

HL D&I HALLA CORPORATION AND ITS SUBSIDIARIES

Consolidated 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 consolidated financial statements of HL D&I Halla Corporation and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2025, the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

(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 consolidated 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 Group'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 consolidated 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 Group'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 consolidated 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 Group'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 consolidated financial statements, the Group 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 consolidated 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 consolidated financial statements is deemed significant as a key audit matter, because the proportion of the amount of such construction-related receivables in the consolidated 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 consolidated financial statements of the Group 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 Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is 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 consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

HL D&I Halla Corporation and its subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2025 and 2024

<i>(In Korean won)</i>	<u>Note</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Assets			
Current assets			
Cash and cash equivalents	4,5,7	₩ 108,512,026,868	81,252,027,623
Short-term financial instruments	4,5,7,31	26,881,023,935	48,557,239,959
Trade receivables	4,5,8,30,33	367,850,547,314	256,679,739,974
Other receivables	4,5,8,33	51,778,741,294	90,250,608,266
Unbilled amounts from construction contract	8,30	194,459,747,076	197,869,584,893
Other financial assets	4,5,11,31	510,000,000	600,000,000
Other current assets	9	75,164,491,045	167,351,180,745
Current tax assets	28	237,899,292	244,405,066
Inventories	10,31	220,223,739,021	74,050,004,898
		<u>1,045,618,215,845</u>	<u>916,854,791,424</u>
Non-current assets			
Long-term financial instruments	4,5,7,31	1,487,516,506	1,088,060,873
Trade receivables	4,5,8,30,33	4,798,333,623	5,223,064,209
Other receivables	4,5,8,33	157,622,652,766	83,434,936,154
Plan assets	18	1,040,312,506	-
Other financial assets	4,5,11,31	107,287,488,068	98,899,573,583
Investments in associates	12,31	71,206,559,955	50,279,596,816
Property, plant and equipment	13,31,34	337,767,989,415	380,562,075,213
Intangible assets	14	4,985,396,985	4,116,875,087
Investment Property	15,31	137,995,293,890	98,413,878,415
Other non-current assets	9	5,808,674,228	1,646,811,742
Deferred tax assets	28	67,617,120,923	62,476,798,457
		<u>897,617,338,865</u>	<u>786,141,670,549</u>
Total assets		<u>₩ 1,943,235,554,710</u>	<u>1,702,996,461,973</u>

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

HL D&I Halla Corporation and its subsidiaries

Consolidated Statements of Financial Position, Continued

As of December 31, 2025 and 2024

<i>(In Korean won)</i>	<u>Note</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Liabilities			
Current liabilities			
Trade payables	4,5,33	₩ 289,599,298,662	254,607,103,461
Other payables	4,5,16,31,32,33,34	73,007,564,772	82,796,720,721
Overbilled amounts from construction contract	29	85,585,774,818	37,220,855,737
Short-term borrowings	4,5,17,32	191,436,285,774	287,470,878,115
Current portion of long-term borrowings	4,5,17,32	107,188,932,239	261,389,032,450
Current tax liabilities	28	15,423,236,677	4,606,779,886
Other liabilities	16	86,018,025,401	27,303,510,403
Warranty provisions	19	9,262,961,495	9,218,226,508
		<u>857,522,079,838</u>	<u>964,613,107,281</u>
Non-current liabilities			
Trade payables	4,5	75,331,238	75,331,238
Other payables	4,5,16,32,33,34	29,036,513,192	31,639,476,052
Long-term borrowings	4,5,17,32	418,173,896,896	159,431,856,010
Net defined benefit liabilities	18	4,098,070,062	13,644,327,124
Other liabilities	16	177,283,778	203,227,742
Provisions	19	46,900,134,101	47,141,106,566
Deferred tax liabilities	28	10,386,202,313	9,792,068,544
Other long-term employee benefits liabilities	18	4,587,962,235	1,744,738,535
		<u>513,435,393,815</u>	<u>263,672,131,811</u>
Total liabilities		<u>₩ 1,370,957,473,653</u>	<u>1,228,285,239,092</u>
Equity			
Owners of the Parent company			
Share capital	1,20	₩ 245,246,810,000	245,246,810,000
Share premium	20	149,865,087,861	149,879,142,183
Other capital	21	75,464,880,628	(1,534,611,774)
Accumulated other comprehensive income	22	1,877,882,234	2,216,436,681
Retained earnings	22	99,803,787,757	78,883,390,016
		<u>572,258,448,480</u>	<u>474,691,167,106</u>
Non-controlling interests		19,632,577	20,055,775
Total equity		<u>₩ 572,278,081,057</u>	<u>474,711,222,881</u>
Total liabilities and equity		<u>₩ 1,943,235,554,710</u>	<u>1,702,996,461,973</u>

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

HL D&I Halla Corporation and its subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

<i>(In Korean won)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Revenue	6,23,33 ₩	1,741,923,655,122	1,578,826,536,286
Cost of sales	23,25	1,514,627,507,544	1,401,382,867,505
Gross profit		227,296,147,578	177,443,668,781
Selling and administrative expenses	4,24,25	147,503,777,696	119,551,525,207
Operating profit		79,792,369,882	57,892,143,574
Other income	4,26	25,720,989,469	29,923,799,806
Other expenses	4,26,33	13,366,793,862	10,494,611,780
Non-operating income	4,5,27	7,201,498,898	10,182,911,652
Non-operating expenses	4,5,27,33	75,790,909,617	64,872,148,147
Profit of investments in associates	12,27	822,429,791	7,920,782,965
Profit before income tax		24,379,584,561	30,552,878,070
Income tax expense	28	9,186,722,291	9,152,378,079
Profit for the year	₩	15,192,862,270	21,400,499,991
Other comprehensive income (loss)			
<i>Items that may not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liabilities		7,029,015,724	(3,093,809,140)
Gain(loss) on valuation of FVOCI financial assets		66,532,024	(38,810,906)
Changes in other comprehensive income of investments in associates		-	(9,367)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translating foreign operations		(401,989,922)	845,535,957
Other comprehensive income (loss) for the year, net of tax	₩	6,693,557,826	(2,287,093,456)
Total comprehensive income for the year	₩	21,886,420,096	19,113,406,535
Attribution of profit for the year			
Owners of the Parent company		15,193,285,468	21,399,751,201
Non-controlling interests		(423,198)	748,790
	₩	15,192,862,270	21,400,499,991
Attribution of total comprehensive income for the year			
Owners of the Parent company		21,886,843,294	16,357,726,088
Non-controlling interests		(423,198)	748,790
	₩	21,886,420,096	16,358,474,878
Earnings per share			
Earnings per share attributable to owners of the parent			
Basic earnings per share	29 ₩	234	432
Diluted earnings per share	29	168	258

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

HL D&I Halla Corporation and its subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(In Korean won)

	Note	Share capital	Share premium	Other capital	Accumulated Other Comprehensive Income	Retained Earnings	Total owners of the Parent company	Non-controlling interests	Total equity
Balance at January 1, 2024		₩245,246,810,000	149,879,142,183	(1,534,611,774)	1,457,856,816	60,529,312,136	455,578,509,361	19,306,985	455,597,816,346
Consolidated total comprehensive income									
Profit for the year		-	-	-	-	21,399,751,201	21,399,751,201	748,790	21,400,499,991
Remeasurements of net defined benefit liabilities		-	-	-	-	(3,093,809,140)	(3,093,809,140)	-	(3,093,809,140)
Other comprehensive income recognition valuation gains and losses		-	-	-	(38,810,906)	-	(38,810,906)	-	(38,810,906)
Foreign operation translation foreign exchange difference		-	-	-	845,535,957	-	845,535,957	-	845,535,957
Property revaluation gains		-	-	-	(48,135,819)	48,135,819	-	-	-
Associate Other comprehensive income changes		-	-	-	(9,367)	-	(9,367)	-	(9,367)
Balance at December 31, 2024		₩245,246,810,000	149,879,142,183	(1,534,611,774)	2,216,436,681	78,883,390,016	474,691,167,106	20,055,775	474,711,222,881
Balance at January 1, 2025		₩245,246,810,000	149,879,142,183	(1,534,611,774)	2,216,436,681	78,883,390,016	474,691,167,106	20,055,775	474,711,222,881
Consolidated total comprehensive income									
Profit for the year		-	-	-	-	15,193,285,468	15,193,285,468	(423,198)	15,192,862,270
Remeasurements of net defined benefit liabilities		-	-	-	-	7,029,015,724	7,029,015,724	-	7,029,015,724
Other comprehensive income recognition valuation gains and losses		-	-	-	66,532,024	-	66,532,024	-	66,532,024
Foreign operation translation foreign exchange difference		-	-	-	(401,989,922)	-	(401,989,922)	-	(401,989,922)
Property revaluation gains		-	-	-	(3,096,549)	3,096,549	-	-	-
Issuance of hybrid securities		-	-	77,159,380,000	-	-	77,159,380,000	-	77,159,380,000
Interest on hybrid securities		-	-	-	-	(1,305,000,000)	(1,305,000,000)	-	(1,305,000,000)
Other changes in equity of subsidiaries		-	-	(158,540,236)	-	-	(158,540,236)	-	(158,540,236)
Changes in share premium of associates		-	(14,054,322)	(1,347,362)	-	-	(15,401,684)	-	(15,401,684)
Balance at December 31, 2025		₩245,246,810,000	149,865,087,861	75,464,880,628	1,877,882,234	99,803,787,757	572,258,448,480	19,632,577	572,278,081,057

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

HL D&I Halla Corporation and its subsidiaries

Consolidated Statements of Cash Flows, Continued

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	₩ 76,773,521,859	1,834,841,701
Interest received		2,756,046,471	16,717,547,714
Dividend received		765,941,414	3,002,392,452
Income tax received (paid)		(4,810,303,571)	(23,185,312,174)
Net cash inflow (outflow) from operating activities		<u>75,485,206,173</u>	<u>(1,630,530,307)</u>
Cash inflows from investing activities			
Decrease in short-term loans		29,952,182,830	18,753,803,662
Proceeds from disposal of short-term financial instruments		24,368,349,916	7,859,888,266
Proceeds from disposal of other financial assets		600,000,000	-
Decrease in long-term loans		100,000,000	100,000,000
Proceeds from disposal of long-term financial assets		394,549,335	137,753,394
Proceeds from disposal of other receivables		3,700,000	286,408,000
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
Collection of Lease payment receivables		1,847,966,400	1,847,966,400
Proceeds from disposal of investments in associates		-	18,939,192,175
		<u>76,679,216,653</u>	<u>156,723,444,040</u>
Cash outflows from investing activities			
Increase in short-term loans		(8,632,041,630)	(31,287,424,051)
Acquisition of short-term financial instruments		(2,692,133,892)	(15,915,436,611)
Acquisition of other financial assets		-	-
Increase in long-term loans		(82,031,583,619)	(51,063,566,240)
Acquisition of long-term financial instruments		(1,042,811,977)	(6,819,927)
Acquisition of other receivables		(1,179,761,760)	(242,040,000)
Acquisition of long-term other financial assets		(19,857,183,971)	(6,615,758,100)
Acquisition of long-term held-to-maturity financial assets		(225,000,000)	-
Acquisition of investments in associates		(20,750,000,000)	(13,125,000,000)
Acquisition of property, plant and equipment		(1,811,767,447)	(387,802,230)
Acquisition of intangible assets		(1,357,577,758)	(370,694,500)
Acquisition of investment property		(5,136,764,851)	(1,925,184,783)
		<u>(144,716,626,905)</u>	<u>(120,939,726,442)</u>
Net cash inflow (outflow) from investing activities	₩	<u>(68,037,410,252)</u>	<u>35,783,717,598</u>
Cash inflows from financing activities			
Proceeds from short-term borrowings		633,979,399,312	966,414,855,223
Proceeds from current portion of long-term borrowings		57,110,353	-
Proceeds from long-term borrowings		579,052,426,777	88,115,080,000
Issuance of hybrid securities		77,159,380,000	-
		<u>1,290,248,316,442</u>	<u>1,054,529,935,223</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		(279,239,992,580)	(172,035,314,890)
Repayments of long-term borrowings		(195,458,791,000)	(3,643,087,250)
Decrease in lease liabilities		(14,282,678,954)	(13,466,683,151)
Capital adjustments of subsidiaries		(27,034,000)	-
Payment of dividends		(1,305,000,000)	(27,422,966)
Interest payment		(48,914,890,800)	(38,793,558,068)
		<u>(1,269,934,612,244)</u>	<u>(1,093,490,006,250)</u>
Net cash inflow(outflow) from financing activities		<u>20,313,704,198</u>	<u>(38,960,071,027)</u>
Net increase (decrease) in cash and cash equivalents		27,761,500,119	(4,806,883,736)
Cash and cash equivalents at the beginning of year		81,252,027,623	85,038,540,742
Effects of exchange rate changes on cash and cash equivalents		(501,500,874)	1,020,370,617
Cash and cash equivalents at the end of year	₩	<u>108,512,026,868</u>	<u>81,252,027,623</u>

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

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

1. General Information

General information about HL D&I Halla Corporation (referred to as the “Parent company”), which is the Parent company as defined under Korean IFRS 1110, Consolidated Financial Statements, and its subsidiaries (collectively referred to as the “Group”) is as follows.

The Parent 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 Parent company engages in general construction including civil engineering, construction works, electricity, dredging, paving works and others.

The Parent company listed its shares on the Korea Exchange in August 1994. After numerous capital increases, the paid-in capital of the Parent company as of December 31, 2025, amounts to ₩245,247 million.

(1) Consolidated Subsidiaries

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

Subsidiary	Location	Percentage of ownership (%)		Closing month	Main business
		The Parent company	Total		
		2025			
Baegot-newcity specialized town Co., Ltd.	Korea	100.00	100.00	December	Housing and others
HL Logis&Co, Ltd. (HALLA GLS)	Korea	100.00	100.00	December	Logistics leasing
Mokpo Newport Terminal Co., Ltd.	Korea	100.00	100.00	December	Port management and operation
HL Ecotech Co., Ltd (HALLA OMS)	Korea	100.00	100.00	December	Manufacture and operation of waste incineration facility and others
Halla E&C Mexico S. de R.L. de C.V.	Mexico	99.00	99.00	December	Construction
Daol KTB Confidence General Private Real Estate Investment Trust No.57	Korea	99.55	99.55	April	Real estate business and others
HL Properties America Corporation	America	100.00	100.00	December	Real estate development

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

1. General Information, Continued

Subsidiary	Location	Percentage of ownership (%)		Closing month	Main business
		The Parent company	Total		
		2024			
Baegot-newcity specialized town Co., Ltd.	Korea	100.00	100.00	December	Housing and others
HL Logis&Co, Ltd. (HALLA GLS)	Korea	100.00	100.00	December	Logistics leasing
Mokpo Newport Terminal Co., Ltd.	Korea	100.00	100.00	December	Port management and operation
HL Ecotech Co., Ltd (HALLA OMS)	Korea	100.00	100.00	December	Manufacture and operation of waste incineration facility and others
Halla Corporation America ¹	USA	-	-	December	Construction
Halla E&C Mexico S. de R.L. de C.V.	Mexico	99.00	99.00	December	Construction
Daol KTB Confidence General Private Real Estate Investment Trust No.57	Korea	99.55	99.55	April	Real estate business and others
HL Properties America Corporation	America	100.00	100.00	December	Real estate development

¹ The entity was liquidated during the past year.

(2) Summarized Financial Information

Summarized financial information for consolidated subsidiaries as of and for the years ended December 31, 2025 and 2024, is as follows:

(in thousands of Korean won)	2025					
	Sales	Profit (loss) for the year	Total comprehensive income (loss)	Assets	Liabilities	Equity
Baegot-newcity specialized town Co., Ltd.	₩ -	(1,596,795)	(1,596,795)	15,319,514	3,004,219	12,315,295
HL Logis&Co, Ltd. (HALLA GLS)	4,628,040	(715,711)	(749,797)	147,419,289	35,826,567	111,592,722
Mokpo Newport Terminal Co., Ltd.	41,245,206	6,780,846	6,612,972	21,412,989	6,706,791	14,706,198
HL Ecotech Co., Ltd (HALLA OMS)	50,626,213	1,448,055	1,562,332	28,729,465	14,213,535	14,515,930
Halla E&C Mexico S. de R.L. de C.V.	-	(42,320)	(4,992)	436,539	106,336	330,203
Daol KTB Confidence General Private Real Estate Investment Trust No. 57	17,340,067	(4,320,378)	(4,320,378)	345,797,505	241,488,738	104,308,767
HL Properties America Corporation	107,008	(35,756)	(308,275)	13,147,655	2,056,079	11,091,576

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

1. General Information, Continued

(in thousands of Korean won)	2024					
	Sales	Profit (loss) for the year	Total comprehensive income (loss)	Assets	Liabilities	Equity
Baegot-newcity specialized town Co., Ltd.	₩ -	84,356	84,356	33,956,360	20,044,270	13,912,090
HL Logis&Co, Ltd. (HALLA GLS)	4,614,470	(455,285)	(477,000)	142,592,072	30,249,553	112,342,519
Mokpo Newport Terminal Co., Ltd.	40,337,502	6,669,446	6,279,928	30,371,753	7,278,527	23,093,226
HL Ecotech Co., Ltd (HALLA OMS)	41,205,134	(2,191,946)	(2,516,086)	25,187,035	12,206,403	12,980,632
Halla Corporation America ¹	-	(1,125)	(1,125)	-	-	-
Halla E&C Mexico S. de R.L. de C.V.	-	74,879	53,453	430,067	94,872	335,195
Daol KTB Confidence General Private Real Estate Investment Trust No. 57	13,118,143	(730,563)	(730,563)	348,678,033	239,429,159	109,248,874
HL Properties America Corporation	36,882,137	2,637,794	3,894,117	19,457,099	8,057,248	11,399,851

¹ Excluded from Scope for Consolidation during the prior period.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting policies

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

2.1 Basis of Preparation

The Group 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 (Korean IFRS). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

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

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The consolidated financial statements have been prepared on a historical cost basis, except for those listed below.

- Financial asset at fair value through profit or loss
- Financial asset at fair value through other comprehensive income of loss
- The net defined benefit liability (asset)

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 Change in Accounting Policy and Disclosures

2.2.1 New standards and interpretations adopted by the Group

The Group 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 Group 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 and its subsidiaries

Note to the Consolidated 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 Group

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 Group.

(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 Group 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 and its subsidiaries

Note to the Consolidated 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.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110, Consolidated Financial Statements.

(a) Subsidiaries

Subsidiaries are all entities over which the Parent company has control. The Parent company controls the corresponding investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidation of a subsidiary begins from the date the Parent company obtains control of a subsidiary and ceases when the Parent company loses control of the subsidiary.

The Group applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. All other non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRSs. Acquisition-related costs are expensed as incurred. Goodwill is recognized as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Balances of receivables and payables, income and expenses and unrealized gains on transactions between the Group subsidiaries are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are entities over which the Group has significant influence, and investments in associates are initially recognized at acquisition cost using the equity method. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is any objective evidence that the investment in the associate is impaired, the Group recognizes the difference between the recoverable amount of the associate and its book value as impairment loss.

(c) Joint Arrangements

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator has rights to the assets, and obligations for the liabilities, relating to the joint operation and recognizes the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venture has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the 'functional currency'). The consolidated financial statements are presented in Korean won, which is the Parent company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates 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 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.

(c) Overseas business sites

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

Asset and liability on consolidated balance sheet is translated into closing rate, income and expense of consolidated 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 Parent company disposes overseas business site, the amount recognized as other comprehensive income and equity instruments is reclassified as net income when the Parent company recognizes gain and loss on disposal of overseas business site.

2.5 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 consolidated statement of comprehensive income within 'non-operating income (expenses)' or other income (expenses)' according to the nature of transactions.

2.6 Inventories

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

2.7 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 and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

2.8 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:

(years)	<u>Estimated useful lives</u>
Buildings	10 ~ 60
Structures	10 ~ 35
Machinery	4
Heavy equipment	7
Ships	4 ~ 18
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.

2.9 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.

2.10 Government Grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group 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.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

2.11 Intangible Assets

Intangible assets, except for goodwill, are initially recognized at its historical cost and carried at its 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:

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

2.12 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. Investment property, except for land, is depreciated using the straight-line method over their useful lives of 40 years.

2.13 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.

2.14 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

2.15 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.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

2.16 Provisions

Provisions are recognized when the Group 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.

2.17 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 Group 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 nor loss.

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 Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, 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.

2.18 Employee Benefits

The Group operates defined benefit plans.

Typically a 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 –

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

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 group 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.

2.19 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.

2.20 Revenue from Contracts with Customer

(1) Identification of performance obligations

The conditions to be identified as separate performance obligations are as follows.

- The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- The entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract)

(2) Performance obligations satisfied over time

The Group recognizes profits by applying the progress criteria when the Group has the right to demand payment of enforceable portion of the assets that it has previously completed or the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Business of the sales in housing is a project to supply the residential apartment to the residents. It takes two to three years construction period. In general, it will be sold to the customers before the start of construction and receive a down payment, an advance payment, and a balance over a period of time.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

If the Group determines that it is not entitled to claim payment, it recognizes revenue when the asset is transferred to the counterparty and the performance obligation is fulfilled.

Revenue from the sale of Business of the sales in housing is recognized as a progress criteria for contracts that fulfill the terms of the performance obligation and the like. This accounting is effective only in accordance with K-IFRS of the Clause 1, Article 5 of the External Audit Act

(3) Measurement of state of completion by input method

The Group 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 Group 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. The amount of the excess can not be deducted. If the amount of the deductible loss recognized in the total amount of accumulated profits and recognized profits is below the progress billing amount, the excess billing work will be recorded.

(4) Variable Consideration

The Group estimates the amounts of consideration using whichever method (the expected value or the most likely amount) that best predict the amount of consideration to which it will be entitled.

Variable consideration is included in the transaction price only to the extent that it is probable or highly probable that a significant reversal in the cumulative amount of revenue recognized will not occur in the future periods.

(5) Cost for concluding contract

In accordance with K-IFRS No. 1115, contract costs incurred regardless of whether a contract is concluded are recognized as an expense when incurred, unless it is clear that the cost can be claimed to the customer, expenditure items that do not satisfy the cost are incurred at the time of occurrence.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

2.21 Lease

(1) As a lessee

At inception or effective date of change, the Group 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 Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

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 Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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.

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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group adjusts the interest rate obtained from various external financial information to reflect the terms of the lease and the characteristics of the leased asset and calculates the incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments)
- Variable lease payments that depend on an index(or a rate), initially measured using the index or rate as of the commencement date
- Amounts expected to be payable by the lessee under residual value guarantees

- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, lease payments of the extended period if the lessee is reasonably certain to exercise extension option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease liability is subsequently increased by the interest expense recognized for the lease liability and decreased by reflecting the payment of the lease payments. The lease liability is remeasured if the future lease payments change depending on changes in the index(or a rate), changes in the expected amount to be paid under the residual value guarantee, and changes in the assessment of whether the purchase or extension option is reasonably certain to be exercised or not to exercise the terminate option. When remeasuring a lease liability, the related right-of-use asset is adjusted and if the carrying amount of the right-of-use asset decreases to zero, the remeasurement amount is recognized in profit or loss. In the statement of financial position, the Group classified the right-of-use assets that do not meet the definition of investment property as 'premises and equipment' and the lease liabilities as 'other financial liabilities'.

The Group has chosen a practical expedient that does not recognize the right-of-use asset and lease liabilities for short-term leases with a lease term less than 12 months and leases for which the underlying asset is of low value. The Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

(2) As a lessor

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

To classify each lease, the Group 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 Group considers whether lease terms takes significant part of economic useful life.

If the Group 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 Group recognizes operating lease payment on a straight-line basis as instrument of 'other revenue'.

2.22 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 No. 1108, the Group disclosed disclosures related to the sales sector in the consolidated financial statements.

2.23 Financial instruments

(1) Recognition and initial measurement

Trade receivables and issued debt securities are recognized for the first time at the time of issuance. Other financial instruments and financial liabilities are recognized only when the Group becomes a contracting party for financial instruments.

Excluding trade receivables that do not contain significant financial factors, financial assets or financial liabilities are measured at fair value at the time of initial recognition. In the case of non-financial assets or liabilities measured at fair value through profit, transaction costs that are directly attributable to the acquisition of the financial asset or to the issuance of the financial liability are added to the fair value. Trade receivables that do not contain a significant financial component are initially measured at the transaction price.

(2) Classification of financial assets and liabilities

Financial assets are measured at amortized cost if following conditions are met and they are not designated as fair value through profit or loss:

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

Debt instruments are measured at amortized cost if following conditions are met and they are not designated as fair value through profit or loss:

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Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

2. Significant Accounting Policies, Continued

- 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.

For investments in equity instruments that are not held for short-term trade, an irrevocable election (on an instrument-by-instrument basis) is available at initial recognition to present subsequent changes in fair value as other comprehensive income.

Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are measured at FVPL, including all derivative financial assets.

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

<u>Classification</u>	<u>Subsequent measurement</u>
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 assets are not reclassified after initial recognition unless the Group modifies the business model used to manage financial assets. When the Group modifies the business model used to manage financial assets, all affected financial assets are reclassified on the first day of the first reporting period after the modification.

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 Group measure 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 asset)

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Note to the Consolidated 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 Group 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 the Group 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 group 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 of financial assets

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

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(4) Offsetting

Financial assets and liabilities are presented as a net amount in the statements of financial position when the Group has an enforceable legal right and an intention to settle on a net basis or to realize an asset and settle the liability simultaneously.

2.24 Approval of Issuance of the Financial Statements

The consolidated 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 and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

3. Critical Accounting Estimates and Assumptions

The Group 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 Group 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 Group 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 consolidated 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 Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 4).

(4) Impairment of non-financial asset

For non-financial assets specified in K-IFRS No. 1036, the group 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.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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 Group 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 tax expense consists of current and deferred income tax, and is recognized in profit or loss, excluding other comprehensive income or taxes arising from transactions, events or business combinations that are directly recognized in equity.

Interest and fines related to income tax are determined to be income tax, and if they are income tax, K-IFRS 1012 'Income Taxes' is applied, and if they are not income tax, K-IFRS 1037 'Provisions, Contingent Liabilities and Contingent Assets' is applied.

① Current tax

Current income tax is calculated on the basis of taxable income for the current period. Taxable income is different from profit and loss on the statement of comprehensive income because income and deductions to be added or deducted in other taxable periods and non-taxable items or non-deductible items are excluded from the net income before tax on the statement of comprehensive income. Income tax payable related to the Group's current tax is calculated using the enacted or substantively enacted tax rate.

Current income tax assets and current income tax liabilities are offset only if both of the following conditions are met:

- Has a legally enforceable right to offset the recognized amount
- Intended to pay net or settle liabilities while realizing assets

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

3. Critical Accounting Estimates and Assumptions, Continued

② Deferred tax

When measuring deferred tax assets and deferred tax liabilities, it reflects the tax effect of the way in which we expect to recover or settle the carrying amount of the assets and liabilities involved at the end of the reporting period. For additional temporary differences in subsidiaries, associates, and joint venture investments, we can control when the temporary differences expire and recognize deferred tax liabilities unless they are likely to disappear in the foreseeable future. Deferred tax assets arising from temporary differences to be deducted are recognized when temporary differences are likely to lapse in the foreseeable future and taxable income is likely to be generated during periods when temporary differences can be used.

If there is a high possibility of future taxable income where unused tax losses, tax deductions, and temporary differences to be deducted are used, deferred tax assets are recognized for unused tax losses, tax deductions, and temporary differences to be deducted within that range. Future taxable income is determined by the disappearance of the relevant additional temporary difference. If the temporary difference to be added is not sufficient to fully recognize the deferred tax assets, consider the extinction of the current temporary differences and the business plans of our subsidiaries for future taxable income.

Temporary differences related to right-to-use assets and lease liabilities are considered a transaction for the purpose of recognising deferred tax

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period, and the carrying amount of a deferred tax asset is reduced when it is no longer likely that sufficient taxable income will be generated for the benefit of the deferred tax asset to be used.

Deferred tax assets and liabilities are measured using the tax rate that is expected to be applied during the reporting period when the asset is realized or the liability is to be paid based on the tax laws enacted or substantially enacted at the end of the reporting period. When measuring deferred tax assets and deferred tax liabilities, the tax effect is reflected in the way in which we are expected to recover or settle the carrying amount of the assets and liabilities as of the end of the reporting period.

Deferred tax assets and liabilities are income taxes imposed by the same tax authority and are offset only if we have the legal power to offset the recognized amount and intend to settle the current tax liabilities and assets in net amounts. If there is an additional income tax expense incurred by the dividend payment, it is recognized at the time when the liability related to the dividend payment is recognized.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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 ₩	106,381,690	106,381,690	97,284,581	97,284,581
Financial assets at FVOCI	5,798	5,798	4,970	4,970

(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]							
Financial assets at FVPL	Discounted methods	Cash	Flow	Dividend Discount Model	[Cash flow] - Estimated FCFE - Repayment of principal and interest payments of other capital and financial agreements and dividend restrictions under commercial law - Estimated future cash flows according to the business plan - Reflection of Dividendable Earnings Conditions under the Commercial Law according to the agreement - Considering the characteristics of the Group to be evaluated that gains profits by holding shares in real estate or other companies without conducting operating activities	[Discount rate] - Capital Asset Pricing Model (CAPM) - Discount rate considering risk spread - Disclosed corporate bond yield as of the end of the reporting period	
				Asset-based Approach			
				Precedent analysis	transaction	[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 and its subsidiaries

Note to the Consolidated 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	₩	-	-	106,381,690	106,381,690
Financial assets at FVOCI		5,798	-	-	5,798

(In thousands of Korean won)

		2024			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVPL	₩	4,284,130	-	93,000,451	97,284,581
Financial assets at FVOCI		4,970	-	-	4,970

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	₩	93,000,451	186,278,328
Acquisition		19,857,183	6,565,683
Disposal		(6,757,226)	(98,213,021)
Transfer		-	(5,005,216)
Valuation gain (loss)		281,282	3,374,677
Ending balance	₩	106,381,690	93,000,451

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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			Total
	Amortized cost	Financial assets at FVPL	Financial assets at FVOCI	
Current				
Cash and cash equivalents	₩ 108,512,027	-	-	108,512,027
Trade receivables	367,850,547	-	-	367,850,547
Short-term financial instruments	26,881,024	-	-	26,881,024
Other receivables ¹	50,953,338	-	-	50,953,338
Other financial assets	510,000	-	-	510,000
	<u>554,706,936</u>	<u>-</u>	<u>-</u>	<u>554,706,936</u>
Non-current				
Trade receivables	4,798,334	-	-	4,798,334
Long-term financial instruments	1,487,517	-	-	1,487,517
Other receivables	157,622,652	-	-	157,622,652
Other financial assets	900,000	106,381,690	5,798	107,287,488
	<u>164,808,503</u>	<u>106,381,690</u>	<u>5,798</u>	<u>271,195,991</u>
	<u>₩ 719,515,439</u>	<u>106,381,690</u>	<u>5,798</u>	<u>825,902,927</u>

¹ Receivables 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	₩ 289,599,299	-	289,599,299
Other payables ²	55,485,777	10,314,583	65,800,360
Short-term borrowings	191,436,286	-	191,436,286
Current portion of long-term borrowings	107,188,932	-	107,188,932
	<u>643,710,294</u>	<u>10,314,583</u>	<u>654,024,877</u>
Non-current			
Trade payables	75,331	-	75,331
Other payables	28,965,583	70,930	29,036,513
Long-term borrowings	417,673,897	500,000	418,173,897
	<u>446,714,811</u>	<u>570,930</u>	<u>447,285,741</u>
	<u>₩ 1,090,425,105</u>	<u>10,885,513</u>	<u>1,101,310,618</u>

¹ Other financial liabilities include non-controlling interests in Daol KTB Confidence General Private Real Estate Investment Trust No. 57 and financial guarantee liabilities.

² Payables related to employee benefits are excluded.

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Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

4. Fair Value and Financial Instruments by Category, Continued

		2024		
<i>(In thousands of Korean won)</i>	Amortized cost	Financial assets at FVPL	Financial assets at FVOCI	Total
Current				
Cash and cash equivalents	₩ 81,252,028	-	-	81,252,028
Trade receivables	256,679,740	-	-	256,679,740
Other receivables	138,807,848	-	-	138,807,848
Other financial assets	600,000	-	-	600,000
	<u>477,339,616</u>	<u>-</u>	<u>-</u>	<u>477,339,616</u>
Non-current				
Trade receivables	5,223,064	-	-	5,223,064
Other receivables	84,522,997	-	-	84,522,997
Other financial assets	1,610,023	97,284,581	4,970	98,899,574
	<u>91,356,084</u>	<u>97,284,581</u>	<u>4,970</u>	<u>188,645,635</u>
	<u>₩ 568,695,700</u>	<u>97,284,581</u>	<u>4,970</u>	<u>665,985,251</u>

		2024		
<i>(In thousands of Korean won)</i>	Financial liabilities carried at amortized cost	Other financial liabilities ¹	Total	
Current				
Trade payables	₩ 254,607,103	-	254,607,103	
Other payables	65,730,485	17,066,236	82,796,721	
Short-term borrowings	287,470,878	-	287,470,878	
Current portion of long-term borrowings	261,389,032	-	261,389,032	
	<u>869,197,498</u>	<u>17,066,236</u>	<u>886,263,734</u>	
Non-current				
Trade payables	75,331	-	75,331	
Other payables	31,639,476	-	31,639,476	
Long-term borrowings	158,931,856	500,000	159,431,856	
	<u>190,646,663</u>	<u>500,000</u>	<u>191,146,663</u>	
	<u>₩ 1,059,844,161</u>	<u>17,566,236</u>	<u>1,077,410,397</u>	

¹ Other financial liabilities include non-controlling interests in Daol KTB Confidence General Private Real Estate Investment Trust No. 57 and financial guarantee liabilities.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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		
	Financial assets at Amortized cost	Financial assets at FVPL	Financial assets at FVOCI	Financial liabilities carried at amortized cost	Other financial liabilities ¹	Total
Profit or loss						
Interest income	₩ 6,859,988	293,451	-	-	46,503	7,199,942
Interest expenses	-	-	-	(54,188,892)	-	(54,188,892)
Dividend income	-	120,475	-	-	-	120,475
Profit(Loss) on foreign exchange	(425,294)	-	-	11,159	-	(414,135)
Bad debt expenses	(17,688,030)	-	-	-	-	(17,688,030)
Other bad debt expenses	(21,299,586)	-	-	-	(300,383)	(21,599,969)
Profit(Loss) on valuation	-	507,350	-	-	(3,873)	503,477
Profit(Loss) on disposal	-	8,072,455	-	-	-	8,072,455
Reversal of financial guarantee liabilities	-	-	-	-	4,637,774	4,637,774
Other comprehensive income						
Changes in the fair value of financial assets at FVOCI	-	-	66,532	-	-	66,532
	₩ <u>(32,552,922)</u>	<u>8,993,731</u>	<u>66,532</u>	<u>(54,181,606)</u>	<u>4,383,894</u>	<u>(73,290,371)</u>

¹Other financial liabilities include Financial guarantee liabilities.

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4. Fair Value and Financial Instruments by Category, Continued

(in thousands of Korean won)

	2024						Total
	Financial assets			Financial liabilities			
	Financial assets at Amortized cost	Financial assets at FVPL	Financial assets at FVOCI	Financial liabilities carried at amortized cost	Financial liabilities at FVPL	Other financial liabilities ¹	
Profit or loss							
Interest income	₩ 6,285,103	3,832,020	-	-	-	42,630	10,159,753
Interest expenses			-	(38,771,345)	-	-	(38,771,345)
Dividend income		430,073	-	-	-	-	430,073
Profit(Loss) on foreign exchange	2,086,305	-	-	(34,445)	-	-	2,051,860
Bad debt expenses	(26,198,754)	-	-	-	-	-	(26,198,754)
Other bad debt expenses	(26,097,455)	-	-	-	-	-	(26,097,455)
Other bad debt expenses(reversal)	20,000	-	-	-	-	-	20,000
Profit(Loss) on valuation		2,694,789	-	-	(7,572)	-	2,687,217
Profit(Loss) on disposal	(5,474)	9,929,835	-	-	-	-	9,924,361
Gains on Recovery of Bad Debts	221,077	-	-	-	-	-	221,077
Reversal of financial guarantee liabilities	-	-	-	-	-	2,112,922	2,112,922
Other comprehensive income							
Changes in the fair value of financial assets at FVOCI	-	-	(38,811)	-	-	-	(38,811)
	₩ (43,689,198)	16,886,717	(38,811)	(38,805,790)	(7,572)	2,155,552	(63,499,102)

¹Other financial liabilities include Financial guarantee liabilities.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

5. Financial Risk Management

5.1 Financial Risk Factors

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

Risk management is carried out under policies approved by the board of directors. 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 Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. 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 Group to manage their foreign exchange risk against each functional currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign entities is managed primarily through trade receivables denominated in the relevant foreign currencies.

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 Group as of December 31, 2025 and 2024, is as follows:

	2025			
	10% increase		10% decrease	
	Impact on profit for the year	Impact on equity	Impact on profit for the year	Impact on equity
USD	₩ -	-	-	-
AZN	28	28	(28)	(28)
BDT	--	--	--	-
MXN	--	--	--	-
	2024			
	10% increase		10% decrease	
	Impact on profit for the year	Impact on equity	Impact on profit for the year	Impact on equity
USD	₩ 635,015	635,015	(635,015)	(635,015)
AZN	28	28	(28)	(28)
BDT	82,062	82,062	(82,062)	(82,062)
MXN	(7,128)	(7,128)	7,128	7,128

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Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

5. Financial Risk Management, Continued

(2) Price risk

The Group is exposed to price risk arising from changes in market price of marketable equity securities and investments in capital of partnership classified as available-for-sale.

As of December 31, 2025 and 2024, the impact of increases/decreases of the stock price by 5% with all other variables held constant on the Group's other comprehensive income (before deducting tax effects) is as follows:

<i>(In thousands of Korean won)</i>	2025		2024	
	5% increase	5% decrease	5% increase	5% decrease
Net income	₩ 2,347,939	(2,347,939)	2,528,143	(2,528,143)
Other comprehensive income	290	(290)	248	(248)

(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 Group'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 income	₩ 4,245	4,245	(4,245)	(4,245)
Interest expenses	(1,264,238)	(1,264,238)	1,264,238	1,264,238

<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 income	₩ 35,095	35,095	(35,095)	(35,095)
Interest expenses	(896,039)	(896,039)	896,039	896,039

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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 Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits in banks and financial institutions, 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 Group 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 ₩ 2,582,120,274 thousand.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

5. Financial Risk Management, Continued

5.1.3 Liquidity Risk

The Group monitors rolling forecasts of the Group'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 Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group'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 Group's liquidity risk analysis as of December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025				
		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Contractual cash flows ²
Current						
Trade payables	₩	289,875,599	-	-	-	289,875,599
Other payables		67,255,484	-	-	-	67,255,484
Short-term borrowings		194,609,839	-	-	-	194,609,839
Current portion of long-term borrowings		111,102,524	-	-	-	111,102,524
Financial guarantee contracts ¹		2,582,120,274	-	-	-	2,582,120,274
		<u>3,244,963,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,244,963,720</u>
Non-current						
Trade payables		-	75,331	-	-	75,331
Other payables		-	10,777,781	10,245,654	11,119,410	32,142,845
Long-term borrowings		<u>18,817,377</u>	<u>97,128,842</u>	<u>339,866,211</u>	<u>1,596,724</u>	<u>457,409,154</u>
		<u>18,817,377</u>	<u>107,981,954</u>	<u>350,111,865</u>	<u>12,716,134</u>	<u>489,627,330</u>
	₩	<u>3,263,781,097</u>	<u>107,981,954</u>	<u>350,111,865</u>	<u>12,716,134</u>	<u>3,734,591,050</u>

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

²The above cash flow is the amount without present value discount and includes interest payment.

(In thousands of Korean won)

		2024				
		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Contractual cash flows ¹
Current						
Trade payables	₩	254,607,103	-	-	-	254,607,103
Other payables		83,378,596	-	-	-	83,378,596
Short-term borrowings		294,278,557	-	-	-	294,278,557
Current portion of long-term borrowings		262,031,261	-	-	-	262,031,261
Financial guarantee contracts		2,259,663,212	-	-	-	2,259,663,212
		<u>3,153,958,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,153,958,729</u>
Non-current						
Trade payables		-	75,331	-	-	75,331
Other payables		-	19,736,005	14,631,464	5,916,173	40,283,642
Long-term borrowings		<u>11,648,857</u>	<u>83,744,230</u>	<u>53,670,424</u>	<u>26,502,409</u>	<u>175,565,920</u>
		<u>11,648,857</u>	<u>103,555,566</u>	<u>68,301,888</u>	<u>32,418,582</u>	<u>215,924,893</u>
	₩	<u>3,165,607,586</u>	<u>103,555,566</u>	<u>68,301,888</u>	<u>32,418,582</u>	<u>3,369,883,622</u>

¹The above cash flow is the amount without present value discount and includes interest payment.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

5. Financial Risk Management, Continued

5.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total equity.

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)	₩ 1,370,957,474	1,228,285,239
Total equity (B)	<u>572,278,081</u>	<u>474,711,223</u>
Debt ratio (A/B)	<u>240%</u>	<u>259%</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

6. Operating Segment Information

(1) Details of the Group's reportable segments are as follows:

Segments	Products or services
Architectural works	Office, apartment, plant, logistics center and others
Civil engineering	Road, railway, ports and others
Self-constructed works	Self-constructed apartments and others
Overseas projects	Road, ports and others
Others	Distribution, sales of subsidiaries and others

(2) Sales and gross profit by each segment for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025					
	Architectural works	Civil engineering	Self-constructed works	Overseas projects	Others	Total
Sales	₩ 1,195,913,906	278,804,797	172,904,832	(171,912)	94,472,032	1,741,923,655
Gross profit	169,323,851	4,261,916	37,146,027	(572,632)	17,136,986	227,296,148

(in thousands of Korean won)

	2024					
	Architectural works	Civil engineering	Self-constructed works	Overseas projects	Others	Total
Sales	₩ 959,194,245	295,605,492	182,997,295	46,812,262	94,217,242	1,578,826,536
Gross profit	95,881,630	22,996,825	37,259,505	4,607,880	16,697,829	177,443,669

(3) Sales and gross profit by each region for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025			2024		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Sales	₩ 1,741,988,559	(64,904)	1,741,923,655	1,531,911,648	46,914,888	1,578,826,536
Gross profit	227,761,773	(465,625)	227,296,148	172,733,163	4,710,506	177,443,669

The Group reports the operating segments based on the gross profit to the chief operating officer, and the details of assets and liabilities are not separately reported.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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>	2025	2024
Cash on hand and ordinary deposits ¹	₩ 108,512,027	81,252,028

¹ Short-term bank deposits include time deposits and others that have a maturity of three months or less from the date of acquisition.

(2) Restriction of financial instruments

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

<i>(In thousands of Korean won)</i>	2025	2024
Cash and cash equivalents	₩ 16,729,354	-
Short-term financial instruments	₩ 17,689,726	36,096,258
Long-term financial instruments	1,327,517	1,088,061
	₩ 35,746,597	37,184,319

Above deposits are restricted in use because they were provided as collateral in relation to put-option contracts, construction performance guarantees, deposits for checking accounts and others.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

8. Trade and Other Receivables

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

(In thousands of Korean won)

		2025			
		Gross amount	Present value discounts	Allowance for doubtful accounts	Carrying amount
Current					
Trade receivables	₩	430,641,577	-	(62,791,030)	367,850,547
Other receivables		54,126,483	-	(2,347,742)	51,778,741
Unbilled construction		196,450,276	-	(1,990,529)	194,459,747
		<u>681,218,336</u>	<u>-</u>	<u>(67,129,301)</u>	<u>614,089,035</u>
Non-current					
Trade receivables		4,798,334	-	-	4,798,334
Other receivables		221,908,612	(85,655)	(64,200,304)	157,622,653
		<u>226,706,946</u>	<u>(85,655)</u>	<u>(64,200,304)</u>	<u>162,420,987</u>
	₩	<u>907,925,282</u>	<u>(85,655)</u>	<u>(131,329,605)</u>	<u>776,510,022</u>

(In thousands of Korean won)

		2024			
		Gross amount	Present value discounts	Allowance for doubtful accounts	Carrying amount
Current					
Trade receivables	₩	301,758,298	-	(45,078,558)	256,679,740
Other receivables		92,692,480	-	(2,441,872)	90,250,608
Unbilled construction		199,860,114	-	(1,990,529)	197,869,585
		<u>594,310,892</u>	<u>-</u>	<u>(49,510,959)</u>	<u>544,799,933</u>
Non-current					
Trade receivables		5,223,064	-	-	5,223,064
Other receivables		126,079,722	(94,876)	(42,549,910)	83,434,936
		<u>131,302,786</u>	<u>(94,876)</u>	<u>(42,549,910)</u>	<u>88,658,000</u>
	₩	<u>725,613,678</u>	<u>(94,876)</u>	<u>(92,060,869)</u>	<u>633,457,933</u>

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

		2025				
		Not impaired			Impaired	Total
		Up to 6 months	6 to 12 months	Over 1 year		
Current						
Trade receivables	₩	272,418,575	81,219,275	14,212,697	62,791,030	430,641,577
Other receivables		26,406,318	4,205,434	21,166,989	2,347,742	54,126,483
Unbilled construction		194,459,747	-	-	1,990,529	196,450,276
		<u>493,284,640</u>	<u>85,424,709</u>	<u>35,379,686</u>	<u>67,129,301</u>	<u>681,218,336</u>
Non-current						
Trade receivables		-	-	4,798,334	-	4,798,334
Other receivables		39,973,823	27,315,585	90,418,900	64,200,304	221,908,612
		<u>39,973,823</u>	<u>27,315,585</u>	<u>95,217,234</u>	<u>64,200,304</u>	<u>226,706,946</u>
	₩	<u>533,258,463</u>	<u>112,740,294</u>	<u>130,596,920</u>	<u>131,329,605</u>	<u>907,925,282</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

8. Trade and Other Receivables, Continued

(In thousands of Korean won)	2024				
	Not impaired			Impaired	Total
	Up to 6 months	6 to 12 months	Over 1 year		
Current					
Trade receivables	₩ 230,187,193	15,093,643	11,398,904	45,078,558	301,758,298
Other receivables	81,324,364	9,252,661	48,230,823	2,441,872	141,249,720
Unbilled construction	197,869,585	-	-	1,990,529	199,860,114
	<u>509,381,142</u>	<u>24,346,304</u>	<u>59,629,727</u>	<u>49,510,959</u>	<u>642,868,132</u>
Non-current					
Trade receivables	132,448	72,663	5,017,953	-	5,223,064
Other receivables	32,062,791	19,142,599	32,547,718	42,549,910	126,079,722
	<u>32,195,239</u>	<u>19,215,262</u>	<u>37,565,671</u>	<u>42,549,910</u>	<u>131,302,786</u>
	<u>₩ 541,576,381</u>	<u>43,561,566</u>	<u>97,195,398</u>	<u>92,060,869</u>	<u>774,170,918</u>

(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:

(In thousands of Korean won)	2025				
	Beginning balance	Bad debt expenses	Reclassification	Write-off	Ending balance
Current					
Trade receivables	₩ 45,078,000	17,688,030	25,000	- ₩	62,791,030
Other receivables	2,441,872	(94,130)	-	-	2,347,742
Unbilled construction	1,990,529	-	-	-	1,990,529
	<u>49,510,401</u>	<u>17,593,900</u>	<u>25,000</u>	<u>-</u>	<u>67,129,301</u>
Non-current					
Other receivables	42,549,909	21,694,099	-	(43,704)	64,200,304
	<u>42,549,909</u>	<u>21,694,099</u>	<u>-</u>	<u>(43,704)</u>	<u>64,200,304</u>

(In thousands of Korean won)	2024				
	Beginning balance	Bad debt expenses	Reversal	Write-off	Ending balance
Current					
Trade receivables	₩ 19,372,862	26,198,754	-	(493,058) ₩	45,078,558
Other receivables	3,053,524	-	(20,000)	(591,652)	2,441,872
Unbilled construction	1,990,529	-	-	-	1,990,529
	<u>24,416,915</u>	<u>26,198,754</u>	<u>(20,000)</u>	<u>(1,084,710)</u>	<u>49,510,959</u>
Non-current					
Other receivables	16,468,159	26,097,455	-	(15,704)	42,549,910
	<u>16,468,159</u>	<u>26,097,455</u>	<u>-</u>	<u>(15,704)</u>	<u>42,549,910</u>

The Group 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 and its subsidiaries

Note to the Consolidated 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	₩ 19,445,720	128,738,385
Prepaid expenses	16,976,050	16,596,339
Prepaid construction costs	38,608,652	21,983,710
Prepaid value added tax	134,070	32,747
	<u>75,164,492</u>	<u>167,351,181</u>
Non-current		
Advance payments	-	-
Long-term prepaid expenses	5,808,674	1,646,812
Long-term Prepaid construction costs	-	-
Long-term Prepaid value added tax	-	-
	<u>5,808,674</u>	<u>1,646,812</u>
	<u>₩ 80,973,166</u>	<u>168,997,993</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	₩ 160,072,136	37,938,453
Finished housing	38,853,636	28,072,625
Unfinished housing	19,626,156	6,918,361
Finished goods and merchandise	1,671,811	1,120,566
	<u>₩ 220,223,739</u>	<u>74,050,005</u>

The amount of inventories recognized as expenses included in the cost of sales for the years ended December 31, 2025 and 2024 are ₩ 359,593,781 thousand and ₩ 364,922,638 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 and its subsidiaries

Note to the Consolidated 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		
Government bonds	-	-
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	-	4,284,130
Non-marketable equity securities	23,055,315	21,936,395
Debt instruments	36,367,587	24,785,322
Investments in capital of partnership	46,958,788	46,278,734
Debt securities issued by corporation	-	-
Financial assets at FVOCI		
Marketable equity securities	5,798	4,970
Financial assets at AC		
Debt securities issued by corporation	900,000	1,185,000
Others	-	425,023
	<u>₩ 107,287,488</u>	<u>98,899,574</u>

(2) Changes in other 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	₩ 99,499,574	188,151,923
Acquisition ¹	20,082,183	6,615,758
Disposal ²	(11,910,857)	(98,213,022)
Transfer ³	-	624,925
Valuation(FVPL) ⁴	507,350	2,694,789
Valuation(FVOCI) ⁴	66,532	(38,811)
Impairment	-	-
Other	(447,294)	(335,988)
Ending balance	<u>₩ 107,797,488</u>	<u>99,499,574</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>

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Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

11. Other financial assets, Continued

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

		<u>2025</u>
		<u>Amount</u>
<i>(In thousands of Korean won)</i>		
Contribution to Airrane Co., Ltd	₩	4,553,631
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>11,910,857</u>

³ Details of valuation of other 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>	<u>Description</u>
Other comprehensive income			
Pan Ocean Co., Ltd	66,532	(38,811)	
Stocks and Debt Securities Investments	(129,272)	2,713,834	(*)
Investments			
Construction Guarantee	620,325	(35,100)	
Plant & Mechanical Contractors Financial Cooperative	1,069	1,420	
Fire Industry Financial Cooperative	592	256	
Engineering Financial Cooperative	47,109	4,452	
Electric Contractor's Financial Cooperative	2,046	2,179	
Information & Communication Financial Cooperative	608	3,347	
Specialty Contractor Financial Cooperative	8,306	4,401	
Other	(43,433)	-	
	₩ <u>573,882</u>	<u>2,655,978</u>	

(*) In accordance with KIFRS NO.1109, the fair value of debt instruments was evaluated. The fair value evaluation of the investment in the private investment project was performed by requesting an accounting firm for a reasonable evaluation. To calculate equity value, Dividend Discount Model has been used. The dividend discount model is a method of calculating equity value by discounting future dividend cash flows at the cost of equity capital.

For privity equity, the following evaluation method was used.

		<u>2025</u>
	<u>Evaluation method</u>	<u>Profit on valuation</u>
Contribution to Airrane Co., Ltd	Market Approach	₩ 269,501
Investments in Private Infrastructure Disco Co., Ltd RCPS	Dividend Discount Model	2,272,264
BUILD BLOCK INC. Preferred Stock	Asset-based Approach	(886,090)
Pohang New Water Road Co., Ltd	Cost Approach	(1,782,712)
	Asset-based Approach	(2,235)
		₩ <u>(129,272)</u>

HL D&I Halla Corporation and its subsidiaries
 Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

11. Other financial assets, Continued

	2024	
	Evaluation method	Profit on valuation
KC Small and Medium-Sized Value Up No. 1 private equity investment limited partnership	Cost Approach	₩ (1,215,297)
DSP Alpha Private Equity Fund	Market Approach	5,536,090
Contribution to Airrane Co., Ltd	Market Approach	(721,087)
Investments in Private Infrastructure	Dividend Discount Model	(885,872)
		<u>₩ 2,713,834</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

11. Other financial assets, Continued

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

(In thousands of Korean won)

	2025			2024
	Number of shares(in shares)	Acquisition cost	Carrying amount	Carrying amount
[Debt instrument] Non-Current				
KIAMCO Road Investment Private Equity Fund ¹	- ₩	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	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	-	-
Gyunggi East-West Belt Highway Co., Ltd. ¹	447,640	2,238,200	95,795	316,034
Pyeongtaek eastern expressway Co., Ltd. ^{1,3}	1,769,418	9,208,051	15,633,314	14,221,824
Balanamyang Road Co., Ltd. ^{3,4}	539,630	12,008,150	12,831,909	2,705,705
MIRASEUM Co., Ltd. ¹	44,362	221,810	-	-
E-rail Co., Ltd. ¹	152,480	762,400	-	-
KB Sosa-Wonsi Railroad Project Fund ¹	-	9,754,962	-	-
DUMIREU VILLAGE Co., Ltd. ¹	19,817	99,085	-	-
Pocheon Hanmaeum Barracks Operation Co., Ltd. ¹	44,060	220,300	-	-
Pocheon 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
Chemsfield Co., Ltd	210,000	1,050,000	1,050,000	1,050,000
Parabara Co., Ltd	-	-	-	500,000
Korea Real Asset SSF	-	4,980,112	4,980,111	4,494,102
KC Small and Medium-Sized Value Up No. 1 private equity investment limited partnership	-	6,565,500	6,565,500	6,503,750
BUILD BLOCK INC.	261,951	460,280	460,280	2,242,992
DSP Alpha Private Equity Fund	--	-	-	6,257,226
Rebellions Co., Ltd	14,844	9,999,423	9,999,423	-
Pohang New Water Road Co., Ltd	447	2,235	-	2,235
Blue West Environment Co., Ltd.	16,485	82,425	-	-
		<u>26,262,278</u>	<u>23,055,314</u>	<u>26,220,524</u>
[Investments in capital of partnership]				
Construction Guarantee ²	27,570	34,570,465	43,295,928	42,675,603
Plant & Mechanical Contractor's Financial Cooperative ²	97	90,333	106,993	105,924
Fire Industry Financial Cooperative ²	296	148,000	155,992	155,400
Engineering Guarantee Insurance ²	1,043	517,453	934,813	887,704
Electric Contractor's Financial Cooperative ²	500	97,760	183,824	181,779
Professional Construction Guarantee ²	2,326	2,176,626	2,212,710	67,921
Information & Communication Financial Cooperative ²	149	34,011	68,529	2,204,404
		<u>W 37,634,648</u>	<u>46,958,789</u>	<u>46,278,735</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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 group 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 financial assets at FVOCI as of December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025			2024
	Number of shares(in shares)	Acquisition cost	Carrying amount	Carrying amount
[Marketable equity securities]				
Pan Ocean Co., Ltd.	1,506 ₩	7,067	5,798	4,970

(5) Details of financial assets at Amortized Cost as of December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	Annual interest rate(%)	Maturity date	2025			2024
			Par value	Accumulated impairment	Carrying amount	Carrying amount
Debt securities issued by corporation						
Current						
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
Non-Current						
Korea Credit Guarantee Fund 2024 24th ¹	3.37	2028.02.29	570,000	-	570,000	-
Korea Credit Guarantee Fund 2024 25th ¹	3.27	2028.02.29	105,000	-	105,000	570,000
Korea Credit Guarantee Fund 2025 22nd ¹	3.29	2029.01.31	225,000	-	225,000	105,000
			₩ 1,586,542	(176,542)	1,410,000	1,785,000

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

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

12. Investments in Associates

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

(In thousands of Korean won)

Associates	Location	Main business	Percentage of ownership(%)	2025		2024	
				Net asset value	Carrying amount	Net asset value	Carrying amount
Kyeongsan Eco Energy Co., Ltd. ¹	Korea	Construction management for resource recovery facility	50.00	W (2,275,291)	-	(341,936)	-
TaebackGuinemi Wind Power Co., Ltd.	Korea	Other power generation	25.00	18,046,751	4,455,182	16,086,305	3,955,998
MOKPO NEW PORT INTERNATIONAL MOTOR WHARF Co., Ltd.	Korea	Water freight handling	24.90	1,208,898	301,016	1,193,021	297,062
K-REALTY RENTAL HOUSING REIT I	Korea	Real estate development	22.71	12,679,257	1,320,866	13,474,284	1,331,644
Eco Recycling New Technology Investment Fund ⁴	Korea	Financial business	39.77	9,156,295	3,641,708	8,712,505	3,465,201
Dongyu Time New Technology Investment Fund No. 1 ²	Korea	Financial business	50.00	39,803,451	22,672,196	11,625,000	5,250,000
Daebul Pier Co., Ltd.	Korea	Transportation	33.30	238,040	79,267	398,768	132,790
Kalon Office Private Real Estate Investment Trust No.9 ³	Korea	Financial business	19.79	24,876,593	4,922,090	-	-
ADFKIP6 Private Equity Real Estate Investment	Korea	Real estate development	20.00	86,127,450	17,225,490	83,015,959	16,603,193
MPLUS Professional Investment Type Private Equity Real Estate Investment and Trust No.25	Korea	Financial	25.00	910,244	-	2,925,078	731,271
Yellow CSOL Growth Private Equity Fund I	Korea	Financial	44.25	10,296,086	4,555,790	10,468,258	4,631,972
KCW Corporation ³	Korea	Financial	25.00	44,402,944	12,032,955	51,792,990	13,880,466
L&HL Partners LLC ⁴	Korea	Real estate development	-	(78,253)	-	(64,188)	-
				<u>₩ 245,392,465</u>	<u>71,206,560</u>	<u>₩ 199,286,044</u>	<u>50,279,597</u>

¹ As of the end of the current period, the suspension of the application of the equity method was conducted, resulting in unrecognized cumulative losses of KRW 1,015,716 thousand.

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 Group exercises significant influence due to existence of significant transactions with the investee.

⁴ Investment is planned but has not yet been made.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

12. Investments in Associates, Continued

(2) Details of valuation of investments in associates under the equity method for the years ended December 31, 2025 and 2024, are as follows:

2025							
(In thousands of Korean won)	Beginning balance	Acquisition (disposal)	Dividends	Impairment	Share of profit (loss)	Capital adjustment	Ending balance
Kyeongsan Eco Energy Co., Ltd. ¹	₩ -	-	-	-	-	-	-
TaebackGuinemi Wind Power Co., Ltd.	3,955,999	-	-	-	499,183	-	4,455,182
MOKPO NEW PORT INTERNATIONAL MOTOR WHARF Co., Ltd.	297,062	-	-	-	3,954	-	301,016
K-REALTY RENTAL HOUSING REIT I	1,331,645	-	-	-	(10,779)	-	1,320,866
Eco Recycling New Technology Investment Fund	3,465,201	-	-	-	176,507	-	3,641,708
Dongyu Time New Technology Investment Fund No. 1	5,250,000	15,750,000	-	-	1,672,196	-	22,672,196
Daebul Pier Co., Ltd.	132,790	-	-	-	(53,523)	-	79,267
Kalon Office Private Real Estate Investment Trust No.9 ³	-	5,000,000	-	-	(77,910)	-	4,922,090
ADFKIP6 Private Equity Real Estate Investment	16,603,192	-	(645,467)	-	1,267,765	-	17,225,490
MPLUS Professional Investment Type Private Equity Real Estate Investment and Trust No.25	731,270	-	-	(227,561)	(503,709)	-	-
Yellow CSOL Growth Private Equity Fund I	4,631,972	-	-	-	(76,182)	-	4,555,790
KCW Corporation	13,880,466	-	-	-	(1,847,511)	-	12,032,955
L&HL Partners LLC	-	-	-	-	-	-	-
	₩ <u>50,279,597</u>	<u>20,750,000</u>	<u>(645,467)</u>	<u>(227,561)</u>	<u>1,049,991</u>	<u>-</u>	<u>71,206,560</u>

¹Totally impaired

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

12. Investments in Associates, Continued

2024								
(In thousands of Korean won)	Beginning balance	Acquisition (disposal)	Dividends	Replacement	Share of profit (loss)	Share of other comprehensive income	Capital adjustment	Ending balance
Kyeongsan Eco Energy Co., Ltd. ¹	₩ -	-	-	-	-	-	-	-
TaebackGuinemi Wind Power Co., Ltd.	3,902,805	-	-	-	53,194	-	-	3,955,999
MOKPO NEW PORT INTERNATIONAL MOTOR WHARF Co., Ltd.	294,931	-	-	-	2,131	-	-	297,062
K-REALTY RENTAL HOUSING REIT I	1,352,494	-	-	-	(20,849)	-	-	1,331,645
Eco Recycling New Technology Investment Fund	-	3,500,000	-	-	(34,799)	-	-	3,465,201
Dongyu Time New Technology Investment Fund No. 1	-	5,250,000	-	-	-	-	-	5,250,000
Daebul Pier Co., Ltd.	142,833	-	-	-	(10,043)	-	-	132,790
Halla Encom Co., Ltd.	12,426,865	(12,456,871)	(1,500,502)	-	1,530,517	(9)	-	-
ADFKIP6 Private Equity Real Estate Investment	16,626,147	-	(1,071,818)	-	1,048,863	-	-	16,603,192
MPLUS Professional Investment Type Private Equity Real Estate Investment and Trust No.25	1,245,460	-	-	-	(514,191)	-	-	731,269
Yellow CSOL Growth Private Equity Fund I	4,709,011	-	-	-	(77,038)	-	-	4,631,973
KCW Corporation	9,978,116	4,375,000	-	-	(472,650)	-	-	13,880,466
L&HL Partners LLC	-	-	-	-	-	-	-	-
	₩ <u>50,678,662</u>	<u>668,129</u>	<u>(2,572,320)</u>	<u>-</u>	<u>1,505,135</u>	<u>(9)</u>	<u>-</u>	<u>50,279,597</u>

¹Totally impaired

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

12. Investments in Associates, Continued

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

(in thousands of Korean won)	2025						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Profit (loss) for the year	Total comprehensive income (loss)
Kyeongsan Eco Energy Co., Ltd. ₩	8,985,651	11,111,639	22,372,582	-	6,840,838	(1,938,409)	(1,938,409)
TaebackGuinemi Wind Power Co., Ltd.	4,095,809	31,738,462	3,326,235	14,461,285	7,003,282	1,994,948	1,994,948
Mokpo Newport International Ro-Ro Terminal Co., Ltd.	756,875	692,454	240,432	-	3,748,542	15,876	15,876
K-REALTY RENTAL HOUSING REIT I	5,197,624	99,248,193	4,144,058	87,622,502	4,579,556	(660,978)	(660,978)
Eco Recycling New Technology Investment Fund	656,295	8,500,000	-	-	-	443,790	443,790
Dongyu Time New Technology Investment Fund No.1	11,188,562	30,862,142	2,247,253	-	18,358,000	3,368,724	3,368,724
Daebul Pier Co., Ltd.	304,445	585,779	35,864	616,320	869,899	(160,728)	(160,728)
Kalon Office Private Real Estate Investment Trust No.9 ²	5,175,650	106,592,949	86,892,006	-	-	(393,762)	(393,762)
ADFKIP6 Private Equity Real Estate Investment	9,247,273	203,708,758	1,328,581	125,500,000	14,073,738	6,338,824	6,338,824
MPLUS Professional Investment Type Private Equity Real Estate Investment and Trust No.25	11,309,772	-	110	10,399,418	-	(2,014,834)	(2,014,834)
Yellow CSOL Growth Private Equity Fund I	46,629	10,500,000	250,543	-	40,008	(159,852)	(159,852)
KCW Corporation	21,823,601	133,107,321	30,455,960	80,072,019	60,665,267	(7,209,446)	(7,209,446)
L&H Partners LLC	7,532	3,668,964	3,754,749	-	-	(15,979)	(15,979)
₩	<u>78,795,718</u>	<u>640,316,661</u>	<u>155,048,373</u>	<u>318,671,544</u>	<u>116,179,130</u>	<u>(391,826)</u>	<u>(391,826)</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

12. Investments in Associates, Continued

(in thousands of Korean won)	2024						Total comprehensive income (loss)
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Profit (loss) for the year	
Kyeongsan Eco Energy Co., Ltd.	7,060,308	13,580,892	20,983,137	-	6,774,073	1,483,190	1,483,190
TaebackGuinemi Wind Power Co., Ltd.	2,732,062	33,185,581	2,873,574	16,957,764	5,155,479	212,779	212,779
Mokpo Newport International Ro-Ro Terminal Co., Ltd.	777,849	763,006	347,834	-	3,705,994	8,558	8,558
K-REALTY RENTAL HOUSING REIT I	5,072,321	100,954,016	6,050,198	86,501,855	2,228,558	(385,852)	(385,852)
Eco Recycling New Technology Investment Fund	212,505	8,500,000	-	-	-	(87,495)	(87,495)
Dongyu Time New Technology Investment Fund No. 1	11,625,000	-	-	-	-	(21,496)	(21,496)
Daebul Pier Co., Ltd.	442,929	703,874	49,540	698,496	997,649	(30,159)	(30,159)
Halla Encom Co., Ltd.	-	-	-	-	-	-	-
ADFKIP6 Private Equity Real Estate Investment	5,597,280	204,339,230	1,420,551	125,500,000	15,019,389	5,244,320	5,244,320
MPLUS Professional Investment Type Private Equity Real Estate Investment and Trust No.25	11,327,461	-	2,965	8,399,418	-	(2,056,763)	(2,056,763)
Yellow CSOL Growth Private Equity Fund I	48,971	10,500,000	80,713	-	40,068	(174,096)	(174,096)
KCW Corporation	28,834,027	136,557,712	23,042,494	90,556,255	-	(209,331)	(209,331)
L&HL Partners LLC	22,455	3,556,307	3,642,950	-	-	(19,750)	(19,750)
	73,753,168	512,640,618	58,493,956	328,613,788	33,921,210	3,963,905	3,963,905

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

12. Investments in Associates, Continued

(4) Details of adjustments from financial information amount of major associates to the carrying amount of investments in associates for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)	2025						Carrying amount
	Net assets	Equity shares (%)	Interests in net assets	Goodwill	Impairment	Unrealized gains	
Kyeongsan Eco Energy Co., Ltd	₩ -	50	₩ -	-	-	-	-
Taeback Guinemi Wind Power Co., Ltd.	18,046,751	25	4,511,688	-	-	(56,506)	4,455,182
Mokpo Newport International Ro-Ro Terminal Co., Ltd.	1,208,898	24.9	301,016	-	-	-	301,016
K-REALTY RENTAL HOUSING REIT I	12,679,257	22.71	2,879,353	26,045	-	(1,584,532)	1,320,866
Eco Recycling New Technology Investment Fund	9,156,295	39.77	3,641,708	-	-	-	3,641,708
Dongyu Time New Technology Investment Fund No. 1	39,803,451	50	19,901,725	2,770,471	-	-	22,672,196
Daebul Pier Co., Ltd. ¹	238,040	33.3	79,267	-	-	-	79,267
Kalon Office Private Real Estate Investment Trust No.9 ³	24,876,593	19.79	4,922,090	-	-	-	4,922,090
ADFKIP6 Private Equity Real Estate Investment	86,127,450	20	17,225,490	-	-	-	17,225,490
MPLUS Professional Investment Type Private Equity Real Estate Investment and Trust No.25	910,244	25	227,561	-	(227,561)	-	-
Yellow CSOL Growth Private Equity Fund I	10,296,086	44.25	4,555,790	-	-	-	4,555,790
KCW Corporation	44,402,944	25	11,100,736	932,219	-	-	12,032,955
L&HL Partners LLC	(78,253)	-	(78,253)	-	-	-	-
		₩	69,268,171	3,728,735	(227,561)	(1,641,038)	71,206,560

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

12. Investments in Associates, Continued

(in thousands of Korean won)	2024					
	Net assets	Equity shares (%)	Interests in net assets	Goodwill	Unrealized gains	Carrying amount
Kyeongsan Eco Energy Co., Ltd	₩ -	50.00%	₩ -	-	-	-
Taeback Guinemi Wind Power Co., Ltd.	16,086,305	25.00%	4,021,576	-	(65,578)	3,955,998
Mokpo Newport International Ro-Ro Terminal Co., Ltd.	1,193,021	24.90%	297,062	-	-	297,062
K-REALTY RENTAL HOUSING REIT I	13,474,284	22.71%	3,059,897	26,045	(1,754,298)	1,331,644
Eco Recycling New Technology Investment Fund	8,712,505	39.77%	3,465,201	-	-	3,465,201
Dongyu Time New Technology Investment Fund No. 1	11,625,000	45.16%	5,250,000	-	-	5,250,000
Daebul Pier Co., Ltd. ¹	398,768	33.30%	132,790	-	-	132,790
ADFKIP6 Private Equity Real Estate Investment	83,015,959	20.00%	16,603,193	-	-	16,603,193
MPLUS Professional Investment Type Private Equity Real Estate Investment and Trust No.25	2,925,078	25.00%	731,271	-	-	731,271
Yellow CSOL Growth Private Equity Fund I	10,468,258	44.25%	4,631,972	-	-	4,631,972
KCW Corporation	51,792,990	25.00%	12,948,248	932,219	-	13,880,467
L&HL Partners LLC	(64,188)					
			₩ 51,141,210	958,264	(1,819,876)	50,279,598

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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

2025				
<i>(In thousands of Korean won)</i>	<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment loss</u>	<u>Carrying amount</u>
Land	₩ 184,040,328	-	-	184,040,328
Buildings	146,765,862	(17,442,417)	-	129,323,445
Structures	2,501,144	(500,899)	-	2,000,245
Heavy equipment	4,349,655	(4,345,165)	-	4,490
Ships	879,770	(879,770)	-	-
Vehicles	1,673,379	(1,480,985)	-	192,394
	348,009	(339,375)	(7,478)	1,156
Tools and equipment	327,300	(322,801)	-	4,499
Temporary structures	5,999,658	(4,411,047)	(28,050)	1,560,561
Supplies	8,714,207	(7,755,493)	-	958,714
Decorations	33,468,701	(13,786,543)	-	19,682,158
Right-of-use assets	₩ <u>389,068,013</u>	<u>(51,264,495)</u>	<u>(35,528)</u>	<u>337,767,990</u>
2024				
<i>(In thousands of Korean won)</i>	<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment loss</u>	<u>Carrying amount</u>
Land	₩ 204,079,971	-	-	204,079,971
Buildings	162,412,812	(14,211,998)	-	148,200,814
Structures	2,501,144	(440,901)	-	2,060,243
Heavy equipment	4,349,655	(4,340,674)	-	8,981
Machinery	32,071	(32,071)	-	-
Ships	879,770	(879,770)	-	-
Vehicles	1,619,489	(1,394,286)	-	225,203
Tools and equipment	348,009	(333,860)	(7,478)	6,671
Temporary structures	343,450	(329,418)	-	14,032
Supplies	4,860,564	(4,548,678)	(28,050)	283,836
Decorations	8,680,767	(7,364,373)	-	1,316,394
Right-of-use assets	₩ <u>38,910,054</u>	<u>(14,544,124)</u>	<u>-</u>	<u>24,365,930</u>
	₩ <u>429,017,756</u>	<u>(48,420,153)</u>	<u>(35,528)</u>	<u>380,562,075</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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:

(in thousands of Korean won)	2025				
	Beginning balance	Foreign Exchange translation differences	Acquisition	Replacement(*1)	Disposal
Land	₩ 204,079,971	-	-	(20,039,643)	-
Buildings	148,200,814	-	-	(13,813,323)	-
Structures	2,060,243	-	-	-	-
Heavy equipment	8,981	-	-	-	-
Ship	-	-	-	-	-
Vehicles	225,203	-	70,989	-	-
Tools and equipment	6,671	-	-	-	-
Temporary structures	14,032	-	-	-	-
Supplies	283,836	148	1,707,338	-	(23)
Decorations	1,316,394	-	33,440	-	-
Right-of-use assets	24,365,930	-	9,632,755	-	(862,733)
₩	<u>380,562,075</u>	<u>148</u>	<u>11,444,522</u>	<u>(33,852,966)</u>	<u>(862,756)</u>

(in thousands of Korean won)	2025		
	Depreciation	Other	Ending balance
Land	₩ -	-	184,040,328
Buildings	(5,064,046)	-	129,323,445
Structures	(59,998)	-	2,000,245
Heavy equipment	(4,491)	-	4,490
Ship	-	-	-
Vehicles	(103,798)	-	192,394
Tools and equipment	(5,515)	-	1,156
Temporary structures	(9,533)	-	4,499
Supplies	(430,738)	-	1,560,561
Decorations	(391,120)	-	958,714
Right-of-use assets	(13,463,550)	9,756	19,682,158
₩	<u>(19,532,789)</u>	<u>9,756</u>	<u>337,767,990</u>

(*1) During the current period, the transfer to investment property was conducted.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

13. Property, Plant and Equipment, Continued

		2024				
<i>(in thousands of Korean won)</i>		Beginning balance	Foreign Exchange translation differences	Acquisition	Replacement	Disposal
Land	₩	204,230,505	-	-	-	(150,534)
Buildings		153,264,859	-	-	-	-
Structures		2,120,242	-	-	-	-
Heavy equipment		130,571	-	-	-	-
Ship		40,030	-	-	-	-
Vehicles		311,676	-	23,572	-	-
Tools and equipment		12,187	-	-	-	-
Temporary structures		37,421	-	-	-	(10,512)
Supplies		401,188	(82)	69,530	-	-
Decorations		1,407,037	-	294,700	-	(5,902)
Construction in progress		-	-	-	-	-
Right-of-use assets(*)		17,637,421	-	-	-	-
	₩	<u>379,593,137</u>	<u>(82)</u>	<u>387,802</u>	<u>-</u>	<u>(166,948)</u>

		2024		
<i>(in thousands of Korean won)</i>		Depreciation	Other	Ending balance
Land	₩	-	-	204,079,971
Buildings		(5,064,045)	-	148,200,814
Structures		(59,999)	-	2,060,243
Heavy equipment		(121,590)	-	8,981
Ship		(40,030)	-	-
Vehicles		(110,045)	-	225,203
Tools and equipment		(5,516)	-	6,671
Temporary structures		(12,877)	-	14,032
Supplies		(186,800)	-	283,836
Decorations		(379,441)	-	1,316,394
Construction in progress		-	-	-
Right-of-use assets(*)		(12,880,058)	19,608,567	24,365,930
	₩	<u>(18,860,401)</u>	<u>19,608,567</u>	<u>380,562,075</u>

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

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Note to the Consolidated Financial Statements

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	Accumulated impairment loss	Carrying amount
Goodwill	₩ 30,865,441	-	(30,865,441)	-
Industrial rights	5,395	-	-	5,395
Development costs	692,705	(692,704)	-	1
Memberships	3,233,420	(14,132)	-	3,219,288
Software	12,179,319	(10,418,606)	-	1,760,713
	<u>₩ 46,976,280</u>	<u>(11,125,442)</u>	<u>(30,865,441)</u>	<u>4,985,397</u>

<i>(In thousands of Korean won)</i>	2024			
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Carrying amount
Goodwill	₩ 30,865,441	-	(30,865,441)	-
Industrial rights	6,466	-	-	6,466
Development costs	692,705	(692,704)	-	1
Memberships	3,233,420	(6,544)	-	3,226,876
Software	11,036,427	(10,152,894)	-	883,533
	<u>₩ 45,834,459</u>	<u>(10,852,142)</u>	<u>(30,865,441)</u>	<u>4,116,876</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

14. Intangible Assets, Continued

(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				
	Industrial rights	Development costs	Memberships	Software	Total
Beginning balance	₩ 6,465	1	3,226,876	883,533	4,116,875
Acquisition	-	-	-	1,357,578	1,357,578
Amortization	(1,070)	-	(7,588)	(480,398)	(489,056)
	₩ 5,395	1	3,219,288	1,760,713	4,985,397

<i>(In thousands of Korean won)</i>	2024				
	Industrial rights	Development costs	Memberships	Software	Total
Beginning balance	₩ 6,150	1	3,150,022	963,067	4,119,240
Acquisition	1,385	-	83,398	358,206	442,989
Amortization	(1,069)	-	(6,544)	(437,740)	(445,353)
	₩ 6,466	1	3,226,876	883,533	4,116,876

(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	470,533	419,965
	₩ 489,056	445,353

(4) Research and Development Costs are as follows :

<i>(In thousands of Korean won)</i>	2025	2024
Research and Development Costs	₩ 3,386,697	3,465,290
	₩ 3,386,697	3,465,290

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

15. Investment Properties

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

(In thousands of Korean won)

	2025			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₩ 90,674,668	-	-	90,674,668
Buildings	24,566,251	(3,423,757)	-	21,142,494
Structures	1,165,100	(165,056)	-	1,000,044
Construction in progress	26,451,277	-	(1,273,189)	25,178,088
	₩ <u>142,857,296</u>	<u>(3,588,813)</u>	<u>(1,273,189)</u>	<u>137,995,294</u>

(In thousands of Korean won)

	2024			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₩ 66,061,017	-	-	66,061,017
Buildings	8,919,301	(1,366,726)	-	7,552,575
Structures	1,165,100	(135,929)	-	1,029,171
Construction in progress	25,044,304	-	(1,273,189)	23,771,115
	₩ <u>101,189,722</u>	<u>(1,502,655)</u>	<u>(1,273,189)</u>	<u>98,413,878</u>

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

(In thousands of Korean won)

	2025				
	Land	Buildings	Structures	Construction in progress	Total
Beginning balance	₩ 66,061,017	7,552,575	1,029,172	23,771,115	98,413,879
Acquisition	4,574,008	-	-	1,406,973	5,980,981
Transfer(*)	20,039,643	13,813,323	-	-	33,852,966
Depreciation	-	(223,404)	(29,128)	-	(252,532)
	₩ <u>90,674,668</u>	<u>21,142,494</u>	<u>1,000,044</u>	<u>25,178,088</u>	<u>137,995,294</u>

(*) During the current period, the transfer to investment property was conducted.

(In thousands of Korean won)

	2024				
	Land	Buildings	Structures	Construction in progress	Total
Beginning balance	₩ 64,694,828	8,135,944	1,058,299	23,346,429	97,235,500
Acquisition	1,500,499	-	-	424,686	1,925,185
Disposals	(134,310)	(359,965)	-	-	(494,275)
Depreciation	-	(223,404)	(29,128)	-	(252,532)
	₩ <u>66,061,017</u>	<u>7,552,575</u>	<u>1,029,171</u>	<u>23,771,115</u>	<u>98,413,878</u>

(3) The rental income from operation leases arising from investment property is ₩ 1,246,385 thousand (previous year: ₩ 1,154,139 thousand), and the operating cost directly related to the investment property from which the lease income arises is ₩ 282,608 thousand (previous year: ₩ 282,608 thousand).

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

15. Investment Properties, Continued

(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 146,771 million (KRW 109,187 million as of the end of the prior period).

16. Payables and Other Liabilities

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

(In thousands of Korean won)

	2025	2024
Other Payables		
Current		
Non-trade payables	₩ 37,289,253	42,213,684
Dividends payable	9	9
Accrued expenses	14,251,033	10,303,013
Leasehold deposits received	324,184	480,724
Lease liabilities ¹	10,828,503	12,733,056
Financial payment guarantee liabilities	10,314,583	17,066,235
	<u>73,007,565</u>	<u>82,796,721</u>
Non-current		
Non-trade payables	879,216	30,354
Leasehold deposits received	6,596,441	6,496,075
Lease liabilities ¹	21,489,926	25,113,047
Financial payment guarantee liabilities	70,930	-
	<u>29,036,513</u>	<u>31,639,476</u>
	<u>₩ 102,044,078</u>	<u>114,436,197</u>
Other Liabilities		
Current		
Advances received from sales in housing	₩ 54,983,557	2,516,789
Other advances received	5,205,345	3,986,849
Prepaid income	25,944	25,944
Withholdings	25,803,180	20,773,928
	<u>86,018,026</u>	<u>27,303,510</u>
Non-current		
Prepaid income	177,284	203,228
	<u>₩ 188,239,388</u>	<u>141,942,935</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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>	<u>Issuance date</u>	<u>Maturity date</u>	<u>Annual interest rate(%)</u>	<u>2025</u>	<u>2024</u>
143rd non-guaranteed privately placed bonds	2024-02-28	2025-02-28	-	₩ -	70,000,000
144th non-guaranteed privately placed 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 privately placed 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 privately placed bonds	2025-06-17	2026-06-17	6.00	44,000,000	
				<u>135,000,000</u>	<u>150,000,000</u>
Less: Discount on bonds				<u>(132,890)</u>	<u>(259,044)</u>
				<u>₩ 134,867,110</u>	<u>149,740,956</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

17. Borrowings, Continued

② Other short-term borrowings

<i>(In thousands of Korean won)</i>	<u>Type</u>	<u>Financial institution</u>	<u>Interest rate(%)</u>		<u>2025</u>	<u>2024</u>
Bank borrowings	General borrowings ¹	Korea Development Bank and others ¹	5.74	₩	30,106,337	30,094,873
	General borrowings ¹	Yeonggwang Suhyup and others	-		-	15,000,000
	General borrowings ¹	Woori Investment Securities Co., Ltd.	5.70		10,000,000	10,000,000
	General borrowings ¹	Standard Chartered Bank Korea Ltd.	-		-	10,000,000
	General borrowings ¹	Busan Bank	-		-	2,493,000
	Asset-backed loan	Woori Bank ^{1,2}	4.25		6,462,839	1,142,050
Commercial paper	General borrowings	IBK Investment & Securities Co., Ltd.	6.80		5,000,000	-
	General borrowings	NH Investment & Securities Co., Ltd.	6.80		5,000,000	-
	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
				₩	<u>56,569,176</u>	<u>137,729,923</u>

¹ The loan is subject to a variable interest rate.

² Property, plant and equipment and investment property paid for the purpose of land acquisition by the consolidated entity have been provided as collateral for the loan. (See Note 31)

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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 public 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 public 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>
				<u>₩ 59,886,747</u>	<u>74,863,253</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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	Woori Bank, etc ¹	4.97~6.90	230,000,000	230,000,000	Bullet Payment	2028-01-24
Bank borrowings	PCB Bank ²	6.50	2,483,550	3,991,707	Installment repayment	2025-09-28
Bank borrowings	Seo Gwangju Nonghyup, etc ^{3,4}	-	-	31,715,250	Bullet Payment	2026-05-25
Bank borrowings	Dong Seoul Nonghyup, etc	-	-	13,102,400	Bullet Payment	2026-02-23
Bank borrowings	NamSeoul shinhup	-	-	5,422,000	Bullet Payment	2026-03-06
Bank borrowings	Songpa Nonghyup, ETC ^{3,4}	3.88	92,000,000	-	4th installment repayment	2028-04-30
Bank borrowings	Busan Bank ³	6.36	5,845,000	6,676,000	36-month installment repayment	2027-09-30
Bank borrowings	HANA BANK, Lotte World Tower Financial Center ^{3,5}	5.05	30,000,000	-	4th installment repayment	2027-12-24
Association borrowings	Construction Guarantee	-	-	31,596,658	Bullet Payment	2027-06-26
Other borrowings	Korea Housing & Urban ^{5,6} Guarantee Corporation	-	1,389,183	1,462,298	22 years installment repayment	2044-10-07
			<u>361,717,733</u>	<u>323,966,313</u>		
Less: Current portion			<u>(3,430,583)</u>	<u>(239,397,709)</u>		
			<u>₩ 358,287,150</u>	<u>84,568,604</u>		

¹Property, plant and equipment have been provided as collateral for the loan. (See Note 31)

²Land and long-term financial instruments have been provided as collateral for the loan. (See Note 31)

³The loan bears a variable interest rate.

⁴The loan is secured by a PF guarantee issued by the Korea Housing & Urban Guarantee Corporation. (See Note 31)

⁵The Group 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 and its subsidiaries

Note to the Consolidated 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 at 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	₩ 102,299,924	100,008,691
Fair value of plan assets	<u>(99,242,166)</u>	<u>(86,364,364)</u>
Liability in the statement of financial position	3,057,758	13,644,327
Other long-term employee benefits liabilities	<u>4,587,961</u>	<u>1,744,739</u>
	<u>₩ 7,645,719</u>	<u>15,389,066</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	₩ 9,910,593	9,231,425
Net interest expense	349,764	248,041
Past service cost	3,437,029	-
Other Long-term Employee Benefits	2,840,001	499,802
Other cost	<u>58,515</u>	<u>(10,334)</u>
	<u>₩ 16,595,902</u>	<u>9,968,934</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	₩ 11,086,339	6,641,260
Selling and administrative expenses	<u>5,509,563</u>	<u>3,327,674</u>
	<u>₩ 16,595,902</u>	<u>9,968,934</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	₩ 100,008,691	89,500,605
Current service cost	9,910,593	9,231,425
Interest expense	3,493,524	3,586,517
Past service cost	3,437,029	-
Remeasurements	(8,676,653)	3,656,880
Severance payments	(6,040,761)	(5,966,736)
Transfer in from affiliates	<u>167,501</u>	<u>-</u>
Ending balance	<u>₩ 102,299,924</u>	<u>100,008,691</u>

HL D&I Halla Corporation and its subsidiaries
Note to the Consolidated 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:

(In thousands of Korean won)

		<u>2025</u>	<u>2024</u>
Beginning balance	₩	86,789,387	78,720,109
Interest income		3,143,760	3,338,476
Remeasurements		270,277	(366,279)
Employers contributions		12,080,843	7,665,658
Payments from plans		(3,209,203)	(3,327,333)
Account transfer		-	333,733
Transfer in from affiliates		167,102	-
Ending balance	₩	<u>99,242,166</u>	<u>86,364,364</u>

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

(In thousands of Korean won)

	<u>2025</u>		<u>2024</u>	
	<u>Amount</u>	<u>Ratio(%)</u>	<u>Amount</u>	<u>Ratio(%)</u>
Deposits	₩ 99,242,166	100.00	₩ 86,364,364	100.00

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

The group 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%

HL D&I Halla Corporation and its subsidiaries
Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

18. Net Defined Benefit Liabilities, Continued

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

	Impact on defined benefit obligation	
	1% increase	1% decrease
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.

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

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

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

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

19. Provisions

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

		2025					
<i>(In thousands of Korean won)</i>		Provision for warranty	Provisions for expected losses	Provision for lawsuit	Provision for recovery	Provisions for Customer Loyalty Program	Total
[Current]							
Beginning balance	₩	5,860,189	3,358,038	-	-	-	9,218,227
Additional provisions		-	1,379,134	3,823,595	-	-	5,202,729
Decrease		(2,962,373)	-	(1,658,612)	-	-	(4,620,985)
Reversal		-	(3,798,224)	-	-	-	(3,798,224)
Transfer		2,160,933	-	-	-	1,100,281	3,261,214
Ending balance		<u>5,058,749</u>	<u>938,948</u>	<u>2,164,983</u>	<u>-</u>	<u>1,100,281</u>	<u>9,262,961</u>
[Non-current]							
Beginning balance		45,762,215	-	-	465,634	913,258	47,141,107
Additional provisions		4,488,958	-	-	29,409	3,136,723	7,655,090
Decrease		-	-	-	-	(2,949,700)	(2,949,700)
Reversal		(1,685,149)	-	-	-	-	(1,685,149)
Transfer		(2,160,933)	-	-	-	(1,100,281)	(3,261,214)
Ending balance	₩	<u>46,405,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,900,134</u>
		2024					
<i>(In thousands of Korean won)</i>		Provision for warranty	Provisions for expected losses	Provision for lawsuit	Provision for recovery	Provisions for Customer Loyalty Program	Total
[Current]							
Beginning balance	₩	6,312,553	7,438,263	-	-	-	13,750,816
Additional provisions		-	867,793	-	-	-	867,793
Decrease		-	(4,948,018)	-	-	-	(4,948,018)
Transfer		(452,364)	-	-	-	-	(452,364)
Ending balance		<u>5,860,189</u>	<u>3,358,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,218,227</u>
[Non-current]							
Beginning balance		39,372,043	-	-	565,237	753,853	40,691,133
Additional provisions		10,132,852	-	-	468,993	2,816,549	13,418,394
Decrease		(4,195,044)	-	-	(568,596)	(2,657,144)	(7,420,784)
Transfer		452,364	-	-	-	-	452,364
Ending balance	₩	<u>45,762,215</u>	<u>-</u>	<u>-</u>	<u>465,634</u>	<u>913,258</u>	<u>47,141,107</u>

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

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

20. Capital Stock and Capital surplus

The Group'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 Group for the years ended December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)	Common stock		Preferred stock ¹		Addition al paid-in capital	Other Capital Surplus	Total
	No. of shares (unit: shares)	Amount	No. of shares (unit: shares)	Amount			
January 1, 2024	₩ 37,858,601	₩ 194,374,710	9,006,833	₩ 50,872,100	₩ 67,322,309	₩ 82,556,834	₩ 395,125,953
December 31, 2024	37,858,601	194,374,710	9,006,833	50,872,100	67,322,309	82,556,834	395,125,953
January 1, 2025	37,858,601	194,374,710	9,006,833	50,872,100	67,322,309	82,556,834	395,125,953
Other	-	-	-	-	-	(14,055)	(14,055)
December 31, 2025	37,858,601	194,374,710	9,006,833	50,872,100	67,322,309	82,542,779	395,111,898

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

(In Korean won)	Details
Conversion period ³	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	₩ 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 and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

21. Other Components of Equity

(1) Detail of other components of equity as at December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>		<u>2025</u>	<u>2024</u>
Gain on capital transactions with investments in associates	₩	1,170,820	1,172,168
Loss on capital transactions with subsidiaries		(2,865,320)	(2,706,779)
Hybrid Securities		77,159,380	-
	₩	<u>75,464,881</u>	<u>(1,534,611)</u>

(2) Details of hybrid securities as at 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)	-
					₩ <u>77,159,380</u>	-

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 Group's 2-year individual market representative yields.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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>	2025	2024
Change in value of FVOCI financial assets	₩ 118,847	52,315
Currency translation differences	1,506,401	1,908,391
Change by the revaluation of assets	213,380	216,477
Other comprehensive income of associates	39,254	39,254
	₩ 1,877,882	2,216,437

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

<i>(In thousands of Korean won)</i>	2025	2024
Legal reserves	₩ 8,850,122	8,850,122
Retained earnings before appropriation (accumulated deficit before disposition)	90,953,666	70,033,268
	₩ 99,803,788	78,883,390

The Commercial Code of the Republic of Korea requires the Parent company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued 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).

The cash dividends of KRW 5,042,025 thousand for the year ended December 31, 2025 of the Parent Company will be proposed at the annual general meeting of shareholders scheduled to be held on March 26, 2026. The accompanying financial statements do not reflect these unpaid dividends.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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	₩ 1,474,546,790	1,301,611,999
Sales in housing	172,904,832	182,997,295
Others ²	94,472,033	94,217,242
	<u>₩ 1,741,923,655</u>	<u>1,578,826,536</u>

¹ The 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	₩ 1,706,015,755	1,459,665,985
Duty to perform at one point	35,907,900	119,160,551
	<u>₩ 1,741,923,655</u>	<u>1,578,826,536</u>

² Total 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	₩ 50,848,112	56,917,499
Others	14,416,229	13,374,085
	<u>65,264,341</u>	<u>70,291,584</u>
Deduction		
Special contract purchase cost	42,704,173	47,676,420
Net sales	<u>₩ 22,560,168</u>	<u>22,615,164</u>

(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	₩ 1,301,533,656	1,178,125,665
Cost of sales in housing	135,758,805	145,737,790
Others	77,335,047	77,519,413
	<u>₩ 1,514,627,508</u>	<u>1,401,382,868</u>

(3) Information on key customers

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

① Years ended December 31, 2025

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

② Years ended December 31, 2024

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

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

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	₩ 45,042,206	43,281,022
Severance benefits	4,612,670	3,163,706
Other long-term employee benefits	948,958	13,134
Employee fringe benefits	3,104,571	2,879,132
Advertising expense	37,204,027	7,653,927
Bad debt expenses	17,688,030	26,198,754
Taxes and dues	5,356,080	2,525,551
Depreciation of property, plant and equipment	4,009,509	3,693,174
Amortization	470,532	419,965
Research and Development Expenses	3,386,697	3,465,290
Fees	20,427,349	20,685,725
Others	5,254,149	5,572,145
	<u>₩ 147,504,778</u>	<u>119,551,525</u>

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	319,358,119	265,288,970
Land expenses	63,724,468	38,883,346
Employee benefits	181,572,555	151,842,968
Depreciation of property, plant and equipment	19,532,789	18,860,401
Amortization	489,056	445,353
Outsourcing	815,296,067	752,223,877
Advertising	39,749,419	9,435,309
Bad debt expense(reversal)	17,688,030	26,198,754
Insurance	16,596,248	12,976,859
Employee fringe benefits	9,109,108	7,204,516
Taxes and dues	28,356,690	22,399,937
Freight expenses	1,490,588	2,924,862
Fees	91,562,360	75,628,737
Rent	21,494,772	15,934,822
Design and service expenses	10,807,310	1,755,800
Research and development	3,386,697	3,465,290
Training	1,218,350	1,200,157
Printing	420,131	195,115
Supplies	11,801,956	11,084,729
Utilities	6,600,087	5,083,121
Entertainment expenses	1,217,477	1,476,834
Travel expenses	1,047,009	1,166,376
Communication expenses	588,137	290,202
Vehicles maintenance expenses	1,783,736	2,315,321
Compensation expenses	1,810,041	750,239
Others	18,918,891	31,152,176
	<u>₩ 1,662,131,285</u>	<u>1,520,934,393</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

26. Other Income and Other Expenses

Details of other income and 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>
Other income		
Gain on foreign currency translation	₩ 11,159	2,086,305
Foreign exchange gain	75	10,292
Gain on disposal of property, plant and equipment	29,156	43,095
Settlement of lease contract	15,016	1,119,697
Gain on valuation of financial assets on FVPL	3,701,089	6,030,229
Gain on disposal of financial assets at FVPL	8,572,206	9,929,835
Financial guarantee income	4,173,311	-
Gain on collection of written-off receivables	-	221,077
Dividend income	120,475	430,072
Miscellaneous gain	4,460,729	7,940,276
Reversal of financial guarantee contracts	4,637,774	2,112,922
	<u>₩ 25,720,990</u>	<u>29,923,800</u>
Other Expense		
Loss on foreign currency translation	₩ 425,294	34,445
Foreign exchange loss	3	10,104
Loss on disposal of property, plant and equipment	23	10,700
Loss on disposal of investment property	-	128,043
Depreciation expense of investment properties	252,531	252,531
Loss on valuation of financial assets on FVPL	3,193,739	3,335,439
Loss on disposal of financial assets on FVPL	499,751	-
Loss on valuation of financial liabilities on FVPL	3,873	7,572
Financial Guarantee Expense	4,173,311	-
Loss on disposal of other assets	-	5,474
Donation	2,834,029	231,885
Miscellaneous loss	1,913,310	6,471,538
Transfer of financial payment guarantee liabilities	70,930	-
Loss of lease settlement	-	6,881
	<u>₩ 13,366,794</u>	<u>10,494,612</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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 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>
Interest income	₩ 7,199,942	10,159,752
Reversal of other bad debt expenses	-	20,000
Gain on foreign currency transactions _finance	1,557	3,160
	<u>₩ 7,201,499</u>	<u>10,182,912</u>

(2) Details of 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>
Interest expense	₩ 54,188,892	38,771,345
Other bad debt expenses	21,599,969	26,097,455
Loss on foreign currency transactions _finance	2,049	3,348
	<u>₩ 75,790,910</u>	<u>64,872,148</u>

(3) 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>
Loss from equity method securities	₩ 1,049,991	1,505,127
Gain(Loss) on disposal of investments in associates	-	6,415,656
Impairment loss on investments in associates	(227,561)	
	<u>₩ 822,430</u>	<u>7,920,783</u>

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	₩ 17,360,473	18,218,530
Adjustments in respect of prior years	(1,874,647)	(955,570)
Total current tax	<u>15,485,826</u>	<u>17,262,960</u>
Deferred tax:		
Total temporary differences	(4,543,092)	(9,185,605)
Total temporary differences charged directly to equity	(1,756,012)	1,075,023
Total deferred tax	<u>(6,299,104)</u>	<u>(8,110,582)</u>
Income tax expense	<u>₩ 9,186,722</u>	<u>9,152,378</u>

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Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

28. Tax Expense and Deferred Tax, Continued

(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	₩ 24,379,585	30,552,878
Income tax based on statutory rate	9,101,169	5,449,070
Adjustments:		
Non-taxable income / non-deductible expense	3,717,054	461,541
Income tax refunds, etc.	(1,650,397)	(822,884)
Additional income taxes, etc.	22	2,626,843
Foreign taxes paid	24,296	743,449
Changes in deferred tax due to tax rate changes	(2,516,752)	-
Changes in unrecognized temporary differences	98,363	25,732
Adjustments in respect of prior years	(490,396)	(470,946)
Others	903,363	1,139,573
Income tax expense	₩ 9,186,722	9,152,378
Effective tax rate	37.68%	29.96%

(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>		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Equity method changes in equity	₩ -	-	-	(9)	-	(9)
Profit of asset revaluation	-	(3,096)	(3,096)	(62,595)	-	(62,595)
Remeasurements	8,946,930	(1,917,915)	7,029,015	(4,022,373)	928,564	(3,093,809)
Currency translation	(450,935)	48,945	(401,990)	725,731	119,805	845,536
Gain(loss) valuation of financial assets	(182,587)	116,055	(66,532)	(65,465)	26,654	(38,811)
	₩ 8,313,408	(1,756,011)	6,557,397	(3,424,711)	1,075,023	(2,349,688)

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Note to the Consolidated Financial Statements

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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	₩ 14,622,304	11,886,224
Deferred tax asset to be recovered after more than 12 months	114,951,865	103,420,498
	<u>129,574,169</u>	<u>115,306,722</u>
Deferred tax liabilities		
Deferred tax liability to be recovered within 12 months	(57,902,027)	(15,956,852)
Deferred tax liability to be recovered after more than 12 months	(14,441,224)	(46,665,140)
	<u>(72,343,251)</u>	<u>(62,621,992)</u>
Deferred tax assets (liabilities), net	₩ <u>57,230,918</u>	<u>52,684,730</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 expense (benefit)</u>	<u>Other comprehensive income</u>	<u>Ending balance</u>
Defined benefit liability	₩ 21,118,490	3,204,741	(1,917,915)	22,405,316
Plan assets	(18,748,626)	(3,410,822)	-	(22,159,448)
Accrued income	(1,276,467)	(863,101)	-	(2,139,568)
Allowance for doubtful accounts	19,529,196	9,444,101	-	28,973,297
Construction in progress	(9,116,255)	(479,803)	-	(9,596,058)
Depreciation	337,741	(121,180)	-	216,561
Inventories	(2,237,389)	(737,440)	-	(2,974,829)
Financial asset at FVPL	5,189,034	1,026,580	-	6,215,614
Financial asset at amortized cost	40,781	1,942	-	42,723
Investments in associates	11,362,476	(4,411,123)	-	6,951,353
Accrued expenses	1,684,268	578,611	-	2,262,879
Provision for warranties	11,852,041	524,150	-	12,376,191
Provisions for Customer Loyalty Program	210,961	55,306	-	266,267
Provision for lawsuit	549,207	636,051	-	1,185,258
Revaluation of land	(65,028)	-	(3,096)	(68,123)
Gain on foreign currency translation	(68,567)	-	48,945	(19,622)
Others	12,322,867	854,186	116,055	13,293,108
	₩ <u>52,684,730</u>	<u>6,302,199</u>	<u>(1,756,011)</u>	<u>57,230,918</u>

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28. Tax Expense and Deferred Tax, Continued

(In thousands of Korean won)	2024			
	Beginning balance	Income tax expense (benefit)	Other comprehensive income	Ending balance
Defined benefit liability	₩ 18,734,571	1,455,355	928,564	21,118,490
Plan assets	(17,225,989)	(1,522,637)	-	(18,748,626)
Accrued income	(1,014,380)	(262,087)	-	(1,276,467)
Allowance for doubtful accounts	4,552,921	14,976,275	-	19,529,196
Construction in progress	(9,116,255)	-	-	(9,116,255)
Depreciation	468,764	(131,023)	-	337,741
Inventories	(1,309,950)	(927,439)	-	(2,237,389)
Financial asset at FVPL	7,921,086	(2,732,052)	-	5,189,034
Financial asset at amortized cost	40,781	-	-	40,781
Investments in associates	15,237,285	(3,874,809)	-	11,362,476
Accrued expenses	1,621,806	62,462	-	1,684,268
Provision for warranties	10,387,135	1,464,906	-	11,852,041
Provisions for Customer Loyalty Program	174,139	36,822	-	210,961
Provision for lawsuit	-	549,207	-	549,207
Revaluation of land	(79,487)	-	14,459	(65,028)
Gain on foreign currency translation	(188,372)	-	119,805	(68,567)
Others	13,295,070	(998,857)	26,654	12,322,867
	₩ 43,499,125	8,096,123	1,089,482	52,684,730

(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	-	Likelihood of reversal in the foreseeable future
Subsidiaries	39,096,097	40,748,098	Uncertainty of future taxable income

(7) Uncertainty over Income Tax Treatments

The Group complies with relevant tax laws and, based on past experience such as tax rulings, has determined that the uncertainty in estimating income taxes is low. The Group believes that its accrued income tax liabilities are appropriate for all tax years, based on an assessment of numerous factors, including interpretations of tax laws and historical experience.

(8) Impact of Pillar Two Globe Rules (Global Minimum Tax)

The Group, as the ultimate parent entity under the Pillar Two Global Minimum Tax regulations, bears the tax obligation for any top-up tax arising from its subsidiaries. The Group has assessed that all jurisdictions where its in-scope constituent entities are located satisfy the transitional safe harbour rules, and therefore, no Pillar Two top-up tax is expected to arise. Consequently, there is no income tax effect related to the global minimum tax for the current period.

HL D&I Halla Corporation and its subsidiaries

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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	₩	15,193,285,468	21,399,751,201
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		8,846,260,355	16,357,726,088
Weighted average number of common stocks outstanding		37,858,601 shares	37,858,601 shares
Basic earnings per share	₩	<u>234</u>	<u>432</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:

Diluted earnings per share is calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares

<i>(In Korean won and shares)</i>		<u>2025</u>	<u>2024¹</u>
Profit for the year	₩	15,193,285,468	21,399,751,201
Interest on Hybrid Securities		(1,305,000,000)	-
Diluted operating profit (loss) attributable to ordinary equity holders		13,888,285,468	21,400,499,991
Weighted average number of diluted ordinary shares outstanding ¹		82,892,766	82,892,766
Diluted earnings per share	₩	<u>168</u>	<u>258</u>

¹ 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	45,034,165
Weighted average number of diluted ordinary shares outstanding ²	₩	<u>82,892,766</u>	<u>82,892,766</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).

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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	₩	3,744,535,828	1,709,149,091	(1,195,844,429)	4,257,840,490
Civil engineering		768,501,131	891,321,270	(277,753,716)	1,382,068,685
Overseas projects		10,251,960	(2,519,072)	171,913	7,904,801
	₩	4,523,288,919	2,597,951,289	(1,473,426,232)	5,647,813,976

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	₩	3,269,281,102	1,434,381,171	(959,126,445)	3,744,535,828
Civil engineering		491,104,913	572,788,313	(295,392,095)	768,501,131
Overseas projects		55,132,511	1,931,711	(46,812,262)	10,251,960
	₩	3,815,518,526	2,009,101,195	(1,301,330,802)	4,523,288,919

¹ The amount of the increase / decrease includes the amount of contracted construction contract.

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	33,930,955	(172,904,832)	617,002,127

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	₩	311,807,293	627,166,006	(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.

HL D&I Halla Corporation and its subsidiaries
Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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

		2025		
<i>(In thousands of Korean won)</i>		<u>Accumulated construction revenue</u>	<u>Accumulated construction cost</u>	<u>Accumulated profit (loss)</u>
Architectural works	₩	1,329,461,105	1,207,864,024	121,597,081
Civil engineering		756,168,249	726,892,487	29,275,762
Overseas projects		61,065,084	59,451,291	1,613,793
	₩	<u>2,146,694,438</u>	<u>1,994,207,802</u>	<u>152,486,636</u>
		2024		
<i>(In thousands of Korean won)</i>		<u>Accumulated construction revenue</u>	<u>Accumulated construction cost</u>	<u>Accumulated profit (loss)</u>
Architectural works	₩	887,217,163	816,376,556	70,840,607
Civil engineering		807,776,184	760,355,230	47,420,954
Overseas projects		82,710,154	79,121,645	3,588,509
	₩	<u>1,777,703,501</u>	<u>1,655,853,431</u>	<u>121,850,070</u>

② Business of the sales in housing

		2025		
<i>(In thousands of Korean won)</i>		<u>Accumulated construction revenue</u>	<u>Accumulated construction cost</u>	<u>Accumulated profit (loss)</u>
Sales in housing	₩	95,867,825	71,619,320	24,248,505
		2024		
<i>(In thousands of Korean won)</i>		<u>Accumulated construction revenue</u>	<u>Accumulated construction cost</u>	<u>Accumulated profit (loss)</u>
Sales in housing	₩	120,244,042	98,537,531	21,706,511

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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>	2025
Receivables from construction contracts ¹	₩ 403,869,631
Contract assets ²	217,496,044
Unbilled amounts	196,450,276
Receivables for sales in housing	21,045,768
Contract execution cost ³	38,608,652
Contract liabilities ⁴	140,569,331
Overbilled amounts from construction contract	85,585,775
Advances received from sales in housing	54,983,557
Provisions for expected losses	938,948

<i>(In thousands of Korean won)</i>	2024
Receivables from construction contracts ¹	₩ 274,485,718
Contract assets ²	220,865,344
Unbilled amounts	199,860,114
Receivables for sales in housing	21,005,230
Contract execution cost ³	21,983,710
Contract liabilities ⁴	39,737,645
Overbilled amounts from construction contract	37,220,856
Advances received from sales in housing	2,516,789
Provisions for expected losses	3,358,037

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 Group 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 Group recognizes an asset as an asset that 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 Group 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 35,913,111 thousand.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

30. Construction Contracts, Continued

(4) Contractual information that contract revenue for the years ended December 31, 2025 and 2024 is more than 5% of 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	81.07	₩ -	-	4,118,400	-
Gunsan Jigok-dong APT	2021-11-26	23.04-26.01	93.04	1,856,829	-	59,617,410	2,200,000
Gimhae Andong APT	2021-12-29	25.10-29.02	1.27	-	-	-	-
Gimhae Jangyu Sammun APT	2021-11-30	23.07-26.04	87.74	-	-	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	17.19	-	-	-	-
Mapo Hapjeong Mixed-use Building	2023-12-01	24.01-29.02	10.02	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 Gammamugol Redevelopment	2013-06-28	23.12-26.10	61.85	28,151,846	-	-	-
Seongnam Bokjeong Housing	2025-05-02	25.08-28.04	6.87	1,720,079	-	-	-
Songdo Business Facility 2	2022-03-23	22.05-25.08	100.00	-	-	24,816,100	-
Suwon Dangsue Mixed-use (M2)	2025-05-14	25.09-28.06	4.00	3,477,157	-	-	-
Suwon Yeonmu-dong Mixed-use	2023-11-24	24.01-27.01	46.91	-	-	-	-
Siheung Eunhaeng District 2 Apt	2021-10-28	21.12.-25.09	100.00	-	-	-	-
Icheon bubal Multipurpose building	2024.04.12	24.07-28.04	19.99	-	-	33,014,934	-
Yangju Hoejeong APT	2021.11.26	22.09-27.12	45.72	16,946,260	-	6,926,317	-
Yongin Geumeo District APT	2023.12.15	24.08-27.07	49.07	67,579,665	-	-	-
For residential use in Ulsan station area OT	2022.04.11	23.12-26.10	55.57	3,484,438	-	65,370,000	28,300,000
Ulsan Woojungdong Apt	2020.05.29	24.03-26.11	70.99	2,651,854	-	9,319,501	-
Yongin-Yeoksam APT ¹	2019.12.27	Not started	-	-	-	-	-

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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 Sajik area Development ¹	2024.11.13	Not started	-	-	-	-	-
Cheongju Wolmyeong park APT	2020.09.16	23.06-26.04	88.69	5,156,795	-	10,580,103	-
Paju seonyuri APT ¹	2024.12.12	25.03-28.02	13.63	1,299,335	-	-	-
Gyeonggi Yangpyeong Power District	2024.11.11	24.12-28.02	20.30	5,169,816	-	-	-
Gyeongbu Dongtan high way2	2016.12.26	16.12-26.03	98.81	1,523,988	-	-	-
Goyang-Eunpyeong Line Section 1	2025-12-08	Not started	-	-	-	-	-
Gwangju Subway Section 4	2019.09.10	19.09-26.06	94.31	3,812,955	-	-	-
Gimpo Paju high way 4 area	2019.02.27	19.02-27.12	74.23	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	20.02	-	-	-	-
Balan namyang Highway ¹	2024.10.18	Not started	-	-	-	-	-
Incheon Jung-san Power Tunnel	2025-01-09	25.02-30.12	5.01	2,928,110	-	-	-
Jinhae water Navigation facility	2024.12.24	26.11-28.11	8.45	1,619,406	-	-	-
Pyeongtaek Dongbu Highway	2019.05.31	20.12-26.09	67.82	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	-	26.04-27.07	24.49	-	-	-	-
Icheon ami 1 Development	-	21.02.23.09	100.00	-	-	-	-
Yangpyeong Yanggeunri apt	-	25.04-27.11	16.25	-	-	-	-

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

² The site is a delivery basis revenue recognition site.

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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	-
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	-	-	-
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	-
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	-	-	-	-

HL D&I Halla Corporation and its subsidiaries

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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 and its subsidiaries
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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:

	2025		
	Provisions for expected losses	Changes in construction profit or loss	Changes in estimated total contract costs
<i>(In thousands of Korean won)</i>			
Architectural works	₩ -	27,722,896	104,116,035
Civil engineering	848,296	(7,974,468)	79,535,447
Overseas projects	90,652	347,269	(326,895)
Sales in housing	-	2,419,377	9,341,155
	<u>₩ 938,948</u>	<u>22,515,074</u>	<u>192,665,742</u>
<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	₩ 2,376,853	110,388,408	152,264,809
Civil engineering	902,631	5,809,096	86,124,296
Overseas projects	78,554	(20,374)	(65,481)
Sales in housing	-	(3,052,357)	2,808,298
	<u>₩ 3,358,038</u>	<u>113,124,773</u>	<u>241,131,922</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

30. Construction Contracts, Continued

(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		71,560,979	79,535,447	(6,488,738)	(1,485,730)	(6,583,419)	(897,170)
Overseas projects		20,374	(326,895)	371,008	(23,739)	(78,251)	(461,951)
Business of the sales in housing		11,760,532	9,341,155	49,928	2,369,449	113	(1,956)
	₩	<u>215,180,816</u>	<u>192,665,742</u>	<u>9,503,027</u>	<u>13,012,047</u>	<u>1,910,764</u>	<u>(8,359,585)</u>

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.

(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 percentage (%)</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 and its subsidiaries

Note to the Consolidated 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
15 checks	Blank	Gyeonggi east west circle road and others	Guarantee for obligation of SOC and others Guarantee for cash deficiency support, loan commitments and others
11 notes	Blank	Bookook Securities 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 borrowings, 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	1,200,697	1,200,697
Inventory	Land mortgage	PCB BANK	KRW	8,613,705	8,613,705
Long-term financial asset at FVPL	Guarantee for SOC business ¹	Pyeongtaek Eastern Expressway and others	KRW	23,535,677	54,293,666
Long-term financial asset at FVPL	Issue of warranty ²	Construction guarantee and others	KRW	46,958,788	46,901,558
Investments in associates	Guarantee for business	Kyeongsan Eco Energy Co., Ltd.	KRW	3,420,000	8,927,000
Property, Plant and Equipment and Investment Property	Collateral for Borrowings	DB Insurance and others	KRW	359,792,900	239,600,000
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 Group 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 Group's contribution to the cooperative has been pledged as collateral for the issuance of guarantee certificates and other related purposes.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

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	21,609,258	21,909,258
Long-term financial instruments	Deposit for checking account	KEB Hana Bank, Woori Bank, etc.	KRW	361,241	361,241
Inventory	Land mortgage	PCB BANK	KRW	8,824,410	3,675,000
Tangible assets	Collateral for debt	DB Insurance Co., Ltd	KRW	343,194,141	230,000,000
	Guarantee for SOC business ¹	Pyeongtaek Expressway Co., Ltd. and others	KRW	22,164,277	53,031,413
Long-term financial asset at FVPL	Issue of warranty ²	Construction guarantee and others	KRW	46,278,734	46,237,507
Investments in associates	Guarantee for business	Kyeongsan Eco Energy Co., Ltd.	KRW	3,420,000	8,927,000
Prepayments ³	Guarantee for loan	Seo Gwangju Agricultural Cooperative Federation and others	KRW	121,199,774	57,058,300
Finished housing ⁴	Guarantee for loan	Dong Seoul Agricultural Cooperative Federation and others	KRW	27,031,159	22,229,280
Property, plant and equipment and investment property	Guarantee for loan	Woori bank	KRW	21,974,474	9,600,000
Amortized cost financial asset	Subordinated Public	Korea Credit Guarantee Fund(The 22nd (2021), 23rd (2022), 2nd (2023), 24th and 25th (2024))	KRW	1,785,000	1,785,000

¹ Under the Act on Private Investment for Social Overhead Capital, the Group 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.

³The payments made by the consolidated entity for land acquisition have been provided as collateral for borrowings.

⁴Unsold housing units and commercial properties recognized as completed housing by the consolidated entity have been provided as collateral for borrowings

(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	26,150,000	26,150,000
General loan	Woori Bank and others	KRW	69,600,000	69,600,000
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 and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

(4) Warranty details provided to others by the group

① PF contingent liabilities summary

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

Although the group 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 the group provides, 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	-	293,102,500
		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

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

① 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 and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

The Group 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 Group 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 Group 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.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

A. 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	-
	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. No Early Redemption Treaty											
	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	-
	No Early Redemption Treaty											
	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
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.												
	Incheon Juan	Condominium	Bridge Loan	Joint guarantee	100%	2,300,000	N	2,300,000-	2,300,000	25.09~ when construction starts	when construction starts	-
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.												
						₩ 208,558,950		₩ 208,558,950	₩ 204,178,950			

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Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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	25.11.24	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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31. Contingencies and Commitments, Continued

Type	Area	Business	PF	Guarantee	Rate	2025	Related parties	Loan Balance		Loan Period	Maturity	Loan Type	Completion Guarantee
								2025	2024				
	Gyeonggi Yangju	Condominium	PF	Cash deficiency Support	100%	46,071,000	N	46,071,000	-	25.12~ 27.09	27.09.18	PF Loan	65,000,000
						₩	<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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Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

(5) PF completion guarantee

As of the end of the reporting period, the group 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 Group are as follows:

In accordance with the investor agreement, which is a collateral document related to the loan agreement, the group 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		Group Amount	
	2025	2024	2025	2024
Cash deficiency support ¹ ₩	9,000,000	9,000,000	₩ 4,500,000	4,500,000
PF debt guarantee	16,000,000	16,000,000	2,621,050	2,705,600
Joint-surety for business implementation	9,896,133	9,896,133	4,290,900	4,290,900
	34,896,133	34,896,133	11,411,950	11,496,500

¹ This obligation represents a cash deficiency support commitment provided to Gyeongsan Eco Energy Co., Ltd., which is a related party of the Group. In addition, in connection with the Gyeongsan Resource Recovery Facility private investment project, there is a revenue guarantee agreement under which, if the actual revenue after the commencement of operations falls below 90% of the annual base revenue estimated by Korea Investors Service, the investors are jointly and severally obligated to cover the shortfall by making cash contributions or providing subordinated loans.

The consolidated entity has funding support obligations for Gyeonggi East–West Circular Road Co., Ltd. and Busan New Port J Back Road Co., Ltd. in accordance with the respective concession agreements.

(7) Intermediate payment loans guarantee

At the end of the reporting period, the group 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
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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31. Contingencies and Commitments, Continued

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

At the end of the reporting period, the group is currently providing payment guarantees such as contract performance, sales guarantees, and defect guarantees of KRW 3,129,933,405(3,098,519,095 thousand won 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 group 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	₩ 3,131,475,655	3,129,933,404	Construction financial cooperative,etc	N
Provided guarantee by	Korea Housing & Urban Guarantee Corporation,etc	Housing sales guarantee	4,400,499,240	4,400,499,240	Korea Housing & Urban Guarantee	N
			₩ <u>7,531,974,895</u>	<u>7,530,432,644</u>		

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For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

② Other commitments provided by the group:

(In thousands of Korean won)

Provided to	Type	Guarantee Ceiling	Commitment Amount	Guarantee	Related parties	Notes
E RAILCo.,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
DoosanEngineering & 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
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
		<u>₩ 3,131,475,655</u>	<u>3,129,933,403</u>			

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

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	₩ 2,369,100,112	2,369,100,112	N
Construction Guarantee	Subcontract payment bond	1,402,980,878	1,402,980,878	N
Seoul Guarantee Insurance Co., Ltd.	Insurance for performance guarantee and others	283,420,415	283,420,415	N
Fire Guarantee	Construction performance guarantees	37,978,928	37,978,928	N
Korea Specialty Contractor Financial Cooperative	Subcontract payment bond	296,588,864	296,588,864	N
Engineering Financial Cooperative	EPC warranty	10,430,043	10,430,043	N
		<u>₩ 4,400,499,240</u>	<u>4,400,499,240</u>	

④ As of December 31, 2025, the Group entered into an agreement with Mugunghwa Trust Co., Ltd. to ensure the management of ownership of trust real estate and the performance of debts or responsibilities borne by the Group for the purpose of conserving and managing the trust real estate by the trustee, and for refund and settlement in case of default.

⑤ As of December 31, 2025, the Group is obliged to donate subsidies (KRW 300 billion in fixed subsidies and up to 150 billion won in profit and loss-linked subsidies) and educational and medical complexes to Seoul National University in accordance with the business agreement signed with Siheung City. If the grant cannot be donated, it must be transferred to Siheung City or a person designated by Siheung City in accordance with the land sale contract concluded with Siheung City.

⑥ The amounts that the Group 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

¹ The entity is a related party.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

(9) Other Commitments

① As of December 31, 2025, Mokpo New port management Co., Ltd., one of the subsidiaries, has been under an operational management trust contract related to the Mokpo new outer port multi-purpose pier(1-1 stage) private investment business since June 30, 2009. Also, it has been under an operational management trust contract related to Mokpo new outer port multi-purpose pier(1-2 stage) private investment business since from June 30, 2009. According to the contract referred to above, it is receiving basic operations management fees from Mokpo New Port Co., Ltd. and Second Mokpo New Port Co., Ltd. When the terms specified in the contract referred above are achieved, an incentive amount will be received; whereas penalties are paid in case of noncompliance.

② As of December 31, 2025, Mokpo New port management Co., Ltd., one of the subsidiaries, is under a pre-sale agency contract with Mokpo New Port Co., Ltd. and Second Mokpo New Port Co., Ltd. since from January 8, 2010, also guaranteeing a certain amount of pre-sale and being paid in excess of that amount, related to private investment business against Mokpo new outer port multi-purpose pier(1-1 stage) and Mokpo new outer port multi-purpose pier(1-2 stage).

③ As of December 31, 2025, The Group entered into an agreement between investors to acquire shares issued by ADFKIP6 Private Equity Real Estate Investment with a 20% investment ratio and an 80% investment ratio of Reco Marigold Private Limited.

The principal provisions of the shareholders' agreement are as follows:

	Details
Contribution obligation	If additional contribution is required, the ratio between investors is 8 to 2, and if all investors agree, they can request the acquisition of shares.
New investor	A third party may take over new shares if all investors agree
Shares transfer restriction	In the case of transfer to a third party, there is a transfer restriction of the conditions - Right to participate in a sale - Simultaneous sale compulsory right - Restrictions on Transfer to Competitors
Logistics facilities transfer restriction	ADFKIP6 Private Equity Real Estate Investment may not transfer logistics facilities to logistics competitors if the Company holds shares.
Termination	The contract is terminated if there is one investor due to the transfer of shares or if liquidation is terminated

(10) Ongoing Litigation

As of December 31, 2025, The Group is a defendant in 38 cases with claims amount aggregating to ₩ 46,974 million. The ultimate outcome of the matters cannot be predicted.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

31. Contingencies and Commitments, Continued

(11) Supplier Financing Arrangements

The Group participates in supplier financing arrangements whereby suppliers transfer trade receivables, originally issued by the Group, to financial institutions in exchange for early payment. Under these arrangements, the financial institution settles the payment obligation on behalf of the Group, and the Group 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 Group. The arrangement does not result in a release or substantial modification of the original liability from the Group's perspective; thus, the original liability is not derecognized.

From the perspective of the Group, 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 Group 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 Group 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 Group'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

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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>
Net Income	₩ 15,192,862	21,400,500
Income tax expense	9,186,722	9,152,378
Employee benefits	13,712,012	9,070,581
Other long-term employee benefits	2,843,224	499,802
Bad debt expenses	17,688,030	26,198,754
Other bad debt expenses	21,599,969	26,097,455
Reversal of other bad debt expenses	-	(20,000)
Depreciation of property, plant and equipment	19,532,789	18,860,400
Gain on disposal of property, plant and equipment	(29,156)	(43,095)
Loss on disposal of property, plant and equipment	23	10,700
Amortization of intangible assets	489,056	445,353
Depreciation of investment properties	252,531	252,531
Loss on disposal of investment properties	-	128,043
Interest expenses	54,188,892	38,771,345
Gain on valuation of FVPL financial assets	(3,701,089)	(6,030,228)
Loss on valuation of FVPL financial assets	3,193,739	3,335,439
Gain on disposal of FVOCI financial assets	(8,572,206)	(9,929,835)
Loss on disposal of FVOCI financial assets	499,751	-
Impairment loss on investments in associates	227,561	-
Gain or loss on disposal of investments in associates	-	(6,415,656)
Reversal of provisions for financial guarantees	(4,637,774)	(2,112,922)
Provisions for financial guarantees	70,930	-
Provisions for loss on construction contracts	1,379,134	-
Reversal of provisions for loss on construction contracts	(3,798,224)	-
Provisions for warranties	4,488,958	-
Reversal of provisions for warranties	(1,685,149)	-
Provisions for points	3,136,723	-
Provisions for litigation	3,823,595	-
Financial guarantee income	(4,173,311)	-
Financial guarantee expenses	4,173,311	-
Gain on lease settlement	(15,016)	(1,119,697)
Loss on lease settlement	-	6,881
Interest income	(7,199,942)	(10,159,752)
Dividend income	(120,475)	(430,072)
Gain or loss on valuation of investments in associates	(1,049,991)	(1,505,127)
Others	3,939,378	(2,044,458)
	<u>₩ 129,443,995</u>	<u>93,018,820</u>
Changes in assets and liabilities related to operating activities:		
Decrease (increase) in trade receivables	(129,010,500)	(69,319,490)
Decrease (increase) in other receivables	6,550,256	3,667
Decrease (increase) in unbilled construction	3,409,838	(20,771,560)
Decrease (increase) in other assets	79,223,192	(50,184,185)
Decrease (increase) in current tax assets	31,501	(169,318)
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	349,106	2,419,301
Decrease (increase) in long-term other assets	-	4,169
Increase (decrease) in trade payables	35,024,111	19,697,005
Increase (decrease) in other payables	(3,094,790)	4,360,895
Increase (decrease) in overbilled construction	48,364,919	(2,119,300)
Increase (decrease) in other liabilities	55,200,660	(85,977,866)
Increase (decrease) in provision	6,203	229,915
Increase (decrease) in long-term other payables	(129,010,500)	2,090,775

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

32. Statements of Cash Flows, Continued

Increase (decrease) in provision		(7,570,685)	2,090,775
Severance payments		(6,040,761)	(5,966,736)
Decrease (increase) in plan assets		(8,871,640)	(4,338,324)
Increase (decrease) in long-term other liabilities			549
		<u>(67,863,336)</u>	<u>(112,584,478)</u>
Cash generated from operations	₩	<u>76,773,521</u>	<u>(1,834,842)</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	124,907,604	260,940,390
Liquidity substitution of Long term-borrowing	1,202,410	(198,415)
Liquidity substitution of leasehold deposits	14,277,092	16,020,172
Liquidity substitution of Lease liabilities	9,632,756	26,247,296
Additional recognition of Right-of-use asset and Lease liabilities	33,852,966	-
Transfer from property, plant and equipment to investment property	844,216	-

(3) The reconciliation of the liabilities arising from the financial activities during the year ended December 31, 2025 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 Liabilities¹</u>	<u>Lease Liabilities</u>	<u>Dividends payable</u>
Beginning balance	₩ 287,470,878	261,389,032	159,431,856	12,733,056	25,113,047	9
Cash flow	(96,726,826)	(279,182,882)	383,593,636	(16,189,420)	-	-
Non-cash changes						
Foreign currency difference	11,464	(113,588)	17,233	-	-	-
Recognition of Right-of-use asset and Lease liabilities	-	-	-	7,776	9,624,980	-
Recognition of Adjustments for income and expenses not involving cash flows	-	-	-	-	(877,749)	-
Deduction of current value discount	680,769	433,315	38,777	-	1,906,741	-
Liquidity substitution	-	124,907,604	(124,907,604)	14,277,092	(14,277,092)	-
Others	-	(244,549)	-	-	-	-
Ending balance	₩ <u>191,436,285</u>	<u>107,188,932</u>	<u>418,173,898</u>	<u>10,828,504</u>	<u>21,489,927</u>	<u>9</u>

¹ It includes the decrease in lease liabilities and interest payments.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

33. Related Party Transactions

As of December 31, 2025 and 2024, the Group has no Parent company. Related parties of the Group are identified in accordance with K-IFRS No. 1024.

(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			
HL 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
Associates			
Kyeongsan Eco Energy Co., Ltd.	50.00	50.00	
K-REALTY RENTAL HOUSING REIT I	22.71	22.71	
TaebackGuinemi Wind Power Co., Ltd.	25.00	25.00	
Mokpo Newport International Ro-Ro Terminal Co., Ltd.	24.90	24.90	
Daebul port Co., Ltd.	33.30	33.30	
ADFKIP6 Private Equity Real Estate Investment	20.00	20.00	
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	-	-	2
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	-	-	2
WooriEnt Co., Ltd	-	-	2
Kalon Office Private Real Estate Investment Trust No.9	19.76	-	6
L&HL Partners LLC	-	-	3

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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	-	-	4
HL Mando Co., Ltd's subsidiaries	-	-	4
HL Klemove Corp. (Mando-Hella Electronics Co., Ltd.)	-	-	4
- HL Klemove (Suzhou) Co., Ltd	-	-	4
- HL Klemove India Private Limited	-	-	4
- HL Klemove Mexico Corporation S.A. DE C.V	-	-	4
- HL Klemove America Corporation	-	-	4
HL Mando America Corporation	-	-	4
- Alabama Plating Technology LLC	-	-	4
- Higher Life Ventures Management LLC	-	-	4
HL Mando (Suzhou) Automotive System Co., Ltd	-	-	4
- Tianrun HL Mando (Shandong) Automotive Technology Co. Ltd.	-	-	4
HL Mando (Beijing) Automotive System Co., Ltd.	-	-	4
HL Mando (Beijing) Automotive System R&D Center Co., Ltd.	-	-	4
HL Mando (Tianjin) Automotive System Co., Ltd.	-	-	4
HL Mando (Beijing) Trading Co., Ltd.	-	-	4
HL Mando(Ningbo) Automotive System Co.,Ltd.	-	-	4
HL Mando Corporation Mexico	-	-	4
HL Mando Anand India Private Limited	-	-	4
HL Mando Softtech India Private, Ltd.	-	-	4
Mando Corporation do Brasil Industry and Commercial Auto Parts Ltda.	-	-	4
HL Mando Corporation Poland sp.zo.o.	-	-	4
HL Mando Corporation Europe GmbH	-	-	4
Maysan Mando Otomotiv	-	-	4
Autoventure Mando	-	-	4
Mando-Brose Corporation	-	-	4
- Mando-Broze (Zhangjigang) Electric Motors Co., Ltd.	-	-	4
Lotus Private Equity Co., Ltd	-	-	4
Balanamyang Road Co., Ltd	70.00	70.00	5

¹ As the entities have significant influence over the Group 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 associates.

³ The incorporation has been completed, and the Group is scheduled to make a capital contribution; however, the investment has not been executed as of the end of the reporting period.

⁴ Although the entities are not related parties of the Group in accordance with K-IFRS 1024, the entities belong to a large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

⁵ 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

⁶ During the period shares are acquired.

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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	Purchase and others	Interest expenses	Other expenses
Entities which have significant influence over the Parent company				
HL Holdings Corporation	₩ 301,043	1,652,965	-	9,850,655
J J Halla Corporation	-	-	-	-
Associates				
Kyeongsan Eco Energy Co., Ltd.	4,374,717	-	-	-
Mokpo Newport International Ro-Ro Terminal Co., Ltd.	219	155,475	-	-
Daebul port Co., Ltd.	-	212,728	-	-
Halla Encom Corp	-	-	-	-
ADFKIP6 Private Equity Real Estate Investment	645,466	-	-	-
L&HL Partners LLC	165,827	-	-	-
Others				
HL Mando Co., Ltd ²	507,971	-	-	2,805,996
HL Klemove Corp.	223,610	-	-	158,410
HL Klemove (Suzhou) Co., Ltd.	-	-	-	-
HL Mando Anand India Private Limited	230,000	-	-	-
HL Mando America Corporation ¹	-	-	-	-
	₩ 6,448,853	2,021,168	-	12,815,061

¹ During the current term, there was a transaction to sell gift vouchers and the transaction was not included in the transaction details, including sales and purchases with related parties.

Sales amount: HL Holdings Co., Ltd.: 126,890 thousand KRW, HL Mando Co., Ltd.: 1,823,500 thousand KRW

HL Klemove Co., Ltd.: 595,500 thousand

² During the prior year, all shares were sold.

HL D&I Halla Corporation and its subsidiaries
Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

33. Related Party Transactions, Continued

(In thousands of Korean won)

	2024			
	<u>Sales and others¹</u>	<u>Purchase and others</u>	<u>Interest expenses</u>	<u>Other expenses</u>
Entities which have significant influence over the Parent company				
HL Holdings Corporation	₩ 213,155	890,344		9,309,685
J J Halla Corporation	3,712,175	-	-	-
Associates				
Kyeongsan Eco Energy Co., Ltd.	1,964,785	-	-	-
Mokpo Newport International Ro-Ro Terminal Co., Ltd.	5,423	150,912	-	-
Daebul port Co., Ltd.	-	259,509	-	-
Halla Encom Corp	1,504,024	3,418,271	-	-
ADFKIP6 Private Equity Real Estate Investment	1,071,818	-	-	-
L&HL Partners LLC	155,365	-	-	-
Others				
HL Mando Co., Ltd ²	1,017,195	-	-	3,286,580
HL Klemove Corp.	137,879	-	-	120,115
HL Klemove (Suzhou) Co., Ltd.	20,000	-	-	-
HL Mando Anand India Private Limited	-	-	-	-
HL Mando America Corporation ¹	36,779,511	-	-	-
	₩ 46,581,330	4,719,036	-	12,716,380

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated 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 Parent company			
HL Holdings Corporation	₩ -	-	769,552
Associates	-	-	-
Kyeongsan Eco Energy Co., Ltd. ¹	410,427	6,100,000	-
Daebul port Co., Ltd.	-	-	-
L&HL Partners LLC	-	2,869,800	448,317
Others	-	-	-
HL Mando Co., Ltd	-	-	61,817
HL Klemove Corp.	-	-	26,965
HL Mando America Corporation	69,000	-	-
	₩ <u>479,427</u>	<u>8,969,800</u>	<u>1,306,651</u>

¹ The Group recognized an allowance for doubtful accounts of KRW 5,487 million (prior period: KRW 4,500 million) on loans to Gyeongsan Eco Energy Co., Ltd., with bad debt expenses of KRW 987 million and KRW 900 million for the current and prior periods, respectively.

	2025		
	Payables		
	Trade payables	Other payables	Overbilled construction
<i>(In thousands of Korean won)</i>			
Entities which have significant influence over the Parent company			
HL Holdings Corporation	₩ -	2,574,727	-
Associates	-	-	-
Kyeongsan Eco Energy Co., Ltd.	-	-	-
Daebul port Co., Ltd.	-	12,640	-
L&HL Partners LLC	-	-	-
Others	-	-	-
HL Mando Co., Ltd	-	59,871	-
HL Klemove Corp.	-	25,440	-
HL Mando America Corporation	-	-	-
	₩ <u>-</u>	<u>2,672,678</u>	<u>-</u>

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

33. Related Party Transactions, Continued

(In thousands of Korean won)

	2024		
	Receivables		
	Trade receivables	Loans	Other receivables
Entities which have significant influence over the Parent company			
HL Holdings Corporation	₩ 1,017	-	692,262
Associates			
Kyeongsan Eco Energy Co., Ltd. ¹	187,993	4,500,000	-
Mokpo Newport International Ro-Ro Terminal Co., Ltd.	-	100,000	-
Daebul port Co., Ltd.	-	-	5,778
L&HL Partners LLC	-	2,940,000	287,885
Others			
HL Mando Co., Ltd	-	-	136,816
HL Klemove Corp.	-	-	11,966
HL Mando America Corporation	1,901,618	-	-
	₩ 2,090,628	7,540,000	1,134,707

(In thousands of Korean won)

	2024		
	Payables		
	Trade payables	Other payables	Overbilled construction
Entities which have significant influence over the Parent company			
HL Holdings Corporation	₩ 3,789	2,358,539	-
Associates			
Kyeongsan Eco Energy Co., Ltd. ¹	-	-	-
Mokpo Newport International Ro-Ro Terminal Co., Ltd.	-	-	-
Daebul port Co., Ltd.	-	11,916	-
L&HL Partners LLC	-	-	-
Others			
HL Mando Co., Ltd	-	256,400	-
HL Klemove Corp.	-	15,690	-
HL Mando America Corporation	-	-	-
	₩ 3,789	2,642,545	-

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

HL D&I Halla Corporation and its subsidiaries

Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

33. Related Party Transactions, Continued

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

(In thousands of Korean won)

	2025		
	Loans		
	(Repayments)	Contributions (capital reduction)	Dividend
Associates			
L&HL Partners LLC ¹	₩ (70,200)	-	-
Kyeongsan Eco Energy Co., Ltd.	1,600,000	-	-
ADFKIP6 Private Equity Real Estate Investment	-	-	645,467
Mokpo Newport Terminal Co., Ltd.	(100,000)	-	-
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	-
	₩ 1,429,800	30,060,000	645,467

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

(In thousands of Korean won)

	2024		
	Loans		
	(Repayments)	Contributions (capital reduction)	Dividend
Entities which have significant influence over the Parent company			
J J Halla Corporation	₩ (116,388,909)	-	-
Associates			
Halla Encom Corp	-	-	1,500,501
Kyeongsan Eco Energy Co., Ltd.	900,000	-	-
KCW Corporation	-	4,375,000	-
ADFKIP6 Private Equity Real Estate Investment	-	-	1,071,818
L&HL Partners LLC	2,940,000	-	-
Eco Recycling New Technology Investment Fund	-	3,500,000	-
Dongyu Time New Technology Investment Fund No. 1	-	5,250,000	-
Others			
Balanamyang Road Co., Ltd	-	2,698,150	-
	₩ (112,548,909)	15,823,150	2,572,319

The collateral and payment guarantee provided to or received from related parties are disclosed in Note 31.

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For the years ended December 31, 2025 and 2024

33. Related Party Transactions, Continued

(5) Compensation details for Key management of the Parent Company

(In thousands of Korean won)

	<u>2025</u>	<u>2024</u>
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
	<u>₩ 12,486,698</u>	<u>11,247,559</u>

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

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34. Lease

(1) Lessee

① Right-of-use assets

i) Details of right-of-use assets as of December 31, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025		
	Acquisition cost	Accumulated depreciation	Carrying amount
Buildings	₩ 23,291,124	(9,569,395)	13,721,729
Vehicles	2,592,621	(1,293,704)	1,298,917
Heavy equipment	7,584,956	(2,923,443)	4,661,513
	₩ 33,468,701	(13,786,542)	19,682,159

(In thousands of Korean won)

	2024		
	Acquisition cost	Accumulated depreciation	Carrying amount
Buildings	₩ 22,812,564	(6,392,716)	16,419,848
Vehicles	2,259,300	(1,112,171)	1,147,129
Heavy equipment	13,838,190	(7,039,238)	6,798,952
	₩ 38,910,054	(14,544,125)	24,365,929

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

(In thousands of Korean won)

	2025					
	Beginning balance	Increase	Decrease	Depreciation	Others	Ending balance
Buildings	₩ 16,419,848	4,318,746	(804,605)	(6,222,017)	9,756	13,721,728
Vehicles	1,147,129	863,614	(57,753)	(654,073)	-	1,298,917
Heavy equipment	6,798,952	4,450,397	(376)	(6,587,460)	-	4,661,513
	₩ 24,365,929	9,632,757	(862,734)	(13,463,550)	9,756	19,682,158

(In thousands of Korean won)

	2024					
	Beginning balance	Increase	Decrease	Depreciation	Others	Ending balance
Buildings	₩ 9,440,382	19,197,547	(6,696,686)	(5,516,176)	(5,219)	16,419,848
Vehicles	1,542,989	541,433	(253,467)	(683,826)	-	1,147,129
Heavy equipment	6,654,050	6,945,202	(120,243)	(6,680,057)	-	6,798,952
	₩ 17,637,421	26,684,182	(7,070,396)	(12,880,059)	(5,219)	24,365,929

HL D&I Halla Corporation and its subsidiaries
Note to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

34. Lease, Continued

② Lease liability

i) The maturity analysis of lease liabilities as of December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	2025	2024
Less than 1 year	₩ 11,758,552	13,870,312
Between 1 and 5 years	19,483,725	21,850,673
Over 5 years	5,360,258	7,177,040
Undiscounted lease liabilities as of 31 December	<u>36,602,535</u>	<u>42,898,025</u>
Discount on lease liabilities	(4,284,106)	(5,051,921)
Lease liabilities on FS as of 31 December	<u>32,318,429</u>	<u>37,846,104</u>
Current lease liabilities	10,828,503	12,733,056
Non-current lease liabilities	21,489,926	25,113,048

ii) The amount recognized in profit or loss in relation to the leases for the years ended December 31, 2025 and 2024, are as follows:

<i>(In thousands of Korean won)</i>	2025	2024
Interest on lease liabilities	₩ 1,906,741	2,032,151
Income from sub-leasing right-of-use assets	14,416,229	13,374,085
Expenses relating to short-term leases ¹	5,138,534	4,699,272
Expenses relating to leases of low-value assets(except for short-term lease)	116,723	82,756

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

iii) The amount recognized in the cash flow statements in relation to the leases for the years ended December 31, 2025 and 2024, are as follows:

Amounts recognized in Statements of Cash Flows

<i>(In thousands of Korean won)</i>	2025	2024
Reduction in lease liabilities	₩ 14,282,679	13,466,683
Payment of interest	1,906,741	2,032,151

(2) Lessor

The group leases out Hyundai outlet building and Hwaseong Dongtan logistics complex logistics warehouse as sub-lease. Because most of the risks and rewards for ownership of an Hyundai outlet building are not transferred, the group classifies the associated leases as operating leases. On the other hand, Hwaseong Dongtan logistics complex logistics warehouse is classified as a financial lease through a sublease contract.

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34. Lease, Continued

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	₩ 1,059,536	1,147,026
Contingent rents	14,373,154	13,264,885
Lease Income	15,432,690	14,411,911

The following are undiscounted lease receivables recognised by the group.

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Less than one year	₩ 1,863,366	1,847,966
1 to 2 years	1,940,365	1,363,366
2 to 3 years	1,940,365	1,940,365
3 to 4 years	1,940,365	1,940,365
4 to 5 years	1,956,534	1,940,365
More than five years	5,772,585	7,729,119
	₩ <u>15,413,580</u>	<u>16,761,546</u>

The following is a maturity analysis table for operating lease payments, and the lease payments received after the end of the reporting period are displayed as undiscounted amounts.

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Less than one year	₩ 500,477	821,738
1 to 2 years	385,551	668,648
2 to 3 years	347,611	637,585
3 to 4 years	7,793	586,646
4 to 5 years	-	7,793
	₩ <u>1,241,432</u>	<u>2,722,410</u>

(*) Contingent rents arising from changes in sales are not included.

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Note to the Consolidated Financial Statements

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35. Event after reporting period

(1) Working Capital Loan Agreement

On January 20, 2026, the Group 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 Group 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 Group 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.