

Samsung SDS Co., Ltd. and Subsidiaries

**Consolidated Financial Statements
December 31, 2025 and 2024**

Samsung SDS Co., Ltd. and Subsidiaries
Index
December 31, 2025 and 2024

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Samsung SDS Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Samsung SDS Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Samsung SDS Co., Ltd. and its subsidiaries as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Group's Internal Control over Financial Reporting for consolidation purposes as of December 31, 2025, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 6, 2026 expressed an unqualified opinion.

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 of the current period. 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.

(1) Appropriateness of percentage of completion calculation for SI (System Integration) service

Reason why the matter was determined to be a Key Audit Matter

As described in Note 2.7 to the consolidated financial statements, the system integration, commercial software installation, and custom-built systems software supply (“SI service”) provided by the Group are recognized as revenue over time according to the percentage of completion applying the cost-based input method. The percentage of completion is calculated as the ratio of the cumulative incurred amount of the contract cost to the total estimated cost. The total estimated cost is based on estimates of labor costs and outsourcing costs that will occur in the future, and the scope and contract amount of the project can change depending on the results of future events, including customer requests. We identified the appropriateness of the percentage of completion for SI service as a key audit matter because management’s assumptions and judgments are involved in the accounting treatment of the Group that measures the percentage of completion and this type of revenue and cost may result in significant impacts on the consolidated financial statements.

How our audit addressed the Key Audit Matter

We have performed the following audit procedures to address the Key Audit Matter.

- Obtained an understanding the SI service revenue recognition process and the Group’s accounting policies and internal controls.
- Tested the effectiveness of internal control design and operation related to calculating the percentage of completion of SI service.
- Reviewed contracts to confirm contract amounts and transaction terms of sampled projects and checked of the total estimated cost and related supporting documents.
- Recalculated the percentage of completion and the accuracy of revenue recognition calculation according to the percentage of completion.
- Made inquiries about projects with significant changes in total estimated costs and verified the appropriateness of changes.
- Made inquiries about significant changes in contract costs and total estimated costs after the end of the reporting period and read relevant documents.

Other Matter

Auditing standards and their application in practice vary among countries. The procedures and practices used 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 Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

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 Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan-Hwi Kang, Certified Public Accountant.

Seoul, Korea

March 6, 2026

This report is effective as of March 6, 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 there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Samsung SDS Co., Ltd. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2025 and 2024

(in Korean won)	Notes	2025	2024
Assets			
Current assets			
Cash and cash equivalents	5,7	₩ 1,558,981,444,019	₩ 1,668,766,407,204
Short-term financial instruments	6,7	4,821,250,715,228	4,355,281,662,519
Trade receivables	7,9,33	1,789,679,930,765	1,720,313,462,609
Other receivables	7,9,25,33	805,091,174,998	813,897,287,781
Prepayments		59,176,533,843	56,842,374,815
Prepaid expenses		155,755,358,447	145,728,125,350
Inventories	10	15,483,733,427	18,980,443,722
Other current assets	7	200,309,687,578	223,977,186,710
		<u>9,405,728,578,305</u>	<u>9,003,786,950,710</u>
Non-current assets			
Fair value through other comprehensive income ("FVOCI")	7,8,11	28,519,114,252	22,521,632,228
Fair value through profit or loss ("FVPL")	7,8,11	23,866,670,711	22,922,212,882
Investments in associates	12	112,893,840,097	110,878,095,158
Property and equipment	4,14	1,751,721,234,015	1,773,892,203,533
Intangible assets	4,15	824,201,124,106	814,126,338,807
Investment properties	16	38,140,440,804	34,823,919,772
Right-of-use assets	4,17	737,879,386,782	916,317,156,821
Deposits	7	97,198,940,005	96,899,148,150
Long-term prepaid expenses		7,784,904,731	5,336,374,208
Deferred tax assets	31	78,123,240,653	103,067,561,280
Net defined benefit assets	21	274,790,976,270	264,152,833,964
Other non-current assets	6,7,18	72,855,748,464	69,605,824,183
		<u>4,047,975,620,890</u>	<u>4,234,543,300,986</u>
Total Assets		<u>₩ 13,453,704,199,195</u>	<u>₩ 13,238,330,251,696</u>
Liabilities			
Current liabilities			
Trade payables	7,32,33	₩ 584,836,582,306	₩ 707,347,740,636
Other payables	7,32,33	93,653,651,772	83,343,587,564
Advances received	25	258,357,341,180	270,422,062,947
Withholdings		25,764,818,864	27,477,420,328
Accrued expenses	7,32,33	898,845,599,595	884,335,741,784
Income tax payable		71,969,843,564	128,878,809,669
Current portion of provisions	19,36	5,010,347,460	4,276,970,714
Current portion of lease liabilities	7,18,32,33	262,156,156,587	266,545,047,118
Other current liabilities	7,32	131,232,321,414	122,781,200,639
		<u>2,331,826,662,742</u>	<u>2,495,408,581,399</u>
Non-current liabilities			
Net defined benefit liabilities	20	26,396,772,764	21,895,815,861
Deferred tax liabilities	30	157,350,268,007	167,580,084,642
Long-term accrued expenses	7,33	88,494,798,131	98,895,539,539
Provisions	19,36	29,320,984,759	29,306,215,900
Lease liabilities	7,18,32,33	554,935,551,019	717,047,396,295
Other non-current liabilities	7,32	2,479,178,354	2,747,138,585
		<u>858,977,553,034</u>	<u>1,037,472,190,822</u>
Total liabilities		<u>3,190,804,215,776</u>	<u>3,532,880,772,221</u>
Equity			
Common stock	22	38,688,900,000	38,688,900,000
Premium on common stock		1,297,466,852,618	1,297,466,852,618
Retained earnings	23	8,530,229,302,596	7,995,006,036,046
Other components of equity	24	49,721,516,998	1,957,789,213
Equity attributable to owners of the Company		<u>9,916,106,572,212</u>	<u>9,333,119,577,877</u>
Non-controlling interests		<u>346,793,411,207</u>	<u>372,329,901,598</u>
Total Equity		<u>10,262,899,983,419</u>	<u>9,705,449,479,475</u>
Total Equity and Liabilities		<u>₩ 13,453,704,199,195</u>	<u>₩ 13,238,330,251,696</u>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

Samsung SDS Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2025 and 2024

<i>(in Korean won)</i>	Notes	2025	2024
Revenue	4,25,33	₩ 13,929,868,497,711	₩ 13,828,232,033,800
Cost of sales	26,33	<u>11,849,842,590,785</u>	<u>11,815,899,879,484</u>
Gross profit		2,080,025,906,926	2,012,332,154,316
Selling and administrative expenses	26,27,33	<u>1,122,923,162,317</u>	<u>1,101,235,247,315</u>
Operating profit	4	957,102,744,609	911,096,907,001
Non-operating items			
Other non-operating income	7,28,33	27,374,520,892	56,645,760,073
Other non-operating expenses	28,33	33,238,865,969	41,788,200,566
Finance income	7,29	279,347,137,640	329,157,647,683
Finance expenses	7,29	161,257,210,713	155,471,871,099
Gain on valuation/disposal of investments in associates, net	12	<u>6,461,699,668</u>	<u>3,121,850,278</u>
Profit before income tax expense		1,075,790,026,127	1,102,762,093,370
Income tax expense	30	<u>293,120,806,613</u>	<u>313,260,768,077</u>
Net Income		<u>₩ 782,669,219,514</u>	<u>₩ 789,501,325,293</u>
Other comprehensive income			
<i>Items not subsequently reclassified to net income</i>			
Valuation gain on FVOCI	11	4,226,485,966	248,964,423
Remeasurement of the net defined benefit liabilities	20	<u>(1,203,357,919)</u>	<u>(81,397,251,313)</u>
		<u>3,023,128,047</u>	<u>(81,148,286,890)</u>
<i>Items subsequently reclassified to net income</i>			
Changes in equity due to investments accounted for under the equity	12	(4,382,754,729)	4,956,198,861
Cumulative effect of foreign currency translation		<u>39,758,633,591</u>	<u>220,715,131,391</u>
		<u>35,375,878,862</u>	<u>225,671,330,252</u>
Total Comprehensive Income		<u>₩ 821,068,226,423</u>	<u>₩ 934,024,368,655</u>
Net Income Attributable to:			
Owners of the Company		₩ 759,538,805,950	₩ 756,996,881,809
Non-controlling interests		23,130,413,564	32,504,443,484
Total Comprehensive Income Attributable to:			
Owners of the Company		₩ 805,857,985,714	₩ 901,622,041,812
Non-controlling interests		15,210,240,709	32,402,326,843
Earnings per share			
Basic earnings per share	34	₩ 9,819	₩ 9,787
Diluted earnings per share	34	9,819	9,787

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Samsung SDS Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2025 and 2024

(in Korean won)

	Equity attributable to owners of the Company					Non-controlling interests	Total
	Common stock	Premium on common stock	Retained earnings	Other components of equity	Sub-total		
Balance, as of January 1, 2024	₩ 38,688,900,000	₩ 1,297,466,852,618	₩ 7,446,854,656,437	₩ (125,000,973,653)	₩ 8,658,009,435,402	₩ 317,561,706,537	₩ 8,975,571,141,939
Total Comprehensive income							
Net income	-	-	756,996,881,809	-	756,996,881,809	32,504,443,484	789,501,325,293
Valuation gain (loss) on FVOCI	-	-	-	1,149,823,477	1,149,823,477	(900,859,054)	248,964,423
Changes in equity due to investments accounted for under the equity	-	-	-	4,956,198,861	4,956,198,861	-	4,956,198,861
Remeasurement of the net defined benefit liabilities	-	-	-	(78,129,794,455)	(78,129,794,455)	(3,267,456,858)	(81,397,251,313)
Cumulative effect of foreign currency translation	-	-	-	216,648,932,120	216,648,932,120	4,066,199,271	220,715,131,391
Transactions with shareholders							
Annual dividends	-	-	(208,845,502,200)	-	(208,845,502,200)	(7,002,662,400)	(215,848,164,600)
Share-based payment expenses	-	-	-	-	-	7,214,438,136	7,214,438,136
Exercise of share options	-	-	-	-	-	4,966,392,480	4,966,392,480
Changes in ownership interests in subsidiaries	-	-	-	(17,666,397,137)	(17,666,397,137)	17,187,700,002	(478,697,135)
Balance, as of December 31, 2024	<u>₩ 38,688,900,000</u>	<u>₩ 1,297,466,852,618</u>	<u>₩ 7,995,006,036,046</u>	<u>₩ 1,957,789,213</u>	<u>₩ 9,333,119,577,877</u>	<u>₩ 372,329,901,598</u>	<u>₩ 9,705,449,479,475</u>
Balance, as of January 1, 2025	₩ 38,688,900,000	₩ 1,297,466,852,618	₩ 7,995,006,036,046	₩ 1,957,789,213	₩ 9,333,119,577,877	₩ 372,329,901,598	₩ 9,705,449,479,475
Total Comprehensive income							
Net income	-	-	759,538,805,950	-	759,538,805,950	23,130,413,564	782,669,219,514
Valuation gain (loss) on FVOCI	-	-	-	4,406,963,145	4,406,963,145	(180,477,179)	4,226,485,966
Changes in equity due to investments accounted for under the equity	-	-	-	(4,382,754,729)	(4,382,754,729)	-	(4,382,754,729)
Remeasurement of the net defined benefit liabilities	-	-	-	(3,364,138,415)	(3,364,138,415)	2,160,780,496	(1,203,357,919)
Cumulative effect of foreign currency translation	-	-	-	49,659,109,763	49,659,109,763	(9,900,476,172)	39,758,633,591
Transactions with shareholders							
Annual dividends	-	-	(224,315,539,400)	-	(224,315,539,400)	(8,816,028,900)	(233,131,568,300)
Share-based payment expenses	-	-	-	-	-	1,112,541,982	1,112,541,982
Exercise of share options	-	-	-	-	-	1,848,752,583	1,848,752,583
Changes in ownership interests in subsidiaries	-	-	-	1,444,548,021	1,444,548,021	(34,891,996,765)	(33,447,448,744)
Balance, as of December 31, 2025	<u>₩ 38,688,900,000</u>	<u>₩ 1,297,466,852,618</u>	<u>₩ 8,530,229,302,596</u>	<u>₩ 49,721,516,998</u>	<u>₩ 9,916,106,572,212</u>	<u>₩ 346,793,411,207</u>	<u>₩ 10,262,899,983,419</u>

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Samsung SDS Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

<i>(in Korean won)</i>	Notes	2025	2024
Cash flows from operating activities			
Cash generated from operating activities:	31	₩ 1,355,972,264,925	₩ 1,428,618,998,598
Interest received		194,232,088,839	193,134,018,384
Interest paid		(49,891,591,879)	(46,753,196,089)
Dividends received		69,010,000	236,585,000
Income tax paid		(297,053,959,219)	(337,191,900,961)
		<u>1,203,327,812,666</u>	<u>1,238,044,504,932</u>
Cash flows from investing activities			
Net increase in short-term financial instruments		(463,754,116,509)	(541,057,411,239)
Acquisition of FVOCI		(100,000,000)	(7,245,000,000)
Acquisition of FVPL		(2,500,255,438)	(3,350,750,000)
Disposal of FVPL		100,445,291	51,115,936
Disposal of investments in associates		-	9,972,000,000
Decrease in deposits		14,908,407,209	14,348,991,880
Increase in deposits		(15,774,309,570)	(17,817,206,391)
Decrease in loans		1,927,450,769	2,082,689,862
Increase in loans		(2,164,587,937)	(1,726,277,276)
Disposal of property and equipment		2,011,799,526	1,772,781,999
Disposal of intangible assets		590,068,118	7,190,327
Acquisition of property and equipment		(315,345,758,063)	(474,720,621,150)
Acquisition of intangible assets		(44,117,614,609)	(52,254,736,925)
Collection of lease receivables		-	1,145,457,607
		<u>(824,218,471,213)</u>	<u>(1,068,791,775,370)</u>
Cash flows from financing activities			
Repayment of lease liabilities		(242,168,911,782)	(212,156,844,436)
Decrease in deposits received		(2,988,285,098)	(591,956,570)
Increase in deposits received		3,455,204,239	116,088,742
Dividends paid		(233,131,191,300)	(215,847,813,600)
Exercise of share options		3,455,965,060	4,966,392,480
Increase (decrease) in non-controlling interests		(37,615,406,480)	137,790,000
		<u>(508,992,625,361)</u>	<u>(423,376,343,384)</u>
Net decrease in cash and cash equivalents			
		(129,883,283,908)	(254,123,613,822)
Cash and cash equivalents at beginning of the year		1,668,766,407,204	1,787,694,554,183
Effects of exchange rate changes on cash and cash equivalents		20,098,320,723	135,195,466,843
Cash and cash equivalents at end of the year		<u>₩ 1,558,981,444,019</u>	<u>₩ 1,668,766,407,204</u>

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Samsung SDS Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

1. General

Samsung SDS Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) have prepared the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS) 1110 *Consolidated Financial Statements*. The Company was incorporated in 1985 to engage in the information processing system implementation, software development and professional service related to information processing technology. The Company has provided Information Technology (“IT”) services, including System Integrator (“SI”) & Cloud & IT Outsourcing (“ITO”), with a majority of companies and Samsung Group. In addition, the Company offers global logistics based on business solutions and Supply Chain Management (“SCM”) consulting.

The Company is located at 125 Olympic-ro 35-gil, Songpa-gu, Seoul, Republic of Korea. The Company’s common shares were listed on the Stock Market of Korea Exchange in 2014. As of December 31, 2025, the capital stock of the Company is ₩ 38,689 million, and the shareholders are as follows:

	Number of shares	Ownership (%)
Samsung Electronics Co., Ltd.	17,472,110	22.6
Samsung C&T Corporation	13,215,822	17.1
Lee, Jae-yong	7,118,713	9.2
Others	39,571,155	51.1
	77,377,800	100.0

Samsung SDS Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

2. Material Accounting Policies

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with Korean IFRS. The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The Group has prepared the consolidated financial statements in accordance with Korean IFRS. The principal accounting policies are set out below. Except for the effect of the amendments to Korean IFRS and new interpretations set out below, the principal accounting policies used to prepare the consolidated financial statements as of and for the year ended December 31, 2025 are consistent with the accounting policies used to prepare the consolidated financial statements as of and for the year ended December 31, 2024.

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

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Korean IFRS 1102 *Share-based Payment*, leasing transactions that are within the scope of Korean IFRS 1116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Korean IFRS 1002 *Inventories*, or value in use in Korean IFRS 1036 *Impairment of Assets*.

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

Samsung SDS Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2025.

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

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments do not have a significant impact on the financial statements.

- Amendments to Korean IFRS 1117 Insurance Contracts

If the estimation techniques used for input variables in measuring insurance contracts differ from the principles required by insurance regulations, the entity shall disclose those differences and their effects when the differences and their effects on the financial statements are considered relevant and material to users of financial statements.

2.2.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Group.

- Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1107 Financial Instruments: Disclosures

Korean IFRS 1109 *Financial Instruments* and Korean IFRS 1107 *Financial Instruments: Disclosures* have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instruments if the timing or amount of contractual cash flow changes due to amendment of contract term; and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

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- Annual Improvements to Korean IFRS -Volume 11

Annual Improvements to Korean IFRS -Volume 11 should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group does not expect the amendments to have a significant impact on the consolidated financial statements.

- Korean IFRS 1101 *First-time Adoption of International Financial Reporting Standards: Hedge accounting by a first-time adopter*
- Korean IFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition and implementation guidance*
- Korean IFRS 1109 *Financial Instruments: Derecognition of lease liabilities and definition of transaction price*
- Korean IFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
- Korean IFRS 1007 *Statement of Cash Flows: Cost method*

- Amendments to Korean IFRS 1109 Financial Instruments and Korean IFRS 1107 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity

Contracts referencing nature-dependent electricity are defined contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions (for example, the weather). The amendments clarify that 'contracts to buy or sell such electricity' are assessed for eligibility under the own-use exemption. In addition, the amendments modify hedge accounting requirements by allowing an entity to designate as the hedged item a variable nominal amount of forecast electricity transactions that reflect the nature-dependent variability of electricity and introduce additional disclosure requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The amendments do not have a significant impact on the financial statements.

- Standards to Korean IFRS 1118 Presentation and Disclosure in Financial Statements

Korean IFRS 1118 *Presentation and Disclosure in Financial Statements* replaces Korean IFRS 1001 *Presentation of Financial Statements*. The new presentation requirements introduced in Korean IFRS 1118 will increase comparability of the financial performance of similar entities, especially related to how 'operating profit or loss' is defined. The new disclosure requirements for 'management-defined performance measures' will enhance transparency. The standard should be applied for annual periods beginning on or after January 1, 2027, and earlier application is permitted. In accordance with the retrospective application requirements, comparative information for the year ended December 31, 2026, shall be restated under Korean IFRS 1118.

The Group has not yet adopted Korean IFRS 1118 and is in the process of determining the impact on the Group of applying Korean IFRS 1118. The Group has prepared a transition plan and is on track to report their first Korean IFRS 1118-compliant interim financial statements for the period ending March 31, 2027 and annual financial statements for the period ending December 31, 2027.

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Management is in review for the impact of applying the new standard on consolidated financial statements. Adoption of the standard is not expected to have an impact on the Group's net profit or loss; however, it will require revenues and expenses in the income statements to be classified into new categories, which is expected to have an impact on the calculation and presentation of operating profit (loss).

2.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its entities (including structured entities) controlled by the Company (and its subsidiaries). Control is achieved where the Company: 1) has the power over the investee; 2) is exposed, or has rights, to variable returns from its involvement with the investee; and 3) has the ability to use its power to affect its returns. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not its voting rights in an investee are sufficient to give it the power, including:

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company 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 in line with the Group's accounting policies.

All intragroup transactions and related assets, liabilities, income and expenses are eliminated in full on consolidation.

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

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

When the Company loses control over a subsidiary, a gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in OCI and accumulated in equity, the amounts previously recognized in OCI and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e., earnings reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable Korean IFRS standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under Korean IFRS *Financial Instruments*, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.4 Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with Korean IFRS 1012 *Income Taxes*, and Korean IFRS 1019 *Employee Benefits*, respectively,
- liabilities or equity instruments related to share-based payment arrangements of the

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acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Korean IFRS 1102 *Share-Based Payment*, at the acquisition date and

- assets (or disposal groups) that are classified as held for sale in accordance with Korean IFRS 1105 *Non-Current Assets Held for Sale and Discontinued Operations*, are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement-period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement-period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in OCI are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

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2.5 Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

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

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

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

When the Group reduces its ownership interest in an associate or a joint venture but continues to use the equity method, it reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in OCI relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, the Group applies Korean IFRS 1105 to a portion of investment in an associate or a joint venture that meets the criteria to be classified as held for sale.

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

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

2.6 Goodwill

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

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

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

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carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

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

2.7 Revenue Recognition

The Group recognizes revenue from the following major sources:

- IT service
- Logistics

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

(a) IT service

The IT service is divided into order-based system integration ("SI"), maintenance, outsourcing and telecommunication infrastructure services.

① SI service

The Group recognizes revenues under Application of Korean IFRS 1115 (1) provision of hardware, software and professional services (custom-built systems); (2) provision of commercial software installation services; (3) provision of software and professional services (provision of custom-built software); and (4) provision of hardware and software.

The Group recognizes revenues by cost-to-cost method for basis of percentage of total costs incurred when constructing custom-built systems, providing commercial software installation services and supplying custom-built software.

According to Korean IFRS 1115, the Group's custom-built systems, provision of commercial software installation services and provision of custom-built software are performance improvements, which create or enhance an asset that the customer controls as the asset is created or enhanced; therefore, the control over assets and service is transferred over period to customer. As the Group satisfies the performance obligation over period, revenue is recognized over period and it is recognized before being billed to the customer is included in contract assets in accordance with Korean IFRS 1115.

The Group provides servers, storages, network equipment, PCs of hardware and SAP, ORACLE of software, recognizing revenue when it transfers control of the asset to customer, and the Group recognizes receivables when the asset is delivered and inspected; customer takes risk of obsolescence of the good or service.

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② Maintenance services

The Group provides customers with maintenance services after SI service provision. Revenue related to maintenance services is recognized over period, and it is recognized by straight-line method over the service period.

③ Outsourcing Services

The Group provides customers with IT outsourcing services, which are divided into computerized agency service, cloud, server rental service and business travel service.

The Group provides computerized service for a certain period of time after signing a service contract and performing obligations, the customer receives direct benefits. Accordingly, revenue related to agency services is recognized over period, and it is recognized by straight-line method over the service period.

The Group also provides customers with cloud and server rental service, and the usage of services is directly equivalent to the Group's value, so the Group recognizes revenue by applying a usage-based calculation method.

In the case of business travel services, the Group provides services according to the customer's request, and the cost incurred for the completion of the service directly corresponds to the value, so it recognizes revenue by applying the calculation method based on the cost incurred in fulfilling the obligation.

④ Telecommunications infrastructure services

The Group provides telecommunication infrastructure services, such as Internet-only and telephone lines that customers receive and consume, and their line usage directly corresponds to the value the Group gives to the customers, so the Group recognizes revenues by applying the method for basis of the line usage.

(b) Logistics

The Group is engaged in a logistics service business that provides SCM consulting services to the customers through its own logistics execution solution.

Applying Korean IFRS 1115 identifies separate performance obligations, such as land, sea, air forwarding, and warehouse operation. Since the customer receives the benefits provided by the Group's services as the Group performs, revenue from forwarding service is recognized on a straight-line basis over the period of service.

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2.8 Leases

(a) The Group as lessee

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

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

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed-lease payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date,
- the amount expected to be payable by the lessee under residual value guarantees,
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

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

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

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The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option; in which case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or a rate, or a change in expected payment under a guaranteed residual value; in which cases, the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate; in which case, a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease; in which case, the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

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

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

The Group applies Korean IFRS 1036 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy (Note 2.15).

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

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loss.

As a practical expedient, Korean IFRS 1116 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) The Group as lessor

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

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or an operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of Korean IFRS 1109, recognizing an allowance for expected credit losses ("ECLs") on the lease receivables.

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

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

2.9 Foreign Currencies

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

In preparing the consolidated financial statements of the individual group entities, transactions in

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

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

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

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

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation whose retained interest becomes a financial asset), all of the accumulated exchange differences in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In case of a partial disposal (i.e., no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests in equity and is not recognized in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

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2.10 Government Grants

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

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

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

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

Government grants towards staff retraining costs are recognized as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

2.11 Employee Benefits

(a) Retirement benefit plans

The Group concurrently operates defined contribution retirement benefit plans and defined benefit retirement benefit plans.

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest), are recognized immediately in the consolidated statements of financial position with a charge or credit to the consolidated statements of comprehensive income in the period in which they occur.

Remeasurements recognized in the consolidated statements of comprehensive income are recognized as other components of equity and not reclassified to profit or loss in the subsequent periods. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset at the beginning of the period. Defined benefit costs are composed of service cost (including current service cost and past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income) and remeasurement.

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The Group recognizes the service cost and net interest expense (income) components in profit or loss and the remeasurement component in OCI. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service as follows:

- If the contributions are not linked to services (e.g., contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by Korean IFRS 1019 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered.

(b) Other long-term employee benefits

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

(c) Share-based payments

Under cash-settled share-based payment plan, the Group compensates the difference of the fair value and exercise price of option as the consideration for employee services received. Total expense that will be recognized over the vesting period is determined by reference to the fair value of the option granted. Until the liability is settled, the Group is required to remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in value recognized in profit or loss for the year.

The acquiree may have outstanding share-based payment transactions that the acquirer does not exchange for its share-based payment transactions. If vested, those acquiree share-based payment transactions are part of the non-controlling interest in the acquiree and are measured at their market-based measure. If unvested, the market-based measure of unvested share-based payment transactions is allocated to the non-controlling interest on the basis of the ratio of the portion of the vesting period completed to the greater of the total vesting period and the original vesting period of

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the share-based payment transaction. The balance is allocated to post-combination service.

2.12 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilized, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset if, and only if, the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that 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.

(c) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in OCI or directly in equity; in which case, the current and deferred taxes are also recognized in OCI or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.13 Property and Equipment

Property and equipment are stated at cost, less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment is directly attributable to its purchase or construction, which includes any costs directly attributable to bringing the asset to the location and the condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of an asset or as a separate asset if it is probable that future economic benefits associated with the asset will flow into the Group and the cost of the asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

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

	Useful lives (years)
Buildings	20 - 40
Machinery and equipment	3 - 6
Others	4

If each part of an item of property and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

The Group reviews the depreciation method, the estimated useful lives and the residual values of property and equipment at the end of each reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property and equipment are derecognized.

2.14 Intangible Assets

Goodwill, memberships and emission rights are not amortized, and development costs and other intangible assets are amortized according to the estimated useful life. Intangible assets, except for aforementioned assets, are amortized by the straight-line method over the following estimated useful lives for each individual asset:

	Estimated useful life (years)
Software	4 - 6
Development costs	3 - 10
Other intangible assets	5 - 10

(a) Intangible assets acquired separately

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

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(b) Internally generated intangible assets - research and development expenditure

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

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

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

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(c) Intangible assets acquired in a business combination

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

(d) Derecognition of intangible assets

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

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(e) Patents and trademarks

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

2.15 Impairment of Property and Equipment and Intangible Assets other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs; otherwise, they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that an asset may be impaired.

Recoverable amount is the higher of fair value, less costs to sell, or value in use. If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount and the reduced amount is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.16 Investment Properties

Investment property is measured initially at cost, including transaction costs. The costs of the day-to-day servicing of an investment property are recognized in profit or loss as incurred.

Investment property is derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of removal.

Transfers are made to (or from) investment property only when there is a change in use. Investment property is transferred to property and equipment or property and equipment is transferred to investment property.

Depreciation of all property and equipment is calculated using the straight-line method over 40 years to allocate their cost or revalued amounts, net of their residual values.

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2.17 Inventories

Inventories are stated at the lower of cost or net realizable value. Costs of inventories, except for those in transit using actual cost method, are measured using the average method and consist of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense (cost of sales) in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2.18 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 the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking the risks and uncertainties surrounding the obligation into account. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as borrowing cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

2.19 Cash and Cash Equivalents

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

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Demand deposits for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in the demand deposits no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 6. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

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

2.20 Financial Instruments

Financial assets and financial liabilities are recognized in the Group's consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVPL are recognized immediately in profit or loss.

2.21 Financial Assets

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

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

(a) Classification of financial assets

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- 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 ("SPPI").

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

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

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SPPI.

By default, all other financial assets are measured subsequently at FVPL.

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

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if certain criteria are met (see (a) C below).
- The Group may irrevocably designate a debt investment that meets the amortized cost or FVOCI criteria as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch (see (a) D below).

A. Amortized cost and effective interest method

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

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

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

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

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Interest income is recognized in profit or loss and is included in the "finance income - interest income" line item.

B. Debt instruments classified as at FVOCI

Fair value is determined in the manner described in Note 8. The corporate bonds are initially measured at fair value, plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses, and interest income, calculated using the effective interest method, are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these corporate bonds had been measured at amortized cost. All other changes in the carrying amount of these corporate bonds are recognized in OCI and accumulated under cumulative gain or loss from valuation of investments. When these corporate bonds are derecognized, the cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

C. Equity instruments designated as at FVOCI

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

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

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with Korean IFRS 1109, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'other non-operating income and expenses' line item in profit or loss.

The Group designated some investments in equity instruments that are not held for trading as at FVOCI on initial recognition. Changes in fair value of non-designated equity investment are recognized in profit or loss.

A financial asset is held for trading if:

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

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D. Financial assets at FVPL

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

- Investments in equity instruments are classified as at FVPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVOCI on initial recognition (see (a) C above).
- Debt instruments that do not meet the amortized cost criteria or the FVOCI criteria (see (a) A and (a) B above) are classified as at FVPL. In addition, debt instruments that meet either the amortized cost criteria or the FVOCI criteria may be designated as at FVPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVPL.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other non-operating income and expenses' line item (Note 28). Fair value is determined in the manner described in Note 8.

(b) Foreign exchange gains and losses

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

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Finance income and expenses' line item (Note 29).
- For debt instruments measured at FVOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'Finance income and expenses' line item (Note 29). As the foreign currency element recognized in profit or loss is the same as if it was measured at amortized cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognized in cumulative gain or loss from valuation of investments as OCI.
- For financial assets measured at FVPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other non-operating income and expenses' line item as part of the fair value gain or loss (Note 28).
- For equity instruments measured at FVOCI, exchange differences are recognized in cumulative gain or loss from valuation of investments as OCI.

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(c) Impairment of financial assets

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

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

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

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

A. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- Significant deterioration in external market indicators of credit risk for a particular financial instrument; for example, a significant increase in the credit spread, the credit default swap prices for the debtor or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost.

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- An actual or expected significant deterioration in the operating results of the debtor.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- Significant increases in credit risk on other financial instruments of the same debtor.
- An actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) the financial instrument has a low risk of default,
- (2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and
- (3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or, if an external rating is not available, the asset has an internal rating of 'performing.' Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

B. Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes, as historical experience indicates that the financial assets that meet the following criterion are generally not recoverable:

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- When there is a breach of financial covenants by the debtor.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 12 months past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

C. Credit-impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- (1) Significant financial difficulty of the issuer or the borrower.
- (2) A breach of contract, such as a default or past due event (see (c) B above).
- (3) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (4) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.
- (5) The disappearance of an active market for that financial asset because of financial difficulties.

D. Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, and the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, considering legal advice where appropriate.

E. Measurement and recognition of ECL

The measurement of ECLs is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL are consistent with the cash flows used in measuring the lease receivable in

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accordance with Korean IFRS 1116 *Leases*.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payment to reimburse the holder for a credit loss that it incurs, less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in OCI and accumulated in the investments revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statements of financial position.

(d) Derecognition of financial assets

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

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the previously accumulated gain or loss is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the previously accumulated gain or loss is not reclassified to profit or loss.

2.22 Financial Liabilities and Equity Instruments

(a) Classification as liabilities or equity

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

Furthermore, the Group does not reassess such classification subsequent to the initial recognition, unless the terms of the instrument change.

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(b) Equity instruments

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

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancelation of the Group's own equity instruments.

(c) Financial liabilities

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

(d) Financial liabilities at FVPL

Financial liabilities are classified as at FVPL when a financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVPL.

A financial liability is classified as held for trading if:

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

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

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

Financial liabilities at FVPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging

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relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is recognized as 'finance expense' in the 'other operating income and expenses' line item (Note 29).

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

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVPL are recognized in profit or loss.

Fair value is determined in the manner described in Note 8.

(e) Financial liabilities measured subsequently at amortized cost

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

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

(f) Financial guarantee contracts

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

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

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

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(g) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'Finance income and expenses' line item in profit or loss (Note 29) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognized in OCI and accumulated in a separate component of equity.

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

(h) Derecognition of financial liabilities

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

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

2.23 Segment Reporting

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (Note 4). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management committee that makes strategic decisions.

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2.24 Accounting Treatment related to the Emission Rights Cap and Trade Scheme

The Group classifies the emission rights as intangible assets. Emission rights allowances that the government allocated free of charge are measured at ₩ 0, and emission rights allowances purchased are measured at cost, which the Group paid to purchase the allowances. If emission rights allowances that the government allocated free of charge are sufficient to settle the emission rights allowances allotted for the vintage year, the emission liabilities are measured at ₩ 0. However, for the emission liabilities that exceed the allowances allocated free of charge, the shortfall is measured at the best estimate at the end of the reporting period.

Emission right allowances are removed when they have been submitted or sold to the government, or when they can no longer be used for submission or sale, and thus no future economic benefits are expected. Emission liabilities are removed when the allowances are submitted to the government. Emission right allowances and emission liabilities are classified on the balance sheet as 'intangible assets' and 'provisions', respectively.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

(a) Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (Note 3 (b)), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue recognition

Revenue from project services is recognized using the percentage-of-completion method, which is recognized based on the costs incurred to date as a percentage to the total estimated costs to be incurred. In determining this revenue recognition, management considered whether the specific criteria for revenue recognition set out in Korean IFRS 1115, particularly project service revenue, met the percentage-of-completion criteria requirements in paragraph 35. Considering these requirements, management determined that it is appropriate to recognize revenue on the percentage-of-completion method for project service revenue.

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Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (see financial assets section of Note 2). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence, including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are managed, and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or FVOCI that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and, if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant increase in credit risk

As explained in Note 2, ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Korean IFRS 1109 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group considers qualitative and quantitative reasonable and supportable forward-looking information.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Allocating the transaction price

Some fixed-price SI (System Integration) services contracts described in Note 2.7 include two or more performance obligations, the transaction price must be allocated to the performance obligations on a relative stand-alone selling price basis.

Management estimates the stand-alone selling price at contract inception based on observable prices of the type of hardware and software likely to be provided and the services rendered in similar circumstances to similar customers. If a discount is granted, it is allocated to both performance obligations based on their relative stand-alone selling prices.

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Uncertainty on the estimation of the total contract cost

The contract revenue amount is affected by the percentage of completion, which is estimated by reference to the total cost incurred, and the estimated total contract cost is estimated by reference to the expected future figures, such as the material costs, the labor costs and the contract period. The Group periodically reviews the significant changes in estimated total contract costs and reflects the changes in the current progress calculation at the end of the reporting period.

Impairment test - Goodwill

The recoverable amounts of CGUs (groups) to review the impairment of goodwill have been determined based on value in use. The recoverable amount of the allocated goodwill will be most sensitively affected by the achievement of the next year's business plan. The business plan that has been considered and approved by the board of directors comprises forecasts of revenue, wages and salaries, and overheads based on current and anticipated market conditions.

Defined benefit plan

The Group's defined benefit obligation is determined based on the actuarial valuation carried out at the end of each annual reporting period. Actuarial assumptions are the Group's best estimates of the variables in determining the cost of providing postretirement benefits, such as discount rates, rates of expected future salary increases and mortality rates. Significant estimation uncertainty is likely to persist in making such assumptions due to the long-term nature of postretirement benefit plan.

Leases

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

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

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4. Segment Reporting

4.1 Basis for Segmentation

The Group is composed of an IT service division and logistics division, which are its strategic business units. These divisions offer different goods and services and are managed separately because each division requires different technologies and marketing strategies.

The following summary describes the operations of each operating segment:

Main Business

IT service	Reportable segment for IT consulting, IT system design and development, SI, clients' information system operation and maintenance, data centers and network service outsourcing
Logistics	Reportable segment for global logistics services, such as supply chain and logistics consulting and solutions

4.2 Financial Information for Each Segment

Financial information for each segment for the years ended December 31, 2025 and 2024, is as follows. Management determines resources to be allocated to each division and reviews based on operating income of each division in order to evaluate performance.

Segment assets and liabilities are not reported to the Group's CEO and, therefore, are not disclosed.

(a) Segment information

(in thousands of Korean won)

	2025				
	Logistics	IT service	Total	Adjustments	Adjusted amounts
Revenue	₩ 7,974,695,401	₩ 7,797,903,360	₩ 15,772,598,761	₩ (1,842,730,263)	₩ 13,929,868,498
Internal revenue	(588,315,661)	(1,254,414,602)	(1,842,730,263)	1,842,730,263	-
External revenue	7,386,379,740	6,543,488,758	13,929,868,498	-	13,929,868,498
Depreciation	16,797,770	333,882,507	350,680,277	(10,452,534)	340,227,743
Amortization	3,869,165	26,509,128	30,378,293	186,139	30,564,432
Depreciation of right-of-use assets	150,375,768	108,830,961	259,206,729	-	259,206,729
Operating profit	130,034,406	823,094,377	953,128,783	3,973,962	957,102,745

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(in thousands of Korean won)

	2024					
	Logistics	IT service	Total	Adjustments	Adjusted amounts	
Revenue	₩ 7,979,461,292	₩ 7,717,530,406	₩ 15,696,991,698	₩ (1,868,759,664)	₩ 13,828,232,034	
Internal revenue	(552,632,012)	(1,316,127,652)	(1,868,759,664)	1,868,759,664	-	
External revenue	7,426,829,280	6,401,402,754	13,828,232,034	-	13,828,232,034	
Depreciation	15,928,223	300,824,083	316,752,306	(9,606,862)	307,145,444	
Amortization	3,790,579	50,235,979	54,026,558	(459,360)	53,567,198	
Depreciation of right-of-use assets	136,504,122	109,744,845	246,248,967	-	246,248,967	
Operating profit	138,559,184	803,931,720	942,490,904	(31,393,997)	911,096,907	

(b) Information on geographical areas

The Group's revenues (based on location) by region for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025	2024
External revenues		
Domestic	₩ 5,241,073,518	₩ 5,188,484,505
America	3,487,338,013	3,493,947,734
Europe	1,790,244,958	1,669,660,799
Asia and Africa ¹	2,624,340,870	2,522,644,826
China	786,871,139	953,494,170
	<u>₩ 13,929,868,498</u>	<u>₩ 13,828,232,034</u>

¹ Korea and China are excluded.

(in thousands of Korean won)

	2025	2024
Non-current asset ¹		
Domestic	₩ 2,700,463,700	₩ 2,814,302,309
America	352,508,587	390,994,522
Europe	134,033,945	159,640,132
Asia and Africa ²	101,435,636	118,696,674
China	25,359,877	20,702,062
	<u>₩ 3,313,801,745</u>	<u>₩ 3,504,335,699</u>

¹ Financial instrument, deferred tax assets, investments in associates and net defined benefit assets are excluded.

² Korea and China are excluded.

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Revenues generated from external customer of Samsung Electronics Co., Ltd. and its subsidiaries account for more than 10% of the Group's consolidated revenue amounting to ₩ 9,753,265 million and ₩ 9,405,639 million for the years ended December 31, 2025 and 2024, respectively.

5. Cash and Cash Equivalents

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

<i>(in thousands of Korean won)</i>	2025	2024
Cash on hand	₩ 6,756	₩ 6,910
Demand deposits	1,558,974,688	1,668,759,497
	<u>₩ 1,558,981,444</u>	<u>₩ 1,668,766,407</u>

6. Financial Instruments Restricted or Pledged as Collateral

Details of restricted financial instruments or those pledged as collateral as of December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Cash and Cash Equivalents:	₩ 7,604,110	₩ 74
Deposit related to national project		
Short-term financial instruments:		
Time deposit	5,188,638	-
Other non-current asset (long-term financial instruments):		
Deposits for checking account	17,000	17,000
Deposits for contract ¹	10,000,000	10,000,000
Co-prosperity fund for growth corporate partnership ²	48,200,000	48,200,000
Others ³	15,000	15,000
	<u>₩ 71,024,748</u>	<u>₩ 58,232,074</u>

¹ As a time deposit related to the service contract signed with the Korea Development Bank, pledge and right to collateral security are established and provided as collateral to the Korea Development Bank (Note 21).

² Deposits restricted in use for financially supporting the Group's subcontractors in agreement with Industrial Bank of Korea.

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³ Others are subject to withdrawal restrictions in relation to guarantees provided by Seoul Guarantee Insurance Company (Note 21).

7. Categories of Financial Instruments

Details of categories of financial instruments as of December 31, 2025 and 2024, are as follows:

*(in thousands of
Korean won)*

	2025				
	Amortized cost	FVOCI	FVPL	Total	Fair value
Financial assets:					
Cash and cash equivalents	₩ 1,558,981,444	₩ -	₩ -	₩ 1,558,981,444	₩ 1,558,981,444
Short-term financial instruments	4,821,250,715	-	-	4,821,250,715	4,821,250,715
FVOCI	-	28,519,114	-	28,519,114	28,519,114
FVPL	-	-	23,866,671	23,866,671	23,866,671
Trade receivables	1,789,679,931	-	-	1,789,679,931	1,789,679,931
Other receivables	28,992,014	-	-	28,992,014	28,992,014
Others ¹	206,639,440	-	48,200,000	254,839,440	254,839,440
	<u>₩ 8,405,543,544</u>	<u>₩ 28,519,114</u>	<u>₩ 72,066,671</u>	<u>₩ 8,506,129,329</u>	<u>₩ 8,506,129,329</u>

¹ Others, such as accrued income, loans, deposits provided and long-term financial instruments, are included.

(in thousands of Korean won)

	2025			
	Amortized cost	Other	Total	Fair value
Financial liabilities:				
Trade and other payables ¹	₩ 640,791,668	₩ -	₩ 640,791,668	₩ 640,791,668
Accrued expense ²	566,238,653	-	566,238,653	566,238,653
Lease liabilities	-	817,091,708	817,091,708	817,091,708
Others ³	1,720,662	-	1,720,662	1,720,662
	<u>₩ 1,208,750,983</u>	<u>₩ 817,091,708</u>	<u>₩ 2,025,842,691</u>	<u>₩ 2,025,842,691</u>

¹ The amount excludes ₩ 37,699 million related to non-contractual liabilities such as employee-related expenses.

² The amount excludes ₩ 421,102 million related to employee benefits expense.

³ Others, such as dividends payable and deposits received, are included.

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Korean won)

	2024				
	Amortized cost	FVOCI	FVPL	Total	Fair value
Financial assets:					
Cash and cash equivalents	₩ 1,668,766,407	₩ -	₩ -	₩ 1,668,766,407	₩ 1,668,766,407
Short-term financial instruments	4,355,281,663	-	-	4,355,281,663	4,355,281,663
FVOCI	-	22,521,632	-	22,521,632	22,521,632
FVPL	-	-	22,922,213	22,922,213	22,922,213
Trade receivables	1,720,313,463	-	-	1,720,313,463	1,720,313,463
Other receivables	15,076,140	-	-	15,076,140	15,076,140
Others ¹	209,709,285	-	48,200,000	257,909,285	257,909,285
	<u>₩ 7,969,146,958</u>	<u>₩ 22,521,632</u>	<u>₩ 71,122,213</u>	<u>₩ 8,062,790,803</u>	<u>₩ 8,062,790,803</u>

¹ Others, such as accrued income, loans, deposits provided and long-term financial instruments, are included.

(in thousands of Korean won)

	2024			
	Amortized cost	Other	Total	Fair value
Financial liabilities:				
Trade and other payables ¹	₩ 768,105,622	₩ -	₩ 768,105,622	₩ 768,105,622
Accrued expense ²	538,362,342	-	538,362,342	538,362,342
Lease liabilities	-	983,592,443	983,592,443	983,592,443
Others ³	1,597,183	-	1,597,183	1,597,183
	<u>₩ 1,308,065,147</u>	<u>₩ 983,592,443</u>	<u>₩ 2,291,657,590</u>	<u>₩ 2,291,657,590</u>

¹ The amount excludes ₩ 22,586 million related to non-contractual liabilities such as employee-related expenses.

² The amount excludes ₩ 442,548 million related to employee benefits expense.

³ Others, such as dividends payable, deposits received and long-term deposits received, are included.

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Net gains or losses on financial instruments by category for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Financial assets measured at amortized cost:		
Interest income ¹	₩ 184,909,503	181,380,457
Bad debt expenses	(2,485,178)	(19,577,815)
Other bad debt expenses (reversal)	(57,707)	231,633
Financial assets measured at fair value:		
Interest income	1,564,321	1,781,472
Valuation gain on FVOCI	5,897,482	651,501
Dividend income	5,810	17,585
Valuation gain (loss) on FVPL	(1,455,352)	761,995
Disposal gain on FVPL	-	1,731,221
Financial liabilities measured at amortized cost:		
Interest expenses	(2,439,229)	(4,287,743)
Other liabilities:		
Interest expenses	(47,291,915)	(44,736,509)
Net gain (loss) on foreign currency transaction	(5,068,996)	8,049,193
Net foreign exchange gain (loss)	(12,597,279)	32,464,850

¹ Interest income includes interest income generated by cash and cash equivalents.

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8. Fair Value of Financial Instruments

There are no significant changes in the business and economic environment that would affect the fair value of financial assets and liabilities for the year ended December 31, 2025.

8.1 Fair value hierarchy

The Group classifies the financial instruments measured at fair value in the consolidated statements of financial position into the following three levels (fair value hierarchy) based on the inputs to valuation techniques used to measure fair value:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (for example, price) or indirectly (for example, derived from price).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy of financial instruments subsequently measured at fair value as of December 31, 2025 and 2024, is as follows:

(in thousands of Korean won)

	2025							
	Level 1		Level 2		Level 3		Total	
FVOCI	₩	-	₩	297,146	₩	28,221,968	₩	28,519,114
FVPL		-		612,231		23,254,440		23,866,671
Other non-current assets		-		-		48,200,000		48,200,000
	₩	-	₩	909,377	₩	99,676,408	₩	100,585,785

(in thousands of Korean won)

	2024							
	Level 1		Level 2		Level 3		Total	
FVOCI	₩	-	₩	692,992	₩	21,828,640	₩	22,521,632
FVPL		-		707,513		22,214,700		22,922,213
Other non-current assets		-		-		48,200,000		48,200,000
	₩	-	₩	1,400,505	₩	92,243,340	₩	93,643,845

The above fair values are measured on a recurring basis. The fair value of financial instruments that are not traded in an active market is determined using valuation methods. These valuation techniques maximize the use of observable market data where they are available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

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If one or more significant inputs are not based on observable market data, the financial instruments are included in Level 3. The fair value of the financial instruments in Level 3 was estimated using the discounted cash flow model.

8.2 Changes in financial instruments in Level 3 for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Beginning balance	₩	92,243,340	₩	80,657,634
Acquisition		2,600,255		10,595,750
Disposal		-		(9,298)
Gains or losses in PL		(1,460,515)		1,040,745
Gains or losses in OCI		6,293,328		2,049,735
Others		-		(2,091,226)
Ending balance	₩	99,676,408	₩	92,243,340

8.3 The Group recognizes transfers between levels of the fair value at the date of the event or change in circumstances that caused the transfer.

8.4 The valuation process of fair value measurements for major financial instruments categorized as Level 3

The finance department of the Group's divisions is responsible for fair value measurements which contain fair value measurement categorized in Level 3 for the purpose of financial report and the department reports periodically the fair value valuation process and its outcome on reporting schedule at the end of every reporting period.

8.5 Valuation methods and inputs

Valuation methods and inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy as of December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025				
	Fair value	Level	Valuation method	Inputs	Range of inputs (weighted average)
Other non-current assets					
Industrial Bank of Korea (Co-prosperity fund for growth corporate partnership)	₩48,200,000	3	Discounted cash flow	Pretax discount rate	3.00%~3.70% (3.35%)

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	2024				
	Fair value	Level	Valuation method	Inputs	Range of inputs (weighted average)
<i>(in thousands of Korean won)</i>					
FVOCI					
CVnet Co., Ltd. (Non-marketable securities)	₩ 1,358,300	3	Discounted cash flow	Sales growth rate Pretax discount rate	6.29%~6.78% (6.53%) 10.90%
Other non-current assets					
Industrial Bank of Korea (Co-prosperity fund for growth corporate partnership)	48,200,000	3	Discounted cash flow	Pretax discount rate	3.66%~3.70% (3.68%)

8.6 Sensitivity analysis for recurring fair value measurements categorized within Level 3

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments, which are affected by the unobservable input parameters, using statistical techniques.

The results of the sensitivity analysis for the effect on profit or loss (before income tax) from changes in inputs for financial instrument categorized in Level 3 as of December 31, 2024, are as follows:

	2024	
	Favorable change	Unfavorable change
<i>(in thousands of Korean won)</i>		
FVOCI		
Non-marketable securities ¹	₩ 106,780	₩ (132,033)

¹ Changes in fair value are calculated as favorable changes and unfavorable changes based on the changes in discount rate, which are significant unobservable inputs. Favorable changes are the changes decreasing in discount rate by 1% point. Unfavorable changes are the changes increasing in discount rate by 1% point.

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9. Trade Receivables and Other Receivables

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

(in thousands of Korean won)

	2025		2024	
	Trade receivables	Other receivables ¹	Trade receivables	Other receivables ¹
Receivables, gross	₩ 1,838,687,525	₩ 30,469,008	₩ 1,766,885,563	₩ 16,740,408
Allowances for bad debts	(49,007,595)	(1,469,615)	(46,572,100)	(1,636,039)
	<u>₩ 1,789,679,930</u>	<u>₩ 28,999,393</u>	<u>₩ 1,720,313,463</u>	<u>₩ 15,104,369</u>

¹ The service receivables in contract asset amounting to ₩ 778,058,712 thousand and ₩ 801,292,361 thousand as of December 31, 2025 and 2024, respectively, are excluded (Note 25).

Changes in the allowance for doubtful accounts of trade receivables and other receivables for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025		2024	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning balance	₩ 46,572,100	₩ 1,636,039	₩ 25,613,038	₩ 4,002,441
(Reversal of) provision for bad debt expense	2,485,179	57,707	19,577,815	(458,163)
Receivables written off	(2,251,596)	-	(171,589)	(2,167,714)
Collection of receivables written off	776	-	430	-
Others	2,201,136	(224,131)	1,552,406	259,475
Ending balance	<u>₩ 49,007,595</u>	<u>₩ 1,469,615</u>	<u>₩ 46,572,100</u>	<u>₩ 1,636,039</u>

The recognition of allowance for doubtful accounts has been included in selling and administrative expenses and other income and expenses in the consolidated statements of comprehensive income.

The aging analysis of trade receivables and other receivables overdue, but not individually impaired, as of December 31, 2025 and 2024, is as follows:

(in thousands of Korean won)

	2025	2024
Within 1 month	₩ 442,102,812	₩ 270,023,958
1 month to 6 months	19,722,026	49,513,840
More than 6 months	12,885,059	22,298,513
	<u>₩ 474,709,897</u>	<u>₩ 341,836,311</u>

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Details of the Group's individually impaired receivables as of December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Individually impaired receivables	₩	37,244,020	₩	47,429,058

The individually impaired receivables are generally aged more than 6 months, and the debtors are experiencing significant financial difficulty.

The Group recorded an additional allowance of ₩ 13,233,190 thousand as of December 31, 2025, using historical experience rates based on aging analysis of receivables.

The maximum exposure to credit risk as of December 31, 2025, is the carrying value of each class of receivables.

10. Inventories

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

<i>(in thousands of Korean won)</i>	2025			2024		
	Acquisition cost	Valuation Allowance	Book value	Acquisition cost	Valuation Allowance	Book value
Raw materials	₩ 4,392,665	₩ (824,097)	₩ 3,568,568	₩ 4,357,142	₩ (564,314)	₩ 3,792,828
Merchandise	5,841,983	(34,117)	5,807,866	5,009,135	(8,588)	5,000,547
Finished goods	10,130,585	(4,270,545)	5,860,040	13,813,527	(4,120,225)	9,693,302
Goods in transit	247,259	-	247,259	491,719	-	491,719
Consigned goods	-	-	-	2,048	-	2,048
	<u>₩ 20,612,492</u>	<u>₩ (5,128,759)</u>	<u>₩ 15,483,733</u>	<u>₩ 23,673,571</u>	<u>₩ (4,693,127)</u>	<u>₩ 18,980,444</u>

The amount of inventories recognized as expenses (cost of sales) and valuation losses (reversals) on inventories reflected in cost of sales for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Inventories recognized as expenses	₩	519,151,395	₩	596,019,076
Inventories written down		622,187		626,083
Reversals of inventories written down		(186,556)		(459,389)

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11. Financial Assets Measured at Fair Value

Changes in financial assets measured at fair value for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)	2025			2024		
	FVOCI	FVPL	Total	FVOCI	FVPL	Total
Beginning balance	₩ 22,521,632	₩ 22,922,213	₩ 45,443,845	₩ 14,625,131	₩ 18,860,584	₩ 33,485,715
Acquisition	100,000	2,500,255	2,600,255	7,245,000	3,350,750	10,595,750
Disposal	-	(100,445)	(100,445)	-	(51,116)	(51,116)
Valuation	5,897,482	(1,455,352)	4,442,130	651,501	761,995	1,413,496
Ending balance	₩ 28,519,114	₩ 23,866,671	₩ 52,385,785	₩ 22,521,632	₩ 22,922,213	₩ 45,443,845

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

(in thousands of Korean won)	2025	2024
Listed securities ¹	₩ 297,147	₩ 692,992
Unlisted securities ¹	28,221,968	21,828,640
	₩ 28,519,115	₩ 22,521,632

¹ The Group makes an irrevocable selection to present in OCI subsequent changes in the fair value of an investment in an equity instrument that is not held for trading at the date of initial application.

(a) Listed securities

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

(in thousands of Korean won)	2025		2024	
	Number of Shares owned	Percentage of Ownership (%)	Book value	Book value
InterRoid Co., Ltd. ¹	174,998	5.71	₩ 297,147	₩ 692,992

¹ During the year ended December 31, 2025, the entity changed its name from AI The NutriGene Co.,LTD. to InterRoid Co., Ltd. The shares are listed on the KONEX (Korea New Exchange) market.

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(b) Unlisted securities

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

<i>(in thousands of Korean won)</i>	2025		2024	
	Number of Shares owned	Percentage of Ownership (%)	Book value	Book value
Mistral AI	345,825	0.10	₩ 15,710,883	₩ 7,760,922
Vizion API	1,829,290	9.23	7,174,498	7,349,998
Nozomi Networks, Inc.	394,090	0.57	5,021,460	5,144,293
CVnet Co., Ltd. ¹	600,000	9.38	-	1,358,300
Others	-	-	315,127	215,127
	-	-	₩ 28,221,968	₩ 21,828,640

¹ The fair value of CVnet Co., Ltd. was appropriately estimated based on reasonable valuation method. The fair value was estimated using the discounted cash flow method. In estimating the future cash flows, economic indicators and conditions were taken into consideration and it was presumed that there were no significant changes in the business structure of the investee.

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

<i>(in thousands of Korean won)</i>	2025	2024
Capital investment of partnership	₩ 4,610,594	₩ 4,470,170
Unlisted securities	18,643,846	17,744,530
Others	612,230	707,513
	₩ 23,866,670	₩ 22,922,213

Changes in valuation gain (loss) in the above FVOCI in accordance with fair value assessment for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Beginning balance	₩ 63,371,452	₩ 62,719,951
Measurement of fair value	5,897,482	651,501
Ending balance before tax	69,268,934	63,371,452
Income tax effect	(17,718,214)	(16,227,696)
Ending balance after tax	₩ 51,550,720	₩ 47,143,756

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12. Investments in Associates

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

(in thousands of Korean won)	Location	Main business	Ownership (%)	2025		2024	
				Acquisition cost	Book value	Book value	
Donga.com Inc. ¹	Korea	Internet media business	18.97	₩ 1,306,377	₩ 5,636,311	₩ 5,182,445	
DONGA MEDIA N CO.,LTD. ²	Korea	Providing remote education system and content	18.01	971,068	948,605	494,327	
SERI Technologies, Inc.	Korea	Financial information system development	29.00	4,190,500	6,523,506	5,927,755	
iMarket Asia Co., Ltd.	China	Global industrial goods e-commerce	40.56	18,799,534	26,852,698	27,353,933	
CMC Corporation	Vietnam	IT service	29.77	54,554,914	72,932,720	71,919,635	
				₩ 79,822,393	₩ 112,893,840	₩ 110,878,095	

¹ Due to treasury stock, the effective ratio of shareholding is 20.19%.

² Although each ownership of the Group is less than 20%, these investments are classified as investments in associates because the Group can participate in decision-making on the financial and operating policies of the investees.

Market price information of the marketable investment in associates owned by the Group as of December 31, 2025, is as follows:

(in thousands of Korean won, except for market value per share)	2025			
	Number of shares	Market value per share	Market price	Book value
CMC Corporation	63,039,247	₩ 1,944	₩ 122,548,296	₩ 72,932,720

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Details of changes in investments in associates accounted for using the equity method for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025					
	Beginning balance	Gain (loss) on valuation	Equity method			Ending balance
			Changes in equity due to investments accounted for under the equity		Others ¹	
Donga.com Inc.	₩ 5,182,445	₩ 517,066	₩ -	₩ (63,200)	₩	₩ 5,636,311
DONGA MEDIA N CO.,LTD.	494,327	454,278	-	-		948,605
SERI Technologies, Inc.	5,927,755	590,705	5,046	-		6,523,506
iMarket Asia Co., Ltd.	27,353,933	(142,992)	(358,243)	-		26,852,698
CMC Corporation	71,919,635	5,042,644	(4,029,559)	-		72,932,720
	₩ 110,878,095	₩ 6,461,701	₩ (4,382,756)	₩ (63,200)	₩	₩ 112,893,840

¹ The amount changes of investments in associates, due to the change in the dividend.

(in thousands of Korean won)

	2024					
	Beginning balance	Gain (loss) on valuation	Equity method			Ending balance
			Changes in equity due to investments accounted for under the equity		Disposal	
KOREA INFORMATION CERTIFICATE AUTHORITY, INC. ¹	₩ 8,483,615	₩ (45,144)	₩ (57,692)	₩ (8,285,968)	₩ (94,811)	₩ -
Donga.com Inc.	4,697,716	563,729	-	-	(79,000)	5,182,445
DONGA MEDIA N CO.,LTD.	-	494,327	-	-	-	494,327
SERI Technologies, Inc.	5,625,430	297,491	4,834	-	-	5,927,755
iMarket Asia Co., Ltd.	24,551,888	(387,369)	3,189,414	-	-	27,353,933
CMC Corporation	67,901,176	2,198,816	1,819,643	-	-	71,919,635
	₩ 111,259,825	₩ 3,121,850	₩ 4,956,199	₩ (8,285,968)	₩ (173,811)	₩ 110,878,095

¹ The entire ownership of entity was sold for the year ended December 31, 2024.

² The amount changes of investments in associates, due to the change in the dividend.

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Summary of financial information of associates as of and for the years ended December 31, 2025 and 2024, is as follows:

(in thousands of Korean won)

	2025				
	Donga.com Inc.	DONGA MEDIA N CO., LTD.	SERI Technologies, Inc.	iMarket Asia Co., Ltd.	CMC Corporation
Condensed statement of financial position: as of December 31, 2025					
Current assets	₩ 20,337,641	₩ 6,601,383	₩ 10,129,385	₩ 91,379,466	₩ 311,535,947
Non-current assets	10,298,435	1,092,682	7,539,763	1,157,417	239,283,045
Total assets	<u>30,636,076</u>	<u>7,694,065</u>	<u>17,669,148</u>	<u>92,536,883</u>	<u>550,818,992</u>
Current liabilities	2,662,035	2,426,967	5,729,172	50,853,420	195,925,364
Non-current liabilities	51,115	-	-	72,544	139,075,534
Total liabilities	<u>2,713,150</u>	<u>2,426,967</u>	<u>5,729,172</u>	<u>50,925,964</u>	<u>335,000,898</u>
Total equity	<u>₩ 27,922,926</u>	<u>₩ 5,267,098</u>	<u>₩ 11,939,976</u>	<u>₩ 41,610,919</u>	<u>₩ 215,818,094</u>
Equity attributable to owners of the Company	₩ 27,922,926	₩ 5,267,098	₩ 11,939,976	₩ 33,408,281	₩ 173,241,568
Non-controlling interests	-	-	-	8,202,638	42,576,526
Condensed statement of comprehensive income: for the year ended December 31, 2025					
Revenue	₩ 15,113,169	₩ 13,871,029	₩ 29,696,895	₩ 341,997,742	₩ 497,773,759
Net income	2,561,603	2,522,360	2,036,913	(357,514)	25,943,680
Other comprehensive income	-	-	17,402	(80,984)	(13,961,560)
Total comprehensive income	<u>₩ 2,561,603</u>	<u>₩ 2,522,360</u>	<u>₩ 2,054,315</u>	<u>₩ (438,498)</u>	<u>₩ 11,982,120</u>
Dividends received	₩ 63,200	₩ -	₩ -	₩ -	₩ -

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	2024				
	Donga.com Inc.	DONGA MEDIA N CO., LTD.	SERI Technologies, Inc.	iMarket Asia Co., Ltd.	CMC Corporation
Condensed statement of financial position: as of December 31, 2024					
Current assets	₩ 21,023,178	₩ 4,708,595	₩ 8,055,088	₩ 103,226,382	₩ 228,603,966
Non-current assets	7,011,629	980,686	7,266,830	1,566,925	220,684,384
Total assets	<u>28,034,807</u>	<u>5,689,281</u>	<u>15,321,918</u>	<u>104,793,307</u>	<u>449,288,350</u>
Current liabilities	2,334,686	2,944,543	3,936,257	62,298,438	183,298,346
Non-current liabilities	25,698	-	1,500,000	406,061	62,154,029
Total liabilities	<u>2,360,384</u>	<u>2,944,543</u>	<u>5,436,257</u>	<u>62,704,499</u>	<u>245,452,375</u>
Total equity	<u>₩ 25,674,423</u>	<u>₩ 2,744,738</u>	<u>₩ 9,885,661</u>	<u>₩ 42,088,808</u>	<u>₩ 203,835,975</u>
Equity attributable to owners of the Company	₩ 25,674,423	₩ 2,744,738	₩ 9,885,661	₩ 33,841,808	₩ 162,878,417
Non-controlling interests	-	-	-	8,247,000	40,957,558
Condensed statement of comprehensive income: for the year ended December 31, 2024					
Revenue	₩ 14,715,439	₩ 12,409,959	₩ 22,404,825	₩ 339,635,904	₩ 377,712,642
Net income	1,298,723	3,221,291	1,025,831	140,057	10,505,080
Other comprehensive income	-	-	16,665	3,735,588	8,693,541
Total comprehensive income	<u>₩ 1,298,723</u>	<u>₩ 3,221,291</u>	<u>₩ 1,042,496</u>	<u>₩ 3,875,645</u>	<u>₩ 19,198,621</u>
Dividends received	₩ 79,000	₩ -	₩ -	₩ -	₩ -

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Reconciliation of the above summarized financial information to the carrying amount of the interest in the associates recognized in the consolidated financial statements for the years ended 2025 and 2024, is as follows:

(in thousands of
Korean won)

	2025				
	Donga.com Inc.	DONGA MEDIA N CO., LTD.	SERI Technologies, Inc.	iMarket Asia Co., Ltd.	CMC Corporation
Net assets of associate	₩ 27,922,925	₩ 5,267,099	₩ 11,939,976	₩ 33,408,281	₩ 173,241,568
Proportion of the Group's ownership interest in the associate (%)	18.97	18.01	29.00	40.56	29.77
Amount of the Group's ownership interest in the associate	5,636,311	948,605	3,462,593	13,550,399	51,576,247
Goodwill	-	-	3,060,913	13,302,300	21,356,473
Carrying amount of the investments in associates	<u>₩ 5,636,311</u>	<u>₩ 948,605</u>	<u>₩ 6,523,506</u>	<u>₩ 26,852,699</u>	<u>₩ 72,932,720</u>

(in thousands of
Korean won)

	2024				
	Donga.com Inc.	DONGA MEDIA N CO., LTD.	SERI Technologies, Inc.	iMarket Asia Co., Ltd.	CMC Corporation
Net assets of associate	₩ 25,674,423	₩ 2,744,738	₩ 9,885,661	₩ 33,841,808	₩ 162,878,417
Proportion of the Group's ownership interest in the associate (%)	18.97	18.01	29.00	40.56	29.83
Amount of the Group's ownership interest in the associate	5,182,445	494,327	2,866,842	13,726,237	48,583,674
Goodwill	-	-	3,060,913	13,627,696	23,335,961
Carrying amount of the investments in associates	<u>₩ 5,182,445</u>	<u>₩ 494,327</u>	<u>₩ 5,927,755</u>	<u>₩ 27,353,933</u>	<u>₩ 71,919,635</u>

Samsung SDS Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

13. Investments in Subsidiaries

Subsidiaries as of December 31, 2025 and 2024, are as follows:

(in shares)		2025						
		Region	Name of subsidiaries	Type of business	Number of shares owned by			Ownership ¹ (%)
Controlling Company	Subsidiary				Total			
Korea	SECUI Corp.	System software development and supply	6,500,000	-	6,500,000	56.52	Korea	-
	Multicampus Co., Ltd.	Providing remote education system and contents	3,698,379	-	3,698,379	62.40	Korea	-
	SVIC #50 Investment Partnership	New technology development and Venture capital	-	-	-	99.00	Korea	-
	SVIC #65 Investment Partnership	New technology development and Venture capital	-	-	-	99.00	Korea	-
	S-Core Co, Ltd.	Operating system software development	21,347,538	140,912	21,488,450	82.31	Korea	0.54
	Open Hands Co., Ltd.	Software development	20,000	-	20,000	100.00	Korea	-
	Miracom, Inc.	SI service	5,010,297	-	5,010,297	83.62	Korea	-
	EMRO INC. ²	AI Software development	4,385,662	-	4,385,662	35.48	Korea	-
	INFOWISE CO.,LTD.	Software advisory, development, and supply	-	36,000	36,000	65.45	Korea	65.45
America	Samsung SDS America, Inc.	SI service, Logistics	5,500,000	-	5,500,000	100.00	America	-
	SAMSUNG SDS GSCL Canada, Ltd.	Logistics	10,000	-	10,000	100.00	Canada	-
	Samsung SDS Mexico, S.A. de C.V.	SI service, Logistics	-	99	99	99.00	Mexico	99.00
	Samsung SDS Global SCL Panama S.A.	Logistics	-	9,999	9,999	99.99	Panama	99.99
	Samsung SDS Global SCL Chile Limitada	Logistics	-	274,972,500	274,972,500	99.99	Chile	99.99
	Samsung SDS Global SCL Peru S.A.C	Logistics	-	9,999	9,999	99.99	Peru	99.99
	Samsung SDS Global SCL Colombia S.A.S	Logistics	-	-	-	100.00	Colombia	100.00
	Samsung SDS Latin America Tecnologia E Logistica LTDA.	SI service, Logistics	31,250,723,153	84,690,306	31,335,413,459	100.00	Brazil	0.27
	INTE-SDS Logistics S.A. de C.V.	Logistics	4,313,534	-	4,313,534	51.00	Mexico	-
	LANGUAGE TESTING INTERNATIONAL, INC.	Oral proficiency interview computer Assessment service	-	115,980	115,980	82.36	America	82.36
Europe	Samsung SDS Europe, Ltd.	SI service, Logistics	1,000,002	-	1,000,002	100.00	England	-
	Samsung SDS Global SCL Hungary, Kft.	Logistics	-	-	-	100.00	Hungary	-
	Samsung SDS Global SCL Slovakia, S.R.O.	Logistics	-	-	-	100.00	Slovakia	-
	Samsung SDS Global SCL Poland Sp. Z.o.o.	Logistics	9,999	1	10,000	100.00	Poland	0.01
	Samsung GSCL Sweden AB	Logistics	5,800,000	-	5,800,000	100.00	Sweden	-
	Samsung SDS Global SCL France SAS	Logistics	150,000	-	150,000	100.00	France	-
	Samsung SDS Global SCL Italy S.R.L. A Socio Unico	Logistics	100,000	-	100,000	100.00	Italy	-
	Samsung SDS Global Supply Chain Logistics Spain S.L.U	Logistics	56,000	-	56,000	100.00	Spain	-
	Samsung SDS Global SCL Netherlands Cooperatief U.A.	Logistics	-	-	-	100.00	Netherland	0.01
	Samsung SDS Global SCL Germany GmbH	Logistics	-	-	-	100.00	Germany	-
	Samsung SDS Global SCL Romania S.R.L	Logistics	9,999	1	10,000	100.00	Romania	0.01
	Samsung SDS Rus Limited Liability Company	SI service, Logistics	-	-	-	100.00	Russia	0.01
	Asia	Samsung SDS Asia Pacific Pte, Ltd.	SI service, Logistics	31,000,000	-	31,000,000	100.00	Singapore
Samsung Data Systems India Private Limited		SI service, Logistics	6,329,999	1	6,330,000	100.00	India	0.01
Samsung SDS Vietnam Co., Ltd.		SI service, Logistics	-	-	-	100.00	Vietnam	-

Samsung SDS Co., Ltd. and Subsidiaries

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(in shares)

		2025						
Region	Name of subsidiaries	Type of business	Number of shares owned by			Ownership ¹ (%)	Country	Shares held by subsidiaries (%)
			Controlling Company	Subsidiary	Total			
	PT. Samsung SDS Global SCL Indonesia ³	Logistics	412	-	412	48.99	Indonesia	-
	Samsung SDS Global SCL Philippines Co., Ltd.Inc.	Logistics	20,999,995	3	20,999,998	99.99	Philippines	-
	Samsung SDS Global SCL Thailand Co.,Ltd	Logistics	879,988	12	880,000	100.00	Thailand	0.01
	Samsung SDS Malaysia Sdn.Bhd.	SI service, Logistics	2,099,998	2	2,100,000	100.00	Malaysia	0.01
	SAMSUNG SDS Global SCL Australia Pty.,Ltd.	Logistics	1,000	-	1,000	100.00	Australia	-
	SDS-ACUTECH CO., Ltd. ⁴	Logistics	109,999	-	109,999	49.99	Thailand	-
	ALS SDS Joint Stock Company	Logistics	739,500	-	739,500	51.00	Vietnam	-
	SDS-MP Logistics Joint Stock Company	Logistics	816,000	-	816,000	51.00	Vietnam	-
	Samsung SDS China Co., Ltd.	SI service, Logistics	-	-	-	100.00	China	-
	Samsung SDS Global SCL Hong Kong Limited	Logistics	11,691,380	-	11,691,380	100.00	Hong Kong	-
Africa	Samsung SDS Global SCL Egypt	Logistics	9,999	-	9,999	99.99	Egypt	-
	Samsung SDS Global SCL South Africa (PTY) Ltd.	Logistics	100	-	100	100.00	South Africa	-
Middle East	Samsung SDS Global SCL Nakliyat ve Lojistik Anonim Sirketi	Logistics	1,000	-	1,000	100	Türkiye	-
	Samsung SDS Global Supply Chain Logistics Middle East DWC-LLC	Logistics	2,930,000	-	2,930,000	100	United Arab Emirates	-

¹ It includes indirect ownership interest owned by consolidated subsidiaries.

² Although the Group holds less than a majority of the ownerships, the Group is deemed to have de facto control as it has significantly more voting rights than any other voting right holders and the other shareholders are widely dispersed.

³ The Group maintains control because all of the non-controlling interests are composed of preferred shares without voting rights.

⁴ Although the Group holds less than a majority of the voting rights, it maintains control through a contractual agreement among the shareholders.

Samsung SDS Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

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(in shares)

		2024						
Region	Name of subsidiaries	Type of business	Number of shares owned by			Ownership ¹ (%)	Country	Shares held by subsidiaries (%)
			Controlling Company	Subsidiary	Total			
Korea	SECUI Corp.	System software development and supply	6,500,000	-	6,500,000	56.52	Korea	-
	Multicampus Co., Ltd. ²	Providing remote education system and contents	2,800,000	-	2,800,000	47.24	Korea	-
	SVIC #50 Investment Partnership	New technology development and Venture capital	-	-	-	99.00	Korea	-
	SVIC #65 Investment Partnership	New technology development and Venture capital	-	-	-	99.00	Korea	-
	S-Core Co., Ltd.	Operating system software development	21,347,538	140,912	21,488,450	82.31	Korea	0.54
	Open Hands Co., Ltd.	Software development	20,000	-	20,000	100.00	Korea	-
	Miracom, Inc.	SI service	5,010,297	-	5,010,297	83.62	Korea	-
	EMRO INC. ³	AI Software development	4,385,662	-	4,385,662	36.08	Korea	-
	INFORWISE CO.,LTD.	Software advisory, development, and supply	-	36,000	36,000	65.45	Korea	65.45
America	Samsung SDS America, Inc.	SI service, Logistics	5,500,000	-	5,500,000	100.00	America	-
	SAMSUNG SDS GSCL Canada., Ltd.	Logistics	10,000	-	10,000	100.00	Canada	-
	Samsung SDS Mexico, S.A. de C.V.	SI service, Logistics	-	99	99	99.00	Mexico	99.00
	Samsung SDS Global SCL Panama S.A.	Logistics	-	9,999	9,999	99.99	Panama	99.99
	Samsung SDS Global SCL Chile Limitada	Logistics	-	274,972,500	274,972,500	99.99	Chile	99.99
	Samsung SDS Global SCL Peru S.A.C	Logistics	-	9,999	9,999	99.99	Peru	99.99
	Samsung SDS Global SCL Colombia S.A.S	Logistics	-	-	-	100.00	Colombia	100.00
	Samsung SDS Latin America Tecnologia E Logistica LTDA.	SI service, Logistics	31,250,723,153	84,690,306	31,335,413,459	100.00	Brazil	0.27
	INTE-SDS Logistics S.A. de C.V.	Logistics	4,313,534	-	4,313,534	51.00	Mexico	-
	LANGUAGE TESTING INTERNATIONAL, INC.	Oral proficiency interview computer Assessment service	-	115,980	115,980	82.36	America	82.36
	Europe	Samsung SDS Europe, Ltd.	SI service, Logistics	1,000,002	-	1,000,002	100.00	England
Samsung SDS Global SCL Hungary, Kft.		Logistics	-	-	-	100.00	Hungary	-
Samsung SDS Global SCL Slovakia, S.R.O.		Logistics	-	-	-	100.00	Slovakia	-
Samsung SDS Global SCL Poland Sp. Z.o.o.		Logistics	9,999	1	10,000	100.00	Poland	0.01
Samsung GSCL Sweden AB		Logistics	5,800,000	-	5,800,000	100.00	Sweden	-
Samsung SDS Global SCL France SAS		Logistics	150,000	-	150,000	100.00	France	-
Samsung SDS Global SCL Italy S.R.L. A Socio Unico		Logistics	100,000	-	100,000	100.00	Italy	-
Samsung SDS Global Supply Chain Logistics Spain S.L.U		Logistics	56,000	-	56,000	100.00	Spain	-
Samsung SDS Global SCL Netherlands Cooperatief U.A.		Logistics	-	-	-	100.00	Netherland	0.01
Samsung SDS Global SCL Germany GmbH		Logistics	-	-	-	100.00	Germany	-
Samsung SDS Global SCL Romania S.R.L		Logistics	9,999	1	10,000	100.00	Romania	0.01
Samsung SDS Rus Limited Liability Company		SI service, Logistics	-	-	-	100.00	Russia	0.01
Asia		Samsung SDS Asia Pacific Pte, Ltd.	SI service, Logistics	31,000,000	-	31,000,000	100.00	Singapore
	Samsung Data Systems India Private Limited	SI service, Logistics	6,329,999	1	6,330,000	100.00	India	0.01
	Samsung SDS Vietnam Co., Ltd.	SI service, Logistics	-	-	-	100.00	Vietnam	-
	PT. Samsung SDS Global SCL Indonesia ⁴	Logistics	245	-	245	49.00	Indonesia	-
	Samsung SDS Global SCL Philippines Co., Ltd.Inc.	Logistics	20,999,995	-	20,999,995	99.99	Philippines	-
	Samsung SDS Global SCL Thailand Co.,Ltd	Logistics	879,988	-	879,988	99.99	Thailand	-

Samsung SDS Co., Ltd. and Subsidiaries

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(in shares)

2024

Region	Name of subsidiaries	Type of business	Number of shares owned by			Ownership ¹ (%)	Country	Shares held by subsidiaries (%)
			Controlling Company	Subsidiary	Total			
	Samsung SDS Malaysia Sdn.Bhd.	SI service, Logistics	2,099,998	-	2,099,998	99.99	Malaysia	-
	SAMSUNG SDS Global SCL Australia Pty.,Ltd.	Logistics	1,000	-	1,000	100.00	Australia	-
	SDS-ACUTECH CO., Ltd. ²	Logistics	109,999	-	109,999	49.99	Thailand	-
	ALS SDS Joint Stock Company	Logistics	739,500	-	739,500	51.00	Vietnam	-
	SDS-MP Logistics Joint Stock Company	Logistics	816,000	-	816,000	51.00	Vietnam	-
	Samsung SDS China Co., Ltd.	SI service, Logistics	-	-	-	100.00	China	-
	Samsung SDS Global SCL Hong Kong Limited	Logistics	11,691,380	-	11,691,380	100.00	Hong Kong	-
Africa	Samsung SDS Global SCL Egypt	Logistics	9,999	-	9,999	99.99	Egypt	-
	Samsung SDS Global SCL South Africa (PTY) Ltd.	Logistics	100	-	100	100.00	South Africa	-
Middle East	Samsung SDS Global SCL Nakliyat ve Lojistik Anonim Sirketi	Logistics	1,000	-	1,000	100.00	Türkiye	-
	Samsung SDS Global Supply Chain Logistics Middle East DWC-LLC	Logistics	2,930,000	-	2,930,000	100.00	United Arab Emirates	-

¹ It includes indirect ownership interest owned by consolidated subsidiaries.

² Although the Group holds less than a majority of the voting rights, it maintains control through a contractual agreement among the shareholders.

³ Although the Group holds less than a majority of the ownerships, the Group is deemed to have de facto control as it has significantly more voting rights than any other voting right holders and the other shareholders are widely dispersed.

⁴ The Group maintains control because all of the non-controlling interests are composed of preferred shares without voting rights.

Samsung SDS Co., Ltd. and Subsidiaries
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Summary of financial information of subsidiaries as of and for the years ended December 31, 2025 and 2024, is as follows:

(in thousands of Korean won)

	2025				
	Total assets	Total liabilities	Total equity	Revenue	Net income (loss)
SECUi Corp	₩ 210,336,332	₩ 36,602,312	₩ 173,734,020	₩ 158,686,702	₩ 17,885,351
Multicampus Co., Ltd.	296,484,137	84,315,324	212,168,813	310,213,200	25,257,711
S-Core Co, Ltd.	125,613,315	33,825,013	91,788,302	108,989,679	17,834,298
Miracom, Inc.	149,032,256	33,274,854	115,757,402	253,827,578	898,342
EMRO INC.	149,290,822	24,871,104	124,419,718	80,866,944	3,634,885
Samsung SDS America, Inc.	1,292,544,192	530,910,978	761,633,214	2,332,233,503	56,899,789
LANGUAGE TESTING INTERNATIONAL, INC.	33,954,692	6,681,627	27,273,065	34,124,582	1,211,938
Samsung SDS Europe, Ltd.	531,962,940	212,512,845	319,450,095	663,670,336	20,369,374
Samsung SDS Global SCL Hungary, Kft.	85,602,304	24,834,341	60,767,963	163,716,813	(2,819,446)
Samsung SDS Global SCL Slovakia, S.R.O.	158,943,816	101,393,928	57,549,888	282,376,970	3,686,055
Samsung SDS Global SCL Poland Sp. Z.o.o.	81,944,626	52,953,047	28,991,579	230,038,221	979,584
Samsung SDS Global SCL Netherlands Cooperatief U.A.	220,086,325	229,053,784	(8,967,459)	342,864,945	(6,607,858)
Samsung SDS Asia Pacific Pte, Ltd.	273,506,593	89,245,358	184,261,235	210,094,877	5,899,399
Samsung Data Systems India Private Limited	332,574,198	153,365,590	179,208,608	411,437,569	30,385,951
Samsung SDS Vietnam Co., Ltd.	346,258,883	173,956,438	172,302,445	1,215,833,862	51,400,036
PT. Samsung SDS Global SCL Indonesia	48,474,366	18,436,646	30,037,720	72,178,504	4,437,915
Samsung SDS Global SCL Thailand Co., Ltd.	123,235,686	26,138,770	97,096,916	296,767,388	8,640,161
Samsung SDS Malaysia Sdn.Bhd.	53,262,656	19,297,510	33,965,146	113,416,150	3,301,503
ALS SDS Joint Stock Company	31,973,882	5,189,095	26,784,787	96,726,417	2,459,985
Samsung SDS China Co., Ltd.	902,547,239	220,630,156	681,917,083	889,579,956	26,158,875
Samsung SDS Mexico, S.A. de C.V.	186,244,390	159,136,644	27,107,746	545,122,320	320,796
Samsung SDS Latin America Tecnologia E Logistica LTDA.	221,798,580	89,425,072	132,373,508	375,925,328	33,742,529

Samsung SDS Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
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(in thousands of Korean won)

	2024				
	Total assets	Total liabilities	Total equity	Revenue	Net income (loss)
SECUi Corp	₩ 204,872,692	₩ 40,855,950	₩ 164,016,742	₩ 151,722,697	₩ 18,518,309
Multicampus Co., Ltd.	293,110,353	93,436,759	199,673,594	331,640,061	29,206,889
S-Core Co, Ltd.	97,943,700	23,909,500	74,034,200	99,477,955	16,086,684
Miracom, Inc.	146,832,147	37,818,765	109,013,382	278,560,533	7,282,417
EMRO INC.	99,442,024	11,993,463	87,448,561	75,038,782	18,668,982
Samsung SDS America, Inc.	1,351,532,491	628,446,982	723,085,509	2,419,975,136	72,455,132
LANGUAGE TESTING INTERNATIONAL, INC.	34,923,059	8,235,505	26,687,554	33,060,209	2,608,899
Samsung SDS Europe, Ltd.	475,846,274	192,499,407	283,346,867	590,149,515	9,349,112
Samsung SDS Global SCL Hungary, Kft.	97,197,729	43,176,168	54,021,561	188,802,727	6,218,722
Samsung SDS Global SCL Slovakia, S.R.O.	145,274,223	95,987,734	49,286,489	261,014,607	1,026,348
Samsung SDS Global SCL Poland Sp. Z.o.o.	82,157,125	57,103,452	25,053,673	211,237,765	735,585
Samsung SDS Global SCL Netherlands Cooperatief U.A.	222,883,300	225,258,579	(2,375,279)	317,052,595	(5,396,585)
Samsung SDS Asia Pacific Pte, Ltd.	280,195,594	105,802,802	174,392,792	233,732,620	15,452,855
Samsung Data Systems India Private Limited	313,511,356	152,422,738	161,088,618	395,975,547	28,723,023
Samsung SDS Vietnam Co., Ltd.	306,898,183	176,972,353	129,925,830	1,036,543,911	52,892,370
PT. Samsung SDS Global SCL Indonesia	49,491,187	22,090,588	27,400,599	66,394,515	5,362,794
Samsung SDS Global SCL Thailand Co., Ltd.	130,372,728	46,609,496	83,763,232	283,985,284	5,951,971
Samsung SDS Malaysia Sdn.Bhd.	48,325,635	20,418,146	27,907,489	177,888,727	1,011,934
ALS SDS Joint Stock Company	33,627,264	7,925,468	25,701,796	107,356,724	1,574,888
Samsung SDS China Co., Ltd.	905,141,069	258,401,320	646,739,749	1,013,165,144	30,098,852
Samsung SDS Mexico, S.A. de C.V.	194,363,114	171,390,477	22,972,637	523,558,471	(7,745,399)
Samsung SDS Latin America Tecnologia E Logistica LTDA.	168,085,459	78,891,647	89,193,812	355,714,034	32,489,035

Samsung SDS Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

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There are no subsidiaries newly included in the preparation of the consolidated financial statements for the year ended December 31, 2025.

The status of significant subsidiaries with non-controlling interests as of December 31, 2025 and 2024, is as follows:

(in thousands of Korean won)

	2025						
	Ownership percentage of the consolidated entity (%)	Ownership percentage of non-controlling interests (%)	Beginning balance of cumulative non-controlling interests	Net Income attributable to non-controlling interests	Dividends attributable to non-controlling interests	Others	Cumulative non-controlling interests
SECUi Corp	56.52	43.48	₩ 61,933,522	₩ 4,257,035	₩ (2,249,793)	₩ (208,376)	₩ 63,732,388
Multicampus Co., Ltd.	62.40	37.60	140,791,767	10,731,715	(6,566,236)	(27,935,144)	117,022,102
S-Core Co, Ltd.	82.31	17.69	12,710,242	3,274,086	-	412,175	16,396,503
Miracom, Inc.	83.62	16.38	18,413,556	149,918	-	322,417	18,885,891
EMRO INC.	35.48	64.52	84,285,565	1,096,356	-	1,009,220	86,391,141
PT. Samsung SDS Global SCL Indonesia	48.99	51.01	14,106,138	2,265,213	-	(1,025,326)	15,346,025
ALS SDS Joint Stock Company	51.00	49.00	12,610,498	1,205,392	-	(691,344)	13,124,546
LANGUAGE TESTING INTERNATIONAL, INC.	82.36	17.64	24,457,986	807,136	-	(11,749,287)	13,515,835

(in thousands of Korean won)

	2024						
	Ownership percentage of the consolidated entity (%)	Ownership percentage of non-controlling interests (%)	Beginning balance of cumulative non-controlling interests	Net Income attributable to non-controlling interests	Dividends attributable to non-controlling interests	Others	Cumulative non-controlling interests
SECUi Corp	56.52	43.48	₩ 61,464,429	₩ 3,188,941	₩ (1,999,816)	₩ (720,032)	₩ 61,933,522
Multicampus Co., Ltd.	47.24	52.76	131,522,969	15,440,844	(5,002,846)	(1,169,200)	140,791,767
S-Core Co, Ltd.	82.31	17.69	10,049,920	2,858,851	-	(198,529)	12,710,242
Miracom, Inc.	83.62	16.38	18,306,582	1,208,880	-	(1,101,906)	18,413,556
EMRO INC.	36.08	63.92	51,198,336	5,224,413	-	27,862,816	84,285,565
PT. Samsung SDS Global SCL Indonesia	49.00	51.00	10,273,581	2,764,529	-	1,068,028	14,106,138
ALS SDS Joint Stock Company	51.00	49.00	10,873,844	771,688	-	964,966	12,610,498
LANGUAGE TESTING INTERNATIONAL, INC.	82.36	17.64	20,965,326	1,549,978	-	1,942,682	24,457,986

Samsung SDS Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
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14. Property and Equipment

Details of the carrying amounts of property and equipment as of December 31, 2025 and 2024, are as follows:

(in thousands of
Korean won)

	2025					
	Land	Buildings	Machinery and equipment	Others	Construction in progress	Total
Acquisition costs	₩ 146,755,073	₩ 934,710,552	₩ 2,606,412,197	₩ 230,243,280	₩ 5,433,920	₩ 3,923,555,022
Accumulated depreciation	-	(204,179,906)	(1,773,474,728)	(192,933,642)	-	(2,170,588,276)
Accumulated impairment	-	-	(1,245,512)	-	-	(1,245,512)
Book value	<u>₩ 146,755,073</u>	<u>₩ 730,530,646</u>	<u>₩ 831,691,957</u>	<u>₩ 37,309,638</u>	<u>₩ 5,433,920</u>	<u>₩ 1,751,721,234</u>

(in thousands of
Korean won)

	2024					
	Land	Buildings	Machinery and equipment	Others	Construction in progress	Total
Acquisition costs	₩ 140,521,644	₩ 895,025,845	₩ 2,462,655,406	₩ 218,198,349	₩ 13,506,844	₩ 3,729,908,088
Accumulated depreciation	-	(180,690,994)	(1,600,558,913)	(173,228,649)	-	(1,954,478,556)
Accumulated impairment	-	-	(1,537,328)	-	-	(1,537,328)
Book value	<u>₩ 140,521,644</u>	<u>₩ 714,334,851</u>	<u>₩ 860,559,165</u>	<u>₩ 44,969,700</u>	<u>₩ 13,506,844</u>	<u>₩ 1,773,892,204</u>

Changes in property and equipment for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of
Korean won)

	2025					
	Land	Buildings	Machinery and equipment	Others	Construction in progress	Total
Beginning balance	₩ 140,521,644	₩ 714,334,851	₩ 860,559,165	₩ 44,969,700	₩ 13,506,844	₩ 1,773,892,204
Acquisition	6,233,429	37,825,999	260,585,090	6,975,097	5,146,114	316,765,729
Transfer	-	2,676,071	4,160,594	2,400,800	(9,237,465)	-
Disposal and abandonment	-	(475,723)	(685,779)	(346,934)	-	(1,508,436)
Depreciation	-	(23,830,552)	(299,254,853)	(17,142,339)	-	(340,227,744)
Impairment	-	-	(3,252)	-	-	(3,252)
Transfer to other account	-	-	506,192	-	(3,907,090)	(3,400,898)
Others ¹	-	-	5,824,800	453,314	(74,483)	6,203,631
Ending balance	<u>₩ 146,755,073</u>	<u>₩ 730,530,646</u>	<u>₩ 831,691,957</u>	<u>₩ 37,309,638</u>	<u>₩ 5,433,920</u>	<u>₩ 1,751,721,234</u>

¹ Others include replacements and exchange rate fluctuation differences, etc.

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	2024					
	Land	Buildings	Machinery and equipment	Others	Construction in progress	Total
Beginning balance	₩ 118,638,675	₩ 661,282,813	₩ 794,185,634	₩ 49,925,601	₩ 30,385,869	₩ 1,654,418,592
Acquisition	21,882,969	478,758	310,366,468	10,831,316	81,663,405	425,222,916
Transfer	-	80,193,741	13,919,375	3,238,455	(97,351,571)	-
Disposal and abandonment	-	(5,280,885)	(464,349)	(397,336)	-	(6,142,570)
Depreciation	-	(22,339,576)	(266,487,999)	(18,317,869)	-	(307,145,444)
Impairment	-	-	(4,832)	-	(27,871)	(32,703)
Transfer to other account	-	-	701,497	3,656	(1,149,904)	(444,751)
Others ¹	-	-	8,343,371	(314,123)	(13,084)	8,016,164
Ending balance	₩ 140,521,644	₩ 714,334,851	₩ 860,559,165	₩ 44,969,700	₩ 13,506,844	₩ 1,773,892,204

¹ Others include replacements and exchange rate fluctuation differences, etc.

Depreciation of property and equipment for the years ended December 31, 2025 and 2024, is presented in the following accounts:

(in thousands of Korean won)	2025	2024
Cost of sales	₩ 322,192,544	₩ 285,436,288
Selling and administrative expenses ¹	18,035,200	21,709,156
	₩ 340,227,744	₩ 307,145,444

¹ Research and development expenses of ₩ 1,435,658 thousand and ₩ 1,509,400 thousand are included in selling and administrative expenses for the years ended December 31, 2025 and 2024, respectively.

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Details of comprehensive property insurance for the damage of buildings, machinery and equipment and vehicles as of December 31, 2025, are as follows:

*(in millions of Korean won
and in USD, VND, INR, PEN, AUD, CLP, HKD and CNY)*

		2025
		Amount
Samsung Fire & Marine Insurance Co., Ltd.	₩	3,432,269
Samsung Liability Insurance Co., Ltd. Shaanxi branch	CNY	55,939,816
Samsung Liability Insurance Co., Ltd. Shenzhen branch	CNY	15,762,254
Samsung Liability Insurance Co., Ltd. Beijing branch	CNY	91,156,269
Samsung Liability Insurance Co., Ltd.	CNY	8,629,819
Wilson Risk Solutions Co., Ltd	HKD	3,500,000
Seguros Generales Suramericana	CLP	92,635,000
Samsung Vina Insurance Co. LTD	VND	353,084,238,736
Samsung Fire & Marine Insurance Co., Ltd.	USD	207,980,807
QBE	SGD	10,750,000
PACIFICO COMPANIA DE SEGUROS Y REASEGUROS	PEN	12,279.42
IFFCO Tokio	INR	1,877,717,270
CONG TY BAO HIEM PJICO HA THANH	VND	120,000,000,000
CONG TY BAO HIEM MIC HA THANH	VND	12,358,144,096
Allianz Australia Insurance Limited	AUD	5,107

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15. Intangible Assets

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

(in thousands of Korean won)

	2025				
	Goodwill	Development costs	Others ¹	Software	Total
Acquisition cost	₩ 712,675,257	₩ 238,292,903	₩ 407,203,222	₩ 236,711,622	₩ 1,594,883,004
Accumulated amortization	-	(180,592,288)	(331,943,800)	(201,363,713)	(713,899,801)
Accumulated impairment	(54,829,261)	(210,701)	(1,742,117)	-	(56,782,079)
Book value	₩ 657,845,996	₩ 57,489,914	₩ 73,517,305	₩ 35,347,909	₩ 824,201,124

¹ Others are composed of identifiable intangible assets, such as customer relationships, customer value and technology value acquired from business combination, memberships and industrial property rights.

(in thousands of Korean won)

	2024				
	Goodwill	Development costs	Others ¹	Software	Total
Acquisition cost	₩ 712,801,727	₩ 228,342,455	₩ 407,271,129	₩ 254,442,348	₩ 1,602,857,659
Accumulated amortization	-	(192,811,977)	(329,357,515)	(209,732,256)	(731,901,748)
Accumulated impairment	(54,829,261)	(210,701)	(1,742,117)	(47,493)	(56,829,572)
Book value	₩ 657,972,466	₩ 35,319,777	₩ 76,171,497	₩ 44,662,599	₩ 814,126,339

¹ Others are composed of identifiable intangible assets, such as customer relationships, customer value and technology value acquired from business combination, memberships and industrial property rights.

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Changes in intangible assets for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025				
	Goodwill	Development costs	Others	Software	Total
Beginning balance	₩ 657,972,466	₩ 35,319,778	₩ 76,171,496	₩ 44,662,599	₩ 814,126,339
Acquisition	-	28,452,403	3,193,076	12,670,793	44,316,272
Disposal and abandonment	-	(634,964)	(760,362)	(179,903)	(1,575,229)
Amortization	-	(6,521,077)	(1,814,807)	(22,228,548)	(30,564,432)
Impairment	-	-	(1,200,936)	(114,629)	(1,315,565)
Transfer from other account	-	-	-	565,564	565,564
Others ¹	(126,470)	873,774	(2,071,162)	(27,967)	(1,351,825)
Ending balance	₩ 657,845,996	₩ 57,489,914	₩ 73,517,305	₩ 35,347,909	₩ 824,201,124

¹ Others include replacements and exchange rate fluctuation differences, etc.

(in thousands of Korean won)

	2024				
	Goodwill	Development costs	Others	Software	Total
Beginning balance	₩ 657,321,738	₩ 34,621,977	₩ 77,425,417	₩ 49,484,410	₩ 818,853,542
Acquisition	-	28,045,897	1,970,455	16,789,939	46,806,291
Disposal and abandonment	-	-	(477)	(8,082)	(8,559)
Amortization	-	(28,359,993)	(1,371,369)	(23,835,836)	(53,567,198)
Transfer from other account	-	-	-	1,149,904	1,149,904
Others ¹	650,728	1,011,896	(1,852,529)	1,082,264	892,359
Ending balance	₩ 657,972,466	₩ 35,319,777	₩ 76,171,497	₩ 44,662,599	₩ 814,126,339

¹ Others include replacements and exchange rate fluctuation differences, etc.

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Amortization of intangible assets for the years ended December 31, 2025 and 2024, is presented in the following accounts:

<i>(in thousands of Korean won)</i>	2025		2024	
Cost of sales	₩	27,349,420	₩	51,346,444
Selling and administrative expenses ¹		3,215,012		2,220,754
	₩	<u>30,564,432</u>	₩	<u>53,567,198</u>

¹ Research and development expenses of ₩ 62,518 thousand and ₩ 101,221 thousand are included in selling and administrative expenses for the years ended December 31, 2025 and 2024, respectively.

The Group recognized research and development expenses, amounting to ₩ 196,874 million and ₩ 214,781 million for the years ended December 31, 2025 and 2024, respectively.

Goodwill

Goodwill was allocated to the Group's CGUs (groups) as of December 31, 2025 and 2024, as follows:

<i>(in thousands of Korean won)</i>					
Segment	CGU	2025		2024	
IT service	Samsung Networks, Inc. ¹	₩	417,495,744	₩	417,495,744
	EMRO INC.		96,030,646		96,030,646
	MultiCampus Co., Ltd.		42,558,636		42,558,636
	Samsung SNS Co., Ltd.		28,595,632		28,595,632
	S-CORE CO., Ltd.		19,967,668		19,967,668
	Miracom Inc.		8,125,514		8,125,514
	SERICEO		6,458,968		6,458,968
	Language Testing International, Inc.		5,170,150		5,296,621
	SECUi Corp.		23,759,221		23,759,221
	Others		2,400,000		2,400,000
			<u>650,562,179</u>		<u>650,688,650</u>
Logistics service	EXE C&T Co., Ltd.		7,283,816		7,283,816
		₩	<u>657,845,995</u>	₩	<u>657,972,466</u>

¹ Goodwill allocated to major CGU.

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Goodwill allocated to CGU of Samsung Networks, Inc. accounts for most of total carrying amount of goodwill. It was recognized in merger with Samsung Networks, Inc. in 2010 and the CGU of Samsung Network, Inc. has been stable with consistent growth considering past experiences regarding strategic decisions for CGU and sales and market trend.

The CGU of Samsung Networks, Inc. is in IT service segment and it provides Network Service (VPN, Wireless LAN u-Ready, etc.) and Telephony Service (Wyz070, telephone, etc.).

Key assumptions used for value-in-use estimation as of December 31, 2025, are as follows:

The Group performed an impairment test on goodwill as of December 31, 2025, considering the changes in CGUs for the year ended December 31, 2025. The recoverable amounts of CGUs (groups) have been determined based on fair value, less costs to sell as of impairment test date and value in use. The recoverable amount of the EMRO INC. was determined based on the calculation of fair value, less costs to sell and it is calculated by deducting the disposal cost from stock price as of impairment test date. The impairment test of CGUs (groups) except for EMRO INC. is performed based on value in use and it is calculated using cash flow projections based on financial budgets approved by management covering a one-year period. The forecasts used are consistent with those contained in the industry report.

	Samsung Networks, Inc.	Samsung SNS Co., Ltd.	EXE C&T Co., Ltd.	MultiCampus Co., Ltd.	SECU I Corp.	S-CORE CO., Ltd.
Sales growth rate ¹	-1.6%~8.5%	0.90%~3.82%	-33.51%~6.87%	3.00%~3.82%	0.5%~7.8%	2.68%~6.27%
Permanent growth rate ²	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Discount rate ³	5.29%	7.34%	8.45%	6.03%	11.17%	11.45%

¹ This is the sales growth rate to estimate the cash flow projections over the next five years. The Group has determined the sales growth rate of CGU based on historical performance and its expectations of market development.

² The Group applied 0% as a steady growth rate for subsequent years, according to paragraphs 33(3) in Korean IFRS 1036, *Impairment of Assets*.

³ Weighted-average cost of capital applied to cash flow projections is the rate that reflects intrinsic risk of CGUs (groups) as of the impairment test date.

Impairment of goodwill

As a result of the impairment test, the Group did not recognize any impairment loss on goodwill because the recoverable amount exceeds the carrying amount.

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Details of major development costs as of December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	Residual amortization period	2025		2024	
Project A	-	₩	-	₩	2,159,805
Project B	-		41,453,156		15,329,808
Project C	4 years		8,056,144		10,113,031
Others	Zero - 9 years		7,980,614		7,717,133
		₩	57,489,914	₩	35,319,777

16. Investment Properties

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

<i>(in thousands of Korean won)</i>	2025					
	Acquisition cost		Accumulated depreciation		Book value	
Land	₩	34,734,444	₩	-	₩	34,734,444
Buildings		3,437,526		(31,529)		3,405,997
	₩	38,171,970	₩	(31,529)	₩	38,140,441

<i>(in thousands of Korean won)</i>	2024					
	Acquisition cost		Accumulated depreciation		Book value	
Land	₩	34,734,444	₩	-	₩	34,734,444
Buildings		96,000		(6,524)		89,476
	₩	34,830,444	₩	(6,524)	₩	34,823,920

Changes in investment properties for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025							
	Beginning balance		Transfer		Depreciation		Ending balance	
Land	₩	34,734,444	₩	-	₩	-	₩	34,734,444
Buildings		89,476		3,341,526		(25,005)		3,405,997

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(in thousands of Korean won)

	2024		
	Beginning balance	Depreciation	Ending balance
Land	₩ 34,734,444	₩ -	₩ 34,734,444
Buildings	93,596	(4,120)	89,476

There is no rental income recognized in relation to the investment properties during the year ended December 31, 2025, and direct expenses are depreciation of ₩ 25 million.

Fair value of investment properties as of December 31, 2025, is as follows, and the valuation of investment properties is performed by an independent valuer.

(in thousands of Korean won)

	2025	
	Fair value	
Land	₩	34,734,444
Buildings		3,437,526

17. Leases

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

(in thousands of Korean won)

	2025				
	Buildings	Machinery and equipment	Vehicles	Others	Total
Acquisition costs	₩ 1,605,897,508	₩ 35,245,259	₩ 19,869,580	₩ 372,055	₩ 1,661,384,402
Accumulated depreciation	(893,096,387)	(18,278,957)	(11,916,452)	(213,219)	(923,505,015)
Net book value	₩ 712,801,121	₩ 16,966,302	₩ 7,953,128	₩ 158,836	₩ 737,879,387

(in thousands of Korean won)

	2024				
	Buildings	Machinery and equipment	Vehicles	Others	Total
Acquisition costs	₩ 1,593,496,099	₩ 60,668,309	₩ 18,350,564	₩ 379,744	₩ 1,672,894,716
Accumulated depreciation	(711,510,515)	(34,493,463)	(10,338,158)	(235,423)	(756,577,559)
Net book value	₩ 881,985,584	₩ 26,174,846	₩ 8,012,406	₩ 144,321	₩ 916,317,157

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Changes in the carrying amounts of right-of-use assets for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025				
	Buildings	Machinery and equipment	Vehicles	Others	Total
Beginning balance	₩ 881,985,584	₩ 26,174,846	₩ 8,012,406	₩ 144,321	₩ 916,317,157
Acquisition	76,008,857	6,791,897	4,925,921	92,392	87,819,067
Depreciation	(238,406,867)	(16,291,857)	(4,428,926)	(79,079)	(259,206,729)
Remeasurement, etc. ¹	(6,786,453)	291,416	(556,273)	1,202	(7,050,108)
Ending balance	₩ 712,801,121	₩ 16,966,302	₩ 7,953,128	₩ 158,836	₩ 737,879,387

¹ The amounts include the increase or decrease due to the exchange rate fluctuation.

(in thousands of Korean won)

	2024				
	Buildings	Machinery and equipment	Vehicles	Others	Total
Beginning balance	₩ 782,848,433	₩ 30,731,263	₩ 7,958,860	₩ 179,858	₩ 821,718,414
Acquisition	286,089,061	9,403,355	4,872,386	26,662	300,391,464
Depreciation	(224,465,722)	(17,290,758)	(4,372,106)	(120,381)	(246,248,967)
Remeasurement, etc. ¹	37,513,812	3,330,986	(446,734)	58,182	40,456,246
Ending balance	₩ 881,985,584	₩ 26,174,846	₩ 8,012,406	₩ 144,321	₩ 916,317,157

¹ The amounts include the increase or decrease due to the exchange rate fluctuation or the replacement of the sublease receivables.

Legal ownership of right-of-use assets is held by the lessor as collateral for the lease liabilities. The carrying amount of right-of-use assets has increased by ₩ 80,769 million due to the renewal of the lease and the contract for the new lease for the year ended December 31, 2025.

The amounts of lease recognized in profit or loss for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025	2024
Depreciation of right-of-use assets	₩ 259,206,729	₩ 246,248,967
Interest expense on lease liabilities	47,291,915	44,736,509
Expense relating to short-term leases or to lease of low-value assets	34,392,840	33,298,133
Income from subleasing right-of-use assets	291,665	476,040

The total cash outflow for leases amounts to ₩ 323,854 million and ₩ 290,191 million for the years ended December 31, 2025 and 2024, respectively.

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18. Lease Liabilities

The Group leases buildings and vehicles. The lessor owns legal ownership of the leased assets with the carrying amount of ₩ 737,879 million (December 31, 2024: ₩ 916,317 million) as collateral for lease liability.

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

<i>(in thousands of Korean won)</i>	2025		2024	
Current liabilities	₩	262,156,157	₩	266,545,047
Non-current liabilities		554,935,551		717,047,396
	₩	<u>817,091,708</u>	₩	<u>983,592,443</u>

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

<i>(in thousands of Korean won)</i>	2025		2024	
Within 1 year	₩	267,813,587	₩	267,166,069
1 year to 2 years		214,895,804		233,945,729
2 to 3 years		165,120,617		188,805,331
3 to 4 years		116,196,107		151,159,077
4 to 5 years		63,550,848		109,490,869
More than 5 years		100,142,804		150,872,809
		<u>927,719,767</u>		<u>1,101,439,884</u>
Less adjustment for present value		<u>(110,628,059)</u>		<u>(117,847,441)</u>
Present value of lease liability	₩	<u>817,091,708</u>	₩	<u>983,592,443</u>

The Group is not exposed to a significant liquidity risk regarding its lease liabilities. Lease liabilities are monitored within the Group's treasury division. All lease obligations are presented in Korean won.

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19.Provisions

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

(in thousands of Korean won)

	2025		
	Current	Non-Current	Total
Provision for repairs	₩ 183,814	₩ -	₩ 183,814
Provision for project losses	264,225	-	264,225
Provision for warranties	1,520,861	-	1,520,861
Asset retirement obligation	2,733,155	28,317,635	31,050,790
Emission liability	234,903	-	234,903
Others ¹	73,389	1,003,350	1,076,739
	<u>₩ 5,010,347</u>	<u>₩ 29,320,985</u>	<u>₩ 34,331,332</u>

¹This is a provision related to the litigation against overseas corporations in Brazil.

(in thousands of Korean won)

	2024		
	Current	Non-Current	Total
Provision for repairs	₩ 274,378	₩ -	₩ 274,378
Provision for project losses	88,388	-	88,388
Provision for warranties	2,254,552	-	2,254,552
Asset retirement obligation	1,378,959	28,438,692	29,817,651
Emission liability	203,562	-	203,562
Others ¹	77,132	867,524	944,656
	<u>₩ 4,276,971</u>	<u>₩ 29,306,216</u>	<u>₩ 33,583,187</u>

¹This is a provision related to the litigation against overseas corporations in Brazil.

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

(in thousands of Korean won)

	2025					
	Beginning balance	Increase	Utilization	Reversal	Others ¹	Ending balance
Provision for repairs ①	₩ 274,378	₩ 152,893	₩ -	₩ (243,457)	₩ -	₩ 183,814
Provision for project losses ②	88,388	242,472	-	(66,635)	-	264,225
Provision for warranties ③	2,254,552	43,040	-	(776,731)	-	1,520,861
Asset retirement obligation ④	29,817,651	1,301,456	(18,657)	-	(49,660)	31,050,790
Emission liability ⑤	203,562	198,000	(166,659)	-	-	234,903
Others ⑥	944,656	869,809	(203,884)	(623,024)	89,182	1,076,739
	<u>₩ 33,583,187</u>	<u>₩ 2,807,670</u>	<u>₩ (389,200)</u>	<u>₩ (1,709,847)</u>	<u>₩ 39,522</u>	<u>₩ 34,331,332</u>

¹ Others include effects from exchange rate fluctuation.

(in thousands of Korean won)

	2024					
	Beginning balance	Increase	Utilization	Reversal	Others ¹	Ending balance
Provision for repairs ①	₩ 659,697	₩ -	₩ (158,692)	₩ (226,627)	₩ -	₩ 274,378
Provision for project losses ②	1,004,015	49,824	-	(965,451)	-	88,388
Provision for warranties ③	2,707,633	111,014	-	(660,169)	96,074	2,254,552
Asset retirement obligation ④	25,390,256	5,053,616	(282,025)	(667,340)	323,144	29,817,651
Emission liability ⑤	150,030	203,562	(150,030)	-	-	203,562
Others ⑥	1,621,428	865,186	(65,116)	(1,419,531)	(57,311)	944,656
	<u>₩ 31,533,059</u>	<u>₩ 6,283,202</u>	<u>₩ (655,863)</u>	<u>₩ (3,939,118)</u>	<u>₩ 361,907</u>	<u>₩ 33,583,187</u>

¹ Others include effects from exchange rate fluctuation.

- ① The Group makes provisions for estimated costs of project repairs based on historical experience and terms of guarantees.
- ② The Group makes provisions when the project costs are expected to exceed the revenue generated from the contract.
- ③ The Group makes provisions for estimated costs of future services arising from warranties, exchanges and refunds and repairs based on warranty period (one year) and historical rate.
- ④ The Group makes provisions for expected expense to be paid for restoration of leasehold assets to their original condition in the future.
- ⑤ The Group makes provisions for the carrying amounts of emission rights held by the Company and the expected expenses of the emission in excess of the emission rights for the applicable years.
- ⑥ The Group makes provisions by estimating the costs that are expected to be incurred in the future, such as litigations.

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20. Retirement Benefit Plans

The Group concurrently operates both defined contribution retirement benefit plans and defined benefit retirement benefit plans.

(a) Defined contribution retirement benefit plans

Defined contribution retirement benefit plans of ₩ 27,968 million and ₩ 17,502 million were recognized as expense in the consolidated statements of comprehensive income for the years ended December 31, 2025 and 2024, respectively. The Group does not have unpaid contributions as of December 31, 2025 and 2024.

(b) Defined benefit retirement benefit plans

Net defined benefit liabilities (assets) recognized in the consolidated statements of financial position as of December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Present value of funded defined benefit obligation	₩ (1,775,796,165)	₩ (1,758,718,284)
Present value of unfunded defined benefit obligation	<u>(50,754,352)</u>	<u>(48,659,103)</u>
	<u>(1,826,550,517)</u>	<u>(1,807,377,387)</u>
Less: fair value of plan assets	<u>2,074,944,721</u>	<u>2,049,634,405</u>
	<u>₩ 248,394,204</u>	<u>₩ 242,257,018</u>

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Changes in net defined benefit assets (liabilities) for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Beginning balance	₩ (1,807,377,387)	₩ 2,049,634,405	₩ 242,257,018
Included in profit or loss:			
Current service cost	(132,670,188)	-	(132,670,188)
Interest income (expenses)	(80,296,249)	91,619,039	11,322,790
	<u>(212,966,437)</u>	<u>91,619,039</u>	<u>(121,347,398)</u>
Included in OCI:			
Remeasurement elements:			
Actuarial gain (loss) arising from:			
Effect of change in discount rate	(5,410,004)	-	(5,410,004)
Financial assumptions	42,649,750	-	42,649,750
Demographical assumptions	(10,650,644)	-	(10,650,644)
Experience adjustment	503,860	-	503,860
Return on plan assets	(37,912,970)	-	(37,912,970)
	-	<u>(3,957,352)</u>	<u>(3,957,352)</u>
	<u>(5,410,004)</u>	<u>(3,957,352)</u>	<u>(9,367,356)</u>
Others:			
Contributions paid by the employer	-	128,678,712	128,678,712
Benefits paid	199,270,546	(190,321,969)	8,948,577
Transfer from affiliates	12,652	(140,902)	(128,250)
Others ¹	(79,887)	(567,212)	(647,099)
	<u>199,203,311</u>	<u>(62,351,371)</u>	<u>136,851,940</u>
Ending balance	₩ (1,826,550,517)	₩ 2,074,944,721	₩ 248,394,204

¹ Others include effects from foreign currency translation.

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	2024		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Beginning balance	₩ (1,648,384,606)	₩ 2,083,216,390	₩ 434,831,784
Included in profit or loss:			
Current service cost	(128,625,894)	-	(128,625,894)
Interest income (expenses)	(82,798,580)	105,605,480	22,806,900
	<u>(211,424,474)</u>	<u>105,605,480</u>	<u>(105,818,994)</u>
Included in OCI:			
Remeasurement elements:			
Actuarial gain (loss) arising from:			
Actuarial gain (loss) arising from:	(91,930,465)	-	(91,930,465)
Effect of change in discount rate	(76,167,347)	-	(76,167,347)
Financial assumptions	(2,843,466)	-	(2,843,466)
Demographical assumptions	(1,340,040)	-	(1,340,040)
Experience adjustment	(11,579,612)	-	(11,579,612)
Return on plan assets	-	(17,112,394)	(17,112,394)
	<u>(91,930,465)</u>	<u>(17,112,394)</u>	<u>(109,042,859)</u>
Others:			
Contributions paid by the employer	-	19,889,019	19,889,019
Benefits paid	148,086,035	(140,529,510)	7,556,525
Transfer from affiliates	(2,721,466)	(1,706,172)	(4,427,638)
Others ¹	(1,002,411)	271,592	(730,819)
	<u>144,362,158</u>	<u>(122,075,071)</u>	<u>22,287,087</u>
Ending balance	<u>₩ (1,807,377,387)</u>	<u>₩ 2,049,634,405</u>	<u>₩ 242,257,018</u>

¹ Others include effects from foreign currency translation.

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

<i>(in thousands of Korean won)</i>	2025¹	2024²
Weighted average discount rate	5.06%	4.80%
Weighted average expected salary growth rate (including inflation rate)	5.59%	5.50%

¹ As of December 31, 2025, the discount rate applied to the Group ranges from 3.9% to 5.7%, and the range of the expected salary growth rate is from 3.2% to 7.4%.

² As of December 31, 2024, the discount rate applied to the Group ranges from 3.5% to 5.2%, and the range of the expected salary growth rate is from 3.1% to 7.4%.

Assumptions regarding the future mortality rate are based on average life expectancy and published statistics.

Details of fair value of plan assets as of December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
	Carrying amounts	Composition (%)	Carrying amounts	Composition (%)
Cash and cash equivalents	₩ 2,065,803,889	99.6	₩ 2,040,646,915	99.6
Others	9,140,832	0.4	8,987,490	0.4
	₩ 2,074,944,721	100	₩ 2,049,634,405	100

The sensitivity analysis of the overall defined benefit liability in accordance with changes to the principal assumptions as of December 31, 2025 and 2024, is as follows:

<i>(in thousands of Korean won)</i>	2025		
	Changes in principal assumption	Effect due to increase in principal assumption	Effect due to decrease in principal assumption
Discount rate	1.00%	₩ 121,151,706	(136,902,274)
Salary growth rate	1.00%	(134,864,941)	121,713,342

<i>(in thousands of Korean won)</i>	2024		
	Changes in principal assumption	Effect due to increase in principal assumption	Effect due to decrease in principal assumption
Discount rate	1.00%	₩ 124,028,123	₩ (140,672,648)
Salary growth rate	1.00%	(138,212,232)	124,316,146

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Expected contributions to defined benefit plans for the year ended December 31, 2026, amounted to ₩ 178,993 million.

The weighted-average duration of the defined benefit liabilities as of December 31, 2025, is 7.24 years.

21. Commitments and Contingencies

(a) Guarantees

Details of guarantees provided for employees and others (except for related parties) by the Group as of December 31, 2025, are as follows:

(in thousands of Korean won)

	Detail	2025		
		Financial institutions		Amounts
Employees ¹	Debt guarantee	Woori Bank	₩	10,000,000

¹ Guarantees are provided for the employee's housing loan owed to the financial institutions.

(b) Guarantees provided and major commitments

Details of guarantees provided by others as of December 31, 2025, are as follows:

(in thousands of Korean won, and in AED, AUD, CNY, EGP, EUR, HKD, IDR, INR, MYR, USD and VND)

Detail	Financial institutions	Currency	Limits	2025
				Executed amounts
Foreign currency payment guarantee, etc. (limit transaction)	KEB Hana Bank ¹	USD	13,000,000	-
		CNY	50,000,000	4,000,000
	Woori Bank	USD	20,000,000	-
		Shinhan Bank	USD	7,700,000
	HSBC	VND	90,278,500,000	74,530,100,000
		USD	10,000,000	-
Foreign currency payment guarantee, etc. (per-transaction transaction)	Citi Bank	EUR	98,730	98,730
		Shinhan Bank	VND	14,350,000,000
	HSBC	AUD	8,202,374	8,202,374
		Bank of America	USD	6,327,439
	Turkish Economy Bank	USD	25,000	25,000
		HSBC	USD	2,500,000
Overseas financing guarantee	HSBC	USD	2,500,000	-
		INR	60,000,000	-

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	Commerzbank AG	EUR	5,500,000	4,740,271
	Royal Bank of Canada	USD	600,000	-
	Citi Bank	USD		182,829
		EUR		5,662,979
		HKD		2,000,000
		MYR	48,500,000	190,000
		AED		184,000
		EGP		50,000
		IDR		250,000,000
Comprehensive foreign currency payment guarantee	Kookmin Bank	USD	20,000,000	-
Contract performance and defect warranty, etc.	Seoul Guarantee Insurance Company ²	KRW	11,051,059	11,051,059
	Citi Bank	EUR	1,769,000	1,769,000
	Shinhan Bank	USD	877,500	877,500
		VND	2,993,430,000	2,993,430,000
	Korea Software Financial Cooperative ³	KRW	371,957,264	371,957,264

¹ The USD limit is the individual limit for foreign currency payment guarantees and cannot exceed the comprehensive limit of ₩ 19,300 million.

² The Company has provided deposits for checking account of ₩ 15 million as collateral.

³ The Group has provided capital investment of ₩ 3,975 million as collateral.

(c) Major commitments

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

*(in thousands of Korean won
and in USD)*

Detail	Financial institutions	Currency	2025	
			Limits	Executed amounts
Comprehensive credit limit	KEB Hana Bank	KRW	19,300,000	-
Local letter of credit	Kookmin Bank	KRW	5,000,000	-
Import letter of credit	Shinhan Bank	USD	27,000,000	-
Bills bought	Shinhan Bank	USD	5,000,000	-
General term loan agreements	Shinhan Bank	KRW	20,200,000	-
Overdraft facilities	Woori Bank and four other banks	KRW	75,330,000	-
Contractual agreement of business-to-business electronic payment system	KEB Hana Bank and three other banks	KRW	340,000,000	93,665,435
	Citi Bank	USD	125,800,000	228,703

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Discount arrangement for accounts receivable	Citi Bank	USD	36,000,000	-
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The Company has provided a time deposit of ₩ 10,000 million as collateral in relation to the outsourcing service contract for information system operation business concluded with Korea Development Bank.

The Company has entered into a shareholders' agreement with stakeholders (existing shareholders) related to EMRO INC. The agreement includes conditions such as a right of first refusal for the shares, call options, rights to request co-sale, and rights to participate in co-sale.

(d) Supplier finance arrangements

Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts that the Group owes its suppliers and the Group agreeing to pay finance providers according to the terms and conditions of the arrangements at a date later than, when suppliers are paid. These arrangements provide the Group with extended payment terms, or the Group's suppliers with early payment terms, compared to the related invoice payment due date.

The Group has agreed to support a strategic supplier with their cash flows by entering into a supplier finance arrangement. Under the arrangement, a Bank acquires the rights to selected trade receivables from the supplier. Following this acquisition, the Group will no longer be able to make earlier direct payments to the supplier and will not be able to offset any of the acquired payables against credit notes received from the supplier. However, the Group has determined that the terms of the trade payable are otherwise substantially unchanged and that it is therefore appropriate to continue presenting the relevant amounts within trade payables in the statement of financial position.

During the current period, the Group has entered into a supplier finance arrangement with KEB Hana Bank and four other financial institutions. Under the arrangement, a bank acquires the rights to selected trade receivables from the supplier. The terms and conditions of the arrangement are unchanged from the trade payables from this supplier, other than:

- the acquired payables are no longer able to be offset against credit notes received from the supplier.

Meanwhile, due date for trade payables that are not part of the supplier finance arrangement and trade payables under supplier finance arrangement are the same, within 3 months after the invoice date.

The carrying amount of trade payables under supplier finance arrangement is as follows:

<i>(in thousands of Korean won and in USD)</i>		2025		2024
Supplier finance arrangement	₩	93,665,435	₩	92,996,821
	USD	228,703	USD	-
Supplier finance arrangement of which the supplier has received payment from the finance provider	-	-	-	-

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The carrying amounts of trade payables under the supplier finance arrangement are considered to be reasonable approximations of their fair values, due to their short-term nature.

(e) Pending Litigation

As of the end of the reporting period, the Group is involved as a defendant in litigation related to claims for construction fee increases. The final outcome of this litigation is currently uncertain. However, the management of the entity intends to recognize a provision if the case meets the criteria for recognizing a provision. At present, the entity anticipates that the outcome of this matter will not have a material impact on its business, financial position, operating results, or cash flows.

22. Share Capital and Share Premium

Under its articles of incorporation, the Group is authorized to issue 200,000,000 common shares with a par value of ₩ 500 per share, and 50,000,000 shares of participating preferred share, which are non-voting and are entitled to receive a minimum cash dividend of more than 1% of par value by resolution of the board of directors. In addition, the Group is authorized to issue to investors, other than current shareholders, convertible debentures and debentures with warrants with face values of up to ₩ 67,000 million, where ₩ 50,000 million of such debentures is for common shares and the remaining ₩ 17,000 million is for preferred shares. As of December 31, 2025, 77,377,800 shares are issued and share capital amounts to ₩ 38,689 million.

As of December 31, 2025, there are no issued convertible debentures, debentures with warrants and participating preferred share, which are non-voting.

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23. Retained Earnings

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

<i>(in thousands of Korean won)</i>	2025	2024
Legal reserve		
Legal reserves ¹	₩ 40,344,450	₩ 40,344,450
Reserve for business development ²	19,344,450	19,344,450
	<u>21,000,000</u>	<u>21,000,000</u>
Discretionary reserve		
Reserve for business rationalization ³	10,098,807	10,098,807
	<u>10,098,807</u>	<u>10,098,807</u>
Unappropriated retained earnings	<u>8,479,786,046</u>	<u>7,944,562,779</u>
	<u>₩ 8,530,229,303</u>	<u>₩ 7,995,006,036</u>

¹ The Commercial Code of the Republic of Korea requires the Group to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid, until such reserve equals 50% of its issued capital stock. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any, with the ratification of the Group's majority shareholders.

² In accordance with the former corporate income tax law, the Group has accumulated reserves for business development by the amount of retained earnings in excess of accumulated earnings. This amount may be transferred to capital stock or used to reduce accumulated deficit, if any, with the ratification of the Group's majority shareholders.

³ Pursuant to the Special Tax Treatment Control Law, the Group is required to appropriate, as a reserve for business rationalization, a portion of retained earnings equal to tax reductions arising from investment and other tax credits. Due to revision made to Korean tax laws during 2002, such reserves are no longer required.

Changes in retained earnings for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Beginning balance	₩ 7,995,006,036	₩ 7,446,854,656
Net income attributable to the owners of the Company	759,538,806	756,996,882
Dividends	<u>(224,315,539)</u>	<u>(208,845,502)</u>
Ending balance	<u>₩ 8,530,229,303</u>	<u>₩ 7,995,006,036</u>

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Details of dividends declared and dividends' payout ratio for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>		2025		2024	
Number of common shares outstanding	Common shares	77,350,186 shares		77,350,186 shares	
Dividend ratio	Common shares	638%		580%	
Dividends	Common shares	₩ 246,747,093		₩ 224,315,539	

24. Other Components of Equity

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

<i>(in thousands of Korean won)</i>		2025		2024	
Valuation gain on FVOCI		₩ 51,550,720		₩ 47,143,756	
Increase in equity due to investments accounted for under the equity		9,165,751		13,548,506	
Decrease in equity due to investments accounted for under the equity		(2,772,218)		(2,772,218)	
Cumulative effect of foreign currency translation		309,697,992		260,038,882	
Treasury shares		(1,592,531)		(1,592,531)	
Other capital adjustment		64,132,059		62,687,511	
Remeasurement of defined benefit liability		(380,460,256)		(377,096,117)	
		<u>₩ 49,721,517</u>		<u>₩ 1,957,789</u>	

Changes in treasury shares for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
	Number of shares	Book value	Number of shares	Book value
Beginning	27,614 shares	₩ 1,592,531	27,614 shares	₩ 1,592,531
Ending	27,614 shares	₩ 1,592,531	27,614 shares	₩ 1,592,531

The Group acquired 13,515 shares (at ₩ 56,406 per share) of treasury shares from shareholders who exercised the appraisal right against the merger of Samsung Networks Co., Ltd., in accordance with the Commercial Code of the Republic of Korea. The Group holds 9,005 common shares due to transfer of treasury shares owned by Samsung Networks Co., Ltd. and 4,197 common shares due to acquisition of fractional shares.

In addition, the Group holds 346 common shares due to transfer of treasury shares owned by Samsung SNS Co., Ltd. and 551 common shares due to acquisition of fractional shares for the year ended December 31, 2013. The Group intends to dispose of its treasury shares depending on the

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market conditions.

25.Revenue

Details of revenue for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024
Timing of revenue recognition			
At a point in time			
Sales of goods	₩ 673,691,559	₩	727,795,884
Over time			
IT service	5,869,797,199		5,673,606,870
Logistics service	7,386,379,740		7,426,829,280
	<u>13,256,176,939</u>		<u>13,100,436,150</u>
	₩ 13,929,868,498	₩	<u>13,828,232,034</u>

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

<i>(in thousands of Korean won)</i>	2025		2024
Installation of software services, etc.	₩ 791,995,632	₩	817,604,120
Less: allowance for doubtful accounts	<u>(13,936,920)</u>		<u>(16,311,759)</u>
	<u>778,058,712</u>		<u>801,292,361</u>
Current	778,058,712		800,910,893
Non-Current	-		381,468
	<u>₩ 778,058,712</u>	₩	<u>801,292,361</u>

Details of changes in expected credit losses of the contract assets for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024
Beginning balance	₩ 16,311,759	₩	3,351,091
Increase (decrease) in allowances for losses	<u>(2,374,839)</u>		<u>12,960,668</u>
Ending balance	<u>₩ 13,936,920</u>	₩	<u>16,311,759</u>

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

<i>(in thousands of Korean won)</i>	2025		2024	
Cost of fulfilling a contract	₩	127,143,182	₩	127,999,246

In relation to a contract (or expected contract), it is a cost incurred before the contract is concluded or the costs paid but not incurred for the concluded contract, which are the costs of the Group that will be used when fulfilling future performance obligations. Costs that are expected to be created, increased value, or recovered are recognized as cost of fulfilling a contract. There were no impairment losses recognized related to capitalized cost of fulfilling a contract for the year ended December 31, 2025.

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

<i>(in thousands of Korean won)</i>	2025		2024	
Installation of software services, etc. ¹	₩	214,282,943	₩	243,882,214
		<u>214,282,943</u>		<u>243,882,214</u>
Current		212,562,194		241,849,590
Non-Current		1,720,749		2,032,624
	₩	<u>214,282,943</u>	₩	<u>243,882,214</u>

¹ Contract liabilities relating to software installation services are balances due to customers under contracts. These arise if a particular milestone payment exceeds the revenue recognized to date under the cost-to-cost method.

No revenue was recognized for the years ended December 31, 2025 and 2024, in relation to performance obligations fulfilled in the accounting periods beginning on or before January 1, 2024. The amount of revenue recognized for the years ended December 31, 2025 and 2024, arising from contract liabilities carried forward from prior year is as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Installation of software services, etc.	₩	233,602,198	₩	212,913,438

There are no contract assets or trade receivables in relation to the major contract more than 5% of the Group's revenue in the prior period that is recognized in the current period by the cost-to-cost method for basis of the percentage of total costs incurred to date for the years ended December 31, 2025 and 2024.

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Changes in estimated total contract costs

Applying the cost-to-cost method, which is a basis of the total contract amount and total contract cost associated with a contract that recognize revenue over time, the effects of changes in estimates and changes in those for current and future periods on gains and losses, contract assets and contract liabilities changes are as follows:

(in thousands of Korean won)

	2025				
	Changes in estimated total contract revenue	Change in estimated total contract cost	Effect on net income	Effect on future income	Change in contract assets
Installation of Software services, etc.	₩ 66,489,336	₩ 41,338,545	₩ 16,762,785	₩ 8,388,006	₩ 16,762,785

(in thousands of Korean won)

	2024				
	Changes in estimated total contract revenue	Change in estimated total contract cost	Effect on net income	Effect on future income	Change in contract assets
Installation of Software services, etc.	₩ 68,279,454	₩ 47,552,512	₩ 13,485,546	₩ 7,241,396	₩ 13,485,546

The impact on current and future periods is calculated based on total estimated contract costs considering events that occurred until December 31, 2025, after the commencement of the contract and the current estimate of total contract revenue as of December 31, 2025. Estimates of total contract revenue and total contract costs may change in future periods.

As of December 31, 2025, backlog in relation to the contract that the revenue is recognized over time by the cost-to-cost method is ₩ 343,681 million. excluding contracts within one year of the initial contract period.

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26. Expenses by Nature

Details of expenses by nature for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Changes in inventories and purchase of inventories	₩ 519,587,026	₩ 596,185,770
Wages and salaries	2,764,491,597	2,662,140,224
Employee welfare	571,750,401	540,155,922
Depreciation	340,252,749	307,149,564
Depreciation of right-of-use assets	259,206,729	246,248,967
Amortization	30,564,432	53,567,198
Advertising	6,711,150	5,860,029
Logistics	6,284,204,929	6,326,425,738
Transportation	1,144,596	822,590
Travel	57,982,900	61,956,722
Training	35,546,610	34,966,290
Commission and service charges	339,576,824	301,881,698
Rent	79,552,019	77,562,513
Outsourcing	1,216,943,427	1,220,215,977
Communication	150,598,326	157,736,558
Repairs and maintenance	118,888,156	103,572,779
Taxes and dues	49,998,446	36,858,401
Others	145,765,436	183,828,187
	<u>₩ 12,972,765,753</u>	<u>₩ 12,917,135,127</u>

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27. Selling and Administrative Expenses

Details of selling and administrative expenses for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Wages and salaries	₩	535,686,108	₩	523,059,029
Provision for severance indemnities		45,242,612		35,487,836
Employee welfare		136,330,458		126,742,941
Depreciation		16,624,547		20,203,876
Depreciation of right-of-use assets		48,441,869		49,216,980
Amortization		3,152,494		2,119,533
Repairs and maintenance		6,599,742		5,643,795
Supplies		4,384,649		4,493,782
Utility		3,560,183		2,631,255
Outsourcing		49,045,641		45,098,624
Travel		14,578,873		13,766,195
Communication		3,746,751		3,139,840
Insurance premium		5,250,737		4,149,115
Commission and service charges		68,191,571		57,067,849
Advertising		6,711,150		5,860,029
Rent		26,764,203		26,039,037
Publication		665,308		577,854
Entertainment		7,740,392		7,070,377
Conference		2,447,670		3,176,604
Training		17,333,750		13,184,204
Recreation		6,774,250		4,179,328
Broadcasting		38		58
Research and development		90,998,307		89,260,495
Others		22,651,859		59,066,611
	₩	<u>1,122,923,162</u>	₩	<u>1,101,235,247</u>

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28. Other Operating Income and Expenses

Details of other operating income for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Commission income	₩	1,546,850	₩	1,961,649
Dividend income		5,810		17,585
Gain on disposal of property and equipment		1,279,886		1,612,665
Gain on disposal of intangible assets		7,860		186
Gain on disposal of investments in associates		-		1,731,221
Valuation gain on FVPL		150,164		4,119,161
Reversal of other allowance for doubtful accounts		-		1,070,375
Others		24,383,951		46,132,918
	₩	<u>27,374,521</u>	₩	<u>56,645,760</u>

Details of other operating expenses for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Valuation loss on FVPL	₩	1,605,516	₩	3,357,166
Loss on disposal of property and equipment		776,524		5,982,453
Loss on disposal of intangible assets		993,021		1,555
Impairment loss on property and equipment		3,252		32,703
Impairment loss on intangible assets		1,315,565		-
Donations		3,194,869		3,160,919
Other bad debt expense		57,707		612,212
Others		25,292,412		28,641,193
	₩	<u>33,238,866</u>	₩	<u>41,788,201</u>

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29. Finance Income and Expenses

Details of finance income and expenses for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Finance income				
Interest income				
Financial asset measured at amortized cost	₩	184,909,503	₩	181,380,457
FVPL		1,564,321		1,781,472
Gain on foreign currency transaction		79,896,388		89,459,004
Foreign exchange gain on translation		12,976,926		56,536,715
		<u>279,347,138</u>		<u>329,157,648</u>
Finance expenses				
Interest expense				
Financial asset measured at amortized cost		2,439,229		4,287,743
Other financial liabilities		47,291,915		44,736,509
Others		986,478		965,944
Loss on foreign currency transaction		84,965,384		81,409,810
Foreign exchange loss on translation		25,574,205		24,071,865
	₩	<u>161,257,211</u>	₩	<u>155,471,871</u>

The Group recognizes the gain and loss from foreign exchange differences as finance income and expenses.

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30. Income Tax Expense

The components of income tax expense for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Current tax on profit for the year	₩	272,261,360	₩	334,929,790
Adjustments in respect of prior years		(766,223)		(3,804,688)
Deferred income tax arising from temporary differences and other differences		21,625,670		(17,864,334)
Income tax expense	₩	<u>293,120,807</u>	₩	<u>313,260,768</u>

The actual income tax expense on the Group's profit before tax differs from the amount that is computed using the tax calculated at the weighted-average rate applied to profits for the years ended December 31, 2025 and 2024, is as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Profit before income tax expenses	₩	1,075,790,026	₩	1,102,762,093
Income tax based on statutory tax rate		275,879,360		300,132,595
Weighted-average tax rate ¹		25.64%		27.22%
Adjustments				
Permanent differences		1,138,369		809,257
Tax credit		(38,480,841)		(31,142,280)
Adjustment related to investments in subsidiaries		14,206,451		11,078,012
Others ²		40,377,468		32,383,184
Income tax expense	₩	<u>293,120,807</u>	₩	<u>313,260,768</u>
Effective tax rate		27.25%		28.41%

¹ The Group's statutory tax rate is applied differently according to the tax authorities as of December 31, 2025.

² Other adjustments consist of additional income taxes for prior years and tax effect from tax rate change, etc.

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Changes in deferred income tax assets and liabilities resulting from the tax effect of cumulative temporary differences and others for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

2025

	Deferred tax assets (liabilities)				
	Beginning	Profit or loss	Equity	Others ¹	Ending
Deferred income tax arising from temporary differences:					
Net defined benefit liabilities	₩ (38,235,524)	₩ (33,149,133)	₩ 8,163,998	₩ (290,521)	₩ (63,511,180)
Investment Securities	2,162,765	3,027,996	(1,670,996)	(11,111)	3,508,654
Property and equipment	4,738,365	1,799,525	-	651,305	7,189,195
Prepaid rent expenses	(2,501,502)	365,639	-	-	(2,135,863)
Investment in subsidiaries and associates	(160,988,461)	(14,206,451)	-	(2,857,465)	(178,052,377)
Right-of-use assets	(93,951,577)	20,071,837	-	-	(73,879,740)
Accrued expenses	53,755,782	10,339,875	-	-	64,095,657
Long-term accrued expense	9,083,725	(255,988)	-	-	8,827,737
Provision	23,651,806	4,016,210	-	1,762,292	29,430,308
Deposit	2,611,582	(362,641)	-	-	2,248,941
Foreign exchange gains and losses on translation	(4,555,887)	5,221,404	-	(8,610)	656,907
Taxes and dues	179,503	123,344	-	-	302,847
Lease liabilities	106,127,120	(19,795,027)	-	-	86,332,093
Others	33,409,780	1,177,740	-	1,172,274	35,759,794
	<u>₩ (64,512,523)</u>	<u>₩ (21,625,670)</u>	<u>₩ 6,493,002</u>	<u>₩ 418,164</u>	<u>₩ (79,227,027)</u>

¹ Others include increase or decrease due to the exchange rate fluctuation or business combinations.

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2024

	Deferred tax assets (liabilities)				Ending
	Beginning	Profit or loss	Equity	Others ¹	
Deferred income tax arising from temporary differences:					
Net defined benefit liabilities	₩ (60,877,656)	₩ (5,420,733)	₩ 27,645,608	₩ 417,257	₩ (38,235,524)
Investment Securities	(4,733,410)	7,301,976	(402,537)	(3,264)	2,162,765
Property and equipment	(5,044,790)	9,953,593	-	(170,438)	4,738,365
Prepaid rent expenses	(2,843,235)	341,733	-	-	(2,501,502)
Investment in subsidiaries and associates	(149,687,423)	(11,078,012)	-	(223,026)	(160,988,461)
Right-of-use assets	(111,208,119)	17,256,542	-	-	(93,951,577)
Accrued expenses	49,223,107	4,532,675	-	-	53,755,782
Long-term accrued expense	4,946,855	4,136,870	-	-	9,083,725
Provision	32,791,298	(7,716,741)	-	(1,422,751)	23,651,806
Deposit	2,974,598	(363,016)	-	-	2,611,582
Foreign exchange gains and losses on translation	(79,790)	(4,481,400)	-	5,303	(4,555,887)
Taxes and dues	207,975	(28,472)	-	-	179,503
Lease liabilities	121,825,679	(15,698,559)	-	-	106,127,120
Others	10,312,845	19,127,878	-	3,969,057	33,409,780
	₩ (112,192,066)	₩ 17,864,334	₩ 27,243,071	₩ 2,572,138	₩ (64,512,523)

¹ Others include increase or decrease due to the exchange rate fluctuation or business combinations.

Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Group's ability to generate sufficient taxable income within the period during which the temporary differences reverse, the outlook of the global economic environment and the overall future industry outlook. The Group's management periodically considers these factors in reaching its conclusion.

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The tax effect relating to temporary differences credited (charged) directly to equity as of December 31, 2025 and 2024, is as follows:

(in thousands of Korean won)

	2025		
	Before tax	Tax effect	After tax
Valuation gain on FVOCI	₩ 5,897,482	₩ (1,670,996)	₩ 4,226,486
Remeasurement of the net defined benefit liabilities	(9,367,356)	8,163,998	(1,203,358)
	<u>₩ (3,469,874)</u>	<u>₩ 6,493,002</u>	<u>₩ 3,023,128</u>

(in thousands of Korean won)

	2024		
	Before tax	Tax effect	After tax
Valuation gain on FVOCI	₩ 651,501	₩ (402,537)	₩ 248,964
Remeasurement of the net defined benefit liabilities	(109,042,859)	27,645,608	(81,397,251)
	<u>₩ (108,391,358)</u>	<u>₩ 27,243,071</u>	<u>₩ (81,148,287)</u>

Details of collection and settlement period of deferred tax assets and liabilities are as follows:

(in thousands of Korean won)

	2025	2024
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 158,366,086	₩ 165,072,745
Deferred tax asset to be recovered within 12 months	92,352,843	85,448,764
	<u>250,718,929</u>	<u>250,521,509</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(317,579,160)	(295,677,064)
Deferred tax liability to be recovered within 12 months	(12,366,796)	(19,356,968)
	<u>(329,945,956)</u>	<u>(315,034,032)</u>
Deferred tax liabilities, net	<u>₩ (79,227,027)</u>	<u>₩ (64,512,523)</u>

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Impact of Pillar Two income taxes

Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. All entities within the group have an effective tax rate that exceeds 15%, except for three subsidiaries (Samsung SDS Global SCL Panama S.A., and two other companies) that operate in Panama. The Group recognized income tax expense amounting to ₩ 163 million for the year ended December 31, 2025. The Group applied the exception to recognizing and disclosing information about deferred tax and assets and liabilities related to Pillar Two income Taxes

31. Cash Flows

Adjustment items to net income for cash flows from operating activities and changes in operating assets and liabilities for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Net income	₩	782,669,220	₩	789,501,325
Adjustment items:				
Interest expense		50,717,622		49,990,196
Income tax expense		293,120,807		313,260,768
Foreign exchange loss on translation		25,574,205		24,071,865
Depreciation		340,227,744		307,145,444
Amortization		30,564,432		53,567,198
Depreciation of right-of-use assets		259,206,729		246,248,967
Provision for severance indemnities		121,347,399		105,818,994
Loss on disposal of property and equipment		776,524		5,982,453
Loss on disposal of intangible assets		993,021		1,555
Impairment loss on property and equipment		3,252		32,703
Impairment loss on intangible assets		1,315,565		-
Valuation loss on FVPL		1,605,516		3,357,166
Interest income		(186,473,824)		(183,161,929)
Dividend income		(5,810)		(17,585)
Foreign exchange gain on translation		(12,976,926)		(56,536,715)
Provision for project loss (reversal of)		175,837		(915,627)
Gain on disposal of property and equipment		(1,279,886)		(1,612,665)
Gain on disposal of intangible assets		(7,860)		(186)
Valuation gain on FVPL		(150,164)		(4,119,161)
Gain on valuation		(6,461,701)		(3,121,850)
Others		1,863,320		30,827,178
		<u>920,135,802</u>		<u>890,818,769</u>
Changes in operating assets and liabilities:				
Increase in trade receivables		(55,055,286)		(189,782,995)
Decrease (increase) in other receivables		23,116,184		(43,266,689)

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Increase in prepaid expenses	(9,063,171)	(12,109,218)
Decrease (increase) in prepayments	(318,622)	1,231,636
Decrease in trade payables	(131,451,276)	(41,963,257)
Increase (decrease) in other payables	19,630,962	(18,294,950)
Increase (decrease) in accrued expenses	(13,918,772)	26,371,808
Others	(179,772,777)	26,112,569
	<u>(346,832,758)</u>	<u>(251,701,096)</u>
Cash flows from operating activities	₩ 1,355,972,264	₩ 1,428,618,998

Significant transactions not affecting cash flows for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Transfer of construction in progress	₩ 13,144,555	₩ 97,351,571
Changes in other payables in connection with the acquisition of property and equipment	1,419,971	(49,497,706)
Changes in other payables in connection with the acquisition of intangible assets	198,657	(5,448,446)
Right-of-use assets transfer of lease liabilities	72,066,245	295,385,259

Adjustments of liabilities from financing activities for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025			
	Beginning balance	Cash flows	Non-cash transaction¹	Ending balance
Short-term borrowings	₩ 266,545,047	₩ (242,168,912)	₩ 237,780,022	₩ 262,156,157
Lease liabilities	717,047,396	-	(162,111,845)	554,935,551
Deposits received ²	1,569,878	491,193	(342,177)	1,718,894
Long-term deposits received ²	25,603	(24,274)	(1,329)	-
	<u>₩ 985,187,924</u>	<u>₩ (241,701,993)</u>	<u>₩ 75,324,671</u>	<u>₩ 818,810,602</u>

¹ This includes effects from transfer and foreign currency translation.

² This only includes deposits for finance lease borrowed in exchange for the use of finance lease assets.

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(in thousands of Korean won)

	2024			
	Beginning balance	Cash flows	Non-cash transaction¹	Ending balance
Short-term borrowings	₩ 211,304,775	₩ (212,156,844)	₩ 267,397,116	₩ 266,545,047
Lease liabilities	656,519,464	-	60,527,932	717,047,396
Deposits received ²	1,688,463	(200,491)	81,906	1,569,878
Long-term deposits received ²	261,446	(275,377)	39,534	25,603
	<u>₩ 869,774,148</u>	<u>₩ (212,632,712)</u>	<u>₩ 328,046,488</u>	<u>₩ 985,187,924</u>

¹ This includes effects from transfer and foreign currency translation.

² This only includes deposits for finance lease borrowed in exchange for the use of finance lease assets.

32. Financial Risk Management

The Group is exposed to credit risk, liquidity risk and market risk. Market risk arises from currency risk, interest rate risk and fair value risk associated with investments. The Group has a risk management program in place to monitor and actively manage such risks.

The Group's finance management team is responsible for financial risk management. Also, the financial risk management officers develop, evaluate and estimate the financial risk, and hedge the risk exposures in cooperation with the business units of the Group and domestic and overseas subsidiaries.

The Group's financial assets that are under financial risk management are composed of cash and cash equivalents, short-term financial instruments, financial assets measured at fair value, trade and other receivables and other financial assets. The Group's financial liabilities under financial risk management are composed of trade and other payables and others.

32.1 Market Risk

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk due to revenues and expenses arising from foreign currency transactions through global business activities. These transactions are mainly conducted in USD, EUR, GBP and other foreign currencies.

To minimize foreign exchange risk arising from operating activities, the Group's foreign exchange management policy requires all normal business transactions, such as import-export, to be in functional currency or cash inflows in foreign currencies to match up with cash outflows in foreign currencies. Foreign exchange risk for inevitably occurring foreign exchange positions is managed in accordance with the procedures and regulations prescribed in advance.

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The Group's foreign currency risk management policy also defines foreign exchange risk, measurement period, controlling responsibilities and management procedures. The Group restricts all speculative foreign exchange transactions and operates a system to manage receivables and payables denominated in foreign currency. The Group's global foreign currency management system monitors, evaluates, manages and reports its foreign exchange risk (Net assets in foreign currencies = Assets in foreign currencies – Liability in foreign currencies).

The carrying amounts of financial assets and liabilities denominated in foreign currencies held by the Group as of December 31, 2025 and 2024, are as follows:

	<i>(in thousands of Korean won)</i>			
	Assets		Liabilities	
	2025	2024	2025	2024
USD	₩ 748,104,195	₩ 917,986,230	₩ 359,533,248	₩ 484,878,631
EUR	200,141,013	230,481,177	46,799,837	63,590,008
GBP	2,971,655	2,397,086	1,183,507	1,076,281

In addition to the major currencies, the Group has other financial assets denominated in foreign currency amounting to ₩ 195,353 million and ₩ 232,769 million as of December 31, 2025 and 2024, respectively, and other financial liabilities denominated in foreign currency amounting to ₩ 71,214 million and ₩ 113,533 million as of December 31, 2025 and 2024, respectively.

Foreign currency exposure to financial assets and liabilities of a 5% currency rate change against the Korean won as of December 31, 2025 and 2024, is presented below. The 5% represents reasonably possible changes in exchange rates by applying sensitivity when foreign exchange rate risk is internally reported to key management personnel. Sensitivity analysis includes only monetary items to be paid denominated in foreign currencies. Foreign currency translations are adjusted by assuming a 5% change in foreign exchange rates at the end of the reporting period. The effect of foreign currency changes to the Group's equity is calculated by the sum of net effect of exchange rate fluctuations in the Korean won against foreign currencies.

<i>(in thousands of Korean won)</i>	USD Effect		EUR Effect		GBP Effect	
	2025	2024	2025	2024	2025	2024
Net income for the year	₩ 19,428,547	₩ 21,655,380	₩ 7,667,059	₩ 8,344,558	₩ 89,407	₩ 66,040
Net assets	19,428,547	21,655,380	7,667,059	8,344,558	89,407	66,040

(b) Stock price risk

The Group's investment portfolio consists of investments in listed and unlisted securities using direct and indirect investment vehicles for strategic purposes. (Note 11).

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(c) Interest rate risk

The Group is exposed to fair value risk of consolidated statements of financial position items due to changes in market price rates, and is exposed to interest rate risk, such as changes in cash flows of interest income and expense arising from investing and financing activities, including investment risk. The Group's position with regard to interest rate risk exposure is mainly driven by interest-bearing deposits and variable-rate borrowings. The Group establishes the policy to manage the uncertainty related to interest rate fluctuations and minimize interest expenses.

In order to avoid interest rate risk, the Group maintains minimum external borrowings by facilitating cash pooling systems on regional and global bases. The Group manages exposed interest rate risk via periodic monitoring and planning.

The Group does not have variable rate borrowings as of December 31, 2025 and 2024.

32.2 Credit risk

Credit risk arises during the normal course of transactions and investing activities, where clients or other party fails to discharge an obligation. The Group monitors and sets the customer's and counterparty's credit limit on a periodic basis based on the counterparty's financial conditions, default history and other important factors.

Credit risk also arises from cash and cash equivalents, savings and derivative instrument transactions with financial institutions. To minimize such risk, the Group transacts only with banks that have strong international credit rating, and all new transactions with financial institutions with no prior transaction history are approved, managed and monitored by the Group's finance management team.

The Group's maximum exposure to credit risk as of December 31, 2025 and 2024, is as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Financial guarantee agreement ¹	₩ 10,000,000	₩ 10,000,000

¹ The Group's maximum exposure in relation to financial guarantee contracts is the maximum amount to be paid by the Group if warranties are claimed.

Financial assets exposed to credit risk, excluding financial guarantee contracts, are excluded from disclosure because the carrying amounts best represent maximum exposure to credit risk.

32.3 Liquidity risk

It is important for the Group to maintain adequate level of liquidity considering the Group's large-scale investments. The Group manages its liquidity risk to maintain adequate liquidity by constantly managing periodic projected cash flows through estimated required cash levels and cash flow management and minimizes liquidity risk through management of actual results compared to plans.

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Accordingly, the Group estimates and manages required working capital, including required cash and cash equivalents. Funding is deposited and procured in banks at an amount greater than a predetermined level.

Meanwhile, the Group mitigates liquidity risk by contracting with financial institutions to obtain trade finance and bank overdrafts limits.

Also, in the event of large investments in facilities, the Group manages liquidity risk using available cash reserves or long-term borrowings.

The following table shows in detail the contractual maturities of non-derivative financial liabilities. This table was prepared on the basis of earliest maturity date based on undiscounted cash flows of financial liabilities and includes all cash flows of principal and interest. Contractual maturity is based on the earliest date the Group could be required to make payment.

<i>(in thousands of Korean won)</i>	2025			2024		
	Less than 1 year	1 year to 5 years	More than 5 years	Less than 1 year	1 year to 5 years	More than 5 years
Financial liabilities:						
Trade and other payables	₩ 640,791,668	₩ -	₩ -	₩ 768,105,622	₩ -	₩ -
Accrued expenses	566,238,653	-	-	538,362,342	-	-
Lease liabilities	267,813,587	559,763,376	100,142,804	267,166,069	683,401,006	150,872,809
Other financial liabilities	1,720,662	-	-	1,571,580	25,603	-
	<u>₩ 1,476,564,570</u>	<u>₩ 559,763,376</u>	<u>₩ 100,142,804</u>	<u>₩ 1,575,205,613</u>	<u>₩ 683,426,609</u>	<u>₩ 150,872,809</u>
Financial guarantee agreement	10,000,000	-	-	10,000,000	-	-
	<u>₩ 1,486,564,570</u>	<u>₩ 559,763,376</u>	<u>₩ 100,142,804</u>	<u>₩ 1,585,205,613</u>	<u>₩ 683,426,609</u>	<u>₩ 150,872,809</u>

32.4 Capital risk management

The Group's capital management objective is to maintain a sound capital structure. The Group uses the debt-to-equity ratio as an indicator to manage capital. This ratio is calculated by dividing total liabilities with total equity.

There was no change in the Group's capital risk management policy in comparison with the year ended December 31, 2024.

Debt-to-equity ratio of the Group as of December 31, 2025 and 2024, is as follows

<i>(in thousands of Korean won)</i>	2025	2024
Total debt	₩ 3,190,804,216	₩ 3,532,880,772
Total equity	10,262,899,983	9,705,449,479
Debt-to-equity ratio	31.1%	36.4%

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December 31, 2025 and 2024

33. Related-party Transactions

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

	Ownership (%)	
	2025	2024
Entity with significant influence over the Group:		
Samsung Electronics Co., Ltd. and its subsidiaries	-	-
Associates:		
DongA.com Co., Ltd.	18.97	18.97
DONGA MEDIA N CO., LTD.	18.01	18.01
SERI Technologies, Inc.	29.00	29.00
iMarket Asia Co., Ltd.	40.56	40.56
CMC Corporation	29.77	29.83
Other related parties¹:		
Samsung SDI Co., Ltd. and etc.	-	-

¹ A large-scale business group affiliation (other related parties) does not correspond to the related parties defined in paragraph 9 of Korean IFRS 1024. However, a large-scale business group affiliation designated by the Fair-Trade Commission is a group classified as related party and in accordance with the resolution of the Securities and Futures Commission, is classified as a related party in accordance with the substantive relationship stipulated in paragraph 10 of Korean IFRS 1024.

Samsung SDS Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

Revenue and purchase transactions to related parties for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025	
	Revenue, etc.	Purchase, etc.
Entities with significant influence over the Group:		
Samsung Electronics Co., Ltd. ¹	₩ 2,616,107,783	₩ 59,064,410
Samsung Display Co., Ltd.	124,128,569	-
Samsung Electronics Service Co., Ltd.	29,600,671	116,158
Samsung Electronics Sales Co., Ltd.	7,004,599	213,145
Samsung Electronics Logitech Corp.	10,076,361	52,206
Samsung Medison Co., Ltd.	2,874,492	-
Samsung Electronics America, Inc.	1,138,908,444	137,021,151
Samsung International, Inc.	169,656,387	-
Samsung Austin Semiconductor LLC.	114,171,060	-
Samsung Electronics Digital Appliance Mexico, SA de CV	311,069,450	2,929,655
Samsung Electronics Ltd. (UK)	201,231,286	1,725,674
Samsung Electronics Hungarian Private Co. Ltd.	98,555,338	179,995
Samsung Electronics Europe Logistics	442,965,300	2,417,826
Samsung Electronics Slovakia s.r.o	77,800,643	13,433
Samsung India Electronics Private Ltd.	268,804,020	40,450
Thai Samsung Electronics Co., Ltd.	307,252,410	360,058
Samsung (China) Semiconductor Co., Ltd.	187,240,408	791
Samsung Electronica da Amazonia Ltda.	550,108,052	5,908,846
Others ²	3,095,709,633	137,732,541
Associates:		
iMarket Asia Co., Ltd.	891,480	386,350
DongA.com Co., Ltd.	63,200	-
SERI Technologies, Inc.	320,231	4,114
CMC Corporation	51,881	24,644,336
	<u>₩ 9,754,591,698</u>	<u>₩ 372,811,139</u>

¹ The Group purchased machinery and other equipment of ₩ 32,172 million from Samsung Electronics Co., Ltd. for the year ended December 31, 2025.

² Others consist of the subsidiaries of Samsung Electronics Co., Ltd.

Samsung SDS Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

(in thousands of Korean won)

	2024	
	Revenue, etc.	Purchase, etc.
Entities with significant influence over the Group:		
Samsung Electronics Co., Ltd. ¹	₩ 2,566,414,110	₩ 78,492,417
Samsung Display Co., Ltd.	141,903,022	-
Samsung Electronics Service Co., Ltd.	23,532,324	12,078
Samsung Electronics Sales Co., Ltd.	7,060,933	215,747
Samsung Electronics Logitech Corp.	47,145,259	273,345
Samsung Medison Co., Ltd.	4,951,866	-
Samsung Electronics America, Inc.	1,230,543,155	94,456,738
Samsung International, Inc.	181,018,411	-
Samsung Austin Semiconductor LLC.	128,892,965	8
Samsung Electronics Digital Appliance Mexico, SA de CV	309,580,349	198,181
Samsung Electronics Ltd. (UK)	182,008,172	1,645,669
Samsung Electronics Hungarian Private Co. Ltd.	81,748,317	208,386
Samsung Electronics Europe Logistics	416,908,527	2,829,466
Samsung Electronics Slovakia s.r.o	65,253,795	5,849
Samsung India Electronics Private Ltd.	249,617,346	2,733,487
Thai Samsung Electronics Co., Ltd.	294,423,920	238,627
Samsung (China) Semiconductor Co., Ltd.	158,377,273	57
Samsung Electronica da Amazonia Ltda.	561,836,451	6,902,560
Others ²	2,754,423,128	108,140,212
Associates:		
iMarket Asia Co., Ltd.	1,014,074	327,685
DongA.com Co., Ltd.	137,615	-
Korea Information Certificate Authority, Inc. ³	141,585	130,119
SERI Technologies, Inc.	400,593	512
Raycom Incorporated Co., Ltd. ³	-	163,321
	<u>₩ 9,407,333,190</u>	<u>₩ 296,974,464</u>

¹ The Group purchased machinery and other equipment of ₩ 9,586 million from Samsung Electronics Co., Ltd. for the year ended December 31, 2024.

² Others consist of the subsidiaries of Samsung Electronics Co., Ltd.

³ Transaction before excluded from related parties.

Samsung SDS Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

Revenue and purchase transactions with other related parties for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025	
	Revenue, etc.	Purchase, etc.
Other related parties:		
Samsung SDI Co., Ltd.	₩ 181,693,863	₩ 131,059
Samsung Fire & Marine Insurance Co., Ltd.	223,180,994	17,656,398
Samsung Life Insurance Co., Ltd.	190,205,147	4,275,969
Samsung C&T Corporation	66,780,759	1,423,573
Others	954,735,980	119,625,673
	<u>₩ 1,616,596,743</u>	<u>₩ 143,112,672</u>

(in thousands of Korean won)

	2024	
	Revenue, etc.	Purchase, etc.
Other related parties:		
Samsung SDI Co., Ltd.	₩ 176,273,179	₩ 9,600
Samsung Fire & Marine Insurance Co., Ltd.	190,106,241	18,154,690
Samsung Life Insurance Co., Ltd.	182,160,041	9,181,582
Samsung C&T Corporation	108,678,941	1,133,260
Others	1,040,175,193	91,711,079
	<u>₩ 1,697,393,595</u>	<u>₩ 120,190,211</u>

Samsung SDS Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

Receivables from and payables to related parties as of December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025	
	Receivables, etc.	Payables, etc.¹
Entities with significant influence over The Group:		
Samsung Electronics Co., Ltd.	₩ 820,718,510	₩ 91,421,577
Samsung Display Co., Ltd.	29,830,926	272,913
Samsung Electronics Service Co., Ltd.	3,610,446	3,822
Samsung Electronics Sales Co., Ltd.	397,482	66,190
Samsung Electronics Logitech Corp.	889,616	1,295
Samsung Medison Co., Ltd.	161,514	16,955
Samsung Electronics America, Inc.	103,939,552	9,551,695
Samsung International, Inc.	25,916,863	14,042,166
Samsung Austin Semiconductor LLC.	25,021,216	1,851,329
Samsung Electronics Digital Appliance Mexico, SA de CV	28,722,432	711,134
Samsung Electronics Ltd. (UK)	31,832,020	2,083,555
Samsung Electronics Hungarian Private Co. Ltd.	10,355,275	149,383
Samsung Electronics Europe Logistics	74,191,082	202,266
Samsung Electronics Slovakia s.r.o	13,801,698	93
Samsung India Electronics Private Ltd.	54,275,067	985,383
Thai Samsung Electronics Co., Ltd.	25,554,713	663,979
Samsung Display Vietnam Co., Ltd.	10,450,811	53,402
Samsung Electronics Vietnam Co., Ltd.	13,133,202	1,422,692
Samsung Electronics Vietnam THAINGUYEN Co., Ltd.	18,700,313	99,028
Samsung Electronics HCMC CE Complex Co., Ltd.	21,096,048	1,962,213
Samsung (China) Semiconductor Co. Ltd.	21,465,009	1,836,573
Samsung Electronica da Amazonia Ltda.	43,538,785	4,218,090
Others ²	329,072,686	52,282,112
Associates:		
iMarket Asia Co., Ltd.	38,780	27,066
SERI Technologies, Inc.	27,962	1,361
CMC Corporation	9,852	4,173,884
	<u>₩ 1,706,751,860</u>	<u>₩ 188,100,156</u>

¹ Lease liabilities of ₩ 12,728 million are included as of December 31, 2025.

² Others consist of the subsidiaries of Samsung Electronics Co., Ltd.

Samsung SDS Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

(in thousands of Korean won)

	2024	
	Receivables, etc.	Payables, etc.¹
Entities with significant influence over The Group:		
Samsung Electronics Co., Ltd.	₩ 771,747,272	₩ 103,333,202
Samsung Display Co., Ltd.	29,610,655	1,383,462
Samsung Electronics Service Co., Ltd.	4,555,273	1,589
Samsung Electronics Sales Co., Ltd.	402,890	80,915
Samsung Electronics Logitech Corp.	4,591,158	55,645
Samsung Medison Co., Ltd.	303,532	48,605
Samsung Electronics America, Inc.	124,395,015	15,584,186
Samsung International, Inc.	16,105,358	4,951,385
Samsung Austin Semiconductor LLC.	26,023,032	244,020
Samsung Electronics Digital Appliance Mexico, SA de CV	43,521,827	1,170,446
Samsung Electronics Ltd. (UK)	37,008,178	1,172,858
Samsung Electronics Hungarian Private Co. Ltd.	9,623,290	237,218
Samsung Electronics Europe Logistics	70,111,231	130,348
Samsung Electronics Slovakia s.r.o	8,112,188	10,200
Samsung India Electronics Private Ltd.	56,231,573	1,415,217
Thai Samsung Electronics Co., Ltd.	25,843,757	1,770,270
Samsung Display Vietnam Co., Ltd.	7,977,860	25,848
Samsung Electronics Vietnam Co., Ltd.	20,120,663	1,241,103
Samsung Electronics Vietnam THAINGUYEN Co., Ltd.	18,831,569	88,510
Samsung Electronics HCMC CE Complex Co., Ltd.	23,599,067	3,776,457
Samsung (China) Semiconductor Co. Ltd.	24,154,317	657,674
Samsung Electronica da Amazonia Ltda.	55,165,671	3,624,862
Others ²	320,837,126	46,393,523
Associates:		
iMarket Asia Co., Ltd.	15,942	33,594
DongA.ComInc.	5,005	-
SERI Technologies, Inc.	27,962	1,924
	₩ 1,698,921,411	₩ 187,433,061

¹ Lease liabilities of ₩ 23,510 million are included as of December 31, 2024.

² Others consist of the subsidiaries of Samsung Electronics Co., Ltd.

Samsung SDS Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

Receivables and payables to other related parties as of December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025	
	Receivables, etc.	Payables, etc.¹
Other related parties:		
Samsung SDI Co., Ltd.	₩ 45,155,601	₩ 4,422,133
Samsung Fire & Marine Insurance Co., Ltd.	26,411,587	875,948
Samsung Life Insurance Co., Ltd.	22,780,419	4,696,374
Samsung C&T Corporation	20,697,732	963,037
Others	217,812,196	39,296,910
	<u>₩ 332,857,535</u>	<u>₩ 50,254,402</u>

¹ Lease liabilities of ₩ 426 million are included as of December 31, 2025.

(in thousands of Korean won)

	2024	
	Receivables, etc.	Payables, etc.¹
Other related parties:		
Samsung SDI Co., Ltd.	₩ 52,797,495	₩ 6,178,986
Samsung Fire & Marine Insurance Co., Ltd.	15,287,937	10,169,760
Samsung Life Insurance Co., Ltd.	31,555,090	29,286
Samsung C&T Corporation	23,527,136	3,332,499
Others	188,632,722	56,342,937
	<u>₩ 311,800,380</u>	<u>₩ 76,053,468</u>

¹ Lease liabilities of ₩ 524 million are included as of December 31, 2024.

The Group is operating a defined benefit plan at the end of the reporting period, and the fair value of the plan assets subscribed to Samsung Life Insurance Co., Ltd. as of December 31, 2025 amounts to ₩ 2,065,752 million (December 31, 2024: ₩ 2,040,596 million) and interest income recognized amounts to ₩ 91,110 million for the year ended December 31, 2025 (2024: ₩ 102,992 million). In addition, the fair value of the plan assets subscribed to Samsung Fire & Marine Insurance Co., Ltd. as of December 31, 2025 amounts to ₩ 52 million (December 31, 2024: ₩ 51 million) and interest income recognized amounts to ₩ 747 thousand for the year ended December 31, 2025 (2024: ₩ 688 thousand).

The Group recognized allowance for doubtful accounts of ₩ 279,877 thousand and ₩ 1,826,160 thousand with respect to receivables from related parties as of December 31, 2025 and 2024, respectively, and the Group recognized reversal of bad debt expense of ₩ 1,546,283 thousand and bad debt expense of ₩ 1,458,176 thousand for the years ended December 31, 2025 and 2024, respectively.

Samsung SDS Co., Ltd. and Subsidiaries
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For the years ended December 31, 2025 and 2024, the Group received dividends of ₩ 63 million and ₩ 234 million from related parties, respectively, and declared ₩ 91,332 million and ₩ 84,695 million of dividends to the related parties. As of December 31, 2025 and 2024, no dividends declared remains unpaid or received.

Key management compensation

Key management compensations for the Group's registered executives for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Short-term benefits	₩	3,030,815	₩	3,669,904
Other long-term benefits		946,248		2,729,423
Provision for severance indemnities		396,567		498,702
	₩	<u>4,373,630</u>	₩	<u>6,898,029</u>

Key management refers to the registered directors who have significant control and responsibilities over the Group's planning, operating and control activities.

34. Earnings per Share

Basic earnings per share for the years ended December 31, 2025 and 2024, are as follows:

<i>(in Korean won)</i>	2025		2024	
Basic earnings per share	₩	9,819	₩	9,787

(a) Basic earnings per share

Net income attributable to owners of the Company and the weighted-average number of shares outstanding used in calculating basic earnings per share are as follows:

<i>(in thousands of Korean won, except for share data)</i>	2025		2024	
Net income attributable to owners of the Group	₩	759,538,806	₩	756,996,882
Weighted-average number of common shares outstanding (shares)		77,350,186		77,350,186

(b) Diluted earnings per share

Diluted earnings per share and basic earnings per share are identical as the Group did not issue potentially dilutive securities for the years ended December 31, 2025 and 2024.

Samsung SDS Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

35. Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2025, approved for issue by the Board of Directors on January 22, 2025, are expected to be finally approved at the ordinary shareholders' meeting on March 18, 2026.

36. Emission Rights and Liabilities

The amount of free allocated gas emission (third planned period 2021-2025) as of December 31, 2025, is as follows:

<i>(in KAU)</i>	Quantity of emission rights allocated free of charge	
Year of implementation	KAU	
2021		93,044
2022		105,644
2023		93,044
2024		92,172
2025		92,172
	<u>KAU</u>	<u>476,076</u>

The changes in the quantity of emission rights and the carrying value for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won, except for KAU)</i>	2025				2024			
	Quantity		Book value		Quantity		Book value	
Beginning	KAU	124,198	₩	266,105	KAU	93,143	₩	-
Allocated free of charge		152,463		-		133,504		-
Purchase with charge		18,735		197,654		47,089		415,939
Disposal		-		-		-		-
Submit		(173,674)		(166,659)		(149,538)		(149,834)
Ending	<u>KAU</u>	<u>121,722</u>	<u>₩</u>	<u>297,100</u>	<u>KAU</u>	<u>124,198</u>	<u>₩</u>	<u>266,105</u>

No emission rights were provided as collateral by the Group as of December 31, 2025.

As of December 31, 2025, emission liabilities are estimated at 184,712 KAU.

Samsung SDS Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

Changes in emissions liabilities for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Beginning	₩ 203,562	₩ 150,030
Increase	198,000	203,562
Decrease	(166,659)	(150,030)
Ending ¹	<u>₩ 234,903</u>	<u>₩ 203,562</u>

¹ Emission liabilities are included current portion of provisions.

37. Share-based Payments

Details of share options granted to executives and employees by EMRO INC., the Group, are as follows:

	2nd	3rd	4th	5th
Type of shares issued through share option	Registered share capital			
Grant method	The Board of Directors has chosen to issue new shares			
Exercisable condition	The share options can be exercised by those who are currently employed at the date of exercise (excluding reasons not attributable to the individual, such as death, retirement, promotion to an executive position, and expiration of an executive's term).			
Exercisable period	Within 3 years from the grant date of share options			

The quantity and changes in share options granted by EMROINC. to its executives and employees for the year ended December 31, 2025 and 2024, are as follows:

	2025	
	Number of options (in shares)	Average exercise price per share option (in Korean won)
Beginning balance	324,328	₩ 29,073
Grant	-	-
Exercise	(203,728)	16,975
Expired	(1,780)	58,405
Ending balance	<u>118,820</u>	<u>₩ 49,376</u>
Exercisable at the end of the reporting period	10,580	17,085

Samsung SDS Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

	2024	
	Number of options (in shares)	Average exercise price per share option (in Korean won)
Beginning balance	572,960	₩ 18,751
Grant	71,460	58,405
Exercise	(302,092)	16,440
Expired	(18,000)	28,996
Ending balance	<u>324,328</u>	<u>₩ 29,073</u>
Exercisable at the end of the reporting period	120,748	16,440

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

Grant date	Expiry date	2025		
		Number of granted shares (in shares)	Number of vested shares (in shares)	Exercise price per share (in Korean Won)
2021-10-29	2027-10-29	5,070	5,070	₩ 16,440
2022-03-25	2028-03-25	5,510	5,510	17,678
2023-03-31	2029-03-31	42,340	-	43,393
2024-03-20	2030-03-19	65,900	-	58,405
		<u>118,820</u>	<u>10,580</u>	

Share-based payments recognized as expenses for the year ended December 31, 2025, amount to ₩ 1,616 million. All expenses are related to equity-settled share-based payments.

Independent Auditor's Report on Internal Control over Financial Reporting for Consolidation Purposes

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
SAMSUNG SDS CO., LTD.

Opinion on Internal Control over Financial Reporting for Consolidation Purposes

We have audited Internal Control over Financial Reporting (ICFR) of SAMSUNG SDS CO., LTD. and its subsidiaries (collectively referred to as the "Group") for consolidation purposes as at December 31, 2025, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Group maintained, in all material respects, effective ICFR for consolidation purposes as at December 31, 2025, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements including material accounting policy information, and our report dated March 6, 2026 expressed an unqualified opinion.

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

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

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

Management is responsible for designing, implementing and maintaining effective ICFR for consolidation purposes, and for its assessment about the effectiveness of ICFR for consolidation purposes, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

Those charged with governance have the responsibilities for overseeing ICFR for consolidation purposes.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for Consolidation Purposes

Our responsibility is to express an opinion on ICFR for consolidation purposes of the Group based on our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR for consolidation purposes was maintained in all material respects.

An audit of ICFR for consolidation purposes involves 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 risks that a material weakness exists. An audit includes obtaining an understanding of ICFR for consolidation purposes and testing and evaluating the design and operating effectiveness of ICFR for consolidation purposes based on the assessed risk.

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

The Group's ICFR for consolidation purposes is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. The Group's ICFR 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 International Financial Reporting Standards as adopted by the Republic of Korea, 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 and correction 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, ICFR for consolidation purposes may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Chan-Hwi Kang, Certified Public Accountant.

Seoul, Korea

March 6, 2026

This report is effective as of March 6, 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 Group's ICFR for consolidation purposes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purposes

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Auditor (Audit Committee) of
SAMSUNG SDS CO., LTD.

We, as the Chief Executive Officer (CEO) and the Internal Control over Financial Reporting Officer of SAMSUNG SDS CO., LTD. (the Company), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting (ICFR) for consolidation purposes for the year ended December 31, 2025.

The Company's management, including the undersigned, is responsible for designing and operating ICFR for consolidation purposes. We assessed the design and operating effectiveness of ICFR for consolidation purposes in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable consolidated financial statements. We designed and operated ICFR for consolidation purposes in accordance with *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). And, we conducted an evaluation of ICFR for consolidation purposes based on the Annex 6 'Standards for Evaluating and Reporting on Internal Control over Financial Reporting' for the Detailed Enforcement Rule of the Regulation on External Audit and Accounting.

Based on the assessment results, we believe that the Company's ICFR for consolidation purposes, as of December 31, 2025, is designed and operated effectively, in all material respects, in accordance with *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 cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

<Attachment>

- Internal control activities implemented to address treasury-related fraud risks, including embezzlement

January 19, 2026

Jun Hee Lee

Chief Executive Officer

Tae Ho Kim

Internal Control over Financial Reporting Officer

(Attachment)

- Internal control activities implemented to address treasury-related fraud risks, including embezzlement

Category	Control Activities Performed by the Company	Applicable Entity / Subsidiary	Design and Operating Effectiveness Assessment Results (Department, Timing, etc.)
Entity-Level Controls	<p><Anti-Fraud Program Operation></p> <p>To prevent fraud, such as embezzlement, management operates a whistleblower system (anonymous reporting channel) and implements fraud prevention and monitoring programs. Management regularly communicates its commitment to compliance with these programs to all employees through company-wide notices.</p>	Samsung SDS and 20 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)
	<p><Fraud Risk Assessment></p> <p>Management identifies and evaluates potential fraud risks, taking into account changes in business processes, and appropriately reflects the results in controls. Where past fraud incidents have occurred, such matters are taken into consideration.</p>	Samsung SDS and 20 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)
	<p><Segregation of Duties Management></p> <p>When designing (new or revised) transaction-level control activities, management considers segregation of duties and access rights (restrictions) in accordance with the ICFR guidelines. The ICFR dedicated team manages the segregation of duties design in controls to ensure it is up-to-date and operated appropriately, taking into account changes in business processes.</p>	Samsung SDS and 20 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)
	<p><Monitoring></p> <p>Management has established and operates an "Unusual Transaction Monitoring System" that automatically reviews transactions where the frequency is significantly higher than normal, where transactions are concentrated with specific counterparties, or where payments are made to multiple counterparties for the same item, among other</p>	Samsung SDS and 20 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)

	transactions that appear unusual.		
Treasury Controls	<p><Bank Account Setup/Change></p> <p>The Treasury Group Leader reviews and approves the rationale for bank account setup and changes.</p>	Samsung SDS and 20 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)
	<p><Approval of Acquisition and Termination of Financial Assets></p> <p>The Treasury Group Leader reviews and approves the approval request form and supporting documents (copy of bankbook, subscription application, etc.) upon new enrollment of financial products. Additionally, the Treasury Group Leader reviews and approves supporting documents (journal entry details, copy of bankbook, bank confirmation certificate (statement), interest withholding tax receipt, etc.) upon early or maturity termination of financial products.</p>	Samsung SDS and 20 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)
	<p><Bank Account Status Management></p> <p>The Treasury Group Leader reviews and approves the status of accounts registered in the Company's name on the ERP system, including their purpose and closure status.</p>	Samsung SDS and 20 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)
	<p><Bank Account Completeness Review></p> <p>The Treasury Group Leader conducts a comprehensive inquiry to all financial institutions where account opening is possible, using the business registration numbers of the Company's business sites, to identify any accounts in the Company's name that are not registered in the ERP system, thereby reviewing the completeness of accounts.</p>	Samsung SDS and 20 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)
	<p><Dormant Account Review></p> <p>The Treasury Group Leader reviews, on a semi-annual basis (first half/second half), accounts in the Company's name that have had no transaction activity for six months or longer, confirming the reason and future usage plan, and determines whether to close</p>	Samsung SDS and 20 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)

such accounts.		
<p><Control over Use of Corporate Seal></p> <p>The department head in charge of corporate/authorized seals restricts physical access to corporate and authorized seals. After reviewing the purpose of the seal affixation and the approval request from the requesting department, relevant details are recorded in the usage log and signed before the seal is affixed.</p>	Samsung SDS and 5 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 5 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)
<p><Security Device Management></p> <p>The Treasury Group Leader, among others, restricts physical access to security devices (authorized certificates, OTPs, tokens, etc.) and approves the check-in/check-out of such devices after confirming that the security device management log has been completed.</p>	Samsung SDS and 20 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)
<p><Payment Execution Review></p> <p>The Treasury Group Leader reviews and approves the consistency between the daily payment resolution plan and payment resolution requests, as well as the consistency of key details (payee identifier, account) in the supporting documents such as purchase request forms.</p>	Samsung SDS and 20 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)
<p><Segregation of Duties for Payment Voucher Approval></p> <p>The preparer and approver of treasury vouchers are segregated, and the payment execution approver and the final approver of the treasury voucher are segregated.</p>	Samsung SDS and 20 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)
<p><Daily Treasury Deposit/Withdrawal Management></p> <p>The Treasury Group Leader reviews whether the balances and deposit/withdrawal details on the ERP or the daily treasury closing report are consistent with the bank inquiry records; in the event of discrepancies, the Treasury Group Leader reviews the appropriateness of the explanations and approves.</p>	Samsung SDS and 20 other entities	Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)

	<p><Vendor Master Creation/Modification Review> The Procurement Department Head reviews and approves whether the key information (business registration number, account number, etc.) on the Vendor Master creation/modification request is consistent with the supporting documents.</p>	<p>Samsung SDS and 20 other entities</p>	<p>Testing results: No material weaknesses identified (ICFR Operations Group of Samsung SDS and 20 other entities, Jun 2025, Sep 2025, Jan 2026, etc.)</p>
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