) Energy Ltd. (*1) | 65 | 291 | - | - | 26 | 382 |
| Formation Labs Co., Ltd. (*2) | - | 693 | - | - | - | 693 |
| Total | ₩ 2,724 | ₩ 984 | ₩ (59) | ₩ 37 | ₩ 26 | ₩ 3,712 |

(*1) During the prior period, LS ELECTRIC Investment (China) Co., Ltd., the Company's subsidiary, acquired additional shares.

(*2) It has been incorporated into an affiliated company due to a business combination during the prior period.

(3) Summary of financial information for associates and joint ventures for the years ended December 31, 2025 and 2024, is as follows (Unit: Korean won in millions):

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | SL Energy Solution | KCNC | Boxing (Wuxi) Energy Ltd. | EnerCrest, LLC |
| Current assets | ₩ 751 | ₩ 4,021 | ₩ 1,954 | ₩ 3,449 |
| Non-current assets | 5,406 | 12,866 | - | 12,004 |
| Total assets | 6,157 | 16,887 | 1,954 | 15,453 |
| Current liabilities | 2 | 501 | - | 64 |
| Non-current liabilities | 4,324 | 753 | - | - |
| Total liabilities | 4,326 | 1,254 | - | 64 |
| Equity | ₩ 1,831 | ₩ 15,633 | ₩ 1,954 | ₩ 15,389 |
| Revenue | ₩ - | ₩ - | ₩ - | ₩ - |
| Net income (loss) | ₩ (160) | ₩ (633) | ₩ - | ₩ (104) |
| Other comprehensive loss | - | - | - | (1) |
| Total comprehensive income (loss) | ₩ (160) | ₩ (633) | ₩ - | ₩ (105) |

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | SAHAKO CO., LTD. | SL Energy Solution | KCNC | Boxing (Wuxi) Energy Ltd. | Formation-labs |
| Current assets | ₩ 3,315 | ₩ 17 | ₩ 4,848 | ₩ 1,921 | ₩ 3,895 |
| Non-current assets | 43 | - | 10,436 | - | 937 |
| Total assets | 3,358 | 17 | 15,284 | 1,921 | 4,832 |
| Current liabilities | 1,754 | 2 | 343 | - | 1,655 |
| Non-current liabilities | - | - | 74 | | 1,343 |
| Total liabilities | 1,754 | 2 | 417 | - | 2,998 |
| Equity | ₩ 1,604 | ₩ 15 | ₩ 14,867 | ₩ 1,921 | ₩ 1,834 |
| Revenue | ₩ 2,735 | ₩ - | ₩ - | ₩ - | ₩ - |
| Net income (loss) | ₩ 11 | ₩ (34) | ₩ (311) | ₩ - | ₩ - |
| Other comprehensive loss | 125 | - | - | - | - |
| Total comprehensive income (loss) | ₩ 136 | ₩ (34) | ₩ (311) | ₩ - | ₩ - |

(4) Reconciliation from equity of investments in associate and joint venture to the carrying amount of its interest as of December 31, 2025 and 2024, is as follows (Unit: Korean won in millions):

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | SL Energy Solution | KCNC | Boxing (Wuxi) Energy Ltd. | EnerCrest, LLC |
| Equity of investee (A) | ₩ 1,831 | ₩ 15,633 | ₩ 1,954 | ₩ 15,389 |
| Percentage of ownership (B) | 29.90% | 15.47% | 19.90% | 50.00% |
| Interest in the investee (A X B) | ₩ 548 | ₩ 2,419 | ₩ 389 | ₩ 7,694 |
| Goodwill | 3 | - | - | 6,816 |
| (-) Intercompany eliminations | - | (358) | - | - |
| Ending balance | ₩ 551 | ₩ 2,061 | ₩ 389 | ₩ 14,510 |

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | SAHAKO CO., LTD. | SL Energy Solution | KCNC | Boxing (Wuxi) Energy Ltd. | Formation-labs |
| Equity of investee (A) | ₩ 1,604 | ₩ 15 | ₩ 14,867 | ₩ 1,921 | ₩ 1,834 |
| Percentage of ownership (B) | 30.00% | 29.90% | 16.83% | 19.90% | 40.00% |
| Interest in the investee (A X B) | ₩ 481 | ₩ 4 | ₩ 2,501 | ₩ 381 | ₩ 733 |
| Goodwill | 7 | - | - | - | - |
| (-) Intercompany eliminations | - | - | (356) | 1 | (40) |
| Ending balance | ₩ 488 | ₩ 4 | ₩ 2,145 | ₩ 382 | ₩ 693 |

## 15. BORROWINGS:

(1) Details of short-term borrowings as of December 31, 2025 and 2024, are as following (Unit: Korean won in millions):

| Type of borrowings | Creditor | Annual interest rate (%) | December 31, 2025 | December 31, 2024 |
|---|---|---|---|---|
| Korean currency short-term borrowings | Woori, Kookmin, Shinhan, NH Investment & Securities and others | 1.99-4.72 | ₩ 76,227 | ₩ 105,632 |
| Foreign currency short-term borrowings | SC, Citi and others | 2.40-7.50 | 219,559 | 255,789 |
| Trade receivables transferred (*) | Shinhan Bank | 4.47-4.99 | 6,407 | 19,897 |
| | Subtotal | | 302,193 | 381,318 |
| | (-) Consolidation adjustment | | - | - |
| | Total | | ₩ 302,193 | ₩ 381,318 |

(*) Recognized as borrowings caused by transferred receivables with recourse, which do not meet the derecognition conditions. The total receivables transferred are recognized as assets receivable.

(2) Details of long-term borrowings as of December 31, 2025 and 2024, are as following (Unit: Korean won in millions):

| Type of borrowings | Creditor | Redemption date | Annual interest rate (%) | December 31, 2025 | December 31, 2024 |
|---|---|---|---|---|---|
| Korean currency long-term borrowings | Kyobo Life Insurance | 2040-12-31 | 6.00 | ₩ 9,175 | ₩ 9,621 |
| Korean currency long-term borrowings | Kyobo Life Insurance | 2041-03-31 | 5.10 | 23,120 | 11,772 |
| Korean currency long-term borrowings | NH Investment & Securities | 2042-12-31 | 5.85 | 18,444 | 14,102 |
| Korean currency long-term borrowings | Busan Bank | 2026-09-15 | 2.57 | 26,000 | 26,000 |
| Korean currency long-term borrowings | Industrial Bank of Korea | 2028-11-29 | 3.51 | 411 | 1,301 |
| Korean currency long-term borrowings | IM Bank | 2027-11-28 | 5.01 | 500 | - |
| Korean currency long-term borrowings | Woori Bank | 2026-10-30 | 2.97 | 10,000 | 10,000 |
| Korean currency long-term borrowings | Export-Import Bank of Korea | 2029-12-17 | 3.04 | 61,900 | 7,600 |
| Foreign currency long-term borrowings | SBJ Bank | 2026-10-30 | 2.51 | 2,437 | - |
| Korean currency long-term borrowings | Kookmin Bank | - | - | - | 550 |
| Korean currency long-term borrowings | Shinhan Bank | - | - | - | 3,000 |
| | Current portion of long-term borrowings | | | (37,306) | (3,523) |
| | Total | | | ₩ 114,681 | ₩ 80,423 |

(3) Details of debentures as of December 31, 2025 and 2024, are as following (Unit: Korean won in millions):

| Series | Maturity | Annual interest rate (%) | December 31, 2025 | December 31, 2024 |
|---|---|---|---|---|
| Public offering: | | | | |
| 183-2nd | 2026-04-13 | 1.83 | 90,000 | 90,000 |
| 184-1st | - | - | - | 60,000 |
| 184-2nd | 2027-01-26 | 2.81 | 60,000 | 60,000 |
| 185-1st | - | - | - | 80,000 |
| 185-2nd | 2026-04-28 | 3.92 | 70,000 | 70,000 |
| 186-1st | - | - | - | 80,000 |
| 186-2nd | 2026-10-23 | 4.69 | 70,000 | 70,000 |
| 187-1st | 2027-10-04 | 3.13 | 130,000 | 130,000 |
| 187-2nd | 2029-10-04 | 3.25 | 70,000 | 70,000 |
| 188-1st | 2028-02-18 | 3.01 | 140,000 | - |
| 188-2nd | 2030-02-20 | 3.14 | 70,000 | - |
| 189-1st | 2028-10-31 | 2.88 | 90,000 | - |
| 189-2nd | 2030-10-31 | 3.12 | 100,000 | - |
| | Subtotal | | 890,000 | 710,000 |
| | Current debentures (*) | | (230,000) | (220,000) |
| | Discount on debentures | | (1,670) | (1,071) |
| | Total | | ₩ 658,330 | ₩ 488,929 |

(*) Included current portion of discounts on debentures ₩118 million and ₩167 million as of December 31, 2025 and 2024, respectively.

## 16. PROVISIONS:

Changes in provisions for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Beginning balance | Increase (Reversal) | Utilization | Effect of foreign currency translation | Ending balance | Current | Non-current |
| Provision for losses on construction contracts | ₩ 18,173 | ₩ (10,442) | ₩ - | ₩ (152) | ₩ 7,579 | ₩ 7,579 | ₩ - |
| Provision for sales warranty | 8,571 | (97) | (4) | (12) | 8,458 | 8,345 | 113 |
| Provision for construction warranty | 3,283 | 2,360 | (863) | (19) | 4,761 | 4,577 | 184 |
| Other provision (*) | 32,690 | 9,422 | (12,764) | (83) | 29,265 | 15,993 | 13,272 |
| | ₩ 62,717 | ₩ 1,243 | ₩ (13,631) | ₩ (266) | ₩ 50,063 | ₩ 36,494 | ₩ 13,569 |

(*) The used amount of ₩172 million related to the provision for remediation costs of Janghang smelter was included (see Note 34. (4)).

| | Year ended December 31, 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Beginning balance | Increase and others | Reversal and others | Changes in consolidated scope | Effect of foreign currency translation | Ending balance | Current | Non-current |
| Provision for losses on construction contracts | ₩ 34,455 | ₩ 14,736 | ₩ (32,314) | ₩ 7 | ₩ 1,289 | ₩ 18,173 | ₩ 18,173 | ₩ - |
| Provision for sales warranty | 8,826 | 2,045 | (2,343) | - | 43 | 8,571 | 8,478 | 93 |
| Provision for construction warranty | 3,649 | 630 | (1,718) | 692 | 30 | 3,283 | 3,156 | 127 |
| Other provision (*) | 12,431 | 19,842 | (749) | 609 | 557 | 32,690 | 21,518 | 11,172 |
| | ₩ 59,361 | ₩ 37,253 | ₩ (37,124) | ₩ 1,308 | ₩ 1,919 | ₩ 62,717 | ₩ 51,325 | ₩ 11,392 |

(*) The used amount of ₩172 million related to the provision for remediation costs of Janghang smelter was included (see Note 34. (4)).

## 17. RETIREMENT BENEFIT PLAN:

(1) Defined contribution plan

The Group operates a defined contribution plan for its employees. Obligation of the Group is to make payments to third-party funds, and the benefits for employees are determined by the payments made to the funds and the investment earnings from the funds. Plan assets are managed by a third party and are segregated from the Group's assets. Installments to defined contribution plans for the years ended December 31, 2025 and 2024, are ₩7,029 million and ₩4,017 million, respectively, and payable amount related to defined contribution plans as of December 31, 2025 and 2024, is ₩4,277 million and ₩3,307 million, respectively.

(2) Defined benefit plan

The Group operates a defined benefit plan for employees, and according to the plan, employees will be paid his or her average salary amount for the final three months multiplied by the number of years vested, adjusted for payment rate and others. The actuarial evaluation of plan assets and the defined benefit liability are performed by a reputable actuary using the projected unit credit method.

1) As of December 31, 2025 and 2024, amounts recognized in the consolidated statements of financial position related to retirement benefit obligation are as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Present value of defined benefit obligation | ₩ 259,193 | ₩ 254,174 |
| Fair value of plan assets | (287,297) | (288,344) |
| Net defined benefit asset | ₩ (28,104) | ₩ (34,170) |

2) Changes in net defined benefit asset for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | |
|---|---|---|---|
| | Present value of defined benefit obligation | Plan assets | Total |
| Beginning balance | ₩ 254,174 | ₩ (288,344) | ₩ (34,170) |
| Current service cost | 27,045 | - | 27,045 |
| Curtailment loss | (99) | - | (99) |
| Interest expense (income) | 9,970 | (12,495) | (2,525) |
| Subtotal | 291,090 | (300,839) | (9,749) |
| Remeasurements of the net defined benefit liability: | | | |
| Actuarial gains and losses arising from changes in demographic assumptions | (102) | - | (102) |
| Actuarial gains and losses arising from changes in financial assumptions | (2,681) | - | (2,681) |
| Differences in experience adjustments – plan liability | 7,537 | - | 7,537 |
| Return on plan assets, excluding amounts included in interest | - | 1,723 | 1,723 |
| Subtotal | 4,754 | 1,723 | 6,477 |
| Effect of changes in foreign exchange rate | (122) | 34 | (88) |
| Contributions: | | | |
| Contributions from the Company | - | (24,102) | (24,102) |
| Benefits paid from plan: | | | |
| Benefits paid | (37,110) | 35,793 | (1,317) |
| Increase due to business combination | - | - | - |
| Transfer of employees between the Company and the related companies | 1,086 | (818) | 268 |
| Others | (505) | 912 | 407 |
| Ending balance | ₩ 259,193 | ₩ (287,297) | ₩ (28,104) |

| | Year ended December 31, 2024 | | |
|---|---|---|---|
| | Present value of defined benefit obligation | Plan assets | Total |
| Beginning balance | ₩ 238,020 | ₩ (290,573) | ₩ (52,553) |
| Current service cost | 24,211 | - | 24,211 |
| Interest cost (gain) | 10,619 | (14,323) | (3,704) |
| | 272,850 | (304,896) | (32,046) |
| Remeasurements of the net defined benefit liability: | | | |
| Actuarial gains and losses arising from changes in demographic assumptions | (66) | - | (66) |
| Actuarial gains and losses arising from changes in financial assumptions | 2,496 | - | 2,496 |
| Differences in experience adjustments – plan liability | 6,696 | - | 6,696 |
| Return on plan assets, excluding amounts included in interest | - | 3,061 | 3,061 |
| | 9,126 | 3,061 | 12,187 |
| Effect of changes in foreign exchange rate | 178 | (35) | 143 |
| Contributions: | | | |
| Contributions from the Company | - | (27,876) | (27,876) |
| Benefits paid from plan: | | | |
| Benefits paid | (35,383) | 44,615 | 9,232 |
| Increase due to business combination | 7,221 | (3,832) | 3,389 |
| Transfer of employees between the Company and the related companies | 182 | 139 | 321 |
| Others | - | 480 | 480 |
| Ending balance | ₩ 254,174 | ₩ (288,344) | ₩ (34,170) |

3) Income and loss related to defined benefit plan for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Current service cost | ₩ 27,045 | ₩ 24,211 |
| Interest expense | (2,525) | (3,704) |
| Curtailment loss | (99) | - |
| Others | 912 | 480 |
| Total | ₩ 25,333 | ₩ 20,987 |

Among the total expenses incurred for the years ended December 31, 2025 and 2024, ₩ 15,146 million and ₩13,125 million, respectively, are expensed as cost of sales and others, and ₩ 10,186 million and ₩7,862 million, respectively, are expensed as selling and administrative expenses.

4) Actuarial assumptions used as of December 31, 2025 and 2024, are as follows:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Discount rate | 4.61%–5.29% | 4.18%–5.06% |
| Expected rate of salary increase | 2.00%–5.00% | 4.00%–6.00% |

5) The major categories of fair value of plan assets as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Distribution | Amounts | Distribution | Amounts |
| Retirement insurance (principal guaranteed) | 14.96% | ₩ 42,968 | 9.79% | ₩ 28,221 |
| Deposit, etc. | 85.04% | 244,329 | 90.21% | 260,123 |
| Total | 100.00% | ₩ 287,297 | 100.00% | ₩ 288,344 |

6) The sensitivity analysis of the defined benefit obligations as of December 31, 2025 and 2024, to changes in the actuarial assumption are as follows (Unit: Korean won in millions):

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Change in discount rate | ₩ (12,818) | ₩ 14,295 | ₩ (12,860) | ₩ 14,402 |
| Change in rate of salary growth | 14,236 | (13,003) | 14,329 | (13,034) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation, as it is unlikely that the change in assumptions would occur in isolation for one another as some of the assumptions may be correlated. Furthermore, in presenting the above-sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated statements of financial position.

## 18. OTHER LIABILITIES:

Details of other liabilities as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Withholdings | ₩ 12,560 | ₩ - | ₩ 15,572 | ₩ - |
| Liabilities related to government subsidy | - | 411 | - | 2,573 |
| Deferred revenue | - | 1,741 | - | - |
| Financial liabilities measured at amortized cost | - | 28,027 | - | 26,902 |
| Others | 1,321 | - | 1,314 | 90 |
| | ₩ 13,881 | ₩ 30,179 | ₩ 16,886 | ₩ 29,565 |

## 19. CONTRACT ASSETS AND CONTRACT LIABILITIES:

(1) Details of contract assets as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Construction contract | ₩ 675,854 | ₩ 566,135 |
| Less loss allowance | (4,234) | (3,361) |
| Total | ₩ 671,620 | ₩ 562,774 |

The loss allowance of contract assets is measured by lifetime ECL in accordance with the simplified approach set out in K-IFRS 1109. There are no overdue contract assets as of the end of the current year. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts of contract assets under construction contracts.

(2) Changes in loss allowance of contract assets for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | |
|---|---|---|---|
| | Unimpaired | Impaired | Total |
| Balance as of January 1, 2025 | ₩ 3,288 | ₩ 73 | ₩ 3,361 |
| Net increase in loss allowance | 865 | 8 | 873 |
| Balance as of December 31, 2025 | ₩ 4,153 | ₩ 81 | ₩ 4,234 |

| | Year ended December 31, 2024 | | |
|---|---|---|---|
| | Unimpaired | Impaired | Total |
| Balance as of January 1, 2024 | ₩ 2,137 | ₩ 68 | ₩ 2,205 |
| Net increase in loss allowance | 1,151 | 5 | 1,156 |
| Balance as of December 31, 2024 | ₩ 3,288 | ₩ 73 | ₩ 3,361 |

(3) Details of contract liabilities as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Construction contract | ₩ 349,951 | ₩ 307,053 |
| Sale of goods | 64,831 | 46,210 |
| Total | ₩ 414,782 | ₩ 353,263 |

(4) The revenues recognized related to carryforward contract liabilities for the years ended December 31, 2025 and 2024, are as follows. No revenue related to performance obligations carried out in a prior year is recognized for the years ended December 31, 2025 and 2024 (Unit: Korean won in millions).

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Construction contract | ₩ 256,822 | ₩ 265,195 |
| Sale of goods | 19,854 | 16,587 |
| Total | ₩ 276,676 | ₩ 281,782 |

(5) Changes in estimated total costs, including total contract amount, for each contract in progress recognized under the cost-based input method as of December 31, 2025, and its impact on profit and loss of current and future periods and contract assets and liabilities are as follows (Unit: Korean won in millions):

| | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Changes in total contract revenue estimated | Changes in total contract cost estimated | Effect on gain for the current year | Effect on gain for the future period | Change in contract assets | Change in contract liabilities |
| Electricity | ₩ 57,665 | ₩ (37,802) | ₩ 51,527 | ₩ 43,940 | ₩ 103,924 | ₩ (52,397) |
| Automation | (923) | (1,838) | 888 | 27 | 1,379 | (491) |

(6) Details of contracts, which are 5% or more of revenue of prior-year recognizing revenue over time based on cost-based input method, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | Contract assets (liabilities) | | Trade receivable (construction receivable) | |
| | Contract date | Contractual completion date | Percentage of completion (%) | Gross amount | Loss allowance | Gross amount | Loss allowance |
| The solar power project (Biguem) | 2021-12-24 | 2024-12-31 | 100.00% | ₩ - | ₩ - | ₩ 15,322 | ₩ 5,295 |
| Talyor FAB1 Project | 2022-11-11 | 2026-06-30 | 90.51% | 16,991 | 9 | - | - |
| Yellow Line (taiwan) | 2022-10-17 | 2034-04-30 | 1.70% | (37,330) | - | 3,099 | - |

(7) Details of ontract costs as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Contract costs | ₩ 127,347 | ₩ 127,056 |

Contract costs are related to a contract for revenue over period and consist of preorders for raw materials attributable to the project and advance payments for manufacturing consignment contracts.
These costs are recognized as cost of sales when construction is put into operation, based on the percentage of completion of the project. Contract costs of ₩81,834 million and ₩41,818 million were recognized as cost of sales for the years ended December 31, 2025 and 2024, respectively. No impairment loss is recognized for the year ended December 31, 2025, relating to contract costs converted into assets.

## 20. ISSUED CAPITAL:

Details of issued capital as of December 31, 2025, is as follows (Unit: Korean won in millions):

| Type of stock | Number of authorized shares (in shares) | Number of issued shares (in shares) | Par value (in Korean won) | Amount of issued capital |
|---|---|---|---|---|
| Common stock | 300,000,000 | 30,000,000 | ₩ 5,000 | ₩ 150,000 |

## 21. CAPITAL SURPLUS AND OTHER CAPITAL ITEMS:

(1) Details of capital surpluses as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Capital surplus: | | |
| Other capital surplus | ₩ 5,901 | ₩ 549 |
| Discount stock issuance | (14) | (14) |
| Gains on disposal of treasury stock | 51,701 | 44,879 |
| Consolidated capital surplus | (75,657) | (69,461) |
| Total | ₩ (18,069) | ₩ (24,047) |

(2) Changes in gains from the disposal of treasury stocks for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Beginning balance | ₩ 44,879 | ₩ 196 |
| Disposal of treasury stocks | 9,000 | 58,105 |
| Effect on income taxes | (2,178) | (13,422) |
| Ending balance | ₩ 51,701 | ₩ 44,879 |

(3) Details of other capital items as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Treasury stock | ₩ (9,896) | ₩ (11,305) |
| Other capital adjustments | 185 | 104 |
| Total | ₩ (9,711) | ₩ (11,201) |

(4) Changes in treasury stocks for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Number of stocks (in shares) | Book value | Number of stocks (in shares) | Book value |
| Beginning balance | 298,739 | ₩ (11,305) | 643,954 | ₩ (24,368) |
| Disposal of treasury stocks | (37,230) | 1,409 | (345,215) | 13,063 |
| Ending balance | 261,509 | (9,896) | 298,739 | (11,305) |

## 22. OTHER COMPONENTS OF EQUITY:

(1) Details of other components of equity as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Gain (loss) on valuation of investments in equity instruments designated as at FVTOCI | ₩ 6,948 | ₩ (8,260) |
| Changes in investment valuation using equity method | - | 52 |
| Loss on valuation of cash flow hedging derivatives | (29,903) | (46,795) |
| Overseas operation translation | 31,322 | 35,532 |
| Total | ₩ 8,367 | ₩ (19,471) |

(2) Changes in gain (loss) on valuation of investments in equity instruments designated as at FVTOCI for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Beginning balance | ₩ (8,260) | ₩ (8,506) |
| Gain (loss) on investments in equity instruments designated as at FVTOCI | 23,813 | (234) |
| Reclassification of cumulative gain to equity upon disposal of FVTOCI financial assets | - | 447 |
| Effect on income taxes | (8,605) | 33 |
| Ending balance | ₩ 6,948 | ₩ (8,260) |

(3) Changes in investment valuation of equity method for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Beginning balance | ₩ 52 | ₩ 15 |
| Changes in other comprehensive income | (52) | 37 |
| Ending balance | ₩ - | ₩ 52 |

(4) Changes in gain (loss) on valuation of derivatives for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Beginning balance | ₩ (46,795) | ₩ 3,834 |
| Net gain (loss) on hedging instruments entered into for cash flow hedges | 4,445 | (71,442) |
| Forward foreign exchange contracts | 5,864 | (92,737) |
| Commodity futures contracts | - | (161) |
| Income taxes by gain on valuation of cash flow hedging derivatives | (1,419) | 21,456 |
| Transfer to profit and loss (*) | 12,447 | 20,813 |
| Forward foreign exchange contracts | 16,253 | 27,214 |
| Commodity futures contracts | 161 | (145) |
| Income taxes by transfer to income | (3,967) | (6,256) |
| Ending balance | ₩ (29,903) | ₩ (46,795) |

(*) Amounts of valuation gain from derivatives that are transferred to profit and loss from equity for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Revenue | ₩ 19,215 | ₩ 23,229 |
| Advances | (2,801) | 3,840 |
| Income taxes expense | (3,967) | (6,256) |
| Total | ₩ 12,447 | ₩ 20,813 |

(5) Changes in overseas operation translation for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Beginning balance | ₩ 35,532 | ₩ 6,326 |
| Changes in overseas operation translation | (4,210) | 29,206 |
| Ending balance | ₩ 31,322 | ₩ 35,532 |

## 23. RETAINED EARNINGS AND DIVIDENDS:

(1) Changes in retained earnings for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Beginning balance | ₩ 1,743,475 | ₩ 1,596,892 |
| Profit for the period attributable to owners of the Company | 286,623 | 238,716 |
| Dividends | (86,134) | (82,197) |
| Loss on disposals of financial assets measured at FVTOCI | - | (447) |
| Remeasurements of defined benefit plans | (4,785) | (9,489) |
| Ending balance | ₩ 1,939,179 | ₩ 1,743,475 |

(2) Dividends and dividend per share for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

1) Expected amount of dividend and dividend details of parent companies are as follows:

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Number of issued shares (in shares) | 30,000,000 | 30,000,000 |
| (-) Number of treasury stock (in shares) | 261,509 | 298,739 |
| Number of dividend shares (in shares) | 29,738,491 | 29,701,261 |
| Dividend per share (in Korean won) | ₩ 3,000 | ₩ 2,900 |
| Total dividends (Korean won in millions) | ₩ 89,215 | ₩ 86,134 |

2) Expected amount of dividend and dividend details of subsidiary companies are as follows:

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| LS Sauter Co., Ltd. | ₩ 484 | ₩ 748 |
| PT. SYMPHOS ELECTRIC | 1,630 | 999 |
| LS E&M Co., Ltd. (formerly Korea E&M Co., Ltd.) | - | 400 |
| PT. PURA MAYUNGAN. | 1,054 | - |
| LS ELECTRIC Japan Co., Ltd. | 501 | - |
| Total | ₩ 3,669 | ₩ 2,147 |

(3) Changes in remeasurements of defined benefit plans for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | | Year ended December 31, 2025 | | Year ended December 31, 2024 |
|---|---|---|---|---|
| Beginning balance | ₩ | (47,013) | ₩ | (37,524) |
| Current fluctuation | | (6,493) | | (12,188) |
| Tax effect | | 1,708 | | 2,699 |
| Ending balance | ₩ | (51,798) | ₩ | (47,013) |

## 24. REVENUE:

(1) Details of revenue from contracts with customers for the transfer of goods and services over time and at a point in time. Details of sales for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | | | Year ended December 31, 2025 | | Year ended December 31, 2024 |
|---|---|---|---|---|---|
| Recognized in time: | | | | | |
| Electricity | Sale of goods | ₩ | 2,828,075 | ₩ | 2,202,143 |
| | Other sales | | 27,247 | | 16,323 |
| Automation | Sale of goods | | 470,447 | | 548,823 |
| | Other sales | | 37,886 | | 5,934 |
| Metal pipe | Sale of goods | | 635,538 | | 609,832 |
| | Other sales | | 7,931 | | 7,936 |
| IT | Sale of goods | | 16,623 | | 24,927 |
| | Subtotal | | 4,023,747 | | 3,415,918 |
| Recognized over time: | | | | | |
| Electricity | Construction revenue | | 2,168,086 | | 1,849,106 |
| Automation | Construction revenue | | 70,857 | | 35,403 |
| IT | Construction revenue | | 120,310 | | 92,183 |
| | Subtotal | | 2,359,253 | | 1,976,692 |
| Consolidation adjustments | | | (1,417,201) | | (840,773) |
| Total | | ₩ | 4,965,799 | ₩ | 4,551,837 |

(2) The transaction price allocated to (partially) unsatisfied performance obligations as of December 31, 2025 and 2024, is ₩5,276,424 million and ₩3,276,461 million, respectively.

Management expects that 58% of the transaction price allocated to the unsatisfied contracts as of December 31, 2026, will be recognized as revenue during the next reporting period (₩3,085,889 million). As for the remaining 42%, ₩1,191,290 million and ₩999,245 million will be recognized in the 2027 and 2028 financial years, respectively.

## 25. OPERATING INCOME:

(1) Major accounts and amounts to calculate operating income for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Revenue | ₩ 4,965,798 | ₩ 4,551,837 |
| Cost of sales | 3,914,425 | 3,644,246 |
| Gross profit | 1,051,373 | 907,591 |
| Selling and administrative expenses: | 624,966 | 517,874 |
| Salaries and wages | 205,418 | 178,166 |
| Retirement benefits | 10,540 | 8,998 |
| Welfare | 40,991 | 36,880 |
| Depreciation of property, plant and equipment | 17,979 | 14,083 |
| Amortization of intangible assets | 8,427 | 4,496 |
| Depreciation of right-of-use assets | 22,404 | 20,844 |
| Research and development expenses | 93,134 | 85,789 |
| Commission | 42,615 | 38,965 |
| Advertising expenses | 14,396 | 17,074 |
| Taxes and dues | 9,947 | 7,353 |
| Bad debt expenses | 53,738 | 10,616 |
| Travel expenses | 16,438 | 15,634 |
| Rental expenses | 5,723 | 5,244 |
| Freight expenses | 23,821 | 24,794 |
| Others | 59,395 | 48,938 |
| Operating income | ₩ 426,407 | ₩ 389,717 |

## 26. OTHER INCOME AND OTHER EXPENSE:

(1) Details of other income for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Rental revenue | ₩ 1,782 | ₩ 1,622 |
| Commission income | 910 | 514 |
| Gain on foreign currency transactions | 71,488 | 67,273 |
| Gain on lease transactions | 6 | 71 |
| Gain on foreign currency translation | 29,573 | 54,699 |
| Gain on disposal of property, plant and equipment | 204 | 543 |
| Gain on disposal of intangible assets | 6 | 101 |
| Reversal of loss on impairment of intangible assets | 15 | 30 |
| Gain on valuation of derivatives | 62,645 | 15,805 |
| Gain on transactions of derivatives | 109,639 | 25,511 |
| Reversal of allowance for other doubtful accounts | 115 | 1,408 |
| Miscellaneous gains | 15,122 | 8,809 |
| Total | ₩ 291,505 | ₩ 176,386 |

(2) Details of other expenses for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Loss on foreign currency transactions | ₩ 71,531 | ₩ 46,541 |
| Loss on foreign currency translation | 30,554 | 11,860 |
| Loss on lease transactions | 1 | 5 |
| Loss on disposal of property, plant and equipment | 1,102 | 975 |
| Depreciation of investment properties | 36 | 31 |
| Impairment loss on property, plant and equipment | 1,030 | - |
| Loss on disposal of intangible assets | 220 | 26 |
| Impairment loss on intangible assets | 594 | 4,786 |
| Loss on valuation of derivatives | 16,832 | 45,348 |
| Loss on transactions of derivatives | 110,006 | 92,590 |
| Other bad debt expense | 5,774 | 2,633 |
| Miscellaneous losses | 14,743 | 7,485 |
| Total | ₩ 252,423 | ₩ 212,280 |

## 27. CLASSIFICATION OF EXPENSES BY NATURE:

Details of expenses by nature for the years ended December 31, 2025 and 2024, are as following (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | | |
|---|---|---|---|---|
| Account | Changes in inventories | Selling and administrative expenses | Manufacturing expenses | Nature of expenses |
| Changes in inventories: | ₩ 37,298 | ₩ - | ₩ 547,506 | ₩ 584,804 |
| Used raw material | - | - | 2,043,899 | 2,043,899 |
| Employee benefits | - | 256,949 | 357,493 | 614,442 |
| Depreciation and amortization | - | 53,942 | 78,279 | 132,221 |
| Commission expenses | - | 42,615 | 135,348 | 177,963 |
| Freight expenses | - | 14,076 | 78,027 | 92,103 |
| Lease expenses | - | 5,723 | 8,975 | 14,698 |
| Other expenses | - | 251,661 | 627,600 | 879,261 |
| Total | ₩ 37,298 | ₩ 624,966 | ₩ 3,877,127 | ₩ 4,539,391 |

(*) The consolidated adjustments are reflected in each account.

| | Year ended December 31, 2024 | | | |
|---|---|---|---|---|
| Account | Changes in inventories | Selling and administrative expenses | Manufacturing expenses | Nature of expenses |
| Changes in inventories: | ₩ (28,044) | ₩ - | ₩ 513,301 | ₩ 485,257 |
| Used raw material | - | - | 2,011,402 | 2,011,402 |
| Employee benefits | - | 224,044 | 292,541 | 516,585 |
| Depreciation and amortization | - | 46,808 | 66,961 | 113,769 |
| Commission expenses | - | 38,965 | 90,802 | 129,767 |
| Freight expenses | - | 10,766 | 49,704 | 60,470 |
| Lease expenses | - | 5,244 | 7,108 | 12,352 |
| Other expenses | - | 192,047 | 640,471 | 832,518 |
| Total | ₩ (28,044) | ₩ 517,874 | ₩ 3,672,290 | ₩ 4,162,120 |

(*) The consolidated adjustments are reflected in each account.

## 28. FINANCIAL INCOME AND FINANCIAL EXPENSES:

(1) Details of financial income for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Interest income | ₩ 22,060 | ₩ 21,980 |
| Dividend income | 2,592 | 6,630 |
| Gain on disposal of financial assets measured at FVTPL | 72 | 57 |
| Gain on valuation of financial assets measured at FVTPL | 4,542 | 10,656 |
| Total | ₩ 29,266 | ₩ 39,323 |

(2) Details of financial expenses for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Interest expenses | ₩ 49,898 | ₩ 41,400 |
| Interest expenses on lease | 2,298 | 2,366 |
| Losses on valuation of fair value measured at FVTPL | 7,726 | 9,814 |
| Loss on disposals of financial assets measured at FVTPL | 208 | 1,765 |
| Loss on disposals of financial assets measured at FVTOCI | - | 1 |
| Total | ₩ 60,130 | ₩ 55,346 |

## 29. NET GAINS (LOSSES) ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

Net gains (losses) on financial assets and financial liabilities for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Financial assets: | | |
| Cash and cash equivalents | ₩ 3,010 | ₩ 16,093 |
| Derivative assets designated as a hedging instrument | 10,399 | (28,488) |
| Financial assets measured at FVTPL | 66,603 | (48,187) |
| Financial assets measured at FVTOCI (*) | 14,997 | (631) |
| Financial assets measured at amortized cost | (38,075) | 41,532 |
| Subtotal | 56,934 | (19,681) |
| Financial liabilities: | | |
| Derivative liabilities designated as a hedging instrument | 13,506 | (48,346) |
| Financial liabilities measured at FVTPL | (30,526) | (41,388) |
| Financial liabilities measured at amortized cost | (53,618) | (47,241) |
| Lease liabilities | (2,319) | (2,623) |
| Subtotal | (72,957) | (139,598) |
| Total | ₩ (16,023) | ₩ (159,279) |

(*) The amount is reflected on valuation that is included in other components of equity.

## 30. OTHER NON-OPERATING INCOME (EXPENSES):

Details of other non-operating income (expenses) for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Other non-operating income | ₩ 2,872 | ₩ 3,198 |
| Gains on investment disposal of subsidiaries | 1,078 | 1,987 |
| A profit from a bargain purchase | - | 444 |
| Donations | (9,678) | (1,147) |
| Other non-operating expenses | (18,408) | (8,856) |
| Total | ₩ (24,136) | ₩ (4,374) |

## 31. INCOME TAX:

(1) Details of income tax expenses for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Current income tax | ₩ 104,346 | ₩ 119,737 |
| Adjustment relating to prior-period income tax expense | 17,543 | 1,600 |
| Income tax expense (income) due to changes in temporary differences related to profit and loss | 3,925 | (30,182) |
| Beginning deferred tax assets due to temporary differences | 76,144 | 42,031 |
| Ending deferred tax assets due to temporary differences | 57,758 | 76,144 |
| Increase/decrease of deferred tax assets (liabilities) due to changes in consolidated scope | - | (574) |
| Deferred taxes charged directly to equity | (14,461) | 4,505 |
| Income tax expense | ₩ 125,814 | ₩ 91,155 |
| Income tax expense from continuing operations | 125,814 | 91,150 |
| Income tax expense from discontinued operations | - | 5 |

(2) Details of income tax charged or credited directly to equity for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Revaluation of cash flow hedging financial instruments | ₩ (5,386) | ₩ 15,200 |
| Gain (loss) on valuation of investments in equity instruments measured at FVTOCI | (8,605) | 33 |
| Remeasurement of defined benefit plans | 1,708 | 2,694 |
| Gains on the disposal of treasury stocks | (2,178) | (13,422) |
| Deferred taxes charged directly to equity | ₩ (14,461) | ₩ 4,505 |

(3) Details of relationship between income before income tax and income tax expense of the Company for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Income from continuing operations before tax | ₩ 410,070 | ₩ 333,367 |
| Income from discontinued operations before tax | - | 27 |
| Net income from continuing/discontinued operations before tax | 410,070 | 333,393 |
| Income tax expenses applied by tax rate | 118,981 | 69,593 |
| Adjustments: | 6,833 | 21,563 |
| Non-taxable income | (1,570) | (1,612) |
| Non-deductible expenses | 7,475 | 3,029 |
| Effect of tax credit and reduction | (1,353) | (3,764) |
| Adjustment relating to prior income tax expense | 17,543 | 1,600 |
| Others | (15,262) | 22,309 |
| Income tax expenses | ₩ 125,814 | ₩ 91,155 |

(4) Changes in temporary differences comprising deferred tax assets and liabilities for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | | Year ended December 31, 2025 | | |
|---|---|---|---|---|
| | Beginning balance | Charged to profit and loss | Charged to equity | Ending balance |
| Temporary differences: | | | | |
| Cash flow hedging | ₩ 11,186 | ₩ (3,977) | ₩ (5,386) | ₩ 1,823 |
| Investments in associates and joint ventures | 53 | (53) | | - |
| Property, plant and equipment | 16,136 | (2,444) | - | 13,692 |
| Intangible assets | 183 | (1,240) | - | (1,057) |
| Financial assets measured at FVTOCI | 1,593 | (860) | (8,605) | (7,872) |
| Provisions | 8,104 | 373 | - | 8,477 |
| Doubtful receivables | 11,682 | 1,809 | - | 13,491 |
| Accrued expenses | 18,114 | 5,875 | - | 23,989 |
| Government subsidies | 1,164 | (528) | - | 636 |
| Advance depreciation provision | (4,645) | (221) | - | (4,866) |
| Others | 3,467 | (2,692) | (470) | 305 |
| Subtotal | 67,037 | (3,958) | (14,461) | 48,618 |
| Tax deficit and others: | | | | |
| Tax deficit | 6,780 | 4,107 | - | 10,887 |
| Consolidation adjustment | 2,327 | (4,074) | - | (1,747) |
| Deferred tax assets | ₩ 76,144 | ₩ (3,925) | ₩ (14,461) | ₩ 57,758 |

| | Year ended December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Beginning balance | Charged to profit and loss | Charged to equity | Changes in consolidated scope | Ending balance |
| Temporary differences: | | | | | |
| Cash flow hedging | ₩ (2,204) | ₩ (1,810) | ₩ 15,200 | ₩ - | ₩ 11,186 |
| Investments in associates and joint ventures | 590 | (537) | - | - | 53 |
| Property, plant and equipment | 15,382 | 754 | - | - | 16,136 |
| Intangible assets | 715 | (532) | - | - | 183 |
| Financial assets measured at FVTOCI | 2,505 | (945) | 33 | - | 1,593 |
| Provisions | 9,454 | (1,350) | - | - | 8,104 |
| Doubtful receivables | 13,327 | (1,645) | - | - | 11,682 |
| Accrued expenses | 8,545 | 9,569 | - | - | 18,114 |
| Government subsidies | 483 | 681 | - | - | 1,164 |
| Advance depreciation provision | (4,658) | 13 | - | - | (4,645) |
| Others | (8,457) | 25,531 | (10,728) | (2,879) | 3,467 |
| Subtotal | 35,682 | 29,729 | 4,505 | (2,879) | 67,037 |
| Tax deficit and others: | | | | | |
| Tax deficit | 2,126 | 2,349 | - | 2,305 | 6,780 |
| Consolidation adjustment | 4,223 | (1,896) | - | - | 2,327 |
| Deferred tax assets | ₩ 42,031 | ₩ 30,182 | ₩ 4,505 | ₩ (574) | ₩ 76,144 |

(5) The temporary differences related to investment assets and equity interest not recognized as deferred tax assets (liabilities) as of December 31, 2025, are as follows (Unit: Korean won in millions):

| | Taxable Temporary Differences | Deductible Temporary Differences | Total |
|---|---|---|---|
| Investments in subsidiaries, etc. | ₩ (268,097) | ₩ 92,712 | ₩ (175,385) |
| Investment in associates and joint venture | (543) | 3,395 | 2,852 |

(6) According to the global minimum tax regulations, the parent company must pay additional taxes to the Republic of Korea on the profits of subsidiaries taxed at an effective tax rate of less than 15%. The Group has determined that the Pillar 2 corporate tax expense for subsidiaries located in countries where the annual effective tax rate is estimated to be less than 15% under Pillar 2 law is not material.

## 32. EARNINGS PER SHARE:

(1) Basic earnings per share are the net income attributable to one share of common stock. They are measured by dividing net income attributable to common stocks of owners of the Company during a specified period by weighted-average number of common shares issued during that period. The calculation details of the weighted-average number of common shares for the years ended December 31, 2025 and 2024, are as follows (Unit: in shares):

| | Year ended December 31, 2025 | | |
|---|---|---|---|
| | Number of shares | Weighted average | Weighted-average number of common shares |
| Number of shares as of January 1, 2025 | 29,701,261 | 86/365 | 6,998,105 |
| Disposal of treasury stocks (1st) | 29,704,551 | 179/365 | 14,567,437 |
| Disposal of treasury stocks (2nd) | 29,706,691 | 8/365 | 651,106 |
| Disposal of treasury stocks (3rd) | 29,738,481 | 22/365 | 1,792,456 |
| Disposal of treasury stocks (4th) | 29,738,491 | 70/365 | 5,703,272 |
| Total | | - | 29,712,376 |

| | Year ended December 31, 2024 | | |
|---|---|---|---|
| | Number of shares | Weighted average | Weighted-average number of common shares |
| Number of shares as of January 1, 2025 | 29,376,473 | 80/366 | 6,421,087 |
| Abolition of restricted stock units | 29,356,046 | 64/366 | 5,133,298 |
| Disposal of treasury stocks (1st) | 29,655,046 | 144/366 | 11,667,559 |
| Disposal of treasury stocks (2nd) | 29,701,261 | 78/366 | 6,329,777 |
| Total | | - | 29,551,721 |

(2) Earnings per share for the years ended December 31, 2025 and 2024, are calculated as follows (Unit: Korean won in millions, except for earnings per share):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Profit for the year attributable to common stocks of owners of the Company: | | |
| Continuing and discontinued operations | ₩ 286,623 | ₩ 238,716 |
| Continuing operations | ₩ 286,623 | ₩ 238,695 |
| Weighted-average number of common shares outstanding | 29,712,376 shares | 29,551,721 shares |
| Basic earnings per share (in Korean won): | | |
| Earnings per share from continuing and discontinued operations | ₩ 9,647 | ₩ 8,078 |
| Earnings per share from continuing operations | ₩ 9,647 | ₩ 8,077 |

## 33. RELATED-PARTY TRANSACTIONS:

(1) Details of related parties as of December 31, 2025, are as follows:

| The Company (including parent company and its associates) | Subsidiaries of parent company, associates and joint ventures, etc. (domestic) | Subsidiaries of parent company, associates and joint ventures, etc. (overseas) |
|---|---|---|
| **Parent company and its subsidiaries:** | | |
| LS Corp. | LS Cable & System Ltd., etc.<br>LS Mtron Ltd., etc.<br>LS I&D Ltd.<br>LS GLOBAL INC.<br>LS MnM Co., Ltd., etc.<br>LS E-LINK<br>Mirae Asset Global Innovative Growth Investment Association No. 1<br>LS-L&F Battery Solution Co., Ltd. | LS Cable & System (Wuxi) Co., Ltd., etc.<br>LS Machinery (Wuxi) Co., Ltd., etc.<br>Cyprus Investments, Inc., etc.<br>PRM, etc.<br>LS JAPAN |
| **Associates and joint ventures:** | | |
| LS ELECTRIC CO., LTD. (*4) | SL Energy Solution<br>KCNC (*1)<br><br>FASTPUMP Co., Ltd. (*3) | Boxing (Wuxi) Energy Ltd. (*1)<br>Kunlun Cangzhou New Energy Technology (*1)<br>EnerCrest, LLC (*2)<br>SR BESS, LLC (*2)<br>AR BESS, LLC (*2)<br>CH BESS, LLC (*2) |

(*1) Although the ownership percentage is less than 20%, it was classified as an associate company because it was determined that the entity has significant influence, such as the authority to appoint directors.
(*2) During the current period, LS ELECTRIC INVESTMENT, LLC acquired a 50% equity interest and was incorporated as a joint venture.
(*3) It is an associate of THiRA-Robotics Co., Ltd., a subsidiary of LS THiRA-UTECH Co., Ltd. (formerly THiRA-UTECH Co., Ltd.), which was newly consolidated as a subsidiary during the prior period.
(*4) During the current period, Formation Labs Co., Ltd. and SAHAKO Co., Ltd. were excluded from associates due to the disposal of their equity interests.

(2) Details of companies classified as a large enterprise group, subject to limitations on mutual investment, which are not related parties under K-IFRS 1024 paragraph 9, as of December 31, 2025, are as follows:

| The Company (including parent company and its associates) | Subsidiaries of parent company, associates and joint ventures, etc. (domestic) | Subsidiaries of parent company, associates and joint ventures, etc. (overseas) |
|---|---|---|
| **Large enterprise group subject to limitations on mutual investment, etc.:** | | |
| E1 Corporation | LS Networks Co., Ltd., etc. | E1 America LLC and others |
| INVENI Co., Ltd. (formerly YESCO Holdings Co., Ltd.) (*1) | YESCO Co., Ltd. | |

(*1) During the prior period, INVENI Co., Ltd. (formerly Yesco Holdings Co., Ltd.) sold its entire 65% stake in Hansung PC Construction Co., Ltd.

(3) Transactions between parent company and subsidiaries are eliminated in the consolidated financial statements. Details of related-party transactions for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | |
|---|---|---|---|
| | Sales of goods and services, etc. | Purchases of goods and services, etc. | Acquisition of property, plant, equipment and intangible assets |
| Parent company and its subsidiaries: | | | |
| LS Corp. (*2) | ₩ 1,784 | ₩ 13,210 | ₩ - |
| LS Cable & System Ltd. (*1) | 28,283 | 18,020 | - |
| LS Mtron Ltd. (*1) | 15,304 | 172 | 99 |
| LS GLOBAL INC. | 109 | 80,151 | - |
| LS I&D Ltd. (*1) | 788 | 8,617 | - |
| LS MnM (*1) | 32,535 | 218,629 | - |
| Subtotal | 78,803 | 338,799 | 99 |
| Joint ventures of parent company: | | | |
| LS E-LINK | 2,482 | 1 | - |
| LS-L&F Battery Solution Co., Ltd. | 13,296 | - | - |
| Subtotal | 15,778 | 1 | - |
| Total | ₩ 94,581 | ₩ 338,800 | ₩ 99 |

(*1) It includes transactions that were generated from subsidiaries.
(*2) Dividend payments are excluded. Dividends paid to LS Corp. for the year ended December 31, 2025, are ₩42,163 million.

| | Year ended December 31, 2024 | | |
|---|---|---|---|
| | Sales of goods and services, etc. | Purchases of goods and services, etc. | Acquisition of property, plant, equipment and intangible assets |
| Parent company and its subsidiaries: | | | |
| LS Corp. (*2) | ₩ 1,447 | ₩ 14,066 | ₩ - |
| LS Cable & System Ltd. (*1) | 24,607 | 32,230 | - |
| LS Mtron Ltd. (*1) | 13,294 | 181 | - |
| LS GLOBAL INC. | 150 | 75,077 | - |
| LS I&D Ltd. (*1) | 90 | 8,675 | - |
| LS MnM (*1) | 19,875 | 190,064 | - |
| Subtotal | 59,463 | 320,293 | - |
| Joint ventures of parent company: | | | |
| LS E-LINK | 4,615 | - | - |
| LS-L&F Battery Solution Co., Ltd. | - | - | - |
| Subtotal | 4,615 | - | - |
| Total | ₩ 64,078 | ₩ 320,293 | ₩ - |

(*1) It includes transactions that were generated from subsidiaries.
(*2) Dividend payments are excluded. Dividends paid to LS Corp. for the year ended December 31, 2024, are ₩39,872 million.

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Trade receivables, etc. (*1) | Trade payables, etc. (*2) | Trade receivables, etc. (*1) | Trade payables, etc. (*2) |
| Parent company and its subsidiaries: | | | | |
| LS Corp. | ₩ 19,956 | ₩ 942 | ₩ 19,931 | ₩ 713 |
| LS Cable & System Ltd. (*3) | 6,690 | 5,530 | 6,092 | 7,523 |
| LS Mtron Ltd. (*3) | 4,825 | - | 4,896 | - |
| LS GLOBAL INC. | 9 | 13,572 | 515 | 22,750 |
| LS I&D Ltd. (*3) (*4) | 4,193 | - | 4,219 | - |
| LS MnM. (*3) | 3,067 | 2,371 | 5,168 | 4,032 |
| Subtotal | 38,740 | 22,415 | 40,821 | 35,018 |
| Joint ventures of parent company: | | | | |
| LS E-Link Co., Ltd. | 29 | - | 660 | - |
| LS-L&F Battery Solution Co., Ltd. | 49 | - | - | - |
| Subtotal | 78 | - | 660 | - |
| Total | ₩ 38,818 | ₩ 22,415 | ₩ 41,481 | ₩ 35,018 |

(*1) Receivables from related parties mainly consist of trade receivables, other receivables and advance payments arising from sale transactions.
(*2) Payables to related parties mainly consist of trade payables and other payables arising from purchasing transactions.
(*3) It includes transactions that were generated from subsidiaries (including associates and joint ventures).
(*4) As of December 31, 2025 and 2024, in addition to the receivables and payables mentioned above, the Company recognized right-of-use assets of ₩6,898 million and ₩6,048 million, respectively, and lease liabilities of ₩6,898 million and ₩6,048 million, respectively, for real estate lease contracts with LS I&D Ltd.

(4) There is no loan transaction with related parties during the current and previous periods.

(5) Details of transactions, not disclosed above, with companies classified as Large Enterprise Group, subject to limitations on mutual investment for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | |
|---|---|---|---|
| | Sales of goods and services, etc. | Purchases of goods and services, etc. | Acquisition of property, plant and equipment and intangible assets |
| Large Enterprise Group, subject to limitations on mutual investment, etc. (*): | | | |
| E1 Corporation and others | ₩ 4,824 | ₩ 3,356 | ₩ 162 |
| INVENI Co., Ltd. (formerly YESCO Holdings Co., Ltd.) | 6,238 | - | - |
| Total | ₩ 11,062 | ₩ 3,356 | ₩ 162 |

(*) The transaction includes transactions with subsidiaries.

| | Year ended December 31, 2024 | | |
|---|---|---|---|
| | Sales of goods and services, etc. | Purchases of goods and services, etc. | Acquisition of property, plant and equipment and intangible assets |
| Large Enterprise Group, subject to limitations on mutual investment, etc. (*): | | | |
| E1 Corporation and others | ₩ 5,265 | ₩ 2,998 | ₩ - |
| INVENI Co., Ltd. (formerly YESCO Holdings Co., Ltd.) | 6,385 | - | - |
| Total | ₩ 11,650 | ₩ 2,998 | ₩ - |

(*) The transaction includes transactions with subsidiaries.

(6) The balance of receivables and payables from transactions with related parties as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Trade receivables, etc. | Trade payables, etc. | Trade receivables, etc. | Trade payables, etc. |
| Large Enterprise Group, subject to limitations on mutual investment, etc. (*1): | | | | |
| E1 Corporation and others (*2)(*3) | ₩ 1,364 | ₩ 8 | ₩ 1,663 | ₩ 13 |
| INVENI Co., Ltd. (formerly YESCO Holdings Co., Ltd.) | 2,274 | - | 2,676 | - |
| Total | ₩ 3,638 | ₩ 8 | ₩ 4,339 | ₩ 13 |

(*1) The transaction includes transactions with subsidiaries.
(*2) As of December 31, 2025 and 2024, in addition to the receivables and payables mentioned above, the Group recognized right-of-use assets of ₩17,698 million and ₩22,531 million, respectively, and lease liabilities of ₩18,941 million and ₩23,332 million, respectively, for real estate lease contracts with LS Networks Co., Ltd.
(*3) During the current period, the Group has issued corporate bonds and LS Securities Co., Ltd. subscribed to a portion of the bonds.

(7) Details of equity transactions with related parties for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Name of related party | Details of transaction | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|---|---|
| Associates | Boxing (Wuxi) Energy Ltd. | Cash contribution | ₩ - | ₩ 292 |
| | SL Energy Solution | Cash contribution | 594 | - |
| | EnerCrest, LLC | Cash and in-kind contribution | 14,678 | - |
| | Total | | ₩ 15,272 | ₩ 292 |

(8) Employee benefits given to key management for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Short-term employee benefits | ₩ 12,584 | ₩ 11,613 |
| Retirement benefits | 3,658 | 3,455 |
| Others | 13,262 | 3,715 |
| Total | ₩ 29,504 | ₩ 18,783 |

(9) The Company has deposited funds with LS Securities Co., Ltd. for the purpose of operating money market funds (MMF), and the deposits are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | | |
|---|---|---|---|---|
| | Beginning balance | Deposits made | Withdrawals | Ending balance |
| Deposits | ₩ - | ₩ 160,634 | ₩ 140,634 | ₩ 20,000 |

(10) The detail of payment guarantees provided by the Group for related parties as of December 31, 2025, is as follows (Unit: USD in thousands):

| Receiver | Details | Amounts of guarantees | |
|---|---|---|---|
| EnerCrest, LLC | Standby L/C | USD | 9,844 |

## 34. FUNDING ARRANGEMENTS, PLEDGES AND CONTINGENCIES

(1) As of December 31, 2025, financing agreements the Group has entered in with financial institutions are as follows (Unit: Korean won in millions and foreign currency in thousands):

| | Financial institution | Line of credit | |
|---|---|---|---|
| General export and import | KEB Hana Bank and others | USD | 7,900 |
| Letter of credit | KEB Hana Bank | EUR | 2,000 |
| | KEB Hana Bank and others | USD | 26,200 |
| Overdraft | Woori Bank and others | KRW | 46,500 |
| Export foreign exchange purchased | Shinhan Bank | USD | 4,465 |
| Comprehensive credit | Kyobo Life Insurance Co., Ltd. and others | KRW | 35,000 |
| | NongHyup Bank and others | USD | 230,000 |
| Acceptances and guarantees – Korean won | Woori Bank and others | KRW | 6,000 |
| Acceptances and guarantees – foreign currency | Woori Bank | CNY | 50,000 |
| | Shinhan Bank and others | USD | 422,430 |
| Electronic payment borrowings (*) | Shinhan Bank and others | KRW | 115,150 |
| Derivatives | Korea Development Bank and others | KRW | 552,102 |
| | NongHyup Bank and others | USD | 449,140 |
| | Deutsch Bank | EUR | 10,000 |
| Working capital borrowings | KEB Hana Bank and others | CNY | 1,096,132 |
| | KEB Hana Bank | EUR | 1,000 |
| | SC Bank Korea and others | KRW | 181,550 |
| | SC Bank Korea and others | USD | 107,946 |
| | SC Bank and others | VND | 2,141,837,912 |
| | CIMB NIAGA | IDR | 353,900,000 |
| Corporate Facilities Fund | Export-Import Bank of Korea and others | KRW | 106,000 |
| Purchase card | Woori Bank and others | KRW | 5,205 |
| Commercial paper | Shinhan Bank | KRW | 60,000 |

(*) Supplier finance arrangements are included (see Note 41).

(2) During the prior year, the Group was granted a call option corresponding to 19% of the shares from the non-controlling shareholders of its subsidiary, CX Solution Co., Ltd. The main terms of the agreement are as follows:

| Contract | Category | Details of contract |
|---|---|---|
| Call option | Rights and obligations | The board of directors can express their intention to request the sale of a portion of the shares held by the existing shareholders (up to 19% of the total issued shares). |
| | Exercise period | Within 60 days from the disclosure date of the 2026 audit report. |
| | Exercise price | The per-share calculated value based on the target company's performance and projections. |

(3) During the prior year, the Group granted a put option to the non-controlling shareholders of its subsidiary, LS Power Solution Co., Ltd., for all or part of their shares, and was granted a call option for a portion of these shares. The main terms of the agreement are as follows:

| Contract | Category | Details of contract |
|---|---|---|
| Put option | Rights and obligations | The non-controlling shareholder can request the majority shareholder to purchase all or part of the shares they own by notifying the exercise of the put option. |
| | Exercise period | From the day that is three years after the transaction completion date, for a period of two years. |
| | Exercise price | 1) Basic Exercise Price: The larger of the amount derived by applying an 8% annual compound interest rate to the acquisition price or the per-share value calculated based on the target company's most recent four-quarter performance on the date the option exercise notice is sent.<br>2) Exercise Price in Case of Certain Performance Shortfalls: The smaller of the amount derived by applying an 8% annual compound |

| | | |
|---|---|---|
| | | interest rate to the acquisition price or the per-share value calculated based on the target company's most recent four-quarter performance on the date the option exercise notice is sent. |
| | Others | The non-controlling shareholder's right to exercise the put option will expire if the target company completes its initial public offering (IPO). |
| Call option | Rights and obligations | The majority shareholder can request the existing shareholders to sell a portion of the shares they hold (up to 15% of the total issued shares) by notifying the exercise of the call option. |
| | Exercise period | From the confirmation of the financial statements for the second quarter of 2026 until the IPO deadline specified in the contract. |
| | Exercise price | The larger of the amount derived by applying an 11% annual compound interest rate to the acquisition price or the per-share value calculated based on the target company's most recent four-quarter performance on the date the option exercise notice is sent. |
| | Others | The majority shareholder may designate a third party to purchase the shares subject to the call option. The majority shareholder's right to exercise the call option will expire upon the completion of the target company's IPO. |
| Tag-along right | Rights and obligations | When the seller (largest shareholder or non-controlling shareholder) intends to sell all or part of the issued stock to a third party, he/she shall notify the other party (the right holder of the company's sale) in writing, specifying the main conditions. The other party (the right holder of the company's sale) may request the prospective transferee to take over the stock under the same conditions as the person subject to sale |
| | Exercise period | Within 14 days from the date of receipt of notice of transfer |
| | Exercise price | the same price as the terms and conditions of the sale of the selling party |
| | Others | Non-controlling shareholders shall not sell all or part of the issued shares to a competitor of the largest shareholder operating the transformer business, except with the prior consent of the largest shareholder |

(4) During the prior year, the Group granted put options equivalent to all or part of the shares held by some non-controlling shareholders of LS THiRA-UTECH Co., Ltd., its subsidiary, and was granted call options for some of the shares. The main matters related to the agreement are as follows.

| Contract | Category | Details of contract |
|---|---|---|
| Put option | Rights and obligations | The non-controlling shareholder can request the majority shareholder to purchase all or part of the shares they own by notifying the exercise of the put option. |
| | Exercise period | From the day that is six years after the transaction completion date, for a period of one year. |
| | Exercise price | The amount of 5% annual welfare applied to the acquisition price (however, 15% annual welfare applied to the acquisition price in case of serious breach of contract by the largest shareholder) |
| Call option | Rights and obligations | The majority shareholder can request the existing shareholders to sell a portion of the shares they hold (up to 30% of the non-controlling shareholders' equity interests) by notifying the exercise of the call option. |
| | Exercise period | From the day that is three years after the transaction completion date, for a period of one year. |
| | Exercise price | The amount of 12% annual return applied to the acquisition price and 10% discount applied to the weighted arithmetic average stock price of the target company's stock during the one-month period five business days before the date of sending the call option exercise notice. |

(5) During the prior fiscal year, upon acquiring its interest in LS E&M Co., Ltd., the consolidated entity entered into an equity forward purchase agreement for all of the shares held by the non-controlling shareholders, exercisable within one year beginning three years after the transaction closing date.

(6) As of the end of the current year, the amount of derivative assets recognized in relation to the above shareholder agreement is ₩1,452 million. In addition, the financial liabilities and amortized cost-measuring financial liabilities recognized at the end of the current year in relation to the put options granted by the consolidated entity to non-controlling shareholders are ₩91,987 million and ₩28,027 million, respectively.

(7) Restricted financial assets as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 | Remark |
|---|---|---|---|
| Financial institution deposits | ₩ 2,966 | ₩ 1,616 | Related to government project borrowings |
| | - | 36 | Deposits for foreign currency payment guarantee |
| | 150 | - | Guarantee deposits for notes |
| | - | 10 | Deposits for overdraft accounts |
| Long-term financial institution deposits | 26 | 25 | Deposits for corporate credit card |
| | 36 | 358 | Deposits for overdraft accounts |
| | 7,400 | 7,423 | Savings for mutual cooperation fund |
| Financial assets measured at FVTOCI | 1,090 | 209 | Pledge set |
| Total | ₩ 11,668 | ₩ 9,677 | |

(8) Performance guarantee

1) The Group has been provided the following performance guarantees by insuring guarantee insurance against construction warranty and fulfillment of a contract as of December 31, 2025 (Unit: Korean won in millions):

| Category | Amounts of guarantees | Insurance company |
|---|---|---|
| Operation guarantee and others | ₩ 678,120 | Seoul Guarantee Insurance Co., Ltd. and others |

2) The contents of collateral and guarantees provided by the Group from another person as of December 31, 2025, are as follows (Unit: Korean won in millions):

| Provider | December 31, 2025 | Amounts of guarantees | Insurance company |
|---|---|---|---|
| CEO of LS THiRA-UTECH Co., Ltd. | Loan payment guarantee | ₩ 5,081 | Shinhan Bank and others |

(9) Contingencies

During the year ended December 31, 2012, the Group has signed off an agreement for soil contamination of Janghang Smelter with LS MnM Co., Ltd., Chungcheongnam-do, Chungcheongnam-do Seocheon, Ministry of Trade, Industry and Resource.

According to the agreement, the land should be separated by purchase section (the land in and around 1.5 km of Janghang Smelter the government purchased to purify) and non-purchase section (no purchase of the land in and around 1.5 km–4.0 km) depending on the degree of contamination. Also, the government and related businesses (the Company and LS-MnM Co., Ltd.) bear the cost of contaminated soil remediation at 72.5% and 27.5%, respectively.

The estimated cost of non-purchase section remediation is ₩59.0 billion, of which the Group has made full payment; hence, no provisions were recognized with regard to this matter. Also, ₩0.4 billion of provision is recognized, as ₩25.2 billion was compensated out of ₩25.6 billion, the total amount to be borne by the Group for purchase section and sites within considered to be dangerous.

## 35. PENDING LITIGATIONS:

As of December 31, 2025, the Group is involved in four lawsuits that amount to ₩7,803 million as a plaintiff and 22 lawsuits that amount to ₩120,789 million as a defendant for bid rigging and damage indemnification. As of the reporting date, it is not possible to reasonably predict the outcome of the litigation.

## 36. RISK MANAGEMENT:

(1) Capital risk management

The Group performs capital risk management to maintain the ability to continuously provide profits to shareholders and interest parties and maintain optimum capital structure to reduce capital expenses. In order to maintain such optimum structure, the Group may adjust dividend payments, redeem paid-in capital to shareholders, issue stocks to reduce liability or sell assets.

The Group's capital structure consists of net liability, which is borrowings, less cash and cash equivalents and equity. The overall capital risk management policy of the Group is unchanged from the prior year. In addition, items managed as capital by the Group as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Total borrowings | ₩ 1,345,658 | ₩ 1,182,633 |
| Less cash and cash equivalents | 762,717 | 660,104 |
| Borrowings, net | 582,941 | 522,529 |
| Total equity | ₩ 2,141,299 | ₩ 1,890,092 |
| Net debt-to-equity ratio | 27.22% | 27.65% |

(*) The debt-to-equity ratios are 131.48% and 137.30% as of December 31, 2025 and 2024, respectively.

(2) Financial risk management

The Group is exposed to various financial risks, such as market (foreign exchange, interest rate and price), credit and liquidity, related to financial instruments. The purpose of financial risk management of the Group is to identify the potential risks to financial performance and reduce, eliminate and evade those risks to a degree acceptable to the Group. The Group makes use of derivative financial instruments to hedge certain risks, such as foreign exchange and interest rate. Overall, financial risk management policy of the Group remains unchanged from prior year.

1) Foreign currency risk

The Group is exposed to foreign currency risk, as it makes transactions in foreign currencies. The book value of the Group's monetary assets and liabilities denominated in foreign currencies, which is not the functional currency, as of December 31, 2025 and 2024, is as follows (Unit: Korean won in millions):

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| Currency | Assets | Liabilities | Assets | Liabilities |
| USD | ₩ 630,329 | ₩ 130,981 | ₩ 407,756 | ₩ 176,372 |
| EUR | 55,129 | 20,123 | 33,221 | 12,946 |
| JPY | 6,551 | 4,007 | 15,333 | 698 |
| Other | 96,068 | 30,013 | 113,055 | 10,713 |
| | ₩ 788,077 | ₩ 185,124 | ₩ 569,365 | ₩ 200,729 |

The Group internally assesses the foreign currency risk from changes in exchange rates on a regular basis. The Group's sensitivity to a 10% increase and decrease in Korean won (the functional currency of the Group) against the major foreign currencies as of December 31, 2025 and 2024, is as follows (Unit: Korean won in millions):

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| Currency | 10% increase against foreign currency | 10% decrease against foreign currency | 10% increase against foreign currency | 10% decrease against foreign currency |
| USD | ₩ 37,852 | ₩ (37,852) | ₩ 17,408 | ₩ (17,408) |
| EUR | 2,695 | (2,695) | 1,543 | (1,543) |
| JPY | 185 | (185) | 1,109 | (1,109) |
| Other | 5,062 | (5,062) | 7,768 | (7,768) |
| | ₩ 45,794 | ₩ (45,794) | ₩ 27,828 | ₩ (27,828) |

The above sensitivity analysis is conducted for monetary assets and liabilities denominated in foreign currencies other than functional currency as of December 31, 2025.

Meanwhile, the Group has the policy of entering into currency forward contracts to hedge exchange rate risk on payment and receipt, and manage the risk associated with anticipated sales and purchase transactions. The evaluation of unsettled currency forward contracts as of December 31, 2025 and 2024, is as follows (Unit: Korean won in millions):

| | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | | Valuation gain and loss (consolidated statement of comprehensive income) | | Valuation gain or loss (consolidated statement of financial position) | Fair value | |
| | Notional amount | Gain | Loss | | Assets | Liabilities |
| Currency forward contracts | ₩ 2,307,202 | ₩ 15,358 | ₩ 16,377 | ₩ (29,903) | ₩ 26,902 | ₩ 42,330 |

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | | Valuation gain and loss (consolidated statement of comprehensive income) | | Valuation gain or loss (consolidated statement of financial position) | Fair value | |
| | Notional amount | Gain | Loss | | Assets | Liabilities |
| Currency forward contracts | ₩ 1,582,743 | ₩ 13,440 | ₩ 39,860 | ₩ (46,668) | ₩ 2,342 | ₩ 79,949 |

2) Interest rate risk

The Group is exposed to cash flow risk arising from interest rate changes due to floating-rate borrowings. The book value of liability exposed to interest rate risk as of December 31, 2025 and 2024, is as follows (Unit: Korean won in millions):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| | Carrying amount | Carrying amount |
| Borrowings | ₩ 236,676 | ₩ 242,052 |

The Group internally assesses the cash flow risk from changes in interest rates on a regular basis. Effect of changes in interest rates of 1% to net income as of December 31, 2025 and 2024, is as follows (Unit: Korean won in millions):

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | 1% increase | | 1% decrease | |
| | Gain (loss) | Net assets | Gain (loss) | Net assets |
| Borrowings | ₩ (1,800) | ₩ (1,800) | ₩ 1,800 | ₩ 1,800 |

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | 1% increase | | 1% decrease | |
| | Gain (loss) | Net assets | Gain (loss) | Net assets |
| Borrowings | ₩ (1,785) | ₩ (1,785) | ₩ 1,785 | ₩ 1,785 |

3) Price risks

The Group is exposed to price risks from investments in equity instruments designated as at FVTOCI and FVTPL. As of December 31, 2025, fair value of investments in equity instruments designated as at FVTOCI and fair value of investments in equity instruments designated as at FVTPL are ₩44,046 million, and when all other variables are constant and when the price of equity instrument changes by 10%, the effect to equity will be ₩3,386 million (after-tax effect).

4) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of December 31, 2025, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from;

- The carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position
- The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised

Credit risk arises not only from credit risks of customers, but also from the payment guarantee limit, including financial assets at amortized cost. As for banks and financial institutions, the Group is making transactions with reputable financial institutions; therefore, the credit risk from them is limited. For ordinary transactions, customer's financial status, credit history and other factors are considered to evaluate their credit status.

The carrying amount of financial assets measured at FVTPL best represents the maximum exposure to credit risk. The maximum exposure to credit risk of financial assets measured at amortized cost is similar to its end balance.

5) Liquidity risk

The Group establishes short-term and long-term fund management plans. The Group analyzes and reviews actual cash outflows and its budget to correspond the maturity of financial liabilities to that of financial assets. The Group's management believes that financial liability may be redeemed by cash flows arising from operating activities and financial assets.

Maturity analysis of non-derivative financial liabilities according to their remaining maturity as of December 31, 2025 and 2024, is as follows (Unit: Korean won in millions, USD in thousands):

| | December 31, 2025 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Within a year | | 1 year–5 years | | More than 5 years | | Total | |
| Non-interest-bearing financial instrument | ₩ | 694,365 | ₩ | 1,033 | ₩ | - | ₩ | 695,398 |
| Floating-rate financial instrument | | 235,628 | | 10,494 | | - | | 246,122 |
| Fixed-rate financial instrument | | 367,035 | | 770,892 | | 47,387 | | 1,185,314 |
| Lease liabilities | | 28,153 | | 20,480 | | - | | 48,633 |
| Financial guarantee contracts (*) | USD | 9,844 | | - | | - | USD | 9,844 |

(*) The amount refers to payment guarantee limit, which is the maximum amount the Company could be forced to settle under the arrangement for the full guaranteed amount if claimed by the counterparty to the guarantee.

| | December 31, 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Within a year | | 1 year–5 years | | More than 5 years | | Total | |
| Non-interest-bearing financial instrument | ₩ | 622,373 | ₩ | 7,582 | ₩ | - | ₩ | 629,955 |
| Floating-rate financial instrument | | 212,377 | | 37,202 | | - | | 249,579 |
| Fixed-rate financial instrument | | 433,064 | | 526,474 | | 36,780 | | 996,318 |
| Lease liabilities | | 26,159 | | 29,844 | | - | | 56,003 |

The maturity analysis table above was drawn up based on the undiscounted cash flows the Group is obligated to pay in the future on the earliest redemption date, and the amounts include undiscounted principal and interest.

Maturity analysis of non-derivative financial liabilities according to their remaining maturity as of December 31, 2025 and 2024, is as follows (Unit: Korean won in millions):

| | December 31, 2025 | | |
|---|---|---|---|
| | Within a year | 1 year–5 years | Total |
| Derivative trading purposes: | | | |
| Currency forward | ₩ (8,041) | ₩ - | ₩ (8,041) |
| Raw material futures | 46,209 | 1,174 | 47,383 |
| Subtotal | 38,168 | 1,174 | 39,342 |
| Derivative hedging purposes: | | | |
| Currency forward | (7,633) | - | (7,633) |
| Total | ₩ 30,535 | ₩ 1,174 | ₩ 31,709 |

(*) As all derivative contracts are in net settlement condition, they are stated net of cash outflows and inflows.

| | December 31, 2024 | | |
|---|---|---|---|
| | Within a year | 1 year–5 years | Total |
| Derivative trading purposes: | | | |
| Currency forward | ₩ (29,719) | ₩ - | ₩ (29,719) |
| Raw material futures | (2,712) | (506) | (3,218) |
| Subtotal | (32,431) | (506) | (32,937) |
| Derivative hedging purposes: | | | |
| Raw material futures | (48,830) | - | (48,830) |
| Currency forward | (161) | - | (161) |
| Subtotal | (48,991) | - | (48,991) |
| | ₩ (81,422) | ₩ (506) | ₩ (81,928) |

(*) As all derivative contracts are in net settlement condition, they are stated net of cash outflows and inflows.

Although not included in the above cash flows, the Group recognizes financial liabilities related to the put option granted to non-controlling shareholders under the shareholder agreement (see Note 34).

(3) Fair value hierarchy

The fair values of financial instruments (i.e., financial assets measured at FVTPL and financial assets measured at FVTOCI) traded on active markets are determined with reference to quoted market prices. The Group uses the current bid price as the quoted market price for its financial assets.

The fair values of financial instruments not traded on an active market (i.e., over-the-counter derivatives) are determined using a valuation technique. The Group uses various valuation techniques using assumptions based on current market conditions. The fair values of long-term liabilities and financial liabilities available for settlement are determined using prices from observable current market transactions and dealer quotes for similar instruments. Where such prices are not available, a discounted cash flow analysis or other valuation technique is performed to measure their fair values.

The fair values of trade receivables and trade payables are approximated as their carrying value, less impairment loss. The Group estimates the fair values of financial liabilities as the present value of future contractual cash flows discounted based on current market rates applied to similar financial instruments.

Interest rates to be used for fair value calculation as of December 31, 2025 and 2024, are as follows:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Debenture and derivative | 3.03%–3.78% | 3.13%–3.52% |

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3, based on the degree to which the fair value is observable, as described below.

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1) Financial instruments that are measured subsequent to initial recognition at fair value by fair value hierarchy levels as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | | |
| Financial assets measured at FVTPL: | | | | | |
| Derivative assets for trading | ₩ 55,575 | ₩ - | ₩ 55,575 | ₩ - | ₩ 55,575 |
| Derivative assets (equity purchase) (*2) | 1,452 | - | - | 1,452 | 1,452 |
| Beneficiary certificates | 111,831 | - | - | 111,831 | 111,831 |
| Other equity investments | 8,486 | - | - | 8,486 | 8,486 |
| Debt securities | 49,672 | - | 30,000 | 19,672 | 49,672 |
| Subtotal | 227,016 | - | 85,575 | 141,441 | 227,016 |
| Financial assets measured at FVTOCI: | | | | | |
| Listed equity securities (*1) | 44,046 | 44,046 | - | - | 44,046 |
| Unlisted equity securities (*1) | 10,068 | - | - | 10,068 | 10,068 |
| Subtotal | 54,114 | 44,046 | - | 10,068 | 54,114 |
| Derivative assets designated as a cash flow hedging instrument | 18,461 | - | 18,461 | - | 18,461 |
| Total financial assets | ₩ 299,591 | ₩ 44,046 | ₩ 104,036 | ₩ 151,509 | ₩ 299,591 |
| Financial liabilities: | | | | | |
| Financial liabilities measured at FVTPL: | | | | | |
| Derivative liabilities for trading | ₩ 16,790 | ₩ - | ₩ 16,790 | ₩ - | ₩ 16,790 |
| Derivative liability (convertible redeemable preferred stock) | 10,107 | - | - | 10,107 | 10,107 |
| Financial liabilities at FVTPL (*3) | 91,987 | - | - | 91,987 | 91,987 |
| Subtotal | 118,884 | - | 16,790 | 102,094 | 118,884 |
| Derivative liabilities designated as a cash flow hedging instrument | 25,995 | - | 25,995 | - | 25,995 |
| Total financial liabilities | ₩ 144,879 | ₩ - | ₩ 42,785 | ₩ 102,094 | ₩ 144,879 |

(*1) The Group has designated these investments in equity instruments irrevocably as at FVTOCI in case of long-term strategic investment purposes, not short-term trading.
(*2) It is included in other receivables and long-term other receivables in the consolidated statements of financial position.
(*3) The Group recognized the call option identified in the inter-shareholder agreement concluded when acquiring shares of the subsidiary during the prior year as a derivative asset (see Note 34.)

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | | |
| Financial assets measured at FVTPL: | | | | | |
| Derivative assets for trading | ₩ 4,706 | ₩ - | ₩ 4,706 | ₩ - | ₩ 4,706 |
| Derivative assets (equity purchase) (*2) | 1,452 | - | - | 1,452 | 1,452 |
| Listed equity securities | 622 | 622 | - | - | 622 |
| Beneficiary certificates | 96,295 | - | - | 96,295 | 96,295 |
| Other equity investments | 9,123 | - | - | 9,123 | 9,123 |
| Debt securities | 44,848 | - | 30,000 | 14,848 | 44,848 |
| | 157,046 | 622 | 34,706 | 121,718 | 157,046 |
| Financial assets measured at FVTOCI: | | | | | |
| Listed equity securities (*1) | 6,927 | 6,927 | - | - | 6,927 |
| Unlisted equity securities (*1) | 9,352 | - | - | 9,352 | 9,352 |
| | 16,279 | 6,927 | - | 9,352 | 16,279 |
| Derivative assets designated as a cash flow hedging instrument | 78 | - | 78 | - | 78 |
| Total financial assets | ₩ 173,403 | ₩ 7,549 | ₩ 34,784 | ₩ 131,070 | ₩ 173,403 |
| Financial liabilities: | | | | | |
| Financial liabilities measured at FVTPL: | | | | | |
| Derivative liabilities for trading | ₩ 37,158 | ₩ - | ₩ 37,158 | ₩ - | ₩ 37,158 |
| Derivative liability (convertible redeemable preferred stock) | 8,760 | - | - | 8,760 | 8,760 |
| Financial liabilities at FVTPL (*3) | 91,987 | - | - | 91,987 | 91,987 |
| | 137,905 | - | 37,158 | 100,747 | 137,905 |
| Derivative liabilities designated as a cash flow hedging instrument | 48,517 | - | 48,517 | - | 48,517 |
| Total financial liabilities | ₩ 186,422 | ₩ - | ₩ 85,675 | ₩ 100,747 | ₩ 186,422 |

(*1) The Group has designated these investments in equity instruments irrevocably as at FVTOCI in case of long-term strategic investment purposes, not short-term trading.

(*2) It is included in other receivables and long-term other receivables in the consolidated statements of financial position.

(*3) The Group recognized the call option identified in the inter-shareholder agreement concluded when acquiring shares of the subsidiary during the prior year as a derivative asset (see Note 34.)

There is no significant transfer between Level 1 and Level 2 during the current year and the prior year.

2) Valuation technique and input variables for the financial instruments, which are subsequently measured as fair values, are as follows (Unit: Korean won in millions):

| | Fair values as of December 31, 2025 | Levels | Valuation technique | Input variables |
|---|---|---|---|---|
| Financial assets: | | | | |
| Derivative assets for trading | ₩ 55,575 | 2 | Discounted to present value using leading exchange rate and official price at the end of the reporting period | Discount rate, etc. |
| Derivative asset (equity purchase) | 1,452 | 3 | Binomial option-pricing model | Shares of underlying assets, risk-free/risk interest rates, stock price volatility, etc. |
| Beneficiary certificates, etc. | 139,989 | 3 | Measured based on the market price of the equity item, etc. | Discount rate, etc. |
| Debt securities | 30,000 | 2 | NAV(Net Asset Value) announced by the asset management company | Treasury bond interest rate |
| Listed equity securities | 44,046 | 1 | Measured based on the published price in active markets | - |
| Unlisted equity securities | 10,068 | 3 | Discounted to present value using estimated cash flow based on observable yield curve | Discount rate, etc. |
| Derivative assets designated as a cash flow hedging instrument | 18,461 | 2 | Discounted to present value using leading exchange rate and official price at the end of the reporting period | Discount rate, etc. |
| Financial liabilities: | | | | |
| Derivative liabilities for trading | 16,790 | 2 | Discounted to present value using the forward exchange rate and the officially quoted price as of the end of the reporting period | Discount rate, etc. |
| Derivative liability (Convertible Redeemable Preferred Stock) | 10,107 | 3 | Binomial option-pricing model | Shares of underlying assets, risk-free/risk interest rates, stock price volatility, etc. |
| Financial Liabilities at FVTPL | 91,987 | 3 | Discounts estimated future cash outflows (put option exercise price, etc.) at present value | Acquisition price per share, etc. |
| Derivative assets designated as a cash flow hedging instrument | 25,995 | 2 | Discounted to present value using leading exchange rate and official price at the end of the reporting period | Discount rate, etc. |

3) The fair value hierarchy of financial instruments in which fair value cannot be reliably measured in the consolidated statements of financial position as of December 31, 2025 and 2024, is as follows (Unit: Korean won in millions):

| | December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at amortized cost: | | | | | |
| Financial institution deposits (*1) | ₩ 43,942 | ₩ - | ₩ - | ₩ - | ₩ - |
| Trade receivables (*1) | 992,845 | - | - | - | - |
| Loans (*1)(*2) | 23,315 | - | - | - | - |
| Other accounts receivable (*1)(*2) | 21,516 | - | - | - | - |
| Deposits (*1)(*2) | 39,606 | - | - | - | - |
| Accrued income (*1)(*2) | 3,532 | - | - | - | - |
| Subtotal | ₩ 1,124,756 | ₩ - | ₩ - | ₩ - | ₩ - |
| Financial liabilities measured at amortized cost: | | | | | |
| Trade payables (*1) | ₩ 440,039 | ₩ - | ₩ - | ₩ - | ₩ - |
| Short-term borrowings (*1) | 454,180 | - | - | - | - |
| Other accounts payable (*1) | 148,845 | - | - | - | - |
| Accrued expenses (*1)(*4) | 105,241 | - | - | - | - |
| Accrued dividends (*1) | 15 | - | - | - | - |
| Deposits received (*1) | 1,257 | - | - | - | - |
| Debentures (*3) | 888,212 | - | 887,987 | - | 887,987 |
| Redeemable convertible preferred share liabilities (*1) | 3,266 | - | - | - | - |
| Financial liabilities measured at amortized cost (*1)(*5)(*6) | 28,027 | - | - | - | - |
| Subtotal | 2,069,082 | - | 887,987 | - | 887,987 |
| Lease liabilities (*1) | 47,176 | - | - | - | - |
| Total | ₩ 2,116,258 | ₩ - | ₩ 887,987 | ₩ - | ₩ 887,987 |

(*1) The carrying amount represents a reasonable approximation of fair value; therefore, disclosures relating to the fair value hierarchy and valuation techniques have not been provided.

(*2) It is included in other payables and other long-term payables in the consolidated statements of financial position.

(*3) It is included in current portion of long-term borrowings and long-term borrowings in the consolidated statements of financial position.

(*4) The amounts includes the rights and obligations of the employer arising from the employee benefit plans.

(*5) Financial liabilities corresponding to put options granted to non-controlling shareholders by the consolidated entity in connection with the business combination (see Note 34.)

(*6) It is included in other non-current liabilities in the consolidated statements of financial position.

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at amortized cost: | | | | | |
| Financial institution deposits (*1) | ₩ 43,435 | ₩ - | ₩ - | ₩ - | ₩ - |
| Trade receivables (*1) | 1,020,195 | - | - | - | - |
| Loans (*1)(*2) | 22,055 | - | - | - | - |
| Other accounts receivable (*1)(*2) | 22,455 | - | - | - | - |
| Deposits (*1)(*2) | 37,307 | - | - | - | - |
| Accrued income (*1)(*2) | 1,513 | - | - | - | - |
| Subtotal | ₩ 1,146,960 | ₩ - | ₩ - | ₩ - | ₩ - |
| Financial liabilities measured at amortized cost: | | | | | |
| Trade payables (*1) | ₩ 408,029 | ₩ - | ₩ - | ₩ - | ₩ - |
| Short-term borrowings (*1) | 465,264 | - | - | - | - |
| Other accounts payable (*1) | 134,853 | - | - | - | - |
| Accrued expenses (*1)(*4) | 85,734 | - | - | - | - |
| Accrued dividends (*1) | 12 | - | - | - | - |
| Deposits received (*1) | 1,327 | - | - | - | - |
| Debentures (*3) | 708,762 | - | 707,289 | - | 707,289 |
| Redeemable convertible preferred share liabilities (*1) | 8,607 | - | - | - | - |
| Financial liabilities measured at amortized cost (*1)(*5)(*6) | 26,902 | - | - | - | - |
| Subtotal | 1,839,490 | - | 707,289 | - | 707,289 |
| Lease liabilities (*1) | 52,609 | - | - | - | - |
| Total | ₩ 1,892,099 | ₩ - | ₩ 707,289 | ₩ - | ₩ 707,289 |

(*1) The carrying amount represents a reasonable approximation of fair value; therefore, disclosures relating to the fair value hierarchy and valuation techniques have not been provided.

(*2) It is included in other payables and other long-term payables in the consolidated statements of financial position.

(*3) It is included in current portion of long-term borrowings and long-term borrowings in the consolidated statements of financial position.

(*4) The amounts includes the rights and obligations of the employer arising from the employee benefit plans.

(*5) Financial liabilities corresponding to put options granted to non-controlling shareholders by the consolidated entity in connection with the business combination (see Note 34.)

(*6) It is included in other non-current liabilities in the consolidated statements of financial position.

4) There is no change in valuation techniques used to estimate fair value of Level 2 assets as of December 31, 2025.

5) There is no significant change in business environment or economic environment affecting the fair value of the Group's financial assets or liabilities.

(4) Transfer of financial assets

Transferred financial assets that are not derecognized in their entirety and the associated liabilities as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | | Financial assets measured at amortized cost | |
|---|---|---|---|
| | | Transferred trade receivables | |
| | | December 31, 2025 | December 31, 2024 |
| Trade receivables (*) | Carrying amount of transferred assets | ₩ 6,407 | ₩ 19,897 |
| | Carrying amount of associated liabilities | 6,407 | 19,897 |

(*) As of December 31, 2025 and 2024, the Group transferred ₩6,407 million and ₩19,897 million, respectively, of trade receivables in accordance with the factoring agreement. Under the factoring arrangement, the Group is obliged to repay the uncollected amount if the trade receivables are not collected at maturity. The Group accounts for the transaction as secured borrowings, as it retains substantially all risks and rewards associated with ownership of the trade receivables after the transfer.

## 37. DERIVATIVES:

(1) Details of derivatives as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| For trading: | | | | |
| Commodity futures | ₩ 47,134 | ₩ 455 | ₩ 2,365 | ₩ 5,488 |
| Foreign exchange forward contracts | 8,441 | 16,335 | 2,341 | 31,670 |
| Subtotal | 55,575 | 16,790 | 4,706 | 37,158 |
| For cash flow hedging: | | | | |
| Commodity futures | - | - | 77 | 238 |
| Foreign exchange forward contracts | 18,461 | 25,995 | 1 | 48,279 |
| Subtotal | 18,461 | 25,995 | 78 | 48,517 |
| Derivatives (purchases of equity) (*) | 1,452 | - | 1,452 | - |
| Derivatives (redeemable convertible preferred stock) | - | 10,107 | - | 8,760 |
| Total | ₩ 75,488 | ₩ 52,892 | ₩ 6,236 | ₩ 94,435 |

**(*)** The Group recognized the call option identified in the intershareholder agreement, concluded when acquiring shares of the subsidiary during the prior year as a derivative asset (see Note 34).

(2) Commodity futures

The Group entered into non-ferrous futures to hedge the price fluctuation risk of raw materials and applies cash flow hedging. Outstanding financial commitment contracts as of December 31, 2025, are as follows (Unit: USD in thousands):

| | The amount of outstanding financial commitment | |
|---|---|---|
| | Currency | Amount |
| Purchase of non-ferrous futures (CU): For trading | USD | 47,397 |
| Purchase of non-ferrous futures (AG): For trading | USD | 57,037 |
| Selling of non-ferrous futures (CU): For trading | USD | 318 |

1) Futures contracts for hedging the price fluctuation risk

The Group entered into copper futures contracts to hedge the risk of fluctuations in raw material prices and applies cash flow hedge accounting to these futures contracts. As of the end of the reporting period, there are no outstanding open contracts. There are no cumulative gains or losses recognized in other comprehensive income related to these futures contracts as of the reporting date, and any amounts recognized in equity will be reclassified to profit or loss in the periods during which the forecast transactions designated as hedged items affect profit or loss.

2) Futures contracts for not hedging the price fluctuation risk

Outstanding financial commitment contract for not hedging the price fluctuation risk as of December 31, 2025, is USD 104,752 thousand. In addition, with respect to the futures contracts, the Group recognized gain and loss on the valuation of derivatives of ₩47,286 million and ₩455 million, respectively, for the year ended December 31, 2025.

(3) Foreign exchange forward contracts

The Group entered into foreign exchange forward contracts to hedge the currency fluctuation risk of foreign receivables, etc. Outstanding financial commitment contracts as of December 31, 2025, are as follows (Unit: Foreign currency in thousands and Korean won in millions):

| | Amount of outstanding financial commitment | | | |
|---|---|---|---|---|
| | Currency of income | | Currency of payment | |
| | Currency | Amount | Currency | Amount |
| Selling foreign exchange forward | KRW | 1,815,474 | USD | 1,281,449 |
| Selling foreign exchange forward | KRW | 84,614 | EUR | 49,948 |
| Selling foreign exchange forward | KRW | 29,432 | JPY | 3,019,113 |
| Selling foreign exchange forward | KRW | 55,349 | GBP | 29,763 |
| Selling foreign exchange forward | KRW | 14,394 | CNY | 70,436 |
| Selling foreign exchange forward | KRW | 75,617 | THB | 1,707,589 |
| Selling foreign exchange forward | KRW | 181,712 | TWD | 3,892,441 |
| Selling foreign exchange forward | KRW | 4,963 | SAR | 13,454 |
| Buying foreign exchange forward | USD | 3,000 | KRW | 4,305 |
| Buying foreign exchange forward | JPY | 1,564,111 | KRW | 15,413 |
| Buying foreign exchange forward | GBP | 13,778 | KRW | 25,930 |

1) Cash Flow Hedge Accounting for Currency Forward Contracts

The Group entered into currency forward contracts to hedge against foreign exchange risk and applies cash flow hedge accounting for these forward contracts. As of December 31, 2025 and December 31, 2024, the gain and loss recognized in other comprehensive income amounted to ₩29,903 million and ₩46,668 million, respectively, and the gains or losses recognized in equity will be recognized in the income statement in the period when the hedged forecasted transactions affect the income statement.

2) Currency Forward Contracts Not Designated as Hedges

The Group entered into currency forward contracts to hedge against the foreign exchange risk of foreign currency receivables and others. The derivative evaluation gains and losses related to these currency forward contracts recognized in profit or loss are ₩15,358 million and ₩16,377 million, respectively.

## 38. REDEEMABLE CONVERTIBLE PREFERRED STOCK:

(1) The composition of the convertible redeemable preferred stock liability and derivative liabilities as of December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Carrying Amount | |
|---|---|---|
| | December 31, 2025 | December 31, 2024 |
| Redeemable convertible preferred stock liability (*) | ₩ 11,000 | ₩ 21,500 |
| Redemption premium (*) | 8,699 | 17,003 |
| Conversion right adjustment (*) | (14,917) | (28,579) |
| Fair value change on transaction date (*) | 197 | 396 |
| Derivative liabilities | 10,107 | 8,760 |
| Consolidation adjustments | (1,714) | (1,713) |
| Total | ₩ 13,372 | ₩ 17,367 |

(*) The debt component is measured at amortized cost. The difference between the carrying amount of the debt component as of the issuance date and the carrying amount as of the end of the period on the balance sheet represents the amount of interest calculated using the effective interest rate, less the nominal interest amount up to the end of the period.

(2) The key issuance terms of the convertible redeemable preferred stock are as follows:

1) Key issuance terms of LS THiRA-UTHECH Co., Ltd. are as follows:

| Classification | Details |
|---|---|
| Types of stocks to be issued | Redeemable Convertible Preferred Stock |
| Issue date | 2023-07-28 |
| Total number of stocks to be issued | 1,079,136 |
| Total amount of stocks to be issued | KRW 4,999,996,800 |
| Par value per share | KRW 100 |
| Issue price per share | KRW 4,633 |
| Preferential period of existence | 10 years from the date of the issue |
| Preferred share dividend rate | 0.00% |
| Guaranteed Return on Repayment | 6.00% annual compound interest |
| Priority Duration | From the expiration of two years from the date of issuance to the expiration of the term of existence |
| Assets subject to conversion rights | Common Stocks Issued by LS THiRA-UTECH Co., Ltd. |
| Conversion ratio of conversion rights | 0.88 shares of common stock per preferred stock. However, if the conversion ratio is adjusted, it will be subject to adjustment. |
| Period of exercise of conversion rights | Until the day before the lapse of 10 years from the date of initial issuance |

2) Key issuance terms of THiRA-Robotics are as follows:

| Classification | 1st Redeemable Convertible Preferred Stock (*1) | 2nd Redeemable Convertible Preferred Stock (*1) | 3rd Redeemable Convertible Preferred Stock (*2) |
|---|---|---|---|
| Types of Stocks to be issued | Redeemable Convertible Preferred Stock | Redeemable Convertible Preferred Stock | Redeemable Convertible Preferred Stock |
| Issue date | 2022-09-02 | 2022-10-01 | 2023-12-04 |
| Total number of stocks to be issued | 83,944 shares | 41,972 shares | 247,099 shares |
| Total amount of stocks to be issued | KRW 2,999,990,672 | KRW 1,499,995,336 | KRW 12,000,115,836 |
| par value per share | KRW 5,000 | KRW 5,000 | KRW 5,000 |
| issue price per share | KRW 35,738 | KRW 35,738 | KRW 48,564 |
| Preferential period of existence | 10 years from the date of the issue | | |
| Preferred share dividend rate | 1.00% | | |
| Guaranteed Return on Repayment | 6.00% annual compound interest | | |
| Priority Duration | From the expiration of three years from the date of issuance to the expiration of the term of existence | | |
| Assets subject to conversion rights | Common Stocks Issued by THiRA-Robotics | | |
| conversion ratio of conversion rights | 1 shares of common stock per preferred stock. However, if the conversion ratio is adjusted, it will be subject to adjustment. | | |
| Period of exercise of conversion rights | Until the day before the lapse of 10 years from the date of initial issuance | | |

(*1) During the current period, the instrument was fully converted into common shares.
(*2) During the current period, 123,550 shares were converted into common shares.

## 39. DISCONTINUED OPERATIONS:

(1) Costs of soil remediation for the land around Janghang Smelter

The Group has transferred copper refinement division to LS MnM in August 1999. As mentioned in Note 34. (9), the Group signed an agreement for soil contamination of Janghang Smelter and recognized the estimated cost as a loss of discontinued operations during the year 2012.

(2) Disposal plan of machineries of copper plate division

The board of directors announced a disposal plan for the machinery of the copper plate division of the Group on December 7, 2015. During the prior period, the Group recognized a discontinued operation profit of ₩210 million related to the sale of machinery in the copper foil business division. There was no discontinued operation profit or loss recognized in the previous period. In addition, no discontinued operation profit or loss was recognized during the current period.

(3) Analysis for income from discontinued operations

Details of performance of discontinued operations included in the consolidated financial statements are as follows:

1) Income from discontinued operations

Details of income from discontinued operations for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Other non-operating gain (loss) | ₩ - | ₩ 27 |
| Income (expense) of discontinued operation before tax | - | 27 |
| Income tax (expense) benefit | - | (6) |
| Gain (loss) of discontinued operations | ₩ - | ₩ 21 |

2) Cash flows of discontinued operations

Details of income from discontinued operations for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Cash flows from operating activities | ₩ - | ₩ (178) |
| Cash flows from investing activities | - | 27 |
| Cash flows from financing activities | - | - |
| Net (decrease) increase in cash and cash equivalents | ₩ - | ₩ (151) |

## 40. CONSOLIDATED STATEMENTS OF CASH FLOWS:

(1) Details of major non-cash investments and financing activities, which are not included in the consolidated statements of cash flows, for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Transfer of construction in progress | ₩ 90,479 | ₩ 73,966 |
| Transfer of other accounts payable to property, plant and equipment | (1,380) | (9,125) |
| Transfer of advance payments to intangible assets | 2,076 | 2,229 |
| Acquisition of right-of-use assets (lease liabilities) | 20,672 | 17,092 |

(2) Details of changes in liabilities in financing activities for the years ended December 31, 2025 and 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Non-cash changes | | | Other changes | | | |
| | Beginning balance | Changes in cash flows from financing activities | Acquisition of lease | Other loss | Liquidity transfer | Interest costs | Change of exchange rates | Other changes | Ending balance |
| Short-term borrowings | ₩ 381,318 | ₩ (75,236) | ₩ - | ₩ - | ₩ - | ₩ - | ₩ (4,779) | ₩ 890 | ₩ 302,193 |
| Current portion of debentures (*) | 219,833 | (220,000) | - | - | 230,049 | - | - | - | 229,882 |
| Current portion of long-term borrowings | 3,523 | (2,633) | - | - | 37,306 | - | - | (890) | 37,306 |
| Redeemable Convertible Preferred Stock | 8,607 | - | - | - | - | 1,380 | - | (6,721) | 3,266 |
| Long-term borrowings | 80,423 | 71,651 | - | - | (37,306) | - | (87) | - | 114,681 |
| Debentures (*) | 488,929 | 398,620 | - | - | (230,049) | 830 | - | - | 658,330 |
| Lease liabilities | 52,609 | (25,929) | 20,672 | (87) | - | - | (10) | (79) | 47,176 |
| Total liabilities from financing activities | ₩ 1,235,242 | ₩ 146,473 | ₩ 20,672 | ₩ (87) | ₩ - | ₩ 2,210 | ₩ (4,876) | ₩ (6,800) | ₩ 1,392,834 |

(*) The amount after deducting the bond discount issuance.

| | Year ended December 31, 2024 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Changes in cash flows from financing activities | Non-cash changes | | | Other changes | | | |
| | Beginning balance | | Acquisition of lease | Other loss | Liquidity transfer | Interest costs | Change of exchange rates | Changes in consolidated scope | Ending balance |
| Short-term borrowings | ₩ 276,942 | ₩ 26,780 | ₩ - | ₩ 29,916 | ₩ - | ₩ - | ₩ 26,340 | ₩ 21,340 | ₩ 381,318 |
| Current portion of debentures (*) | 139,933 | (140,000) | - | - | 219,693 | 207 | - | - | 219,833 |
| Current portion of long-term borrowings | 440 | (440) | - | - | 1,133 | - | - | 2,390 | 3,523 |
| Redeemable Convertible Preferred Stock | - | - | - | - | - | - | - | 8,607 | 8,607 |
| Current lease liabilities | 24,412 | (23,964) | 9,965 | (952) | 14,700 | - | 583 | 866 | 25,610 |
| Long-term borrowings | 5,473 | 39,050 | - | - | (1,133) | - | 37 | 36,996 | 80,423 |
| Debentures (*) | 508,771 | 199,395 | - | - | (219,693) | 456 | - | - | 488,929 |
| Lease liabilities | 32,203 | - | 7,127 | 601 | (14,700) | - | 914 | 854 | 26,999 |
| Total liabilities from financing activities | ₩ 988,174 | ₩ 100,821 | ₩ 17,092 | ₩ 29,565 | ₩ - | ₩ 663 | ₩ 27,874 | ₩ 71,053 | ₩ 1,235,242 |

(*) The amount after deducting the bond discount issuance.

(3) Supplier Finance Arrangements

The Group entered into supplier financing agreements to facilitate credit access for suppliers who provide goods or services to the entity and to promote early payments. Under this agreement, the supplier can receive payment from a financial institution for the billed amount, discounted at the agreed interest rate, up to a maximum of 180 days before the payment due date on the supplier's invoice.

This agreement allows the financial institution to make early payments for up to a maximum of ₩103.4 billion of invoiced amounts per month. Furthermore, the supplier financing agreement requires the entity to pay the full invoiced amount to the financial institution on the payment date specified on the supplier's invoice and does not permit any extension for payments later than the invoice due date.

Therefore, the Group recognizes the financial liabilities arising from this supplier financing agreement as accounts payable and other liabilities.

The changes in the liability for the period are primarily due to the increase in the purchase of goods and services, along with subsequent cash settlements, and there are no other significant non-cash changes.

The Group is not exposed to significant liquidity risks due to the limited amount of liabilities subject to the supplier financing agreement and the ability to use similar financial resources under comparable terms.

1) The details of the supplier financing agreement recognized as accounts payable and other liabilities at the end of the period are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | Interest rate | | | |
| | Financial institution | Type of agreement | Limit | Under 30 days | Under 60 days | Under 90 days | Under 180 days |
| Supplier Financing Agreement (Liabilities recognized as accounts payable and other liabilities) | KEB Hana Bank | Mutual growth loan | ₩ 17,000 | 1M FTP + 1.55% | 2M FTP + 1.55% | 3M FTP + 1.55% | 6M FTP + 1.55% |
| | Woori Bank | Mutual growth partner loan | 21,500 | CD rate + 1.95% | CD rate + 1.95% | CD rate + 1.95% | CD rate + 1.95% |
| | | B2B plus loan | 2,000 | CD rate + 1.8% | CD rate + 1.9% | CD rate + 2.0% | - |
| | Shinhan Bank | Mutual growth loan | 30,000 | FTP + 1.05% | FTP + 1.05% | FTP + 1.05% | FTP + 1.05% |
| | | Accounts receivable–secured loan | 9,900 | CD rate + 1.6% | CD rate + 1.7% | CD rate + 1.7% | CD rate + 1.7% |
| | NH Bank | Mutual growth loan | 8,000 | KORIBOR + 1.40% | KORIBOR + 1.40% | KORIBOR + 1.40% | - |
| | | Accounts receivable–secured loan | 5,000 | KORIBOR + 1.23% | KORIBOR + 1.23% | KORIBOR + 1.23% | - |
| | SC Bank Korea | Win-win payment loan | 10,000 | 3M CD rate + 1.5% | 3M CD rate + 1.5% | 3M CD rate + 1.5% | 3M CD rate + 1.5% |

2) The details of the carrying amount of the financial liabilities under the supplier financing agreement at each reporting date, the items presented on the statement of financial position, and the carrying amount of the portion of the financial liabilities related to the supplier financing agreement for which the supplier has already received payment from the financial provider are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Liabilities recognized as accounts payable and other liabilities | | |
| The book value of purchase and other liabilities corresponding to the supplier's financial agreement | ₩ 223,174 | ₩ 159,255 |
| The book value of purchase and other liabilities corresponding to the part where the supplier has already received the payment from the financial provider | 54,500 | 39,158 |

3) The payment date range of financial liabilities falling under the Supplier Financial Agreement and the payment date range of comparable purchase liabilities not falling under the Supplier Financial Agreement are as follows.

| | Year ended December 31, 2025 |
|---|---|
| Liabilities recognized as accounts payable and other liabilities | |
| The scope of the payment date of the purchase obligation corresponding to the supplier financial agreement | 50-90 days after invoice date |
| the scope of the payment date of the purchase obligation that is comparable to the supplier financial agreement | 50-90 days after invoice date |

## 41. BUSINESS COMBINATIONS:

(1) The main details of business combinations that occurred for years ended December 31, 2024, are as follows (Unit: Korean won in millions):

| | Year ended December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Major sales activities | Date of acquisition | Acquired equity | Transfer consideration (cash) | Transfer consideration (non-cash) | Transfer consideration (total) |
| CX Solution Corporation. | Internal electrical wiring construction business | April 1, 2024 | 51.00 % | ₩ 1,800 | ₩ - | ₩ 1,800 |
| L.FEMS Co., Ltd | Energy Saving and System Lease Project | June 30, 2024 | 90.00 % | 236 | - | 236 |
| LS E&M Co., Ltd. | Logistics Automation System | July 29, 2024 | 80.00 % | 10,800 | - | 10,800 |
| LS Power Solution Co., Ltd. (formerly KOC ELECTRIC Co., Ltd) | Electronic equipment system manufactur ing | September 11, 2024 | 51.00 % | 59,163 | 7,741 | 66,904 |
| LS THiRA-UTECH Co., Ltd. (formerly THiRA-UTECH Co., Ltd.) | Equipment/logistics automation software supply | December 7, 2024 | 31.85 % | 38,497 | - | 38,497 |
| PT. PURA MAYUNGAN | General trade, exports, imports, services | December 20, 2024 | 60.00 % | 14,667 | - | 14,667 |

(2) The fair value of assets acquired and liabilities assumed at the acquisition date due to business combinations that occurred in the years ended December 31, 2024, is as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | |
|---|---|---|
| | LS Power Solution Co., Ltd. (formerly KOC ELECTRIC Co., Ltd) (*) | LS THiRA-UTECH Co., Ltd. (formerly THiRA-UTECH Co., Ltd.) (*) |
| Current assets | ₩ 67,520 | ₩ 50,830 |
| Cash and cash equivalents | 22,221 | 30,883 |
| Account receivables and other receivable | 14,982 | 8,654 |
| Inventories | 28,123 | 5,005 |
| Other current assets | 2,194 | 6,288 |
| Non-current assets | 84,079 | 33,548 |
| Property, plant and equipment | 67,433 | 5,663 |
| Intangible assets | 14,998 | 11,245 |
| Other non-current assets | 1,648 | 16,640 |
| Fair value of identifiable assets | 151,599 | 84,378 |
| Current liabilities | 38,195 | 38,344 |
| Trade payables and other payables | 13,049 | 10,342 |
| Borrowing | 10,000 | 5,704 |
| Other liability | 15,146 | 22,298 |
| Non-current liabilities | 34,630 | 6,919 |
| Fair value of the identifiable liability | 72,825 | 45,263 |
| Fair value of the identifiable net assets | ₩ 78,774 | ₩ 39,115 |

(*) The fair value of identifiable net assets has changed following the finalization of the purchase price allocation related to the business combination that occurred in the prior year.

| | Year ended December 31, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | CX Solution Corporation. s | L.FEMS Co., Ltd | LS E&M Co., Ltd. (formerly Korea E&M Co., Ltd.) | KOC Electric Co., Ltd. | PT. SYMPHOS ELECTRIC | THiRA-UTECH Co., Ltd. | PT. PURA MAYUNGAN |
| Current assets | ₩ 5,074 | ₩ 1,413 | ₩ 5,584 | ₩ 67,520 | ₩ 27,563 | ₩ 50,830 | ₩ 27,061 |
| Cash and cash equivalents | 2,386 | 990 | 55 | 22,221 | 294 | 30,883 | 81 |
| Account receivables and other receivable | 1,045 | 108 | 5,045 | 14,982 | 2,643 | 8,654 | 12,240 |
| Inventories | 1,254 | - | 361 | 28,123 | 17,382 | 5,005 | 12,777 |
| Other current assets | 389 | 315 | 123 | 2,194 | 7,244 | 6,288 | 1,963 |
| Non-current assets | 2,381 | 12,496 | 3,735 | 61,837 | 14,102 | 32,714 | 13,307 |
| Property, plant and equipment | 1,787 | 12,496 | 3,456 | 59,791 | 6,667 | 4,845 | 13,080 |
| Intangible assets | - | - | - | 398 | 7,435 | 11,229 | - |
| Other non-current assets | 594 | - | 279 | 1,648 | - | 16,640 | 227 |
| Fair value of identifiable assets | 7,455 | 13,909 | 9,319 | 129,357 | 41,665 | 83,544 | 40,368 |
| Current liabilities | 5,373 | 5,060 | 563 | 38,195 | 22,601 | 40,058 | 13,487 |
| Trade payables and other payables | 3,077 | 3,088 | 390 | 13,049 | 6,912 | 10,342 | 6,324 |
| Borrowing | - | - | 128 | 10,000 | 11,080 | 5,704 | 5,827 |
| Other liability | 2,296 | 1,972 | 45 | 15,146 | 4,609 | 24,012 | 1,336 |
| Non-current liabilities | 496 | 9,086 | (49) | 29,490 | 1,636 | 5,097 | 1,159 |
| Fair value of the identifiable liability | 5,869 | 14,146 | 514 | 67,685 | 24,237 | 45,155 | 14,646 |
| Fair value of the identifiable net assets | ₩ 1,586 | ₩ (237) | ₩ 8,805 | ₩ 61,672 | ₩ 17,428 | ₩ 38,389 | ₩ 25,722 |

(3) The goodwill arising from the business combination that occurred in years ended December 31, 2024, is as follows (Unit: Korean won in millions):

| | Year ended December 31, 2025 | |
|---|---|---|
| | LS Power Solution Co., Ltd. (formerly KOC ELECTRIC Co., Ltd) (*) | LS THiRA-UTECH Co., Ltd. (formerly THiRA-UTECH Co., Ltd.) (*) |
| Transfer price | ₩ 66,904 | ₩ 38,497 |
| Plus: Non-controlling interests | 38,605 | 30,391 |
| Deduction: Fair value of identifiable net assets acquired | 78,774 | 39,115 |
| Goodwill (a profit from a bargain purchase) | ₩ 26,735 | ₩ 29,773 |

(*) The fair value of identifiable net assets has changed following the finalization of the purchase price allocation related to the business combination that occurred in the prior year.

| | Year ended December 31, 2024 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | CX Solution Corporation | | L.FEMS Co., Ltd | | LS E&M Co., Ltd. (formerly Korea E&M Co., Ltd.) | | KOC Electric Co., Ltd. | | PT. SYMPHOS ELECTRIC | | THiRA-UTECH Co., Ltd. | | PT. PURA MAYU NGAN | |
| Transfer price | ₩ | 1,800 | ₩ | 236 | ₩ | 10,800 | ₩ | 66,904 | ₩ | 16,309 | ₩ | 54,247 | ₩ | 14,667 |
| Plus: Non-controlling interests | | 777 | | (24) | | 1,761 | | 30,220 | | 8,714 | | 25,987 | | 10,611 |
| Deduction: Fair value of identifiable net assets acquired | | 1,586 | | (237) | | 8,805 | | 61,672 | | 17,428 | | 38,389 | | 25,722 |
| Goodwill (a profit from a bargain purchase) | ₩ | 991 | ₩ | 449 | ₩ | 3,756 | ₩ | 35,452 | ₩ | 7,595 | ₩ | 41,845 | ₩ | (444) |

(4) Goodwill related to the acquisitions of LS Power Solution Co., Ltd. (formerly KOC Electric Co., Ltd.) on September 11, 2024 and LS THiRA-UTECH Co., Ltd. (formerly THiRA-UTECH Co., Ltd.) on December 7, 2024 was initially recognized as provisional amounts in accordance with paragraph 45 of IFRS 3, "Business Combinations." During the current period, the Group completed the business combination accounting within the measurement period by reflecting the valuation of the identifiable net assets. Accordingly, the Group adjusted the provisional amounts of identifiable net assets recognized at the acquisition dates.

## 42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated financial statements were approved by the board of directors, authorized for issue on February 5, 2026, and are expected to be finally approved at the shareholders' meeting on March 26, 2026

## 43. SUBSEQUENT EVENTS:

Subsequent to the end of the reporting period, the Company resolved, at the board of directors' meeting held on February 5, 2026, to effect a stock split by reducing the par value of each common share from ₩5,000 to ₩1,000. In connection with the stock split, the relisting of the modified share certificates is scheduled for April 13, 2026. Upon reflecting the effect of the stock split, the number of common shares issued by the Company will increase from 30,000,000 shares to 150,000,000 shares.

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# Independent Auditors' Report on Internal Control over Financial Reporting for Consolidation Purposes

Based on a report originally issued in Korean

To the Shareholders and the Board of Directors of
LS ELECTRIC Co., Ltd.:

**Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We have audited LS ELECTRIC Co., Ltd. and its subsidiaries ("the Group")' internal control over financial reporting ("ICFR") for consolidation purposes as of December 31, 2025 based on the criteria established in the Conceptual Framework for Designing and Operating ICFR ("ICFR Design and Operation Framework") issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea (the "ICFR Committee").

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting for consolidation purposes as of December 31, 2025, based on ICFR Design and Operation Framework.

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as of December 31, 2025, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, including material accounting policies, and our report dated March 18, 2026 expressed an unmodified opinion on those consolidated financial statements.

**Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We conducted our audit in accordance with KSAs. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting for Consolidation Purposes section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control over financial reporting in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Internal Control over Financial Reporting for Consolidation Purposes**

The Group's management is responsible for designing, operating and maintaining effective internal control over financial reporting for consolidation purposes and for its assessment of the effectiveness of internal control over financial reporting for consolidation purposes, included in the accompanying Report on Operating Status of Internal Control over Financial Reporting for Consolidation Purposes.

Those charged with governance are responsible for overseeing the Group's internal control over financial reporting for consolidation purposes.

**Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting for Consolidation Purposes**

Our responsibility is to express an opinion on the Group's internal control over financial reporting for consolidation purposes based on our audit. We conducted our audit in accordance with KSAs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting for consolidation purposes was maintained in all material respects.

An audit of internal control over financial reporting for consolidation purposes includes performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risk that a material weakness exists. The audit involves obtaining an understanding of internal control over financial reporting for consolidation purposes, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risks.

**Definition and Limitations of Internal Control over Financial Reporting for Consolidation Purposes**

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

Because of its inherent limitations, internal control over financial reporting for consolidation purposes may not prevent or detect material misstatements in the consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Sang Ho Roh.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 18, 2026

This report is effective as of March 18, 2026, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the internal control over financial reporting. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.