

HL D&I HALLA CORPORATION

Separate Financial Statements

December 31, 2025

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

To The Board of Directors and Shareholders of
HL D&I Halla Corporation

Opinion

We have audited the separate financial statements of HL D&I Halla Corporation (the "Company"), which comprise the separate statement of financial position as of December 31, 2025, the separate statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising of material accounting policy information and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2025, and its separate financial performance and its separate cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the Company's Internal Control over Financial Reporting ("ICFR") as of December 31, 2025 based on the criteria established in Conceptual Framework for Designing and Operating ICFR issued by the Operating Committee of ICFR in the Republic of Korea, and our report dated March 17, 2026 expressed unqualified opinion on the effectiveness of the Company's ICFR.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements as of and for the year ended December 31, 2025. These matters were addressed in the context of our audit of the separate financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Revenue recognized by the input method

Why the matter was determined to be a key audit matter

As described in Note 3 to the separate financial statements, total contract revenue is affected by various uncertainties related to the outcomes of future events, such as construction modifications, compensation, incentives, and liquidated damages. In addition, contract revenue is affected by the percentage-of-completion measured based on cumulative contract costs incurred, and total contract costs are based on future estimates of material costs, labor costs, outsourcing costs, and service periods, among others, which are subject to uncertainties that may change in the future.

We identified the revenue recognition of major contracts as a key audit matter because the Company's accounting treatment for revenue recognized over time, which involves measuring the percentage-of-completion using the input method, includes management's assumptions and judgments, and we determined that its impact on the separate financial statements is significant.

How the matter was addressed in our audit

We performed the following audit procedures, among others, to respond to the key audit matter:

- Understanding the revenue recognition process and controls, and testing the design and operating effectiveness of key controls.
- The following procedures on total contract costs:
 - Comparing whether the total contract costs in the site management system match the information in the accounting system.
 - Verifying total contract costs approved by the Company's appropriate authorized person and testing the reasonableness of major components of total contract costs.
 - Reviewing whether significant matters that could affect estimated total contract costs, identifiable from customer reporting data and site reporting data, were appropriately reflected in the total contract cost estimation.
 - Inquiring about the reasons for changes in total contract costs and verifying the causes of such changes.
 - Inquiring about and reviewing relevant documentation regarding whether there were changes in total contract costs after the end of the reporting period.
 - Inspecting documentation for the components of total contract costs.
- The following procedures on the percentage-of-completion:
 - Inspecting supporting documentation to verify the accuracy of the amount and the appropriateness of project allocation for material costs, outsourcing costs, and other major cost components by project on a sampling basis.
 - Verifying the consistency between the total costs accumulated in the system and the total costs in the financial statements.
 - Reviewing the details of cost transfers between projects.
 - Performing independent recalculations to verify the accuracy of revenue calculations based on the percentage-of-completion.
- The following procedures on contract modifications:
 - Reviewing the Company's accounting policies related to contract modifications.
 - Verifying the details of customer approvals regarding changes in contract amounts.
 - Reviewing the reasonableness of the assessment of the possibility of liquidated damages.

(2) Recoverability of trade and other receivables with indicators of impairment

Why the matter was determined to be a key audit matter

As described in Note 2 to the financial statements, the Company recognizes revenue based on the percentage-of-completion using the input method for performance obligations satisfied over time, and presents the amount where cumulative incurred costs plus recognized profit exceeds progress billings as unbilled construction, and billed receivables as trade receivables, etc.

The recoverability of construction-related receivables for construction contracts, including unbilled construction and trade receivables, is evaluated based on disagreements with customers, customers' business performance, pre-sale rates, and financial soundness, and such evaluation involves management's significant accounting estimates and judgments and is affected by various uncertainties related to the outcomes of future events, such as the outlook for the real estate market.

We determined the recoverability of construction-related receivables for contracts where the impact of impairment indicators on the financial statements is deemed significant as a key audit matter, because the proportion of the amount of such construction-related receivables in the financial statements is significant and uncertainties may exist regarding their recoverability.

How the matter was addressed in our audit

We performed the following audit procedures, among others, to respond to the key audit matter:

- Understanding the process and controls for reviewing the recoverability of construction-related receivables and testing the design and operating effectiveness of key controls.
- The following procedures on construction-related receivables:
 - Inquiring about the causes of unbilled construction and reviewing billing plans.
 - Verifying management's review of the recoverability of construction-related receivables.

Other Matter

The separate financial statements of the Company as of and for the year ended December 31, 2024, were audited by other auditors whose report dated March 11, 2025, expressed an unqualified opinion on those statements.

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

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used in the preparation of the separate financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related

disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provide a statement to those charged with governance that it will comply with its independence-related ethical requirements, communicate all relevant relations and other matters deemed relevant to our independence issues and, where applicable, the relevant institutional safeguards with those charged with governance.

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

The engagement partner on the audit resulting in this independent auditors' report is Park, Hyung-Ju.

Seoul, Korea
March 17, 2026

This report is effective as of March 17, 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 accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

HL D&I Halla Corporation

Separate Statements of Financial Position

As of December 31, 2025 and 2024

(In Korean won)

	Note	December 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	4,5,7	₩ 86,065,227,155	₩ 36,615,850,715
Short-term financial instruments	4,5,7,31	5,203,147,630	23,757,547,237
Trade receivables	4,5,8,30,33	359,925,833,871	246,757,904,537
Other receivables	4,5,8,33	48,626,555,742	83,706,761,707
Unbilled amounts from construction contract	8,30	192,677,573,453	196,077,184,462
Other financial assets	4,5,11,31	510,000,000	600,000,000
Other current assets	9	75,065,576,243	162,741,484,559
Inventories	10	211,610,034,321	65,225,594,898
		<u>979,683,948,415</u>	<u>815,482,328,115</u>
Non-current assets			
Long-term financial instruments	4,5,7,31	609,000,000	609,000,000
Trade receivables	4,5,8,30,33	3,874,715,979	4,173,497,874
Other receivables	4,5,8,33	144,266,297,417	72,438,733,899
Plan assets	18	580,892,835	-
Other financial assets	4,5,11,31	105,187,962,861	96,430,849,009
Investments in subsidiaries and associates	12,31	305,607,292,789	293,372,292,789
Investment Property	15	915,592,961	-
Property, plant and equipment	13,34	60,560,435,157	59,929,422,780
Intangible assets	14	4,367,591,561	3,499,647,119
Other non-current assets	9	5,808,674,228	1,646,811,742
Deferred tax assets	28	69,140,250,695	61,826,687,895
		<u>700,918,706,483</u>	<u>593,926,943,107</u>
Total assets		<u>₩ 1,680,602,654,898</u>	<u>₩ 1,409,409,271,222</u>

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

HL D&I Halla Corporation
Separate Statements of Financial Position, Continued

As of December 31, 2025 and 2024

<i>(In Korean won)</i>	Note	December 31, 2025	December 31, 2024
Liabilities			
Current liabilities			
Trade payables	4,5,33	₩ 287,275,562,509	₩ 248,985,830,158
Other payables	4,5,16,32,33,34	72,165,241,893	57,767,260,903
Overbilled amounts from construction contract	30,33	84,075,765,187	37,711,889,457
Short-term borrowings	4,5,17,32,33	185,140,780,652	286,514,320,675
Current portion of long-term borrowings	4,5,17,32	107,155,463,713	27,897,325,412
Provisions	19	9,219,006,756	9,184,121,729
Other current liabilities	16	84,180,190,832	26,132,354,898
Current tax liabilities	28	15,423,236,677	4,606,779,886
		<u>844,635,248,219</u>	<u>698,799,883,118</u>
Non-current liabilities			
Trade payables	4,5,33	75,331,238	75,331,238
Other payables	4,5,16,32,33,34	55,518,277,418	57,539,292,711
Long-term borrowings	4,5,17,32	185,723,815,436	158,931,856,010
Provisions	19	46,577,577,560	46,826,135,602
Net defined benefit liabilities	18	-	9,301,711,363
Other long-term employee benefits liabilities	18	4,587,962,235	1,744,738,535
		<u>292,482,963,887</u>	<u>274,419,065,459</u>
Total liabilities		<u><u>1,137,118,212,106</u></u>	<u><u>973,218,948,577</u></u>
Equity			
Share capital	1,20	245,246,810,000	245,246,810,000
Share premium	20	67,322,308,529	67,322,308,529
Other equity components	21	77,159,380,000	-
Accumulated other comprehensive income	22	274,842,526	444,737,002
Retained earnings	22	153,481,101,737	123,176,467,114
Total equity		<u>543,484,442,792</u>	<u>436,190,322,645</u>
Total liabilities and equity		<u><u>₩ 1,680,602,654,898</u></u>	<u><u>₩ 1,409,409,271,222</u></u>

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

HL D&I Halla Corporation

Separate Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(In Korean won)

	Note	2025	2024
Revenue	23,33	₩ 1,645,189,527,794	₩ 1,456,299,989,035
Cost of sales	23,25	1,441,058,178,368	1,302,312,910,575
Gross profit		<u>204,131,349,426</u>	<u>153,987,078,460</u>
Selling and administrative expenses	4,24,25	<u>136,928,649,265</u>	<u>108,383,856,988</u>
Operating profit		<u>67,202,700,161</u>	<u>45,603,221,472</u>
Other income	4,26	41,478,817,788	34,644,743,365
Other expenses	4,26,33	14,002,878,333	26,436,290,784
Non-operating income	4,27	5,168,345,301	8,213,878,712
Non-operating expenses	4,5,27,33	62,120,236,226	58,720,318,718
Share of profit (Loss) of investments in associates	12,27	<u>(8,515,000,000)</u>	<u>10,045,935,394</u>
Profit before income tax		<u>29,211,748,691</u>	<u>13,351,169,441</u>
Income tax expense	28	<u>4,772,360,229</u>	<u>5,115,994,896</u>
Profit for the year		<u>₩ 24,439,388,462</u>	<u>₩ 8,235,174,545</u>
Other comprehensive income			
<i>Items that may not be reclassified to profit or loss:</i>			
Remeasurements of net defined benefit liabilities		<u>7,167,149,612</u>	<u>(2,408,754,051)</u>
		<u>7,167,149,612</u>	<u>(2,408,754,051)</u>
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(166,797,927)</u>	<u>(398,829,798)</u>
		<u>(166,797,927)</u>	<u>(398,829,798)</u>
Other comprehensive income (loss) for the year, net of tax		<u>7,000,351,685</u>	<u>(2,807,583,849)</u>
Total comprehensive income for the year		<u>₩ 31,439,740,147</u>	<u>₩ 5,427,590,696</u>
Earnings per share			
Basic earnings per share	29	₩ 478	₩ 84
Diluted earnings per share	29	279	84

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

HL D&I Halla Corporation
Separate Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

<i>(In Korean won)</i>	<u>Share capital</u>	<u>Share premium</u>	<u>Other equity components</u>	<u>Accumulated other comprehensive income</u>	<u>Retained earnings</u>	<u>Total Equity</u>
Balance at January 1, 2024	₩ 245,246,810,000	67,322,308,529	-	891,702,619	117,301,910,801	430,762,731,949
Total comprehensive income						
Profit for the year	-	-	-	-	8,235,174,545	8,235,174,545
Remeasurements of net defined benefit liabilities	-	-	-	-	(2,408,754,051)	(2,408,754,051)
Profit of asset revaluation	-	-	-	(48,135,819)	48,135,819	-
Exchange differences on translating foreign operations	-	-	-	(398,829,798)	-	(398,829,798)
Balance at December 31, 2024	₩ <u>245,246,810,000</u>	<u>67,322,308,529</u>	<u>-</u>	<u>444,737,002</u>	<u>123,176,467,114</u>	<u>436,190,322,645</u>
Balance at January 1, 2025	₩ 245,246,810,000	67,322,308,529	-	444,737,002	123,176,467,114	436,190,322,645
Total comprehensive income						
Profit for the year	-	-	-	-	24,439,388,462	24,439,388,462
Remeasurements of net defined benefit liabilities	-	-	-	-	7,167,149,612	7,167,149,612
Profit of asset revaluation	-	-	-	(3,096,549)	3,096,549	-
Exchange differences on translating foreign operations	-	-	-	(166,797,927)	-	(166,797,927)
Transactions with owners						
Issuance of hybrid securities	-	-	77,159,380,000	-	-	77,159,380,000
Interest on hybrid securities	-	-	-	-	(1,305,000,000)	(1,305,000,000)
Balance at December 31, 2025	₩ <u>245,246,810,000</u>	<u>67,322,308,529</u>	<u>77,159,380,000</u>	<u>274,842,526</u>	<u>153,481,101,737</u>	<u>543,484,442,792</u>

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

HL D&I Halla Corporation

Separate Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(In Korean won)

	Note	2025	2024
Cash flows from operating activities			
Cash generated from operating activities	32 ₩	85,926,832,330 ₩	(7,373,714,754)
Interest received		1,662,620,110	15,646,345,245
Dividend received		15,721,450,399	6,272,558,560
Income tax received (paid)		(3,050,201,274)	(20,457,785,876)
Net cash inflow from operating activities		<u>100,260,701,565</u>	<u>(5,912,596,825)</u>
Cash inflows from investing activities			
Decrease in short-term loans		29,918,406,630	19,497,312,527
Proceeds from disposal of short-term financial instruments		21,143,808,523	-
Proceeds from disposal of other receivables		-	286,408,000
Proceeds from disposal of other financial assets		600,000,000	-
Proceeds from disposal of investments in associates		-	19,287,564,787
Proceeds from disposal of long-term other financial assets		19,383,312,627	108,142,857,143
Proceeds from disposal of property, plant and equipment		29,155,545	199,343,000
Proceeds from disposal of Investment Property		-	456,232,000
		<u>71,074,683,325</u>	<u>147,869,717,457</u>
Cash outflows from investing activities			
Increase in short-term loans		(8,632,041,630)	(30,741,512,116)
Increase in long-term loans		(80,642,783,619)	(50,282,366,240)
Increase in long-term guarantee deposits		(1,179,761,760)	-
Payments for short-term financial instruments		(2,589,408,916)	-
Payments for long-term other financial assets		(20,082,183,971)	(6,615,758,100)
Payments for other receivables		-	(242,040,000)
Payments for investments in subsidiaries and associates		(20,750,000,000)	(18,125,000,000)
Payments for property, plant and equipment		(1,725,328,991)	(359,603,681)
Payments for intangible assets		(1,348,577,758)	(369,310,000)
		<u>(136,950,086,645)</u>	<u>(106,735,590,137)</u>
Net cash inflow(outflow) from investing activities	₩	<u>(65,875,403,320)</u>	<u>41,134,127,320</u>
Cash inflows from financing activities			
Proceeds from short-term borrowings		628,658,610,180	965,272,804,925
Proceeds from long-term borrowings		347,119,577,900	88,115,080,000
Issuance of hybrid securities		77,159,380,000	-
		<u>1,052,937,568,080</u>	<u>1,053,387,884,925</u>
Cash outflows from financing activities			
Repayments of short-term borrowings		(730,706,224,910)	(865,523,939,925)
Repayments of current portion of long-term borrowings		(45,876,402,140)	(172,035,314,890)
Repayments of long-term borrowings		(195,458,791,000)	(3,643,087,250)
Decrease in lease liabilities		(25,581,865,093)	(21,602,695,000)
Payment of interests		(38,579,360,683)	(33,602,583,761)
Interest on hybrid securities		(1,305,000,000)	-
		<u>(1,037,507,643,826)</u>	<u>(1,096,407,620,826)</u>
Net cash inflow(outflow) from financing activities		<u>15,429,924,254</u>	<u>(43,019,735,901)</u>
Net increase (decrease) in cash and cash equivalents		49,815,222,499	(7,798,205,406)
Cash and cash equivalents at the beginning of the year		36,615,850,715	43,448,181,178
Effects of exchange rate changes on cash and cash equivalents		(365,846,059)	965,874,943
Cash and cash equivalents at the end of the year	₩	<u>86,065,227,155</u>	<u>36,615,850,715</u>

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

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

1. General Information

HL D&I Halla Corporation (the "Company") was established in May 1980, as Halla Resources Co. to engage in civil engineering and construction works and changed its name to Halla Engineering & Construction Corp. in July 1990, changed its name to Halla Corporation in October 2013, and changed its name to HL D&I Halla Corporation in September 2022. The Company engages in general construction including civil engineering, construction works, electricity, dredging, paving works and others.

The Company listed its shares on the Korea Exchange in August 1994. Through numerous capital increases, the paid-in capital of the Company as of December 31, 2025, amounts to ₩ 245,247 million. As of December 31, 2025, the Company's major shareholders are as follows:

	2025			
	Number of common shares (in shares)	Percentage of ownership (%)	Number of preferred shares (in shares)	Percentage of ownership (%)
Jung Mongwon and 4 others	3,954,479	10.45	-	-
Halla Holdings Corporation	9,004,389	23.78	9,006,833	100.00
KCC Corporation	3,703,703	9.78	-	-
Others	21,196,030	55.99	-	-
	<u>37,858,601</u>	<u>100</u>	<u>9,006,833</u>	<u>100.00</u>

2. Significant Accounting Policies

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

2.1 Basis of Preparation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (K-IFRS). The accompanying 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 Company's financial position, financial performance or cash flows, is not presented in the accompanying separate financial statements.

The separate financial statements are prepared in accordance with K-IFRS 1027 *Separate Financial Statements*. Investments in subsidiaries, joint ventures and associates are recognized at cost under the direct equity method. Management applied the carrying amounts under the previous Korean generally accepted accounting principles ("K-GAAP") at the time of transition to the K-IFRS as deemed cost of investments. The Company recognizes dividend income from subsidiaries, joint ventures and associates in profit or loss when its right to receive the dividend is established.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

The financial statements of the Company for the reporting period ending on December 31, 2025 are prepared in accordance with K-IFRS, effective or early adopted at December 31, 2025 at the end of the reporting period.

Financial statements are based on historical costs, except for the main items in the statement of financial position listed below.

- Financial assets at fair value through profit or loss
- A defined benefit liability obtained by deducting the fair value of plan assets from the present value of the defined benefit obligation.

K-IFRS permit the use of important accounting estimates when preparing financial statements and require management's judgment in applying accounting policies. Areas that require more complex and higher level of judgment or that require important assumptions and estimates are described in Note 3.

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New standards and interpretations adopted by the Company

The Company has applied the following new and amended standards and interpretations for the first time for the annual period beginning on January 1, 2025.

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

The amendments require an entity to assess whether a currency is exchangeable into another currency and to estimate the spot exchange rate when exchangeability is lacking. There is no significant impact of these amendments on the financial statements.

(2) Amendments to K-IFRS 1117, 'Insurance Contracts'

When the estimation technique used to measure insurance contracts differs from the principle-based estimation technique required by insurance-related laws and regulations, the Company is required to disclose the difference and its impact if it is determined to be relevant and significant to the users of the financial statements.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

2.2.2 New standards and interpretations not yet adopted by the Company

New standards and interpretations that have been issued or announced but are not yet effective for the reporting period have not been early adopted by the Company.

(1) Amendments to K-IFRS 1109, 'Financial Instruments' and K-IFRS 1107, 'Financial Instruments: Disclosures'

The amendments address issues raised in practice and include new disclosure requirements. These amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The main contents are as follows, and no significant impact on the financial statements is expected.

- Permission to consider a financial liability settled (derecognized) before the settlement date if it is settled through an electronic payment system that meets certain criteria.
- Clarification and addition of guidance to assess whether a financial asset meets the "solely payments of principal and interest" (SPPI) criterion.
- Disclosure of contractual terms that could change the timing or amount of contractual cash flows and the extent to which the entity is exposed to such risks for each class of financial instrument.
- Additional disclosures for equity instruments designated as at fair value through other comprehensive income (FVOCI).

(2) Annual Improvements to K-IFRSs Volume 11

Annual Improvements to K-IFRSs Volume 11 is effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company expects that these amendments will not have a significant impact on the financial statements.

- K-IFRS 1101, 'First-time Adoption of Korean International Financial Reporting Standards': Hedge accounting for first-time adopters.
- K-IFRS 1107, 'Financial Instruments: Disclosures': Derecognition gain or loss, and implementation guidance.
- K-IFRS 1109, 'Financial Instruments': Derecognition of lease liabilities and determination of transaction price.
- K-IFRS 1110, 'Consolidated Financial Statements': Determination of a de facto agent.
- K-IFRS 1007, 'Statement of Cash Flows': Cost method.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

(3) Amendments to K-IFRS 1109, 'Financial Instruments' and K-IFRS 1107, 'Financial Instruments: Disclosures' – Contracts for Renewable Electricity

The amendments define contracts for the purchase or sale of electricity where the source of electricity production is intermittent and out of the control of the parties (e.g., weather-dependent), and clarify the scope of the "own-use" exception for such contracts. In addition, the amendments modify hedge accounting requirements to allow the "forecasted electricity transaction with variable quantities" to be designated as a hedged item and add related disclosure requirements. These amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. No significant impact on the financial statements is expected.

(4) Enactment of K-IFRS 1118, 'Presentation and Disclosures in Financial Statements'

K-IFRS 1118 replaces K-IFRS 1001, 'Presentation of Financial Statements', and includes new requirements to improve comparability of financial performance between similar entities and provide more relevant information to users. While it does not affect the recognition or measurement of financial statement items, its impact on presentation and disclosure, including the statement of profit or loss and disclosure of management-defined performance measures, is expected to be extensive.

The standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted. In accordance with the transitional requirements for retrospective application, the comparative information for the fiscal year ending December 31, 2026, will be restated in accordance with K-IFRS 1118.

2.3 Foreign Currency Translation

(1) Functional and presentation currency

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

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Exchange differences arising on non-monetary financial assets and liabilities such as equity instruments at fair value through profit or loss and instruments at fair value through other comprehensive income are recognized in profit or loss and included in other comprehensive income, respectively, as part of the fair value gain or loss.

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Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

(3) Overseas business sites

If functional currency of overseas business sites is different from presentation currency, the Company translates management performance and financial statement into presentation currency in the following method.

Asset and liability on balance sheet is translated into closing rate, income and expense of statement of comprehensive income is translated into average rate of reporting period and exchange differences of translation is recognized as other comprehensive income, if functional currency of overseas business site is not the hyperinflationary economic currency.

If the Company disposes overseas business site, the amount recognized as other comprehensive income and equity instruments is reclassified as net income when the Company recognizes gain and loss on disposal of overseas business site. When a subsidiary including an overseas business site is partially disposed of, a proportional share of the accumulated foreign exchange differences recognized in other comprehensive income is reverted to the non-controlling interest of the overseas business site. In other cases, only a proportionate share of the accumulated foreign exchange differences recognized in other comprehensive income on the partial disposal of overseas operations is reclassified to profit or loss.

2.4 Derivative Instruments

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of the derivatives that are not qualified for hedge accounting are recognized in the statement of comprehensive income within 'non-operating income (expenses)' or 'other income (expenses)' based on the nature of transactions.

2.5 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the gross average method.

2.6 Non-current Assets (or Disposal Group) Held-for-sale

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

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

2.7 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land is not depreciated. Depreciation on other assets, is calculated using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives, as follows:

<i>(years)</i>	<u>Estimated useful lives</u>
Buildings	10 ~ 60
Structures	10 ~ 35
Machinery	4
Vehicles	4
Tools and equipment	4
Temporary establishments	3
Supplies	4
Decorations	5

The depreciation method, residual values and useful lives of property, plant and equipment are reviewed at each financial year-end and, if appropriate, accounted for as changes in accounting estimates.

2.8 Borrowing Costs

Borrowing costs incurred in the acquisition or construction of a qualifying asset are capitalized in the period when it is prepared for its intended use, and other borrowing costs are recognized as expenses in the period in which they are incurred. Qualifying asset is asset that require a considerable period of time before they can be used or sold for their intended use. Financial assets and inventories manufactured or otherwise produced within a short period of time are not qualifying asset. Asset that can be used for their intended purpose or are in a state of sale are not qualifying asset.

For funds specifically borrowed for the purpose of acquiring qualifying asset, the amount obtained by deducting investment income from the temporary operation of the borrowings from the actual borrowing costs incurred from the borrowings during the reporting period is determined as the capitalizable borrowing cost. when funds are borrowed for general purposes and used to acquire qualifying assets, the borrowing cost that can be capitalized is determined by applying the capitalization rate to the expenditures related to the asset. The capitalization rate is calculated by averaging the borrowing costs incurred from borrowed funds (excluding funds borrowed for specific purposes to acquire qualifying asset) during the reporting period.

Borrowing costs capitalized during the reporting period cannot exceed the borrowing costs actually incurred during the period.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

2.9 Government Grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with the conditions attached to it. Government grants related to assets are presented by deducting the grants to arrive at the carrying amount of the asset and grants recognized as income, are deferred and presented by deducting the expenses related to the purpose of the grants.

2.10 Intangible Assets

Intangible assets, except for goodwill, are initially recognized at its historical cost, and carried at cost less accumulated amortization and accumulated impairment losses.

Membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. Intangible assets with definite useful life that are amortized using the straight-line method over their estimated useful lives, are as follows:

<i>(years)</i>	<u>Estimated useful lives</u>
Software	4

2.11 Investment Property

Property held to earn rentals or for capital appreciation or both is classified as investment property. Investment property is measured initially at its cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses.

2.12 Impairment of Non-financial Assets

Goodwill and intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to disposal and value in use. Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

2.13 Financial Guarantee Contracts

Financial guarantee contracts are measured at fair value at initial recognition and subsequently measured at the greater of the following:

- Loss provision
- The amount recognized less the accumulated profits recognized in accordance with K-IFRS 1115

2.14 Compound Financial Instruments

Compound financial instruments are convertible bonds that can be converted into equity instruments at the option of the holder. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially on the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

2.15 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provision for construction warranties is accrued for the estimated costs of future warranty claims over warranty periods based on historical experience.

2.16 Current and Deferred Tax

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

The tax expense is measured on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates tax policies that are applied in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Company recognizes current income tax on the basis of the amount expected to be paid to the tax authorities.

Deferred tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as expected tax consequences at the recovery or settlement of the carrying amounts of the assets and liabilities. However, deferred tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis.

The Pillar Two global minimum tax is an income tax within the scope of K-IFRS 1012 *Income Taxes*. The Company applies the temporary exception to the requirements to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and instead accounts for it as current tax in the period in which the tax is incurred.

2.17 Employee Benefits

The Company operates defined benefit plans.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds and that have terms to maturity approximating to the terms of the related pension obligation. The remeasurements of the net defined benefit liability are recognized in other comprehensive income.

If any plan amendments, curtailments, or settlements occur, past service costs or any gains or losses on settlement are recognized as profit or loss for the year.

The Company recognizes other long-term employee benefit plans as follows.

Other long-term employee benefits, which will not be paid within 12 months from the reporting period, are the future benefits earned in exchange for services provided in the current and prior periods which are discounted to present value. Changes due to remeasurement are recognized in profit or loss in the period in which they occur.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

2.18 Financial revenues and expenses

Our financial revenues and financial expenses consist of the following:

- Interest income
- Interest expenses
- Dividend income
- Profit or loss - Net profit or loss on financial assets measured at fair value
- Foreign exchange gains / losses on financial assets and financial liabilities

Interest income and expense are recognized in accordance with the effective interest rate method. Interest income is reduced to the recoverable amount of the book value of the receivables when the receivables are impaired. Interest income is recognized as interest income over time. Interest income on impaired receivables is recognized at the initial effective interest rate.

Dividend income is recognized in the reporting period when the right to receive dividends is established.

2.19 Revenue from customer contract

(1) Identification of performance obligations

The Company identifies separate performance obligation, if ① customer can acquire benefits from product or service itself or with other resources that customer can acquire easily and ② promise to transfer product or service to customer can be identified separately in the contract.

(2) Performance obligations satisfied over time

In assessing whether the control over goods or services is transferred over time, the Company evaluates whether the customer simultaneously obtains and consumes the benefits provided by the Company's performance, whether the assets are controlled by the customer, and whether the assets created by the Company have no substitute purpose, and whether the Company is entitled to reimbursement of costs incurred to date, including a reasonable margin.

The Company's sale-in-housing business provides apartment building to owners of building lots and requires 2-3 years for completion of business. Generally, the Company sells in lots before the business goes under construction, customers pay deposit, middle payment, and balance during certain period.

The Company recognizes revenue as percentage of completion method in the case of i) the Company has no substitute purpose and have right to claim for payment of completed performance as of now, and ii) asset is transferred to the counterparty and the counterparty perform obligation if the Company does not have right to claim for payment.

The Company recognizes revenue of sales-in-housing business as percentage of completion method if contract meets the condition of performance obligations satisfied over time and others, the accounting is effective under K-IFRS.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

(3) Measurement of state of completion by input method

The Company recognizes revenue as a percentage of the carrying amount by using the input method after excluding the effect of the inputs that do not indicate the degree of performance. The Company recognizes revenue only when it can reasonably believe that it can reasonably be expected that it will recover the cost.

For each ongoing contract that adds the recognized profits (deducting recognized losses) to the cumulative cost of the project, the amount deducted from the total recognized amount of accumulated costs and recognized profits is the progress bill and the Company recognizes the deducted amount as unbilled amounts. If the progress bill is over the total recognized amount of accumulated costs and recognized profits, the Company recognizes the amount as overbilled amounts.

(4) Variable Consideration

The Company estimates variable considerations at expectation or the most possible amount regarding consideration that the Company has right to be paid and recognizes revenue to the amount of recognized and accumulated revenue and irreversible.

(5) Cost for concluding contract

The Company recognizes costs for concluding contract regardless of concluding contract unless the Company have right to claim for cost to customer and recognizes costs if expenditure does not meet the standard of identifying asset.

2.20 Lease

(1) As a lessee

At inception or effective date of change, the Company allocates the consideration in the contract to each lease on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lessee component.

The lease liability consists of initially measured amount, lease payment paid at commencement date or before, initial direct cost, expense that lessee bears to break up or remove underlying asset or recover site that underlying asset is located.

The right-of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease payment for measuring lease liability consists of following.

- Fixed lease payment (Actual fixed lease payment)
- Variable lease payment that varies according to index or interest rate. Initially index or interest rate at commencement date is used
- Amount expected to be paid according to guaranteed residual value
- Exercise price of share option when purchase option is highly likely to be exercised. Lease payment of extension when extension option is highly likely to be exercised.

Lease liability is depreciated by effective interest rate method. Lease liability is remeasured when future lease payment is changed according to index or interest rate, the amount expected to be paid according to guaranteed residual value, or actual fixed lease payment is modified. Right-of-use asset is modified when lease liability is remeasured, and when carrying amount of right-of-use asset decrease to zero, amount of remeasurement is recognized as net income. The Company right-of-use asset that does not meet the standard of investment property is presented as 'property, plant and equipment' and lease liability as 'other liability' on balance sheet.

(2) As a lessor

On contract date or contract change date including lease instruments, the Company distribute contract consideration based on relative separate price. As a lessor, the Company determines whether the lease is financial lease or operating lease at inception date.

To classify each lease, the Company generally determines whether risk and reward of underlying asset are transferred. If the most of the risk and reward for ownership of the underlying asset is transferred to lessee, the lease is classified as financial lease, and if not, the lease is classified as operating lease. As one of evaluating index, the Company considers whether lease terms take significant part of economic useful life.

If the Company is sub-lessor, upper lease and sub-lease is accounted separately. Classification of sub-lease is determined by right-of-use asset of upper lease. If upper lease is short-term lease, sub-lease is classified as operating lease. The Company recognizes operating lease payment on a straight-line basis as instrument of 'other revenue'.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

2.21 Segment Reporting

Information of each operating segment is reported in a manner consistent with the business segment reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions. In accordance with K-IFRS 1108, 'Operating Segments', the Company disclosed about information of operating segments in separate financial statements.

2.22 Financial Instrument

(1) Identification and initial measurement

Trade receivable and issued debt instrument is identified when initially issued. Other financial instrument and financial debt is identified when the Company becomes contracting party.

The Company measures financial asset and financial liability as fair value except for trade receivable excluding significant financial instrument and if it is not financial asset at FVPL or financial liability, transaction cost directly related to acquiring financial asset or issuing financial liability is added or deducted to fair value. Trade receivables that do not contain a significant financing component are initially measured at the transaction price.

(2) Classification of financial asset and financial liability

Financial asset that meets the following conditions are measured subsequently at amortized cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (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; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the date of initial recognition of an equity instrument that is not a trading instrument, the Company may make an irrevocable choice to present subsequent changes in the fair value of that investment in other comprehensive income. This choice is made by financial instruments.

Amortization cost and financial instruments not measured at fair value other comprehensive income are measured at fair value including all derivative financial assets.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

The following accounting policies apply to subsequent measurement of financial assets.

Classification	Subsequent measurement
Financial assets at FVPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized in profit or loss unless they clearly represent a recovery of investment costs. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

On initial recognition, financial assets are classified into financial assets at FVPL, financial assets at FVOCI, and financial assets at amortized cost.

Financial asset is not reclassified unless the Company changes business model to manage financial asset, in the case of change all financial assets are classified on the first day of first reporting period after change of business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as financial assets at FVPL.

- Holding under a business model whose purpose is to receive contractual cash flows.
- Depending on the contract terms of financial assets, cash flows that consist only of payment of principal and interest on the principal balance occur on a specific date.

In accordance with K-IFRS No. 1109, allowance for losses is measured on two basis:

- 12 months expected credit losses: expected credit losses due to defaults on financial instruments that can occur within 12 months after the balance sheet date
- Total expected credit losses: Expected credit losses due to all default events that may occur during the expected life of a financial instrument

The Company measures the allowance for losses at the amount corresponding to the expected credit losses for the whole period, except for the following financial assets measured at 12-month expected credit losses:

- Debt securities determined to have low credit risk at the end of the reporting period
- Other debt securities and bank deposits that do not have a significant increase in credit risk (i.e., default risk arising over the expected life of the financial assets)

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

Provision for losses on trade receivables and contractual assets is always measured at the amount corresponding to the expected credit loss for the whole period.

The Company determines whether a financial asset has defaulted based on the following cases.

- If the debtor is not likely to fully fulfill the credit obligations to us if we do not act

(a) Measurement of expected credit loss

Expected credit loss is a probability weighted estimate of credit loss. Credit loss is measured as the present value of all cash deficiency (i.e., the difference between all contractual cash flows that are expected to be paid under the contract and all contractual cash flows that are expected to be received).

Expected credit losses are discounted at the effective interest rate of the financial asset.

(b) Credit-impaired financial assets

At the end of each reporting period, the Company assesses whether the creditworthiness of the debt securities measured at fair value is impaired - financial assets measured at amortized cost and other comprehensive income. If there is more than one event that adversely affects the estimated future cash flows of a financial asset, the financial asset is impaired.

(c) Presentation of provision for credit losses on the statement of financial position

The allowance for losses on financial assets measured at amortized cost is deducted from the carrying amount of the asset.

Other comprehensive income - For debt instruments measured at fair value, the allowance for losses is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

(3) Derecognition

Financial assets are derecognized when the Company's contractual right to the cash flows of a financial asset is extinguished, the Company transfers a contractual right to collect cash flows from a financial asset and substantially transfers most of the risks and rewards of ownership of the transferred financial asset or the Company does not control financial assets without having or transferring most of the risks and rewards of ownership.

If the Company has a transaction to transfer assets recognised in the statement of financial position, but holds most of the risks and rewards of ownership of the transferred asset, the transferred asset will not be removed.

(4) Offsetting

The Company offsets financial assets and financial liabilities and presents them as net amounts in the statement of financial position only if the company currently has a legally enforceable right of set-off for assets and liabilities and intends to settle its liabilities while realizing its assets.

HL D&I Halla Corporation
Notes to the Separate Financial Statements

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2. Significant Accounting Policies, Continued

2.23 Approval of Issuance of the Financial Statements

The separate financial statements as of and for the year ended December 31, 2025 were approved for issue by the Board of Directors on February 9, 2026 which is subject to change with the approval of the shareholders at their annual shareholders' meeting on March 26, 2026.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

3. Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The estimates and assumptions are continuously evaluated with consideration to factors such as events reasonably predictable in the foreseeable future within the present circumstance according to historical experience. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that may affect the adjustment of the carrying amounts of assets and liabilities in the next financial year are addressed below.

(1) Uncertainty of the estimated total contract revenue

The Company measures total contract revenue at the initial amount of revenue agreed in the contract; however, the measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future events such as increase in contract revenue due to variations in contract work, claims and incentive payment; or decrease in contract revenue as a result of penalties arising from delay caused by the Company in the completion of the contract. A variation is included in contract revenue when it is probable that the customer will approve the variation and the amount of revenue arising from the variation or the contract is sufficiently advanced that it is probable that the specified performance standards will be met or exceeded, and the amount of revenue can be reliably measured.

(2) Estimated total contract costs

As detailed in the Note 30 to the separate financial statements, the measurement of contract revenue is affected by the percentage of completion measured based on the aggregated amount of contract costs incurred. Total contract costs are estimated based on future estimates of material costs, labor costs, construction period and others.

(3) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 4).

(4) Impairment of non-financial asset

For non-financial assets specified in K-IFRS No. 1036, the Company examines whether there are indications of asset impairment at the end of each reporting period, and estimates the recoverable amount of the asset if there are such indications. The recoverable amount is determined to be the larger of value in use and the net fair value.

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Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

3. Critical Accounting Estimates and Assumptions, Continued

Goodwill acquired in a business combination, intangible assets with indefinite useful lives, and intangible assets that cannot be used yet are tested for impairment by comparing their recoverable amount with their carrying amount every year, regardless of any indication of impairment. Any impairment loss recognized for goodwill cannot be reversed in subsequent periods.

For assets other than goodwill at the end of each reporting period, an impairment loss recognized in a prior period is reviewed for indications that it no longer exists or has decreased, and is reversed only if there is a change in the estimate used to determine the recoverable amount since the recognition of the previous impairment loss. The increased carrying amount due to the reversal of the impairment loss cannot exceed the balance after depreciation or amortization of the previous carrying amount before the impairment loss was recognized.

(5) Provisions

As of December 31, 2025 and 2024, the Company recognizes provisions for construction warranties. These provisions are estimated based on historical experience (Note 19).

(6) Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 18).

(7) Income taxes

Income taxes on the Company's taxable income are calculated by applying the tax laws of various jurisdictions and the decisions of tax authorities; therefore, uncertainty exists in determining the final tax effect.

Income tax expense for the reporting period is calculated by applying the best weighted average annual income tax rate expected for the full fiscal year, i.e., the estimated average annual effective income tax rate, to the profit before tax for the period.

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Notes to the Separate Financial Statements

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4. Fair Value and Financial Instruments by Category

(1) Fair Value of Financial Instruments by Category

Carrying amount and fair value of financial instruments by category as of December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at FVPL	₩ 104,287,963	104,287,963	95,245,849	95,245,849

(2) Fair Value Hierarchy

Financial instruments measured at fair value or for which the fair value is disclosed are categorized within the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The valuation techniques used to measure the fair value of financial instruments and the non-observable input variables are as follows:

	Valuation techniques	Non-observable input variables
[Level 3]		
		[Cash flow] - Estimated FCFE
		[Discount rate] - Capital Asset Pricing Model (CAPM) - Discount rate considering risk spread
	Dividend Discount Model	- Repayment of principal and interest payments of other capital and financial agreements and dividend restrictions under commercial law
	Discounted Cash Flow methods	- Estimated future cash flows according to the business plan - Reflection of Dividendable Earnings Conditions under the Commercial Law according to the agreement
Financial assets at FVPL	Asset-based Approach	- Disclosed corporate bond yield as of the end of the reporting period - Considering the characteristics of the company to be evaluated that gains profits by holding shares in real estate or other companies without conducting operating activities
	Comparable Company Analysis	[Calculation of fair stock price] - Calculation of the PBR values for companies selected as comparable companies
	Precedent transaction analysis	[Recent transaction amount] - Calculate the recent transaction value of the target company as the fair value at the settlement date

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

4. Fair Value and Financial Instruments by Category, Continued

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value or its fair value is disclosed as of December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVPL	₩	-	-	104,287,963	104,287,963

(In thousands of Korean won)

		2024			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVPL	₩	4,284,129	-	90,961,720	95,245,849

Changes in Level 3 fair value measurements for the years ended December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

		2025	2024
Beginning balance	₩	90,961,720	184,198,398
Acquisition		19,857,183	6,565,683
Disposal		(6,757,226)	(98,213,021)
Transfer		-	(5,005,216)
Valuation gain (loss)		226,286	3,415,876
Ending balance	₩	<u>104,287,963</u>	<u>90,961,720</u>

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

4. Fair Value and Financial Instruments by Category, Continued

(3) Financial Instruments by Category

Categorizations of financial assets and liabilities as of December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025		
	Amortized cost	Financial assets at FVPL	Total
Current			
Cash and cash equivalents	₩ 86,065,227	-	86,065,227
Trade receivables	359,925,834	-	359,925,834
Short-term financial instruments	5,203,148	-	5,203,148
Other receivables ¹	47,801,152	-	47,801,152
Other financial assets	510,000	-	510,000
	<u>499,505,361</u>	<u>-</u>	<u>499,505,361</u>
Non-current			
Trade receivables	3,874,716	-	3,874,716
Long-term financial instruments	609,000	-	609,000
Other receivables	144,266,297	-	144,266,297
Other financial assets	900,000	104,287,963	105,187,963
	<u>149,650,013</u>	<u>104,287,963</u>	<u>253,937,976</u>
	<u>₩ 649,155,374</u>	<u>104,287,963</u>	<u>753,443,337</u>

¹Receivables related to employee benefits are excluded.

(In thousands of Korean won)

	2025		
	Financial liabilities carried at amortized cost	Other financial liabilities ¹	Total
Current			
Trade payables	₩ 287,275,563	-	287,275,563
Other payables ²	52,799,139	13,067,674	65,866,813
Short-term borrowings	185,140,781	-	185,140,781
Current portion of long-term borrowings	107,155,464	-	107,155,464
	<u>632,370,947</u>	<u>13,067,674</u>	<u>645,438,621</u>
Non-current			
Trade payables	75,331	-	75,331
Other payables	55,518,277	-	55,518,277
Long-term borrowings	185,723,815	-	185,723,815
	<u>241,317,423</u>	<u>-</u>	<u>241,317,423</u>
	<u>₩ 873,688,370</u>	<u>13,067,674</u>	<u>886,756,044</u>

¹ Other financial liabilities include financial payment guarantee liability.

² Payables related to employee benefits are excluded.

HL D&I Halla Corporation
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For the years ended December 31, 2025 and 2024

4. Fair Value and Financial Instruments by Category, Continued

(In thousands of Korean won)

	2024		
	Amortized cost	Financial assets at FVPL	Total
Current			
Cash and cash equivalents	₩ 36,615,851	-	36,615,851
Trade receivables	246,757,905	-	246,757,905
Short-term financial instruments	23,757,547	-	23,757,547
Other receivables	83,706,762	-	83,706,762
Other financial assets	600,000	-	600,000
	<u>391,438,065</u>	<u>-</u>	<u>391,438,065</u>
Non-current			
Trade receivables	4,173,498	-	4,173,498
Long-term financial instruments	609,000	-	609,000
Other receivables	72,438,734	-	72,438,734
Other financial assets	1,185,000	95,245,849	96,430,849
	<u>78,406,232</u>	<u>95,245,849</u>	<u>173,652,081</u>
	<u>₩ 469,844,297</u>	<u>95,245,849</u>	<u>565,090,146</u>

(In thousands of Korean won)

	2024		
	Financial liabilities carried at amortized cost	Other financial liabilities¹	Total
Current			
Trade payables	₩ 248,985,830	-	248,985,830
Other payables	41,559,514	16,207,747	57,767,261
Short-term borrowings	286,514,321	-	286,514,321
Current portion of long-term borrowings	27,897,325	-	27,897,325
	<u>604,956,990</u>	<u>16,207,747</u>	<u>621,164,737</u>
Non-current			
Trade payables	75,331	-	75,331
Other payables	57,539,293	-	57,539,293
Long-term borrowings	158,931,856	-	158,931,856
	<u>216,546,480</u>	<u>-</u>	<u>216,546,480</u>
	<u>₩ 821,503,470</u>	<u>16,207,747</u>	<u>837,711,217</u>

¹ Other financial liabilities include financial payment guarantee liability.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

4. Fair Value and Financial Instruments by Category, Continued

(4) Net gains or losses by Category of Financial Instruments

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

(In thousands of Korean won)	2025				
	Financial assets		Financial liabilities		Total
	Amortized cost	Financial assets at FVPL	Financial liabilities carried at amortized cost	Other financial liabilities ¹	
Profit or loss					
Interest income	₩ 5,121,842	-	-	46,503	5,168,345
Interest expenses	-	-	(41,679,140)	-	(41,679,140)
Dividend income	-	105,595	-	-	105,595
Profit on foreign exchange	(370,313)	-	11,159	-	(359,154)
Bad debt expenses	(17,738,831)	-	-	-	(17,738,831)
Other bad debt expenses	(20,441,097)	-	-	-	(20,441,097)
Profit on valuation	-	495,787	-	-	495,787
Profit on disposal	-	8,072,455	-	-	8,072,455
Reversal of financial guarantee liabilities	-	-	-	3,779,285	3,779,285
	₩ (33,428,399)	8,673,837	(41,667,981)	3,825,788	(62,596,755)

¹ Other financial liabilities include financial payment guarantee liability.

(In thousands of Korean won)	2024				
	Financial assets		Financial liabilities		Total
	Amortized cost	Financial assets at FVPL	Financial liabilities carried at amortized cost	Other financial liabilities ¹	
Profit or loss					
Interest income	₩ 4,589,785	3,581,464	-	42,630	8,213,879
Interest expenses	-	-	(33,404,064)	-	(33,404,064)
Dividend income	-	411,806	-	-	411,806
Profit on foreign exchange	2,024,585	-	(34,445)	-	1,990,140
Bad debt expenses	(26,230,343)	-	-	-	(26,230,343)
Other bad debt expenses	(25,316,255)	-	-	-	(25,316,255)
Profit on valuation	-	2,694,789	-	-	2,694,789
Profit on disposal	(5,474)	9,929,835	-	-	9,924,361
Reversal of financial guarantee liabilities	-	-	-	1,331,722	1,331,722
Gains on Recovery of Bad Debts	221,077	-	-	-	221,077
	₩ (44,716,625)	16,617,894	(33,438,509)	1,331,722	(60,162,888)

¹ Other financial liabilities include financial payment guarantee liability.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

5. Financial Risk Management

5.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the finance department under policies approved by the board of directors. The Company's finance department identifies, evaluates and hedges financial risks in closely held co-operation with the Company's operating units. The board provides written policies for foreign exchange risk, price risk, interest rate risk, credit risk and liquidity risk.

5.1.1 Market risk

(1) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Management has set up a policy to require the Company to manage their foreign exchange risk against each functional currency.

The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

The impact of weakened/strengthened Korean won by 10% against foreign currencies with all other variables held constant on the post-tax profit for the year and equity of the Company as of December 31, 2025 and 2024 is as follows:

(In thousands of Korean won)	2025			
	10% increase		10% decrease	
	Impact on profit for the year	Impact on equity	Impact on profit for the year	Impact on equity
USD	₩ (21,045)	(21,045)	21,045	21,045
AZN	28	28	(28)	(28)
BDT	-	-	-	-

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

5. Financial Risk Management, Continued

<i>(In thousands of Korean won)</i>	2024			
	10% increase		10% decrease	
	Impact on profit for the year	Impact on equity	Impact on profit for the year	Impact on equity
USD	₩ 438,911	438,911	(438,911)	(438,911)
AZN	28	28	(28)	(28)
BDT	83,253	83,253	(83,253)	(83,253)

(2) Price risk

The Company is exposed to price risk arising from changes in market price of marketable equity securities classified on the statement of financial position as available-for-sale. The impact of increases/decreases of the stock price by 5% with all other variables held constant on other comprehensive income (before deducting tax effects) of the Company as of December 31, 2025 and 2024, is as follows:

<i>(In thousands of Korean won)</i>	2025		2024	
	5% increase	5% decrease	5% increase	5% decrease
Net income	₩ 2,243,253	(2,243,253)	2,426,318	(2,426,318)

(3) Interest rate risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises on floating rate deposits and borrowings. The objectives of interest rate risk management lie in maximizing corporate value by minimizing uncertainty caused by fluctuations in interest rates and minimizing net interest expense.

The impact of 1% higher/lower of interest rate with all other variables held constant on the Company's profit for the year and on equity as of December 31, 2025 and 2024, is as follows

<i>(In thousands of Korean won)</i>	2025			
	1% increase		1% decrease	
	Impact on profit for the year	Impact on equity	Impact on profit for the year	Impact on equity
Interest expenses	₩ (1,213,828)	(1,213,828)	1,213,828	1,213,828

<i>(In thousands of Korean won)</i>	2024			
	1% increase		1% decrease	
	Impact on profit for the year	Impact on equity	Impact on profit for the year	Impact on equity
Interest expenses	₩ (879,803)	(879,803)	879,803	879,803

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

5. Financial Risk Management, Continued

5.1.2 Credit Risk

Credit risk is managed on a Company basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits in banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. If customers are independently rated, these ratings are used. If there is no independent rating, the credit quality of the customer is evaluated taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored.

The Company operates receivables management policy and system in order to avoid credit risk. As well as, real estates, guarantee insurance and payment guarantees held by bank are also provided as collateral.

As of the end of the reporting period, the maximum exposure to credit risk is equal to the carrying amount of financial assets, and the maximum exposure for financial guarantee liabilities is ₩ 2,805,942,250 thousand.

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Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

5. Financial Risk Management, Continued

5.1.3 Liquidity Risk

The Company monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal financial ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

Details of the Company's liquidity risk analysis as of December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	2025					Contractual cash flows ²
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years		
Current						
Trade payables	₩ 287,275,563	-	-	-	-	287,275,563
Other payables	65,866,813	-	-	-	-	65,866,813
Short-term borrowings	188,166,698	-	-	-	-	188,166,698
Current portion of long-term borrowings	111,069,055	-	-	-	-	111,069,055
Financial guarantee contracts ¹	2,805,942,250	-	-	-	-	2,805,942,250
	<u>3,458,320,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,458,320,379</u>
Non-current						
Trade payables	-	75,331	-	-	-	75,331
Other payables	-	23,888,215	40,333,469	259,152	-	64,480,836
Long-term borrowings	8,839,911	84,783,842	108,837,461	1,096,724	-	203,557,938
	<u>8,839,911</u>	<u>108,747,388</u>	<u>149,170,930</u>	<u>1,355,876</u>	<u>-</u>	<u>268,114,105</u>
	₩ <u>3,467,160,290</u>	<u>108,747,388</u>	<u>149,170,930</u>	<u>1,355,876</u>	<u>-</u>	<u>3,726,434,484</u>

¹ Maximum guarantee amounts are allocated to the earliest time period in which the guarantee could be invoked.

² The amounts disclosed in the table are the contractual undiscounted cash flows including interest payments.

<i>(In thousands of Korean won)</i>	2024					Contractual cash flows ¹
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years		
Current						
Trade payables	₩ 248,985,830	-	-	-	-	248,985,830
Other payables	59,207,625	-	-	-	-	59,207,625
Short-term borrowings	293,286,824	-	-	-	-	293,286,824
Current portion of long-term borrowings	28,322,006	-	-	-	-	28,322,006
Financial guarantee contracts	2,259,773,988	-	-	-	-	2,259,773,988
	<u>2,889,576,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,889,576,273</u>
Non-current						
Trade payables	-	75,331	-	-	-	75,331
Other payables	-	18,442,365	46,507,054	1,234,039	-	66,183,458
Long-term borrowings	7,930,823	83,744,230	53,670,424	26,002,409	-	171,347,886
	<u>7,930,823</u>	<u>102,261,926</u>	<u>100,177,478</u>	<u>27,236,448</u>	<u>-</u>	<u>237,606,675</u>
	₩ <u>2,897,507,096</u>	<u>102,261,926</u>	<u>100,177,478</u>	<u>27,236,448</u>	<u>-</u>	<u>3,127,182,948</u>

¹ The amounts disclosed in the table are the contractual undiscounted cash flows including interest payments.

HL D&I Halla Corporation

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For the years ended December 31, 2025 and 2024

5. Financial Risk Management, Continued

In addition, the Company provides the guarantees for performance, warranty of the sales in housing, warranty to repair defects and mutual guarantees for the performance of constructions by other construction companies.

5.2 Capital Risk Management

The Company manages capital based on debt ratios, and there are no significant changes in capital risk management goals and policies since the end of the previous year.

The debt ratios as of December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Total liabilities (A)	₩ 1,137,118,212	973,218,949
Total equity (B)	543,484,443	436,190,323
Debt ratio (A/B)	<u>209%</u>	<u>223%</u>

6. Operating Segment Information

The disclosures related to our operating segments are disclosed in the consolidated financial statements.

7. Cash and Cash Equivalents

(1) Details

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

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Cash on hand and ordinary deposits	₩ 86,065,227	36,615,851

(2) Restriction of financial instruments

Restriction of financial instruments held by the Company as of December 31, 2025 and 2024, is as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	₩ 16,729,354	-
Short-term financial instruments	3,100,000	21,609,258
Long-term financial instruments	609,000	609,000
	<u>₩ 20,438,354</u>	<u>22,218,258</u>

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8. Trade and Other Receivables, Unbilled construction

(1) Details of trade and other receivables, and unbilled construction as of December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>		2025			
		Gross amount	Present value discounts	Loss allowance for expected credit losses	Carrying amount
Current					
Trade receivables	₩	422,232,068	-	(62,306,234)	359,925,834
Other receivables		50,643,915	-	(2,017,359)	48,626,556
Unbilled construction		194,668,102	-	(1,990,529)	192,677,573
		<u>667,544,085</u>	<u>-</u>	<u>(66,314,122)</u>	<u>601,229,963</u>
Non-current					
Trade receivables		3,874,716	-	-	3,874,716
Other receivables		204,338,171	(636,059)	(59,435,815)	144,266,297
		<u>208,212,887</u>	<u>(636,059)</u>	<u>(59,435,815)</u>	<u>148,141,013</u>
	₩	<u>875,756,972</u>	<u>(636,059)</u>	<u>(125,749,937)</u>	<u>749,370,976</u>
		2024			
<i>(In thousands of Korean won)</i>		Gross amount	Present value discounts	Loss allowance for expected credit losses	Carrying amount
Current					
Trade receivables	₩	291,325,308	-	(44,567,403)	246,757,905
Other receivables		86,118,635	-	(2,411,873)	83,706,762
Unbilled construction		198,067,713	-	(1,990,529)	196,077,184
		<u>575,511,656</u>	<u>-</u>	<u>(48,969,805)</u>	<u>526,541,851</u>
Non-current					
Trade receivables		4,173,498	-	-	4,173,498
Other receivables		111,848,900	(766,256)	(38,643,910)	72,438,734
		<u>116,022,398</u>	<u>(766,256)</u>	<u>(38,643,910)</u>	<u>76,612,232</u>
	₩	<u>691,534,054</u>	<u>(766,256)</u>	<u>(87,613,715)</u>	<u>603,154,083</u>

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8. Trade and Other Receivables, Unbilled construction, Continued

(2) The aging analysis of the trade and other receivables as of December 31, 2025 and 2024, is as follows:

<i>(In thousands of Korean won)</i>	2025				
	Not impaired			Impaired	Total
	Up to 6 months	6 to 12 months	Over 1 year		
Current					
Trade receivables	₩ 264,584,927	81,214,511	14,126,396	62,306,234	422,232,068
Other receivables	24,165,089	3,297,525	21,163,942	2,017,359	50,643,915
Unbilled construction	192,677,573	-	-	1,990,529	194,668,102
	<u>481,427,589</u>	<u>84,512,036</u>	<u>35,290,338</u>	<u>66,314,122</u>	<u>667,544,085</u>
Non-current					
Trade receivables	-	-	3,874,716	-	3,874,716
Other receivables	39,720,973	26,689,828	78,491,555	59,435,815	204,338,171
	<u>39,720,973</u>	<u>26,689,828</u>	<u>82,366,271</u>	<u>59,435,815</u>	<u>208,212,887</u>
₩	<u>521,148,562</u>	<u>111,201,864</u>	<u>117,656,609</u>	<u>125,749,937</u>	<u>875,756,972</u>
 <i>(In thousands of Korean won)</i>					
	2024				
	Not impaired			Impaired	Total
	Up to 6 months	6 to 12 months	Over 1 year		
Current					
Trade receivables	₩ 221,552,014	14,021,892	11,183,999	44,567,403	291,325,308
Other receivables	31,151,641	7,774,903	44,780,218	2,411,873	86,118,635
Unbilled construction	196,077,184	-	-	1,990,529	198,067,713
	<u>448,780,839</u>	<u>21,796,795</u>	<u>55,964,217</u>	<u>48,969,805</u>	<u>575,511,656</u>
Non-current					
Trade receivables	132,448	72,663	3,968,387	-	4,173,498
Other receivables	31,826,003	19,119,528	22,259,459	38,643,910	111,848,900
	<u>31,958,451</u>	<u>19,192,191</u>	<u>26,227,846</u>	<u>38,643,910</u>	<u>116,022,398</u>
₩	<u>480,739,290</u>	<u>40,988,986</u>	<u>82,192,063</u>	<u>87,613,715</u>	<u>691,534,054</u>

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8. Trade and Other Receivables, Unbilled construction, Continued

(3) Details of changes in impairment of trade and other receivables, and unbilled construction for the years ended December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>		2025				
		Beginning balance	Bad debt expenses	Reversal	Write-off	Ending balance
Current						
Trade receivables	₩	44,567,403	17,738,831	-	-	₩ 62,306,234
Other receivables		2,411,873	(394,514)	-	-	2,017,359
Unbilled construction		1,990,529	-	-	-	1,990,529
		<u>48,969,805</u>	<u>17,344,317</u>	<u>-</u>	<u>-</u>	<u>66,314,122</u>
Non-current						
Other receivables		38,643,909	20,835,610	-	(43,704)	59,435,815
	₩	<u>38,643,909</u>	<u>20,835,610</u>	<u>-</u>	<u>(43,704)</u>	<u>59,435,815</u>
<i>(In thousands of Korean won)</i>		2024				
		Beginning balance	Bad debt expenses	Reversal	Write-off	Ending balance
Current						
Trade receivables	₩	18,337,060	26,230,343	-	-	₩ 44,567,403
Other receivables		2,411,873	-	-	-	2,411,873
Unbilled construction		1,990,529	-	-	-	1,990,529
		<u>22,739,462</u>	<u>26,230,343</u>	<u>-</u>	<u>-</u>	<u>48,969,805</u>
Non-current						
Other receivables		13,343,359	25,316,255	-	(15,704)	38,643,910
	₩	<u>13,343,359</u>	<u>25,316,255</u>	<u>-</u>	<u>(15,704)</u>	<u>38,643,910</u>

The Company recognizes loss allowance for expected credit losses on financial assets measured at amortized cost in accordance with K-IFRS No. 1109. the provisions (or reversal) for impaired trade receivables have been included in 'selling and administrative expenses' in the statement of comprehensive income and other receivables have been included in 'non-operating expenses'. Amounts charged to the allowance account are generally written off when there is no expectation of additional recovering.

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

9. Other Assets

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

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Current		
Advance payments	₩ 17,460,773	126,077,576
Prepaid expenses	19,364,224	16,312,414
Prepaid construction costs	38,240,579	20,345,043
Prepaid value added tax	-	6,452
	<u>75,065,576</u>	<u>162,741,485</u>
Non-current		
Long-term prepaid expenses	5,808,674	1,646,812
	<u>5,808,674</u>	<u>1,646,812</u>
	<u>₩ 80,874,250</u>	<u>164,388,297</u>

10. Inventories

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

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Lots	₩ 151,458,431	29,114,043
Finished housing	38,853,636	28,072,625
Unfinished housing	19,626,156	6,918,361
Raw materials and supplies	1,671,811	1,120,565
	<u>₩ 211,610,034</u>	<u>65,225,594</u>

The amount of inventories recognized as expenses included in the cost of sales for the years ended December 31, 2025 and 2024 are KRW 358,982,664 thousand and KRW 363,927,324 thousand (Note 25).

The borrowing cost capitalized for incomplete housing, which is an eligible asset for housing construction, is KRW 4,650,911 thousand (prior year: KRW 5,540,364 thousand) and the weighted average borrowing interest rate used to calculate the capitalizable borrowing cost is 5.80% (prior year: 5.82%).

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

11. Other Financial Assets

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

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Current		
Financial assets at FVPL		
Debt securities issued by corporation	₩ -	-
Financial assets at AC		
Debt securities issued by corporation	510,000	600,000
	<u>510,000</u>	<u>600,000</u>
Non-current		
Financial assets at FVPL		
Marketable equity securities	-	4,284,129
Non-marketable equity securities	23,055,315	21,934,160
Debt instruments	36,367,587	24,785,322
Investments in capital of partnership	44,865,061	44,242,238
Debt securities issued by corporation	-	-
Financial assets at AC		
Debt securities issued by corporation	900,000	1,185,000
	<u>105,187,963</u>	<u>96,430,849</u>
	<u>₩ 105,697,963</u>	<u>97,030,849</u>

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

11. Other Financial Assets, Continued

(2) Changes in available-for-sale financial assets for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Beginning balance	₩ 97,030,849	185,308,398
Acquisition ¹	20,082,183	6,615,758
Transfer	-	624,925
Disposal ²	(11,910,856)	(98,213,021)
Valuation ³	495,787	2,694,789
Impairment	-	-
Ending balance	<u>₩ 105,697,963</u>	<u>97,030,849</u>

¹ Acquisition of other financial assets for the year ended December 31, 2025 are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>
	<u>Amount</u>
Contribution to KC Small and Medium-Sized Value Up No. 1 private equity investment limited partnership	₩ 61,750
Contribution to Korea Real Asset SSF	486,010
Contribution to Rebellions Co., Ltd	9,999,423
Contribution to Balanamyang Road Co., Ltd	9,310,000
Contribution to Korea Credit Guarantee Fund 2025 Unsecured Subordinated Public Bonds	225,000
	<u>₩ 20,082,183</u>

² Disposal of other financial assets for the year ended December 31, 2025 are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>
	<u>Amount</u>
Contribution to Airrane Co., Ltd	₩ 4,553,630
Contribution to Korea Credit Guarantee Fund 2021 Unsecured Subordinated Public Bonds	600,000
Contribution to Parabara Co., Ltd	500,000
Contribution to DSPE Alpha PE L.P.	6,257,226
	<u>₩ 11,910,856</u>

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

11. Other Financial Assets, Continued

(3) Details of equity securities at FVPL as of December 31, 2025 and 2024, are as follows:

① Debt instruments, Stocks and Investments in capital of partnership

(In thousands of Korean won)

	Number of shares (in shares)	2025		2024
		Acquisition cost	Carrying amount	Carrying amount
[Debt instruments] Non-Current				
KIAMCO Road Investment Private Equity Fund ¹	-	W 6,565,000	5,567,640	5,361,374
Metropolitan Area Western Expressway Co., Ltd. ¹	273,000	1,365,000	1,187,277	1,407,315
Pohang Yeongil New Port Corporation. ¹	2,110,680	10,553,400	-	-
The 2nd Youngdong Highway Co., Ltd. ¹	1,437,483	7,187,415	-	-
Kyunggi South Road Co., Ltd. ¹	404,326	2,021,630	1,051,652	773,071
Busan New Port 2nd Rear Road Co., Ltd. ¹	719,307	3,596,535	-	-
Gyeonggi East-West Belt Highway Co., Ltd. ¹	447,640	2,238,200	95,795	316,034
Pyeongtaek-Dong Bu Road Co., Ltd. ^{1,3,4}	1,769,418	9,208,051	15,633,314	14,221,824
Balanamyang Road Co., Ltd. ^{1,3,4}	539,630	12,008,150	12,831,909	2,705,705
MIRASEUM Co., Ltd. ¹	44,362	221,810	-	-
ERAIL.CO ¹	152,480	762,400	-	-
KB Sosa-Wonsi Railroad Project Fund ¹	-	9,754,962	-	-
DUMIREU VILLAGE Co., Ltd. ¹	19,817	99,085	-	-
Pochen Hanmaeum Barracks Operation Co., Ltd. ¹	44,060	220,300	-	-
Pochen Yeoncheon Co., Ltd. ¹	26,707	133,535	-	-
Samsung Smartedu Co., Ltd. ¹	10,101	50,505	-	-
Kimpoboram Academy Co., Ltd. ¹	8,744	43,720	-	-
SEOBUGWANGYEOK RAILROAD Co., Ltd. ¹	93,634	468,170	-	-
Busan Ecoline Co., Ltd. ¹	13,760	68,800	-	-
Leaphigh Inc	-	166,680	-	-
		<u>66,733,348</u>	<u>36,367,587</u>	<u>24,785,323</u>
[Stocks]				
Leaphigh Inc	19,439	1,108,604	-	-
Disco Co., Ltd.	6,123	2,013,699	-	886,090
Airlane Co., Ltd	-	-	-	4,284,129
Parabara Co., Ltd	-	-	-	500,000
KC Small and Medium-Sized Value Up No. 1 private equity investment limited partnership	-	6,565,500	6,565,500	6,503,750
Korea Real Asset SSF	-	4,980,112	4,980,112	4,494,102
Chemsfield Co., Ltd	210,000	1,050,000	1,050,000	1,050,000
BUILD BLOCK INC.	261,951	460,280	460,280	2,242,992
DSPEAlpha private equity investment limited partnership	-	-	-	6,257,226
Rebellions Co., Ltd	14,844	9,999,423	9,999,423	-
		<u>26,177,618</u>	<u>23,055,315</u>	<u>26,218,289</u>
[Investments in capital of partnership]				
Construction Guarantee ²	27,000	33,813,921	42,400,800	41,793,300
Plant & Mechanical Contractor's Financial Cooperative ²	43	40,045	47,430	46,956
Fire Industry Financial Cooperative ²	256	128,000	134,912	134,400
Engineering Financial Cooperative ²	113	11,568	101,279	96,175
Electric Contractor's Financial Cooperative ²	300	47,760	110,294	109,067
Information & Communication Financial Cooperative ³	100	18,769	45,993	45,585
Specialty Contractor Financial Cooperative ²	2,128	1,998,938	2,024,354	2,016,754
		<u>36,059,001</u>	<u>44,865,061</u>	<u>44,242,237</u>
		<u>₩ 128,969,967</u>	<u>104,287,963</u>	<u>95,245,849</u>

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

11. Other Financial Assets, Continued

¹ The investments are provided as collateral due to the investors' agreement with financial investors and corporate established on the basis of 'Act on public-private partnerships in infrastructure' (the 'SOC Business') (Note 31).

² The investment in capital of partnership is provided as collateral to the Construction Guarantee in relation to guarantees (Note 31).

³ Some of the equity securities classified as SOC (Social Overhead Capital) are held by investee companies established under the Private Investment in Social Overhead Capital Act and similar laws Even when holding a stake of 20% or more, the company may not be able to exert significant influence over the financial and operational decisions of the investee. Therefore, these investments are not classified as investments in associates but are classified as financial assets measured at fair value through profit or loss.

⁴ Although our ownership interest exceeds 50%, we have determined that we do not have control based on a comprehensive assessment of our power over relevant activities, exposure to variable returns, and our ability to use that power to affect those variable returns

(4) Details of amortized cost debt securities as of December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>				2025		2024	
	Annual interest rate(%)	Maturity date		Par value	Accumulated impairment	Carrying amount	Carrying amount
Debt securities							
Korea Credit Guarantee Fund 2020 5th	5.00	2023.08.29	₩	176,542	(176,542)	-	-
Korea Credit Guarantee Fund 2021 22nd	4.00	2025.02.28		-	-	-	600,000
Korea Credit Guarantee Fund 2022 23rd ¹	6.23	2026.02.25		60,000	-	60,000	60,000
Korea Credit Guarantee Fund 2023 2nd ¹	3.94	2026.06.28		450,000	-	450,000	450,000
Korea Credit Guarantee Fund 2024 24th ¹	3.37	2028.02.29		570,000	-	570,000	570,000
Korea Credit Guarantee Fund 2024 25th ¹	3.27	2028.02.29		105,000	-	105,000	105,000
Korea Credit Guarantee Fund 2025 22nd ¹	3.29	2029.01.31		225,000		225,000	
			₩	<u>1,586,542</u>	<u>(176,542)</u>	<u>1,410,000</u>	<u>1,785,000</u>

¹ The assets are provided as collateral for borrowings (see Note 31).

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

12. Investments in Subsidiaries and Associates

(1) Investments in subsidiaries, associates and joint ventures as of December 31, 2025 and 2024, are as follows:
(In thousands of Korean won)

Subsidiaries	Location	Main business	2025	
			Percentage of ownership(%)	Carrying amount
HL Logis&Co Co., Ltd.	Korea	Logistics leasing	100	₩ 101,939,927
HL Ecotech Co., Ltd. ⁴	Korea	Manufacture and operation of waste incineration facility and others	100	15,826,135
Baegot-newcity specialized town Co.,Ltd.	Korea	Housing and others	100	100,000
Mokpo Newport Management Co., Ltd.	Korea	Port management and operation Housing and others	100	2,075,503
Halla E&C Mexico S. de R.L. de C.V.	Mexico	Construction	99	312
DaolKTB Confidence Real Estate Investment Trusts No.57	Korea	Real Estate Investment	99.55	123,685,816
HL Properties America Corporation	USA	Real Estate development	100	7,404,600
				<u>251,032,293</u>
Associates				
K-REALTY RENTAL				
HOUSING REIT I	Korea	Real estate development	22.71	5,700,000
Kyeongsan Eco Energy Co., Ltd. ¹	Korea	Construction management for resource recovery facility	6.60	-
MPLUS Professional Investment Type Private Equity Real Estate Investment and Trust No.25	Korea	Financial business	25	-
Yellow CSOL Growth Private Equity Fund I	Korea	Financial business	44.25	5,000,000
Kalon Office Private Real Estate Investment Trust No.9 ³	Korea	Financial business	19.76	5,000,000
KCW CO. Ltd	Korea	Financial business	25	14,375,000
Eco Recycling New Technology Investment Fund	Korea	Financial business	39.77	3,500,000
Dongyu Time New Technology Investment Fund No. 1 ²	Korea	Financial business	50	21,000,000
L&HL Partners LLC ⁴	USA	Real estate development	-	-
				<u>54,575,000</u>
				<u>₩ 305,607,293</u>

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

12. Investments in Subsidiaries and Associates, Continued

(In thousands of Korean won)

Subsidiaries	Location	Main business	2024	
			Percentage of ownership(%)	Carrying amount
HL Logis&Co Co., Ltd.	Korea	Logistics leasing	100.00	₩ 109,954,927
HL Ecotech Co., Ltd.	Korea	Manufacture and operation of waste incineration facility and others	100.00	15,826,135
Baegot-newcity specialized town Co.,Ltd.	Korea	Housing and others	100.00	100,000
Mokpo Newport Management Co., Ltd.	Korea	Port management and operation	100.00	2,075,503
Halla Corporation America	USA	Construction	-	-
Halla E&C Mexico S. de R.L. de C.V.	Mexico	Construction	99.00	312
DaolKTB Confidence Real Estate Investment Trusts No.57	Korea	Real Estate Investment	99.55	123,685,816
HL Properties America Corporation	USA	Real Estate development	100.00	7,404,600
				<u>259,047,293</u>
Associates				
K-REALTY RENTAL				
HOUSING REIT I	Korea	Real estate development	22.71	5,700,000
Kyeongsan Eco Energy Co., Ltd. ¹	Korea	Construction management for resource recovery facility	6.60	-
MPLUS Professional Investment Type Private Equity Real Estate Investment and Trust No.25	Korea	Financial business	25.00	500,000
Yellow CSOL Growth Private Equity Fund I	Korea	Financial business	44.25	5,000,000
KCW CO. Ltd ⁴	Korea	Financial business	25	14,375,000
Eco Recycling New Technology Investment Fund ⁵	Korea	Financial business	39.77	3,500,000
Dongyu Time New Technology Investment Fund No. 1 ⁵	Korea	Financial business	45.16	5,250,000
L&HL Partners LLC ⁶	USA	Real estate development	-	-
				<u>34,325,000</u>
				<u>₩ 293,372,293</u>

¹ It is classified as an associate because the company can exercise significant influence through its subsidiaries.

² .During the current period, paid-in capital increase was conducted.

³ During the current period, Equity securities were acquired. It was determined that the Company exercises significant influence due to existence of significant transactions with the investee.

⁴ Capital contribution by a subsidiary is scheduled but remains unpaid as of the end of the current reporting period.

HL D&I Halla Corporation
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For the years ended December 31, 2025 and 2024

12. Investments in Subsidiaries and Associates, Continued

(2) Changes in investments in subsidiaries and associates for the years ended December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Beginning balance	₩ 293,372,293	284,422,247
Acquisition ¹	20,750,000	18,125,000
Disposal and other	-	(8,674,954)
Impairment loss ²	(8,515,000)	(500,000)
Ending balance	₩ <u>305,607,293</u>	<u>293,372,293</u>

¹ During the current year, the Company made an additional investment of KRW 15,750,000 thousand (15,750,000 shares) in Dongyu Time New Technology Investment Fund No. 1, and made a new investment of KRW 5,000,000 thousand in Kalon Office Private Real Estate Investment Trust No. 9.

² During the current year, the Company recognized an impairment loss of KRW 8,015,000 thousand for the investment in HL Logis & Co., Ltd. and KRW 500,000 thousand for the investment in Mplus Professional Private Real Estate Investment Trust No. 25.

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

13. Property, Plant and Equipment

(1) Details of property, plant and equipment as of December 31, 2025 and 2024, are as follows.

(In thousands of Korean won)

	2025			
	<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated Impairment Losses</u>	<u>Carrying amount</u>
Land	₩ 221,470	-	-	221,470
Buildings	533,791	(166,976)	-	366,815
Vehicles	1,121,481	(937,679)	-	183,802
Temporary structures	322,300	(318,744)	-	3,556
Supplies	5,122,277	(3,693,048)	-	1,429,229
Decorations	8,714,207	(7,755,493)	-	958,714
Right-of-use assets	158,373,710	(82,152,860)	(18,824,000)	57,396,850
	<u>₩ 174,409,236</u>	<u>(95,024,800)</u>	<u>(18,824,000)</u>	<u>60,560,436</u>

(In thousands of Korean won)

	2024			
	<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated Impairment Losses</u>	<u>Carrying amount</u>
Land	₩ 1,137,063	-	-	1,137,063
Buildings	533,791	(153,988)	-	379,803
Machinery	32,071	(32,071)	-	-
Vehicles	1,067,590	(857,543)	-	210,047
Temporary structures	338,450	(326,361)	-	12,089
Supplies	4,007,713	(3,799,516)	-	208,197
Decorations	8,680,767	(7,364,373)	-	1,316,394
Right-of-use assets	146,939,962	(73,317,132)	(16,957,000)	56,665,830
	<u>₩ 162,737,407</u>	<u>(85,850,984)</u>	<u>(16,957,000)</u>	<u>59,929,423</u>

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

13. Property, Plant and Equipment, Continued

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

<i>(In thousands of Korean won)</i>		2025							
		<u>Beginning balance</u>	<u>Acquisition</u>	<u>Disposal</u>	<u>Transfer</u>	<u>Depreciation</u>	<u>Impairment Loss</u>	<u>Others</u>	<u>Ending balance</u>
Land	₩	1,137,063	-	-	(915,593)	-	-	-	221,470
Buildings		379,803	-	-	-	(12,988)	-	-	366,815
Vehicles		210,048	70,989	-	-	(97,235)	-	-	183,802
Temporary structures		12,089	-	-	-	(8,533)	-	-	3,556
Supplies		208,196	1,620,900	(1)	-	(399,866)	-	-	1,429,229
Decorations		1,316,394	33,440	-	-	(391,120)	-	-	958,714
Right-of-use assets		56,665,830	26,507,856	(862,733)	-	(23,056,859)	(1,867,000)	9,756	57,396,850
	₩	<u>59,929,423</u>	<u>28,233,185</u>	<u>(862,734)</u>	<u>(915,593)</u>	<u>(23,966,601)</u>	<u>(1,867,000)</u>	<u>9,756</u>	<u>60,560,436</u>

<i>(In thousands of Korean won)</i>		2024						
		<u>Beginning balance</u>	<u>Acquisition</u>	<u>Disposal</u>	<u>Depreciation</u>	<u>Impairment Loss</u>	<u>Others</u>	<u>Ending balance</u>
Land	₩	1,287,597	-	(150,534)	-	-	-	1,137,063
Buildings		392,791	-	-	(12,988)	-	-	379,803
Vehicles		288,952	23,572	-	(102,477)	-	-	210,047
Temporary structures		34,478	-	(10,511)	(11,878)	-	-	12,089
Supplies		331,963	41,332	-	(165,098)	-	-	208,197
Decorations		1,407,038	294,700	(5,902)	(379,442)	-	-	1,316,394
Right-of-use assets(*)		77,171,342	-	-	(22,533,794)	(16,957,000)	18,985,282	56,665,830
	₩	<u>80,914,161</u>	<u>359,604</u>	<u>(166,947)</u>	<u>(23,205,677)</u>	<u>(16,957,000)</u>	<u>18,985,282</u>	<u>59,929,423</u>

(*) Changes in right-of-use assets during the prior year are indicated in Note 34.

HL D&I Halla Corporation
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For the years ended December 31, 2025 and 2024

14. Intangible Assets

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

<i>(In thousands of Korean won)</i>		2025		
		Acquisition cost	Accumulated amortization	Carrying amount
Membership	₩	2,633,420	(14,132)	2,619,288
Software		12,141,983	(10,393,679)	1,748,304
	₩	<u>14,775,403</u>	<u>(10,407,811)</u>	<u>4,367,592</u>
<i>(In thousands of Korean won)</i>		2024		
		Acquisition cost	Accumulated amortization	Carrying amount
Membership	₩	2,633,420	(6,544)	2,626,876
Software		11,006,084	(10,133,314)	872,770
	₩	<u>13,639,504</u>	<u>(10,139,858)</u>	<u>3,499,646</u>

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

<i>(In thousands of Korean won)</i>		2025		
		Membership	Software	Total
Beginning balance	₩	2,626,876	872,770	3,499,646
Acquisition		-	1,348,578	1,348,578
Amortization		(7,588)	(473,044)	(480,632)
Ending balance	₩	<u>2,619,288</u>	<u>1,748,304</u>	<u>4,367,592</u>
<i>(In thousands of Korean won)</i>		2024		
		Membership	Software	Total
Beginning balance	₩	2,550,022	942,555	3,492,577
Acquisition		83,398	358,206	441,604
Amortization		(6,544)	(427,991)	(434,535)
Ending balance	₩	<u>2,626,876</u>	<u>872,770</u>	<u>3,499,646</u>

(3) Amortization on Intangible Assets are as follows :

<i>(In thousands of Korean won)</i>	2025		2024	
Cost of sales	₩	18,523		25,388
Selling and administrative expenses		462,109		409,147
	₩	<u>480,632</u>		<u>434,535</u>

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

14. Intangible Assets, Continued

(4) Research and Development Costs are as follows :

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Research and Development Costs	₩ 2,928,285	3,083,950
	<u>₩ 2,928,285</u>	<u>3,083,950</u>

15. Investment Property

(1) Details of investment property as of December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>		<u>2025</u>		
		<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
Land	₩	915,593	-	915,593
	₩	<u>915,593</u>	<u>-</u>	<u>915,593</u>

<i>(In thousands of Korean won)</i>		<u>2024</u>		
		<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
Land	₩	-	-	-
	₩	<u>-</u>	<u>-</u>	<u>-</u>

(2) Changes in investment property for the years ended December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>		<u>2025</u>			
		<u>Beginning balance</u>	<u>Disposals</u>	<u>Transfer</u>	<u>Ending balance</u>
Land	₩	-	-	915,593	915,593
Buildings		-	-	-	-
	₩	<u>-</u>	<u>-</u>	<u>915,593</u>	<u>915,593</u>

<i>(In thousands of Korean won)</i>		<u>2024</u>			
		<u>Beginning balance</u>	<u>Disposals</u>	<u>Transfer</u>	<u>Ending balance</u>
Land	₩	134,310	(134,310)	-	-
Buildings		359,965	(359,965)	-	-
	₩	<u>494,275</u>	<u>(494,275)</u>	<u>-</u>	<u>-</u>

(4) The fair value of investment property is determined by independent appraisals performed by certified professional valuers, or based on valuation amounts reflecting the officially announced land prices and recent available transaction prices of similar properties. This is classified as Level 3 in the fair value hierarchy. As of the end of the current period, the fair value of investment property is KRW 1,633 million.

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

16. Payables and Other Liabilities

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

(In thousands of Korean won)

	<u>2025</u>	<u>2024</u>
Other Payables		
Current		
Non-trade payables	₩ 25,759,819	12,453,589
Dividends payable	9	9
Accrued expenses	7,695,546	5,460,719
Leasehold deposits received	324,184	480,724
Financial payment guarantee liabilities	13,067,674	16,207,747
Lease liabilities ¹	25,318,010	23,164,473
	<u>72,165,242</u>	<u>57,767,261</u>
Non-current		
Leasehold deposits received	259,152	174,872
Financial payment guarantee liabilities	-	-
Lease liabilities	55,259,125	57,364,421
	<u>₩ 55,518,277</u>	<u>57,539,293</u>
Other Liabilities		
Current		
Advances received from sales in housing	₩ 54,983,557	2,516,789
Other advances received	5,248,666	3,985,628
Withholdings	23,947,969	19,629,938
	<u>₩ 84,180,192</u>	<u>26,132,355</u>

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

17. Borrowings

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

① Debentures

<i>(In thousands of Korean won)</i>	Issuance date	Maturity date	Annual interest rate(%)	2025	2024
143rd non-guaranteed public bonds	2024-02-28	2025-02-28	- ₩	-	70,000,000
144th non-guaranteed public bonds	2024-06-21	2025-06-20	-	-	60,000,000
145th non-guaranteed privately placed bonds	2024-08-22	2025-08-22	-	-	15,000,000
146th non-guaranteed privately placed bonds	2024-11-26	2025-11-26	-	-	5,000,000
149-1st non-guaranteed public bonds	2025-01-24	2026-01-23	7.00	60,000,000	-
150th non-guaranteed privately placed bonds	2025-01-23	2026-01-23	7.00	4,000,000	-
151st non-guaranteed privately placed bonds	2025-02-07	2026-02-06	7.00	5,000,000	-
152nd non-guaranteed privately placed bonds	2025-04-24	2026-04-24	6.70	5,000,000	-
153rd non-guaranteed privately placed bonds	2025-04-24	2026-04-24	6.70	7,000,000	-
154th non-guaranteed privately placed bonds	2025-05-14	2026-05-14	6.70	10,000,000	-
156-1st non-guaranteed public bonds	2025-06-17	2026-06-17	6	44,000,000	-
				135,000,000	150,000,000
Less: Discount on bonds				(132,890)	(259,044)
				₩ 134,867,110	149,740,956

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

17. Borrowings, Continued

② Other short-term borrowings

(In thousands of Korean won)

	Type	Financial institution	Interest rate(%)		2025	2024
Bank borrowings	General borrowings	Korea Development Bank and others ¹	5.74	₩	30,000,000	30,000,000
	Asset-backed loan	Yeonggwang Suhyup and others	-		-	15,000,000
	General borrowings	Woori Investment Securities Co., Ltd.	5.7		10,000,000	10,000,000
	General borrowings	Standard Chartered Bank Korea Ltd.	-		-	10,000,000
	General borrowings	Busan Bank	-		-	2,493,000
Commercial paper	General borrowings	Hanwha Investment & Securities Co., Ltd.	-		-	3,000,000
	General borrowings	Shinyoung Securities Co., Ltd.	-		-	2,000,000
	General borrowings	IBK Investment & Securities Co., Ltd.	-		-	10,000,000
	General borrowings	Korea Investment & Securities Co., Ltd.	-		-	30,000,000
	General borrowings	Hanyang Securities Co., Ltd.	-		-	5,000,000
	General borrowings	IBK Investment & Securities Co., Ltd.	-		-	4,000,000
	General borrowings	BNK Investment & Securities Co., Ltd.	-		-	5,000,000
	General borrowings	Korea Investment & Securities Co., Ltd.	-		-	10,000,000
	General borrowings	IBK Investment & Securities Co., Ltd.	6.80		5,000,000	-
	General borrowings	NH Investment & Securities Co., Ltd.	6.80		5,000,000	-
Other borrowings	Borrowing for operating funds	Halla E&C Mexico S. de R.L. de C.V. ²	4.60		273,671	280,365
				₩	<u>50,273,671</u>	<u>136,773,365</u>

¹ These borrowings are subject to variable interest rates.

² The change in the borrowing is the effect of the exchange rate change.

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

17. Borrowings, Continued

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

① Debentures

<i>(In thousands of Korean won)</i>	<u>Issuance date</u>	<u>Maturity date</u>	<u>Annual interest rate(%)</u>	<u>2025</u>	<u>2024</u>
131-2nd non-guaranteed public bonds	2022-02-23	2025-02-21	-	-	12,000,000
132nd non-guaranteed privately placed bonds	2022-04-20	2025-04-20	-	-	5,000,000
135th non-guaranteed privately placed bonds	2022-11-24	2025-11-24	-	-	5,000,000
137th non-guaranteed privately placed bonds	2023-03-27	2026-03-27	4.43	30,000,000	30,000,000
147th non-guaranteed privately placed bonds	2024-11-28	2027-11-28	3.57	7,000,000	7,000,000
148th non-guaranteed privately placed bonds	2024-11-28	2027-11-28	3.57	38,000,000	38,000,000
149-2nd non-guaranteed privately placed bonds	2025-01-24	2026-07-24	7.20	21,000,000	-
155th non-guaranteed privately placed bonds	2025-05-21	2026-11-20	6.10	7,000,000	-
156-2nd non-guaranteed privately placed bonds	2025-06-17	2026-12-17	6.09	46,000,000	-
157th non-guaranteed privately placed bonds	2025-10-30	2028-10-30	3.43	15,000,000	-
				<u>164,000,000</u>	<u>97,000,000</u>
Less: Discount on bonds				(354,904)	(145,424)
Less: Current portion, net				<u>(103,758,349)</u>	<u>(21,991,323)</u>
				₩ 59,886,747	74,863,253

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

17. Borrowings, Continued

② Other long-term borrowings

<i>(In thousands of Korean won)</i>	Financial institution	Interest rate (%)	2025	2024	Redemption method	Maturity date
Bank borrowings	SeoGwangju NongHyup, ETC	-	-	31,715,250	Bullet Payment	2026-05-25
Bank borrowings	DongSeoul NongHyup, ETC	-	-	13,102,400	Bullet Payment	2026-02-23
Bank borrowings	NamSeoul ShinHyup, ETC	-	-	5,422,000	Bullet Payment	2026-03-06
Bank borrowings	Busan Bank ¹	6.36	5,845,000	6,676,000	36-month installment repayment	2027-09-30
Bank borrowings	Songpa Nonghyup, ETC	3.88	92,000,000	-	4th installment repayment	2028-04-30
Bank borrowings	HANA BANK, Lotte ^{1,2} World Tower Financial Center ^{1,3}	5.05	30,000,000	-	4th installment repayment	2027-12-24
Association borrowings	Construction Guarantee Korea Housing & Urban Guarantee Corporation	-	-	31,596,658	Bullet Payment	2027-06-26
Other borrowings		-	1,389,183	1,462,298	22 years installment repayment	2044-10-07
			129,234,183	89,974,606		
Less: Current portion			(3,397,115)	(5,906,002)		
			<u>₩ 125,837,068</u>	<u>84,068,604</u>		

¹The loan bears a variable interest rate.

²The loan is secured by a PF guarantee issued by the Korea Housing & Urban Guarantee Corporation. (See Note 31)

³ The Company has entered into a money claim trust agreement regarding the rights to return of deposits for construction costs and provides the related trust beneficiary rights as collateral for the borrowings. (See Note 31)

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

18. Net Defined Benefit Liabilities

(1) Details of net defined benefit liabilities recognized in the statements of financial position as of December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Present value of funded defined benefit obligations	₩ 91,660,361	90,559,845
Fair value of plan assets	(92,241,254)	(81,258,134)
Net defined benefit liability (asset)	(580,893)	9,301,711
Other long-term employee benefits liabilities	4,587,962	1,744,739
Liability in the statement of financial position	<u>₩ 4,007,069</u>	<u>11,046,450</u>

(2) The effects on the statements of comprehensive income are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Current service cost	₩ 8,334,331	7,785,698
Net interest expense	195,382	120,420
Past service cost	3,437,029	-
Other Long-term Employee Benefits	2,840,001	90,917
Other cost	64,254	(10,334)
	<u>₩ 14,870,997</u>	<u>7,986,701</u>

(3) Accounts that include employee benefits are as follows :

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Cost of sales	₩ 9,746,346	5,395,928
Selling and administrative expenses	5,124,651	2,857,827
	<u>₩ 14,870,997</u>	<u>8,253,755</u>

(4) Changes in the carrying amount of defined benefit obligations for the years ended December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Beginning balance	₩ 90,559,846	81,197,286
Current service cost	8,334,331	7,785,698
Interest expense	3,145,139	3,272,236
Past service cost	3,437,029	-
Remeasurements	(8,848,944)	3,139,011
Severance payments	(5,134,541)	(4,834,386)
Transfer in from affiliates	167,501	-
Ending balance	<u>₩ 91,660,361</u>	<u>90,559,845</u>

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

18. Net Defined Benefit Liabilities, Continued

(5) Changes in the fair value of plan assets for the years ended December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>		<u>2025</u>	<u>2024</u>
Beginning balance	₩	81,258,134	74,666,631
Interest income		2,949,756	3,151,815
Remeasurements		276,991	6,691
Employers contributions		10,400,000	6,500,000
Payments from plans		(2,807,870)	(3,067,003)
Settlement		(2,859)	-
Transfer in from affiliates		167,102	-
Ending balance	₩	<u>92,241,254</u>	<u>81,258,134</u>

(6) Plan assets as of December 31, 2025 and 2024, consist of:

<i>(In thousands of Korean won)</i>	<u>2025</u>		<u>2024</u>	
	<u>Amount</u>	<u>Ratio(%)</u>	<u>Amount</u>	<u>Ratio(%)</u>
Deposits	₩ 92,241,254	100.00	₩ 81,258,134	100.00

(7) The significant actuarial assumptions used are as follows:

The Company determined the estimate of discount rate and others for assessing the present value of the defined benefit obligations by the reference to the market yields on high quality corporate bonds whose currency and term are consistent with the currency and estimated term of the post-employment benefit obligations.

	<u>2025</u>	<u>2024</u>
Discount rate	4.14%	3.72%
Salary growth rate	3.79%	4.25%

(8) The sensitivity of the defined benefit obligation as of December 31, 2025, to changes in the principal assumptions is:

	<u>Impact on defined benefit obligation</u>	
	<u>1% increase</u>	<u>1% decrease</u>
Discount rate	(4.70%)	5.30%
Salary growth rate	5.40%	(4.90%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis do not change compared to the previous period.

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Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

18. Net Defined Benefit Liabilities, Continued

(9) Effects on the defined benefit obligations for future cash flow are as follows:

The Company reviews the funding level on an annual basis and has a policy of eliminating deficit from the fund.

Expected contributions to post-employment benefit plans for the year ending December 31, 2026, are KRW 9,816 million.

The weighted average duration of the defined benefit obligations is 5.97 years. Expected maturity analysis of undiscounted pension benefits as of December 31, 2025, is as follows:

<i>(In thousands of Korean won)</i>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Pension benefits	₩ 21,086,964	9,200,799	27,262,118	56,670,696	114,220,577

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

19. Provision

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

(In thousands of Korean won)

		2025					
		Provisions for warranty	Provisions for expected losses	Provisions for litigation	Provisions for recovery	Provisions for Customer Loyalty Program	Total
Current							
Beginning balance	₩	5,860,190	3,323,932	-	-	-	9,184,122
Increase		-	1,369,285	3,823,595	-	-	5,192,880
Decrease		(2,962,373)	-	(1,658,612)	-	-	(4,620,985)
Reversal		-	(3,798,224)	-	-	-	(3,798,224)
Liquidity substitution		2,160,933	-	-	-	1,100,281	3,261,214
Ending balance	₩	5,058,750	894,993	2,164,983	-	1,100,281	9,219,007
Non-current							
Beginning balance	₩	45,447,244	-	-	465,634	913,258	46,826,136
Increase		4,481,373	-	-	29,409	3,136,723	7,647,505
Decrease		-	-	-	-	(2,949,700)	(2,949,700)
Reversal		(1,685,149)	-	-	-	-	(1,685,149)
Liquidity substitution		(2,160,933)	-	-	-	(1,100,281)	(3,261,214)
Ending balance	₩	46,082,535	-	-	495,043	-	46,577,578

(In thousands of Korean won)

		2024					
		Provisions for warranty	Provisions for expected losses	Provisions for litigation	Provisions for recovery	Provisions for Customer Loyalty Program	Total
Current							
Beginning balance	₩	6,312,554	7,386,762	-	-	-	13,699,316
Increase		-	867,792	-	-	-	867,792
Decrease		-	(4,930,622)	-	-	-	(4,930,622)
Liquidity substitution		(452,364)	-	-	-	-	(452,364)
Ending balance	₩	5,860,190	3,323,932	-	-	-	9,184,122
Non-current							
Beginning balance	₩	38,653,398	-	-	565,237	753,853	39,972,488
Increase		10,133,057	-	-	468,993	2,816,549	13,418,599
Decrease		(3,791,575)	-	-	(568,596)	(2,657,145)	(7,017,316)
Liquidity substitution		452,364	-	-	-	-	452,364
Ending balance	₩	45,447,244	-	-	465,634	913,257	46,826,135

The Company estimates the amount expected to be incurred in connection with the warranty, based on historical experience and other factors.

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Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

20. Capital Stock and Capital surplus

The Company's total number of authorized shares is 100,000,000 shares with the par value of ₩ 5,000 per share.

Changes in capital stock and surplus attributable to owners of the Company for the years ended December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	Common stock		Preferred stock¹		Capital surplus	Total
	No. of shares (unit: shares)	Amount	No. of shares (unit: shares)	Amount		
01-Jan-24	37,858,601	₩ 194,374,710	9,006,833	₩ 50,872,100	₩ 67,322,309	312,569,119
31-Dec-24	37,858,601	₩ 194,374,710	9,006,833	₩ 50,872,100	₩ 67,322,309	312,569,119
01-Jan-25	37,858,601	194,374,710	9,006,833	50,872,100	67,322,309	312,569,119
31-Dec-25	37,858,601	₩ 194,374,710	9,006,833	₩ 50,872,100	₩ 67,322,309	312,569,119

¹ Accumulated/participating convertible preferred stocks without voting rights. Details are as follows:

	Details
Conversion period ²	After 19 years from the date of issue (April 17, 2013) and within one year. If not exercised during the conversion period, it is assumed to have been converted at the end of the conversion period. However, if the prescribed dividends are not fully paid by the end of the conversion period, the conversion period shall be extended until such dividends are fully paid
Conversion rate	1:5
Conversion price (In Won)	₩ 6,220 per share

² According to the resolution of the board of directors on March 3, 2022, the parent company corrected the conversion request period, which is "within one year after nine years from the issuance date," to "one year after 19 years from the issuance date".

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

21. Hybrid Securities

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

(in thousands of Korean won)

Description	Type	Issue Date	Maturity Date	Interest Rate (%)	2025	2024
1st Series Hybrid Securities ¹	Bearer, Unsecured Subordinated Bonds	2025-09-24	2055-09-24	6.525	₩ 80,000,000	-
Issuance Costs					(2,840,620)	-
					₩ 77,159,380	-

¹ Hybrid securities issued by the Company are classified as other components of equity within equity, as there is no contractual obligation to deliver financial assets to the counterparty. The details related to this are as follows:

Description	Details
Issuance amount	KRW 80,000 million
Maturity	30 years, renewable every 30 years
Interest rate ²	6.525%, with rate adjustment after 2 years
Interest payment terms	Payable quarterly in arrears
Others	The Company may defer interest at its discretion; however, payments are mandatory if any dividends, repurchases, or redemptions occurred in the past 12 months.

² If the call option is not exercised within 2 years from the issuance date, a step-up rate will be added to the arithmetic average of the Company's 2-year individual market representative yields.

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

22. Accumulated Other Comprehensive Income and Retained earnings

(1) Accumulated other comprehensive income as of December 31, 2025 and 2024, consist of:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Currency translation differences	₩ 61,462	228,260
Change by revaluation of assets	213,380	216,477
	<u>₩ 274,842</u>	<u>444,737</u>

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

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Legal reserves	₩ 8,850,122	8,850,122
Retained earnings before appropriation	144,630,980	114,326,346
	<u>₩ 153,481,102</u>	<u>123,176,468</u>

The Commercial Code of the Republic of Korea requires the Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital stock. The reserve is not available for cash dividends payment, but may be transferred to capital stock or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed (in accordance with a resolution of the shareholders' meeting).

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

22. Accumulated Other Comprehensive Income and Retained earnings, Continued

(3) The appropriation of retained earnings (disposition of accumulated deficit) for the years ended December 31, 2025 and 2024, is as follows:

The appropriation of retained earnings for the year ended December 31, 2024, was approved by the board of directors on February 9 2025, and may be adjusted at the annual shareholders' meeting on March 26, 2026. The date of appropriation for the year ended December 31, 2024, was on March 25, 2025.

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Unappropriated retained earnings	₩ 114,326,346	108,451,789
(undisposed accumulated deficit) carried over from prior year		
Remeasurements of net defined benefit liabilities (undisposed accumulated deficit)	7,167,150	(2,408,754)
Interest on hybrid Securities	(1,305,000)	-
Change by revaluation of assets	3,096	48,136
Profit (loss) for the year	<u>24,439,388</u>	<u>8,235,175</u>
Unappropriated retained earnings	144,630,980	114,326,346
Legal reserve	504,203	-
Cash dividends	5,042,025	-
(Current) Dividends on preferred shares: 559.8 KRW (11.2%)		-
Appropriation of retained earnings	<u>5,546,228</u>	-
Unappropriated retained earnings to be carried forward	<u>₩ 139,084,753</u>	<u>114,326,346</u>

The cash dividends of KRW 5,042,025 thousand for the fiscal year ended December 31, 2025, are expected to be proposed as an agenda item for the annual general meeting of shareholders scheduled for March 26, 2026. The financial statements for the current period do not reflect these dividends as dividends payable

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23. Sales and Cost of Sales

(1) Details of sales and cost of sales for the years ended December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	<u>2025¹</u>	<u>2024¹</u>
Construction	₩ 1,449,419,573	1,250,415,654
Sales in housing	172,904,832	182,997,295
Others ²	22,865,123	22,887,041
	<u>₩ 1,645,189,528</u>	<u>1,456,299,990</u>

¹The revenue from the contract with the customer classified according to the timing of revenue recognition is as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Duty to perform throughout the term	₩ 1,620,259,832	1,337,638,083
Duty to perform at one point	24,929,696	118,661,907
	<u>₩ 1,645,189,528</u>	<u>1,456,299,990</u>

²Total sales of distribution segment and net sales presented in the statements of comprehensive income are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Total sales		
Merchandise	₩ 50,848,113	56,944,422
Others	14,416,229	13,374,085
	<u>65,264,342</u>	<u>70,318,507</u>
Deduction		
Special contract purchase cost	42,704,172	47,676,420
Net sales	<u>₩ 22,560,170</u>	<u>22,642,087</u>

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

23. Sales and Cost of Sales, Continued

(2) Details of cost of sales for the years ended December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Construction	₩ 1,278,193,939	1,130,149,249
Cost of sales in housing	135,689,357	145,600,412
Others	27,174,882	26,563,250
	<u>₩ 1,441,058,178</u>	<u>1,302,312,911</u>

(3) Information on key customers

Major customers accounting for more than 10% of the Company's sales are as follows:

① Years ended December 31, 2025

<i>(In thousands of Korean won)</i>		
<u>Name of Customer</u>	<u>Sales</u>	<u>% of Total Sales</u>
Samsung Electronics Co., Ltd.	182,044,849	11.07%

② Years ended December 31, 2024

There is no key customers account for more than 10% of the Company's sales.

HL D&I Halla Corporation
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For the years ended December 31, 2025 and 2024

24. 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>	<u>2025</u>	<u>2024</u>
Short-term employee benefits	₩ 41,842,831	39,554,034
Severance benefits	4,175,693	2,844,693
Other long-term employee benefits	948,958	-
Advertising expense	36,983,160	7,479,543
Bad debt expenses	17,738,831	26,230,343
Taxes and dues	4,954,117	2,086,773
Depreciation of property, plant and equipment	3,602,926	3,358,207
Amortization	462,109	409,147
Fees	16,198,939	16,459,203
Rent	150,218	174,292
Others	9,870,867	9,787,623
	<u>₩ 136,928,649</u>	<u>108,383,858</u>

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

25. Expenses by Nature

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

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Changes in finished housing and unfinished housing	₩ (23,488,806)	60,750,322
Raw materials and others used	318,747,002	264,293,656
Land expenses	63,724,468	38,883,346
Employee benefits	159,442,213	128,469,766
Depreciation of property, plant and equipment	23,966,601	23,205,677
Amortization of intangible assets	480,632	434,535
Outsourcing	801,235,138	692,663,102
Advertising	39,526,553	9,258,925
Training	1,147,726	1,120,421
Bad debt expense(reversal)	17,738,831	26,230,343
Insurance	15,597,491	11,985,881
Employee fringe benefits	7,647,847	5,860,375
Taxes and dues	27,600,173	21,604,525
Supplies	11,515,040	10,597,406
Utilities	4,804,832	3,550,826
Travel expenses	832,747	832,544
Research and development	2,928,285	3,083,950
Freight expenses	1,101,347	2,646,012
Entertainment expenses	777,781	1,043,763
Fees	64,000,423	62,520,337
Rent	15,739,311	14,431,568
Design and service expenses	11,285,700	1,755,800
Vehicles maintenance expenses	1,613,400	2,134,137
Others	10,022,093	23,339,551
	<u>₩ 1,577,986,828</u>	<u>1,410,696,768</u>

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

26. Other Income and Other Expenses

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

(In thousands of Korean won)

	<u>2025</u>	<u>2024</u>
[Other income]		
Gain on foreign currency translation	₩ 11,159	2,024,585
Foreign exchange gain	75	10,066
Gain on disposal of property, plant and equipment	29,156	43,095
Gain on valuation of financial assets at FVPL	3,604,866	6,030,228
Gain on disposal of financial assets at FVPL	8,572,206	9,929,835
Gain on collection of written-off receivables	-	221,077
Dividend income	15,721,450	6,272,559
Financial guarantee income	5,427,375	-
Reversal of financial guarantee liability	3,779,285	1,331,722
Gain on settlement of lease	15,016	1,084,295
Miscellaneous gain	4,318,230	7,697,281
	<u>₩ 41,478,818</u>	<u>34,644,743</u>
[Other expenses]		
Loss on foreign currency translation	₩ 370,385	34,445
Foreign exchange loss	3	10,066
Loss on disposal of property, plant and equipment	1	10,700
Loss on disposal of investment properties	-	128,043
Loss on valuation of financial assets at FVPL	3,109,079	3,335,439
Loss on disposal of financial assets at FVPL	499,751	-
Financial guarantee expense	5,427,375	-
Loss on disposal of other assets	-	5,474
Impairment loss of property, plant and equipment	1,867,000	16,957,000
Donation	867,845	148,984
Loss of lease settlement	-	6,881
Miscellaneous loss	1,861,439	5,799,259
	<u>₩ 14,002,878</u>	<u>26,436,291</u>

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

27. Non-Operating Income and Expenses, Profit(loss) of investments in associates

(1) Details of non-operating income and non-operating expenses for the years ended December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Non-operating income		
Interest income	₩ 5,168,345	8,213,879
	<u>₩ 5,168,345</u>	<u>8,213,879</u>
Non-operating expenses		
Interest expense	₩ 41,679,140	33,404,064
Other bad debt expenses	20,441,097	25,316,255
	<u>₩ 62,120,237</u>	<u>58,720,319</u>

(2) Details of profit (loss) of investments in associates for the years ended December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Gain (loss) on disposal of investments in associates	₩ -	7,589,541
Impairment loss on investments in associates	(8,515,000)	(500,000)
Reversal of impairment loss on investments in associates	-	2,956,394
	<u>₩ (8,515,000)</u>	<u>10,045,935</u>

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

28. Tax Expense and Deferred Tax

(1) Income tax expense for the years ended December 31, 2025 and 2024, consists of:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Current tax:		
Current tax on profits for the year	₩ 15,781,529	15,600,065
Adjustments in respect of prior years	<u>(1,785,767)</u>	<u>(969,570)</u>
Total current tax	<u>13,995,762</u>	<u>14,630,495</u>
Deferred tax:		
Total temporary differences	(7,310,467)	(10,357,870)
Total temporary differences charged directly to equity	<u>(1,912,935)</u>	<u>843,370</u>
Total deferred tax	<u>(9,223,402)</u>	<u>(9,514,500)</u>
Income tax expense	<u>₩ 4,772,360</u>	<u>5,115,995</u>

(2) Reconciliations of net income before tax and income tax expense as of December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Profit before tax	₩ 29,211,749	13,351,169
Income tax based on statutory rate	6,747,914	3,084,120
Adjustments:		
Non-taxable income / non-deductible expense	3,651,056	426,951
Reversal of income taxes, etc.	(1,639,397)	(822,884)
Additional income taxes, etc.	22	2,559,861
Foreign taxes paid	24,296	743,449
Tax reduction	(499,697)	(397,890)
Changes in tax rates	(2,994,324)	-
Others	<u>(517,510)</u>	<u>(477,612)</u>
Income tax expense	<u>₩ 4,772,360</u>	<u>5,115,995</u>
Effective tax rate	<u>16.34%</u>	<u>38.32%</u>

(3) Income tax effects on other comprehensive income (expenses) for the years ended December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>			<u>2024</u>		
	<u>Before tax</u>	<u>Tax effect</u>	<u>After tax</u>	<u>Before tax</u>	<u>Tax effect</u>	<u>After tax</u>
Gain(loss) revaluation of asset	₩ -	(3,095)	(3,095)	(62,596)	-	(62,596)
Currency translation	(215,743)	48,945	(166,798)	(518,634)	119,804	(398,830)
Remeasurements	9,125,933	<u>(1,958,783)</u>	7,167,150	<u>(3,132,320)</u>	723,566	<u>(2,408,754)</u>
	<u>₩ 8,910,190</u>	<u>(1,912,934)</u>	<u>6,997,256</u>	<u>(3,713,550)</u>	<u>843,370</u>	<u>(2,870,180)</u>

HL D&I Halla Corporation
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For the years ended December 31, 2025 and 2024

28. Tax Expense and Deferred Tax, Continued

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

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	₩ 10,002,634	5,884,315
Deferred tax asset to be recovered after more than 12 months	114,418,351	104,086,239
	<u>124,420,985</u>	<u>109,970,554</u>
Deferred tax liabilities		
Deferred tax liability to be recovered within 12 months	(1,252,214)	(804,360)
Deferred tax liability to be recovered after more than 12 months	(54,028,521)	(47,339,506)
	<u>(55,280,735)</u>	<u>(48,143,866)</u>
Deferred tax assets (liabilities), net	₩ <u>69,140,250</u>	<u>61,826,688</u>

(5) Changes in deferred tax assets and liabilities for the years ended December 31, 2025 and 2024, without taking into consideration the offsetting of balances, are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>			
	<u>Beginning balance</u>	<u>Income tax benefit (expense)</u>	<u>Other comprehensive income</u>	<u>Ending balance</u>
Defined benefit liability	₩ 20,913,491	3,204,741	(1,958,783)	22,159,449
Plan assets	(18,748,626)	(3,410,823)	-	(22,159,449)
Accrued income	(1,276,467)	(863,102)	-	(2,139,569)
Allowance for doubtful accounts	19,529,196	9,444,102	-	28,973,298
Depreciation	337,741	(121,179)	-	216,562
Inventories	(2,237,390)	(737,440)	-	(2,974,830)
Financial asset at FVPL	5,189,036	1,026,581	-	6,215,617
Financial asset at amortized cost	40,781	1,942	-	42,723
Investments in associates	11,362,475	(4,411,123)	-	6,951,352
Accrued expenses	1,008,241	543,031	-	1,551,272
Provision for warranties	11,852,041	524,150	-	12,376,191
Provisions for Customer Loyalty Program	210,962	55,306	-	266,268
Provisions for litigation	549,207	636,051	-	1,185,258
Revaluation of land	(65,027)	-	(3,096)	(68,123)
Gain on foreign currency translation	(68,567)	-	48,945	(19,622)
Others	13,229,594	3,334,259	-	16,563,853
	₩ <u>61,826,688</u>	<u>9,226,496</u>	<u>(1,912,934)</u>	<u>69,140,250</u>

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Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

28. Tax Expense and Deferred Tax, Continued

(In thousands of
Korean won)

	2024			
	Beginning balance	Income tax benefit (expense)	Other comprehensive income	Ending balance
Defined benefit liability	₩ 18,734,570	1,455,355	723,566	20,913,491
Plan assets	(17,225,989)	(1,522,637)	-	(18,748,626)
Accrued income	(1,014,379)	(262,088)	-	(1,276,467)
Allowance for doubtful accounts	4,552,921	14,976,275	-	19,529,196
Depreciation	468,764	(131,023)	-	337,741
Inventories	(1,309,951)	(927,439)	-	(2,237,390)
Financial asset at FVPL	7,820,812	(2,631,776)	-	5,189,036
Financial asset at amortized cost	40,781	-	-	40,781
Investments in associates	15,337,560	(3,975,085)	-	11,362,475
Accrued expenses	945,780	62,461	-	1,008,241
Provision for warranties	10,387,135	1,464,906	-	11,852,041
Provisions for Customer Loyalty Program	174,140	36,822	-	210,962
Provisions for litigation	-	549,207	-	549,207
Revaluation of land	(79,487)	-	14,460	(65,027)
Gain on foreign currency translation	(188,371)	-	119,804	(68,567)
Others	12,824,532	405,062	-	13,229,594
	₩ <u>51,468,818</u>	<u>9,500,040</u>	<u>857,830</u>	<u>61,826,688</u>

(6) Details of unrecognized deductible (taxable) temporary differences as deferred tax assets (liabilities) as of December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025	2024	Remarks
Subsidiaries	₩ (1,075,503)	(1,075,503)	Permanent reinvestment plan of undistributed profit
Subsidiaries	28,978,610	-	Unlikely to reverse in the foreseeable future

(7) Uncertainty of tax accounting

The Company follows the relevant laws and judges that uncertainty on estimating tax is low based on experience. The Company judges that tax liability is appropriate on basis of many instruments including tax interpretation and experience.

(8) Global Minimum Tax regime

As the ultimate parent entity under the Global Minimum Tax regime, the Company is liable for any top-up tax incurred by its subsidiaries. However, all jurisdictions in which the Company's constituent entities are located are expected to qualify for the transitional safe harbour, and thus no top-up tax is anticipated. Accordingly, there is no current tax effect related to the global minimum tax in the current period.

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29. Earnings Per Share

(1) Details of weighted average number of common stocks outstanding for the years ended December 31, 2025 and 2024, are as follows:

<i>(In shares)</i>	<u>2025</u>	<u>2024</u>
Beginning balance	37,858,601	37,858,601
Weighted average number of common stocks outstanding	<u>37,858,601</u>	<u>37,858,601</u>

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

<i>(In Korean won and shares)</i>	<u>2025</u>	<u>2024</u>
Profit for the year	₩ 24,439,388,462	8,235,174,545
Dividends on Convertible Preferred Shares ¹	(5,042,025,113)	(5,042,025,113)
Interest on Hybrid Securities ¹	(1,305,000,000)	-
Profit from Continuing Operations Attributable to Ordinary Shareholders	18,092,363,349	3,193,149,432
Weighted average number of common stocks outstanding	37,858,601 shares	37,858,601 shares
Basic earnings per share	₩ <u>478</u>	<u>84</u>

¹ As cumulative preferred dividends, amounts calculated at the predetermined dividend rate are recognized as finance costs and deducted in determining profit or loss for the period, irrespective of whether such dividends are declared.

(3) Diluted earnings per share for the years ended December 31, 2025 and 2024, are as follows:

<i>(In Korean won and shares)</i>	<u>2025</u>	<u>2024¹</u>
Profit for the year	₩ 24,439,388,462	- ¹
Interest on Hybrid Securities	(1,305,000,000)	- ¹
Diluted operating profit (loss) attributable to ordinary equity holders	23,134,388,462	- ¹
Weighted average number of diluted ordinary shares outstanding ²	82,892,766	- ¹
Diluted earnings per share	₩ <u>279</u>	<u>-¹</u>

¹ Diluted earnings per share is the same as basic earnings per share because of the anti-dilutive effect.

² Details of the calculation of the weighted average number of diluted ordinary shares outstanding are as follows:

<i>(In Korean won and shares)</i>	<u>2025</u>	<u>2024</u>
Weighted average number of common stocks outstanding	37,858,601	37,858,601
Convertible Preferred Stock	45,034,165	-*
Weighted average number of diluted ordinary shares outstanding ²	₩ <u>82,892,766</u>	<u>37,858,601</u>

As of the present, the total number of issued convertible preferred shares is 9,006,833. Upon conversion, the conversion rate is 1:5 (one share of convertible preferred stock to five shares of common stock).

* The potential ordinary shares are excluded from the diluted weighted-average number of ordinary shares because they are antidilutive for the period presented.

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Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

30. Construction Contracts

(1) Changes in the remaining balance of construction contracts for the years ended December 31, 2025 and 2024, are as follows:

① Construction contracts

(In thousands of Korean won)

	2025			
	Beginning balance	Increase (decrease) ¹	Recognized construction revenue ²	Ending balance
Architectural works	₩ 3,748,670,720	1,709,440,380	(1,192,919,723)	4,265,191,377
Civil engineering	733,426,523	860,706,808	(255,551,204)	1,338,582,127
Overseas projects	10,251,961	(2,519,072)	171,912	7,904,801
	₩ 4,492,349,204	2,567,628,116	(1,448,299,015)	5,611,678,305

¹ The increase or decrease includes the contract amount for the contract work scheduled to start.

² Revenue from construction contracts does not include any amounts related to significant financing components.

(In thousands of Korean won)

	2024			
	Beginning balance	Increase (decrease) ¹	Recognized construction revenue ²	Ending balance
Architectural works	₩ 3,272,758,212	1,433,260,442	(957,347,934)	3,748,670,720
Civil engineering	468,333,803	547,846,491	(282,753,771)	733,426,523
Overseas projects	20,380,434	(95,722)	(10,032,751)	10,251,961
	₩ 3,761,472,449	1,981,011,211	(1,250,134,456)	4,492,349,204

¹ The increase or decrease includes the contract amount for the contract work scheduled to start.

² Revenue from construction contracts does not include any amounts related to significant financing components.

② Business of the sales in housing

(In thousands of Korean won)

	2025			
	Beginning balance	Increase (decrease)	Recognized construction revenue ¹	Ending balance
Sales in housing	₩ 755,976,004	33,930,954	(172,904,832)	617,002,126

¹ Construction revenue is recognized based on the percentage-of-completion method at 159,988,897 thousand KRW and based on the completed-contract method at 12,815,800 thousand KRW.

(In thousands of Korean won)

	2024			
	Beginning balance	Increase (decrease)	Recognized construction revenue ¹	Ending balance
Sales in housing	₩ 311,807,294	627,166,005	(182,997,295)	755,976,004

¹ Construction revenue is recognized based on the percentage-of-completion method at 86,987,430 thousand KRW and based on the completed-contract method at 96,009,865 thousand KRW.

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30. Construction Contracts, Continued

(2) Details of in-progress construction contracts such as recognized construction profit or loss as of December 31, 2025 and 2024, are as follows:

① Construction contracts

(In thousands of Korean won)

	2025		
	Accumulated construction revenue	Accumulated construction cost	Accumulated profit
Architectural works	₩ 1,338,060,217	1,215,523,221	122,536,996
Civil engineering	698,141,419	672,009,157	26,132,262
Overseas projects	61,065,084	59,451,291	1,613,793
	₩ 2,097,266,720	1,946,983,669	150,283,051

(In thousands of Korean won)

	2024		
	Accumulated construction revenue	Accumulated construction cost	Accumulated profit
Architectural works	₩ 892,431,545	820,880,434	71,551,111
Civil engineering	764,088,114	719,029,984	45,058,130
Overseas projects	82,710,153	79,121,645	3,588,508
	₩ 1,739,229,812	1,619,032,063	120,197,749

② Business of the sales in housing

(In thousands of Korean won)

	2025		
	Accumulated construction revenue	Accumulated construction cost	Accumulated profit
Business of the sales in housing	₩ 95,867,825	71,619,320	24,248,505

(In thousands of Korean won)

	2024		
	Accumulated construction revenue	Accumulated construction cost	Accumulated profit
Business of the sales in housing	₩ 120,244,042	98,537,531	21,706,511

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30. Construction Contracts, Continued

(3) Details of unbilled amounts and others related to construction as of December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>		<u>2025</u>
Receivables from construction contracts ¹	₩	403,698,747
Contract assets ²		219,072,943
Unbilled amounts		198,067,713
Receivables for sales in housing		21,005,230
Contract execution cost ³		20,345,043
Contract liabilities ⁴		40,228,678
Overbilled amounts from construction contract		84,075,765
Advances receive from sales in housing		54,983,557
Provisions for expected losses		894,993
<i>(In thousands of Korean won)</i>		<u>2024</u>
Receivables from construction contracts ¹	₩	272,557,100
Contract assets ²		181,503,828
Unbilled amounts		177,440,467
Receivables for sales in housing		4,063,361
Contract execution cost ³		18,315,998
Contract liabilities ⁴		124,818,546
Overbilled amounts from construction contract		37,711,889
Advances receive from sales in housing		2,516,789
Provisions for expected losses		3,323,932

¹ These are the amount before deduction of loss allowance for expected credit losses. And Receivables for sales in housing are classified as contract assets.

² The Company classifies the contract assets that arise because of the application of K-IFRS No. 1115, as unbilled contracts and receivables for sales in housing.

³ The Company recognizes a contract execution cost as an asset because it is directly related to a contract with a customer or an expected contract that can be identified specifically and is expected to generate or enhance the value of the entity's resources to be used to fulfill future performance obligations.

⁴ The Company classifies contract liabilities arising on the application of K-IFRS No. 1115 to overbilled amounts from construction contract and advances received from sales in housing.

Regarding the carried over contract liabilities, the amount recognized as income for the current period is KRW 34,996,185 thousand won.

HL D&I Halla Corporation

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30. Construction Contracts, Continued

(4) Contractual information that contract revenue for the years ended December 31, 2025 and 2024 is more than 5% of previous revenues, are as follows:

① As of December 31, 2025

(In thousands of Korean won)

	Contract date	Construction period	Percentage of completion (%)	Unbilled construction		Trade receivables	
				Gross amount	Allowance for doubtful accounts	Gross amount	Allowance for doubtful accounts
Pyeongtaek Samsung Electronics Substation	2023-12-04	23.12-26.08	81.04%	₩ -	-	4,118,400	-
Gunsan Jigok-dong APT	2021-11-26	23.04-26.01	93.02%	1,856,829	-	59,617,410	2,200,000
Gunsan Jigok-dong 2 APT	2022-07-14	23.06-25.12	100.00%	-	-	25,267,302	-
Gimhae Andong APT	2021-12-29	25.10-29.02	1.27%	-	-	-	-
Gimhae Jangyu Sammun APT	2021-11-30	23.07-26.04	87.70%	-	-	32,821,890	-
Namguro Station Area Redevelopment ¹	2025-02-28	Not started	-	-	-	-	-
Dongducheon Private Rental Housing ¹	2025-11-27	Not started	-	-	-	-	-
Daegu Seomun-ro Mixed-use ¹	2021-12-28	Not started	-	-	-	-	-
Daegu Pyeongni Redevelopment ¹	2018-08-31	Not started	-	-	-	-	-
Mapo Ahyeon Mixed-use	2024-04-25	24.09-28.06	17.16%	-	-	-	-
Mapo Hapjeong Mixed-use Building	2023-12-01	24.01-29.02	10.00%	1,537,100	-	11,219,734	-
Busan Hyundai Outlet	2025-11-24	25.12-27.11	0.84%	-	-	-	-
Seodaemun Station Mixed-use ¹	2025-04-21	Not started	-	-	-	-	-
Seoshin-dong Gamnamugol Redevelopment	2013-06-28	23.12-26.10	61.83%	28,151,846	-	-	-
Seongnam Bokjeong Housing	2025-05-02	25.08-28.04	6.86%	1,720,079	-	-	-
Seongsu-dong HL Office 1 ¹	2025-12-30	Not started	-	-	-	-	-
Songdo Business Facility 2	2022-03-23	22.05-25.08	100.00%	-	-	24,816,100	-
Suwon Dangsui Mixed-use (M1)	2025-05-14	25.09-28.06	3.31%	2,020,509	-	-	-
Suwon Dangsui Mixed-use (M2)	2025-05-14	25.09-28.06	3.99%	3,477,157	-	-	-
Suwon Yeonmu-dong Mixed-use	2023-11-24	24.01-27.01	46.87%	-	-	-	-
Siheung Eunhaeng District 2 Apt	2021-10-28	21.12.-25.09	100.00%	-	-	-	-
Singil Daeshin Market Multipurpose building ¹	2019.09.30	Not started	-	-	-	-	-
Icheon bubal Multipurpose building	2024.04.12	24.07-28.04	19.97%	-	-	33,014,934	-
Yangju Hoejeong APT	2021.11.26	22.09-27.12	45.68%	16,946,260	-	6,926,317	-
Yeongcheon jogyo-dong APT	2020.01.22	21.07-26.12	-	1,580,346	1,580,346	-	-
Yongin Geumeo District APT	2023.12.15	24.08-27.07	49.05%	67,579,665	-	-	-
For residential use in Ulsan station area OT	2022.04.11	23.12-26.10	55.54%	3,484,438	-	65,370,000	28,300,000
Ulsan Woojungdong Apt	2020.05.29	24.03-26.11	70.96%	2,651,854	-	9,319,501	-
Yongin-Yeoksam APT ¹	2019.12.27	Not started	-	-	-	-	-

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30. Construction Contracts, Continued

(In thousands of Korean won)

	Contract date	Construction period	Percentage -of-completion (%)	Unbilled construction		Trade receivables	
				Gross amount	Allowance for doubtful accounts	Gross amount	Allowance for doubtful accounts
Cheonan Sajik area Development ¹	2024.11.13	Not started	-	-	-	-	-
Cheongju Wolmyeong park APT	2020.09.16	23.06-26.04	88.67%	5,156,795	-	10,580,103	-
Paju seonyuri APT ¹	2024.12.12	Not started	13.61%	1,299,335	-	-	-
Gyeonggi Yangpyeong Power District	2024.11.11	24.12-27.12	20.28%	5,169,816	-	-	-
Gyeongbu Dongtan high way2	2016.12.26	16.12-25.09	98.80%	1,523,988	-	-	-
Goyang-Eunpyeong Line Section 1	2025-12-08	Not started	-	-	-	-	-
Gwangju Subway Section 4	2019.09.10	19.09-26.06	94.27%	3,812,955	-	-	-
Gimpo Paju high way 4 area	2019.02.27	19.02-27.12	74.19%	5,872,246	-	-	-
Southern Inland Railway Section 6-2	2025-12-29	25.12-31.12	-	384	-	-	-
Dangjin Grain Terminal	2024-12-31	25.01-27.11	20.00%	-	-	-	-
Balan namyang Highway ¹	2024.10.18	Not started	-	-	-	-	-
Incheon Jung-san Power Tunnel	2025-01-09	25.02-30.12	4.99%	2,928,110	-	-	-
Jinhae water Navigation facility	2024.12.24	25.11-28.11	8.45%	1,619,406	-	-	-
Pyeongtaek Dongbu Highway	2019.05.31	20.12-26.09	67.79%	24,198,072	-	2,603,230	-
Korean Coast Guard Western Maintenance Center	2021.12.23	21.12-25.10	100.00%	-	-	-	-
Bucheon Sosa Multipurpose building ²	-	21.01-24.01	100.00%	-	-	-	-
Incheon Jakjeon APT	-	22.09-25.10	100.00%	-	-	-	-
Ulsan teahwa-river APT ¹	-	25.04-27.07	24.47%	-	-	-	-
Icheon ami 1 Development	-	21.02-23.09	100.00%	-	-	-	-
Yangpyeong Yanggeunri apt	-	21.02-27.11	16.23%	-	-	-	-

¹ The site has signed a contract, but the construction hasn't started yet.

² The site is a delivery basis revenue recognition site.

HL D&I Halla Corporation

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For the years ended December 31, 2025 and 2024

30. Construction Contracts, Continued

② As of December 31, 2024

(In thousands of Korean won)

	Contract date	Construction period	Percentage of-completion (%)	Unbilled construction		Trade receivables	
				Gross amount	Allowance for doubtful accounts	Gross amount	Allowance for doubtful accounts
Visang education building	2021.06.18	21.07-24.02	100.00	₩ -	-	-	-
Anseong Iljuk Logistics Center	2022.09.29	22.09-24.12	100.00	-	-	17,996,000	-
Paju woonjung A17B/LAPT	2020.12.10	20.12-24.01	100.00	-	-	-	-
Gwangyang hwang guem area APT	2020.11.26	21.08-24.05	100.00	-	-	7,708,375	-
Gunsan New Station Area APT	2022.01.12	22.03-24.10	100.00	-	-	4,939,030	-
Gunsan jigok-dong APT	2021.11.26	23.04-26.01	44.06	3,080,229	-	29,306,179	-
Gunsan jigok-dong 2APT	2022.07.14	23.06-25.11	50.74	7,420,483	-	-	-
Gimhae Naedeok area APT	2021.05.04	21.12-24.07	100.00	-	-	-	-
Gimhae Andong APT ¹	2021.12.29	Not started	0.00	-	-	-	-
Gimhae Jangyou Sammun APT	2021.11.30	23.07-26.04	44.31	7,178,313	-	-	-
Daegu Seomunno Multipurpose building ¹	2021.12.28	Not started	0.00	-	-	-	-
Daegu Pyeongri development ¹	2018.08.31	Not started	0.00	-	-	-	-
Mapo Ahyeon Multipurpose Building	2024.04.25	24.09-28.06	4.57	1,503,730	-	-	-
Mapo Hapjeong Complex Building	2023.12.01	24.01-27.12	2.67	810,388	-	-	-
Bucheon Naedong Logistics Center	2022.03.07	22.05-24.04	100.00	-	-	-	-
Seosin-dong Gamnamugol Development	2013.06.28	23.12-26.10	23.66	-	-	-	-
Song-do business facilities ²	2022.03.23	22.05-25.07	66.76	-	-	4,400,000	-
Suwon Yeonmu-dong Multipurpose building	2023.11.24	24.01-27.01	16.69	4,500,600	-	-	-
Siheung eunhaeng 2 area APT	2021.10.28	21.12-25.09	73.21	60,744,674	-	-	-
Singil Daeshin Market Multipurpose building ¹	2019.09.30	Not started	0.00	-	-	-	-
Icheon bubal Multipurpose building	2024.04.12	24.07-28.04	4.44	-	-	10,509,703	-
Yangju Hoejeong APT	2021.11.26	22.09-27.12	11.41	4,361,899	-	6,336,025	-
Yeongcheon jogyo -dong APT	2020.01.22	21.07-25.12	0.00	1,580,346	1,580,346	-	-
Yongin Geumeo District APT	2023.12.15	24.08-27.07	6.22	7,637,902	-	-	-
For residential use in Ulsan station area OT	2022.04.11	23.12-26.10	15.85	2,403,817	-	21,707,400	12,000,000
Ulsan Woojungdong Apt	2020.05.29	24.03-26.11	22.16	1,133,953	-	22,502,661	-
Yongin-Yeoksam APT ¹	2019.12.27	Not started	0.00	-	-	-	-

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For the years ended December 31, 2025 and 2024

30. Construction Contracts, Continued

(In thousands of Korean won)

	Contract date	Construction period	Percentage -of-completion (%)	Unbilled construction		Trade receivables	
				Gross amount	Allowance for doubtful accounts	Gross amount	Allowance for doubtful accounts
Cheonan Busung APT	2021.12.29	22.05-24.12	100.00	-	-	29,655,429	-
Cheonan Sajik area Development ¹	2024.11.13	Not started	0.00	-	-	-	-
Cheongju Wolmyeong park APT	2020.09.16	23.06-26.04	48.84	405,692	-	5,826,841	-
Paju seonyuri APT ¹	2024.12.12	Not started	0.00	-	-	-	-
Pyeongtaek Samsung Electronics substation	2023.12.04	23.12-26.08	18.77	-	-	7,832,000	-
Gyeonggi Yangpyeong Power District	2024.11.11	24.12-27.12	0.27	367,384	-	-	-
Gyeongbu Dongtan high way1	2017.03.17	17.03-24.12	100.00	-	-	-	-
Gyeongbu Dongtan high way2	2016.12.26	16.12-25.09	97.50	2,687,033	-	-	-
Gwangju Subway Section 4	2019.09.10	19.09-25.06	84.64	17,897,091	-	-	-
Gimpo Paju high way 4 area	2019.02.27	19.02-25.12	67.41	6,957,938	-	-	-
Balan namyang Highway ¹	2024.10.18	Not started	0.00	-	-	-	-
Seohae Line 10 area	2015.04.24	15.04-24.12	100.00	-	-	5,747,200	-
Jinhae water Navigation facility	2024.12.24	Not started	0.00	-	-	-	-
Pyeongtaek Dongbu Highway	2019.05.31	20.12-26.09	55.40	18,543,670	-	1,672,860	-
Korean Coast Guard Western Maintenance Center	2021.12.23	21.12-25.07	69.83	-	-	-	-
Bucheon Sosa Multipurpose building ²	-	21.01-24.01	100.00	-	-	-	-
Incheon Jakjeon APT	-	22.09-25.10	61.79	-	-	-	-
Ulsan teahwa-river APT ¹	-	Not started	0.00	-	-	-	-
Icheon ami 1 Development ¹	-	Not started	0.00	-	-	-	-
Yangpyeong Yanggeunri apt	-	21.02-23.09	100.00	-	-	-	-

¹ The site has signed a contract, but the construction hasn't started yet.

² The site is a delivery basis revenue recognition site.

HL D&I Halla Corporation
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For the years ended December 31, 2025 and 2024

30. Construction Contracts, Continued

(5) Details of contracts that use percentage-of-completion method for each operating segments, are as follows:

<i>(In thousands of Korean won)</i>	2025		
	Provisions for expected losses	Changes in construction profit or loss	Changes in estimated total contract costs
Architectural works	₩ -	27,722,896	104,116,035
Civil engineering	804,341	(8,063,044)	78,261,015
Overseas projects	90,652	347,268	(326,895)
Business of the sales in housing	-	2,449,342	8,838,000
	₩ 894,993	22,456,462	190,888,155

<i>(In thousands of Korean won)</i>	2024		
	Provisions for expected losses	Changes in construction profit or loss	Changes in estimated total contract costs
Architectural works	₩ 2,376,852	110,202,094	150,253,222
Civil engineering	868,526	4,563,713	62,423,404
Overseas projects	78,554	(20,374)	(65,481)
Business of the sales in housing	-	(3,052,357)	2,808,298
	₩ 3,323,932	111,693,076	215,419,443

(6) Due to increased cost arising from architectural works, civil engineering and overseas projects costs in 2025, the estimated total revenue and costs for the contracts in progress have changed. Details of the impact on profits or loss for the year and the succeeding year and unbilled construction for contract work are as follows:

<i>(In thousands of Korean won)</i>	Changes in estimated total contract revenue	Changes in estimated total contract cost	Impact on profit (loss) for the year	Impact on profit (loss) for the succeeding year	Changes in unbilled construction for contract work	Changes in excess billings on construction contracts
Architectural works	₩ 131,838,931	104,116,035	15,570,829	12,152,067	8,572,321	(6,998,508)
Civil engineering	70,197,971	78,261,015	(6,488,692)	(1,574,352)	(6,583,761)	(899,409)
Overseas projects	20,374	(326,895)	371,008	(23,739)	(78,251)	(461,951)
Business of the sales in housing	11,287,342	8,838,000	49,802	2,399,540	-	-
	₩ 213,344,618	190,888,155	9,502,947	12,953,516	1,910,308	(8,359,869)

The impact on profit or loss for the year and the succeeding year is determined based on total contract costs, which are estimated based on the circumstances incurring from the start of the contract to the end of the current year, and the estimated contract revenue as of December 31, 2025. The estimates of total contract costs and revenue may change in the future.

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

30. Construction Contracts, Continued

(7) Major details of joint contract works as of December 31, 2025 are as follows:

(In thousands of Korean won)

<u>Contract name</u>	<u>Our share party contract amount</u>	<u>Ownership interest</u>	<u>Contract lead manager</u>
Pyeongtaek Dongbu Highway	₩ 223,026,868	70.00%	HL D&I HALLA
Goyang-Eunpyeong Line Section 1 ¹	219,762,350	60.00%	HL D&I HALLA
Balan namyang Highway ¹	217,760,200	70.00%	HL D&I HALLA
Nambu Naeryuk Railway Section 6-2	174,957,767	70.00%	HL D&I HALLA
Seosin-dong gamnamugol Development	171,113,921	30.00%	Posco enc
Gyeonggi Yangpyeong Power District	141,596,652	75.00%	HL D&I HALLA
Gwangju Subway 4 area Center	122,764,663	69.00%	HL D&I HALLA
Incheon Jungsan Power Cable Tunnel	118,071,910	75.00%	HL D&I HALLA
Gyeongbu Dongtan Straightening Section 2	101,454,400	80.00%	HL D&I HALLA

¹ The site has signed a contract, but the construction hasn't started yet.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments

(1) Pledged notes and checks as of December 31, 2025, are as follows:

	Amount	Pledgee	Details
12 checks	Blank	Gyeonggi east west circle road and others	Guarantee for obligation of SOC and others
11 notes	Blank	Shinhan Bank and others	Guarantee for cash deficiency support, loan commitments and others

(2) Assets provided as collateral as of December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

Pledged assets	Purpose	Provided to	Currency	2025	
				Carrying amount	Pledged Amount
Cash and cash equivalents	Consignment operation of Hyundai Outlets	Hyundai Department Store Co., Ltd.	KRW	15,301,307	15,301,307
Short-term financial instruments	Collateral for loans, etc.	KEB Hana Bank etc.	KRW	3,100,000	3,400,000
Long-term financial instruments	Deposit for checking account	Woori Bank, KEB Hana Bank	KRW	609,000	609,000
Long-term financial asset at FVPL	Guarantee for SOC business ¹	Pyeongtaek Eastern Expressway and others	KRW	23,535,678	54,209,006
Long-term financial asset at FVPL	Issue of warranty ²	Construction guarantee and others	KRW	44,865,061	44,865,061
Investments in associates	Guarantee for business	Kyeongsan Eco Energy Co., Ltd.	KRW	-	731,400
Amortized cost financial asset	Subordinated Public (2021 22th etc.)	Korea Credit Guarantee Fund	KRW	1,410,000	1,410,000

¹ Under the Act on Private Investment for Social Overhead Capital, the Company entered into investor commitment for capital increase, maintenance of debt-to-income and debt-to-equity ratios and others with creditors, such as Kookmin Bank and others.

² The Company's contribution to the cooperative has been pledged as collateral for the issuance of guarantee certificates and other related purposes.

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For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

(In thousands of Korean won)

Pledged assets	Purpose	Provided to	Currency	2024	
				Carrying amount	Pledged Amount
Short-term financial instruments	Hyundai Outlet Entrustment Operation and others	Korea Investment & Securities Co., Ltd.	KRW	19,541,560	19,841,560
Long-term financial instruments	Deposit for checking account	Woori Bank, KEB Hana Bank	KRW	9,000	9,000
Long-term financial asset at FVPL	Guarantee for SOC business ¹	Pyeongtaek Eastern Expressway and others	KRW	22,079,618	52,946,753
Long-term financial asset at FVPL	Issue of warranty ²	Construction guarantee and others	KRW	44,242,237	44,242,237
Investments in associates	Guarantee for business	Kyeongsan Eco Energy Co., Ltd.	KRW	-	44,242,237
Prepayments ³	Guarantee for loan	SeoGwangju Nonghyup, ETC	KRW	121,199,774	57,058,300
Completed housing units ⁴	Guarantee for loan	DongSeoul Nonghyup, ETC	KRW	27,031,159	22,229,280
Amortized cost financial asset	Subordinated Public (2021 22th etc.)	Korea Credit Guarantee Fund	KRW	1,410,000	1,410,000

¹ Under the Act on Private Investment for Social Overhead Capital, the Company entered into investor commitment for capital increase, maintenance of debt-to-income and debt-to-equity ratios and others with creditors, such as Kookmin Bank and others.

² Equity of association is provided as collateral for issuing warranty and others.

³ These prepayments we made to acquire the land are provided as collateral for the loan.

⁴ Unsold housing units and commercial properties recognized as completed housing by the Company have been provided as collateral for the loan

(3) Details of commitments relating to maximum limit as of December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	Financial institution	Currency	2025	2024
Bank overdraft	Woori Bank and others	KRW	26,000,000	26,000,000
General loan	KDB Bank and others	KRW	68,600,000	68,600,000
Electronic accounts receivable loan	KEB Hana Bank and others	KRW	23,700,000	27,700,000
Investment Securities Mortgage Loan Agreement	Construction Guarantee	KRW	26,594,771	26,594,771

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

(4) Warranty details provided to others by the Company

① PF contingent liabilities summary

As of the end of the reporting period, our company is providing a total of KRW 653,799,950 thousand won (KRW 498,739,450 thousand at the end of the previous year) related to PF, and there is no amount corresponding to consortium participation projects.

Although our company recorded it as a contingent liability at the end of the previous year, there was no amount converted to a provision at the end of the current period.

Among the credit enhancements we provide, no amount is provided to related parties.

Details of PF contingent liabilities related to maintenance and other businesses are as follows.

(In thousands of Korean won)

Business	Type	Guarantee facility	Guarantee amount	Loan balance							2024
				2025	Within 3 months	Within 6 months	Within 1 year	Maturity			
								Within 2 years	Within 3 years	More than 3 years	
Maintenance business	Bridge loan	8,558,950	8,558,950	8,558,950	1,269,995	2,300,000	-	-	-	4,988,955	6,258,950
	PF loan	200,000,000	200,000,000	200,000,000	-	-	-	-	-	200,000,000	197,920,000
		208,558,950	208,558,950	208,558,950	1,269,995	2,300,000	-	-	-	204,988,955	204,178,950
Other business	Bridge loan	-	-	-	-	-	-	-	-	-	17,000,000
	PF loan	483,700,000	445,241,000	408,141,000	-	-	197,071,000	-	211,070,000	-	277,560,500
		483,700,000	445,241,000	408,141,000	-	-	197,071,000	-	211,070,000	-	294,560,500
		692,258,950	653,799,950	616,699,950	1,269,995	2,300,000	197,071,000	-	211,070,000	204,988,955	498,739,450

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For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

② Guarantees for debts provided by the Company are as follows:

Type	Details	Provided to	Guarantee start date	Maturity	2025	2024	Guarantee limit
Cash deficiency Support	Gimhae Andong local housing association ¹	Andong LT Six Co., Ltd	2022-05-26	2025-02-27	-	17,000,000	-
Assumption of debts and cash deficiency support	Mapo Hapjeong District 7 Complex ²	D'oro DNC Co., Ltd	2024-07-15	2029-01-15	200,000,000	197,920,000	200,000,000
	Ulsan Station Area Officetel ⁴	Gang han Development Co., Ltd	2025-09-23	2026-11-24	4,000,000	-	4,000,000
	Icheon bubal Multi purpose Building ³	Builders Development Co., Ltd	2024-05-15	2028-06-15	136,070,000	148,640,000	150,000,000
	Yangju Hoejeong-dong Multi-family Housing ⁵	Yangju Hoejeong-dong Multi-family Housing	2025-12-30	2027-09-18	46,071,000	-	55,000,000
Assumption of debts and joint guarantee	Ulsan Station Area Officetel ⁶	Gang han Development Co., Ltd	2025-09-23	2026-11-24	100,100,000	-	115,700,000
	Ulsan Ujeong-dong local housing association APT ⁷	Ulsan Ujeong-dong local housing association APT ⁵	2023-05-26	2027-02-28	84,000,000	32,800,000	84,000,000
Debt Assumption Commitment	Paju Seonyu-ri Multi-family Housing ⁸	CLK Industrial Development Co., Ltd.	2024-12-19	2028-09-29	75,000,000	75,000,000	75,000,000
Joint guarantee	Daegu pyeongni 4area Development	Pyeongni 4 Reorganization promotion zone Development association	2021-07-26	when construction starts	4,988,955	4,988,955	4,988,955
	Siheung eunhaeng 2 area APT	Dow Development Co., Ltd	2021-11-01	2025-12-01	-	9,408,000	-
	Jangmi Villa Street Housing redevelopment	Jangmi Villa street housing redevelopment association	2024-12-17	when construction starts	1,269,995	1,269,995	1,269,995
	Incheon Juan-dong Block-unit Housing	Juan-dong 32-2 Area Block-unit Housing Redevelopment Association	2025-96-15	when construction starts	2,300,000	-	2,300,000
Interest Payments Guarantee*	Cheongju Wolmyeong park ¹⁰	Daesung IND Co., Ltd	2023-06-12	2026-09-12	-	6,063,750	-
	Ulsan Station Area Officetel ¹¹	Gang han Development Co., Ltd	2023-09-19	2025-11-24	-	5,648,750	-
					<u>₩ 653,799,950</u>	<u>498,739,450</u>	<u>692,258,950</u>

HL D&I Halla Corporation

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For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

The Company provides an interest payment guarantee to "D-Hub Co., Ltd.," the developer of the Siheung Janghyeon Business Facility project. The total loan amount is KRW 12 billion, with a maturity date in August 2027. If any unpaid loan balance remains after the maturity date, a guarantee obligation for that amount will be triggered.

¹ Gimhae Andong Local Housing Association: In connection with this project, a cash deficiency support agreement was signed under the business and loan agreement. This guarantee obligation has been terminated as the loan principal and interest under the loan agreement have been fully repaid.

² Mapo Hapjeong District 7 Complex Project: In connection with this project, a conditional debt assumption agreement (in case of non-completion), cash deficiency support agreement, and sales responsibility agreement were signed under the business and loan agreement. The debt assumption obligation—a conditional obligation—will expire if the building is completed and approved for use within 53 months from the initial guarantee date and the full loan principal and interest are repaid. The sales responsibility agreement stipulates that if the sales rate falls below 50% one year after the public announcement of housing recruitment, the Company shall enter into sales contracts for the unsold units.

³ Icheon Bubal-eup Apartment Construction Project: In connection with this project, a conditional debt assumption agreement (in case of non-completion), cash deficiency support agreement, and sales responsibility agreement were signed. The debt assumption obligation will expire if the building is completed and approved for use within 48 months from the initial guarantee date and the full loan principal and interest are repaid. The sales responsibility agreement stipulates that if the sales rate falls below 60% eighteen months after the public announcement of housing recruitment, the Company shall enter into sales contracts for the unsold units.

⁴ Ulsan Station Area Officetel Project: In connection with this project, a conditional debt assumption agreement and a cash deficiency support agreement were signed. The debt assumption obligation will expire if the building is completed and approved for use within 16 months from the initial guarantee date and the full loan principal and interest are repaid.

⁵ Yangju Hoejeong-dong Apartment Project: In connection with this project, a conditional debt assumption agreement and a cash deficiency support agreement were signed. The debt assumption obligation will expire if the building is completed and approved for use within 21 months from the initial guarantee date and the full loan principal and interest are repaid.

⁶ Ulsan Station Area Officetel Project (Additional): In connection with this project, a conditional debt assumption agreement and a joint guarantee agreement were signed. The debt assumption obligation will expire if the building is completed and approved for use within 16 months from the initial guarantee date and the full loan principal and interest are repaid..

⁷ Ulsan Ujeong-dong Local Housing Association Project: In connection with this project, a conditional debt assumption agreement (in case of non-completion) and a joint guarantee agreement were signed. The debt assumption obligation will expire if the building is completed and approved for use within 40 months from the initial guarantee date and the full loan principal and interest are repaid.

⁸ Paju Seonyu-ri Apartment Project: In connection with this project, a conditional debt assumption agreement (in case of non-completion) and a debt acquisition commitment were signed. The debt assumption obligation will expire if the building is completed and approved for use within 40 months from the initial guarantee date and the full loan principal and interest are repaid.

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31. Contingencies and Commitments, Continued

③ Real Estate PF Loan Guarantee Details

As of the end of the reporting period, the PF (loan) guarantee details related to the four maintenance projects are as follows.

(In thousands of Korean won)

Type	Area	Business	PF	Guarantee	Rate	2025	Related parties	Loan Balance		Loan Period	Maturity	Loan Type
								2025	2024			
Maintenance Project	Daegu Seo-gu	Condominium	Bridge Loan	Joint guarantee	100%	₩ 4,988,955	N	₩ 4,988,955	₩ 4,988,955	21.07~ when construction starts	when construction starts	-
	<p>Early Redemption Clause: If the borrower fails to pay, on the relevant due date, any amount payable to the lender under the finance-related agreements, including principal and interest; if any event of default occurs with respect to the borrower or the contractor; or if any security provided to the lender loses its validity, is canceled, or is discharged for reasons other than those permitted under the finance-related agreements, etc.</p> <p>No Early Redemption Treaty</p>											
	Gyeonggi Bucheon	Condominium	Bridge Loan	Cash deficiency Support	100%	1,269,995	N	1,269,995	1,269,995-	24.12~ when construction starts	when construction starts	-
	<p>No Early Redemption Treaty</p>											
	Seoul Mapo ¹	Residential-commercial complex	PF Loan	Cash deficiency Support	100%	200,000,000	N	200,000,000	197,920,000	24.07~29.01	29.01.15	ABS
	Incheon Juan	Condominium	Bridge Loan	Joint guarantee	100%	2,300,000	N	2,300,000-	-	25.09~ when construction starts	when construction starts	-
<p>Early Redemption Clause: If the borrower fails to pay the loan obligations, fees, expenses, subordinated loans, etc., as stipulated in the financial contract on the respective due dates; if an event of default occurs in relation to the borrower; or if any representation or warranty made or confirmed by the borrower in the financial contract or in a drawdown request is found to be untrue or false.</p> <p>Early Redemption Treaty: If the borrower fails to pay the amount due to the lender pursuant to this agreement or other financial agreements by the relevant due date, and fails to pay the amount within two (2) business days from the date of receipt of the loan's best payment, or if either the borrower or the guarantor becomes insolvent or insolvent, etc.</p>												
						₩ 208,558,950		₩ 208,558,950	₩ 204,178,950			

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31. Contingencies and Commitments, Continued

As of the end of the reporting period, the PF (loan) guarantee details related to the five other projects are as follows.

In thousands of Korean won)

Type	Area	Business	PF	Guarantee	Rate	2025	Related parties	Loan Balance		Loan Period	Maturity	Loan Type	Completion Guarantee
								2025	2024				
Other Project	Gyeonggi Icheon	Residential-commercial complex	PF	Cash deficiency Support	100%	₩ 136,070,000	N	₩ 136,070,000	₩ 148,640,000	24.04~ 28.06	28.06.15	PF Loa	₩ 180,000,000 -
								Early Redemption Treaty :When the borrower fails to pay the interest on the due date, when the borrower fails to pay the principal of the loan on the due date, when the borrower incurs a reason for default, or when the documents presented or submitted by the borrower to the lender are false, etc.					
	Gyeongnam Gimhae	Condominium	Bridge Loan	Cash deficiency Support	100%	-	N	-	17,000,000	22.05~ 25.04	25.04.27	ABS	-
								Early Redemption Treaty : If the documents submitted by the borrower to the lender are prepared in a form and content that does not satisfy the lender, and the lender requests supplementation but is not supplemented within ten (10) business days, if the borrower fails to pay the monetary payment obligations under this agreement or the financial contract including the secured debt on the relevant redemption date, or if the borrower or the other insolvency occurs, etc.					
	Ulsan Jung-gu	Condominium	PF	Joint guarantee	100%	84,000,000	N	70,000,000	32,800,000	23.05~ 26.12	27.02.28	PF Loan	84,000,000
								Early Redemption Treaty : If the borrower fails to pay the principal amount of the loan due under the financial contract including this agreement on the due date, or if the borrower or the construction company incurs a reason for default. If it is impossible to obtain a license for this business, or if the license obtained is invalid and suspended, etc.					
	Gyeonggi-Paju	Condominium	PF	Debt Assumption Commitment	100%	75,000,000	N	75,000,000	75,000,000	24.12~ 28.09	28.09.29	PF Loan	528,000,000
								Early Redemption Treaty : If the borrower fails to pay the principal and interest of the loan payable under this Agreement on the relevant due date (or at the specified time, if any), including cases where the borrower fails to repay the principal on the due date or fails to pay interest on the interest payment date resulting in delinquency, such failure shall constitute an early redemption event, etc					
	Gyeonggi Siheung	Condominium	PF	Joint guarantee	100%	-	N	-	7,950,000	21.11~ 25.12	25.12.01	PF Loan	-
								Early Redemption Treaty : If the borrower fails to pay the amount due (including amortization) under the financial contract including this Agreement on the due date, in the event that the borrower or the borrower incurs a cause of default, or if the borrower fails to comply with the provisions of this Agreement and the acting bank notifies the bank of the breach but does not remedy it, etc.					
	Chungbuk Cheongju	Condominium	PF	Interest Payments guarantee	100%	-	N	-	6,063,750	23.06~ 26.09	26.09.12	PF Loan	-
								Early Redemption Treaty : In the event that the owner of this Agreement fails to pay the amount due in accordance with the financial contract including this Agreement on the due date, in the event that the tenant or the constructor has a cause of default, in the event that there is a cancellation or suspension of the license in relation to the Project, in the event that the amount due in accordance with the aforementioned financial contract is not paid on the due date, in the event that the Tenant or the Builder has a reason for bankruptcy, or if there is a cancellation or suspension of the license in relation to the Project, etc.					
	Ulsan Ulju	Officetel	PF	Interest Payments guarantee	100%	-	N	-	5,648,750	23.09~ 25.11	25.09.23	PF Loan	-
								Early Redemption Treaty : When the contractor has a reason to suspend the bill transaction under the basic terms and conditions of the financial institution credit transaction, if the construction company stops the construction process for more than ninety (90) days without a reasonable reason, or when the business plan is changed to the extent that the agency financial institution cannot accept it compared to the time of the conclusion of the loan or business agreement, etc.					
	Ulsan Ulju	Officetel	PF	Joint guarantee and Cash deficiency Support	100%	104,100,000	N	81,000,000	-	25.09~ 26.11	26.11.24	PF Loan	120,900,000
								Early Redemption Treaty :In the event that the contractor becomes subject to suspension of bill transactions under the General Terms and Conditions of Credit Transactions of financial institutions, if the contractor suspends the construction for more than ninety (90) days without reasonable cause, or if the business plan of the Project is changed to such an extent that it is unacceptable to the agent financial institution compared to the time of execution of the loan and project agreements, etc.					

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Gyeonggi Yangju	Condominium	PF	Cash deficiency Support	100%	46,071,000	N	46,071,000	-	25.12~ 27.09	27.09.18	PF Loan	66,000,000
					₩ <u>445,241,000</u>		₩ <u>408,141,000</u>	₩ <u>293,102,500</u>				₩ <u>978,900,000</u>

Early Redemption Treaty : In the event that the borrower fails to pay the principal amount of the loan, overdue interest, subordinated loan, various fees and expenses, and other financial obligations due in accordance with the finance-related contract, When a reason for default occurs to the borrower, In the event that the borrower is deemed to have suspended or abandoned the performance of the business due to the closure of the business, escape, or other reasons, the fulfillment of debts under the financial contract, or the execution of other business, etc.

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31. Contingencies and Commitments, Continued

(5) PF completion guarantee

As of the end of the reporting period, the Company provides a conditional debt underwriting agreement in the event of non-fulfillment of the completion guarantee as follows in relation to maintenance projects and other projects

(In thousands of Korean won)

Project	2025				2024			
	Construction	Contract Amount	Commitment Amount	Loan Balance	Construction	Contract Amount	Commitment Amount	Loan Balance
Maintenance projects	2 ₩	312,750,000	518,830,000	399,100,000	1 ₩	108,924,900	257,296,000	197,920,000
Other projects	15	2,321,382,272	1,577,883,200	1,272,861,000	17	2,600,362,698	1,296,991,747	1,068,412,113
	17 ₩	2,634,132,272	2,096,713,200	1,671,961,000	18 ₩	2,709,287,598	1,554,287,747	1,266,332,113

(6) Cash deficiency support commitments relating to SOC business provided by the Company are as follows:

In accordance with the investor agreement, which is a collateral document related to the loan agreement, the Company is obliged to replenish the funds according to the construction share for the shortfall in repayment of the senior borrower interest during the operating period.

(In thousands of Korean won)

Details	Entire Amount		Company Amount	
	2025	2024	2025	2024
Cash deficiency support ¹	₩ 9,000,000	9,000,000	₩ 594,000	594,000
PF debt guarantee	16,000,000	16,000,000	2,621,050	2,705,600
	₩ 25,000,000	25,000,000	₩ 3,215,050	3,299,600

¹This represents a cash deficiency support obligation for Gyeongsan Eco Energy Co., Ltd., which is a related party of the Company. In addition, in connection with the Gyeongsan Resource Recovery Facility Private Investment Project, a revenue guarantee agreement has been executed whereby, if the actual revenue after the commencement of operations falls below 90% of the annual base revenue estimated by Korea Ratings, the feasibility assessment institution, the investors are jointly obligated to either contribute cash or provide subordinated loans for the shortfall amount.

The Company has cash deficiency support obligations under the implementation agreements with Gyeonggi East-West Circular Expressway Co., Ltd. and Busan New Port Second Hinterland Road Co., Ltd.

(7) Intermediate payment loans guarantee

At the end of the reporting period, the Company has entered into an agreement guaranteeing 364,641,806 thousand won (491,977,265 thousand won at the end of the previous year) in relation to other businesses.

(In thousands of Korean won)

Project	2025				2024			
	Construction	Guarantee Ceiling	Commitment Amount	Loan Balance	Construction	Guarantee Ceiling	Commitment Amount	Loan Balance
Maintenance projects	- ₩	-	-	-	- ₩	-	-	-
Other projects	9	982,104,235	364,641,806	526,346,433	14	957,518,785	491,977,265	904,608,729
	9 ₩	982,104,235	364,641,806	526,346,433	14 ₩	957,518,785	491,977,265	904,608,729

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For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

(8) Other commitments provided by the Company are as follows:

At the end of the reporting period, the Company is currently providing payment guarantees such as contract performance, sales guarantees, and defect guarantees of KRW 3,369,341,081 thousand (KRW 3,106,143,294 thousand at the end of the previous year) to the ordering parties by purchasing insurance or issuing a certificate of guarantee as follows.

① Other commitments provided by the Company summary

(In thousands of Korean won)

Type	Provided to	Details	Guarantee Ceiling	Commitment Amount	Guarantee	Related parties
Guarantee provided to	E RAIL Co., Ltd, etc	Joint-surety for Implementation, etc	₩ 3,383,982,847	3,369,341,081	Construction cooperative, etc	Y
Provided guarantee by	HL D&I HALLA Co., Ltd	Housing sales guarantee	4,357,748,979	4,357,748,979	Korea Housing & Urban Corporation, etc	N
			₩ 7,741,731,826	7,727,090,060		

② Other commitments provided by the Company:

(In thousands of Korean won)

Provided to	Type	Guarantee Ceiling	Commitment Amount	Guarantee	Related parties	Note
E RAIL Co., Ltd, etc	Joint-surety for Implementation	₩ 8,900,000	8,900,000	-	N	Joint Guarantee
Eroom Songdo Co., Ltd. (Cash Deficiency Support	16,000,000	14,457,748	-	N	Joint Guarantee
Daesung I&D Co., Ltd.	Cash Deficiency Support	26,000,000	26,000,000	-	N	Joint Guarantee
Nanum D&C Co., Ltd.	Cash Deficiency Support	20,000,000	20,000,000	-	N	Joint Guarantee
Pyeongtaek-Dong Bu Road Co., Ltd.	Joint-surety for business	21,600,250	21,600,250	-	N	Joint Guarantee
HL Logis & Co., Ltd.	Contract fulfillment guarantee	16,507,191	3,407,676	-	Y	Fulfillment guarantee
Doosan Engineering & Construction	Warranty	1,719	1,719	Korea Housing & Urban Guarantee	N	Joint Guarantee
Dow Development Co., Ltd.	Housing Guarantee	1,666,938,047	1,666,938,047	Korea Housing & Urban Guarantee	N	Joint Guarantee
Yeonmu-dong Complex Development Co., Ltd.	Housing Guarantee	1,001,146,481	1,001,146,481	Korea Housing & Urban Guarantee	N	Joint Guarantee
Singukdong Apt. Street Housing Redevelopment Ass'n, et al. – PF Loan Guarantee	loan guarantee for project financing	59,193,836	59,193,836	Korea Housing & Urban Guarantee	N	Joint Guarantee
Ulsan Ujeong LH Ass'n Project (Epit) – General Sale	PF Guarantee	70,000,000	70,000,000	Korea Housing & Urban Guarantee	N	Joint Guarantee
SK Ecoplant Co., Ltd.	Subcontract Payment Guarantee	9,585,635	9,585,635	Construction Guarantee Cooperative	N	Joint Guarantee
Kumho Engineering & Construction	Subcontract Payment Guarantee	43,158,600	43,158,600	Construction Guarantee Cooperative	N	Joint Guarantee
TAEYOUNG CONSTRUCTION	Subcontract Payment Guarantee	141,968,552	141,968,552	Construction Guarantee Cooperative	N	Joint Guarantee

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31. Contingencies and Commitments, Continued

(In thousands of Korean won)

Provided to	Type	Guarantee Ceiling	Commitment Amount	Guarantee	Related parties	Note
Ssangyong Engineering & Construction	Construction Machinery Loan Payment Guarantee	1,297,352	1,297,352	Construction Guarantee Cooperative	N	Joint Guarantee
Kumho Engineering & Construction	Construction Machinery Loan Payment Guarantee	892,214	892,214	Construction Guarantee Cooperative	N	Joint Guarantee
TAEYOUNG CONSTRUCTION	Construction Machinery Loan Payment Guarantee	2,307,544	2,307,544	Construction Guarantee Cooperative	N	Joint Guarantee
Balan Namyang Road Co., Ltd.	Joint-surety for business	31,460,000	31,460,000	Construction Guarantee Cooperative	Y	Joint Guarantee
Pyeongtaek Dongbu Road Co., Ltd.	Joint-surety for business	32,564,000	32,564,000	Construction Guarantee Cooperative	N	Joint Guarantee
Gyeongju General Construction Co., Ltd.	Defect Repair Guarantee	61,277	61,277	Construction Guarantee Cooperative	N	Joint Guarantee
Baegot New Town Specialized District Co., Ltd.	Cash Deficiency Support	4,900,000	4,900,000	-	Y	Cash Deficiency Support
Daol Confidence Private Equity Real Estate Investment Trust No. 57	Cash Deficiency Support	230,000,000	230,000,000	-	Y	Cash Deficiency Support
Daol Confidence Private Equity Real Estate Investment Trust No. 57	Other Guarantee (Indemnity-related)	1,100,000	1,100,000	-	Y	Cash Deficiency Support
		<u>₩ 3,383,982,847</u>	<u>3,369,341,081</u>			

③ Other commitments provided by others are as follows:

(In thousands of Korean won)

Provided by	Details	Guarantee Ceiling	Commitment Amount	Related parties
Korea Housing & Urban Guarantee Corporation	Guarantee for lotting out of house and others	₩ 2,369,100,113	2,369,100,113	N
Construction Guarantee	Subcontract payment bond	1,370,773,804	1,370,773,804	N
Seoul Guarantee Insurance Co., Ltd.	Insurance for performance guarantee and others	281,905,821	281,905,821	N
Fire Financial Cooperative	Construction performance guarantees	37,978,928	37,978,928	N
Korea Specialty Contractor Cooperative	Financial Subcontract payment bond	296,588,864	296,588,864	N
Engineering Financial Cooperative	EPC warranty	1,401,449	1,401,449	N
		<u>₩ 4,357,748,979</u>	<u>4,357,748,979</u>	

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For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

④ As of December 31, 2025, the Company has entered into a master lease agreement from May 1, 2014 until February 11, 2030, for the Gasan Hyundai Outlet building, which Daol KTB Confidence Private Equity Real Estate Investment and Trust No.57 Co., Ltd. gave in trust.

⑤ The amounts that the Company has committed to purchase or invest are as follows:

(In thousands of Korean won)

Description	Total Commitment	Cumulative Amount Paid
Korea Real Asset Development Seed Private Equity Real Estate Investment Trust No. 3	5,000,000	4,980,112
KC SME/Middle-Market Value-Up Private Equity Partnership No. 1	10,000,000	6,535,700
Baran Namyang Road Co., Ltd. ¹	16,840,460	12,008,150

¹The entity is a related party.

(9) Ongoing Litigation

As of December 31, 2025, the Company is a defendant in 37 cases with claims amount aggregating to KRW 46,574 million. The ultimate outcome of the matters cannot be determined as of December 31, 2025.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

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31. Contingencies and Commitments, Continued

(10) Supplier Financing Arrangements

The consolidated entity participates in supplier financing arrangements whereby suppliers transfer trade receivables, originally issued by the consolidated entity, to financial institutions in exchange for early payment. Under these arrangements, the financial institution settles the payment obligation on behalf of the consolidated entity, and the consolidated entity subsequently repays the financial institution.

The purpose of these arrangements is to streamline the payment process and offer suppliers early settlement terms compared to the standard payment terms agreed with the consolidated entity. The arrangement does not result in a release or substantial modification of the original liability from the consolidated entity's perspective; thus, the original liability is not derecognized.

From the perspective of the consolidated entity, the payment terms under these arrangements are not substantially extended compared to the payment terms applicable to other suppliers not participating in such programs. However, suppliers may benefit from early settlement. Additionally, the consolidated entity does not incur any additional interest costs from the financial institutions because of this arrangement.

Accordingly, as the nature and function of these payables are identical to those of other trade payables, the consolidated entity continues to classify the obligations under such arrangements within trade payables. All obligations under supplier financing arrangements are classified as current liabilities as of the end of the current and prior reporting periods.

Additional information regarding the consolidated entity's trade and other payables is provided below.

Description	2025	2024
Carrying amount of financial liabilities under supplier financing arrangements	38,749,831	18,276,251
Portion of the amount for which the supplier has already received payment from the financial institution	18,781,869	18,276,251
Payment term range of financial liabilities under supplier financing arrangements	30 to 60 days	30 to 60 days
Payment term range of comparable trade payables that are not part of supplier financing arrangements	14 to 60 days	14 to 60 days

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Notes to the Separate Financial Statements

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32. Statements of Cash Flows

(1) Details of cash generated from operations for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Profit (loss) for the year	₩ 24,439,388	8,235,175
Adjustments for:	108,676,288	97,200,334
Income tax expense	4,772,360	5,115,995
Retirement benefits	11,966,742	7,906,119
Other long-term employee benefits	2,840,001	90,917
Bad debt expenses	17,738,831	26,230,343
Other bad debt expenses	20,441,097	25,316,255
Depreciation of property, plant and equipment	23,966,601	23,205,677
Loss on disposal of property, plant and equipment	1	10,700
Gain on disposal of property, plant and equipment	(29,156)	(43,095)
Impairment loss on property, plant and equipment	1,867,000	16,957,000
Amortization of intangible assets	480,632	434,535
Loss on disposal of investment property	-	128,043
Loss on valuation of financial assets at fair value through profit or loss	3,109,079	3,335,439
Gain on valuation of financial assets at fair value through profit or loss	(3,604,866)	(6,030,228)
Gain on disposal of financial assets at fair value through profit or loss	(8,572,206)	(9,929,835)
Loss on disposal of financial assets at fair value through profit or loss	499,751	-
Gain on disposal of investments in associates	-	(7,589,541)
Impairment loss on investments in associates	8,515,000	500,000
Reversal of impairment loss on investments in associates	-	(2,956,394)
Reversal of financial guarantee liabilities	(3,779,285)	(1,331,722)
Provision for loss on construction contracts	1,369,284	-
Reversal of provision for loss on construction contracts	(3,798,224)	-
Provision for warranties	4,481,373	-
Reversal of provision for warranties	(1,685,149)	-
Provision for point program	3,136,723	-
Provision for litigation	3,823,595	-
Financial guarantee income	(5,427,375)	-
Financial guarantee expenses	5,427,375	-
Loss on disposal of other assets	-	5,474
Interest expenses	41,679,140	33,404,064
Interest income	(5,168,345)	(8,213,879)
Dividend income	(15,721,450)	(6,272,559)
Others	347,759	(3,072,974)
	<u>₩ 108,676,288</u>	<u>97,200,334</u>
Changes in assets and liabilities related to operating activities:		
Decrease (increase) in trade receivables	(131,122,503)	(67,296,922)
Decrease (increase) in other receivables	6,512,034	515,391
Decrease (increase) in unbilled construction	3,399,611	(20,627,246)
Decrease (increase) in other assets	77,364,274	(49,656,921)
Decrease (increase) in inventories	(141,733,528)	97,883,410
Decrease (increase) in long-term trade receivables	298,782	(427,385)
Decrease (increase) in long-term other receivables	294,915	2,413,224
Decrease (increase) in long-term other assets	-	4,169
Increase (decrease) in trade payables	38,289,732	14,361,557
Increase (decrease) in other payables	15,380,623	1,225,387
Increase (decrease) in overbilled construction	46,363,876	433,076
Increase (decrease) in other liabilities	58,047,836	(85,951,358)
Increase (decrease) in provision	(4,620,985)	(4,062,829)
Increase (decrease) in long-term other payables	10,000	143,720

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32. Statements of Cash Flows, Continued

Increase (decrease) in provision	(2,949,699)	6,500,886
Severance payments	(5,134,541)	(4,834,386)
Decrease (increase) in plan assets	(7,589,271)	(3,432,997)
	<u>(47,188,844)</u>	<u>(112,809,224)</u>
Cash generated from operations	<u>₩ 85,926,832</u>	<u>(7,373,715)</u>

(2) Significant transactions of investments and financial activities that do not involve the use of cash and cash equivalents for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
	₩	
Liquidity substitution of long-term loans receivable	5,990,080	4,312,715
Liquidity substitution of Long term-borrowing	124,907,604	27,422,043
Liquidity substitution of leasehold deposits	1,202,410	(198,415)
Liquidity substitution of Lease liabilities	29,168,230	26,621,470
Additional recognition of Right-of-use asset and Lease liabilities	26,507,856	25,192,098
Transfer from property, plant and equipment to investment property	915,593	-

(3) The reconciliation of the liabilities arising from the financial activities during the year is as follows:

<i>(In thousands of Korean won)</i>	<u>Short-term borrowings</u>	<u>Current portion of Long-term borrowings</u>	<u>Long-term borrowings</u>	<u>Current portion of Long-term Lease Liabilities</u>	<u>Lease Liabilities</u>	<u>Dividends payable</u>
Beginning balance	₩ 286,514,321	27,897,325	158,931,856	23,164,473	57,364,421	9
Cash flow	(102,047,615)	(45,876,402)	151,660,787	(31,082,555)	-	-
Non-cash changes						
Foreign currency difference	(6,694)	-	-	-	-	-
Deduction of current value discount	680,769	226,937	38,776	-	5,500,689	-
Recognition of Right-of-use asset and Lease liabilities	-	-	-	4,067,862	22,439,994	-
Liquidity substitution	-	124,907,604	(124,907,604)	29,168,230	(29,168,230)	-
Others	-	-	-	-	(877,749)	-
Ending balance	₩ <u>185,140,781</u>	<u>107,155,464</u>	<u>185,723,815</u>	<u>25,318,010</u>	<u>55,259,125</u>	<u>9</u>

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

33. Related Party Transactions

(1) Details of the related parties as of December 31, 2025 and 2024, are as follows:

	Percentage of ownership(%)		Remark
	2025	2024	
HL Holdings Corporation	23.78	23.78	1
HL Holdings Corporation's subsidiaries			
URIMAN, Inc.	-	-	1
HL Logistics Corporation America	-	-	1
-HL Transportation, LLC.	-	-	1
HL (Suzhou) Logistics Co., Ltd.	-	-	1
HL Corporation Berlin GmbH	-	-	1
HL Logistics Suzhou Co.,LTD	-	-	1
HL Module Shanghai Co.,LTD	-	-	1
HL Anand Automotive Parts Private Limited	-	-	1
HL Trading & Logistics Mexico, S.A. DE C.V.	-	-	1
- Luan Automotive Mexico, S. De R.L. De C.V.	-	-	1
J J Halla Corporation	-	-	1
HL WECO Co., Ltd	-	-	1
HL Aftermarket Otomotiv Parca San. Tic. A.S	-	-	1
HL REITs Management	-	-	1
HL Robotics	-	-	1
-Stanley Robotics SAS	-	-	1
-Stanley Robotics UK Ltd	-	-	1
-Stanley Robotics Canada Inc	-	-	1
- STANLEY ROBOTICS INC.	-	-	1
I M Jeju First Co., Ltd.	-	-	1
Subsidiaries			
Baegot-newcity specialized town Co., Ltd	100.00	100.00	
HL Logis Co., Ltd.	100.00	100.00	
Mokpo Newport Terminal Co., Ltd.	100.00	100.00	
HL Ecotech Co., Ltd.	100.00	100.00	
Halla E&C Mexico S. de R.L. de C.V	99.00	99.00	
Daol KTB Confidence Private Equity Real Estate Investment and Trust No.57	99.55	99.55	
HL Properties America Corporation	100.00	100.00	
Associates			
Kyeongsan Eco Energy Co., Ltd.	6.60	6.60	2
K-REALTY RENTAL HOUSING REIT I	22.71	22.71	
TaebackGuinemi Wind Power Co., Ltd.	-	-	2
Mokpo Newport International Ro-Ro Terminal Co., Ltd.	-	-	2
Daebul port Co., Ltd.	-	-	2
ADFKIP6 Private Equity Real Estate Investment	-	-	2
MPLUS Professional Investment Type Private Equity Real Estate Investment and Trust No.25	25.00	25.00	
Yellow CSOL Growth Private Equity Fund I	44.25	44.25	
KCW Corporation	25.00	25.00	
-Shinhan wallcoverings Co., Ltd	-	-	3
Eco Recycling New Technology Investment Fund	39.77	39.77	
Dongyu Time New Technology Investment Fund No. 1	50.00	45.16	
-Junghwa environment industry Co., Ltd	-	-	3
WooriEnt Co., Ltd	-	-	3
Kalon Office Private Real Estate Investment Trust No.9	19.76	-	7
L&HL Partners LLC	-	-	4

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

33. Related Party Transactions, Continued

	Percentage of ownership(%)		Remark
	2025	2024	
Others			
HL Mando Co., Ltd	-	-	5
HL Mando Co., Ltd's subsidiaries			
HL Klemove Corp. (Mando-Hella Electronics Co., Ltd.)	-	-	5
- HL Klemove (Suzhou) Co., Ltd	-	-	5
- HL Klemove India Private Limited	-	-	5
- HL Klemove Mexico Corporation S.A. DE C.V	-	-	5
- HL Klemove America Corporation	-	-	5
HL Mando America Corporation	-	-	5
- Alabama Plating Technology LLC	-	-	5
- HL Ventures Management LLC	-	-	5
HL Mando (Suzhou) Automotive System Co., Ltd	-	-	5
- Tianrun HL Mando (Shandong) Automotive Technology Co. Ltd.			
HL Mando (Beijing) Automotive System Co., Ltd.	-	-	5
HL Mando (Beijing) Automotive System R&D Center Co., Ltd.	-	-	5
HL Mando (Tianjin) Automotive System Co., Ltd.	-	-	5
HL Mando (Beijing) Trading Co., Ltd.	-	-	5
HL Mando(Ningbo) Automotive System Co.,Ltd.	-	-	5
HL Mando Corporation Mexico	-	-	5
HL Mando Anand India Private Limited	-	-	5
HL Mando Softtech India Private, Ltd.	-	-	5
Mando Corporation do Brasil Industry and Commercial Auto Parts Ltda.	-	-	5
HL Mando Corporation Poland sp.zo.o.	-	-	5
HL Mando Corporation Europe GmbH	-	-	5
Maysan Mando Otomotiv	-	-	5
Autoventure Mando	-	-	5
Mando-Brose Corporation	-	-	5
- Mando-Broze (Zhangjigang) Electric Motors Co., Ltd.	-	-	5
Lotus Private Equity Co., Ltd	-	-	5
Balanamyang Road Co., Ltd	70	70	5,6

¹ As the entities have significant influence over the Company due to interaction with management and others, the entities are included in related parties. The entities have common stocks that can exercise their voting right.

² A portion or all of the shares are held by subsidiaries.

³ The shares are held by associates.

⁴ Subsidiary is scheduled to invest, but has not yet made the investment

⁵ Although the entities are not related parties of the Company in accordance with K-IFRS 1024, the entities belong to a large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

⁶ The ownership interest exceeds 50%, but considering the power over relevant activities, exposure to variable returns, and the ability to use power to affect those variable returns, it has not been classified as an associate

⁷ During the period shares are acquired

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

33. Related Party Transactions, Continued

(2) Sales and purchases with related parties for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025			
	Sales and others ^{1,2}	Purchase and others	Interest expenses	Other expenses
Entities which have significant influence over the Company				
HL Holdings Corporation	₩ 280,648	1,652,965	-	9,450,741
J J Halla Corporation	-	-	-	-
Subsidiaries				
Baegot-newcity specialized town Co., Ltd. ¹	-	-	-	-
HL Logis Co., Ltd.	33,715	-	-	-
Halla Corporation America ²	-	-	-	-
Mokpo Newport Terminal Co., Ltd.	15,010,100	-	-	-
HL Ecotech Co., Ltd.	4,284,382	840,724	-	-
Halla E&C Mexico S. de R.L. de C.V.	-	-	12,589	-
Daol KTB Confidence Private Equity Real Estate Investment and Trust No.57	615,856	-	4,181,445	-
HL Properties America Corporation	69,649	-	-	-
Associates				
Halla Encom Corp. ³	-	-	-	-
Others				
HL Mando Co., Ltd ³	507,971	-	-	2,772,647
HL Klemove Corp. (Mando-Hella Electronics Co., Ltd.)	223,610	-	-	158,410
HL Klemove (Suzhou) Co., Ltd.	-	-	-	-
HL Mando Anand India Private Limited	230,000	-	-	-
	₩ <u>21,255,931</u>	<u>2,493,689</u>	<u>4,194,034</u>	<u>12,381,798</u>

¹ The Company sells gift certificates to related parties. The proceeds from the sale of gift certificates are not recognized as revenue. The sales amounts were KRW 126,890 thousand to HL Holdings Corporation, KRW 1,823,500 thousand to HL Mando Corporation, KRW 595,500 thousand to HL Klemove Corp., KRW 1,900 thousand to HL Ecotech Co., Ltd., and KRW 2,200 thousand to HL Logis & Co., Ltd.

² It was liquidated during the prior period.

³ The Company disposed of its entire shareholdings during the prior period.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

33. Related Party Transactions, Continued

(In thousands of Korean won)

	2024			
	Sales and others ¹	Purchase and others	Interest expenses	Other expenses
Entities which have significant influence over the Company				
HL Holdings Corporation	₩ 202,711	890,344	-	8,961,915
J J Halla Corporation	3,712,175	-	-	-
Subsidiaries				
Baegot-newcity specialized town Co., Ltd.	1,081,626	-	-	-
HL Logis Co., Ltd. ¹	116,701	-	-	-
Halla Corporation America	76,623	-	-	-
Mokpo Newport Terminal Co., Ltd.	7,759	-	-	-
HL Ecotech Co., Ltd.	4,647,578	298,143	-	-
Halla E&C Mexico S. de R.L. de C.V.	-	-	12,932	-
Daol KTB Confidence Private Equity Real Estate Investment and Trust No.57	4,360,252	-	3,161,278	-
HL Properties America Corporation	304,715	-	-	-
Associates				
Halla Encom Corp.	1,504,024	3,418,271	-	-
Others				
HL Mando Co., Ltd ³	1,017,195	-	-	3,254,570
HL Klemove Corp. (Mando-Hella Electronics Co., Ltd.)	137,879	-	-	120,115
HL Klemove (Suzhou) Co., Ltd.	20,000	-	-	-
	₩ <u>17,189,238</u>	<u>4,606,758</u>	<u>3,174,210</u>	<u>12,336,600</u>

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

33. Related Party Transactions, Continued

(3) Year-end balances of receivables and payables arising from sales and purchases of goods and services with related parties as of December 31, 2025 and 2024, are as follows:

	2025		
	Receivables		
	Trade receivables	Loans	Other receivables
<i>(In thousands of Korean won)</i>			
Entities which have significant influence over the Company			
HL Holdings Corporation	₩ -	-	769,552
Subsidiaries			
HL Logis Co., Ltd.		-	-
HL Ecotech Co., Ltd.	-	-	469,264
Halla E&C Mexico S. de R.L. de C.V.		-	-
Daol KTB Confidence Private Equity Real Estate Investment and Trust No.57	-	-	2,990,000
HL Properties America Corporation	-	-	-
Associates			
Kyeongsan Eco Energy Co., Ltd. ¹	-	805,200	-
Others			
HL Mando Co., Ltd	-	-	59,980
HL Mando Anand India Private Limited	69,000		-
HL Klemove Corp.	-	-	26,965
	₩ 69,000	805,200	4,315,761

	2025			
	Payables			
	Trade payables	Borrowings	Other payables	Overbilled construction
<i>(In thousands of Korean won)</i>				
Entities which have significant influence over the Company				
HL Holdings Corporation	₩ -	-	2,446,579	-
Subsidiaries				
HL Logis Co., Ltd.	-	-	-	1,500,887
HL Ecotech Co., Ltd.	432,827	-	335,293	-
Halla E&C Mexico S. de R.L. de C.V.	-	273,671	157,515	-
Daol KTB Confidence Private Equity Real Estate Investment and Trust No.57	-	-	61,066,331	-
HL Properties America Corporation	-	-	-	-
Associates				
Kyeongsan Eco Energy Co., Ltd. ¹	-	-	-	-
Others				
HL Mando Co., Ltd	-	-	58,922	-
HL Mando Anand India Private Limited	-	-	-	-
HL Klemove Corp.	-	-	25,440	-
	₩ 432,827	273,671	64,090,080	1,500,887

¹ The Company recognized an allowance for doubtful accounts of KRW 723 million (prior period: KRW 594 million) on loans to Gyeongsan Eco Energy Co., Ltd., with bad debt expenses of KRW 129 million and KRW 119 million for the current and prior periods, respectively.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

33. Related Party Transactions, Continued

		2024		
		Receivables		
		Trade receivables	Loans	Other receivables
<i>(In thousands of Korean won)</i>				
Entities which have significant influence over the Company				
HL Holdings Corporation	₩	-	-	692,150
		-	-	-
Subsidiaries				
HL Logis Co., Ltd.		-	-	-
HL Ecotech Co., Ltd.		-	-	681,345
Halla E&C Mexico S. de R.L. de C.V.		-	-	-
Daol KTB Confidence Private Equity Real Estate Investment and Trust No.57		-	-	2,990,000
HL Properties America Corporation		-	-	75,480
Associates				
Kyeongsan Eco Energy Co., Ltd. ¹		-	594,000	-
Others				
HL Mando Co., Ltd		-	-	135,475
HL Klemove Corp.		-	-	11,966
	₩	-	594,000	4,586,416

		2024			
		Payables			
		Trade payables	Borrowings	Other payables	Overbilled construction
<i>(In thousands of Korean won)</i>					
Entities which have significant influence over the Company					
HL Holdings Corporation	₩	3,789	-	2,259,232	-
Subsidiaries					
HL Logis Co., Ltd.		-	-	-	1,534,602
HL Ecotech Co., Ltd.		24,686	-	77,220	-
Halla E&C Mexico S. de R.L. de C.V.		-	280,365	144,926	-
Daol KTB Confidence Private Equity Real Estate Investment and Trust No.57		-	-	56,812,150	-
HL Properties America Corporation		-	-	-	-
Associates					
Kyeongsan Eco Energy Co., Ltd.		-	-	-	-
Others					
HL Mando Co., Ltd		-	-	254,053	-
HL Klemove Corp.		-	-	15,690	-
	₩	28,475	280,365	59,563,271	1,534,602

¹The loan is fully set up as a loss allowance.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

33. Related Party Transactions, Continued

(4) Financial transactions with related parties for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025						
	Loan transactions		Borrowing transactions		Capital reduction	Dividend	Lease payments
	Loans	Repayments	Borrowings	Repayments			
Subsidiaries							
Halla E&C Mexico S. de R.L. de C.V. ¹	-	-	(6,694)	-	-	-	-
Mokpo Newport Terminal Co., Ltd.	-	-	-	-	-	15,000,000	-
Daol KTB Confidence Private Equity Real Estate Investment and Trust No.57	-	-	-	-	-	615,856	18,332,913
HL Properties America Corporation	-	-	-	-	-	-	-
Associates							
Kyeongsan Eco Energy Co., Ltd.	211,200	-	-	-	-	-	-
Dongyu Time New Technology Investment Fund No. 1	-	-	-	-	15,750,000	-	-
Kalon Office Private Real Estate Investment Trust No.9	-	-	-	-	5,000,000	-	-
Others							
Balanamyang Road Co., Ltd	-	-	-	-	9,310,000	-	-
	<u>₩ 211,200</u>	<u>-</u>	<u>(6,694)</u>	<u>-</u>	<u>30,060,000</u>	<u>15,615,856</u>	<u>18,332,913</u>

¹ The borrowing is the effect of fluctuations in the exchange rate during the period.

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

33. Related Party Transactions, Continued

(In thousands of Korean won)	2024							
	Loan transactions		Borrowing transactions		Capital reduction	Dividend	Lease payments	
	Loans	Repayments	Borrowings	Repayments				
Entities which have significant influence over the Company								
J J Halla Corporation ¹	-	(116,388,909)	-	-	-	-	-	
Subsidiaries								
Halla E&C Mexico S. de R.L. de C.V. ²	-	-	34,445	-	-	-	-	
Halla Corporation America ³	-	-	-	-	(271,750)	-	-	
HL Ecotech Co., Ltd.	-	-	-	-	5,000,000	-	-	
Daol KTB Confidence Private Equity Real Estate Investment and Trust No.57	-	-	-	-	-	4,360,252	13,646,147	
HL Properties America Corporation ²	-	(722,064)	-	-	-	-	-	
Associates								
Halla Encom Corp.	-	-	-	-	-	1,500,501	-	
Kyeongsan Eco Energy Co., Ltd.	118,800	-	-	-	-	-	-	
KCW Corporation	-	-	-	-	4,375,000	-	-	
Eco Recycling New Technology Investment Fund	-	-	-	-	3,500,000	-	-	
Dongyu Time New Technology Investment Fund No. 1	-	-	-	-	-	-	-	
Others					5,250,000			
Balanamyang Road Co., Ltd	-	-	-	-	2,698,150	-	-	
	₩	118,800	(117,110,973)	34,445	-	20,551,400	5,860,753	13,646,147

¹ The borrowing is the effect of fluctuations in the exchange rate during the period.

² The dividend is the amount of investment recovered from the liquidation of the subsidiary.

Details of collateral and financial guarantees provided to or received from related parties are disclosed in the Note 31.

(5) The compensation paid or payable to key management for employee services for the years ended December 31, 2025 and 2024, consists of:

(In thousands of Korean won)	2025	2024
Short-term employee benefits	₩ 11,395,544	10,132,725
Severance benefits	1,033,382	1,088,608
Other long-term severance benefits	57,772	26,226
	₩ 12,486,698	11,247,559

Key management includes the officers in 'the List of directors' in the annual report reported to the Financial Supervisory Service.

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

34. Lease

(1) Leases as lessee

① Right-of-use assets

(a) Details of right-of-use assets

(In thousands of Korean won)

		2025			
		<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment losses</u>	<u>Carrying amount</u>
Buildings	₩	148,600,503	(78,221,610)	(18,824,000)	51,554,893
Vehicles		2,188,251	(1,007,807)	-	1,180,444
Heavy equipment		7,584,956	(2,923,443)	-	4,661,513
	₩	<u>158,373,710</u>	<u>(82,152,860)</u>	<u>(18,824,000)</u>	<u>57,396,850</u>

(In thousands of Korean won)

		2024			
		<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment losses</u>	<u>Carrying amount</u>
Buildings	₩	131,152,997	(65,365,319)	(16,957,000)	48,830,678
Vehicles		1,948,775	(912,575)	-	1,036,200
Heavy equipment		13,838,190	(7,039,238)	-	6,798,952
	₩	<u>146,939,962</u>	<u>(73,317,132)</u>	<u>(16,957,000)</u>	<u>56,665,830</u>

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

34. Lease, Continued

(b) Changes of right-of-use asset

		2025					
<i>(In thousands of Korean won)</i>	Beginning balance	Increase	Decrease	Depreciation	Impairment loss(*)	Others	Ending balance
Buildings	₩ 48,830,678	21,287,692	(804,605)	(15,901,628)	(1,867,000)	9,756	51,554,893
Vehicles	1,036,200	769,767	(57,752)	(567,771)	-	-	1,180,444
Heavy equipment	6,798,952	4,450,397	(376)	(6,587,460)	-	-	4,661,513
	₩ 56,665,830	26,507,856	(862,733)	(23,056,859)	(1,867,000)	9,756	57,396,850

		2024					
<i>(In thousands of Korean won)</i>	Beginning balance	Increase	Decrease	Depreciation	Impairment loss(*)	Others	Ending balance
Buildings	₩ 69,085,707	18,236,559	(6,295,851)	(15,233,518)	(16,957,000)	(5,219)	48,830,678
Vehicles	1,431,585	452,802	(227,967)	(620,220)	-	-	1,036,200
Heavy equipment	6,654,050	6,945,202	(120,243)	(6,680,057)	-	-	6,798,952
	₩ 77,171,342	25,634,563	(6,644,061)	(22,533,795)	(16,957,000)	(5,219)	56,665,830

(*) Impairment Assessment

The Company estimated the recoverable amount of cash-generating units showing indications of impairment based on future financial plans approved by management, and compared it with their carrying amounts.

The calculations of value in use and net fair value were based on the following key assumptions:

Category	Key Assumptions
Sales Growth Rate	Based on expectations derived from past performance and market development, the sales growth rate was estimated to range from (+)2.0% to 6.0%.
Terminal Growth Rate	No terminal growth rate was assumed, as the lease contract period ends on February 10, 2030.
Discount Rate	A weighted average cost of capital (WACC) of 8.43% was applied.

(*) For major impaired business sites, the estimation was made for the period up to February 10, 2030, which is the lease expiration date.

As a result of the impairment test, the estimated recoverable amount was lower than the carrying amount, and an impairment loss of KRW 18,824 million was recognized.

HL D&I Halla Corporation
Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

34. Lease, Continued

② Lease liability

(a) Maturity of lease liability

(In thousands of Korean won)

	<u>2025</u>	<u>2024</u>
Less than 1 year	₩ 26,773,134	24,604,837
Between 1 and 5 years	64,221,684	64,949,420
Over 5 years	-	1,059,167
Undiscounted lease liabilities as of 31 December	<u>90,994,818</u>	<u>90,613,424</u>
Discount on lease liabilities	(10,417,683)	(10,084,530)
Lease liabilities on FS as of 31 December	<u>80,577,135</u>	<u>80,528,894</u>
Current lease liabilities	25,318,010	23,164,473
Non-current lease liabilities	55,259,125	57,364,421

(b) Amounts recognized in profit or loss

(In thousands of Korean won)

	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	₩ 5,500,689	4,521,807
Income from sub-leasing right-of-use assets	14,416,229	13,374,085
Expenses relating to short-term leases ¹	5,128,634	4,687,872
Expenses relating to leases of low-value assets	108,939	74,815

¹ Less-than-a-month lease payment paid in the current period is not included.

(c) Amounts recognized in Statements of Cash Flows

(In thousands of Korean won)

	<u>2025</u>	<u>2024</u>
Reduction in lease liabilities	₩ 25,581,865	21,602,695
Payment of interest	5,500,689	4,521,807

HL D&I Halla Corporation

Notes to the Separate Financial Statements

For the years ended December 31, 2025 and 2024

34. Lease, Continued

(2) As a lessor

The company leases out Hyundai outlet building leased in 2014. Because most of the risks and rewards for ownership of the Hyundai outlet building are not transferred, the company classifies the associated leases as operating leases. The following table sets out lease revenue as lessor.

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Operating lease		
Minimum lease payments	43,075	109,200
Contingent rents	14,373,154	13,264,885
Lease Income	<u>₩ 14,416,229</u>	<u>13,374,085</u>

The following table sets out maturity analysis of operating lease payments and the Company presents the payments in not discounted amounts that will be paid after reporting period.

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Less than one year	₩ 8,085	23,700
1 to 2 years	-	-
2 to 3 years	-	-
3 to 4 years	-	-
4 to 5 years	-	-
More than five years	-	-
	<u>₩ 8,085</u>	<u>23,700</u>

(*)Contingent rents arising from changes in sales volume are excluded from the calculation."

35. Event after reporting period

(1) Working Capital Loan Agreement

On January 20, 2026, the Company entered into a loan agreement to secure funding for working capital and other purposes. The total commitment amount under this loan agreement is KRW 70,000 million.

(2) Issuance of Commercial Paper

On January 15, 2026, the Company issued commercial paper in the amount of KRW 40,000 million for the purpose of working capital.

(3) Issuance of public bonds

On January 14, 2026, the Company issued electronic short-term bonds in the amount of KRW 10,000 million, and on January 29, 2026, issued the 158th unguaranteed private placement bonds in the amount of KRW 5,000 million for the purpose of working capital.

Independent Auditors' Report on Internal Control over Financial Reporting

English Translation of a Report Originally issued in Korean

To The Board of Directors and Shareholders of
HL D&I Halla Corporation

Opinion on Internal Control over Financial Reporting

We have audited the Internal Control over Financial Reporting ("ICFR") as of December 31, 2025 based on the criteria established in the Conceptual Framework for Design and Operation of Internal Control over Financial Reporting ("ICFR Design and Operation Framework") issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea (the "ICFR Committee").

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

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the separate financial statements of the Company, which comprise the separate statement of financial position as of December 31, 2025, the separate statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising of material accounting policy information and other explanatory information, and our report dated March 17, 2026, expressed unmodified opinion on those separate financial statements.

Basis for Opinion

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

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

The Company's management is responsible for designing, operating and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report on the Operation of Internal Control over Financial Reporting.

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

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

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

Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

Definition and Limitation of the Internal Control over Financial Reporting

The Company's internal control over financial reporting is a process designed to provide reasonable assurance

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

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

The engagement partner on the audit resulting in this independent auditors’ report is Park, Hyung-Ju.

Seoul, Korea
March 17, 2026

This report is effective as of March 17, 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 Company’s internal control over financial reporting. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Report on the Operation of Internal Control over Financial Reporting

English Translation of a Report Originally Issued in Korean

To the Shareholders and Board of Directors and Audit Committee of
HL D&I Halla Corporation

We, as the Chief Executive officer (“CEO”) and the Internal Accounting Control Officer (“IACO”) of HL D&I Halla Corporation (the “Company”), have assessed the status of the design and operations of the Company’s Internal Control over Financial Reporting (“ICFR”) as of December 31, 2025.

The Company’s management, including CEO and IACO, is responsible for the design and operations of its ICFR.

We, as the CEO and the IACO, have assessed whether the ICFR has been effectively designed and is operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of establishing the reliability of financial statement preparation and presentation for external uses.


We, as the CEO and the IACO, applied the Conceptual Framework for Design and Operation of Internal Control over Financial Reporting (“ICFR Design and Operation Framework”) issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea (the “ICFR Committee”). In addition, for the evaluation of the design and operating effectiveness of the Internal Control over Financial Reporting (ICFR), the 'Internal Control over Financial Reporting Evaluation and Reporting Standards' (Annex 6 of the Detailed Enforcement Rules on External Audit and Accounting, etc.) was used as the evaluation criteria.

Based on the assessment of the operations of the ICFR, the Company’s ICFR has been effectively designed and is operating as of December 31, 2025, in all material respects, in accordance with the ICFR Design and Operation Framework issued by the ICFR Committee.

We, as the CEO and the IACO, confirmed that the contents of the report are not falsified or displayed, and there is no missing information to be written or displayed.

In addition, We, as the CEO and the IACO, have confirmed that the contents of the report have not been misrepresented or have not been reported.

February 25, 2026

정종환 (인)


Jeong jong hwan, Internal Accounting Control Officer

홍석화 (인)


Hong suk hwa, Chief Executive Officer