

**TAIHAN CABLE & SOLUTION CO., LTD.
AND ITS SUBSIDIARIES**

Consolidated financial statements
December 31, 2025
(with the independent auditor's report thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

To the Shareholders and Board of Directors of
Taihan Cable & Solution Co., Ltd

Opinion

We have audited the consolidated financial statements of Taihan Cable & Solution Co., Ltd. and its subsidiaries ("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.

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 Korean Standards on Auditing ("KSAs"), the Group's Internal Control over Financial Reporting ("ICFR") for consolidation purposes 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 16, 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 KSAs. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2025. These matters were 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 these matters. We considered the followings as key audit matters to be communicated in the audit report.

Assessment on realizability of deferred tax assets

The Group reviews the carrying amount of deferred tax assets at the end of each reporting period and recognizes deferred tax assets only to the extent that it is probable that sufficient taxable income will be available against which the related tax benefits can be utilized. As described in Note 33 to the consolidated financial statements, as of December 31, 2025, the Group has recognized deferred tax assets amounting to ₩120,689 million.

The assessment of the realizability of deferred tax assets involves inherent complexity as it requires management's judgment regarding the estimation of future taxable income and the timing of utilization of tax credits. Given that the estimation of future taxable income involves significant management judgment and is subject to inherent uncertainty related to key variables such as expected sales and operating expenses, we identified the assessment of the realizability of deferred tax assets as a key audit matter.



The primary audit procedures we performed to address this key audit matter are as follows:

- Obtained an understanding of the accounting policy, key process and evaluated the design and operating effectiveness of certain internal controls related to assessment on realizability of deferred tax assets.
- Assessed key input variables such as sales and operating expenses used in the estimation of the future taxable income through inspection of recent business forecasts and past performance reported to the Board of Directors.
- Compared the actual operating performance with the expected future taxable income to evaluate the accuracy of the estimation for taxable income.
- Assessed the timing of the utilization of the tax loss carryforwards and deductible temporary differences.

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 20, 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Uhm, Jun Sik.

KPMG Samjory Accounting Corp.

Seoul, Korea
March 16, 2026

This report is effective as of March 16, 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.

Taihan Cable & Solution Co., Ltd. and its subsidiaries

Consolidated financial statements
for the years ended December 31, 2025 and 2024

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

Song, Jong Min
Chief Executive Officer
Taihan Cable & Solution Co., Ltd.

Taihan Cable & Solution Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as of December 31, 2025 and 2024

(Korean won)

	Notes	2025	2024
Assets			
Current assets			
Cash and cash equivalents	5,6,7	₩ 438,856,642,626	₩ 333,476,915,567
Short-term financial assets	5,6,37	245,247,440,000	271,154,000,000
Financial assets at fair value through profit or loss	5,6,9,37	20,116,176,270	-
Trade receivables	5,6,8,28,36,37	613,709,449,015	441,208,399,832
Short-term loans	5,6,8,36	369,367,010	175,431,106
Other current financial assets	5,6,8,36	91,646,009,999	24,459,470,156
Inventories, net	10,37	856,263,743,808	596,570,482,143
Income tax receivable	33	3,397,275,378	562,279,047
Other current assets	11,28	153,075,070,079	108,169,380,345
		<u>2,422,681,174,185</u>	<u>1,775,776,358,196</u>
Non-current assets			
Financial assets at fair value through profit or loss	5,6,9	20,738,465,189	20,496,508,773
Financial assets at amortized cost	5,6,9	3,230,640,000	2,907,930,000
Financial assets at fair value through OCI	5,6,9	8,860,142	9,775,587
Investment in associates	12	3,768,443,955	4,461,668,007
Long-term trade receivables	5,6,8,28	8,200,725,052	-
Long-term loans	5,6,8,36	279,673,021	53,312,888
Other non-current financial assets	5,6,8,36	25,903,530,107	14,631,159,361
Property, plant and equipment, net	13,14,36,37	847,939,425,871	712,200,208,678
Intangible assets, net	15,41	21,775,644,575	12,387,117,352
Investment properties, net	16	283,267,100	1,078,013,092
Net employee defined benefit assets	20	5,230,900,083	897,114,031
Deferred tax assets	33	120,689,175,663	71,211,228,659
Other non-current assets	11	12,552,260,466	26,615,814,422
		<u>1,070,601,011,224</u>	<u>866,949,850,850</u>
Total assets		₩ 3,493,282,185,409	₩ 2,642,726,209,046
Liabilities			
Current liabilities			
Trade payables	5,6,17,36,39	₩ 451,683,160,868	₩ 384,031,866,843
Short-term borrowings	5,6,18,39	459,544,840,696	142,230,600,327
Current portion of long-term borrowings	5,6,18,39	210,000,000,000	20,000,000,000
Current convertible bond	5,6,19,39	81,526,788,033	69,706,310,879
Other current financial liabilities	5,6,14,17,36,39	227,309,103,483	143,783,989,428
Income tax payable	33	4,575,280,910	1,404,519,478
Current provisions	21,40	18,788,804,702	13,075,325,356
Other current liabilities	22,28	230,306,368,502	145,905,798,827
		<u>1,683,734,347,194</u>	<u>920,138,411,138</u>
Non-current liabilities			
Long-term borrowings	5,6,18,39	154,535,194,001	210,000,000,000
Other non-current financial liabilities	5,6,14,17,39	6,781,981,976	6,509,613,794
Net employee defined benefit liabilities	20	444,393,730	-
Other Non-current liabilities	20,22	8,422,448,045	5,871,784,288
Deferred tax liabilities	33	973,755,005	852,488,668
Non-current provisions	21	6,047,274,920	3,241,439,000
		<u>177,205,047,677</u>	<u>226,475,325,750</u>
Total liabilities		1,860,939,394,871	1,146,613,736,888
Equity attributable to equity holders of the parent			
Issued capital	23	186,447,300,000	186,447,300,000
Other components of equity	24	984,188,012,404	984,544,364,052
Accumulated other comprehensive loss	25	(38,688,928,941)	(82,953,249,688)
Retained earnings	26	469,671,939,233	385,165,157,534
		<u>1,601,618,322,696</u>	<u>1,473,203,571,898</u>
Non-controlling interests	1	30,724,467,842	22,908,900,260
Total equity		1,632,342,790,538	1,496,112,472,158
Total liabilities and equity		₩ 3,493,282,185,409	₩ 2,642,726,209,046

Taihan Cable & Solution Co., Ltd. and its subsidiaries
Consolidated statements of comprehensive income
for the years ended December 31, 2025 and 2024

(Korean won)

	Notes	2025	2024
Sales	27,28,36,38	₩ 3,636,018,215,712	₩ 3,291,299,374,607
Cost of sales	10,27,28,32,36	3,352,854,241,384	3,027,913,180,493
Gross profit		283,163,974,328	263,386,194,114
Selling and administrative expenses	29,32	154,550,927,792	148,216,436,749
Operating profit		128,613,046,536	115,169,757,365
Non-operating income and expenses			
Other non-operating income	5,30	81,882,513,589	59,154,117,163
Other non-operating expenses	5,30	48,970,496,718	46,889,391,094
Finance income	5,31	88,208,982,627	29,439,469,179
Finance expenses	5,31	212,396,073,935	80,324,153,003
Share of loss of associates	12	686,633,555	644,360,383
Profit before tax from continuing operations		36,651,338,544	75,905,439,227
Income tax expense (benefit)	33	(53,226,059,345)	1,715,037,351
Profit for the year		₩ 89,877,397,889	₩ 74,190,401,876
Other comprehensive income (loss):			
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement loss			
on the net defined benefit plans	20	286,114,409	(2,030,640,511)
Net other comprehensive gain (loss) that will not be reclassified to profit or loss in subsequent periods (net of tax):		286,114,409	(2,030,640,511)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Net gain on available-for-sale financial assets	5,9	(951,011)	-
Share of other comprehensive loss of associates	12	(6,590,497)	351,285,906
Exchange differences on translation of foreign operations		1,582,407,915	13,255,382,197
Gain (loss) on valuation of derivatives	5,8	44,848,291,323	(2,535,478,781)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):		46,423,157,730	11,071,189,322
Total other comprehensive income (loss) for the year, net of tax		₩ 46,709,272,139	₩ 9,040,548,811
Total comprehensive income (loss) for the year, net of tax		₩ 136,586,670,028	₩ 83,230,950,687
Profit for the year attributable to:			
Equity holders of the parent		₩ 84,220,667,290	₩ 70,445,443,745
Non-controlling interests		5,656,730,599	3,744,958,131
		₩ 89,877,397,889	₩ 74,190,401,876
Total comprehensive income attributable to:			
Equity holders of the parent		128,771,102,446	77,106,210,176
Non-controlling interests		7,815,567,582	6,124,740,511
		₩ 136,586,670,028	₩ 83,230,950,687
Earnings per share:			
Basic earnings for the year attributable to ordinary shares of the parent	34	₩ 453	₩ 409
Diluted earnings for the year attributable to ordinary shares of the parent	34	453	409

	Attributable to the equity holders of the parent						
	Issued capital	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
As of January 1, 2024	₩ 124,447,300,000	₩ 589,948,597,439	₩ (91,644,656,630)	₩ 316,750,354,300	₩ 936,501,595,109	₩ 16,784,159,749	₩ 953,285,754,658
Profit for the year	-	-	-	70,445,443,745	70,445,443,745	3,744,958,131	74,190,401,676
Remeasurement gain on the net defined benefit plans	-	-	-	(2,030,640,511)	(2,030,640,511)	-	(2,030,640,511)
Loss on valuation of derivatives	-	-	(2,535,478,781)	-	(2,535,478,781)	-	(2,535,478,781)
Changes in equity of associates and joint venture under equity method	-	-	351,285,906	-	351,285,906	-	351,285,906
Exchange differences on translation of foreign operations	-	-	10,875,299,617	-	10,875,299,617	2,379,782,380	13,255,082,197
Total comprehensive income	-	-	8,691,406,942	68,414,803,234	77,106,210,176	6,124,740,511	83,230,950,687
Paid-in capital increase	62,000,000,000	397,311,264,128	-	-	459,311,264,128	-	459,311,264,128
Exercise of share-based payment	-	(831,140,580)	-	-	(831,140,580)	-	(831,140,580)
Disposal of treasury shares	-	550,727,946	-	-	550,727,946	-	550,727,946
Gain on disposal of treasury shares	-	564,915,119	-	-	564,915,119	-	564,915,119
As of December 31, 2024	₩ 186,447,300,000	₩ 984,544,364,052	₩ (82,953,249,688)	₩ 385,165,157,534	₩ 1,473,203,571,898	₩ 22,908,900,260	₩ 1,496,112,472,158
As of January 1, 2025	₩ 186,447,300,000	₩ 984,544,364,052	₩ (82,953,249,688)	₩ 385,165,157,534	₩ 1,473,203,571,898	₩ 22,908,900,260	₩ 1,496,112,472,158
Profit for the year	-	-	-	84,220,667,290	84,220,667,290	5,656,730,599	89,877,397,889
Remeasurement gain on the net defined benefit plans	-	-	-	296,114,409	296,114,409	-	296,114,409
Gain on valuation of derivatives	-	-	44,848,291,323	-	44,848,291,323	-	44,848,291,323
Changes in equity of associates and joint venture under equity method	-	-	(6,590,497)	-	(6,590,497)	-	(6,590,497)
Net gain on available-for-sale financial assets	-	-	(951,011)	-	(951,011)	-	(951,011)
Exchange differences on translation of foreign operations	-	-	(576,429,068)	-	(576,429,068)	2,158,836,983	1,582,407,915
Total comprehensive income	-	-	44,264,320,747	84,506,781,699	128,771,102,446	7,815,567,582	136,586,670,028
Exercise of share-based payment	-	(1,942,840,500)	-	-	(1,942,840,500)	-	(1,942,840,500)
Other Changes in Equity	-	(23,067,460)	-	-	(23,067,460)	-	(23,067,460)
Disposal of treasury shares	-	348,179,315	-	-	348,179,315	-	348,179,315
Gain on disposal of treasury shares	-	1,261,376,997	-	-	1,261,376,997	-	1,261,376,997
As of December 31, 2025	₩ 186,447,300,000	₩ 984,188,012,404	₩ (38,688,928,941)	₩ 469,671,939,233	₩ 1,601,616,322,696	₩ 30,724,467,842	₩ 1,632,342,790,538

Taihan Cable & Solution Co., Ltd. and its subsidiaries
Consolidated statements of cash flows
for the years ended December 31, 2025 and 2024

(Korean won)

	Notes	2025	2024
Operating activities			
Profit for the year		₩ 89,877,397,889	₩ 74,190,401,876
Adjustments to reconcile profit before tax to net cash flows provided by operating activities	35	104,483,995,095	56,992,403,781
Working capital adjustments:	35	(342,262,293,214)	(96,743,903,908)
Interest received		17,486,806,409	11,841,646,589
Interest paid		(28,485,357,556)	(31,590,018,589)
Dividends received		159,500	1,469,500
Income tax paid		(12,380,536,288)	(7,940,401,702)
Net cash flows provided by (used in) operating activities		(171,279,828,165)	6,751,597,547
Investing activities			
Decrease in short/long-term loans		1,076,626,135	6,142,926,857
Decrease in financial assets at fair value through profit or loss		5,039,199,999	1,022,510,753
Decrease(Increase) in short- and long-term financial assets		25,945,760,000	(262,000,000,000)
Decrease in other financial assets		638,645,994	1,974,296,613
Proceeds from disposal of property, plant and equipment		1,274,951,945	487,490,838
Receipt of government grants		114,909,837	44,384,000
Increase in short/long-term loans		(974,806,411)	(625,935,112)
Increase in financial assets at fair value through profit or loss		(25,000,000,000)	-
Increase in financial assets at amortized cost		(322,710,000)	(2,907,930,000)
Increase in other financial assets		(11,894,137,577)	(994,124,923)
Acquisition of property, plant and equipment		(155,166,163,954)	(128,960,243,706)
Acquisition of intangible assets		(5,530,368,530)	(1,291,824,979)
Changes of consolidation scope		191,802,261	115,337
Increase in investments of Subsidiary		(1,930,050,000)	-
Net cash flows used in investing activities		(166,536,340,301)	(387,108,334,322)
Financing activities			
Proceeds from short-term borrowings	35	795,271,544,051	300,625,946,224
Repayment of short-term borrowings		(481,395,975,140)	(329,106,622,392)
Proceeds from long-term borrowings		-	5,000,000,000
Repayment of long-term borrowings		(89,850,000)	-
Decrease in leasehold deposits		(23,841,204)	(80,000,000)
Increase in leasehold deposits		165,702,484	-
Increase(Decrease) of paid-in capital		(23,067,460)	459,311,264,128
Proceeds from convertible bond		-	(12,514,240)
Repayment of current portion of long-term borrowings		(22,694,200,000)	(20,000,000,000)
Decrease in other financial liabilities		(6,189,055,476)	(4,682,554,713)
Proceeds from bonds issued		154,482,668,400	-
Net cash flows provided by financing activities		439,503,925,655	411,055,519,007
Exchange differences on translation of foreign operations		3,728,702,917	6,001,364,544
Net increase in cash and cash equivalents		105,416,460,106	36,700,146,776
Cash and cash equivalents at January 1		333,476,915,567	289,331,472,272
Effect of exchange rate fluctuations on cash and cash equivalents		(36,733,047)	7,445,296,519
Cash and cash equivalents at December 31		₩ 438,856,642,626	₩ 333,476,915,567

Taihan Cable & Solution Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

1. Corporate information

1.1 The Group

Taihan Cable & Solution Co., Ltd. (the “Company” or “Parent Company”), the parent company of Taihan Cable & Solution Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), traces its origins back to Chosun Electric Wire, the first electric wire company in Korea established in 1941, and was officially incorporated on February 21, 1955. The Company is engaged in manufacturing, processing, and selling various electric wires, cable materials, and integrated meters, as well as providing electrical installation services. The Group’s headquarters is located in Anyang-si, Gyeonggi-do, Korea, and its plant is located in Dangjin-si, Choongcheongnam-do. On December 27, 1968, the Group offered its shares for public ownership and all shares were listed on the Korea Stock Exchange.

As of December 31, 2025 and 2024, the Group’s shareholders are as follows:

Shareholders	2025		2024	
	Number of shares	Percentage of ownership(%)	Number of shares	Percentage of ownership(%)
Hoban Engineering Co., Ltd.	78,220,635	41.95	78,220,635	41.95
National Pension Service	11,585,270	6.21	10,443,180	5.60
Treasury stock	636,946	0.34	689,291	0.37
Others	96,004,449	51.50	97,094,194	52.08
Total	186,447,300	100.00	186,447,300	100.00

Taihan Cable & Solution Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

1.2 Subsidiaries

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

<2025>

Company	Main business	Location	Percentage of ownership(%)		
			Parent	Subsidiaries	Non-controlling
T.E.USA, Ltd.	Sales of cable	U.S.A.	100	-	-
TCV Co., Ltd.	Manufacturing and sales of cable	Vietnam	100	-	-
Malesela T.E.C, Ltd.(*1)	Manufacturing and Sales of cable	Republic of South Africa	49	-	51
Velvetsky nine Ltd.	Manufacturing and Sales of cable	Republic of South Africa	-	100	-
Saudi-taihan Co., Ltd.	Manufacturing and Sales of cable equipment	Saudi Arabia	51.1	-	48.9
Taihan Netherlands B.V.	Sales of cable	Netherlands	100	-	-
Taihan Electric Australia Pty Ltd.	Sales of cable	Australia	100	-	-
Taihan New Zealand Ltd.	Sales of cable	New Zealand	100	-	-
Taihan C&S Co., Ltd	Construction	Korea	100	-	-
Taihan ENGINEERING & CONSTRUCTION Ltd.	Construction	Singapore	100	-	-
Bulace Investments, Ltd.	Real Estate Investment	Cyprus	100	-	-
Taihan Canada.(*2)	Sales of cable	Canada	100	-	-
Taihan Oceanworks.,Ltd.(*3)	Construction	Korea	100	-	-

(*1) Although the percentage of ownership is less than 50%, the Group can appoint the majority of directors and approve key operational decisions based on the agreement, thus the Group is deemed to have control.

(*2) Taihan Canada was incorporated during the current year.

(*3) During the current year, the company acquired Ocean C&I Co., Ltd., and, effective October 20, 2025, the company name was changed to Taihan Oceanworks., Ltd. (Refer to Note 41).

Taihan Cable & Solution Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
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1.2.1 Details of subsidiaries as of December 31, 2025 and 2024 are as follows: (cont'd)

<2024>

Company	Main business	Location	Percentage of ownership(%)		
			Parent	Subsidiaries	Non-controlling
T.E.USA, Ltd.	Sales of cable	U.S.A.	100	-	-
TCV Co., Ltd.	Manufacturing and sales of cable	Vietnam	100	-	-
Malesela T.E.C, Ltd.(*1)	Manufacturing and Sales of cable	Republic of South Africa	49	-	51
Velvetsky nine Ltd.	Manufacturing and Sales of cable	Republic of South Africa	-	100	-
Saudi-taihan Co., Ltd.	Manufacturing and Sales of cable equipment	Saudi Arabia	51.1	-	48.9
Taihan Netherlands B.V.	Sales of cable	Netherlands	100	-	-
Taihan Electric Australia Pty Ltd.	Sales of cable	Australia	100	-	-
Taihan New Zealand Ltd.	Sales of cable	New Zealand	100	-	-
Taihan C&S Co., Ltd	Construction	Korea	100	-	-
Taihan ENGINEERING & CONSTRUCTION Ltd.	Construction	Singapore	100	-	-
Bulace Investments, Ltd.(*2)	Real Estate Investment	Cyprus	100	-	-

(*1) Although the percentage of ownership is less than 50%, the Group can appoint the majority of directors and approve key operational decisions based on the agreement, thus the Group is deemed to have control.

(*2) Reclassified from a joint venture to a subsidiary due to the acquisition of control over the entity for the year ended December 31, 2024.

1.2.2 Changes in the scope of consolidation as of December 31, 2025 and 2024 are as follows:

<2025>

Company	Detail of Change	Description
Taihan Canada	Inclusion	Newly incorporated
Taihan Oceanworks.,Ltd.	Inclusion	Acquisition of control

<2024>

Company	Detail of Change	Description
Bulace Investments, Ltd.	Inclusion	Acquisition of control

Taihan Cable & Solution Co., Ltd. and its subsidiaries
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1.2.3 Condensed financial statements of subsidiaries as of and for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

<2025>

Company	Asset	Liabilities	Equity	Sales	Net income (loss)	Comprehensive Income (loss)
TCV Co., Ltd.	₩ 100,895,705	₩ 59,817,208	₩ 41,078,497	₩ 148,676,787	₩ 2,303,229	₩ 97,253
T.E.USA, Ltd.	220,869,183	167,963,167	52,906,016	421,650,873	8,667,004	7,664,007
Malesela T.E.C, Ltd. (*)	75,954,359	29,786,506	46,167,853	141,986,280	3,871,340	8,203,303
Saudi-taihan Co. Ltd.	20,214,829	5,218,243	14,996,586	29,644,485	7,530,362	7,427,163
Taihan C&S Co., Ltd.	1,904,143	722,783	1,181,360	2,820,965	124,245	124,245
Taihan Netherlands B.V.	138,937,005	135,614,288	3,322,717	83,758,710	2,831,116	3,001,896
Taihan Electric Australia Pty Ltd.	15,717,184	8,000,901	7,716,283	22,307,904	269,568	648,706
Taihan New Zealand Ltd.	255,311	105,167	150,144	428,418	(99,004)	(98,627)
Bulace Investments, Ltd. TAIHAN ENGINEERING & CONSTRUCTION PTE. LTD.	31,678 6,971,188	157,983 6,721,294	(126,305) 249,894	- 9,241,852	(24,857) 66,118	(36,318) 73,825
Taihan Canada.	282,330	12,071	270,259	-	(63,270)	(48,148)
Taihan Oceanworks., Ltd.	6,003,155	280,873	5,722,282	1,064,697	80,903	80,903

(*) Malesela T.E.C, Ltd.'s financial information was prepared based on consolidated financial statements including its subsidiary, Velvetsky nine Ltd.

<2024>

Company	Asset	Liabilities	Equity	Sales	Net income (loss)	Comprehensive Income (loss)
TCV Co., Ltd.	₩ 78,442,146	₩ 37,460,902	₩ 40,981,244	₩ 140,329,233	₩ 3,644,977	₩ 6,760,684
T.E.USA, Ltd.	126,059,571	80,817,562	45,242,009	319,617,989	7,145,050	12,312,674
Malesela T.E.C, Ltd. (*)	61,038,851	23,074,302	37,964,549	123,894,874	4,413,158	8,355,648
Saudi-taihan Co. Ltd.	19,303,836	11,734,413	7,569,423	14,447,497	3,055,721	3,810,552
Taihan C&S Co., Ltd.	1,576,440	519,325	1,057,115	2,904,980	241,755	241,755
Taihan Netherlands B.V.	135,447,940	135,127,119	320,821	14,269,887	218,103	232,373
Taihan Electric Australia Pty Ltd.	15,730,975	8,663,398	7,067,577	53,292,738	1,084,915	1,321,232
Taihan New Zealand Ltd.	261,113	12,341	248,772	956,066	(32,394)	(28,515)
Bulace Investments, Ltd. TAIHAN ENGINEERING & CONSTRUCTION PTE. LTD.	53,518 502,831	143,505 326,762	(89,987) 176,069	- 401,124	(2,223) (134,585)	(4,670) (111,875)

(*) Malesela T.E.C, Ltd.'s financial information was prepared based on consolidated financial statements including its subsidiary, Velvetsky nine Ltd.

Taihan Cable & Solution Co., Ltd. and its subsidiaries
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1.2.4 Non-controlling interest of subsidiaries are as follows (Korean won in thousands)

Company	Net income attributed to non-controlling interest		Comprehensive income attributed to non-controlling interest		Accumulated non-controlling interest	
	2025	2024	2025	2024	2025	2024
Saudi-taihan Co., Ltd.	₩ 3,682,347	₩ 1,494,248	₩ 3,631,883	₩ 1,863,360	₩ 7,178,863	₩ 3,546,980
Malesela T.E.C, Ltd.	1,974,384	2,250,710	4,183,685	4,261,381	23,545,605	19,361,920
Total	₩ 5,656,731	₩ 3,744,958	₩ 7,815,568	₩ 6,124,741	₩ 30,724,468	₩ 22,908,900

2. Basis of preparation and summary of material accounting policies

2.1 Basis of preparation

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

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments and others that have been measured at fair value. The consolidated financial statements are presented in Korean won in thousands and all values are rounded to the nearest millions, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the prior period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the consolidated financial statements, and these significantly affect the financial position at the beginning of the earliest period presented.

2.2 Approval of the financial statements

The financial statements of the Company as of and for the year ended December 31, 2025 were approved by the Board of Directors on February 11, 2026. It is expected to be finally approved at the shareholders' meeting on March 26, 2026.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group’s voting rights and potential voting rights.

2.3 Basis of consolidation (cont'd)

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to 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 their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.4 Summary of significant accounting policies

2.4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of KIFRS 1109 *Financial Instruments* is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity. If the contingent consideration is not within the scope of KIFRS 1109, it is measured in accordance with the appropriate KIFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units.

2.4.1 Business combinations and goodwill (cont'd)

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.4.2 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. 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.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as 'Share of profit of an associate and a joint venture' in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2.4.3 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.4.4 Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.4.4 Fair value measurement (cont'd)

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

	Notes
- Disclosure for valuation methods, significant estimates and assumptions	6
- Quantitative disclosures of fair value measurement hierarchy	6
- Investment in unquoted equity shares	6, 9
- Financial instruments (Include instruments measured at amortized cost)	5, 6, 9

2.4.5 Foreign currencies

The Group's consolidated financial statements are presented in Korean won, which is also the Group's functional currency. Each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct consolidation method and reclassifies the gain or loss to profit or loss reflecting the amount of the direct use of the consolidation method when disposing of a foreign operation.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The transaction date for determining the exchange rate to be applied on the initial recognition of the related asset, expense, income (or part of it) is the date when the Group first recognizes the relating non-monetary asset or non-monetary liability by making a prepayment or receiving an advance for the consideration. If there are multiple prepayments or advances received, the Group determines the transaction date based on each respective prepayment or advances received.

2.4.5 Foreign currencies (cont'd)

Translation of foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into Korean won at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates during the reporting period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.4.6 Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Except for land, property, plant and equipment is depreciated using the following useful lives and depreciation methods.

Classification	Useful lives(Year)	Depreciation Method
Buildings	20 – 40	Straight-line Method
Structures	20 – 40	Straight-line Method
Machinery and equipment	5 – 35	Straight-line Method
Vehicles	5	Straight-line Method
Vessel	15	Straight-line Method
Right-of-use asset	1 – 23	Straight-line Method
Other property, plant and equipment (“Other PP&E”)	5	Straight-line Method

Property, plant and equipment are derecognized either when they have been disposed of (i.e., the date when the acquirer obtains control of the asset) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gain or loss from the disposal is the difference between the net proceeds on disposal and the carrying amount of the asset and is recognized in profit or loss in the period of derecognition.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

2.4.7 Leases

At inception of a contract, the Group shall assess whether the contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to the use of identified the asset for a period of time in exchange of consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(1) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Classification	Useful lives (years)	Depreciation method
Land and structures	1 – 23	Straight-line Method
Equipment	5	Straight-line Method
Vehicles	1 – 4	Straight-line Method
Others	1 – 5	Straight-line Method

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use asset is subject to impairment, refer to Note 2.4.12(accounting policy on impairment of non-financial asset)

(2) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments less any lease incentives receivable) and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs or conditions (if not incurred in producing inventory assets)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (For example, changes in future lease payments due to changes in the index or rate recognized to calculate the lease payments.), or an assessment of the option of purchase the underlying asset

Other financial liability includes lease liability (Refer to Note 17).

(3) Short-term leases and leases of low value underlying assets

Short-term lease (those for term of under 12 months, have no option-to-purchase) is excluded from lease recognition. Lease for office equipment regarded as low-value assets is also excluded from lease-recognition by the Group. Any lease payments emerged from short-term lease and lease of low value assets is recognized as expenses over lease term for straight-line basis.

2.4.7 Leases (cont'd)

Group as a lessor

A lease is classified as an operating lease if it transfers substantially no risk and rewards related to ownership of an underlying asset from lessor to lessee. Income from lease payments shall recognized as straight-line basis over lease term. According to the nature of Group operation, the revenue can be included to revenue in statement of comprehensive income. A lessor shall add initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognize those costs as an expense over the lease term. Any contingent rental fee shall be recognized as revenue when received.

A lease is classified as a financial lease if it transfers substantially risk and rewards related to ownership of an underlying asset from lessor to lessee. Lease payments receivables are recognized as same amounts of net investments in the lease. Interest incomes are recognized as applying effective interest rate method to remaining receivables amount by the Group.

2.4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4.9 Investment properties

Investment properties are measured initially at cost, including transaction costs. However, other costs occurred from ordinary management performance are expensed in the period in which they occur. Subsequent to initial recognition, investment properties are stated at depreciated cost less any accumulated impairment losses.

Investment properties are derecognized either when they have been disposed of (i.e., the date when the acquirer obtains control of the asset) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement in the period of derecognition. The amount of consideration to be included in the gain or loss from derecognition of the investment property is determined in accordance with the requirements of KIFRS 1115 for determining the transaction price.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.4.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets are amortized using the following useful lives and amortization methods.

Classification	Useful lives(Years)	Amortization Method
Goodwill	Indefinite	-
Membership	Indefinite	-
Other intangible asset	5 – 10	Straight-line Method
Development costs	5	Straight-line Method

Intangible assets are derecognized either when they have been disposed of (i.e., the date when the acquirer obtains control of the asset) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of income and other comprehensive income when the asset is derecognized.

Research and development costs

Research and development costs are expensed as incurred. However, in the case of development costs associated with an individual project, i) can provide technical feasibility to complete an intangible asset for use or sale, ii) have the intention and ability to complete, use or sell the intangible asset, iii) have sufficient resources to do, iv) demonstrate how an intangible asset can generate future economic benefits, v) can be measured reliably.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

2.4.11 Inventories

Inventories are valued at the lower of cost and net realizable value. Initial cost of inventories includes acquisition of inventories, production or conversion costs and other costs incurred in bringing each product to its present location and conditions. Unit cost of inventories is determined by using the gross average method except for materials-in-transit which are stated at cost by specific identification method.

The initial cost of inventories includes the gains and losses on valuation of qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.4.12 Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

2.4.13 Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.4.14 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under KIFRS 1115.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are measured by as follows:

- financial assets at amortized cost (debt instruments)
- financial assets measured at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- financial assets measured at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective 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

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

2.4.14 Financial instruments – initial recognition and subsequent measurement (cont'd)

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under KIFRS 1032 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of comprehensive income.

The category includes derivatives and listed equity instruments which are not elected to recognize changes in fair value in OCI. Dividends on listed equity instruments are recognized in the statement of profit or loss at the time the right are established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4.14 Financial instruments – initial recognition and subsequent measurement (cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

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Trade receivables and other financial assets	8

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group sets the provision matrix based on its past credit loss experience adjusted to reflect forward-looking information for a particular debtor and the economic environment.

The Group considers a financial asset in default when contractual payments are 1 year past since the occurrence. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4.14 Financial instruments – initial recognition and subsequent measurement (cont'd)

2) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, borrowings, debentures and other non-current liabilities.

The Group classifies financial liabilities that arise from supplier finance arrangement within trade and other payables in the consolidated statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supplier finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and other payables in the consolidated statement of financial position are included in operating activities in the consolidated statement of cash flows.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by KIFRS 1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in KIFRS 1109 are satisfied. The Group did not designate any financial liabilities as at fair value through profit or loss.

Loans and borrowings

This category is relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are a necessary part of the EIR.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 5.

2.4.14 Financial instruments – initial recognition and subsequent measurement (cont'd)

Convertible bonds

The Group has issued convertible bonds that grant bondholders the right to convert the bonds into equity instruments of the Group. The number of common shares to be issued upon conversion may vary depending on the fair value of the Group's common shares at the time of conversion. Accordingly, the conversion rights are classified as financial liabilities and accounted for as derivative financial instruments. The embedded derivative component (i.e., the conversion option) is initially measured at fair value using either market prices of comparable instruments or a reasonable valuation model. Subsequent changes in the fair value of the embedded derivative are recognized in profit or loss during each reporting period. The host debt component is recognized initially at the fair value of the entire convertible bond less the fair value of the conversion option. It is subsequently measured at amortized cost using the effective interest method until maturity or extinguishment upon conversion. Where the fair value of the conversion option cannot be reliably measured on a standalone basis at initial recognition, the fair value of the conversion option is determined as the difference between the fair value of the entire convertible bond and the fair value of the host debt component. If, under the terms of the contract, the number of shares to be issued upon conversion becomes fixed in a subsequent period, the conversion right is reclassified from financial liabilities to equity in accordance with the relevant accounting standards.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

3) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.4.15 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and forward commodity contracts, to hedge its foreign currency risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; and
- hedges of a net investment in a foreign operation.

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

2.4.15 Derivative financial instruments and hedge accounting (cont'd)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is 'an economic relationship' between the hedged item and the hedging instrument.
- the effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The fair value changes of the derivative, which is designated for fair value hedge and meets the application requirements, are recognized in the statement of comprehensive income along with the fair value changes of the hedged asset (liability) arising from the hedged risk.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of comprehensive income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedged of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to commodity contracts is recognized in other operating income or expense (Refer to Note 8 for more details).

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of hedging reverse.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be

recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2.4.16 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. The difference between the carrying amount and the disposal consideration is accounted for as other capital surplus.

2.4.17 Employee benefits

Short term employee benefits

The Group recognizes in profit or loss the amount of short-term employee benefits that will be settled within 12 months from the end of the accounting period in which the employee provides the related service in exchange for the service. Short-term employee benefits are measured at undiscounted amounts.

Long term employee benefits

The Group discounts the future benefits acquired in exchange for services provided each of the two years in the period ended December 31, 2025 to present value for other long-term employee benefits that will not be paid within 12 months from the end of the reporting period in which the employees provided the related services. Changes resulting from the remeasurement are recognized in profit or loss in the period in which they occur.

Pension benefits

The Group operates a defined benefit pension plan and contribution pension plan in Korea, which require contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under cost of sales and selling and administrative expenses in the consolidated statements of income and other comprehensive income:

When an employee renders services for a certain period of time, the amount contributed by the Group, in exchange for the services, is expensed except for those included as part of acquisition costs of a plan asset. The contribution made by the Group in excess of the required funding amount for services rendered until the end of the reporting period is recorded as an asset to the extent that future contribution can be reduced or returned in cash due to the excessive contribution whereas the contribution amount that falls short of the required funding amount is recorded as pension liabilities.

2.4.18 Equity-settled transactions

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 24.

That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of comprehensive income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

2.4.18 Equity-settled transactions (cont'd)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as of the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 34).

2.4.19 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statements of income and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

At the end of each reporting period, the Group reviews the balance of the provision, adjusts it to reflect the best estimate as of the end of the reporting period, and reverses the related provision if resources with economic benefits for the performance of the obligation are no longer likely to be leaked. Provisions are used only for expenditures related to initial recognition.

Provisions for construction warranties

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognized when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Provisions for onerous contract

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

2.4.20 Revenue from Contracts with Customers

The Group engage in manufacturing, processing and selling electric wires, cables and related products. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

1) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of electronics equipment provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

2) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in KIFRS 1115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

3) Identifying performance obligations

The Group identifies distinct performance obligations such as cable sales, overseas transport, installation services, etc. in an integrated contract with the customer, and determines when it satisfies the performance obligations by performing the promised goods or services to the customer and recognizes revenue over a point or period.

For overseas customers, the Group enters into a contract to provide transportation and insurance services even after control of the goods is transferred to the customer. The Group separates the transport-related services provided after the transfer of control of the goods to the customer into separate performance obligations.

4) Allocation of transaction price

The Group allocates the transaction price on the basis of relative stand-alone selling prices to a number of performance obligations identified in a single contract. The Group uses an adjusted market assessment approach to estimate the stand-alone selling price of each performance obligation, and, in particular, an expected cost plus margin approach to predict expected costs and add appropriate margins to some transactions. However, the residual approach is used in limited situations where both of the preceding methods of estimation are difficult to use.

5) Principal versus agent considerations

Sometimes the Group enters into contracts with its foreign customers to provide transportation and insurance services for goods delivered. Under these contracts, the Group provides procurement services (i.e., selects suitable suppliers and manages the ordering and performance status of services).

In these contracts, the Group is not considered to be primarily responsible for fulfilling the promise to provide the transportation and insurance services. The Group has determined that it does not control the services before they are provided to customers by other service providers, and hence, is an agent rather than principal in these contracts. The Group deducts the amount of transportation and insurance services from its revenue.

2.4.20 Revenue from Contracts with Customers (cont'd)

6) Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.3.14.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group fulfills performance obligations as per the contract.

2.4.21 Taxes

1) Current income tax

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill
- an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

2.4.21 Taxes (cont'd)

2) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3) Sales tax

Expenses and assets are recognized net of the amount of sales tax, except when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable, and when receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.4.22 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

2.5 New and amended standards and interpretations

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

Amendments to KIFRS 1021 - Lack of exchangeability

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

The amendments does not have a material impact on the Company's separate financial statements.

2.6 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- emission rights - The Group receives free emission rights on an annual basis and, in return, it is required to remit rights equal to its actual emissions. The Group has adopted the net liability approach to the emission rights granted.

3. Material accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

3.1.1 Revenue from contracts with customers

The judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers applied by the Group is described in Note 2.4.20.

3.1.2 Consolidation of entities in which the Group holds less than a majority of voting right (de facto control)

In assessing whether a Group has power over an investee, the Group considered contractual arrangements between investors and other voting right holder, right arising from other contractual arrangements, and the voting right and potential voting rights of the Group.

The Group holds 49% of shares of Malesela T.E.C., Ltd, and may appoint a majority of the board members under the inter-shareholder arrangements and have the right to approve key operational decisions. As a result, it was determined that the Group has control over the investee.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3.2.1 Deferred tax assets

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which unused tax losses can be utilized.

The management of the Group requires significant judgement to determine the amount of deferred tax assets that can be recognized based on future tax policies and the timing and level of taxable income.

3.2.2 Defined benefit plans

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, experience retirement rate, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about pension obligations are provided in Note 20.

3.2.3 Development costs

The Group capitalizes costs for product development costs. Initial capitalization of costs is based on management's judgement that technical and economic feasibility can be demonstrated, usually when a product development cost has reached a defined milestone according to an established project management model. Development costs to be capitalized are determined based on management's assumptions of to future expected cash flows, its discount rates and period in which economic benefits will be generated (refer to Note 15).

3.2.4 Uncertainty in estimating gross contract income and total contract cost

The amount of the due from customers (contract asset) is affected by the progress of the measurement based on the cumulative contract cost. In addition, the total contract cost is estimated based on future estimates such as material costs, labor costs, and construction period. Fluctuations to the balance of due from customers at the end of the reporting period is sensitive to the estimated amount of future contract costs.

4. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

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

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

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

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

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

Annual Improvements to KIFRS - Volume 11

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

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

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

4. Standards issued but not yet effective (cont'd)

Enactment of K-IFRS 1118 'Presentation and Disclosure in Financial Statements'

K-IFRS 1118 'Presentation and Disclosure in Financial Statements' has been enacted to enhance the structure and content of financial statements, thereby providing more useful information to users. The key features of this enactment include:

- Introduction of New Subtotals in the Statement of Profit or Loss: To clearly distinguish between operating, investing, and financing results, mandatory subtotals such as 'operating profit or loss' and 'profit or loss before financing and income tax' have been introduced.
- Definition of Operating Profit or Loss Category: Operating profit or loss is now defined as all income and expenses that do not fall into the investing or financing categories, rather than simply subtracting the cost of sales and administrative expenses from revenue.
- Disclosure of Management Performance Measures (MPMs): Performance measures officially used by management outside the financial statements must be disclosed in the notes, along with a reconciliation to the totals presented in the financial statements.
- Classification and Aggregation of Expenses: The principles for classifying expenses by nature or function have been clarified, and additional information on expenses by nature is required to be disclosed in the notes.

The amendments will be effective for annual periods beginning on or after January 1, 2027. Earlier adoption is permitted, but the fact of such adoption must be disclosed. The Company is *currently* assessing the potential impact of these amendments on its financial statements and does not intend to adopt them early.

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5. Classification of financial instruments by categories

5.1 Financial instruments by categories as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

<2025>

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Financial assets at fair value through OCI	Financial liabilities at fair value through profit or loss	Financial guarantee contract liabilities	Financial liabilities at amortized cost	Total
Cash and cash equivalents	₩ -	₩ 438,856,643	₩ -	₩ -	₩ -	₩ -	₩ 438,856,643
Short-term financial instruments	-	245,247,440	-	-	-	-	245,247,440
Trade receivables	-	621,910,174	-	-	-	-	621,910,174
Loans	-	649,040	-	-	-	-	649,040
Other financial assets	75,231,378	42,318,162	-	-	-	-	117,549,540
Debt instrument and equity instrument	40,854,641	3,230,640	8,860	-	-	-	44,094,141
Total financial assets	₩ 116,086,019	₩ 1,352,212,099	₩ 8,860	₩ -	₩ -	₩ -	₩ 1,468,306,978
Trade payables	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 451,683,161	₩ 451,683,161
Borrowings	-	-	-	-	-	824,080,035	824,080,035
Convertible Bond	-	-	-	-	-	81,526,788	81,526,788
Other financial liabilities	-	-	-	148,770,964	81,524	85,238,597	234,091,085
Total financial liabilities	₩ -	₩ -	₩ -	₩ 148,770,964	₩ 81,524	₩ 1,442,528,581	₩ 1,591,381,069

<2024>

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Financial assets at fair value through OCI	Financial liabilities at fair value through profit or loss	Financial guarantee contract liabilities	Financial liabilities at amortized cost	Total
Cash and cash equivalents	₩ -	₩ 333,476,916	₩ -	₩ -	₩ -	₩ -	₩ 333,476,916
Short-term financial instruments	-	271,154,000	-	-	-	-	271,154,000
Trade receivables	-	441,208,399	-	-	-	-	441,208,399
Loans	-	228,744	-	-	-	-	228,744
Other financial assets	5,764,939	33,325,690	-	-	-	-	39,090,629
Debt instrument and equity instrument	20,496,509	2,907,930	9,776	-	-	-	23,414,215
Total financial assets	₩ 26,261,448	₩ 1,082,301,679	₩ 9,776	₩ -	₩ -	₩ -	₩ 1,108,572,903
Trade payables	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 384,031,867	₩ 384,031,867
Borrowings	-	-	-	-	-	372,230,600	372,230,600
Convertible Bond	-	-	-	-	-	69,706,311	69,706,311
Other financial liabilities	-	-	-	79,288,253	53,500	70,951,850	150,293,603
Total financial liabilities	₩ -	₩ -	₩ -	₩ 79,288,253	₩ 53,500	₩ 896,920,628	₩ 976,262,381

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5.2 Profit (loss) on financial instruments by categories for the years ended December 31, 2025 and 2024 is as follows (Korean won in thousands):

	<u>2025</u>		<u>2024</u>
Financial assets at fair value through profit or loss:			
Financial income etc.	₩ 85,420,506	₩	8,971,926
Financial expense etc.	-		(5,598,069)
Other comprehensive income (loss)	53,302,043		7,090,756
Financial assets at fair value through other comprehensive income			
Other comprehensive income	160		1,470
Financial assets at amortized cost:			
Financial income etc.	49,595,341		71,393,223
Financial expense etc.	(37,186,778)		(13,310,915)
Financial liabilities at fair value through profit or loss:			
Financial income etc.	-		-
Financial expense etc.	(157,289,543)		(46,408,117)
Other comprehensive income (loss)	(8,453,752)		(9,626,235)
Financial guarantee contract liabilities:			
Financial income etc.	-		513,765
Financial expense etc.	-		(290,193)
Financial liabilities at amortized cost:			
Financial income etc.	23,030,993		5,163,199
Financial expense etc.	(63,433,329)		(55,523,061)

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6. Fair value

6.1 Book value and fair value of financial instruments as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025		2024	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	₩ 438,856,643	₩ (*)	₩ 333,476,916	₩ (*)
Long-term/short-term financial instruments	245,247,440	(*)	271,154,000	(*)
Debt instrument and equity instrument	44,094,141	44,094,141	23,414,215	23,414,215
Trade receivables	621,910,174	(*)	441,208,399	(*)
Loans	649,040	(*)	228,744	(*)
Derivative assets	75,231,378	75,231,378	5,764,939	5,764,939
Other financial assets	42,318,162	(*)	33,325,690	(*)
Total	<u>₩ 1,468,306,978</u>		<u>₩ 1,108,572,903</u>	
Financial liabilities				
Trade payables	₩ 451,683,161	(*)	₩ 384,031,867	(*)
Borrowings	824,080,035	(*)	372,230,600	(*)
Convertible Bond	81,526,788	101,740,513	69,706,311	96,028,144
Derivative liabilities	148,770,964	148,770,964	79,288,253	79,288,253
Other financial liabilities	85,320,121	(*)	71,005,350	(*)
Total	<u>₩ 1,591,381,069</u>		<u>₩ 976,262,381</u>	

(*) As the carrying amounts are considered to be a reasonable approximation of the fair values, the carrying amounts have been stated as the fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming the market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in the highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Management assessed the fair value of cash and cash equivalents, sales receivables, other financial assets, purchase liabilities and other current liabilities as similar to carrying amounts. Because the maturity of these instruments is short-term.

The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as of the end of the reporting period. The own non-performance risk as of December 31, 2025 was assessed to be insignificant.

6.2 Fair value hierarchy and valuation technique

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between the Levels in the fair value hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the years ended December 31, 2025 and 2024, there were no significant movements between the Levels of fair value hierarchy.

As of December 31, 2025 and 2024, details of the financial instruments, which are measured at fair value or of which the fair values are disclosed, are as follows (Korean won in thousands):

<2025>

	Level 1	Level 2	Level 3	Total
Financial assets:				
Fair value through profit or loss	₩ -	₩ 20,116,176	₩ 20,738,465	₩ 40,854,641
Fair value through OCI	-	-	8,860	8,860
Derivative assets	-	75,231,378	-	75,231,378
Total	₩ -	₩ 95,347,554	₩ 20,747,325	₩ 116,094,879
Financial liabilities:				
Derivative liabilities	₩ -	₩ 23,419,787	₩ 125,351,177	₩ 148,770,964
Total	₩ -	₩ 23,419,787	₩ 125,351,177	₩ 148,770,964

<2024>

	Level 1	Level 2	Level 3	Total
Financial assets:				
Fair value through profit or loss	₩ -	₩ -	₩ 20,496,509	₩ 20,496,509
Fair value through OCI	-	-	9,776	9,776
Derivative assets	-	5,764,939	-	5,764,939
Total	₩ -	₩ 5,764,939	₩ 20,506,285	₩ 26,271,224
Financial liabilities:				
Derivative liabilities	₩ -	₩ 79,288,253	₩ -	₩ 79,288,253
Total	₩ -	₩ 79,288,253	₩ -	₩ 79,288,253

6.3 Disclose for Level 2

Valuation method, input variables and their effects on the financial instruments grouped into Level 2 as of December 31, 2025 are as follows.

	Valuation method	Level 2 Input variables
Derivative	Market Access Approach	The fair value of the underlying asset
Debt Instrument	Market Access Approach	The fair value of the underlying asset

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6.4 Disclose for Level 3

The significant unobservable inputs used in the fair value measurements classified as Level 3 in the fair value hierarchy, together with a quantitative sensitivity analysis, are as follows.

	Valuation method	Level 3 Input variables
Non-listed equity investment	Asset approach	Net asset value
Debt Instrument	Asset approach	Net asset value
Derivative	Binomial option pricing model	Discount rate, Stock price volatility etc.

From Level 3 input variables, if the discount rate decreases or the volatility of the underlying share price increases, the fair value of the convertible bonds issued by the Company increases.

6.5 Changes in Level 3 of the fair value hierarchy

<2025>

	Jan 1, 2025	Reclassification (Transfer)	Others	Gain(loss) on Valuation	Dec 31, 2025
Financial asset :					
Fair value through profit or loss	₩ 20,496,509	₩ -	₩ 154,236	₩ 87,720	₩ 20,738,465
Fair value through OCI	9,776	-	35	(951)	8,860
Financial liability :					
Derivative liabilities	-	39,751,177	-	85,600,000	125,351,177

The derivative liabilities (conversion option) were transferred from Level 2 to Level 3, taking into account the inputs used in the fair value measurement.

<2024>

	Jan 1, 2024	Disposal	Others	Gain(loss) on Valuation	Dec 31, 2024
Financial asset :					
Fair value through profit or loss	₩ 26,938,085	₩ (1,022,511)	₩ -	₩ (5,419,065)	₩ 20,496,509
Fair value through OCI	8,859	-	917	-	9,776

7. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	2025		2024	
Cash	₩	441,839	₩	377,083
Bank deposit and others		438,414,804		333,099,833
Total	₩	438,856,643	₩	333,476,916

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8. Accounts receivable and other financial assets

8.1 Accounts receivable and other financial assets as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

		2025			2024		
		Face value	Allowance for doubtful accounts	Book value	Face value	Allowance for doubtful accounts	Book value
Trade accounts receivable	Short-term Trade receivable	₩ 637,431,896	₩ (23,722,447)	₩ 613,709,449	₩ 461,643,092	₩ (20,434,692)	₩ 441,208,400
	Long-term Trade receivable	8,200,725	-	8,200,725	-	-	-
	Sub total	645,632,621	(23,722,447)	621,910,174	461,643,092	(20,434,692)	441,208,400
Loans	Short-term loans	123,328,033	(122,958,666)	369,367	123,134,097	(122,958,666)	175,431
	Long-term loans	19,279,673	(19,000,000)	279,673	19,053,313	(19,000,000)	53,313
	Sub total	142,607,706	(141,958,666)	649,040	142,187,410	(141,958,666)	228,744
Other current financial assets	Other accounts receivable	16,952,260	(3,258,644)	13,693,616	16,466,981	(2,755,169)	13,711,812
	Accrued income	5,373,485	(3,366,484)	2,007,001	7,681,650	(3,366,484)	4,315,166
	Derivative assets	75,231,378	-	75,231,378	5,764,939	-	5,764,939
	Guarantee deposits	714,015	-	714,015	667,553	-	667,553
	Sub total	98,271,138	(6,625,128)	91,646,010	30,581,123	(6,121,653)	24,459,470
Other non-current Financial assets	Other accounts receivable	10,716,338	(316,000)	10,400,338	10,716,338	(316,000)	10,400,338
	Guarantee deposits	15,503,192	-	15,503,192	4,230,821	-	4,230,821
	Sub total	26,219,530	(316,000)	25,903,530	14,947,159	(316,000)	14,631,159
Total	₩ 912,730,995	₩ (172,622,241)	₩ 740,108,754	₩ 649,358,784	₩ (168,831,011)	₩ 480,527,773	

8.2 Changes in allowance for doubtful accounts of receivable, loans and other financial assets for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

<2025>

	Jan. 1, 2025	Impairment(Reversals)	Others	Dec. 31, 2025
Trade receivables	₩ 20,434,692	₩ 221,558	₩ 3,066,197	₩ 23,722,447
Short-term loans	122,958,666	-	-	122,958,666
Long-term loans	19,000,000	-	-	19,000,000
Other current financial assets	6,121,653	-	503,475	6,625,128
Other non-current financial assets	316,000	-	-	316,000
Total	₩ 168,831,011	₩ 221,558	₩ 3,569,672	₩ 172,622,241

<2024>

	Jan. 1, 2024	Impairment(Reversals)	Others	Dec. 31, 2024
Trade receivables	₩ 20,506,070	₩ (95,614)	₩ 24,236	₩ 20,434,692
Short-term loans	136,417,977	(5,654,159)	(7,805,152)	122,958,666
Long-term loans	19,000,000	-	-	19,000,000
Other current financial assets	6,349,126	(120,898)	(106,575)	6,121,653
Other non-current financial assets	316,000	-	-	316,000
Total	₩ 182,589,173	₩ (5,870,671)	₩ (7,887,491)	₩ 168,831,011

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8.3 Financial derivatives

The Group entered into financial derivative contracts for foreign currency risk, raw material price risk and interest rate risk to hedge with Hana Financial Investment and others. Other comprehensive income amounts are before tax amounts. Details of derivative contracts as of December 31, 2025 and 2024 are as follows (Korean won in thousands, USD, GBP, SGD, EUR):

<2025>

Transaction purpose	Sell	Buy	Asset	Liability	Profit or loss	Other comprehensive income
Trading purpose (Currency Forwards)	GBP 15,200,000 SGD 52,200,000 EUR 34,800,000	29,113,320 59,056,590 59,083,919 USD 3,258,605	₩ 948,289	₩ 258,202	₩ (7,672,514)	₩ -
Cash flow hedge (Currency Forwards)	SGD 202,807,606 EUR 6,449,860	216,197,729 10,042,432	-	12,458,765	(44,353)	(18,936,330)
Cash flow hedge (Cu future)	USD 22,887,549 (1,939 ton)	USD 275,141,090 (26,427 ton)	72,789,118	1,667,988	30,082,289	78,325,232
Cash flow hedge (Pb future)	-	USD 8,171,977 (3,969 ton)	86,016	3,253	-	454,244
Cash flow hedge (Al future)	USD 77,025 (27ton)	USD 10,406,831 (3,747 ton)	1,277,572	5,713	17,930	1,922,079
Fair Value hedge (Cu future)	USD 75,658,319 (6,585 ton)	-	130,383	9,025,866	(8,895,483)	-
	Total		₩ 75,231,378	₩ 23,419,787	₩ 13,487,869	₩ 61,765,225

<2024>

Transaction purpose	Sell	Buy	Asset	Liability	Profit or loss	Other comprehensive income
Trading purpose (Currency Forwards)	GBP 47,250,000 SGD 26,000,000 USD 60,000,000 EUR 27,500,000	83,449,140 26,727,610 85,450,000 41,149,810	₩ -	₩ 7,897,884	₩ (23,158,462)	₩ -
Cash flow hedge (Cu future)	USD 84,602,594 (9,383 ton)	USD 327,852,036 (34,722 ton)	4,673,902	30,500,465	(17,011,041)	(2,775,932)
Cash flow hedge (Pb future)	-	USD 5,041,280 (2,340 ton)	-	649,359	10,499	(377,050)
Cash flow hedge (Al future)	USD 405,625 (159 ton)	USD 9,725,749 (3,669 ton)	29,264	489,368	3,923,391	(232,015)
Fair Value hedge (Cu future)	USD 25,462,779 (2,820 ton)	-	1,061,774	-	-	-
	Total		₩ 5,764,940	₩ 39,537,076	₩ (36,235,613)	₩ (3,384,997)

8.4 Firm commitment assets and Firm commitment liabilities as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	2025		2024	
	Current	Non-current	Current	Non-current
Firm commitment assets	₩ 8,987,500	₩ -	₩ -	₩ -
Firm commitment liabilities	11,479	-	820,082	-

8.5 Firm commitment gains and losses as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	Classification	2025	2024
		₩	₩
Firm commitment gains	Profit and loss	₩ 8,987,500	₩ -
Firm commitment losses	Profit and loss	11,479	820,082

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9. Equity instruments and debt instruments

9.1 Equity instruments and debt instruments as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

<2025>

	Acquisition cost	Fair value	Book value	
			Current	Non-current
Equity instruments:				
Financial asset of fair value through profit or loss	₩ 16,350,438	₩ 17,889,941	₩ -	₩ 17,889,941
Financial asset of fair value through OCI	117,569,528	8,858	-	8,858
Sub total	133,919,966	17,898,799	-	17,898,799
Debt instruments:				
Financial asset of amortized cost	22,230,640	3,230,640	-	3,230,640
Financial asset of fair value through OCI	32,872,571	22,964,700	20,116,176	2,848,524
Financial asset of fair value through profit or loss	917	2	-	2
Sub total	55,104,128	26,195,342	20,116,176	6,079,166
Total	₩ 189,024,094	₩ 44,094,141	₩ 20,116,176	₩ 23,977,965

<2024>

	Acquisition cost	Fair value	Book value	
			Current	Non-current
Equity instruments:				
Financial asset of fair value through profit or loss	₩ 16,212,710	₩ 17,647,985	₩ -	₩ 17,647,985
Financial asset of fair value through OCI	117,569,528	8,858	-	8,858
Sub total	133,782,238	17,656,843	-	17,656,843
Debt instruments:				
Financial asset of amortized cost	21,907,930	2,907,930	-	2,907,930
Financial asset of fair value through OCI	12,872,571	2,848,524	-	2,848,524
Financial asset of fair value through profit or loss	917	917	-	917
Sub total	34,781,418	5,757,371	-	5,757,371
Total	₩ 168,563,656	₩ 23,414,214	₩ -	₩ 23,414,214

9.2 Changes in equity instruments and debt instruments for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025		
	Financial assets of fair value through profit or loss	Financial assets of fair value through OCI	Financial assets at amortized cost
Beginning	₩ 20,496,509	₩ 9,776	₩ 2,907,930
Acquisitions	25,000,000	-	322,710
Disposals	(5,000,000)	-	-
Gain(Loss) on valuation of financial assets	203,896	(951)	-
Others	154,236	35	-
Ending	₩ 40,854,641	₩ 8,860	₩ 3,230,640
	2024		
	Financial assets of fair value through profit or loss	Financial assets of fair value through OCI	Financial assets at amortized cost
Beginning	₩ 26,938,085	₩ 8,859	₩ -
Acquisitions	-	917	2,907,930
Disposals	(1,022,511)	-	-
Loss on valuation of financial assets	(5,423,661)	-	-
Others	4,596	-	-
Ending	₩ 20,496,509	₩ 9,776	₩ 2,907,930

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10. Inventories

Inventories as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

<2025>

	Before valuation	Net realizable value	Valuation allowance	
			Reversals (Raised)	Accumulated
Merchandise	₩ 71,475,920	₩ 70,038,025	₩ (1,274,697)	₩ (1,437,895)
Finished goods	252,570,030	243,969,816	(1,323,018)	(8,600,214)
Work-in-progress	184,256,564	180,522,359	(747,362)	(3,734,205)
Raw materials and Supplies	112,705,034	109,204,835	(683,164)	(3,500,199)
Materials-in-transit	252,528,709	252,528,709	-	-
Total	₩ 873,536,257	₩ 856,263,744	₩ (4,028,241)	₩ (17,272,513)

<2024>

	Before valuation	Net realizable value	Valuation allowance	
			Reversals (Raised)	Accumulated
Merchandise	₩ 80,502,953	₩ 80,339,755	₩ (40,947)	₩ (163,198)
Finished goods	206,969,991	199,692,795	3,670,346	(7,277,196)
Work-in-progress	123,803,824	120,816,981	(497,344)	(2,986,843)
Raw materials and Supplies	75,385,140	72,568,105	(2,374,585)	(2,817,035)
Materials-in-transit	123,152,848	123,152,848	-	-
Total	₩ 609,814,756	₩ 596,570,484	₩ 757,470	₩ (13,244,272)

Meanwhile, all losses on valuation of inventories incurred for the years ended December 31, 2025 and 2024 have been recognized in cost of sales.

11. Other assets

Other assets as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	2025			2024		
	Face value	Allowance for doubtful accounts	Book value	Face value	Allowance for doubtful accounts	Book value
<Other current asset>						
Unbilled revenue (Contract assets)	₩ 46,463,107	₩ -	₩ 46,463,107	₩ 31,456,121	₩ -	₩ 31,456,121
Prepaid VAT	14,058,229	-	14,058,229	10,895,048	-	10,895,048
Advance payment	77,523,604	(2,058,954)	75,464,650	62,989,454	(2,058,955)	60,930,499
Prepaid expenses	8,101,584	-	8,101,584	4,887,712	-	4,887,712
Firm commitment asset	8,987,500	-	8,987,500	-	-	-
Sub total	155,134,024	(2,058,954)	153,075,070	110,228,335	(2,058,955)	108,169,380
<Other non-current assets>						
Long-term advance payment	3,960,554	-	3,960,554	21,970,413	-	21,970,413
Long-term prepaid expenses	8,591,706	-	8,591,706	4,645,401	-	4,645,401
Sub total	12,552,260	-	12,552,260	26,615,814	-	26,615,814
Total	₩ 167,686,284	₩ (2,058,954)	₩ 165,627,330	₩ 136,844,149	₩ (2,058,955)	₩ 134,785,194

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12. Investments in associates

12.1 Details of investment in associates as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

Company	Location	Main business	2025		2024	
			Percentage of ownership (%)	Book value	Percentage of ownership (%)	Book value
Taihan Kuwait Fiber Optic Cable Co. WLL.	Kuwait	Manufacturing and sales of cable	48.8	1,978,338	48.8	2,635,834
Plan H Ventures Inc.	Korea	Management Consulting	27.8	1,790,106	27.8	1,825,834
Total				3,768,444		4,461,668

12.2 Investments in associates as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

Company	2025		2024	
	Acquisition cost	Book Value	Acquisition cost	Book value
Taihan Kuwait Fiber Optic Cable Co., WLL.	₩ 3,937,584	₩ 1,978,338	₩ 3,937,584	₩ 2,635,834
Plan H Ventures Inc.	2,000,000	1,790,106	2,000,000	1,825,834
Total	₩ 5,937,584	₩ 3,768,444	₩ 5,937,584	₩ 4,461,668

12.3 Changes in the investments in associates for the years ended December 31, 2025 and 2024 are as follows:

<2025>

	Plan H Ventures Inc.	Taihan Kuwait Fiber Optic Cable Co. WLL.
Beginning	₩ 1,825,835	₩ 2,635,834
Share of profit or loss of associates	(35,729)	(650,905)
Share of changes in equity of associates	-	(6,591)
Ending	₩ 1,790,106	₩ 1,978,338

<2024>

	Plan H Ventures Inc.	Taihan Kuwait Fiber Optic Cable Co. WLL.
Beginning	₩ 1,888,426	₩ 2,866,317
Share of profit or loss of associates	(62,591)	(581,769)
Share of changes in equity of associates	-	351,286
Ending	₩ 1,825,835	₩ 2,635,834

12.4 Condensed financial statements of associates as of and for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

<2025>

	Assets	Liabilities	Revenue	Net income (loss)	Comprehensive income(loss)
Taihan Kuwait Fiber Optic Cable Co. WLL.	₩ 9,962,109	₩ 5,908,137	₩ 464,558	₩ (1,333,822)	₩ (1,347,327)
Plan H Ventures Inc.	6,444,382	-	-	(128,622)	(128,622)

<2024>

	Assets	Liabilities	Revenue	Net income (loss)	Comprehensive income(loss)
Taihan Kuwait Fiber Optic Cable Co. WLL.	₩ 9,999,063	₩ 4,597,765	₩ 63,533	₩ (1,192,150)	₩ (472,301)
Plan H Ventures Inc.	6,573,004	-	-	(225,329)	(225,329)

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13. Property, plant and equipment

13.1 Property, plant and equipment as of December 31, 2025 and 2024 consists of the following (Korean won in thousands):

<2025>

	Acquisition cost	Accumulated depreciation	Accumulated impairment	Government grants	Book value
Land	₩ 251,876,033	₩ -	₩ (56,186)	₩ (5,475,393)	₩ 246,344,454
Buildings	337,101,942	(86,690,417)	-	-	250,411,525
Structure	43,896,810	(28,164,745)	-	-	15,732,065
Machinery	399,175,288	(209,383,555)	(976,406)	(483,449)	188,331,878
Equipment	82,919,819	(67,598,496)	(85,676)	(97,383)	15,138,264
Vehicles	5,931,329	(4,236,871)	(13,688)	-	1,680,770
Vessel	50,620,291	(5,330,999)	-	-	45,289,292
Rights-of-use assets	25,057,855	(7,632,762)	-	-	17,425,093
Construction-in-progress	67,218,646	-	-	-	67,218,646
Other PP&E	3,230,538	(2,863,099)	-	-	367,439
Total	₩ 1,267,028,551	₩ (411,900,944)	₩ (1,131,956)	₩ (6,056,225)	₩ 847,939,426

<2024>

	Acquisition cost	Accumulated depreciation	Accumulated impairment	Government grants	Book value
Land	₩ 250,280,782	₩ -	₩ (50,830)	₩ (5,475,393)	₩ 244,754,559
Buildings	251,580,430	(78,379,550)	-	-	173,200,880
Structure	41,262,345	(25,991,788)	-	-	15,270,557
Machinery	312,932,488	(196,366,003)	(976,406)	(438,495)	115,151,584
Equipment	74,615,948	(61,150,379)	(85,676)	(127,266)	13,252,627
Vehicles	5,421,239	(3,922,087)	(13,688)	-	1,485,464
Vessel	50,463,274	(1,663,765)	-	-	48,799,509
Rights-of-use assets	19,421,088	(6,691,982)	-	-	12,729,106
Construction-in-progress	87,319,130	-	-	-	87,319,130
Other PP&E	3,103,299	(2,866,506)	-	-	236,793
Total	₩ 1,096,400,023	₩ (377,032,060)	₩ (1,126,600)	₩ (6,041,154)	₩ 712,200,209

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

<2025>

	Land	Buildings	Vessel	Machinery	Other	Construction-in-progress	Total
Beginning	₩ 244,754,559	₩ 173,200,880	₩ 48,799,509	₩ 115,151,584	₩ 42,974,547	₩ 87,319,130	₩ 712,200,209
Acquisition (*1)	1,393,313	600,037	-	17,820,071	17,477,657	134,506,127	171,797,205
Disposal	(159,532)	(559,560)	-	(212,734)	(56,574)	-	(988,400)
Depreciation	-	(8,339,497)	(3,592,941)	(12,825,920)	(12,938,166)	-	(37,696,524)
Reclassification (*2)	(323,317)	85,153,941	-	68,021,111	3,365,085	(155,427,654)	789,166
Foreign exchange differences	576,410	63,178	-	377,763	(490,023)	821,043	1,348,371
Change in scope of consolidation	103,021	292,546	82,724	3	11,105	-	489,399
Ending	₩ 246,344,454	₩ 250,411,525	₩ 45,289,292	₩ 188,331,878	₩ 50,343,631	₩ 67,218,646	₩ 847,939,426

(*1) The acquisition amount for the year ended December 31, 2025 includes ₩1,308,051 thousand of capitalized borrowing costs and the interest rate used for capitalization is 5.11%.

(*2) ₩789,166 thousand have been reclassified from investment properties to PP&E for the year ended December 31, 2025.

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13.2 Changes in property, plant and equipment for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands): (cont'd)

<2024>

	Land	Buildings	Vessel	Machinery	Other	Construction-in-progress	Total
Beginning	₩ 131,002,820	₩ 130,518,245	₩ -	₩ 80,294,604	₩ 38,759,687	₩ 101,732,990	₩ 482,308,346
Acquisition (*1)	113,159,135	840,826	-	5,972,971	11,787,530	125,313,030	257,073,492
Disposal	(8,419)	(156,157)	-	(924,772)	(135,077)	-	(1,224,425)
Depreciation	-	(6,123,681)	(1,663,766)	(10,618,097)	(10,391,939)	-	(28,797,483)
Reclassification (*2)	-	48,096,031	50,463,275	39,550,009	1,998,204	(140,049,338)	58,181
Foreign exchange differences	601,023	25,616	-	876,869	956,142	322,448	2,782,098
Ending	₩ 244,754,559	₩ 173,200,880	₩ 48,799,509	₩ 115,151,584	₩ 42,974,547	₩ 87,319,130	₩ 712,200,209

(*1) The acquisition amount for the year ended December 31, 2024 includes ₩2,822,333 thousand of capitalized borrowing costs and the interest rate used for capitalization is 5.30%.

(*2) ₩58,181 thousand have been reclassified from investment properties to PP&E for the year ended December 31, 2024.

13.3 As of the end of the current period, a portion of property, plant, and equipment is pledged as collateral for borrowings.(Refer to Note 37.3)

14. Leases

14.1 Right-of-use assets as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

<2025>

	Acquisition	Accumulated depreciation	Net Book value
Land and buildings	₩ 13,640,506	₩ (4,292,945)	₩ 9,347,561
Machinery	8,292,878	(1,884,151)	6,408,727
Vehicles	2,811,567	(1,284,798)	1,526,769
Others	312,904	(170,868)	142,036
Total	₩ 25,057,855	₩ (7,632,762)	₩ 17,425,093

<2024>

	Acquisition	Accumulated depreciation	Net Book value
Land and buildings	₩ 8,697,975	₩ (4,723,252)	₩ 3,974,723
Machinery	8,763,719	(1,385,977)	7,377,742
Vehicles	1,693,210	(463,706)	1,229,504
Others	266,184	(119,047)	147,137
Total	₩ 19,421,088	₩ (6,691,982)	₩ 12,729,106

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14.1 Changes in lease receivables for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	<u>Jan 1, 2025</u>	<u>Increase</u>	<u>Interest income</u>	<u>Receive</u>	<u>Conversion profit and loss</u>	<u>Dec 31, 2025</u>
Lease receivables	₩ -	₩ -	₩ -	₩ -	-	₩ -

	<u>Jan 1, 2024</u>	<u>Increase</u>	<u>Interest income</u>	<u>Receive</u>	<u>Conversion profit and loss</u>	<u>Dec 31, 2024</u>
Lease receivables	₩ 13,367	₩ 106	₩ (17,780)	₩ -	4,307	₩ -

The Group subleased a portion of its leased premises to third parties. Future lease payments receivable from the sublessees were discounted using the discount rate applied to the head lease and recognized as a sublease receivable. The related sublease contract was terminated during the prior period.

14.2 Changes in lease liabilities for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	<u>Jan. 1, 2025</u>	<u>Acquisition</u>	<u>Interest cost</u>	<u>Payment</u>	<u>Others</u>	<u>Dec. 31, 2025</u>
Lease liabilities	₩ 10,279,108	₩ 10,256,802	₩ 508,113	₩ (6,697,168)	₩ (288,502)	₩ 14,058,353

	<u>Jan. 1, 2024</u>	<u>Acquisition</u>	<u>Interest cost</u>	<u>Payment</u>	<u>Others</u>	<u>Dec. 31, 2024</u>
Lease liabilities	₩ 8,539,557	₩ 5,483,173	₩ 271,156	₩ (4,953,711)	₩ 938,933	₩ 10,279,108

14.3 The cost of short-term leases and the cost of leases of the low value underlying assets incurred for the year ended December 31, 2025 amount to ₩5,731,907 thousand and ₩112,410 thousand, respectively, and for the year ended December 31, 2024, ₩4,822,235 thousand and ₩92,032 thousand, respectively.

14.4 The total cash outflows of leases for the years ended December 31, 2025 and 2024 are ₩12,541,485 thousand and ₩9,868,168 thousand, respectively.

14.5 Details of the maturity analysis of the lease liabilities are as follows (Korean won in thousands):

	<u>Lease liability</u>	
	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Within a year	₩ 7,891,214	₩ 4,049,791
More than a year less than two years	4,230,071	2,601,603
More than two years	2,548,678	3,862,823
Total	₩ 14,669,963	₩ 10,514,217

The cash flows above represent amounts that are not discounted to present value.

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15. Intangible assets

15.1 Intangible assets as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

<2025>

	Acquisition cost	Accumulated amortization	Accumulated impairment	Net book value
Development costs	₩ 17,850,353	₩ (1,600,943)	₩ (3,038,070)	₩ 13,211,340
Membership fees (*)	6,198,116	-	(2,119,766)	4,078,350
Industrial property rights	200,000	(50,737)	-	149,263
Goodwill	3,934,561	-	-	3,934,561
Other intangible assets	27,260,476	(23,725,989)	(3,132,356)	402,131
Total	<u>₩ 55,443,506</u>	<u>₩ (25,377,669)</u>	<u>₩ (8,290,192)</u>	<u>₩ 21,775,645</u>

<2024>

	Acquisition cost	Accumulated amortization	Accumulated impairment	Net book value
Development costs	₩ 12,549,985	₩ (1,582,338)	₩ (3,038,070)	₩ 7,929,577
Membership fees (*)	6,198,116	-	(2,049,766)	4,148,350
Other intangible assets	26,767,785	(23,326,239)	(3,132,356)	309,190
Total	<u>₩ 45,515,886</u>	<u>₩ (24,908,577)</u>	<u>₩ (8,220,192)</u>	<u>₩ 12,387,117</u>

(*) Membership fees with indefinite useful lives are classified as intangible assets and are not amortized.

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

<2025>

	Development costs	Membership fees	Industrial property rights	Goodwill	Other intangible assets	Total
Beginning	₩ 7,929,577	₩ 4,148,350	₩ -	₩ -	₩ 309,190	₩ 12,387,117
Acquisitions	5,300,369	-	-	-	230,000	5,530,369
Amortization	(18,606)	-	(10,293)	-	(403,603)	(432,502)
Others	-	(70,000)	-	-	-	(70,000)
Changes in the scope of consolidation	-	-	159,556	3,934,561	266,544	4,360,661
Ending	<u>₩ 13,211,340</u>	<u>₩ 4,078,350</u>	<u>₩ 149,263</u>	<u>₩ 3,934,561</u>	<u>₩ 402,131</u>	<u>₩ 21,775,645</u>

<2024>

	Development costs	Membership fees	Other intangible assets	Total
Beginning	₩ 7,119,944	₩ 4,078,350	₩ 232,038	₩ 11,430,332
Acquisitions	1,032,900	-	258,925	1,291,825
Amortization	(223,267)	-	(181,773)	(405,040)
Reversals	-	70,000	-	70,000
Ending	<u>₩ 7,929,577</u>	<u>₩ 4,148,350</u>	<u>₩ 309,190</u>	<u>₩ 12,387,117</u>

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15.3 Details of development costs are as follows (Korean won in thousands):

<2025 >

Classification	Details	Capitalized development costs		
		Capitalized amount	Accumulated	Book value
HVDC Project (*1),(*)2)	In development	₩ 2,033,836	₩ 9,944,808	₩ 9,944,808
HPFF Project (*1)	Fully amortized development costs	-	1,010,736	-
Smooth Sheath project (*1)	Fully amortized development costs	-	105,600	-
154kV Submarine Cable Project	In development	1,811,250	1,811,250	1,811,250
Dynamic cable Project	In development	11,101	11,101	11,101
Facility Automation System	In development	1,354,181	1,354,181	1,354,181
Accounting System	In development	90,000	90,000	90,000
Total		₩ 5,300,368	₩ 14,327,676	₩ 13,211,340

<2024 >

Classification	Details	Capitalized development costs		
		Capitalized amount	Accumulated	Book value
HVDC Project (*1),(*)2)	In development	₩ 1,032,900	₩ 7,910,972	₩ 7,910,972
HPFF Project (*1)	In amortization	-	1,010,736	16,846
Smooth Sheath project (*1)	In amortization	-	105,600	1,759
Total		₩ 1,032,900	₩ 9,027,308	₩ 7,929,577

(*1) It is a project to develop ultra-high-voltage cables, junction boxes, and junction devices. Development activities under HPFF project and Smooth Sheath Project have been completed and the related development costs are currently being amortized.

(*2) For the year ended December 31, 2025, the Company performed an impairment test on development costs in progress. As the fair value of the development costs could not be reliably measured, the recoverable amount was determined based on value in use.

Future cash flows used in measuring value-in-use were estimated over the period during which economic benefits are expected to be realized, based on the Company's past operating performance and future business plans. The discount rate applied in measuring value-in-use was the weighted average cost of capital, adjusted to reflect the specific risk of the assets. No impairment loss was recognized for the year ended December 31, 2025.

15.4 Details of amortization expense for intangible assets are as follows (Korean won in thousands):

	2025	2024
Cost of sales	₩ 4,319,881	₩ 4,825,513
Selling and administrative expense	7,066,586	5,896,692
Total	₩ 11,386,467	₩ 10,722,205

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16. Investment properties

16.1 Investment properties as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

<2025>

	Acquisition cost	Accumulated depreciation	Net book value
Land	₩ 116,137	₩ -	₩ 116,137
Building	248,357	(81,227)	167,130
Total	₩ 364,494	₩ (81,227)	₩ 283,267

<2024>

	Acquisition cost	Accumulated depreciation	Net book value
Land	₩ 116,137	₩ -	₩ 116,137
Building	1,480,818	(518,942)	961,876
Total	₩ 1,596,955	₩ (518,942)	₩ 1,078,013

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

<2025>

	Land	Building	Total
Beginning	₩ 116,137	₩ 961,876	₩ 1,078,013
Depreciation	-	(5,580)	(5,580)
Transfers	-	(789,166)	(789,166)
Ending	₩ 116,137	₩ 167,130	₩ 283,267

<2024>

	Land	Building	Total
Beginning	₩ 116,137	₩ 1,057,161	₩ 1,173,298
Depreciation	-	(37,104)	(37,104)
Transfers	-	(58,181)	(58,181)
Ending	₩ 116,137	₩ 961,876	₩ 1,078,013

16.3 Details of income and expenses associated with investment properties for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025	2024
Rental income derived from investment properties	₩ -	₩ 119,615
Direct operating expenses (including repairs and maintenance generating rental income)	-	117,870

16.4 The fair value of investment property is determined based on valuation amounts that reflect official land prices or base prices, as well as the most recent available prices of comparable transactions. As the fair value of the Company's investment property as of the reporting date is assessed to be not materially different from its carrying amount, it is not separately disclosed.

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17. Trade payables and other financial liabilities

17.1 Trade payables and other financial liabilities as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	<u>2025</u>	<u>2024</u>
Current liabilities		
Trade payables	₩ 451,683,161	₩ 384,031,867
Account payables	51,512,540	50,091,450
Accrued expenses	19,236,203	10,329,223
Derivative liabilities	148,770,964	79,288,253
Financial guarantee contract liabilities	81,524	53,500
Guarantee deposit received	53,800	28,800
Lease liabilities	7,654,073	3,992,764
Sub total	<u>678,992,265</u>	<u>527,815,857</u>
Non-current liabilities		
Long-term account payables	212,000	199,429
Leasehold deposits received	165,702	23,841
Lease liabilities	6,404,280	6,286,344
Sub total	<u>6,781,982</u>	<u>6,509,614</u>
Total	<u>₩ 685,774,247</u>	<u>₩ 534,325,471</u>

17.2 Changes in financial guarantee contract liabilities for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	<u>2025</u>	<u>2024</u>
Current liabilities		
Beginning	₩ 53,500	₩ 657,337
Increase	37,588	343,694
Decrease	(9,564)	(513,765)
Payment	-	(433,766)
Ending	<u>₩ 81,524</u>	<u>₩ 53,500</u>

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18. Borrowings

18.1 Short-term borrowings as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	Creditor	Date	Annual interest rates(%)	2025	2024
General short-term borrowings	Woori Bank	-	3-month CD + 1.59	₩ -	₩ 30,000,000
	Kookmin Bank	2026.05.30	12-month MOR + 1.47	10,000,000	-
	Hana Bank	2026.03.02	6-month financial bond + 1.22	64,800,000	21,000,000
Foreign currency short-term borrowings	Vietcombank etc.	2026.01.05~2026.06.29	4.40 ~ 6.50	48,092,452	23,060,113
	Gaudrisk Premium Finance (Pty) Ltd	2026.07.31	4.56	323,103	251,173
	Standard Bank of South Africa	2026.06.30	10.25	2,718,544	-
	Hana Bank Bank etc.	2026.03.08~2026.12.28	Term SOFR + (0.8 ~ 1.2)	333,610,742	67,919,314
Total				₩ 459,544,841	₩ 142,230,600

18.2 Long-term borrowings as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	Creditor	Date	Annual interest rates (%)	2025	2024	Redemption
Facilities borrowings	Hana bank	2026.12.31	3 month CD+1.86	170,000,000	190,000,000	At division
Facilities borrowings	Hana bank	2026.03.02	3 month CD+1.54	40,000,000	40,000,000	At maturity
Total				₩ 210,000,000	₩ 230,000,000	
Less: present value discount				-	-	
Current portion of long-term borrowings				₩ 210,000,000	₩ 20,000,000	
Long-term borrowings				-	210,000,000	

18.3 Bond payables as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	Creditor	Date	Annual interest rates (%)	2025	2024
Bond payables 154-1	Mirae Asset Securities and others	2027.09.17	2.92	₩ 60,000,000	₩ -
Bond payables 154-2	KB Securities and others	2028.09.18	2.99	95,000,000	-
Total				₩ 155,000,000	₩ -
Less: present value discount				(464,806)	-
Current Bond payables				₩ -	₩ -
Bond payables				154,535,194	-

18.4 Redemption details of other long-term borrowings (including current long-term borrowings) as of December 31, 2025 are as follows (Korean won in thousands):

	Amount
Within 1 year	₩ 210,000,000
More than 1 year less than 2 years	60,000,000
More than 2 year less than 3 years	95,000,000
Total	₩ 365,000,000

The cash flows above are the amounts that do not take into account the present value discount.

19. Convertible bond

19.1 Convertible bonds as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	Description
1. Type of bonds	153rd convertible bonds
2. Total Par value	₩ 110,000,000
3. Interest rate	Coupon rate 0%
	Yield to maturity 0%
4. Issue date	November 29, 2024
5. Maturity date	November 29, 2027
6. Conversion price (in won)	₩ 11,524 per share
7. Conversion period	From one year after the issue date until one month prior to the maturity date
8. Conversion Price Adjustment	The conversion price is subject to adjustment upon the occurrence of certain events, such as the issuance of equity-linked bonds at a price below market value, paid-in capital increases, bonus issues, and stock dividends. Separately, the conversion price shall also be reviewed and potentially adjusted on each date falling every three months from the issuance date ("Adjustment Date"). For each Adjustment Date, the base date shall be the day immediately preceding such Adjustment Date. If the higher of (i) the arithmetic average of the weighted average share prices over the one-month, one-week, and most recent trading day periods retroactive from the base date, and (ii) the weighted average share price of the most recent trading day is lower than the then-effective conversion price, the lower of the two values shall become the new conversion price. However, the adjusted conversion price shall not be lower than 70% of the initial conversion price.
9. Investor's put option	Not applicable
10. Issuer's call option	Not applicable

19.2 The carrying amounts and related gains or losses of financial liabilities classified as liabilities due to the existence of adjustment features in the exercise price linked to changes in the issuer's share price are as follows:

(Korean won in thousands):

	2025	2024
Conversion right of the 153rd convertible bonds	₩ 125,351,177	₩ 39,751,177

(Korean won in thousands):

	2025	2024
Profit before tax from continuing operations	₩ 36,651,339	₩ 75,905,439
Gain(Loss) on valuation	(85,600,000)	1,480,724
Profit before tax from continuing operations excluding valuation gains (losses)	122,251,339	74,424,715

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20. Employee benefits

20.1 Net defined benefit liabilities (assets) and other long-term employee benefit liabilities as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	2025	2024
Present value of defined benefit obligation	₩ 29,889,853	₩ 28,747,665
Fair value of plan assets	(34,676,359)	(29,644,779)
Sub total	(4,786,506)	(897,114)
Other long-term employee benefit liabilities	8,422,448	5,871,784
Total	₩ 3,635,942	₩ 4,974,670

20.2 Changes in defined benefit obligation for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025	2024
As of January 1	₩ 28,747,665	₩ 45,552,809
Change in scope of consolidation	939,742	-
Current service costs	2,685,943	2,661,508
Interest cost on defined benefit obligation	1,195,300	1,171,353
Remeasurement		
Actuarial loss (gain) arising from changes in demographic assumptions	(428,843)	18,837
Actuarial loss (gain) arising from changes in financial assumptions	(993,564)	1,627,719
Other factors	403,900	624,486
Benefits paid	(2,661,073)	(22,909,047)
Others	783	-
As of December 31	₩ 29,889,853	₩ 28,747,665

20.3 Changes in plan assets for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025	2024
As of January 1	₩ 29,644,779	₩ 37,809,746
Interest incomes	1,242,552	982,961
Remeasurement	(656,794)	(296,140)
Contributions by the Group	6,100,000	8,000,000
Benefits paid	(1,788,413)	(16,851,788)
Others	134,235	-
As of December 31	₩ 34,676,359	₩ 29,644,779

The actual interest incomes generated from plan assets for the years ended December 31, 2025 and 2024 are ₩585,758 thousand and ₩686,821 thousand, respectively.

20.4 Plan assets as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	2025	2024
Bank deposit and others	₩ 34,672,973	₩ 29,641,393
National Pension Fund	3,386	3,386
Total	₩ 34,676,359	₩ 29,644,779

20.5 Effect of defined benefit plan on future cash flows

The Group has a policy on plan assets that reviews the accumulation level of plan assets every year and keeps them above the appropriate level. On the other hand, in relation to the defined benefit system, the contribution expected to be paid by the Group in the next year is KRW 2,370,021 thousand, and the weighted average maturity of defined benefit liabilities is 9.62 years.

20.6 Total expenses for the years ended December 31, 2025 and 2024 consist of the following (Korean won in thousands)

	2025	2024
Current service cost	₩ 2,685,943	₩ 2,661,508
Net interest cost(income)	(47,252)	188,392
Total	₩ 2,638,691	₩ 2,849,900

Of the total expenses incurred for the years ended December 31, 2025 and 2024, ₩2,609,568 thousand and ₩2,757,361 thousand are included in the cost of sales, while ₩29,123 thousand and ₩92,539 thousand are included in the selling and administrative expenses.

Meanwhile, the expenses related to the defined contribution plan amount to ₩5,160,135 thousand and ₩3,717,028 thousand for the years ended December 31, 2025 and 2024, respectively.

20.7 Remeasurement factors recognized as other comprehensive income(expenses) are as follows (Korean won in thousands):

	2025	2024
Remeasurement before income tax effect	₩ (361,712)	₩ 2,567,181
Income tax effect	75,598	(536,541)
Remeasurement after income tax effect	₩ (286,114)	₩ 2,030,640

20.8 The principal actuarial assumptions as of December 31, 2025 and 2024 are as follows:

	2025	2024
Discount rate (%)	4.49	4.22
Future salary growth rate (%)	5.00	5.00

20.9 Sensitivity analysis for significant assumptions as of December 31, 2025 and 2024 is as shown below (Korean won in thousands):

	2025	2024
Discount rate		
1% Increase	₩ (2,517,332)	₩ (3,297,104)
1% Decrease	2,930,773	3,963,950
Future salary growth rate		
1% Increase	₩ 2,887,372	₩ 3,891,716
1% Decrease	(2,529,517)	(3,303,950)

20.10 Changes in other long-term employee benefit liabilities for the years ended December 31, 2025 and 2024, are as follows (Korean won in thousands):

	2025	2024
As of January 1	₩ 5,871,784	₩ 4,183,326
Current service costs	3,320,192	2,005,098
Benefits paid	(769,528)	(316,640)
As of December 31	₩ 8,422,448	₩ 5,871,784

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21. Provisions

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

<2025>

	Provisions for construction warranty	Provision for litigation	Provisions for onerous contract	Other provisions	Total
Beginning	₩ 12,203,763	₩ -	₩ 2,853,990	₩ 1,259,012	₩ 16,316,765
Provisions raised	8,974,256	1,161,535	3,649,956	2,483,538	16,269,285
Payments	(2,482,341)	(1,161,535)	(1,684,474)	(418,055)	(5,746,405)
Reversals	(1,421,355)	-	(68,751)	(521,848)	(2,011,954)
Others	-	-	-	8,389	8,389
Ending	₩ 17,274,323	₩ -	₩ 4,750,721	₩ 2,811,036	₩ 24,836,080
Current	₩ 11,406,338	₩ -	₩ 4,750,721	₩ 2,631,746	₩ 18,788,805
Non-current	5,867,985	-	-	179,290	6,047,275

<2024>

	Provisions for construction warranty	Provision for litigation	Provisions for onerous contract	Other provisions	Total
Beginning	₩ 7,193,171	₩ 79,150	₩ 3,473,162	₩ 884,164	₩ 11,629,647
Provisions raised	8,160,797	-	793,259	582,754	9,536,810
Payments	(1,936,111)	(38,352)	-	(227,617)	(2,202,080)
Reversals	(1,214,094)	(40,798)	(1,412,431)	-	(2,667,323)
Others	-	-	-	19,711	19,711
Ending	₩ 12,203,763	₩ -	₩ 2,853,990	₩ 1,259,012	₩ 16,316,765
Current	₩ 8,962,324	₩ -	₩ 2,853,990	₩ 1,259,012	₩ 13,075,326
Non-current	3,241,439	-	-	-	3,241,439

22. Other liabilities

Other liabilities as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	2025	2024
Other current liabilities		
Excess revenues (contract liabilities)	₩ 15,359,139	₩ 7,445,743
Advances received (contract liabilities)	191,263,973	119,426,454
Withholdings	2,014,848	4,756,650
VAT withheld	555,771	1,143,119
Firm commitment liabilities	11,479	820,082
Others	21,101,159	12,313,751
Sub total	230,306,369	145,905,799
Other non-current liabilities		
Other long-term employee benefit liabilities	₩ 8,422,448	₩ 5,871,784
Total	₩ 238,728,817	₩ 151,777,583

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23. Issued capital

	(Korean won in thousands and number of shares)			
	2025		2024	
Authorized number of shares (in number of shares)		2,000,000,000		2,000,000,000
Par value per share (in won)	₩	1,000	₩	1,000
Number of issued ordinary shares (in number of shares)		186,447,300		186,447,300
Issued Capital (in thousands won)	₩	186,447,000	₩	186,447,300

24. Other paid-in capital

24.1 Other paid-in capital as of December 31, 2025 and 2024 consists of the following (Korean won in thousands):

	2025		2024	
Capital surplus	₩	799,014,617	₩	799,014,617
Gain on capital reduction		342,586,405		342,586,405
Treasury stock		(4,236,726)		(4,584,905)
Gain on disposal of treasury stock		13,275,414		12,014,037
Stock options		-		1,961,281
Gain on expiration of stock options		216,018		197,577
Change in equity of subsidiaries, etc.		(166,667,716)		(166,644,648)
Total	₩	984,188,012	₩	984,544,364

24.2 Treasury stock

For the purpose of stabilizing the price of the Company's shares, distributing dividend on stocks, and disposing odd-lot stocks due to capital increase without consideration, the Company plans to acquire treasury shares and dispose of them according to market conditions.

Change in treasury stock for each of the years in the period ended December 31, 2025 and 2024 are as follows (Korean won in thousands, except for number of shares):

	2025		2024	
	Number of shares (Shares)	Amount	Number of shares (Shares)	Amount
As of January 1	689,291	₩ 4,584,905	772,087	₩ 5,135,633
Disposals	(52,345)	(348,179)	(82,796)	(550,728)
As of December 31	636,946	₩ 4,236,726	689,291	₩ 4,584,905

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24.3 Share based payments

24.3.1 Details of share-based payment contracts are as follows:

Contract	Recipient	Date of vesting	Share vested	Expiration	Settlement	Condition
Stock Appreciation Rights	Executives and employees	2015.11.05	7,222,000 shares	10 years	Cash or stock	3 years of service

24.3.2 Changes in stock options for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
As of January 1	74,450 Shares	113,500 Shares
Extinguishment	700 Shares	7,500 Shares
Exercise	73,750 Shares	31,550 Shares
Ending at December 31	-	74,450 Shares
Exercisable at December 31	-	74,450 Shares

There are no stock options outstanding as of the end of the reporting period.

24.3.3 There were no compensation costs incurred by stock options for the years ended December 31, 2025 and 2024.

25. Other components of equity

25.1 Other components of equity as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	2025	2024
Loss on valuation of financial instruments at FVOCI	₩ (100,921,785)	₩ (100,920,834)
Gain and loss on valuation of derivatives	43,233,209	(1,615,082)
Exchange differences on translation of foreign operations	18,443,621	19,020,050
Changes in equity in equity method	556,026	562,616
Total	₩ (38,688,929)	₩ (82,953,250)

26. Retained earnings

26.1 Retained earnings as of December 31, 2025 and 2024 consist of the following (Korean won in thousands):

	2025	2024
Remeasurement of defined benefit plans	₩ (6,402,644)	₩ (6,688,758)
Unappropriated retained earnings	476,074,583	391,853,916
Total	₩ 469,671,939	₩ 385,165,158

27. Revenue from contracts with customers

27.1 Details of revenue from contracts with customers for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025	2024
Type of goods or service		
Merchandise sales	₩ 360,830,151	₩ 348,154,300
Product sales	2,812,990,210	2,685,448,412
Construction revenue	277,644,460	198,474,062
Others	184,553,395	59,222,601
Total	<u>₩ 3,636,018,216</u>	<u>₩ 3,291,299,375</u>
Timing of revenue recognition		
Goods transferred at a point in time	₩ 3,311,236,406	₩ 3,076,100,255
Services transferred over time	324,781,810	215,199,120
Total	<u>₩ 3,636,018,216</u>	<u>₩ 3,291,299,375</u>

27.2 Details of cost of sales for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025	2024
Cost of merchandise sold	₩ 342,801,523	₩ 331,469,977
Cost of products sold	2,618,507,605	2,474,118,290
Construction costs	255,817,646	176,842,271
Others	135,727,467	45,482,642
Total	<u>₩ 3,352,854,241</u>	<u>₩ 3,027,913,180</u>

28. Construction contracts

28.1 Changes in outstanding construction contracts for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

<2025>

	As of Jan. 1	Net amount of increase and decrease(*)	Construction revenue	As of Dec. 31
Electric work, etc.	₩ 333,632,053	₩ 926,072,754	₩ (277,644,460)	₩ 982,060,347

(*) Including the impact of changes in foreign currency contract amount from the exchange rate fluctuations, cancellation of contracts, change of contract amount and others.

<2024>

	As of Jan. 1	Net amount of increase and decrease(*)	Construction revenue	As of Dec. 31
Electric work, etc.	₩ 217,423,681	₩ 314,682,434	₩ (198,474,062)	₩ 333,632,053

(*) Including the impact of changes in foreign currency contract amount from the exchange rate fluctuations, cancellation of contracts, change of contract amount and others.

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28.2 Details of construction contract for the year ended December 31, 2025 and 2024, are as follows (Korean won in thousands):

<2025>

	Accumulated profit	Accumulated cost	Advanced	Accounts receivable(*)
Electric work, etc.	₩ 502,217,978	₩ 463,704,877	₩ 38,513,101	₩ 11,970,581

(*) Accounts receivable are included in trade receivables in the consolidated statement of financial position.

<2024>

	Accumulated profit	Accumulated cost	Advanced	Accounts receivable(*)
Electric work, etc.	₩ 322,502,168	₩ 291,295,286	₩ 31,206,882	₩ 33,137,778

(*) Accounts receivable are included in trade receivables in the consolidated statement of financial position.

28.3 Details of contract assets (due from customers for contract works) and contract liabilities (due to customers for contract work) as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025		2024	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Electric work, etc.	₩ 46,463,107	₩ 15,359,139	₩ 31,456,121	₩ 7,445,743

Revenue of ₩5,987,983 thousand was recognized for the year ended December 31, 2025 from the contract liabilities balance (excess revenues).

28.4 Details of the impact of changes in the estimates of total contract revenue and total contract costs for construction contracts in progress as of December 31, 2025 on profit or loss and unbilled construction for the current and future periods are as follows (Korean won in thousands):

	Changes in total estimated contract revenue	Changes in total estimated contract costs	Impact on current profit and loss	Impact on future profit and loss	Changes in unbilled (excess) Construction	Provisions for onerous contract
Electric work, etc.	₩ 29,655,775	₩ 28,406,486	₩ (974,530)	₩ 2,223,819	₩ (974,530)	₩ 4,750,721

The impact on profit or loss for the current and future periods is based on the total contract cost estimated based on facts and circumstances that occurred from the beginning of the contract to the end of the current period and the total contract revenue estimated as of the end of the current period.

Estimates of total contract cost and revenue may vary in future periods.

28.5 Information by construction contract whose contract amount is more than 5% of the previous sales as of December 31, 2025 is as follows (Korean won in thousands):

Contract name	Contract date	Contractual delivery date	Contract Progress (%)	Contract assets		Accounts receivable	
				Gross amount	Impairment Loss	Gross amount	Impairment Loss
NDC357 Route A2	2024.10	2025.02~ 2029.12	3.42	₩ 2,884,952	-	672,604	-
NDC373 Route A & C	2024.10	2025.02~ 2028.01	3.11	₩ 4,759,050	-	1,701,968	-
The Anma Offshore Inter-Array Cables Package	2025.08	2025.08~ 2028.12	1.04	₩ 932,362	-	-	-
Qatar Power Transmission System Expansion	2025.09	2025.09~ 2029.04	0.16	₩ 112,304	-	-	-

29. Selling and administrative expenses

Details of selling and administrative expenses for the years December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025	2024
Advertisements	₩ 1,559,329	₩ 1,314,592
Export expenses	25,125,834	31,969,457
Salaries	40,363,918	38,122,069
Retirement benefits	2,881,253	2,071,841
Welfare expenses	7,628,235	6,650,029
Depreciation	5,080,493	4,652,875
Amortization	333,951	119,037
Rental fees	2,834,658	2,665,320
Commission	19,247,950	18,075,645
Tax and dues	4,940,323	1,704,096
Insurance	3,701,606	2,905,114
Bad debt expenses (Reversal)	221,558	(95,614)
Transport charge	11,848,171	10,604,699
Warranty expenses	5,405,708	8,334,337
Others	23,377,941	19,122,940
Total	₩ 154,550,928	₩ 148,216,437

30. Other non-operating income and expenses

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

	2025	2024
Gain on foreign currency transaction	₩ 20,557,105	₩ 19,282,393
Gain on foreign currency translation	11,877,255	24,221,212
Gain on valuation of derivatives	17,062,074	5,499,355
Gain on transaction of derivatives	20,341,583	880,626
Gain on disposal of PP&E	371,168	185,707
Gain on firm commitment	8,987,500	-
Reversal of impairment loss on intangible assets	-	70,000
Reversal of provision for litigation	-	40,798
Reversal of other provisions	196,700	-
Reversal of other bad debt allowances	-	6,719,217
Others	2,489,129	2,254,809
Total	₩ 81,882,514	₩ 59,154,117

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

	2025	2024
Loss on foreign currency transaction	₩ 23,487,141	₩ 16,438,796
Loss on foreign currency translation	5,605,954	2,144,272
Loss on valuation of derivatives	10,699,567	18,610,573
Loss on transaction of derivatives	5,499,355	3,708,175
Loss on disposal of PP&E	1,085	53,044
Loss on impairment of PP&E	-	839,457
Loss on impairment of intangible assets	70,000	-
Transfer of other provision	-	188,279
Transfer of provision for litigation	1,161,535	-
Loss on firm commitment	11,479	820,082
Others	2,434,381	4,086,713
Total	₩ 48,970,497	₩ 46,889,391

31. Financial income and expenses

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

	2025	2024
Interest income	₩ 15,178,713	₩ 15,993,972
Dividend income	160	1,470
Gain on foreign exchange translation	4,037,486	2,129,716
Gain on foreign currency transactions	20,975,775	8,054,072
Gain on valuation of derivatives	38,596,204	1,480,724
Gain on transaction of derivatives	9,177,548	930,907
Reversal of financial guarantee contract liabilities	-	513,765
Reversal of other bad debt allowance	-	155,839
Gain on valuation of financial assets at fair value through profit or loss	203,897	179,004
Gain on disposal of financial assets at fair value through profit or loss	39,200	-
Total	₩ 88,208,983	₩ 29,439,469

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

	2025	2024
Interest expenses	₩ 42,488,675	₩ 30,747,722
Loss on foreign exchange translation	8,558,348	3,906,923
Loss on foreign currency transactions	19,615,796	15,490,012
Loss on valuation of derivatives	123,518,396	7,897,884
Loss on transaction of derivatives	17,572,225	16,191,485
Provision for financial guarantee contract liabilities	-	290,193
Loss on valuation of financial assets at fair value through profit or loss	-	5,598,069
Others	642,634	201,865
Total	₩ 212,396,074	₩ 80,324,153

32. Classification of expenses by nature

The classification of expenses by nature for years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025	2024
Changes in inventories	₩ (138,707,278)	₩ (75,019,280)
Merchandise purchases	354,863,794	337,721,314
Used raw materials	2,517,697,209	2,278,060,204
Employee benefits	166,189,369	126,159,718
Depreciation	38,134,606	29,239,627
Rental fees	7,309,454	6,569,839
Commission	35,114,176	29,589,521
Export expenses	26,076,646	31,969,457
Packing charge	6,302,786	4,655,491
Outsourcing	226,918,817	175,296,256
Bad debt expenses (Reversal)	221,558	(95,614)
Others	267,284,032	231,983,083
Total(*)	<u>₩ 3,507,405,169</u>	<u>₩ 3,176,129,616</u>

(*) This amount represents the total of cost of sales and selling and administrative expenses as presented in the consolidated statement of comprehensive income.

33. Income tax

33.1 Income tax expense for the years ended December 31, 2025 and 2024 is as follows (Korean won in thousands):

	2025	2024
Current income tax charge	₩ 12,519,290	₩ 9,967,550
Additional income taxes relating to prior periods	96,122	(213,001)
Changes in deferred tax assets and liabilities	(48,515,654)	(9,096,720)
Income tax expense directly recognized to equity	(17,325,817)	1,057,208
Income tax expenses	<u>₩ (53,226,059)</u>	<u>₩ 1,715,037</u>

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33.2 Deferred tax related to items recognized in OCI for the years ended December 31, 2025 and 2024 is as follows (Korean won in thousands):

	<u>2025</u>	<u>2024</u>
Net gain (loss) on remeasurement of defined benefit obligations	₩ (75,598)	₩ 536,541
Net gain (loss) on valuation of derivatives	(16,916,935)	669,930
Net gain on disposal of treasury stock	(333,284)	(149,263)
Total	<u>₩ (17,325,817)</u>	<u>₩ 1,057,208</u>

33.3 A reconciliation between income tax expense and loss before income tax expense for the years ended December 31, 2025 and 2024 is as follows (Korean won in thousands):

	<u>2025</u>	<u>2024</u>
Net profit (loss) before income tax	₩ 36,651,339	₩ 75,905,439
Applicable tax rate	21.70%	22.76%
Income tax expenses calculated at applicable tax rate	7,953,024	17,273,323
Non-taxable incomes	(683,663)	(658,525)
Non-deductible expenses	452,891	4,463,857
Tax Credits	1,558,069	(1,039,813)
Unrecognized changes in temporary differences	(52,918,900)	(20,990,649)
Effect of changes in tax rates and others	(9,587,480)	2,666,845
Income tax expenses (benefit)	<u>(53,226,059)</u>	<u>1,715,038</u>
Effective tax rate	- %	2.26%

Effective tax rates for the current year is not applicable as the calculated rates were negative

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33.4 Details of deferred tax as of December 31, 2025 and 2024 and the years then ended are as follows (Korean won in thousands):

<2025>

	January 1	Change in scope of consolidation	Credited to profit (charged to loss)	Credited to other comprehensive income	December 31
Deferred tax arising from temporary differences					
Depreciation excluded from deductible expenses	₩ 247,055	₩ -	₩ 76,850	₩ -	₩ 323,905
Allowance for doubtful accounts excluded from deductible expenses	32,564,719	-	(6,442,942)	-	26,121,777
Inventory valuation allowance	1,435,455	-	245,900	-	1,681,355
Government grants	1,187,606	-	148,500	-	1,336,106
Accrued income	609,346	-	768,688	-	1,378,034
Employee benefits	1,622,682	-	771,467	(75,598)	2,318,551
Financial guarantee liabilities	1,151,846	-	(364,687)	-	787,159
Capitalization of borrowing costs	(183,790)	-	(3,158)	-	(186,948)
Lease assets and liabilities	92,981	-	(30,608)	-	62,373
Treasury stocks	26,716,901	-	(13,000,938)	-	13,715,963
Investment in associate, subsidiary, and joint venture	3,592,555	-	438,386	-	4,030,941
Valuation of Investment assets	28,359,485	-	2,215,158	-	30,574,643
Revaluation surplus of property, plant and equipment	(1,849,554)	-	(217,288)	-	(2,066,842)
Loss (gain) on valuation of derivatives	12,816,646	-	10,895,089	(16,916,935)	6,794,800
Adjustment of conversion right	(7,869,357)	-	4,737,304	-	(3,132,053)
Others	16,832,450	841,027	3,898,172	-	21,571,649
Subtotal of temporary differences	₩ 117,327,026	₩ 841,027	₩ 4,135,893	₩ (16,992,533)	₩ 105,311,413
Unrecognized portion (Probability of realization)	(96,966,362)	-	14,519,859	-	(82,446,503)
Deferred tax assets (liabilities) from temporary differences	₩ 20,360,664	₩ 841,027	₩ 18,655,752	₩ (16,992,533)	₩ 22,864,910
Unused tax losses	49,102,705	-	38,399,043	-	87,501,748
Unused tax credits	895,371	-	8453,392	-	9,348,763
Total deferred tax assets	₩ 70,358,740	₩ 841,027	₩ 65,508,187	₩ (16,992,533)	₩ 119,715,421

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33.4 Details of deferred tax as of December 31, 2025 and 2024 and the years then ended are as follows (Korean won in thousands): (cont'd)

<2024>

	January 1	Credited to profit (charged to loss)	Credited to other comprehensive income	December 31
Deferred tax arising from temporary differences				
Depreciation excluded from deductible expenses	₩ 78,182	₩ 168,873	₩ -	₩ 247,055
Allowance for doubtful accounts excluded from deductible expenses	35,651,363	(3,086,644)	-	32,564,719
Inventory valuation allowance	2,430,613	(995,158)	-	1,435,455
Gain on split included in deductible expenses	219,283	(219,283)	-	-
Government grants	1,199,960	(12,354)	-	1,187,606
Accrued income	1,913,340	(1,303,994)	-	609,346
Employee benefits	2,253,938	(1,167,797)	536,541	1,622,682
Financial guarantee liabilities	128,378	1,023,468	-	1,151,846
Capitalization of borrowing costs	(192,009)	8,219	-	(183,790)
Lease assets and liabilities	46,967	46,014	-	92,981
Treasury stocks	30,457,445	(3,740,544)	-	26,716,901
Investment in associate, subsidiary, and joint venture	3,474,058	118,497	-	3,592,555
Valuation of Investment assets	27,300,858	1,058,627	-	28,359,485
Revaluation surplus of property, plant and equipment	(2,376,414)	526,860	-	(1,849,554)
Loss (gain) on valuation of derivatives	(936,040)	13,082,756	669,930	12,816,646
Adjustment of conversion right	-	(7,869,357)	-	(7,869,357)
Others	14,265,455	2,566,995	-	16,832,450
Subtotal of temporary differences	₩ 115,915,377	₩ 205,178	₩ 1,206,471	₩ 117,327,026
Unrecognized portion (Probability of realization)	(103,433,545)	6,467,183	-	(96,966,362)
Deferred tax assets (liabilities) from temporary differences	₩ 12,481,832	₩ 6,672,361	₩ 1,206,471	₩ 20,360,664
Unused tax losses	48,780,188	322,517	-	49,102,705
Unused tax credits	-	895,371	-	895,371
Total deferred tax assets	₩ 61,262,020	₩ 7,890,249	₩ 1,206,471	₩ 70,358,740

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33.5 Unrecognized deferred tax assets as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025	2024
Deductible temporary differences	₩ 480,328,422	₩ 493,587,616
Unused tax loss carryforwards	1,206,401,971	1,034,127,264
Unused tax credit carryforwards	894,494	4,905,958
Total	<u>₩ 1,687,624,887</u>	<u>₩ 1,532,620,838</u>

33.6 The amount of unused tax loss carryforwards and the expected years of their expiration that are not recognized as deferred tax assets as of December 31, 2024 are as follows (Korean won in thousands):

Year of occurrence	Unused tax loss	
	carryforwards	Expiration year
Occurred in 2016	₩ 34,471,799	2026
Occurred in 2017	20,769,810	2027
Occurred in 2019	299,866,320	2029
Occurred in 2020	502,350,147	2035
Occurred in 2021	43,476,145	2036
Occurred in 2022	9,707,622	2037
Occurred in 2023	295,760,128	2038
Total	<u>₩ 1,206,401,971</u>	

Year of occurrence	Unused tax credits	
	carryforwards	Expiration year
Occurred in 2025	894,494	2035
Total	<u>₩ 894,494</u>	

33.7 The Group recognizes deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

33.8 Introduction of Global Minimum Tax and Its Impact

The group applied the temporary exemption from deferred tax accounting for the effects of the global minimum tax and currently focusing on analyzing the potential impact of Pillar Two on its current income taxes. As of the end of the reporting period, the group has performed an assessment of the financial impact of Pillar Two income taxes. Based on this assessment, the Pillar Two effective tax rates in all jurisdictions where the group operates exceed 15%. To the best of management's knowledge, there are currently no circumstances that would expect these rates to change. Consequently, the group has not recognized any current tax expense related to Pillar Two as of the end of the current reporting period.

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34. Earnings per share (EPS)

34.1 Basic EPS (Korean won):

	2025	2024
Profit for the year attributable to ordinary shares	₩ 84,220,667,290	₩ 70,445,443,745
Weighted average number of ordinary shares for basic EPS(Shares)	185,773,548	172,177,970
Basic earnings per share	₩ 453	₩ 409

34.2 Diluted EPS

Diluted earnings per share is calculated by applying the weighted average number of ordinary shares adjusted for the conversion of all potential dilutive ordinary shares into ordinary shares. The potential diluted ordinary shares held by the Group are stock options and convertible bonds. Based on the monetary value, the number of shares that would otherwise have been acquired at fair value (the average market price for the period) is calculated by comparing the number of shares that would have been issued if the share options were exercised. The convertible bonds are assumed to have been converted into common shares, and the net income attributable to common shares has been adjusted by adding back the interest expense on the convertible bonds, net of tax effects. The details of diluted earnings per share calculation are as follows (Korean won)

	2025	2024
Profit for the year attributable to ordinary shares	₩ 84,220,667,290	₩ 70,445,443,745
Adjustment	-	-
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	84,220,667,290	70,445,443,745
Weighted average number of ordinary shares for basic EPS (in number of shares)	185,773,548	172,177,970
Adjustment		
Stock options (in number of shares)	-	48,540
Weighted average number of ordinary shares for diluted EPS (in number of shares)	185,773,548	172,226,510
Diluted earnings per share	₩ 453	₩ 409

The convertible bonds issued for the year ended December 31, 2024 were excluded from the calculation of diluted earnings per share as they had an anti-dilutive effect.

35. Cash flows

35.1 Adjustments to reconcile profit (loss) for the year with net cash flows provided by operating activities for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025	2024
Income tax expense (benefit)	₩ (53,226,059)	₩ 1,715,037
Interest expense	42,488,675	30,747,722
Interest income	(15,178,713)	(15,993,972)
Dividend income	(160)	(1,470)
gain on valuation of financial assets at fair value through profit or loss	(203,897)	(179,004)
Loss on valuation of financial assets at fair value through profit or loss	-	5,598,069
Gain on disposal of financial assets at fair value through profit or loss	(39,200)	-
Depreciation	37,696,524	28,797,483
Depreciation of investment properties	5,580	37,104
Amortization of intangible assets	432,502	405,040
Severance benefits	2,638,691	2,849,900
Bad debt expenses (reversal)	221,558	(95,614)
Other bad debt expenses (reversal)	-	(6,875,056)
Loss (gain) on foreign exchange translation, net	(1,750,439)	(20,299,733)
Gain on disposal of property, plant and equipment, net	(370,083)	(132,663)
Loss on retirement of property, plant and equipment, net	-	839,457
Impairment loss on intangible assets (reversal)	70,000	(70,000)
Loss on valuation of financial derivatives, net	78,559,685	19,528,378
Loss (gain) on firm commitment	(8,976,021)	820,082
Loss on valuation of inventory	4,028,241	-
Equity method loss on investment in associates	686,634	644,360
Reversal of financial guarantee contract liabilities	-	(223,572)
Transfer to provision for construction warranty liabilities	7,552,901	6,946,703
Transfer to (reversal of) provision for litigation liabilities	1,161,535	(40,798)
Transfer to (reversal of) provision for construction loss	3,581,205	(619,172)
Transfer to (reversal of) provision for other liabilities	1,823,685	582,754
Others	3,281,151	2,011,369
Total	₩ 104,483,995	₩ 56,992,404

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35.2 Changes in operating assets and liabilities for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025	2024
Accounts receivables	₩ (174,643,421)	₩ (17,505,789)
Inventories	(257,201,448)	(124,016,095)
Other financial assets	15,816,925	13,674,955
Other current assets	(27,996,345)	(22,436,773)
Other Non-current assets	13,973,496	(9,049,122)
Accounts payable	60,314,446	79,597,099
Other financial liabilities	(37,232,411)	3,437,804
Provisions	(5,746,405)	(2,202,081)
Other current liabilities	78,157,976	(3,872,567)
Other Non-current liabilities	(723,522)	(311,699)
Net defined benefit liabilities	(6,981,584)	(14,059,636)
Total	₩ (342,262,293)	₩ (96,743,904)

35.3 Significant non-cash transactions for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025	2024
Write-off of receivables	₩ -	₩ 7,911,728
Reclassification of construction-in-progress to property, plant and equipment	155,427,654	140,048,585
Payables related to acquisition of property, plant and equipment	4,852,938	15,859,603
Offset of convertible bond issuance and land acquisition	-	110,000,000
Reclassification to current portion of long-term borrowings	210,000,000	-

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35.4 Changes in financial liabilities for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

<2025>

			Non-cash movements							Ending
	Beginning	Cash flows	Change in the scope of consolidation	Changes in exchange rate	Non Cash flows	Amortization	New lease contracts	Reclassification		
Short-term borrowings	₩ 142,230,600	₩ 313,875,569	₩ -	₩ 3,438,672	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 459,544,841
Current portion of long-term liabilities	20,000,000	(22,694,200)	2,694,200	-	-	-	-	210,000,000	-	210,000,000
Current portion of convertible bond	69,706,311	-	-	-	-	11,820,477	-	-	-	81,526,788
Long-term borrowings	210,000,000	(89,850)	89,850	-	-	-	-	(210,000,000)	-	-
Bond Payable	-	154,482,668	-	-	-	52,526	-	-	-	154,535,194
Lease liabilities	10,279,108	(6,189,055)	-	(288,502)	(71,582)	-	10,328,384	-	-	14,058,353
Total	₩ 452,216,019	₩ 439,385,132	₩ 2,784,050	₩ 3,150,170	₩ (71,582)	₩ 11,873,003	₩ 10,328,384	₩ -	₩ -	₩ 919,665,176

<2024>

			Non-cash movements							Ending
	Beginning	Cash flows	Changes in exchange rate	Non Cash flows	Conversion Rights Adjustment	Amortization	New lease contracts	Reclassification		
Short-term borrowings	₩ 165,357,099	₩ (28,480,676)	₩ 5,354,177	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 142,230,600
Current portion of long-term liabilities	20,000,000	(20,000,000)	-	-	-	-	-	20,000,000	-	20,000,000
Current portion of convertible bond	-	(12,514)	-	110,000,000	(41,231,901)	950,726	-	-	-	69,706,311
Long-term borrowings	225,000,000	5,000,000	-	-	-	-	-	(20,000,000)	-	210,000,000
Lease liabilities	8,539,557	(4,682,555)	938,933	(23,551)	-	-	5,506,724	-	-	10,279,108
Total	₩ 418,896,656	₩ (48,175,745)	₩ 6,293,110	₩ 109,976,449	₩ (41,231,901)	₩ 950,726	₩ 5,506,724	₩ -	₩ -	₩ 452,216,019

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36. Related party transactions

36.1 List of related parties

<2025>

Relationship with the Group during current year	Related party
<Companies that exert influence on the Group>	
Ultimate parent company	Hoban Engineering Co., Ltd.
<Companies influenced by the Group>	Plan H Open Innovation Ventrue Investment Fund 2nd
Domestic associate	
Overseas associate	
<Other related parties>(*1)	Taihan Kuwait Fiber Optic Cable Co. WLL, KTC Co., Ltd., Kookmin Cable Investment Fund II Co., TS DEVELOPMENT Co., Ltd., TS Construction Co., Ltd., TS Living Co., Ltd., TS Asset Co., Ltd., Hwarangkwansa BTL Co., Ltd., Hoban TBM Co., Ltd., Hoban SUMMIT Co., Ltd., Incheon Hangdong The one PFV, Hoban Construction Co., Ltd., Hoban Property Co., Ltd., Hoban Asset Co., Ltd., HOBAN HOTEL & RESORT Co.Ltd., CORNERSTONE Investment Co., Ltd., SEO SEOUL TOUR CO., Ltd, etc.

(*1) Companies that are not included in the scope of related parties in KIFRS 1024 Disclosure on Related Parties, but that belong to the same Large-scale business group under the Monopoly Regulation and Fair Trade Act are included.

<2024>

Relationship with the Group during current year	Related party
<Companies that exert influence on the Group>	
Ultimate parent company	Hoban Engineering Co., Ltd.
<Companies influenced by the Group>	Plan H Open Innovation Ventrue Investment Fund 2nd
Domestic associates	Bulace Investments, Ltd.,
Overseas associates	Taihan Kuwait Fiber Optic Cable Co. WLL,
<Other related parties>(*1)	KTC Co., Ltd., Kookmin Cable Investment Fund II Co., TS DEVELOPMENT Co., Ltd., TS Construction Co., Ltd., TS Living Co., Ltd., TS Asset Co., Ltd., Hwarangkwansa BTL Co., Ltd., Hoban TBM Co., Ltd., Hoban SUMMIT Co., Ltd., Incheon Hangdong The one PFV, Hoban Construction Co., Ltd., Hoban Property Co., Ltd., Hoban Asset Co., Ltd., HOBAN HOTEL & RESORT Co.Ltd., CORNERSTONE Investment Co., Ltd., SEO SEOUL TOUR CO., Ltd, etc.

(*1) Companies that are not included in the scope of related parties in KIFRS 1024 *Disclosure on Related Parties*, but that belong to the same Large-scale business group under the *Monopoly Regulation and Fair Trade Act* are included.

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36.2 Significant transactions with the related parties for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

<2025>

		Revenue			Expense		
		Sales of goods product	Sales of service	Others	Logistic expenses	Selling and administrative expenses	Acquisition of tangible and intangible assets
Hoban Engineering Co., Ltd.	Ultimate parent Company	₩ 648,800	₩ 1,425,148	₩ -	₩ -	₩ 51,680	₩ 51,233,000
Taihan Kuwait Fiber Optic Cable Co. WLL.	Associates	10,236	-	12,014	7,306	-	-
Hoban Construction Co., Ltd.	Other	860	6,792,005	-	38,228	951,665	-
Hoban TBM Co., Ltd.		1,739,428	-	-	-	-	-
HOBAN HOTEL & RESORT Co.,Ltd.		18,538	71,240	-	-	984,978	-
Hoban Asset Co., Ltd.		-	-	-	-	3,128,574	-
SEO SEOUL TOUR Co., Ltd.		-	-	-	-	7,262	-
Hoban SUMMIT Co., Ltd.		-	-	-	-	15,542	-
SAMSGOLD EXCHANGE.,LTD.		-	-	-	-	753,242	-
THE SEOUL SHINMUN		-	-	-	-	35,075	-
Sky Living Co., Ltd.		-	-	-	9,211	-	-
Pacificmarina Co., Ltd.		-	-	-	-	13,898	-
ebnews Co., Ltd.		-	-	-	-	5,000	-
Total		₩ 2,417,862	₩ 8,288,393	₩ 12,014	₩ 54,745	₩ 5,946,916	₩ 51,233,000

<2024>

		Revenue		Expense	
		Sales of goods product	Sales of service	Selling and administrative expenses	Acquisition of tangible and intangible assets
Hoban Engineering Co., Ltd.	Ultimate parent Company	₩ 144,000	₩ 2,020,027	₩ 32,544	₩ 49,251,801
Taihan Kuwait Fiber Optic Cable Co. WLL.	Associates	6,254	-	-	-
Hoban Construction Co., Ltd.	Other	-	9,956,857	803,336	-
Hoban TBM Co., Ltd.		822,157	-	-	-
HOBAN HOTEL & RESORT Co.,Ltd.		-	-	929,328	-
Hoban Asset Co., Ltd.		-	-	2,785,313	-
SEO SEOUL TOUR Co., Ltd.		-	-	4,307	-
Hoban SUMMIT Co., Ltd.		-	-	21,135	-
SAMSGOLD EXCHANGE.,LTD.		-	-	318,275	-
THE SEOUL SHINMUN		-	-	31,619	-
Total		₩ 972,411	₩ 11,976,884	₩ 4,925,857	₩ 49,251,801

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36.3 Significant balances of accounts receivable and payable with the related parties as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

<2025>

		Receivables				Payables				
		Trade Receivables	Other receivables	Loan receivables	Others	Other payables	Others			
Hoban Engineering Co., Ltd.	Ultimate parent Company	₩	-	₩	-	₩	6,083,483	₩	-	
Taihan Kuwait Fiber Optic Cable Co. WLL.	Associates		11,933		8,381		232,976		-	
KTC Co., Ltd.	Others		844,008		1,468,829		-		-	
Hoban Construction Co., Ltd.			739,679		-		-		287,599	
Hoban TBM Co., Ltd.			204,524		-		-		-	
Hoban HOTEL & RESORT Co.,Ltd			-		-		-		97,983	
Hoban Asset Co., Ltd.,			-		-		1,573,310		286,482	
Hoban Culture Foundation			-		-		48,457		48,457	
THE SEOUL SHINMUN			-		-		-		2,000	
Pacificmarina Co., Ltd.			-		-		-		1,340	
Total		₩	1,800,144	₩	1,477,210	₩	232,976	₩	1,621,767	
							₩	6,807,344	₩	1,933,816

As of December 31, 2025, an allowance for doubtful accounts of ₩ 2,312,837 thousand was provided for related party receivables.

<2024>

		Receivables				Payables				
		Trade receivables	Other receivables	Loan receivables	Others	Account payables	Others			
Hoban Engineering Co., Ltd.,	Ultimate parent company	₩	52,800	₩	-	₩	-	₩	9,001,536	
KTC Co., Ltd.,	Other		844,008		1,468,829		-		-	
Hoban Construction Co., Ltd	Associate		726,025		-		-		169,739	
Hoban TBM Co., Ltd.,	Other		167,657		-		-		-	
HOBAN HOTEL & RESORT Co.,Ltd.,			-		-		-		96,454	
Hoban Asset Co., Ltd.,			-		-		1,569,810		283,441	
Total		₩	1,790,490	₩	1,468,829	₩	-	₩	1,569,810	
							₩	9,551,170	₩	582,365

As of December 31, 2024, an allowance for doubtful accounts of ₩ 2,312,837 thousand was provided for related party receivables.

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36.4 Loan transactions with related parties for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

<2025>

		Accounts	Jan 1, 2025	Increase	Decrease	others	Dec 31, 2025
Taihan Kuwait Fiber Optic Cable Co. WLL.	Associates	Short-term loan receivable	₩ -	-	-	₩ 106,781	₩ 106,781
		Long-term loan receivable	-	233,253	-	(107,057)	126,196

The 'Others' item above includes reclassification to current portion and effects of foreign currency translation.

<2024>

		Accounts	Jan 1, 2024	Increase	Change in the scope of consolidation	Dec 31, 2024
Bulace Investments Ltd.	Subsidiaries	Short-term loan receivable	₩ 55,839	₩ 11,649	₩ 67,488	₩ -
		Allowance for doubtful accounts	(55,839)	(11,649)	(67,488)	-
		Long-term loan receivable	-	58,882	58,882	-

Bulace Investments, Ltd. was reclassified from a joint venture to a subsidiary as a result of the Group's acquisition of control over the entity for the year ended December 31, 2024.

36.5 There were no equity transactions with related parties during the current year, and the details of equity transactions with related parties during the prior year are as follows: (Korean won in thousands):

<2024>

		Classification	Description	Share	Amount
Hoban Engineering Co., Ltd.		Ultimate parent company	Paid-in capital increase	28,316,175	₩ 211,238,666

36.6 There is no collateral provided to the related parties and the payment guarantee provided is as follows (Korean won in thousands):

<2025>

		Classification	Guaranteed amount	Guarantor	Guarantee period	Description (foot note 37)
Taihan Kuwait Fiber Optic Cabel Co. WLL.	Associate	₩ 2,046,461	KUWAIT FINANCE HOUSE K.S.C.O.	2024.02.07~ 2030.02.07	Loan guarantee	
Employee Stock Ownership Association	Employee	₩ 199,771	NH bank	2025.10.17~ 2026.10.17	Payment for subscription to an increase in paid-in capital	

The Group has recognized the above-mentioned payment guarantee as a financial guarantee liability. As of the end of the reporting period, the amount recognized as financial guarantee liabilities is ₩81,524 thousand.

36.7 Payment guarantees provided by the related parties as of December 31, 2025 are as follows (Korean won in thousands):

		Classification	Guaranteed amount	Guarantor	Guarantee period	Description
Hoban Engineering Co., Ltd.	Ultimate parent Company	₩ 38,701,537	BEMO TUNNELLING UK LIMITED, FERROVIAL CONSTRUCTION LIMITED	2025.07.01 ~2028.11.29	Performance bonds	

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36.8 Commitments for the acquisition of property, plant and equipment from related parties

Commitments related to the acquisition of property, plant and equipment from related parties as of December 31, 2025 are as follows (Korean won in thousands):

	Classification	Contract amount	Guarantor	Guarantee period Description
Hoban Engineering Co., Ltd.	Ultimate parent Company	₩ 252,184,000	₩ 252,184,000	Contract related to construction of Submarine cable plant

36.9 Compensation for key management officers for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

Registered executives with significant authority and responsibility for planning, operating, and controlling the Company's activities are identified as key management personnel. The compensation paid to key management personnel is as follows:

	2025		2024	
Salaries	₩	1,119,516	₩	1,031,229
Retirement benefits		108,750		107,500
Total	₩	1,228,266	₩	1,138,729

37. Contingencies and commitments

37.1 Pledged notes

As of December 31, 2025, notes and 3 checks, which were issued by TEC&Co Co., Ltd. before its bankruptcy (October 15, 1997), were not recovered due to loss, etc.

37.2 Restricted financial assets

Details of restricted financial assets as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

<2025>

Accounts	Classification	Financial institutions	Book value	Restricted for
Short-term and long-term financial instruments	Deposit and installment savings	Vietin Bank and others	₩ 1,347,806	Collateral for borrowings
Financial assets at fair value through profit or loss etc.	Equity and debt securities	Machinery Financial Cooperative and others	17,431,177	Operation guarantee

<2024>

Accounts	Classification	Financial institutions	Book value	Restricted for
Short-term and long-term financial instruments	Deposit and installment savings	Kookmin Bank and others	₩ 1,187,128	Collateral for borrowings
Financial assets at fair value through profit or loss etc.	Equity and debt securities	Machinery Financial Cooperative and others	17,347,566	Operation guarantee

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37.3 Assets pledged as collateral and restricted in use (Korean won in thousands):

2025					
Accounts	Classification	Book value	Guaranteed amount	Guarantee	Description of guarantee
Equity instruments	National Wired Broadcasting and investment 2nd private investment Co., Ltd. (*1)	₩ -	₩ 181,200,000	Woori Bank	Loan guarantee
PP&E	Dangjin factory 1st fixed collateral (*2)	389,038,860	298,800,000	KEB HANA Bank	Loan guarantee
	A marine plant 1st fixed collateral	258,590,849	48,000,000	KEB HANA Bank	Loan guarantee
	A marine plant 2nd fixed collateral	258,590,849	84,000,000	KEB HANA Bank	Loan guarantee
	Right to use of land	2,027,493	26,642,708	Vietinbank, etc.	Loan guarantee
Inventory	B/L USD 191,802,742	275,217,754	454,969,200	KEB HANA Bank, etc.	Loan guarantee
Accounts receivable	Accounts receivable	21,488,872	21,488,872	Standard Bank Limited	Loan guarantee

(*1) The entire amount of the equity instrument has been recognized as an impairment loss.

(*2) As of the end of the reporting period, insurance policies issued by DB Insurance Co., Ltd. and others in respect of the relevant buildings, machinery and equipment have been pledged to Hana Bank Co., Ltd. as collateral, and the amount of the pledge is ₩112,744,290 thousand.

37.4 Payment guarantees provided by others (Korean won in thousands, USD, AUD, SGD, EUR, GBP, AED, KWD, BHD, QAR, MYR, VND):

Guarantor	2025	Description of guarantee
	₩ 200,264	
	USD 7,922,587	
	AUD 6,799,176	
	SGD 23,897,464	
	EUR 27,593,974	
KEB HANA Bank, etc.	GBP 14,433	Other foreign currency payment guarantee etc.
	AED 364,560	
	KWD 8,343,915	
	BHD 3,119,388	
	QAR 76,921,297	
	MYR 360,000	
Liverty Mutual	USD 30,717,057	Debt guarantee etc.
Vietcombank, etc.	VND 452,440,173	Payment guarantee
Euler Hermes	EUR 14,437,195	Payment guarantee
Seoul Guarantee Insurance	₩ 240,977,232	Payment guarantee
Machinery Financial Cooperative	149,218,361	Performance guarantee and Defect guarantee

37.5 Assets pledged as collateral provided for others

37.5.1 The group did not provide any collateral for third parties as of the end of the reporting period.

37.5.2 Payment guarantees provided for others are as follows (Korean won in thousands):

Beneficiary	2025	2024	Guarantee	Guarantee period	Details
YANGWOO CONSTRUCTION Co. Ltd	₩ 1,683,879	₩ 2,202,494	Construction Guarantee	2012.07.01 ~2024.04.21	Performance of contract And Product warranties

Although the guarantee period has expired as of the end of the current period, the financial guarantee remains effective in accordance with the contractual terms.

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37.6 Financial institution's loan commitments (Korean won in thousand millions, Vietnam dong in thousands, ZAR, USD):

Classification	Financial institution	2025		2024	
		Agreement amount of Korean Won	Agreement amount of foreign currency	Agreement amount of Korean Won	Agreement amount of foreign currency
General fund	Vietcombank and others	₩ 30,000,000	VND 1,050,885,000	₩ 30,000,000	VND 992,700,000
Loan agreement		-	ZAR 6,127,352	-	ZAR 5,242,991
Facility loan agreement	HANA bank	359,000,000	-	359,000,000	-
Usance	The Export-Import Bank of Korea and others	-	USD 145,000,000	-	USD 82,000,000
Foreign currency Payment guarantee	HANA bank and others	-	USD 341,981,600	-	USD 209,932,267
Mortgage on Accounts receivable (Seller)	HANA bank	48,500,000	-	48,500,000	-
Mortgage on Accounts receivable (Buyer)	HANA bank	15,000,000	-	15,000,000	-
Comprehensive limit	HANA bank	-	USD 243,919,437	-	USD 170,068,027
Current account overdraft	Standard Bank	-	ZAR 100,000,000	-	ZAR 75,000,000

37.7 Pending litigation

37.7.1 Defendant litigation

The Company is a defendant in 5 legal cases, and the claim amount is ₩5,692,650 thousand. The final outcomes cannot presently be determined as of December 31, 2025.

Regarding subsequent events, the lawsuit of claim for indemnity was concluded as of January 21, 2026, following the plaintiff's withdrawal of the case.

37.7.2 Plaintiff litigation

As of December 31, 2025, the Group is a plaintiff in 6 legal cases. The final outcomes cannot be predicted as of December 31, 2025.

38. Operating Segment Information

38.1 Description and measurement of operating segments

The Group's operating segments consist of a single operating segment, the wire business, based on the Group's operating structure. Each operating segment is identified and measured according to the major business areas of the parent company and its subsidiaries that comprise the Group.

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38.2 Sales and net income (loss) per operating segment for the years ended December 31, 2025 and 2024 are as follows (Korean won in thousands):

<2025>

Classifications	Wire
Sales	₩ 3,979,803,603
Sales inter—departments	(343,785,387)
Sales after adjustment	3,636,018,216
Operating income	128,613,047
Net income	89,877,398
Depreciation and amortization (*)	<u>38,134,606</u>

(*) Including depreciation of property, plant and equipment and investment property and amortization of intangible assets.

<2024>

Classifications	Wire
Sales	₩ 3,693,406,387
Sales inter—departments	(402,107,012)
Sales after adjustment	3,291,299,375
Operating income	115,169,757
Net income	74,190,402
Depreciation and amortization (*)	<u>29,239,627</u>

(*) Including depreciation of property, plant and equipment and investment property and amortization of intangible assets.

38.3 Assets and liabilities per operating segment as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

<2025>

Classification	Wire
Total assets before adjustment	₩ 3,818,325,223
Consolidation adjustment	<u>(325,043,038)</u>
Total assets after adjustment	<u>₩ 3,493,282,185</u>
Total tangible and intangible assets before adjustment	₩ 903,781,969
Consolidation adjustment	<u>(33,783,631)</u>
Total consolidated tangible and intangible assets after adjustment	<u>₩ 869,998,338</u>
Total liabilities before adjustment	₩ 2,080,094,603
Consolidation adjustment	<u>(219,155,208)</u>
Total liabilities after adjustment	<u>₩ 1,860,939,395</u>

<2024>

Classification	Wire
Total assets before adjustment	₩ 2,875,026,032
Consolidation adjustment	<u>(232,299,823)</u>
Total assets after adjustment	<u>₩ 2,642,726,209</u>
Total tangible and intangible assets before adjustment	₩ 764,957,742
Consolidation adjustment	<u>(39,292,403)</u>
Total consolidated tangible and intangible assets after adjustment	<u>₩ 725,665,339</u>
Total liabilities before adjustment	₩ 1,290,953,745
Consolidation adjustment	<u>(144,340,008)</u>
Total liabilities after adjustment	<u>₩ 1,146,613,737</u>

38.4 The Group's regional segment information for the years ended December 31, 2025 and 2024 is as follows (Korean won in thousands):

Classifications	Sales		Non-current assets (property, plant and equipment and intangible assets)	
	2025	2024	2025	2024
Korea	₩ 2,167,255,083	₩ 2,090,070,708	₩ 860,164,050	₩ 728,418,362
Overseas	1,812,548,520	1,603,335,679	43,617,919	36,539,380
Sub total	3,979,803,603	3,693,406,387	903,781,969	764,957,742
Consolidation adjustments	(343,785,387)	(402,107,012)	(33,783,631)	(39,292,403)
Total	₩ 3,636,018,216	₩ 3,291,299,375	₩ 869,998,338	₩ 725,665,339

39. Financial risk management

The Group's main financial liabilities consist of bank borrowings, debentures and other obligations, except derivatives. The primary purpose of this financial liability is to fund the operation of the Group. The Group's primary financial assets include accounts receivables, cash and short-term deposits derived directly from sales activities. The Group also has investments in debt and equity instruments and has derivatives trading.

The Group is exposed to credit risk, liquidity risk and market risk. Senior management of the Group oversees these risk managements. The management of the Group continuously reviews whether each risk-specific management procedure complies with the policy, and the risk management department and risk management policy have no significant changes since the end of the prior period.

39.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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39.1 Credit risk (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix as of December 31, 2025 (Korean won in thousands):

<2025>

	Days past due						Total
	Current	<90 days	90–180 days	180–270 days	270–365 days	>365 days	
Expected credit loss rate	0.01%	0.15%	1.83%	3.22%	4.96%	99.83%	3.43%
Estimated total gross carrying amount at default	₩584,978,795	₩56,803,456	₩21,952,229	₩4,716,619	₩564,810	₩23,079,820	₩ 692,095,729
Expected credit loss	13,701	86,662	401,407	151,830	28,028	23,040,820	23,722,448

<2024>

	Days past due						Total
	Current	<90 days	90–180 days	180–270 days	270–365 days	>365 days	
Expected credit loss rate	0.01%	0.04%	0.01%	1.13%	1.52%	100.00%	4.14%
Estimated total gross carrying amount at default	₩289,455,666	₩108,007,594	₩59,521,711	₩ 14,643,493	₩ 1,317,178	₩20,153,571	₩ 493,099,213
Expected credit loss	43,453	45,251	6,538	165,831	20,049	20,153,571	20,434,693

39.2 Liquidity risk

Liquidity risk refers to the risk that the Group may default on the contractual obligations that become due. In order to manage liquidity risk, the Group establishes a short-term and mid-term funding management plan and continuously analyzes and reviews the cash outflow budget and actual cash outflow to cope with the maturity of financial liabilities and financial assets. The management of the Group determines that the financial liability is redeemable through cash flows from operating activities and cash inflows from financial assets.

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities as of December 31, 2025 and 2024 (Korean won in thousands)

<2025>

	Within 1 year	Between 1 year and 5 years
Trade payables	₩ 451,683,161	₩ -
Other financial liabilities (excluding financial guarantee liabilities)	227,227,580	6,781,982
Other financial liabilities (financial guarantee liabilities) (*1)	2,046,461	-
Short-term borrowings	459,544,841	-
Long-term borrowings	210,000,000	154,535,194
Convertible Bonds (*2)	81,526,788	-
Interest expense (*3)	33,879,607	20,774,851
	₩ 1,465,908,438	₩ 182,092,027

(*1) The amount included above in relation to financial guarantee contracts represents the maximum amount the Group would be contractually obligated to pay if the guaranteed party were to demand the full amount of the guarantee. The disclosure is based on the earliest period in which the guarantee may be called.

(*2) Convertible bonds are presented net of the present value discount, and further details are provided in Note 19.

(*3) This refers to the interest expense that will occur during the expected maturity of the short-term borrowings, current portion of long-term liabilities and long-term borrowings from which interest costs occur.

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39.2 Liquidity risk (cont'd)

<2024>

	Within 1 year		Between 1 year and 5 years	
Trade payables	₩	384,031,867	₩	-
Other financial liabilities (excluding financial guarantee liabilities)		143,730,489		6,509,614
Other financial liabilities (financial guarantee liabilities) (*1)		2,095,230		-
Short-term borrowings		142,230,600		-
Long-term borrowings		20,000,000		210,000,000
Convertible Bonds (*2)		69,706,311		-
Interest expense (*3)		18,991,173		37,966,163
	₩	780,785,670	₩	254,475,777

(*1) The amount included above in relation to financial guarantee contracts represents the maximum amount the Group would be contractually obligated to pay if the guaranteed party were to demand the full amount of the guarantee. The disclosure is based on the earliest period in which the guarantee may be called.

(*2) Convertible bonds are presented net of the present value discount, and further details are provided in Note 19.

(*3) This refers to the interest expense that will occur during the expected maturity of the short-term borrowings, current portion of long-term liabilities and long-term borrowings from which interest costs occur.

39.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

39.3.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. Sensitivity analysis details for currency fluctuation by major currencies are as follows (Korean won in thousands)

	2025				2024			
	10% increase		10% decrease		10% increase		10% decrease	
USD	₩	(17,448,965)	₩	17,448,965	₩	9,490,539	₩	(9,490,539)
EUR		8,908,491		(8,908,491)		6,451,165		(6,451,165)
AUD		752,116		(752,116)		688,513		(688,513)
KWD		3,309,181		(3,309,181)		2,307,383		(2,307,383)
Others		13,950,130		(13,950,130)		13,579,389		(13,579,389)
Total	₩	9,470,953	₩	(9,470,953)	₩	32,516,989	₩	(32,516,989)

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39.3.2 Interest rate risk

The Group borrows funds at fixed and variable interest rates, which is why it is exposed to interest rate risk. The Group manages interest rate risk by performing an appropriate balancing policy of fixed and floating rate borrowings.

The following table shows the effect of the interest expenses due to a 100bp variation of interest rates (pre-tax basis) on the Group's floating rate borrowings, as of December 31, 2025 and 2024 (Korean won in thousands):

	2025		2024	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Interest expenses	₩ 7,734,506	₩ (7,734,506)	₩ 3,491,751	₩ (3,491,751)

39.3.3 Other price risk

Raw material price risk

The Group is affected by price volatility of raw materials. Because the operations of the wire sector requires manufacturing through continuous purchase of copper, the Group is exposed to the same price change depending on the expected volume of copper, lead and aluminum purchases.

The Group's Board developed and enacted a risk management strategy to mitigate raw material prices. Based on forecasts of copper, lead, and aluminum supplies required, the Group uses commodity futures contracts to confuse the purchase price. Commodity futures contracts do not result in physical delivery of raw materials, but are designated as fair value hedges and cash flow hedges to offset the effects of price changes in copper.

Equity and debt instruments price risk

The Group exposed to the risk of price changes arising from equity and debt instruments. The instrument is held for strategic purposes, not for trade purposes. Equity and debt instruments valued at fair value as of the end of the reporting period are ₩40,863,501 thousand and ₩20,506,285 thousand, respectively, at the end of the current and prior terms, and the effect of price changes on equity is ₩4,086,350 thousand and ₩2,050,629 thousand, respectively, if different variables are constant and the price of equity instruments fluctuate by 10 percent.

39.4 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group modifies and changes its capital structure accordingly with changes in the economic environment through policies such as adjusting dividends and issuing new shares. The Group's overall capital risk management strategy remains unchanged from that of the prior year.

Details of the Group's managerial accounts for capital risk management as of December 31, 2025 and 2024 are as follows (Korean won in thousands):

	2025	2024
Liability	₩ 1,860,939,395	₩ 1,146,613,737
Less: cash and cash equivalents	(438,856,643)	(333,476,916)
Net debt	1,422,082,752	813,136,821
Equity	1,632,342,791	1,496,112,472
Debt ratio	87%	54%

39.5 Supplier Finance Arrangement

The Group has entered into supplier finance arrangements with certain suppliers. These arrangements include electronic accounts receivable-backed loans and Banker's Usance. Participation in these arrangements is at the sole discretion of the suppliers. Suppliers who participate in the supplier finance arrangements may receive early payment of receivables from financial institutions.

In order for the financial institutions to make payment to the suppliers, the Group must have received the goods or services and approved the related invoice. The financial institutions then make payment to the suppliers prior to the original due date of the invoice.

Payments under the electronic accounts receivable-backed loan program are made to financial institutions according to the ordinary payment terms. The terms of the liabilities arising from this arrangement are substantially the same as those of the Group's other trade payables. Accordingly, such liabilities are included in trade payables in the statement of financial position.

In contrast, payments under the Banker's Usance arrangement are made to financial institutions at dates later than the ordinary payment terms. The terms of these liabilities differ in substance from those of the Group's typical trade payables. Therefore, such liabilities are classified as short-term borrowings in the statement of financial position.

The carrying amounts of the liabilities related to the supplier finance arrangements and the amounts already received by suppliers under these arrangements as of the reporting date are as follows (Korean won in thousands):

Account		2025
Trade payables	Trade payables as a part of supplier finance arrangement	₩ 5,750,760
	Of which suppliers have received payment	3,401,633
Short-term borrowings	Short-term borrowings as a part of supplier finance arrangement	333,610,742
	Of which suppliers have received payment	333,610,742

Disclosure of the range of payment terms for supplier finance arrangements

	the range of payment terms
Financial liabilities as a part of supply supplier finance arrangement	Within 120 days from the invoice date
Comparable trade payables that are not part of supplier finance arrangements	Within 75 days from the invoice date

40. Greenhouse Gas Emission Rights and Obligations

The Group's emission rights consist of allowances allocated by the government free of charge and those purchased from external parties. Emission rights allocated free of charge are measured and recognized at zero (0), while purchased emission rights are recognized at acquisition cost, which includes the purchase price plus any directly attributable costs incurred during the normal course of acquisition. Emission rights held to fulfill obligations under relevant regulations are classified as intangible assets. These are measured at their carrying amount, representing the cost less any accumulated impairment losses. The portion of emission rights expected to be submitted to the government within one year from the end of the reporting period is classified as current assets. The emission liability represents a present obligation to submit emission rights to the government. It is measured as the sum of the carrying amount of the emission rights held by the Group and the estimated expenditure required to fulfill the obligation for any emission levels exceeding the held allowances. The Group recognizes provisions for these obligations, and the resulting emission costs are recorded as operating costs. The emission liability is derecognized when the emission rights are formally submitted to the government.

40.1 Volumes of emission rights received free of charge from 2021 to 2025 is as follows (tCO₂-eq):

Category	3 th commitment period				
	2021	2022	2023	2024	2025
Allocated allowance free of charge	35,684	35,684	35,684	38,983	35,350

Volumes of emission rights received free of charge from 2026 to 2030 are as follows (tCO₂-eq):

Category	4 th commitment period				
	2026	2027	2028	2029	2030
Allocated allowance free of charge	39,174	38,801	38,381	37,964	37,544

40.2 Changes in emission rights (volume and book value) from 2021 to 2025 are as follows and the Group has recognized ₩81,559 thousand as emission liabilities as of December 31, 2025 (tCO₂-eq):

Classification	2021	2022	2023	2024	2025
Beginning	5,000	1,108	-	-	-
Free of charge	35,684	35,684	35,684	38,983	35,350
Additional purchase	-	2,528	9,208	9,118	7,842
Submitted to government (*)	(39,022)	(39,320)	(44,892)	(48,101)	(43,192)
Carry forward (*)	(1,108)	-	-	-	-
Extinction	(554)	-	-	-	-
Ending	-	-	-	-	-

(*) The amount submitted to the government and carried forward are estimated as of December 31, 2025.

Taihan Cable & Solution Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

41. Business Combination

41.1 Corporate information

On August 7, 2025, the Group acquired 100.00% of the equity interests in Ocean C&I Co., Ltd., an electrical construction company (which changed its name to Taihan Ocean Works Co., Ltd. on October 20, 2025). As a result of this transaction, the Group obtained control over the entity.

The consideration transferred for the business combination amounted to ₩1,930,050 thousand, all of which was paid in cash.

For the purpose of preparing the consolidated financial statements, the Group has applied a deemed acquisition date of August 1, 2025 for the business combination with Ocean C&I Co., Ltd.

41.2 Identifiable assets and liabilities(Korean won in thousands)

Assets

Cash and cash equivalents	₩	191,802
Other current financial assets		13,500
loans		523,744
Other current assets		15,858
Other current financial assets		315,766
Property, plant and equipment		337,430
Intangible assets		159,556
Deferred tax assets		928,496
Total		2,486,152

Liabilities

Trade payables	₩	1,064,628
Borrowings		2,784,050
Other current liabilities		33,285
Net employee defined benefit liabilities		939,742
Total		4,821,705
Net assets		(2,335,553)

41.3 Goodwill

The goodwill recognized as a result of the business combination is as follows:(Korean won in thousands)

Consideration transferred	₩	1,930,050
Net assets		(2,335,553)
Fair Value Measurement		151,969
Identifiable intangible assets		266,544
Deferred tax effects		(87,471)
Goodwill	₩	3,934,561

Independent Auditors' Report on Internal Control over Financial Reporting for Consolidation Purposes
Based on a report originally issued in Korean

The Shareholders and Board of Directors
Taihan Cable & Solution Co., Ltd.

Opinion on Internal Control over Financial Reporting for Consolidation Purposes

We have audited Taihan Cable & Solution 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 16, 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 *Consolidated Internal Control over Financial Reporting(ICFR) Report*.

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 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

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 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 auditors' report is Uhm, Jun Sik.

KPMG Samjony Accounting Corp.

Seoul, Korea
March 16, 2026

This report is effective as of March 16, 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.

【 Consolidated Internal Control over Financial Reporting(ICFR) Report 】

To the Shareholders, the Board of Directors and
the Audit Committee of Taihan Cable & Solution Co., Ltd.

We, as the Chief Executive Officer and the Internal Control over Financial Reporting("ICFR") Officer of Taihan Cable & Solution Co., Ltd.(“the Company”), assessed the effectiveness of the design and operation of the Company’s Consolidated ICFR for the year ending December 31, 2025.

The Company’s management, including the Chief Executive Officer and the ICFR Officer, is responsible for designing and operating an Consolidated ICFR. We assessed the design and operational effectiveness of the Consolidated ICFR in the prevention and detection of an error or fraud which may cause a misstatement in the preparation and disclosure of reliable Consolidated financial statements.

We used the ‘Conceptual Framework for Designing and Operating Internal Control over Financial Reporting’ established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ‘ICFR Committee’) as the criteria for design and operation of the Company’s Consolidated ICFR. And we conducted an evaluation of Consolidated ICFR based on the ‘Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting’ in Appendix 6 of the External audit and accounting, etc. enforcement Regulations.

Based on our assessment, we concluded that the Company’s Consolidated ICFR is designed and operated effectively as of December 31, 2025, in all material respects, in accordance with the ‘Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

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

(Attachment)

© Internal Control Activities Performed by the Company to fraudulent risks related to funds such as embezzlement.

February 11, 2026

Chief Executive Officer
Internal Control over Financial Reporting Officer

Song, Jongmin
Peack, Seaug

(Signature)
(Signature)

